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State fines MEGA Life and Health \$40,000

Insurer refused to pay claims without investigation

(Salem) — The Department of Consumer and Business Services recently fined The MEGA Life and Health Insurance Company \$40,000 for improperly denying 877 claims for breast exams and Pap smears.

Oregon law requires that both exams be covered. In fact, MEGA had issued a group health insurance policy to the National Association for the Self-Employed (NASE), which provided these mandated benefits to Oregon members of NASE.

However, the MEGA policy also excluded benefits for “any routine physical examination or any other expenses that are not for the treatment of a specific injury or sickness.” MEGA denied the claims because routine physical exams were excluded. Oregon law prohibits an insurance company from refusing to pay claims without conducting a reasonable investigation.

“Oregon has decided that breast exams and Pap smears are important elements of a woman’s routine health care, and that’s why they must be included in insurance policies,” Insurance Division Administrator Teresa Miller said.

“Fortunately, a consumer who was denied coverage brought this to our attention and our investigation was able to help many others,” Miller said.

In addition to the fine, MEGA reimbursed its members whose claims were improperly denied.

Consumers who have questions about claim handling or other insurance issues can call the Insurance Division’s consumer advocates at 1-888-877-4894 or, in Salem, 503-947-7984.

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