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STATE OF WASHINGTON  
OFFICE OF THE INSURANCE COMMISSIONER

In re

Seattle Children's Hospital's Appeal of  
OIC's Approvals of HBE Plan Filings

NO. 13-0293

OFFICE OF THE INSURANCE  
COMMISSIONER, BRIDGESPAN  
HEALTH COMPANY AND PREMIERA  
BLUE CROSS' REPLY IN SUPPORT OF  
JOINT MOTION IN LIMINE RE:  
HOSPITAL ADMINISTRATIVE  
EXPENSE

I. ARGUMENT

A. SCH's Administrative Expense Incurred in 2014 and is Not Relevant to Show That It Was "Aggrieved" by the OIC's 2013 Regulatory Approval of Intervenor's Plans.

SCH claims that evidence of its administrative expense is relevant to show that it is "aggrieved" under RCW 48.04.010. SCH initially demanded a hearing to challenge the OIC's approval of BridgeSpan and Premiera's health plans on July 31, 2013. Now SCH alleges the OIC was not aware that BridgeSpan and Premiera's networks did not contain SCH until the fall of 2013. Regardless, SCH remains bound by the issues and relief stated in its Demand for Hearing, namely, whether the OIC complied with state and federal law when it approved Intervenor's plans. Administrative burdens allegedly suffered by SCH after January 1, 2014

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HEALTH COMPANY AND PREMIERA BLUE CROSS' REPLY IN  
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ADMINISTRATIVE EXPENSE - 1

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1 are simply not relevant to whether the OIC correctly complied with state and federal law  
2 when it approved the Intervenor's plan in 2013.

3 **B. The Administrative Expense Cannot Be Effectively Evaluated Without**  
4 **Consideration of Other Irrelevant Information.**

5 As mentioned, an assessment of SCH's administrative load would involve  
6 consideration of numerous other facts including the increased reimbursement SCH receives  
7 under a Single Case Agreement ("SCA"). SCH argues that rates are relevant information  
8 which the OIC must consider under the ACA and state law, but this would necessitate an  
9 economic comparison of the SCA reimbursement rate with Intervenor's commercial rates  
10 with SCH, SCH's commercial and Exchange rates with other payors, and Intervenor's  
11 Exchange rates with other providers. Furthermore any comparison or evaluation of rates  
12 would require evidence of how reimbursement rates are structured and calculated, and other  
13 factors which control the total amount of reimbursement over time. This type of regulatory  
14 evaluation of contract negotiations is neither contemplated nor authorized under state or  
15 federal law and is therefore irrelevant.<sup>1</sup> Finally, such analysis and comparison is not possible  
16 because SCH will not disclose its reimbursement contracts with other payors. If SCH offers  
17 evidence of cost, cross-examination must explore its contract terms with other payors.

18 **C. SCH's Administrative Expense is Not Relevant to a Determination of Network**  
19 **Adequacy.**

20 Network adequacy rules exist to ensure consumer access to covered benefits, not to  
21 assist a provider in negotiating reimbursement for those benefits. SCH's administrative  
22 expenses are not relevant to the determination of network adequacy, nor evidence that the  
23 networks are inadequate. If anything, these burdens are a direct result of SCH's unwillingness

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25 <sup>1</sup> See BridgeSpan Health Company's Motion in Limine to Exclude Evidence Re: Seattle Children's Hospital  
26 Cost Structure, 3-4.

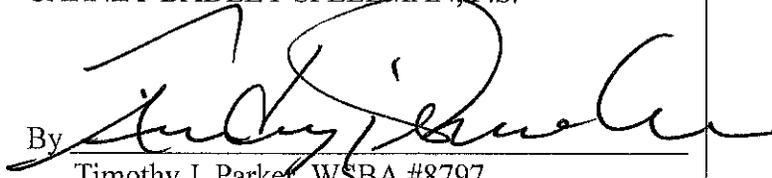
1 to negotiate a reasonable reimbursement contract. Nonetheless, it is not a relevant  
2 consideration in this matter.

3 **II. CONCLUSION**

4 For the foregoing reasons, any evidence or argument regarding SCH's administrative  
5 expense should be excluded as irrelevant.

6 DATED this 15th day of August, 2014.

7 CARNEY BADLEY SPELLMAN, P.S.

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9  
10 By 

Timothy J. Parker, WSBA #8797

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Attorneys for BridgeSpan Health Company

CERTIFICATE OF SERVICE

I, Christine Williams, under oath hereby declare as follows: I am an employee at Carney Badley Spellman, P.S., over the age of 18 years, and not a party to nor interested in this action. On August 15, 2014, I caused to be delivered via e-mail and U.S. mail a copy of the foregoing document on the following parties at the last known address as stated:

<p>OIC Hearings Unit – ORIGINAL  Office of the Insurance Commissioner  5000 Capitol Boulevard  Tumwater, WA 98501  Email: <a href="mailto:kellyc@oic.wa.gov">kellyc@oic.wa.gov</a></p> <p>Hon. George Finkle (Ret.)  Email: <a href="mailto:gfinkle@jdrllc.com">gfinkle@jdrllc.com</a>  <a href="mailto:forbes@jdrllc.com">forbes@jdrllc.com</a></p>	<p><u>Attorney for Seattle Children’s Hospital</u>  Michael Madden  Carol Sue Janes  Bennett Bigelow &amp; Leedom, P.S.  601 Union Street, Suite 1500  Seattle, WA 98101  Email: <a href="mailto:mmadden@bbllaw.com">mmadden@bbllaw.com</a>  <a href="mailto:csjanes@bbllaw.com">csjanes@bbllaw.com</a></p>
<p><u>Legal Affairs Division</u>  Charles Brown  Legal Affairs Division  Office of the Insurance Commissioner  P.O. Box 40255  Olympia, WA 98504-0255  Email: <a href="mailto:charlesb@oic.wa.gov">charlesb@oic.wa.gov</a></p>	<p><u>Attorney for Premera Blue Cross</u>  Gwendolyn C. Payton  Lane Powell PC  1420 Fifth Avenue, Suite 4100  Seattle, WA 98101-2338  Email: <a href="mailto:paytong@lanepowell.com">paytong@lanepowell.com</a></p>

I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF WASHINGTON THAT THE FOREGOING IS TRUE AND CORRECT.

DATED this 15th day of August, 2014, at Seattle, Washington.

  
\_\_\_\_\_  
Christine Williams, Legal Assistant