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Attachments (3):

## **Department expects to handle 3,900 health insurance complaints during 1998**

**Available department assistance for consumers outlined by Commissioner Nichols; New action kit, "Resolving Health Insurance Disputes," provided for consumers.**

**FRANKFORT, Ky.** - An estimated 3,900 health insurance complaints by Kentucky consumers will be handled by the Department of Insurance during 1998, Insurance Commissioner George Nichols III projected today. The most frequently made complaints will focus on claim denials, disputed claims, slow payments by health insurers and premium-related matters.

"The department stands ready today to provide assistance to any and all Kentucky health insurance consumers who have been mistreated or mishandled by an HMO or other health insurer," said Nichols. "While not all health insurance consumers in Kentucky come under our regulatory authority, we are here to serve as a champion for those whose insurance coverage comes under our purview."

The 1998 projections for health insurance complaints made by Kentucky consumers are based on data compiled by the department and the National Association of Insurance Commissioners (NAIC).

Nichols stressed that, while most health care insurers doing business in Kentucky, operate in a reputable fashion, the department handles many cases every year in which there are improper or questionable claim denials, slow payments and payment-related problems.

"Sometimes, it's as simple as helping a consumer understand his or her rights under an insurance policy or under Kentucky's law," Nichols explained. "In other cases, a consumer finds that he or she is caught up in an internal snafu at a company that can be ironed out. And in still other cases, there are HMOs and other insurers who seek to shortchange consumers by failing to live up to their coverage promises or skirting state requirements. For consumers in these situations, the department can mean the difference between no coverage and getting the help they legitimately need, deserve and have paid for."

### **AVAILABLE HELP FOR INSURANCE CONSUMERS**

Nichols stressed that a wide range of assistance is available in Kentucky for health care consumers:

- **Consumer action kit.** As a new aid for consumers, the department announced today that it is making available copies of "**Resolving Health Care Insurance Disputes**," a consumer action kit. The new brochure for consumers is available by calling 800/595-6053 or writing to the Department of Insurance, Consumer Protection and Education Division, P.O. Box 517, Frankfort, Ky. 40602-0517.
- **Toll-free contact number.** Kentucky consumers may contact the department and any of its divisions by calling 800/595-6053. Hearing-impaired consumers may reach the department at 800/462-2081.
- **Assistance from consumer protection officers.** The Consumer Protection and Education Division, a newly expanded arm of the department's legal enforcement unit, employs 16 full-time individuals dedicated to the resolution of consumers' justified complaints against insurers.

### **INSIDE THE NEW CONSUMER ACTION KIT**

The new "Resolving Health Care Insurance Dispute" action kit for Kentucky consumers covers the following topics:

- **UNDERSTANDING TYPES OF HEALTH INSURANCE.**
- **CHECKING OUT A HEALTH INSURANCE PROVIDER.**

- **QUESTIONS TO ASK WHEN SHOPPING FOR HEALTH INSURANCE.**
- **HOW TO MAKE A HEALTH INSURANCE CLAIM/DISPUTE DENIALS.**
- **WHAT IF YOU AREN'T PROTECTED BY YOUR STATE?**
- **ABOUT STATE INSURANCE REGULATION.**

### **SCOPE OF DEPARTMENT'S CONSUMER PROTECTION OVERSIGHT**

Some employer or employee groups purchase health insurance coverage from an insurance company. Others may purchase group health coverage from a health maintenance organization (HMO). Both are called fully insured health benefit plans. Insurers of such plans are regulated by the Kentucky Department of Insurance.

However, some employer or employee groups provide what are called self-funded health benefit plans. This means your employer or employee group may set aside funds and employee premiums each month to pay health coverage claims submitted to the plan. If the plan is self-funded and offered by a private sector employer or bona fide union, the designated regulatory authority is the U.S. Department of Labor's Pension and Welfare Benefits Administration.

The department is not permitted to regulate most valid self-funded ERISA plans authorized by Congress. In most cases, this means: (1) the department has no authority to investigate complaints that involve valid single-employer or union-sponsored, self-funded ERISA plans; (2) certain other group health plans provided by governments, churches, some school districts and out-of-state Blue Cross organizations also are exempt from Kentucky regulations; and (3) Kentucky laws requiring specific benefits in health care plans seldom apply to valid self-funded ERISA plans.

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