Law Ensures Right to Appeal Coverage Denials

BY MARY ELLEN SCHNEIDER

New federal regulations mandated by the Affordable Care Act will give patients new rights to appeal claims denials made by their health plans.

The rules, which were announced on July 22, will allow consumers in new health plans to appeal decisions both through their insurer's internal process and to an outside, independent entity. While most health plans already provide for an internal appeals process, not all offer an external review of plan decisions, according to the U.S. Department of Health and Human Services. The types of appeals processes often depend on individual state laws.

HHS officials estimate that in 2011 there will be about 31 million people in new employer plans and another 10 million people in new individual market plans will be able to take advantage of these new appeals opportunities. By 2013, that number is expected to grow to 88 million people. The rules do not apply to grandfathered health plans.

Under the new rules, health plans that begin on or after Sept. 23, 2010, must have an internal appeals process that allows consumers to appeal whenever the plan denies a claim for a covered service or rescinds coverage.

The internal appeals process must also offer consumers detailed information about the grounds for their denial and information on how to file an appeal.

The new rules aim to make internal appeals more objective by ensuring that the person considering the appeal does not have a conflict of interest. For example, the health plan is not allowed to offer financial incentives to employees based on the number of claims that are denied.

Health plans also will have to provide an expedited appeals process, which would allow urgent cases to be reviewed within 24 hours.

The new federal appeals regulations also standardize rules for external appeals. Currently, 44 states require health plans to have some type of external appeal but those processes vary greatly, according to HHS.

Under the federal rules, health plans must provide clear information about external appeals and expedited access to the process. The decisions made through external appeals are binding under the new federal rules. ■

Regulations for Patient's Bill of Rights Issued

The Obama administration has spelled out details of new insurance protections in a set of regulations it's calling the Patient's Bill of Rights.

The interim final rules implement elements of the Affordable Care Act, such as banning pre-existing condition exclusions for children under age 19, banning the practice of insurance rescissions, eliminating lifetime limits on coverage, and restricting annual dollar limits on insurance coverage. The regulations also address patients' right to seeing an ob.gyn. without a referral, and bar insurers from charging higher cost sharing for out of network emergency services.

The provisions will apply to most health plans for plan years beginning on or after Sept. 23, 2010, according to the White House.

The regulations were issued by the Departments of Health and Human Services; Labor; and Treasury in June.

In a speech at the White House, President Obama said the regulations establish the "basic rules of the road" for health insurers.

While he praised health plans for voluntarily implementing some of the new rules early, he also warned insurance executives that they should not use the new requirements as an excuse to raise rates. To that end, the administration will be requiring insurers to publicly justify rate increases and is encouraging states to use their full authority to review premium hikes.

—Mary Ellen Schneider