



Department of Consumer and Business Services

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Before the
House Human Services Committee

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SB 88A

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 A-engrossed 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 department 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 88A proposes changes to address the complaints received, including:

- Requiring the department to adopt rules applicable to long-term care insurance policies regarding prompt payment of claims and internal and external review of adverse benefit triggers.
- The department envisions that these rules would track the model adopted by the National Association of Insurance Commissioners and
 - Require long-term care insurers to provide a standard internal and external review process for reviewing whether the conditions of a benefit trigger are met;
 - Specify that if an insurance company decision is upheld through the internal appeal process, a consumer would be entitled to external review.
 - Under 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.
 - Provide that the insurance company would pay the costs of this independent, external review; and
 - Require long-term care policies to include a clear description of these appeal rights.

Senate Bill 88A specifies that the provisions of the bill apply to long-term care policies issued or renewed on or after July 1, 2012. This delayed operative date will allow the department to adopt rules to fully implement the provisions of

the bill and will allow sufficient time for insurers to come into compliance with the rules.

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

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