

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  
2000

November 20, 2000

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,

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Commissioner Hullihen Williams Moore  
Chairman

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Commissioner Theodore V. Morrison, Jr.

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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 second annual report covers the period from November 1, 1999 through October 31, 2000.

The first annual report described the Bureau of Insurance's efforts to establish the Office of the Managed Care Ombudsman (the Office). This included creating the infrastructure of the Office, training the staff, and designing an outreach program to publicize the existence of the Office to consumers. The annual report also described the types of assistance the Office provided to consumers during its formative months. The first annual report also documented that in accordance with the legislation that created the Office it was fully operational on July 1, 1999.

During its second year, the Office has continued the activities described in the last annual report and assumed some additional responsibilities. From its inception, the Office conducted an aggressive outreach program and this program has continued. The purpose of the outreach program is to acquaint consumers and other interested parties such as physicians and health care facilities with the services available to consumers from the Office. Representatives from the Office made presentations to civic and professional groups, mailed copies of consumer brochures on the Office to professional groups and individuals, and provided information on the Office to the media. A copy of the consumer brochure and another consumer document is attached to this report. Approximately 4,000 copies of the brochure and accompanying document were distributed during the last year to individuals, professional organizations, business and civic organizations and public institutions.

There were two significant instances of media coverage that increased consumer awareness of the Office. A statewide radio news program broadcast a follow up story that updated the audience on the Office and its activities during its first year, and also provided contact information regarding the Office. The Managed Care Ombudsman discussed the office during an interview on a cable television new channel in Northern Virginia. This helped increase consumer awareness of the Office in the heavily populated area of Northern Virginia. In addition, a widely distributed trade magazine serving insurance agents and brokers in Northern Virginia published another story on the Office.

The Medical Society of Virginia published an article on the Office in a newsletter that was sent to every physician in the Commonwealth, and also invited the Office to participate in its annual meeting. The meeting was held in Norfolk and assisted the Office in gaining exposure in the Tidewater area. The Office substantially increased physicians' awareness of the Office and the manner in which it can assist patients covered by a Managed Care Health Insurance Plan (MCHIP). In addition, the Virginia Association of Health Plans assisted the Office in its outreach efforts, to include facilitating communication between the Office and the Association's member health

plans. The Office appreciates the assistance and support of these two organizations and looks forward to maintaining a productive working relationship with each one.

Information on the Office posted on the Bureau of Insurance Internet web site was updated, to include adding information on new mandated benefits and mandated offers that resulted from legislation passed by the General Assembly. The Internet web site was redesigned to better assist consumers in locating information about the Office. The Office staff continued to use the interactive electronic mail capability of the dedicated Ombudsman's electronic mail account to respond to inquiries and requests for assistance from consumers. During the reporting period the Internet web site registered 4,183 visits.

In another important aspect of the outreach program the Office conducted multiple presentations to physician practice managers and hospital administrative staff in Southwest Virginia. This increased the Office's exposure in the Southwest part of the Commonwealth, and while this part of Virginia does not have a heavy level of managed care penetration, nevertheless the Office wanted to maximize consumer and health care provider awareness of the Office in Southwest Virginia.

During the reporting period, the Office provided informal assistance to consumers by responding to 751 inquiries. Inquiries are classified as a general request for information or a general question and are normally answered directly by the staff. Frequently a consumer making an inquiry is referred to another section within the Bureau of Insurance or to another regulatory agency. The staff also provided formal assistance to 302 consumers who wanted to appeal an adverse decision made by their MCHIP. This type of assistance involved the consumer submitting an inquiry form to the Office and the staff assisting the consumer in all aspects of the MCHIP's internal appeal process.

The Office worked closely with the External Review Program recently created within the Bureau of Insurance to enable consumers who are unsuccessful in the internal appeal processes to have their appeal reviewed by an external independent review organization. The Office referred several consumers to this new program, and participated with the External Review section in publicizing the activities of each office to consumers and health care providers.

The Office also worked with the Virginia Department of Health to revise the annual complaint report that each MCHIP is required to file. The Office received and collected the required filings from each MCHIP, and believes the redesigned complaint report provides more useful information than the form previously used. The Office will continue to have the responsibility to receive this required annual filing, and starting this year will tabulate data regarding MCHIP complaints as reported in each MCHIP's filing.

During the past year, the Commission determined that the Office could have a greater and more direct impact on the internal appeal and review process of MCHIPs if the responsibility for reviewing and approving each MCHIP's internal grievance and appeal procedures, as required by law, were transferred from the Bureau's Financial Regulation Division to the Office. This transfer has now successfully been completed, and the Office will now have an improved ability to work directly with each MCHIP

during the development or modification of the MCHIP's internal grievance and appeal procedures. Acting in this capacity, the Office has recently convinced one MCHIP to substantially increase the time period enrollees have to appeal a first level denial. This change is decidedly in the enrollees' favor.

The Office has continued to monitor significant new developments in federal and state laws relating to health insurance. As during this time last year, there are various legislative proposals regarding health insurance and related issues currently being considered at the federal level. At this time, the outcomes of these issues and legislation that may be passed are not known. A proposal at the federal level to provide an independent review of final adverse decisions by a MCHIP has already been adopted and implemented in Virginia. The Office noted changes to state laws relating to health insurance made during the last General Assembly and when applicable provided updated information to consumers.

The Office has continued the momentum established during its first year, actively assisting Virginia consumers who receive health care benefits from an MCHIP and the Office has expanded its responsibilities to further protect and promote the interests of consumers.