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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  
BRIDGESPAN HEALTH COMPANY'S  
REPLY IN SUPPORT OF MOTION IN  
LIMINE TO EXCLUDE EVIDENCE RE:  
SEATTLE CHILDREN'S HOSPITAL  
COST STRUCTURE

**I. ARGUMENT**

SCH argues that evidence of its cost structure is relevant to the OIC's failure to evaluate whether SCH's terms are "reasonable" and in accordance with "generally applicable payment rates" of the plans as required by state and federal law.<sup>1</sup>

The type of review SCH imagines the law requires would involve OIC evaluation of not only SCH's justification for its desired rates, but also Regence's current commercial rates with SCH, Regence's current commercial rates with other providers, BridgeSpan's offer to SCH, and BridgeSpan's current Exchange rates with other providers. Furthermore any comparison or evaluation of rates must also involve consideration of how reimbursement rates are structured and calculated, and other contractual mechanisms which control the total amount of reimbursement over time. This type of regulatory evaluation of contract

<sup>1</sup> Former WAC 284-43-200; 42 U.S.C. §18031(c)(1)(C).

ORIGINAL

1 negotiations is not contemplated under state or federal law and is therefore unnecessary and  
2 irrelevant.<sup>2</sup>

3 Nor is SCH's financial justification for its cost structure relevant to its argument that  
4 the health plans engaged in discriminatory *benefit* design prohibited under federal law. SCH  
5 conflates network adequacy with those regulating health plan benefit design. The laws cited  
6 by SCH address a health plan's benefit structure and design, while the network regulations  
7 ensure member access to covered benefits.<sup>3</sup> Intervenor's Exchange plans comply with those  
8 laws; *plan benefits* include medically necessary in-patient, out-patient and emergency  
9 benefits. As a provider, SCH's financial justification for its cost structure is not relevant to the  
10 determination of network adequacy, much less the regulation of benefit design.

## 11 II. CONCLUSION

12 For the foregoing reason, evidence or argument regarding SCH's cost structure should  
13 be excluded as irrelevant.

14 DATED this 15th day of August, 2014.

15 CARNEY BADLEY SPELLMAN, P.S.

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18 By 

Timothy J. Parker, WSBA #8797

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Attorneys for BridgeSpan Health Company

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25 <sup>2</sup> See BridgeSpan Health Company's Motion In Limine to Exclude Evidence Re: Seattle Children's Hospital  
Cost Structure, at 3 &4.

26 <sup>3</sup> See BridgeSpan Health Company's Hearing Memorandum, 12-13.

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@bblaw.com">mmadden@bblaw.com</a>  <a href="mailto:csjanes@bblaw.com">csjanes@bblaw.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