



PA INSURANCE INSIGHTS

The Pennsylvania Insurance Department Newsletter

Volume 1, Issue 5 September 2015

In this Issue

Commissioner's Greeting	1-2
Balance Billing Hearing	2
Widow's Penalty	3
Social Media	3
Provider Directories	4
AAA Mature Driver Class	4
Future Job Openings	5
Recent Press Releases	5

You can contact the department at ra-in-Insights@pa.gov or through the contact form located on the homepage of our recently redesigned website.



A message from the Insurance Commissioner...

Now that we have officially entered autumn, Pennsylvania's beautiful fall foliage will soon be in full bloom.

At the Insurance Department, we continue to focus on consumer protection. In this issue, we discuss two important consumer issues. One of these is the so called "widow's penalty" in auto insurance and my intention to deny auto rate filings that the department finds charge someone a higher rate solely because that person has lost a spouse without data justifying such an increase. As the consumer alert I recently issued points out, there are legitimate reasons a person's auto insurance can rise or fall following the death of a spouse, but unless a company can provide data supporting it, that alone is not sufficient to cause a rate hike

The other consumer topic covered this month, on which I also just sent a notice to insurers, is that health insurers have a responsibility to keep their provider directories up-to-date. We appreciate the many insurers who have made this a priority and maintain accurate directories. As provider



networks narrow and consumers face higher out-of-network costs, it is vital that health insurance customers be able to rely on these directories to choose the providers and facilities they use. This issue is particularly timely and important as we approach open enrollment when it's critical that consumers have accurate information about network providers as they make decisions about plans for 2016.

This week, my department is holding a public hearing in Harrisburg on surprise balance billing.

(continued on page 2)

A message from the Insurance Commissioner...

(continued from page 1)

This practice can occur when a consumer, despite making a good-faith effort to use providers and facilities that are in-network, unknowingly receives an out-of-network service somewhere during the provision of services. These consumers may then be faced with a bill for that out-of-network service. We will hear from consumers who have been through this, consumer advocates, legislators, insurers, health care providers, health care facilities, and economists. I look forward to hearing from our stakeholders on this

important issue and look forward to seeing many of you there. The hearing begins at 10 a.m. on October 1 and will be livestreamed at http://pacast.com/players/live_insurance.asp.

I also continued my visits to mature driver classes, this time in Scranton, to make sure seniors know they can become better drivers and receive a mandatory cut in their auto insurance rate by completing these classes.

I'm also pleased to say that we now have a new way to communicate all that is happening at the In-

urance Department. We are now on Facebook and Twitter, so be sure to like and follow us.

This is an exciting place to work, and in future issues, we will start including selected job openings here should any of you wish to join us in our efforts to help consumers and maintain our vibrant insurance market here in Pennsylvania.

Thank you,

Teresa Miller
Insurance Commissioner

Insurance Department to Hold Hearing on Balance Billing October 1

When you've undergone a major medical procedure, such as surgery, or had an important preventive care service, like a mammogram or blood work, and you've taken the time to check that your doctor and the facility where you go are in your insurance company's network, the last thing you need or expect is a bill for some of the medical care you thought was covered under your insurance plan.

Yet that very thing is happening to consumers in a practice known as surprise balance billing. In order to better understand the scope of the problem of surprise balance billing in Pennsylvania and how consumers are being impacted by these practices, Commissioner Miller has scheduled a public hearing on this issue.

The hearing will be Thursday, October 1, from 10 a.m. to approximately 1 p.m., in the auditorium of the State Museum, 300 North Street, Harrisburg. The hearing is open to the public.

Commissioner Miller, in reviewing complaints received by the In-

urance Department, has seen the financial and emotional burdens that surprise balance billing can have on consumers and is holding the hearing to get a better handle on the various situations in which balance billing occurs and look for ways to help consumers. At the hearing, consumers will present testimony about balance bills they received despite their best efforts to make sure the providers and facilities they used were in their insurance company's network. Stakeholders will also provide testimony on their perspective on this important consumer issue.

Among balance billing complaints received by the Insurance Department are:

-A consumer had a mammogram performed after being told the facility accepted her insurance. She then received a bill because while the mammogram itself was covered, the reading of the mammogram was not covered because it was done by an out-of-network provider.

-A consumer checked to make

sure both the doctor and facility where surgery would be performed were in-network then received a balance bill because the anesthesiologist group was not in-network.

-A consumer got a bill for her newborn's hearing test given at an in-network hospital. When she called to ask why, she was told the hospital had contracted with an out-of-network neonatologist. The consumer had checked with the facility and the OBGYN but did not otherwise know the list of doctors who would run tests or screenings on her newborn child.

Commissioner Miller especially wants to investigate these situations because consumers seem to have no way of reasonably knowing whether providers they are seeing are in their insurance company network.

[Click here](#) to view the site where the hearing will livestream. If you would like to find out more about the hearing or provide comments to the department on the issue of balance billing, please contact Dave Buono at dbuono@pa.gov.

Commissioner Miller Pushes for Consumer Protection, Prohibits “Widow’s Penalty” in PA

Recent news stories called attention to what has been dubbed the “widow’s penalty” in auto insurance where some individuals saw an increase in auto insurance premiums after losing a spouse. Because of Governor Wolf’s strong commitment to consumer education and protection, Commissioner Miller issued a consumer alert to explain the issue as well as her plan to protect Pennsylvania consumers.

Auto insurance companies may charge different groups of drivers different prices if the companies have data showing one group bears a higher risk than the other. Inexperienced teenage drivers pay more than experienced adults and drivers with multiple accidents pay more than those with clean driving records. These differences are permissible because statistical evidence shows a difference in risk between these groups.

Some insurers also have statistical evidence that single drivers incur higher claims costs on average than married drivers and therefore charge single drivers more. Some companies that use this rating factor have included widows and widowers in the single group, which results in premium hikes following loss of a spouse.

Commissioner Miller believes that becoming a single driver through loss of a spouse is different from being a young, single driver who has never been married, and raising auto insurance premiums in this situation is what she and many others find unfair. Because of this, the commissioner has established an Insurance Department policy calling for a review of insurance company rate filings that propose to charge a widow or widower a high-

er rate solely based on the change in marital status. If the insurance company cannot provide statistical support for including widows and widowers in the higher single rate, the department will not approve the rate change and will require the insurer to continue to use the lower rate.

This policy applies to rate filings going forward and will not be applied retroactively to any past rate approvals. Commissioner Miller also urges consumers to shop around as only some insurers have used the married versus single rating factor. If a consumer experiences a premium increase due to the loss of a spouse, the commissioner suggests they take advantage of Pennsylvania’s competitive auto insurance market that has more than 200 companies offering auto coverage and see if a less expensive option may be available and right for them.

It is important to note that rating differences due to marital status are just one reason auto premiums can change after the loss of a spouse. Driving records of a couple on a policy are considered together when determining the premium, and when one spouse dies, the premium will change to reflect the risk of the remaining driver. If that driver has a better record than his or her spouse, the premium may go down, but the premium could go up if that driver has a worse record. Many companies also offer multiple policy discounts for having a life and auto policy, as an example. If one of these policies goes away, that discount would go away too.

If consumers have questions about why their auto premium is changing, they should call their in-

urance company. If they’re not sure whether their insurer is following Pennsylvania’s laws and regulations, they should call the Insurance Department at 1-877-881-6388, or visit www.insurance.pa.gov, and click on “Consumers” to reach the Bureau of Consumer Services.

Insurance Department Now on Social Media

Continuing Governor Wolf’s initiative to be more engaged with Pennsylvania citizens, the Insurance Department recently added social media to its communications package.

The department launched on Facebook and Twitter, which Commissioner Miller said will make the department more accessible and proactive in reaching both consumers and the insurance industry.

Follow the Insurance Department on Twitter at www.twitter.com/PAInsuranceDept and like us on Facebook at www.facebook.com/PAInsuranceDepartment.

By following the department, consumers and industry stakeholders will have access to important education and outreach materials, industry news and activity, and can stay up-to-date on business conducted by the Insurance Department.



Commissioner Miller Reminds Insurers that Provider Directories Must Be Current

After hearing complaints from consumers who used a provider listed as in-network in their insurance company's provider directory only to be told later the provider was not in-network, Commissioner Miller issued a reminder to insurers that they must keep their provider directories up to date. In some cases, consumers ended up receiving a bill for out-of-network services. Failing to keep directories current could result in a violation of the Unfair Insurance Practices Act.

Pennsylvania law prohibits unfair or deceptive acts or practices by insurers, including publishing or circulating an advertisement, announcement, or statement that is untrue, deceptive, or misleading. Commissioner Miller said that if a person receives health care services from a provider listed in the insurer's provider directory as in-network at the

time of service, and the insurer then attempts to settle that claim as if the provider were out-of-network, her department will consider this to be an unfair claim settlement practice. The commissioner emphasized that her department will enforce this law so consumers suffer no harm when they make the effort to determine whether a health care provider they see is in their insurer's network and are then billed higher out-of-network costs because the directory was not up-to-date.

The commissioner understands that provider networks change throughout the year, and there may be instances where a provider, who was in-network at the time an appointment was made, is no longer in-network at the time services are received. In such cases, the department's expectation is that the provider directory accurately reflects

the fact that the provider is no longer in-network at the time the service is received.

Commissioner Miller believes this is an issue of basic fairness. Consumers rely on their insurer's provider directories to have accurate and up-to-date information and make their health care decision based on this information. By issuing this notice, the commissioner is making it clear that keeping provider directories current is the responsibility of the insurer, and consumers should not face higher out-of-network costs if this does not happen.

With open enrollment beginning November 1 and many consumers considering whether to stay with their current insurer or shop around, Commissioner Miller said this is the perfect time for insurers to update their provider directories so consumers can make informed choices.

Commissioner Miller Congratulates Mature Driver Safety Class at Scranton AAA

Commissioner Miller continued the Insurance Department's outreach to senior citizens by visiting another mature driving class. Pennsylvania law requires that when all drivers on an auto insurance policy are 55 years of age or older, and have completed a PennDOT-certified mature driver class, these drivers receive a minimum five percent reduction on their auto policies. These premium reductions are good for three years, beginning with the policy year immediately following the completion of the class.

Commissioner Miller spoke to approximately 20 seniors at the North Penn AAA office in Scranton as they completed the class. She thanked the class members for taking the time and effort to attend the two-day, eight hour session. While having the opportunity to

save money on their auto insurance, Commissioner Miller also noted these classes make the attendees better drivers, often allowing them to continue driving longer, and thus enjoying more independent lives. She also noted that these classes



Commissioner Miller presents a certificate to one of the class members at North Penn AAA's Sept. 24 mature driver class.

help make Pennsylvania roads safer overall, and thanked AAA for being a sponsor of these classes at their offices throughout the state

Prior to presenting the certificates that are given to insurers to receive the premium reduction, the commissioner reminded the class members her department enforces this law on behalf of Pennsylvania consumers. She encouraged anyone with questions or concerns about this law, or any insurance issue, to contact the Insurance Department's Consumer Services Bureau, by visiting www.insurance.pa.gov, then clicking on "Consumers", or calling 1-877-881-6388.

[Click here](#) to find a list of PennDOT-approved mature driver improvement courses.

Job Openings to be Listed

The Pennsylvania Insurance Department plays a crucial role in protecting consumers throughout Pennsylvania while also maintaining a vibrant and competitive insurance market.

Working at the Insurance Department can be very fulfilling professionally. Many of the positions in the department require a knowledge of the insurance business. As many of the recipients of the PA Insurance Insights newsletter are insurance professionals, the department plans to include selected job openings in future editions.

So if helping enforce insurance laws and regulations fairly, making sure consumers know what the laws are and that the department is here to help them, and maintaining and improving the environment for the insurance industry to flourish are of interest to you, keep an eye out for job opening announcements in coming PA Insurance Insights newsletters.

Around the Insurance Department

2015 State Employee Combined Appeal Kick-Off



The 2015 State Employee Combined Appeal (SECA) is underway! Volunteers throughout the department are working very hard to reach our fundraising goals so we may Fulfill the Dream

Recent Press Releases

- September 29, 2015 - PID Offers Help Finding Lost Life Insurance Policies, Location of Policies Issued by Now Defunct Companies
- September 24, 2015 - Insurance Commissioner Congratulates Mature Driver Safety Class, Raises Awareness About Auto Discounts
- September 21, 2015 - Insurance Commissioner Says Consumers Will Not Pay Out-of-Network Costs if Provider Directory is Out-of-Date
- September 17, 2015 - Insurance Department Alerts Consumers of Deadline Extension for FEMA Review of Hurricane Sandy Claims
- September 16, 2015 - Insurance Department Continues Consumer Protection Push, Prohibits “Widow’s Penalty” in Pa.
- September 10, 2015 - Insurance Department Alerts Consumers to Unlawful Practice of “Price Optimization”
- September 8, 2015 - Insurance Commissioner Announces Public Hearing on Surprise Balance Billing of Health Insurance Consumers
- September 3, 2015 - Insurance Department Launches Facebook and Twitter Pages
- August 27, 2015 - Insurance Commissioner Advises Homeowners to Follow Insurers’ Request to Reduce Property Hazards
- August 20, 2015 - Governor Wolf Announces All CHIP Plans Will Provide Enhanced Benefits to Meet ACA Requirements
- August 6, 2015 - Insurance Department Recovers More Than \$70 Million for Pa. Life Insurance Beneficiaries in First Half of 2015