COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

REPORT ON THE ACTIVITIES OF THE OFFICE OF THE MANAGED CARE OMBUDSMAN PURSUANT TO § 38.2-5904 OF THE CODE OF VIRGINIA

to the:
Virginia Joint Commission on Health Care
Senate Committee on Education and Health
Senate Committee on Commerce and Labor
House Committee on Labor and Commerce
House Committee on Health, Welfare and Institutions

November 30, 2020

MARK C. CHRISTIE
COMMISSIONER

JUDITH WILLIAMS JAGDMANN
COMMISSIONER

JEHMAL T. HUDSON
COMMISSIONER

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

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P.O. BOX 1197
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November 30, 2020

The Honorable Patrick A. Hope
Chair, Virginia Joint Commission on Health Care

The Honorable L. Louise Lucas
Chair, Senate Committee on Education and Health

The Honorable Richard L. Saslaw
Chair, Senate Committee on Commerce and Labor

The Honorable Jeion A. Ward
Chair, House Committee on Labor and Commerce

The Honorable Mark D. Sickles
Chair, House Committee on Health, Welfare and Institutions

Dear Members of the General Assembly:

The report contained herein has been prepared pursuant to § 38.2-5904 of the Code of Virginia and documents the activities of the State Corporation Commission's Office of the Managed Care Ombudsman for the period November 1, 2019 through October 31, 2020.

Respectfully submitted,

Mark C. Christie
Chairman

Judith Williams Jagdmann
Commissioner

Jehmal T. Hudson
Commissioner

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Executive Summary

This annual report on the activities of the State Corporation Commission's Office of the Managed Care Ombudsman (Office) covers the reporting period November 1, 2019, to October 31, 2020. During this period, the Office provided information and formal assistance to 645 consumers and other individuals covered by managed care health insurance plans (MCHIPs). The Office helped consumers with MCHIPs:

- Understand how their benefit plans work;
- Realize the importance of reading and understanding plan documents;
- Use tools to solve problems; and
- Appeal adverse determinations.

When necessary, the Office referred consumers to other sections within the State Corporation Commission Bureau of Insurance or to other regulatory agencies for assistance.

In total, the Office responded to 464 inquiries and assisted 181 consumers in filing appeals with MCHIPs, resulting in a $318,296 cost savings or cost avoidance to consumers using the internal appeals process. In addition, the Office continued monitoring federal and state health insurance-related legislation. Details of these and other activities are provided in this report.

Background and Introduction

The State Corporation Commission's (SCC's) Office of the Managed Care Ombudsman was established within the Bureau of Insurance (Bureau) on July 1, 1999, in accordance with § 38.2-5904 of the Code of Virginia (Code). This annual report is submitted pursuant to § 38.2-5904 B 11 of the Code, which requires the SCC to report the Office's activities to the standing committees of the Virginia General Assembly (General Assembly) having jurisdiction over insurance and health, and to the Joint Commission on Health Care.

The legislation that created the Office assigned it numerous responsibilities. The Office's primary responsibilities are:

- Assisting managed care plan consumers, including dental and vision plan consumers, who are covered by fully insured policies that were issued in Virginia;
- Formally assisting a consumer in the internal appeal process with their MCHIP;
- Referring consumers to another section of the Bureau for help; and
- Referring consumers to another state or federal agency when the Bureau does not have regulatory authority to help, such as the Virginia Department of Health (VDH) to address quality of care concerns.

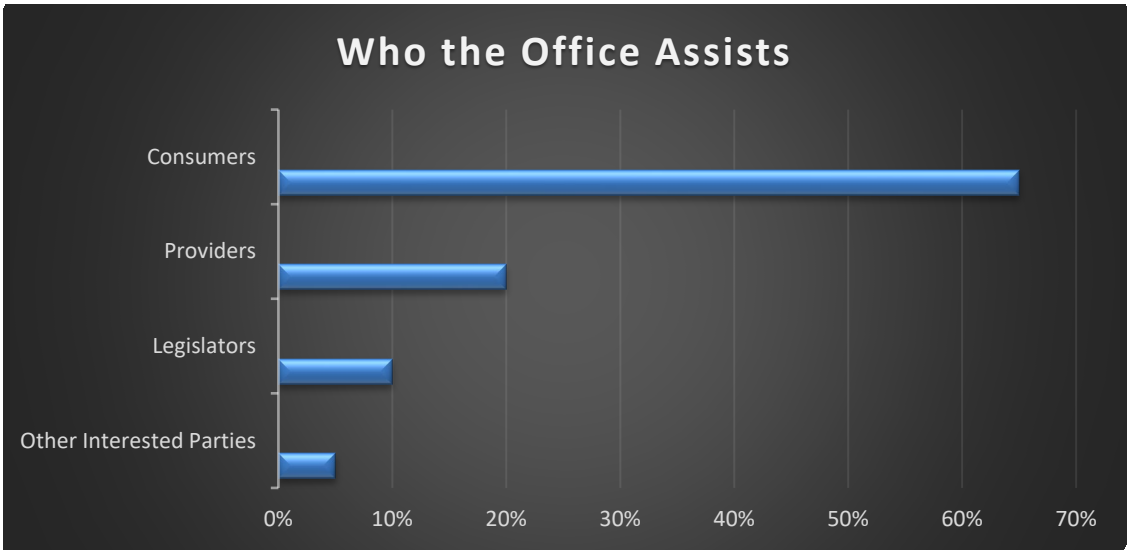
How to Contact the Office

Consumers, providers, legislators, and other interested parties may contact the Office using a variety of methods: a dedicated Ombudsman's e-mail account, the Bureau's online portal, telephone, fax, or mail. Please see our contact info below:

Office of the Managed Care Ombudsman
Virginia Bureau of Insurance
P.O. Box 1157 Richmond, VA 23218
ombudsman@scc.virginia.gov
Website: scc.virginia.gov
Phone: 1-877-310-6560, Fax: 804-371-9944

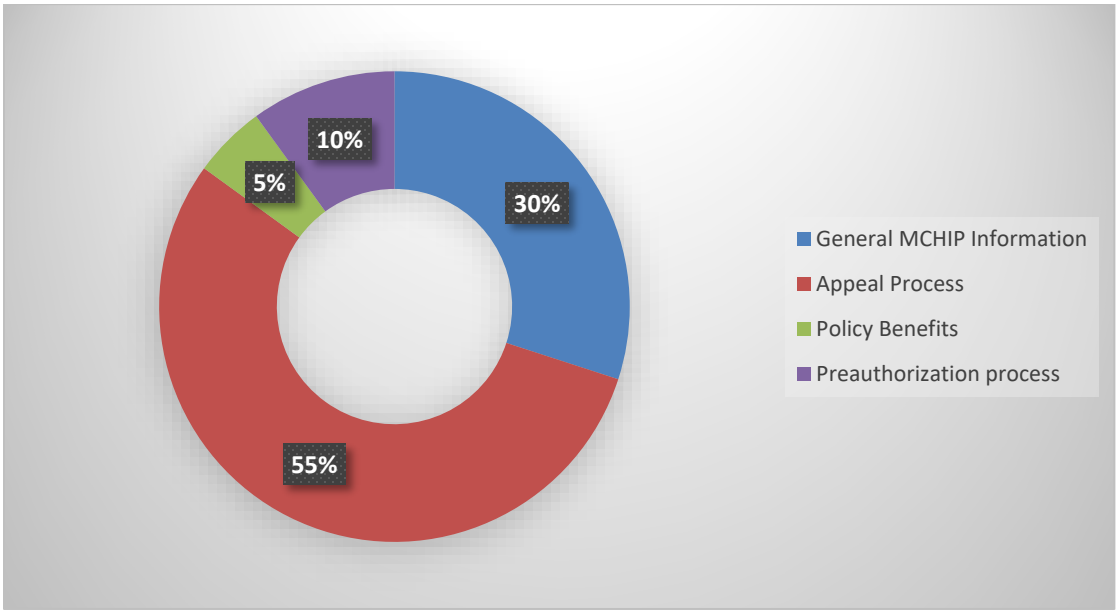
Who the Office Assists

The Office receives most requests from four groups of people:



The Types of Information the Office Provides

The Office provides information on a variety of MCHIP topics. Most of the information falls into one of these four categories:

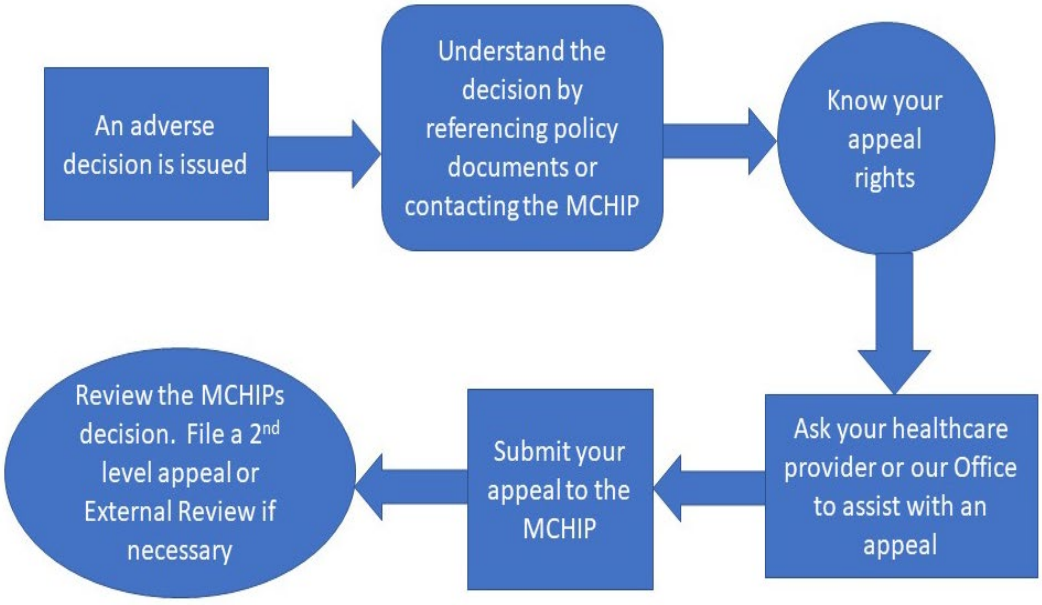


A. Assistance in the MCHIP Appeal Process

The Office can help a consumer submit an appeal when the consumer's MCHIP issues an adverse determination, such as denying a claim or refusing to preauthorize a service. Appeals may result from pre-service or post-service denials or, in some cases, issues with active treatment. The Office assists in the appeal process by:

- Helping consumers understand why an adverse determination has been issued;
- Helping consumers understand all levels of the appeal process, including applicable appeal timeframes;
- Helping a consumer understand the type of documentation or clinical data to submit with an appeal request; and
- Assisting consumers in filing their appeal with their MCHIP.

The appeal process can be complex for the average consumer, so the Office tries to simplify and assist accordingly. Here is an example of how the typical appeal process would work for a consumer:



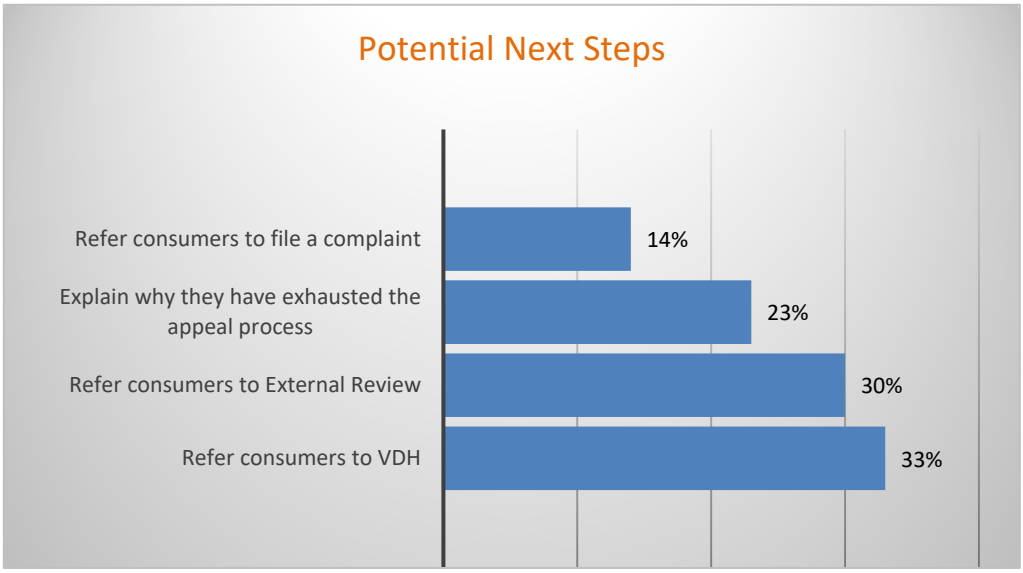
B. Timeframes After an Appeal is Submitted

The consumer has the choice to submit the appeal as a standard appeal or on an expedited basis. There are also instances when the consumer needs to submit an appeal while they are receiving care (concurrent). The timeframe for an MCHIP to respond depends how the appeal was submitted.

Type of Appeal	Timeframe to Respond
Pre-Service	30 days
Concurrent	72 hours
Urgent Care	72 hours
Post-Service	60 days

C. Assistance After the MCHIP's Internal Appeal Decision

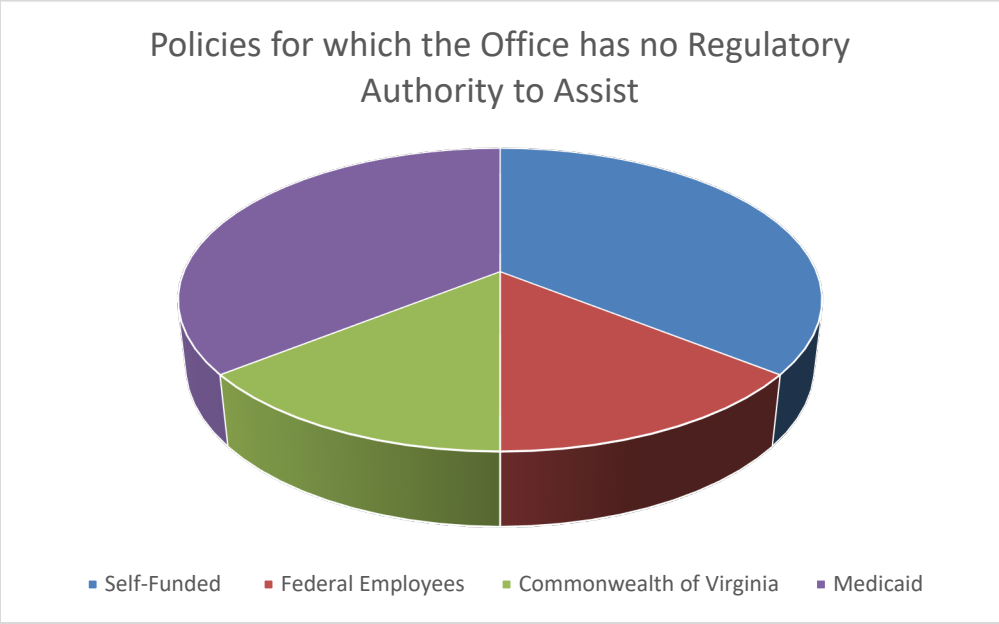
If a consumer is unsuccessful in the appeal process, there are several steps the Office can take to assist consumers.



In some instances, the Office can no longer offer formal assistance after the appeal process is completed.

D. Assisting Consumers with Plans Beyond our Jurisdiction

The Office also assists consumers whose health care benefits are provided by managed care plans outside of the Bureau's authority. Here are examples of managed care plans that fall outside the regulatory scope of the Bureau:



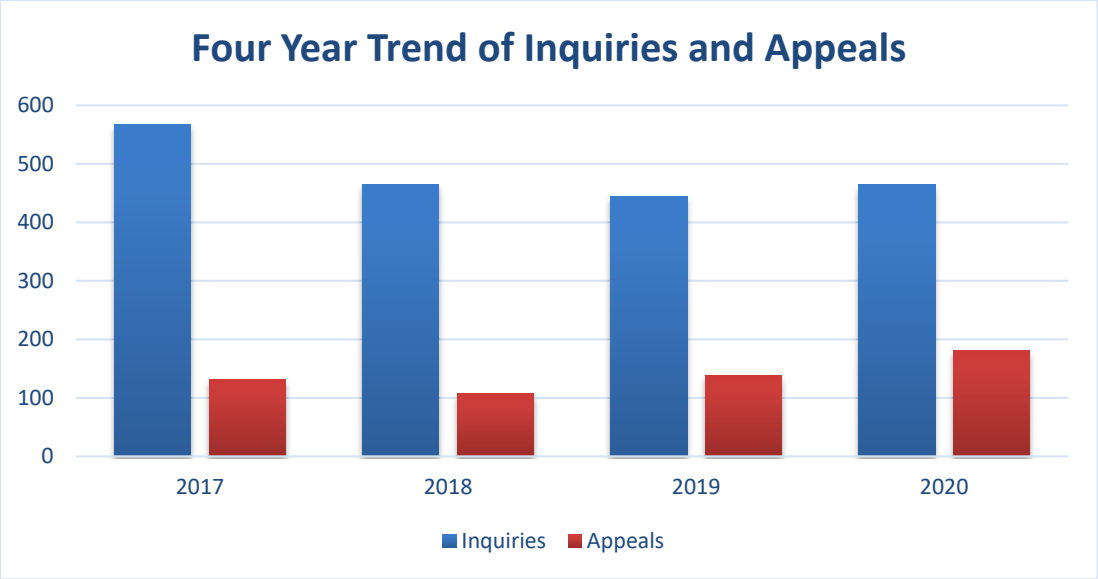
E. Activity During the Reporting Period

The Office tracks workload data for reporting purposes, including the disposition of each MCHIP inquiry and appeal.

Time Period	Inquiries	Appeals Assistance
Nov. 1, 2019 to Oct. 31, 2020	464	181 consumers assisted
Nov. 1, 2018 to Oct. 31, 2019	445	139 consumers assisted

Historical Breakdown of Recent Years

The number of inquiries increased for the current reporting period following several years where the number had slightly declined. The number of consumers the Office formally helped with appeals has increased during the last two years.



Results During the Reporting Period

As in prior reporting periods, there were many instances in which the Office helped a consumer obtain a favorable outcome through the appeal process. This assistance provided $318,296 in direct cost savings or cost avoidance to consumers through the internal appeals process alone. Please see the following examples that illustrate favorable outcomes to consumers:

Benefit	Appeal
$125,879	Inpatient hospital charges for a newborn in the Neonatal Intensive Care Unit
$115,000	Approval of a microprocessor related to knee prosthesis
$ 35,000	Payment of an implantable nerve stimulator to treat diaphragm paralysis
$ 14,620	Intermediate level of trauma care related to a head injury
$ 10,698	Authorization and payment of methadone clinic treatments
$ 6,920	Authorization of orthodontic services
$ 2,780	Approval of a dental crown procedure

Outreach During the Reporting Period

In previous years, the Office has supported outreach programs as an integral part of its consumer education activities. During this reporting period the Office was unable to attend events, because of cancellations due to the Covid-19 pandemic. Under normal circumstances the Office participates in outreach programs such as the events below.

Event Attended	Office Activities
Virginia Dental Association Annual Meeting	Directly interacted with dental professionals.
Virginia State Fair	Answered questions on managed care plans. Recommended best practices for understanding policies. Provided the contact information for the Office of the Managed Care Ombudsman.
Virginia Society of Otolaryngology Annual Meeting	Presented information about the regulatory role of the Bureau, and specifically how the Office provides appeal assistance. Provided information about how the Bureau could assist providers with provider contract disputes.

Legislation

A. Federal Legislation

As required by § 38.2-5904 B 10 of the Code, the Office monitored changes in federal and state laws that pertain to health insurance. During the reporting period, the Office continued to:

- Monitor developments related to the Federal Patient Protection and Affordable Care Act, 42 U.S.C. § 18001 et seq. (2010) ("ACA").
- Monitor changing requirements for Short Term Limited Duration ("STLD") insurance policies issued by health carriers.

B. Virginia Legislation

During the 2020 General Assembly session, the Office monitored and tracked legislation pertaining to health insurance and related subjects passed by the General Assembly and signed into law by the Governor. Legislation the office tracked includes:

- House Bill 840 and Senate Bill 605 that added § 38.2-3418.18. These bills require health insurers to classify medically necessary formula and enteral nutrition products as medicine, and to include coverage for medically necessary formula and enteral nutrition products for covered individuals requiring treatment for an inherited metabolic disorder.

Conclusion

During this reporting period, the Office has accomplished its responsibilities in accordance with § 38.2-5904 of the Code. As in prior years, the Office assisted consumers, providers, legislators, and other interested parties by providing general information, guidance, and assistance concerning health insurance. Depending on how a consumer's health insurance coverage was structured, consumers may have been referred to another section of the Bureau or another resource for assistance. When requested, the Office helped consumers appeal adverse determinations and worked to provide consumers with fair access to the internal appeal process offered by the consumer's MCHIP. The Office provided personalized assistance to consumers, helped them understand the appeal process, and acted as a catalyst to clarify any disputed facts regarding an appeal. The Office worked to ensure MCHIPs administered their appeal processes in a consistently fair manner, which helped appellants in the appeal process. The Office also monitored changes in federal and state laws related to health insurance coverage and managed care.