

BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of)	
)	
C K)	OAH No. 18-0941-PER
<hr style="width: 80%; margin-left: 0;"/>)	Agency No. 2018-0904

DECISION

I. Introduction

C K is a retired State of Alaska employee receiving benefits through AlaskaCare Retiree Health Plan (“Plan”), managed by Aetna. She was denied her request for reimbursement of costs incurred by her and her husband following Ms. K’s hip surgery in Seattle, Washington. Ms. K requested a hearing. On October 25, 2018, the parties agreed to a Hearing by Correspondence. It was agreed the record would remain open until January 15, 2019 for either further briefing or a request for oral arguments. Ms. K submitted her brief on November 2, 2018.

The Division filed a Motion for Summary Adjudication on December 20, 2018. This appears to be mislabeled because the parties agreed this would be a Hearing by Correspondence. While the facts are not disputed, because the parties agreed to a Hearing by Correspondence, the matter is decided on the merits. Neither party requested oral arguments or made additional submissions. The record closed January 15, 2019.

Based on the evidence presented, the Division’s decision is affirmed.

II. Facts

The facts in this case are not in dispute.¹

C K is a 69-year-old Tier I Public Employees’ Retirement Systems (PERS) member who retired in 2004. She lives in City A. Ms. K receives benefits through AlaskaCare Retiree Health Plan, managed by Aetna.

In May 2017, Ms. K fractured her right hip. There is no dispute that, in the period following the injury, it was determined that she needed hip replacement surgery. However, this was non-emergency surgery, scheduled several weeks in advance.²

Ms. K originally sought treatment in City A, but after conducting independent research, she “chose to have my hip replacement surgery in Seattle because all my research showed that the procedure provided by the Business A Medical Center and Business B Physicians

¹ The facts are established by Ms K’s Brief in Support of Medical Treatment (Ms. K’s Brief) and the Division’s Motion for Summary Adjudication. The facts in their respective documents are consistent.

² Motion for Summary Adjudication at 2; Ms. K Brief.

Association would be the best option for quality, cost-effective treatment.”³ Ms. K “chose a posterior surgery because the recovery time was shorter, less invasive, and not offered in City A, AK.”⁴

Ms. K traveled to Seattle with her husband in November 2017 for surgery, which occurred November 29, 2017.⁵ The surgery required a two-week recovery time in Seattle because of risks associated with flying after surgery, as well as the need for follow up appointments with her Seattle doctor.⁶ Ms. K and her husband stayed in a hotel for the two weeks of recovery.⁷

Upon her return, Ms. K requested reimbursement of \$332.40 for her own airfare, \$148.44 her husband’s airfare, and \$1,827.65 two weeks of hotel and meal costs.⁸ Ms. K was reimbursed \$332.40 for the cost of her airfare.⁹ At issue is the cost of Ms. K’s husband’s plane ticket, the hotel and meal costs.

The Division denied Ms. K’s reimbursement request. The denial was based on failure to receive precertification for travel costs associated with Ms. K’s non-emergency hip surgery.

III. Discussion

The AlaskaCare Retiree Insurance Plan Booklet (Booklet) is “the insurance contract for Plan members. Insurance contracts are treated as contracts of adhesion.”¹⁰ They are construed “so as to provide coverage a layperson would have reasonably expected from a lay interpretation of the policy term.”¹¹ So the Booklet must be clear and understandable. And if it isn’t, under Alaska law, any ambiguity must be construed in a manner that gives effect to “a policyholder’s reasonable expectations of coverage.”¹²

Therefore, so long as the Booklet clearly lays out the conditions for reimbursement, Ms. K must show she adhered to the procedure in the Booklet to receive reimbursement.

³ Ms. K’s Brief at 1.

⁴ Ms. K’s Brief at 18-19.

⁵ Ms. K’s Brief at 1; Motion for Summary Adjudication at 2.

⁶ Ms. K’s Brief at 1; Motion for Summary Adjudication at 2.

⁷ Ms. K’s Brief at 2.

⁸ Ms. K’s Brief at 1; Motion for Summary Adjudication at 2-3.

⁹ Motion for Summary Adjudication at 2-3.

¹⁰ *In re D.M.*, OAH No. 08-0153-PER (Alaska Office of Admin. Hearings 2008); *In re X.E.N.*, OAH 16-0053-PER (OAH 2016); *Whispering Creek Condominium Owner Ass’n v. Alaska Nat’l Ins. Co.*, 774 P.2d 176, 177 (Alaska 1989).

¹¹ *In re T.O.T.*, OAH No. 15-1204-PER (Alaska Office of Admin. Hearings 2016), available at: <https://aws.state.ak.us/OAH/Decision/Display?rec=5046>.

¹² *In re B.J.J. Jr.*, OAH No. 14-1262-PER (Alaska Office of Admin. Hearings 2015), available at: <https://aws.state.ak.us/OAH/Decision/Display?rec=5037>.

A. Precertification for travel is required for reimbursement.

Aetna reimbursement policies on behalf of the Plan are based on Aetna’s review of the policies developed for Medicare.¹³ Aetna, through its Booklet, requires precertification in certain instances. This precertification requirement applies to nonemergency transportation.¹⁴ “If you do not pre-certify, benefits may be reduced, or the medical plan may not pay any benefits.”¹⁵ The Ks did not request preapproval for Mr. K to travel with his wife.¹⁶

Ms. K argues that the cost of Mr. K’s ticket, paid for with a companion fare, was less than the cost of paying a nurse an hourly wage to travel with Ms. K. There is no doubt this is true. But it is also irrelevant. The Booklet clearly states that travel must be approved in advance.¹⁷ Mr. K was not pre-authorized to travel with Ms. K. Since the travel was not preapproved, the PERS system was not in error in denying reimbursement.¹⁸

B. Preauthorization for post-surgical accommodations is required for reimbursement.

The Plan will only pay for medically necessary services and supplies.¹⁹ The Booklet sets forth Aetna’s expectation that those medical necessities be for “[c]are or treatment which is expected to improve or maintain your health or to ease pain and suffering without aggravating the condition or causing additional health problems; [a] diagnostic procedure indicated by the health status of the patient and expected to provide information to determine the course of treatment without aggravating the condition or causing additional health problems; and [n]o more costly than another service or supply (taking into account all health expenses incurred in connection with the service or supply) which could fulfill these requirements.”²⁰

Following her release from the hospital Ms. K was medically required by her doctor to “stay in Seattle for two weeks post-surgery.”²¹ There is no question that Ms. K needed a place to stay in Seattle to recuperate before returning to City A. In fact, Ms. K said once she “was

¹³ Booklet at 19.

¹⁴ Booklet at 26

¹⁵ Booklet at 23.

¹⁶ Nowhere in the Motion for Summary Adjudication or Ms. K’s Brief does it identify Ms. K’s husband by name. If Ms. K’s husband has a different last name, for the purpose of this decision, Ms. K’s husband is known as Mr. K.

¹⁷ There is also an additional question of whether Mr. K, even if he had requested preapproval, would have been eligible to receive authorization to travel with his wife. Whether Mr. K would have been a permissible escort is not decided here because the lack of preapproval would deny them payment regardless of his eligibility as an escort.

¹⁸ Because the Booklet requires preauthorization for non-emergency travel, there was no need to elaborate on the Booklet’s position on choosing who is an authorized travelling companion.

¹⁹ Booklet at 29.

²⁰ Booklet at 28.

²¹ Ms. K Brief at 1.

released from the hospital I would have had to go to an assisted living facility because I could not perform the most basic Activities of Daily Living (ADL).”²² However, a hotel and meals are not equivalent to the care provided at an assisted living facility with care to monitor recovery. There is no evidence she received treatment and care at the hotel, as medical necessities require. And while the intent may have been to maintain to ease pain and suffering without aggravating the condition or causing additional health problems, at one point Ms. K “suffered a serious fall in the room that resulted in an ambulance transport to the emergency department.”²³ Ms. K does not get reimbursement for this because it is not medically necessary. However, even if it were medically necessary, preauthorization is required for a licensed institution providing care for persons convalescing from disease or injury.²⁴ Since Ms. K did not request preapproval for these services, she does not get food or lodging reimbursed.

Per the Booklet guidelines, a recipient is only entitled to coverage for local food and lodging if method of travel is ground transportation (car/truck or ferry) and the recipient must lodge while en route to destination.²⁵ Generally food and lodging aren’t covered, absent demonstrating medical necessity. There may be discretionary authorization for food and lodging based on costs, but that still requires preauthorization.²⁶ Ms. K provided no evidence of how hotel care and food is equivalent to a medically necessary service, nor did she receive preapproval for these services as required for travel in the Booklet that would entitle her to reimbursement.

It is unclear what legal principal supports reimbursement for any costs incurred by Ms. K’s husband as a result of traveling with her for her surgery. “If the patient is a child under 18 years of age, a parent or legal guardian’s travel charges are allowed[,]” but there is no authority in the Booklet regarding travel coverage for a spouse.²⁷ Ms. K’s basis for the reimbursement was “[w]e chose to do the most cost-effective method for the two-week post-surgery time I was in Seattle.”²⁸ While having her husband as an escort may make sense and be cost effective, unless she obtained preapproval for such expenses, she is not entitled to reimbursement.

²² Ms. K Brief at 2.

²³ Ms. K Brief at 2.

²⁴ Booklet at 41.

²⁵ Booklet at 48.

²⁶ Booklet at 48; Booklet at 51.

²⁷ Id.

²⁸ Ms. K’s Brief at 2.

IV. Conclusion

There is no question the costs of hotel and food for the two of them was cheaper than assisted living. But absent preapproval, based on the terms of coverage set forth in the Booklet, Ms. K is not entitled to reimbursement for her husband’s travel, or any of the costs for hotel and food for her and her husband.

The Division’s decision is affirmed.

DATED: February 27, 2019

By: Signed
Hanna Sebold
Administrative Law Judge

Adoption

This Order is issued under the authority of AS 39.35.006. The undersigned, in accordance with AS 44.64.060, adopts this Decision and Order as the final administrative determination in this matter.

Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with Alaska Rule of Appellate Procedure 602(a)(2) within 30 days of the date of this decision.

DATED this 28th day of March, 2019.

By: Signed
Signature
Hanna Sebold
Name
Administrative Law Judge
Title

[This document has been modified to conform to the technical standards for publication. Names may have been changed to protect privacy.]