

Network Providers May Be Entitled to ERISA Claims Procedures When Overpaid Claims are Recouped

May 9, 2014

In the case of *Penn. Chiropractic Ass'n v. Blue Cross Blue Shield Ass'n*, a third-party claims administrator for an employer-sponsored group health plan (the "**IBC**") claimed to have made overpayments to members of an association of chiropractors (the "**PCA**") who were participating providers in IBC's network. As allowed by the provider agreement between IBC and the PCA members, IBC recovered the overpayments by offsetting future claim payments owed to the PCA members. The PCA members sued IBC, claiming that IBC failed to adhere to the notice and appeal requirements under the Employee Retirement Income Security Act of 1974, as amended (the "**ERISA**"), in attempting to recover the overpayments. The federal district court agreed with the PCA members, finding that, because the plan documents provided that IBC would make payments directly to in-network providers for covered services, the PCA members were "beneficiaries" for purposes of ERISA. Further, the court found that IBC's recoupment of overpayments constituted an adverse benefit determination, and as such, the PCA members were entitled to ERISA's notice and appeal procedures in this situation. Although the scope of this decision is not clear, or whether it is an aberration, the court's opinion indicates that provisions in a plan document that provide for in-network claims to be paid directly to providers may afford such providers with "beneficiary" status under ERISA, thus requiring the plan to follow ERISA's notice and appeals procedures when seeking to recover overpayments made to such providers. A plan sponsor should consider adding language to the plan to preclude this type of claim. *Penn. Chiropractic Ass'n v. Blue Cross Blue Shield Ass'n*, No. 09 C 5619 (N.D. Ill. Mar. 28, 2014).