



HOUSE COMMITTEE ON APPROPRIATIONS
2009-10 Legislative Session

FISCAL NOTE

HOUSE BILL: 1251

PRINTER'S NO: 3126

PRIME SPONSOR: D. Costa

As amended by A05632

FISCAL IMPACT SUMMARY	FY 2009/10	FY 2010/11
Expenditure Increase/(Decrease):		
General Fund	\$0	\$0

OVERVIEW:

House Bill 1251, as amended by Amendment A05632, amends the Insurance Company Law of 1921 to implement recently the adopted National Association of Insurance Commissioners (NAIC) model law relating to the processing of consumer complaints in the area of long term care (LTC) insurance.

The bill defines "benefit trigger," which determines whether insurance contract benefits provisions have been met, requiring payment for services rendered. Under the bill, if a determination is made that the benefit trigger has not been met, the insurer shall provide "clear, written notice" to the insured and his/her authorized representative. This notice shall include: (1) the reason that the trigger has not been met; (2) the insured's right to internal appeal; and (3) steps related to post-internal independent review for contested denials. In addition, an insured may appeal to a court of competent jurisdiction within 60 days of the independent review decision.

The bill outlines the aforementioned appeals processes, which include both an internal appeal and an independent review, should the internal appeal be contested. The bill requires the Insurance Department to certify qualifying independent review organizations to be used for independent reviews. A list of these organizations shall be listed annually in the Pennsylvania Bulletin and on the Department's website.

The bill also provides for the prompt payment of clean claims, as defined by the bill. Failure to timely pay a clean claim will result in a one percent per month interest charge and could be the basis for an Unfair Insurance Practice Act violation.

The new procedures outlined in the bill will apply to benefit trigger requests made on or after 60 days after the effective date of the act.

The act shall take effect in 60 days.

ANALYSIS:

The Insurance Department anticipates that it will be able to meet any additional requirements within its existing operating budget. Therefore, enactment will not result in any additional cost to the Commonwealth.

PREPARED BY: Lisa M. Fleming, Budget Analyst
House Appropriations Committee, (D)

DATE: February 8, 2010

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*