

Commissioner's Monthly Column

Department of Insurance Proposed Legislation

March 2014

Another legislative session is upon us and once again this year the Louisiana Department of Insurance (LDI) is working with legislators on a number of matters related to health insurance and its impact on consumers. After having success last year in the area of health with the passage of legislation on health care network adequacy and internal and external appeals, the LDI is hoping to build on that progress by offering four critical health bills in the 2014 Regular Session of the Louisiana Legislature.

We are once again proposing a bill that will provide a means for the LDI to review and approve health insurance premium rates for unreasonableness. SB 554 will help ensure that consumers receive value for their premium dollars. U.S. government statistics indicate that the leading cause of individual bankruptcies in the United States continues to be medical bills. Ensuring that health insurance rates are actuarially justified is an important aspect of expanding access to health insurance.

Approval of this measure would help ensure transparency of rates in our health insurance market and protect policyholders in Louisiana. More than half of the states already have approval authority over health insurance rates before they are implemented. We do not even receive an informational filing of health insurance rate increases.

As you know, Louisiana has rate approval authority over homeowners, auto, and long-term care rates, as well as Medicare supplement insurance. Our actuarial division reviews rates and if they are not actuarially justified, they are not approved. Health rates have been left out for far too long and we are seeking to correct this through our health rate approval legislation.

The LDI is also supporting HB 764, a measure that addresses the licensing of health insurance navigators in Louisiana. Navigators were created by the Affordable Care Act to serve as in-person resources to provide assistance to those shopping for a health insurance plan.

Under Act 349 of the 2013 Legislative Session, the LDI was given the authority to register navigators. The resulting regulation, Regulation 101, is aligned with federal law and prohibits navigators from engaging in any activities that would require a health and accident producer license. It prohibits navigators from offering advice, recommendations or any form of endorsement of a particular health benefit plan or health and accident insurance product. Regulation 101 also requires navigators to register with the LDI and to submit evidence of required training.

We are proposing more extensive legislation that would strengthen the regulation in Louisiana to have it more aligned with the Georgia model. The Georgia Insurance Department licenses navigators as of last year. These individuals are required to pass a state exam and undergo fingerprinting and a background check as part of the application process.

HB 822 would restrict the practice of “balance billing” for medical emergency services. This practice generates surprise medical bills for insured patients for out-of-network medical emergency services provided without the patient’s knowledge by specialists not covered under the insured’s plan. With this practice, bills are received after patients have returned home from a hospital visit or stay. This includes any billing for covered services above and beyond the co-insurance, co-payment and deductible in an insured’s policy or plan.

Balance billing continues to be a serious consumer problem in Louisiana and many other states so that the LDI has consistently pushed for legislation to reform the balance billing practices of medical providers. We have made unsuccessful attempts in the past to pass bills that would address this problem for both medical emergency services and in-hospital non-emergency services but in the 2014 Regular Session, the LDI is addressing billing practices for medical emergency services only.

The proposed measure would prohibit a provider from pursuing an insured patient through judicial means for the balance of a bill paid by an insurer directly to the provider. Providers would be prohibited from filing liens, filing suits, or seeking wage garnishment for balance bills. This includes any billing for covered services above and beyond the coinsurance, co-payment and deductible in an insured’s policy or plan.

We are also proposing SB 169 that updates the statute pertaining to the Louisiana Life and Health Guaranty Association (LLHIGA) so that it is consistent with the NAIC model law. This is part of a national effort by the National Organization of Life and Health Guaranty Associations for all states to be consistent. The proposed legislation clarifies what LLHIGA will pay, how much it will pay and under what circumstances it will pay it. Key areas that are addressed in the bill include refining annuity coverage limits so that consumers know how much they are going to receive and how LLHIGA will pay the annuity. The measure also addresses coverage of citizens abroad. Additionally, we are proposing several bills that make technical amendments to current health insurance law or align our law with National Association of Insurance Commissioners (NAIC) model law.

As always additional proposed insurance legislation will be moving through the session that may impact you and your business in some way. I encourage you to become involved in the legislative process by logging into the Legislature’s website at www.legis.la.gov and clicking on bill search in the 2014 Regular Session section. In the Search Bill Text section type “insurance” to see a list of all insurance bills. You can also connect with the LDI on Social Media by following us on Twitter @LAInsuranceDept for updates on the status of LDI bills. I look forward to a successful and productive session

and, as always, welcome your input on measures that will help us foster an effective regulatory environment.