



NEWS RELEASE

6/12/08

FOR IMMEDIATE RELEASE

For more information, contact:
Jim Carnes at (334) 832-9060

New Report from Families USA

Alabama Fails to Protect Consumers in Individual Health Insurance Market

Lack of state protections is a boon for insurers and a burden for consumers

MONTGOMERY, Ala. – Insurance companies can deny health coverage to Alabamians with pre-existing conditions, refuse to pay for services needed to treat common ailments, and yank policies and deny payments when a consumer faces a rash of medical bills, Kimble Forrister of Arise Citizens' Policy Project (ACPP) said today. A new report shows that Alabama has no authority to protect consumers from such abuses.

ACPP based its assessment on a study published today by Families USA, a national organization for health care consumers. Titled "Failing Grades," the study reviews whether key protections are provided to healthy consumers to prevent insurance company abuses in Alabama, as well as each of the other 49 states and the District of Columbia. The study's authors surveyed all state insurance departments for the report.

The findings in the Families USA report show that consumers in Alabama are unprotected from the following abuses:

- Insurance companies can "cherry-pick" the healthiest consumers and exclude everyone else.
- There are no limits on how much insurers can increase premiums based on an individual's health status.
- Insurers can exclude coverage for pre-existing conditions for more than one year.
- Alabama laws don't stop insurers from denying legitimate claims of policyholders who are up-to-date with their premium payments by digging back months or years into the policyholders' medical history and alleging they failed to disclose, or should have known about, pre-existing conditions.
- Insurers can revoke an individual's health insurance policy without advance review by the state.
- Insurers can set and raise premiums without meaningful oversight.

Alabama received full credit for only one of the 14 protections included in the survey – the state does require insurers to use an objective standard to define pre-existing conditions. Alabama received partial credit on two measures – insurers are expected to complete all medical underwriting at the time of application, though Alabama law doesn't require it, and external reviews of coverage denials are available to consumers in some Alabama health plans. On the latter protection and two others, Alabama regulators reported that the Consumer Complaint Board is an external review program of the Alabama Department of Public Health (ADPH), but researchers were unable to obtain information from ADPH regarding the scope, authority, related fees or minimum claims thresholds.

Based on these and other criteria in the Families USA report, Alabama earns a failing grade, Forrister said.

“This report makes it clear that Alabama and the other states are doing very little to provide basic protections for health care consumers,” Forrister said. “As a result, many Alabamians are denied coverage or are charged unaffordable premiums, or they have their health claims wrongfully denied.”

Alabama may have a failing grade in consumer insurance protection, Forrister added, but an opportunity remains for Alabamians to learn an important lesson in the current health care debate. “The federal government should set some basic protections so that insurers don’t ‘game’ the system. The last thing the health care system needs is a new ‘Wild West’ mentality that simply throws everyone into the individual marketplace with little or no protection.”

To read the full “Failing Grades” report, visit www.familiesusa.org.

#

Arise Citizens’ Policy Project is a nonprofit statewide citizens’ organization comprising 150 congregations and community groups dedicated to improving the lives of low-income Alabamians.

Families USA is a national nonprofit, nonpartisan organization dedicated to the achievement of high-quality, affordable health care for all Americans.