

REPORT OF THE

**STATE CORPORATION COMMISSION ON THE
ACTIVITIES OF THE OFFICE OF THE MANAGED
CARE OMBUDSMAN**

TO THE HOUSE COMMITTEE ON CORPORATIONS, INSURANCE
AND BANKING; THE HOUSE COMMITTEE ON HEALTH, WELFARE
AND INSTITUTIONS; THE SENATE COMMITTEE ON EDUCATION &
HEALTH; THE SENATE COMMITTEE ON COMMERCE & LABOR
AND THE VIRGINIA JOINT COMMISSION ON HEALTH CARE

COMMONWEALTH OF VIRGINIA
RICHMOND
1999

November 10, 1999

To: The House Committee on Corporations, Insurance and Banking
 The House Committee on Health, Welfare and Institutions
 The Senate Committee on Education & Health
 The Senate Committee on Commerce & Labor
 and
 The Virginia Joint Commission on Health Care

The report contained herein has been prepared pursuant to Section 38.2-5904 of the Code of Virginia.

This report documents the activities of the Office of the Managed Care Ombudsman since its inception.

Respectfully Submitted,

Commissioner Theodore V. Morrison, Jr.
Chairman

Commissioner Hullahen Williams Moore

Commissioner Clinton Miller

In accordance with §38.2-5904 of the Code of Virginia, the Office of the Managed Care Ombudsman was established in the State Corporation Commission's Bureau of Insurance. This report is submitted pursuant to §38.2-5904 B 11, which requires an annual report to be submitted to the standing committees of the General Assembly having jurisdiction over insurance and over health and to the Joint Commission on Health Care. This first annual report covers the period from July 1, 1999 through October 31, 1999.

After 1999 Senate Bill 1235 and House Bill 871 were signed by Governor Gilmore, the Bureau of Insurance acted promptly to put in place the necessary resources to create the Office of the Managed Care Ombudsman (the Office). The initial professional and administrative staff were selected and appointed effective June 1, 1999. Thomas S. Bridenstine, formerly of the Virginia Department of Health, was appointed by Commissioner Gross to the position of Managed Care Ombudsman. Additional staff were reassigned from other positions within the Bureau of Insurance to the new office. During the next thirty days, the staff established the infrastructure of the office, which included setting up a dedicated toll-free telephone number, a local telephone number, and a dedicated electronic mail account. The electronic mail account is accessible either through a stand-alone mode or via the State Corporation Commission Bureau of Insurance Internet web site (<http://www.state.va.us/scc>). Information concerning the office was added to the Bureau of Insurance Internet web site. The staff was trained and internal operational policies and procedures were established. An administrative letter was sent to each Managed Care Health Insurance Plan (MCHIP) to acquaint each plan with the Office. The letter also requested that each plan furnish to the Office sample evidences of coverage and information on internal complaint, appeal, and grievance procedures. The Office devised and implemented a marketing plan to advertise the existence of the Office to consumers. As a result, the media, legislators, advocacy groups, and hospitals were contacted to make them aware of the Office and its role in assisting consumers. As a result of these efforts, the Office was fully operational on July 1, 1999.

Once the Office officially opened, the staff began assisting individuals covered by MCHIPs. The staff provides assistance in two ways: answering inquiries from covered persons and other individuals, and assisting covered persons who desire to utilize an MCHIP's internal appeal process regarding an adverse decision made by their MCHIP. Inquiries have dealt with a variety of both general and specific issues and questions related to managed care. Requests for help with appeals include both instances of denied claims and denied authorizations for medical services and treatment. As of October 31, 1999, the Office had responded to 150 inquiries and 78 requests from individuals who desired assistance in appealing an adverse decision made by their MCHIP.

The staff also intensified the Bureau's existing outreach program to publicize the existence and functions of the Office. A consumer brochure was developed, and over 5,000 copies were distributed throughout the Commonwealth. A letter was sent by Commissioner Gross to each member of the General Assembly concerning the existence of the Office of the Managed Care Ombudsman and its ability to assist members' constituents, along with a copy of the consumer brochure. Copies of the brochure were also provided to every library

and hospital, and to various advocacy groups and interested parties. A copy of the brochure is included with this report. Public presentations were made to various civic and professional organizations to further publicize the existence and functions of the Office. In addition, the Office received statewide exposure through public television, several newspapers, and over fifty radio stations. A meeting was held with the Virginia Association of Health Plans, the managed care industry's trade organization to advise the members of the purpose, role, and function of the Office. In October, a second consumer publication was developed which contains specific information designed to assist consumers in effectively obtaining health care benefits from their MCHIPs, and provides guidance if a consumer has a problem or concern. A copy of this publication is included with this report.

Information regarding the office already on the Bureau of Insurance Internet web site has been continually refined and updated. In addition to contact information, the web site has the original consumer brochure, the new consumer guide, and information on mandated benefits and offerings. The staff is utilizing the interactive capability of the electronic mail account to respond to consumer inquiries and requests for assistance in navigating an MCHIP's appeal process.

As part of its annual report, the Office of the Managed Care Ombudsman must include a summary of significant new developments in federal and state laws relating to health insurance. There are several legislative proposals regarding health insurance and related issues currently being considered at the federal level. Since the political entities involved have not reconciled their respective differences regarding these legislative proposals, it is not possible at this time to predict the outcome. It is noteworthy, however, that numerous issues under consideration at the federal level have already been enacted in Virginia. Some of these include external review of adverse utilization review decisions, requirements for internal review of adverse decisions, protection and privacy of patients' medical records, and physicians being given the authority to discuss possible treatment options with patients even if a possible option may not be a covered benefit under the patient's health insurance.

The Office has also noted changes to state laws relating to health insurance made during the last session of the General Assembly. In assisting MCHIP enrollees in filing appeals of adverse decisions, the office has upon occasion brought to the attention of a MCHIP recent changes in state law regarding health insurance. In one instance, this resulted in the MCHIP reversing a previously unfavorable decision and authorizing coverage for the enrollee.

As the office continues to evolve, it will work closely with existing resources within the Bureau of Insurance to monitor changes in federal and state legislation regarding health insurance and related matters.