

New Law Guarantees Right to Independent Review of Denied Health Insurance Claims

Millions of Illinois consumers can turn to qualified, independent doctors to appeal health insurer denials

CHICAGO - July 9, 2010. The Illinois Department of Insurance is reminding Illinois families and businesses of a new law that guarantees their right to an external, independent review of denied health insurance claims.

The Health Carrier External Review Act (Public Act 96-857) effective July 1 ensures that insurance company decisions to deny a recommended medical treatment are subject to review by a qualified, independent doctor. Signed by Governor Pat Quinn earlier this year, the landmark law provides other important consumer protections and improves Illinois' health insurance marketplace.

Previously, only Illinois consumers enrolled in a Health Maintenance Organization (HMO) had the right to an external, independent review when a claim was denied. The new law requires all health insurers and HMOs to provide the same opportunities for both internal appeals and external reviews of denied claims, extending this important right to millions of additional Illinois consumers.

"The Health Carrier External Review Act empowers and protects Illinois families and businesses who, after paying hard-earned premium dollars, are all too often denied needed medical treatment," said Michael T. McRaith, Director of the Department of Insurance. "The Act also requires greater transparency on the part of health insurance companies in Illinois, representing a significant early step towards reforming the State's health insurance marketplace."

The new law allows consumers to request an external review within four months of receiving notice that a claim or treatment request was denied by the insurance company or HMO. Each case is reviewed by an unbiased doctor who is an expert in the relevant field and who is assigned by an Independent Review Organization approved by the Illinois Department of Insurance. The external review must be paid for entirely by the health insurance company and must be completed within 20 business days. In urgent cases, the review must be completed within 72 to 120 hours. If the independent reviewer overturns the insurance company's denial, the insurance company must immediately approve the requested treatment. Consumers may appeal the decision of an independent reviewer to the Department.

Additional information about the new external review process - including a list of approved Independent Review Organizations - is available on the Department's website at <http://insurance.illinois.gov>.

Also under the new law, insurance companies that offer coverage to small businesses (less than 50 employees) and individuals or families must utilize a standardized health insurance application beginning January 1, 2011.

The standard application was developed and refined by a committee led by Dir. McRaith and comprised of members from diverse backgrounds, over a series of public meetings this past year. The list of committee members, records of the committee's meetings, and the standard applications are all available on the Department's website at <http://insurance.illinois.gov/HAWG>. The standard applications are designed to enhance consumer protection and make it easier for businesses and individuals to compare competing health insurance plans.

Finally, the new law requires health insurance companies in Illinois to report to the Department detailed information about the premiums collected each year and how much of the premiums are spent on providing health care to policyholders. The Department will post this information online to benefit consumers and policymakers, and to ensure greater accountability among Illinois health insurance companies.

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 homeowner. Consumers in need of information or assistance should visit the Department's Web site at <http://insurance.illinois.gov> or call our toll-free hotline at (877) 527-9431.