

Insurers agree to limit health care cancelations

April 29 2010, By TOM MURPHY , AP Business Writer

(AP) -- Several health insurers said Wednesday they plan an early start on a slice of health care reform by pledging to limit the circumstances in which they cancel coverage when a customer gets sick.

UnitedHealth Group Inc., Humana Inc. and Blue Shield of California all said they will drop, or rescind, coverage only in cases where a patient has committed fraud or intentional misrepresentation.

The [health care reform](#) legislation passed last month by Congress limits rescission to cases of fraud. But that provision won't take effect until Sept. 23.

UnitedHealth, based in Minnetonka, Minn., said it will limit its use of rescission immediately. Blue Shield plans to start in May, and Louisville, Ky.-based Humana said it already restricts rescission to fraud cases.

Another insurer, WellPoint Inc., said Tuesday it will start following the guideline May 1.

Laws on rescission currently vary by state. In some cases, an insurer can cancel coverage for material misrepresentation, which can be an unintentional mistake filling out a form.

A letter dated April 27 and signed by several House of Representatives committee chairs asked [health insurance](#) leaders to start limiting rescission immediately. The lawmakers also asked companies to start

independent, third-party reviews of rescission cases.

WellPoint and Humana said they already do this, and UnitedHealth said it will start such a review "in the near term."

WellPoint, Humana, UnitedHealth and other insurers also announced recently that they planned to get an early start on another reform provision that allows dependents to remain eligible for coverage under a parent's insurance until age 26. The reform also calls for that provision to start in September.

Health insurers may not start early on every reform provision as the law unfolds. Several parts of the law have yet to be finalized and will be much more expensive or involved for insurers.

Both the coverage extension for dependents and the rescission restriction are fairly easy and relatively inexpensive for insurers to implement, said John Bertko, a former chief actuary for Humana and an adjunct staff member at Rand Corp.

A reform provision that prohibits insurers from denying coverage to children with pre-existing conditions also is slated to start in September. Bertko said some insurers may consider early adoption of that provision too, but that is less likely because doing so could lead to expensive claims.

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