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# NEWS

## Illinois Department of Insurance

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## Illinois Department of Insurance Awarded \$1.45 Million to Enhance Consumer Protection Efforts

### *Federal Grant Will Bolster Department's Ability to Advocate on Behalf of Illinois Families and Businesses*

**CHICAGO** – October 21, 2010. The Illinois Department of Insurance announced today that it will receive \$1.45 million in federal funds to support its efforts to educate Illinois health insurance consumers and advocate on their behalf.

“The Department’s first priority is consumer protection,” said Illinois Department of Insurance Director Michael T. McRaith. “Illinois families and businesses paying hard-earned premium dollars continue to suffer from claims denials, coverage revocations, unreasonable premium increases, and other byproducts of a dysfunctional health insurance marketplace. The federal grant will enable the Department to better serve Illinois consumers by educating them on their health insurance rights and coverage options, and protecting them against unfair or abusive health insurer practices.”

The grant funds provided under the federal health reform law (known as the “Affordable Care Act”) will enable the Department to improve its ability to: collect, track, and quantify problems and inquiries experienced by Illinois health insurance consumers; educate consumers on their health insurance rights and responsibilities; provide information and assistance to individuals seeking to enroll in health insurance coverage; and assist with the filing of complaints and appeals against health insurance companies.

The Department will utilize the federal funds to invest in technology upgrades, provide enhanced training and support for consumer assistance staff, and educate Illinois families and businesses about the Affordable Care Act and other important State and federal health insurance laws. The Department’s grant application, which outlines in detail its proposal to enhance its consumer protection and assistance efforts, can be viewed at [www.insurance.illinois.gov/HIRIC](http://www.insurance.illinois.gov/HIRIC).

The Department has now been awarded three federal grants to support its efforts to implement the Affordable Care Act, which will better protect Illinois families and businesses from:

- ***Discrimination based on preexisting conditions.*** Health insurers have been able to deny coverage to individuals for any reason other than a person’s “race, color, religion or national origin.”
  - Under the Affordable Care Act, health insurers and employer plans are prohibited from denying coverage based on a preexisting condition, and from denying claims for the treatment of a preexisting condition, for children under 19.

- **Unjustified rescissions.** Health insurers have been allowed to “rescind,” or cancel retroactively, a health insurance policy at any point within the first 2 years, even for unintentional mistakes on the application. By pure volume, Illinois has far more rescissions than any state in the United States and, per capita, is second only to New Mexico.
  - Under the Affordable Care Act, health insurers are prohibited from rescinding policies except in cases of fraud or intentional misrepresentation.
- **Unreasonable premium increases.** Illinois law does not restrict health insurance rate increases. The [Individual Major Medical Health Policy Rate Filing Report](#) posted on the Department’s website reveals rate increases of up to 60% in 2009.
  - Under the Affordable Care Act the Department, in conjunction with the U.S. Department of Health and Human Services, will review “unreasonable” premium increases before the increases take effect. The Department recently received a [\\$1 million federal grant](#) to support its review of health insurance premium increases.
- **Unfair claim denials.** The Affordable Care Act builds upon State law to ensure all Illinoisans have the right to an external, independent review of claims denied by health insurers. The grant will allow the Department to better assist Illinois families and employers throughout the external review process.

#### **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 [www.illinois.insurance.gov](http://www.illinois.insurance.gov) or call our toll-free hotline at (877) 527-9431.

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