

Governor Quinn Signs Consumer Protection Bill

Residents Can Fight Back When Health Insurance Claims Are Denied

CHICAGO — Tuesday, January 5, 2010. Governor Pat Quinn today signed a bill into law that will provide greater consumer protection to Illinois residents with health insurance. The new law ensures that all denied health insurance claims can soon be reviewed and decided upon by a qualified, independent doctor.

"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."

Under current State law, only Illinois health consumers who are enrolled in a Health Maintenance Organization (HMO) have the right to an independent, external review when claims are denied. However, millions of Illinois residents, with other types of health insurance coverage, do not have this important right. Effective July 1, House Bill 3923 extends the right to an independent review of a denied claim to all Illinois residents with health insurance coverage.

The new law will allow Illinois residents to submit their health insurance claim for an external review after it is denied by their insurer. The external review will be conducted by a qualified, independent doctor, who is selected by a nationally-accredited and Illinois Department of Insurance-approved Independent Review Organization. The external review is binding and must be completed within 20 business days. In certain urgent cases the review must be completed within 72 to 120 hours.

Also under the new law, insurance providers that cover small businesses must accept a standard insurance application by January 1, 2011. This new requirement means small businesses, which usually do not have dedicated human resources departments, will not have to fill out long and often complex applications that differ from one insurer to another.

The standard application enhances insurer competition and makes it easier for businesses and individuals to shop around for the best and most affordable insurance, according to the Illinois Department of Insurance. This law also applies to individuals who will now be able to use a standard health insurance application.

The standard application will be developed by a committee of consumers, small business owners, insurance agents and insurance company representatives. The committee will work with the Illinois Department of Insurance.

Additionally, House Bill 3923 requires health insurers operating in Illinois to provide the state with how much they receive in premiums and how much of those premiums are spent on paying claims and healthcare costs

versus covering administration costs. The Department of Insurance will post this information online to ensure greater accountability among Illinois' health insurance companies.

"Illinois families and businesses pay premiums in exchange for needed health care," said Michael T. McRaith, Director of the Department of Insurance. "This new law represents the most important insurance reform in the last decade and gives Illinois consumers essential protections to assure that care is provided."

House Bill 3923 was sponsored by Rep. Greg Harris (D-Chicago) and Sen. Heather Steans (D-Chicago) and overwhelmingly passed the General Assembly. For more information regarding the legislation please visit insurance.illinois.gov.