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Utah shuns money for insurance mediators

By kirsten stewart

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Joanne Jackson followed all the rules, obtaining approval from her insurance company for kidney surgery in March 2009.

So she was surprised shortly after the surgery to learn that Altius wouldn't pay up. Altius explained the hospital had "miscoded" the \$7,000 outpatient procedure as inpatient care. Her doctor said the mistake was the insurer's doing. Neither party fixed the problem, despite repeated pleas from Jackson.

"I felt really lost. I didn't know who to turn to," said the 62-year-old West Valley City woman. "I mean, what's so hard about changing a billing code?"

Jackson's experience is not unusual and shows why Utahns would be well-served by a health consumer assistance program, said reform advocates who are lobbying state officials to pursue a federal grant to build one.

Such ombudsman programs have thrived in other states. Most are government-funded, but run by nonprofit groups.

They help consumers find the best coverage for their dollar. They collect and report data about the types of problems consumers encounter. They educate consumers about their rights and responsibilities and help them battle denied claims.

But in Utah, "there exists no independent arbiter, no entity to guide and empower health consumers," said Lincoln Nehring at the Utah Health Policy Project, a non-profit group angling to be just that.

The new federal health overhaul contains \$30 million to fund such programs. Utah's share of the money is about \$260,000.

But Gov. Gary Herbert isn't sure he wants the money. He has until Sept. 10 to decide.

"I'll probably recommend we not go forward," said the governor's health adviser, John Nielsen.

The federal grant is one-time money and likely not enough to sustain the operation, Nielsen said. And other entities already exist to support consumers, he said, citing the Utah Insurance Department, which regulates the industry and investigates complaints, and insurance brokers who help businesses and individuals purchase policies.

These resources, however, have limitations, said Mary Covington, president of Denials Management, Inc., a Salt Lake City company that, for a fee, resolves insurance claim disputes.



Photo by Chris Detrick | The Salt Lake Tribune Joanne Jackson poses for a portrait at her home in West Valley City Tuesday August 31, 2010.

Brokers are conflicted because their commissions are paid by insurance companies, said Covington. Regulators, meanwhile, have no jurisdiction over large, self-insured employers, leaving those consumers no recourse but in the legal system. And while regulators will tell consumers how to file an appeal, they won't coach them or help them amass the medical evidence often needed, she said.

State health insurance division Director Tanji Northrup reports an increase in consumer complaints after passage of health reform.

Her office fields about 17,000 consumer questions a year and fewer than 200 formally filed complaints.

That's in line with a national data. In 2000, a Kaiser Family Foundation poll found 51 percent of Americans experience some type of problem with their health insurance, but only 2 percent file complaints. Nearly 90 percent could not name the agency that regulates health insurance in their state.

"People don't know their rights," said Covington, noting low-income families are especially outgunned and would benefit from having a nonprofit in their corner. "We're darn busy and barely scratching the surface."

When she started her business she caught heat from attorneys who feared it would eat into their practices. Now she said attorneys refer clients to her.

Cases where the claims owed are less than \$100,000 "aren't worth their while" — leaving people like Jackson in the lurch, Covington said.

Jackson's case was referred to Denials Management by Salt Lake Regional Hospital. It took more than a year of appeals, but the claim was paid in full by Altius last month.

"Paying that would have taken us four years, a real hardship," said Jackson who works full time for the LDS Church processing orders for Bibles, religious texts and Sunday school curriculum.

Nehring believes demand for consumer assistance will only grow with the advent of health insurance exchanges, or Web-based marketplaces, where individuals can shop for coverage. By partnering with community groups, "we could pull this off," he said. "We just need the seed money, which the feds are offering, no strings attached."

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It's your turn Had a claim denied?

I Data on how often insurance claims are denied — and for what reasons — is collected and analyzed by the insurance companies themselves. But in Utah, the companies aren't required to provide those records to regulators.

Consumers can request that their denied claim be reviewed by an independent organization. And eventually, insurers who participate in Utah's Web-based insurance market, or exchange, will have to disclose how many claims they deny and the costs of those claims.

Have you encountered problems with your health insurance company? Email us at hcreform@sltrib.com

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