PAT QUINN
Governor
MICHAEL T. McRAITH
Director

Illinois Department of Insurance

NEWS

Meaningful health insurance reform arrives for Illinois families and small businesses

Governor Quinn signs law providing independent review of denied health insurance claims, standardized applications, and premium transparency

CHICAGO – Tuesday, January 5, 2010. Governor Quinn today signed into law landmark legislation known as the "Illinois Insurance Fairness Act" (the "Act") that provides important new rights and resources to millions of Illinois healthcare consumers. Formerly House Bill 3923, the Act will, for the first time in Illinois, guarantee the right to an independent, external review of denied health insurance claims for all insured Illinoisans.

"This important consumer protection legislation will improve health insurance in Illinois and help people fight back when claims are unfairly denied," said Governor Quinn. "This new law guarantees the right to an independent review of denied claims for everyone with health insurance in Illinois."

The Act is the product of extensive negotiations led by the legislative sponsors, Representative Greg Harris and Senator Heather Steans, and supported by Senator William Haine and Representative Frank Mautino. Business, health care, and consumer advocacy organizations from around the State actively participated in the negotiations.

"I was proud to join my colleagues in crafting this legislation, arguably the most significant insurance reform in the last decade," said Senator Jacqueline Y. Collins, sponsor of related legislation (SB 1506) in the Senate. "House Bill 3923 will empower consumers to seek an external independent review to appeal adverse decisions they find unfair and unjust."

"This bill is a tremendous step forward for consumers and small businesses and shows what can be done when diverse interests work together to address healthcare costs," said Senator Heather Steans, the primary Senate sponsor of HB 3923.

"Progressive, consumer-oriented insurance reform is going to become more and more important as the national healthcare legislation pushes decisions down to the individual states," said Representative Greg Harris. "I am happy that the Illinois Insurance Fairness Act puts Illinois in the lead of efforts to improve health coverage for individuals and small businesses. As Chief Sponsor I am also grateful to all the interest groups representing business, consumers and the insurance industry for working together to do the right thing."

The Act makes it easier for individuals and small businesses to shop for health insurance, compare competing plans, and obtain the best insurance value. While individuals and small businesses seeking quotes from competing health insurance plans must now complete a separate application for each health

insurer, the new law establishes a single health insurance application that will be used by all insurers and HMOs. In addition, the Act requires health insurance companies to report detailed information regarding premiums and expenses, including administrative costs and marketing expenses. The Department of Insurance ("Department") will publish this information on its website at www.insurance.illinois.gov.

Independent External Review **(available July 1, 2010)**

- Beginning July 1, 2010, all health insurers and HMOs will be required to provide an internal appeals process for denied claims, and must notify covered individuals of the right to request an independent external review.
- Denied health insurance claims will be eligible for external review if:
    - The individual receiving or requesting the treatment was covered under the plan at the time of treatment;
    - The treatment in question is a covered benefit under the plan, but does not meet the insurer's or HMO's requirements for medical necessity, appropriateness, health care setting, level of care, or effectiveness;
    - The individual has exhausted the internal appeals process (unless the timeframe for completion of a standard external review or expedited internal review would significantly increase the risk to a person's health or significantly reduce the treatment's effectiveness); and
    - In cases where the insurer or HMO determined that the treatment in question is experimental or investigational, the individual's health care provider has certified that the treatment in question is medically necessary.

- External reviews will be conducted by nationally-accredited Independent Review Organizations (IROs) approved by the Department every 2 years. When conducting external reviews, IROs must:
    - Assign qualified and impartial physicians or other health care professionals who are experts in the treatment of the person's condition, and who are knowledgeable about the treatment that is the subject of the review;
    - Maintain a system operating 24 hours a day, 7 days a week to accept and process information related to the review; and
    - Be independent, unbiased, and free of conflicts of interest with any of the individuals or entities involved in the review.

- Internal appeals:
    - Standard internal appeals must be completed within **15 business days** after the insurer or HMO has received all required information.
    - Expedited internal appeals must be completed within **24 hours** after the insurer or HMO has received all required information.

- External review:
    - Standard external reviews must be completed within **20 business days** after the request for external review is first received.
    - Expedited external reviews must be completed within **72-120** hours after the request for external review is first received (either orally or in writing).

Standardized Health Insurance Applications
(developed by July 1, 2010, and mandatory use by insurers begins January 1, 2011)

- Prior to obtaining accurate premium rates for a given health insurance plan, individuals and small business owners must complete a detailed application for each insurer or HMO, including information about the health history of all persons to be covered – individuals, employees, and dependents.
    - For small business owners especially – most of whom do not have access to a benefits consultant or human resources staff – this process can be difficult and time-consuming, and often prevents them from finding the most affordable and most appropriate plan for their employees.
- The Act establishes a committee within the Department to create a standardized health insurance application for use by all insurers and HMOs offering coverage in the individual and small group markets (2-50 employees).
    - The committee will consist of consumers, small business owners, insurance agents and company representatives.
- Health insurers and HMOs will be required to use the standardized health insurance application beginning January 1, 2011.

Insurer Expense Reporting **(first reports published February, 2011)**

- Beginning in 2011, the Act will require insurers and HMOs to submit to the Department semi-annual statements with detailed information regarding premiums and expenditures for major medical health insurance plans.
- The information – which will be publicly available on the Department's website – will benefit individual consumers and small business owners seeking the best value for their hard-earned premium dollar. It will also support the General Assembly and other policymakers in future health care reform efforts.

More Information

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace. The Department assists consumers with all insurance complaints, including health, auto, life, and homeowners. Consumers in need of information or assistance should visit the Department's Web site at www.insurance.illinois.gov or call our toll-free hotline at (877) 527-9431.

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