



Department of Consumer and Business Services

350 Winter Street NE, Room 200

P.O. Box 14480

Salem, Oregon 97309-0405

(503) 947-7872

www.cbs.state.or.us

Before the

Senate Health Care, Human Services and Rural Health Policy Committee

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Senate Bill 88

Testimony of
Teresa Miller, Administrator
Insurance Division
Department of Consumer and Business Services

For the record, my name is Teresa Miller. I am the Administrator of the Insurance Division of the Department of Consumer and Business Services. I am here today to discuss Senate Bill 88, which makes important changes to better protect consumers who buy long-term care insurance.

Long-term care insurance covers a variety of medical, personal, and social services for people who are ill or who have disabilities and are otherwise unable to take care of themselves. Once people start using their long-term care benefits, they are typically elderly or seriously injured or ill, making them some of Oregon's most vulnerable citizens. However, long-term care insurance does not have the same consumer protections as other types of health insurance. For example, there are no requirements that insurance companies pay long-term care claims promptly. In addition, when an adverse benefit determination is made, consumers with long-

term care insurance do not have the same grievance or appeal rights as consumers with other types of health insurance plans.

The Oregon Insurance Division has received 291 complaints related to long-term care and home health care during the three-year period ending December 31, 2010. Over half of these complaints were related to claims handling issues.

Senate Bill 88 proposes changes to address the complaints received, including:

- Requiring payment of undisputed claims within 30 days of receipt; if the companies do not pay claims on time, they must pay interest.
- Requiring the Department to create by rule a process for consumers to challenge claim denials, similar to the process for other health insurance claims. The Department envisions that these rules would require long-term care insurers to provide a standard internal appeals process and participate in Oregon's external review system. The rules would specify that if the insurance company decisions are upheld through the internal appeals process, a consumer then could ask for external review. In external review, an independent review organization would review the medical records and other relevant materials to determine if the insurance company made the correct decision. Finally, the rules would provide that the insurance company would pay the costs of the independent review.

The Insurance Division believes that these requirements, which are in line with the requirements for other types of health insurance, are fair and not unduly burdensome. Senate Bill 88 is an important step toward protecting some of Oregon's most vulnerable citizens.

I appreciate the opportunity to be here and am happy to answer any questions you might have. Thank you.