IN THE COURT OF COMMON PLEAS OF LYCOMING COUNTY, PENNSYLVANIA

WIREROPE WORKS, INC. HEALTH BENEFIT PLAN, by and through its plan sponsor, Wirerope Works, Inc., WIREROPE WORKS, INC., MARK R. EVANS, STACEY A. FOLK, JODIE L. MANSON, COLETTE A. KROPP, JAMES J. CARPENTER, LEONARD LEITZEL, WAYNE E. TROXELL, JOHN L. RICKERT, AMANDA J. HOLT, BRANDON L. HARRIS, RONALD LUMBARD, STACI L. GOWER, CAYCE F. DOANE, DEANNA J.GANNON, BEVERLY J. HOUSEKNECHT, CANDACE A. JENSEN, ALEXANDER J. KARNEY, SHERYL A. KIRKLAND and KIMBERLY A. REYNOLDS, Plaintiffs	:	NO. 14 – 03,089
	:	CIVIL ACTION - LAW
vs.	:	
SUSQUEHANNA HEALTH SYSTEM, MUNCY VALLEY HOSPITAL, THE WILLIAMSPORT HOSPITAL, DIVINE PROVIDENCE HOSPITAL OF THE SISTERS OF CHRISTIAN CHARITY and SOLDIERS AND SAILORS MEMORIAL HOSPITAL, Defendants	:	Preliminary Objections

OPINION AND ORDER

Before the court are preliminary objections filed by Defendants to Plaintiffs' Amended Complaint. Argument thereon was heard March 23, 2015. Defendants raise multiple objections but because the court agrees with Defendants that the instant suit is "an improper use of the Declaratory Judgments Act", only that issue will be addressed.

In their Amended Complaint, Plaintiffs explain their request as follows:

1. This action is brought under the Declaratory Judgments Act, 42 Pa.C.S. §§ 7531 *et seq.*

2. Plaintiffs are a health benefit plan with six hundred eighty-six (686) enrolled plan participants, the employer who sponsors and self-funds the plan for the benefit of its employees, their spouses and their eligible dependents, and nineteen (19) individual plan participants.

3. Defendants are a four-hospital integrated health system in north central Pennsylvania, including Muncy Valley Hospital, the Williamsport Hospital, the Divine Providence Hospital of the Sisters of Christian Charity and the Soldiers and Sailors Memorial Hospital.

4. Plaintiffs, the health benefit plan and the employer plan sponsor, seek a declaration regarding their legal rights and obligations to pay defendants the reasonable value of services provided by defendants.

5. Presently, defendants charge the foregoing plaintiffs unreasonable amounts for medical services based on prices that are not disclosed before the provision of services and which prices far exceed the reasonable value of the services provided.

6. Absent such a declaration, defendants will be unjustly enriched at the expense of plaintiffs, the health benefit plan and the employer plan sponsor who oversees and funds the health benefit plan.

7. Where unjust enrichment is found, the law implies a quasi-contract which requires the foregoing plaintiffs to pay defendants only the value of the benefits conferred.

8. Nineteen (19) individual plan participant plaintiffs further seek a declaration regarding patient forms that include so-called "Financial Agreements", which the defendants require them to sign before providing medical care.

9. Specifically, the individual plan participant plaintiffs seek a declaration that defendants are entitled to payment under the "Financial Agreement" component of these forms based on the reasonable value of the services provided to the individual plan participant plaintiffs in the absence of an agreed-to contract price and in the absence of any disclosure regarding defendants' listed charge prices for any such individual services provided.

10. Alternatively, the individual plan plaintiffs seek a declaration that the "Financial Agreement" component of these forms is unconscionable on its face and/or constitutes a contract of adhesion which requires that this component be voided.

To understand Defendants' objection, it is necessary to consider that Susquehanna Health has recently brought individual actions in magistrate court against the "individual plan participant plaintiffs", to collect the balance of their individual bills for facility services provided to each person, because the Health Benefit Plan paid only a fraction of the amount originally submitted to the Plan for payment.[1] Although an entity called Prime Health Services has both a facility provider agreement and a physician provider agreement with Susquehanna Health, the Plan entered a "network access agreement" with Prime Health Services for only physician services, not facility services.[2] With respect to facility services, the Plan has adopted its own "claims review and audit program" to calculate the amounts it will reimburse for particular facility services, based on what it determines "is reasonable".[3] Apparently, the amounts determined to be "reasonable" by the Plan are significantly less than what Susquehanna Health has billed.[4] These suits in magistrate court require a determination of "the reasonable value of the services provided by Susquehanna Health."[5]

Additionally, Susquehanna Health and the defendant hospitals have brought an action against Wirerope Works and Prime Health Services in which they plan to seek "recovery of reasonable value for hospital services provided to

[1] Amended Complaint, Paragraphs 80 and 81.
[2] Amended Complaint, Paragraphs 53 and 54.
[3] Amended Complaint, Paragraphs 58 and 59.
[4] For example, as stated in Paragraphs 78 and 79 of the Amended Complaint, Susquehanna Health submitted a claim on behalf of Plaintiff Manson for $9319.31, but the Plan reimbursed only $1,980.67.
[5] Amended Complaint, Paragraph 136.

employees of Wirerope" on the basis of a quasi-contract.[6] Thus, in all of these actions, the defense will be that the "claims review and audit program" provides for reasonable reimbursement rates.

"A declaratory judgment is not obtainable as a matter of right. Whether a trial court should exercise jurisdiction over a declaratory judgment action is a matter of sound judicial discretion." Osram Sylvania v. Comsup Commodities, Inc., 845 A.2d 846, 848 (Pa. Super. 2004). "Further, declaratory relief should be withheld when the request for relief is an attempt to adjudicate the validity of a defense to a potential future lawsuit." Id., citing Commonwealth, Department of General Services v. Frank Briscoe Company, Inc., 466 A.2d 1336, 1341 (Pa. 1983).

In the instant case, Plaintiffs are clearly trying to adjudicate the validity of a defense to other lawsuits. For example, in Paragraph 76 they claim that "[t]he Plan's Hospitable Reimbursement Rate equals or exceeds the reasonable value of the services provided by defendants to Plan Participants", and in Paragraph 87 they claim that "[t]he prices set by Susquehanna Health's chargemaster far exceed the reasonable value of the services provided."[7] In their prayer for relief, Wirerope Works asks the court to declare that (1) "Defendants … are entitled only to the reasonable value of services provided to Plan Participants as payment in full for such services provided", (2) "the Plan's Hospital Reimbursement Rate constitutes the reasonable value of services provided to Plan Participants", and (3)"Defendants are barred from balance billing Plan Participants for amounts in

[6] See Case Monitoring Notice filed to Lycoming County No. 14-02,913. (Only a writ of summons has been filed in the case.)

[7] See also, Paragraph 119: "The amounts being sought by Susquehanna Health and its member hospitals from the Individual Plan Participant Plaintiffs are unreasonable and exceed the value of the actual services and items provided."

excess of the Plan's Hospitable Reimbursement Rate as the reasonable value of services provided to Plan Participants."[8] The individual plaintiffs seek a declaration that (1) "Defendants … are entitled only to the reasonable value of services provided to all Plan Participants as payment in full for such services provided pursuant to the "Financial Agreement" component of the Patient Form" and (2) "Defendants are barred from balance billing all Plan Participants for amounts in excess of the Plan's Hospital Reimbursement Rate".[9] Any declaration in accordance with these requests would then serve as the defense in the above-mentioned suits that "the 'claims review and audit program' provides for reasonable reimbursement rates." Accordingly, the court declines to exercise jurisdiction in this instance.

ORDER

AND NOW, this day of March 2015, for the foregoing reasons, the preliminary objection that the instant action is an improper use of the Declaratory Judgments Act is SUSTAINED. Plaintiffs' Amended Complaint is hereby DISMISSED.

BY THE COURT,

Dudley N. Anderson, Judge

cc: Lawrence G. McMichael, Esq.
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C. Edward S. Mitchell, Esq.
Gary Weber, Esq.
Hon. Dudley Anderson

[8] Amended Complaint at p. 22.
[9] Amended Complaint at pp. 26-27.