IN THE MISSOURI COURT OF APPEALS
WESTERN DISTRICT

COMPLETE TITLE OF CASE

SAINT LUKE'S HOSPITAL OF KANSAS CITY,

Appellant-Respondent,

v.

BENEFIT MANAGEMENT CONSULTANTS, INC., CARTHAGE R-9 SCHOOL DISTRICT, and GERBER LIFE INSURANCE COMPANY,

Respondents-Appellants.

DOCKET NUMBER WD83388
(Consolidated with WD83418, WD83420, and WD83425)

MISSOURI COURT OF APPEALS
WESTERN DISTRICT

DATE: April 13, 2021

APPEAL FROM

The Circuit Court of Jackson County, Missouri
The Honorable Joel P. Fahnestock, Judge

JUDGES

Division Four: Martin, C.J., and Newton and Pfeiffer, JJ. CONCURRING.

ATTORNEYS

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MISSOURI APPELLATE COURT OPINION SUMMARY

MISSOURI COURT OF APPEALS
WESTERN DISTRICT

SAINT LUKE'S HOSPITAL OF KANSAS CITY, Appellant-Respondent,
v.
BENEFIT MANAGEMENT CONSULTANTS, INC., CARTHAGE R-9 SCHOOL DISTRICT, and GERBER LIFE INSURANCE COMPANY, Respondents-Appellants.

WD83388 (Consolidated with WD83418, WD83420, and WD83425) **Jackson County**

Before Division Four Judges: Cynthia L. Martin, Chief Judge, and Thomas H. Newton and Mark D. Pfeiffer, Judges

Saint Luke's Hospital of Kansas City ("St. Luke's") appeals from the judgments/orders of the Circuit Court of Jackson County, Missouri ("trial court"), granting the motions for summary judgment filed by Benefit Management Consultants, Inc. ("BMI"), Gerber Life Insurance Company ("Gerber"), and Carthage R-9 School District ("Carthage") (collectively, "Defendants"), and the motion for judgment on the pleadings filed by BMI in St. Luke's action for breach of contract, promissory estoppel, unjust enrichment, and violation of Missouri's Prompt Payment Act. BMI, Gerber, and Carthage cross-appeal. This Court ordered the appeals consolidated.

John Doe worked for Carthage and was covered under Carthage's self-funded Carthage R-9 School District Employee Health Care Plan ("Carthage Plan" or "Plan"). He suffered from heart failure, and when Doe's condition progressed, he was transferred from Joplin to St. Luke's in Kansas City for further evaluation and treatment. BMI was the third-party administrator for the Carthage Plan that received, processed, and paid claims on behalf of the Plan.

BMI contracted with MultiPlan, Inc. ("MultiPlan"), a national wrap-around PPO. St. Luke's was a provider within the MultiPlan Provider Network. Doe's insurance card was branded with a MultiPlan logo and instructed healthcare providers to submit claims to BMI for processing and payment.

Carthage contracted with Gerber for an Excess Loss Insurance Policy, also called a stop-loss policy, in order to mitigate the financial risks associated with maintaining a self-insured health plan.

Doe presented at St. Luke's with a health insurance card that identified his Group Medical Plan as the Carthage Plan and his third-party administrator as BMI, and directed St. Luke's to submit claims for services rendered to Doe to BMI. On each of the dates of treatment, Doe executed a form titled "St. Luke's Health System Consent and Agreement of Health Care Services," which contained a section titled "ASSIGNMENT OF BENEFITS."

St. Luke's provided healthcare services to Doe over the course of fifteen separate admissions. Per BMI's instructions, St. Luke's clearinghouse submitted paper claims to BMI. St. Luke's also submitted its claims directly to BMI by facsimile.

BMI paid St. Luke's at the in-network benefit level under the Carthage Plan for healthcare services rendered to Doe during his first three admissions. Upon each admission, BMI affirmatively advised St. Luke's that St. Luke's was an in-network provider under the Carthage Plan and would be reimbursed at the MultiPlan contract rates. After the third admission, Doe's medical bills reached the Plan's deductible. BMI continued to process the claims and then submitted the excess claims to Gerber for further processing and claim payment funding. Upon receipt of St. Luke's claims for payment, Gerber unilaterally determined that St. Luke's was an out-of-network provider under the Plan.

Because it did not receive payment as an in-network provider, St. Luke's asserted multiple claims against BMI, Carthage, and Gerber, four of which are at issue in this appeal:

- Breach of the MultiPlan network contract vs. BMI. St. Luke's alleged that it was a third-party beneficiary to BMI's contract with MultiPlan and that BMI breached its obligation under contract to pay or arrange for Carthage to make payment to St. Luke's at the MultiPlan contract rates.

- Promissory Estoppel vs. BMI. St. Luke's asserted that BMI promised St. Luke's that St. Luke's would be paid for the healthcare services provided to Doe at the MultiPlan network rates and at the in-network benefit level of the Plan and that St. Luke's detrimentally relied on that promise when it provided and continued to provide healthcare services to Doe.

- Breach of the Carthage Plan's MultiPlan network terms vs. Carthage. St. Luke's asserted that it fully performed its contractual obligations under the MultiPlan network agreement when it provided healthcare services to Carthage member Doe at the negotiated MultiPlan network rates and that Carthage breached the Plan by not paying St. Luke's at the in-network provider MultiPlan contract rates.

- Violation of Missouri's Prompt Payment Act ("MPPA") vs. BMI, Carthage, and Gerber. St. Luke's asserted that BMI, Gerber and Carthage were all "health carriers" under the MPPA and that they failed to timely pay St. Luke's for the services provided to Doe following St. Luke's submission of the claims to Defendants, subjecting them to the MPPA's penalty provisions.

Defendants jointly moved for leave to amend their responsive pleadings to include affirmative defenses and counterclaims, which motion the trial court denied.

Defendants filed motions for summary judgment. The trial court granted summary judgment to Gerber and to BMI on St. Luke's MPPA claim, ruling that St. Luke's submission of claims by facsimile transmission was insufficient to bring the claims within the purview of the MPPA. The trial court also ruled that St. Luke's lacked standing to sue for breach of contract, and

even if it had standing, St. Luke's was not an in-network provider. At that point, BMI moved for judgment on the pleadings on St. Luke's sole remaining claim for promissory estoppel against BMI, which motion the trial court granted.

St. Luke's timely appealed. BMI, Gerber, and Carthage timely cross-appealed.

AFFIRMED IN PART, REVERSED IN PART, AND REMANDED.

Division Four holds:

1. As to St. Luke's claim that the trial court erroneously concluded that St. Luke's lacked standing to assert its breach of contract claim against Carthage as an in-network provider for payment pursuant to the terms of the Plan: the Plan and Doe's incorporated identification card unambiguously designated MultiPlan medical providers, like St. Luke's, as in-network providers. When Doe assigned to St. Luke's all of his interest and right to the insurance benefits otherwise payable to him under the Plan, St. Luke's became the insured for the purposes of receiving the insurance benefits and gained the right to sue Carthage for those benefits when they were denied. Further, as a matter of law, St. Luke's is an in-network provider pursuant to the terms of the Plan and, upon remand, the trial court is to treat them as such in the breach of contract claim against Carthage that now remains pending upon remand.

2. As to St. Luke's claim that the trial court erroneously concluded that the MPPA was not applicable because St. Luke's did not submit the Doe claims in an electronic format as required by the statute, under section 376.384.2: electronic submission to the health carrier is mandatory, and since St. Luke's did not submit its claims electronically to BMI, the MPPA does not apply.

3. As to St. Luke's claim that the trial court erroneously concluded that St. Luke's lacked standing because St. Luke's was not a third-party beneficiary of BMI's contract with MultiPlan and was not an in-network provider under the contract: St. Luke's is not a network provider specifically identified as a third-party beneficiary to the contract, and the contract language does not express a clear intent to make St. Luke's an intended beneficiary.

4. As to St. Luke's claim that the trial court erred in granting judgment on the pleadings against it on its promissory estoppel claim against BMI by extending Carthage's section 432.070 defense to BMI on the grounds that BMI was acting as Carthage's agent: given our ruling that St. Luke's possesses the available and adequate legal remedy of breach of contract (*i.e.*, the Plan), which would adequately compensate it for the same damages it seeks in its equitable relief count, St. Luke's cannot establish the final element required for application of promissory estoppel: that injustice can only be avoided by enforcement of the promise. Because St. Luke's had an adequate remedy at law, equitable relief is not appropriate.

5. As to BMI's, Gerber's, and Carthage's claim on cross-appeal that the trial court erred in denying their request for attorney fees under the MPPA: we will not permit Defendants to ignore the MPPA's mandate of their claim-receiving requirements under the MPPA—to provide readily accessible electronic filing to healthcare providers—only to then be rewarded with an

award of attorney's fees that was, in part, created by their refusal to comply with the MPPA's mandate.

6. As to BMI's and Carthage's claim on cross-appeal that the trial court erred in denying their joint motion for leave to file an amended answer and counterclaim: BMI's own documentation confirms that the Defendants knew two years before St. Luke's filed its original action in 2016 about the facts underlying their proposed amendment. There is no abuse of discretion in denying the amended pleadings of parties who fail to show the pleadings include any facts that were unknown when the original pleading was filed.

Opinion by: Mark D. Pfeiffer, Judge April 13, 2021

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THIS SUMMARY IS **UNOFFICIAL** AND SHOULD NOT BE QUOTED OR CITED.