

Kentucky Consumer Fact Sheet for Health Insurance

It is important to remember that not all insurance plans fall under the jurisdiction of the Kentucky Department of Insurance. Some employer or employee groups purchase health insurance from an insurance company. Others may purchase health coverage from a health maintenance organization (HMO). Both are called **fully insured** health benefit plans and are regulated by state insurance departments.

However, some employer or employee groups provide what are called **self-funded** health benefit plans. This means the employer or group sets aside funds and employee premiums each month to pay health claims submitted to the plan. Self-funded plans are under the authority of the U.S. Department of Labor's Pension and Welfare Benefits Administration. These plans are authorized by Congress under the Employee Retirement Income Security Act (**ERISA**). Some state laws do not apply to ERISA plans and the Kentucky Department of Insurance does not have the authority to investigate complaints about these plans.

If you have a question about the type of plan you have, contact the benefits coordinator at your place of employment.

Consumer tips

Here are some factors to consider when buying health insurance:

- **Customer Service.** Find out how the company services its policyholders. Is there a toll-free customer service number? What happens when you call the company's consumer complaint number?
- **Complaint history.** Has the company had an unusually high number of consumer complaints? Call the Department of Insurance or go to the Web site to access the Complaint Ratio Search. (See contact information on reverse side.)
- **Licensing status.** Call the Department of Insurance to find out if the company is licensed to do business in Kentucky or go to the department's Web site and do a company search.
- **Cost.** Premiums may vary. Be sure to look at the benefits offered, as well as the cost.
- **Financial stability.** Financial stability helps ensure that a company can pay its claims. The Department of Insurance establishes requirements that each company must follow and continually monitors the financial stability of insurance companies operating in the state. Independent organizations also rate financial stability.

Types of health insurance plans

- **Traditional fee-for-service (FFS)** plans – Allows an individual to go to the doctor of his or her choice and then submit the claim to the insurer. These plans are becoming rare.
- **Health Maintenance Organization (HMO)** – Provides services through a network of doctors, hospitals, laboratories and other providers. The HMO pays providers a monthly amount regardless of the services performed. When you enroll in an HMO, you will select one of the doctors as your primary care physician (PCP) to manage all of your health care. Depending on your plan, you may have to get a referral from your PCP before seeing a specialist for additional care.
- **Preferred provider organization (PPO)** – A group of doctors, hospitals and other providers who have agreed to provide services to members of a health plan so you can use providers who are not on the PPO list. To encourage you to use the preferred providers, however, they charge lower out-of-pocket expenses than if you use a provider not on the list.
- **Point of Service (POS)** – A POS is similar to an HMO in that you select a primary care physician to manage your care. A POS also gives you the option to see a provider outside the network. However, if you leave the network, the plan pays at a reduced rate and you will have more out-of-pocket expenses.



How to make claims and appeal denials

Before you file a claim:

- Review your policy or employee booklet carefully to be sure the service in question is covered.
- Follow any managed care rules, including precertification requirements and the use of network providers.

Submitting a claim:

- Find out if your provider submits the claim for you or if you need to do it. If you need to file the claim, review the information to be sure it is complete and correct.
- File the claim as soon as you get the bill from the provider and be sure to send it to the right address.
- Keep a copy for your files.
- **Allow reasonable time for the company to process your claim.** The company will inform you if it needs additional information to complete the claim. Often, it will request the information directly from the provider. After the company has all the information it needs, it has a certain number of working days to process your claim. The company must send you an explanation of benefits to explain its decision.

If your claim is denied:

- The reason for the denial should be stated on your explanation of benefits.
- If you disagree with the reason stated for denial, check your policy or employee booklet for the company's appeal procedure. The company should be able to answer procedural questions about appeals over the phone.
- Your appeal should be in writing and may require information from your doctor.

For more information about appeals, read *What You Should Know About Health Insurance Appeals*, a free publication available online or by calling the Department of Insurance.

To file a complaint

If you've tried unsuccessfully to resolve the claim problem with your company or agent, you can contact the Consumer Protection and Education Division of the Kentucky Department of Insurance. You will be asked to file a written complaint.

Please include the following:

- Your name, address and daytime telephone number.
- A description of the problem from your point of view. Include the name of any insurance companies involved, policy numbers, what type of insurance, etc. Be as detailed as possible.
- Supply any documentation you have to support your case. This includes any correspondence from the insurance company and copies of your explanation of benefits.
- What you have done to resolve the problem.
- A copy of both sides of your insurance card.
- Mail complaints to Kentucky Department of Insurance, PO Box 517, Frankfort KY 40602-0517. You can e-mail complaints or use the online complaint form on the agency Web site.
- ***Do not send originals.***



Kentucky Public Protection Cabinet
Department of Insurance
P.O. Box 517, Frankfort, KY 40602-0517
Toll free: 800-595-6053 TDD: 800-648-6056
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