

PRESS RELEASE

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State Insurance Department Monitors Health Care Policies and Advertising Content Throughout Arizona, Rejects 60%

Residents of smaller communities in rural Arizona may not have an abundance of information or choices if they're shopping to buy insurance, so the Arizona Department of Insurance monitors advertising claims by companies to weed out deceptive practices.

As many as 60 percent of the documents are rejected initially for various reasons, according to state Insurance Director Charles R. Cohen.

"They simply don't comply with state law," Cohen said. "Some ads may be deceptive, some policies may not include required benefits and some may not cover individuals they are supposed to cover. If they don't comply with state law, we notify the companies that the material cannot be circulated or used in any way in Arizona."

Working directly with insurance companies, the Life and Health Division at the state Insurance Department carefully compares advertising with the content of health and life insurance policies and applicable laws to make sure the policies comply with state law before they are marketed to Arizona residents.

Cohen pointed out that the Life and Health Division does its crucial work out of the spotlight and generally does not deal directly with the public.

"It is, nevertheless, characteristic of the Insurance Department's pervasive dedication to consumer protection," Cohen said.

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The division meticulously reviews policy forms, contracts, advertising materials and rates for some individual health insurance policies prior to their use in Arizona. With regard to rates, the division determines if a company's premium rates comply with rules that require benefits in a policy to be reasonable in relation to rates being charged.

In 1998, more than 26,000 life and health insurance policy forms, contracts, rates and advertising materials were received from life and disability insurers, health care services organizations, HMOs and prepaid dental plan organizations.

This division also administers the new Health Care Appeals Program, which gives consumers the right to appeal adverse decisions by health insurers and dental plans. The appeals process begins with consumers requesting a review by their insurer. Cases involve refusal by insurers to pay for procedures already performed and decisions on whether a procedure or service requested is medically necessary.

More than 140 cases have been appealed under the terms of the program, which began last year. Approximately 28 percent have been reversed in favor of consumers.

Consumers who are shopping for insurance may contact the Insurance Department for information about companies they may be considering. The department compiles complaint ratios for health and life insurance companies.

"This service is provided so consumers are better able to make an informed decision when purchasing insurance," Cohen said. "I also strongly recommend that insurance consumers work with professional insurance agents and brokers when purchasing insurance products. These are trained, licensed specialists who can help consumers assess their needs, select the appropriate product, and get the service they are entitled to."

To better assist the public, the Insurance Department has established a new Life and Health Unit in the Consumer Services Division. So, if you have a question or complaint regarding your health or life insurance coverage, including complaint ratios of insurance companies, write to the Arizona Department of Insurance at 2910 N. 44th St., Suite 210, Phoenix AZ 85018, or call 1 800 325-2548 and ask for Consumer Services.