

The State of Iowa  
2017

# Annual Consumer Advocate Bureau Report



Prepared and Submitted to the 87<sup>th</sup> Iowa General Assembly

January 15, 2017

Insurance Division of Iowa

## I. Background

The Consumer Advocate Bureau (the Bureau) was established in 2008 under Iowa Code section 505.8, subsection 6, paragraph “b” and requires an annual report on the activities and statistics of the Bureau. This report is filed in compliance with that annual report requirement.

The Bureau is currently comprised of the position of Consumer Advocate. The Consumer Advocate, Angel Robinson, was appointed in November 2008. The Consumer Advocate Bureau is required to provide assistance to consumers in all lines of insurance, securities, and regulated industries under the jurisdiction of the Commissioner.

## II. 2016 Activities

The functions of the Bureau include outreach, assisting with or providing policy recommendations, aiding consumers with insurance inquires and complaints, and recommending cases for administrative action. To further these functions, the work of the Bureau in 2016 have focused on the following activities.

### A. Outreach and Education

In the area of outreach and education, the Consumer Advocate Bureau has focused on assisting consumers with understanding available resources and requirements of health insurance. The outreach and education included in-person presentations to individuals and not-for profit organizations, training presentations for state contract arbiters on the excise taxes on employer health insurance plans, the updates of educational documents, receiving inquiries and questions from the public and organizations, and bi-weekly conference calls with interested parties across the country.

### B. The Health Insurance Rate Review Process

The Consumer Advocate Bureau participated and assisted consumers with their notice and hearing rights associated with health insurance rate increases. Iowa law provides for a policyholder’s right to notice and the right for a public hearing when a rate increase is requested above the average annual health spending growth rate (as established by the Centers of Medicare and Medicaid Services). All health insurers requesting continuing sales of health insurance products requested rate increases which met this criteria and included the following:

<b>Company Name</b>	<b>Percentage of Increase Requested</b>	<b>Affected Policyholders</b>
Aetna	7.1 – 52.6%	42,000

Gundersen	19.8%	88
Medica	19%	1,367
Wellmark	35-43.9%	29,600

The Consumer Advocate's role in the qualifying rate hearing process is to solicit consumer comments regarding the proposed rate increase and to share the received comments with the public and the Commissioner of Insurance during the public hearing. All public hearings regarding rate increases were held over the ICN videoconferencing network. This allowed affected members of the public from across Iowa to personally participate in the public hearings without driving to one central location. All reports on the public comments and testimony received on the proposed rate increases were provided to the Commissioner of Insurance and remain available for public review at [iainsuranceca.wordpress.com](http://iainsuranceca.wordpress.com). A total of 175 consumers participated in submitting comments during the 2016 rate hearings.

#### C. Other Consumer Advocate Duties and Responsibilities

In 2016 the Consumer Advocate participated in weekly conference calls on the planning and implementation of the new health laws nationally and provided public education to consumers directly and through consumer advocacy groups regarding the changes to laws, regulations, and the effects those changes have on consumers. Additionally, the Consumer Advocate assists consumers directly with complaint reviews, inquiries, phone calls and emails. In 2016, 8 consumers appealed to the Consumer Advocate for additional insurance complaint review. There were no new administrative actions from the Bureau in 2016 as all disputes were able to be settled with the insurers without additional action.

### III. Recommendations

#### a. Budget

The current 2017 budget for the Bureau entails an appropriation for only the Consumer Advocate with a salary and benefits. The Consumer Advocate Bureau has had additional staffing in the past that has always been provided by federal grant funds. Each grant has allowed for increased consumer services and consumer reach through the use of additional staffing. The budget of the Consumer Advocate Bureau should be reviewed for permanent staffing in 2018 and beyond as this will allow the Consumer Advocate Bureau to maintain a consistent level of customer service to all Iowans that cannot be achieved through temporary grant funds.

b. Legislation and Administrative Rules

The Consumer Advocate Bureau will continue working with other areas of the Iowa Insurance Division throughout 2017 to file administrative rules as needed. The rules would likely include updating the current Medicare rules and updating the rate review rules should any changes be made to the Iowa rate review statute.

IV. Conclusion

The work of the Consumer Advocate Bureau exists to represent and aid Iowa's policy holders. The Consumer Advocate, the Consumer Advocate Bureau, and those who work to serve consumers within the Iowa Insurance Division, thanks the Legislature for this opportunity. Upon request additional information can be provided as to any of the consumer activities of the Consumer Advocate Bureau or any other consumer function or duty of the Iowa Insurance Division.

The following data attachments are respectfully submitted for review.

## *Appendix A: 2016 Complaint and Inquiry Statistics for Iowa*

As part of the duties of the Consumer Advocate Bureau, assistance was provided to consumers individually with questions or problems with insurance, securities, and regulated industries. Statistics for the Consumer Advocate Bureau are incorporated into the Division's statics for other bureaus as the Consumer Advocate generally works with closed complaints. The Consumer Advocate complaints are closed complaints that the consumer has requested an appeal for additional assistance or are pursued as a new complaint upon the discretion of the Consumer Advocate.

The following statistics are the total services provided to consumers in all areas serviced by the Division. For convenience, combined statistics showing the efforts of all bureaus handling complaints is provided. The Consumer Advocate Bureau statistics have been identified specifically above, but are not counted separately in the complaint totals below in order to avoid duplication and provide accuracy.

### **Total Summary of Division Complaints and Inquiries**

Total Complaints:	1849
Total Inquiries:	<b>605</b>
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Total Consumer Complaints / Inquiries Served:	<b>2454</b>

2016 Insurance Complaints**2016 Market Regulation Closed  
Complaint/Inquiry Report**

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	355	20
Fire, Allied Lines	30	3
Homeowners	190	4
Life, Annuity	347	46
Accident, Health	765	192
Liability	32	2
Miscellaneous	58	3
Other: Regulated Industries	23	13
Other: Securities	49	45
Other	0	277
<b>TOTAL</b>	<b>1849</b>	<b>605</b>

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	84	14	53	15	3	0	26
Marketing and Sales	16	3	21	102	133	3	11
Claim Handling	423	29	203	46	687	47	44
Policyholder Service	7	0	6	349	296	0	1
<b>TOTAL</b>	<b>530</b>	<b>46</b>	<b>283</b>	<b>512</b>	<b>1119</b>	<b>50</b>	<b>82</b>

Disposition	Fire, Allied						
	Auto	Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Claim Reopened	10	2	14	0	13	4	0
Claim Settled	67	4	15	22	13	1	6
Company Position Overturned	4	1	0	0	0	0	0
Company Position Substantiated	189	13	98	93	310	18	31
Complaint Withdrawn	2	0	0	3	1	0	0
Compromised Settlement	52	8	26	173	252	4	6
Contract Provision/Legal Issue	109	14	78	2	57	15	20
Fine	0	0	0	0	0	0	0
Insufficient Information	7	2	1	12	25	2	6
No Action Requested/Required	4	0	1	47	11	0	1
No Jurisdiction	12	0	3	16	219	2	9
Referred for Disciplinary Action	1	0	3	5	3	0	1
Referred to Another Dept	0	0	0	0	29	0	1
Referred to Proper Agency	0	0	0	3	41	0	2
State Specific	7	2	5	34	16	0	2
<b>TOTAL</b>	<b>464</b>	<b>46</b>	<b>244</b>	<b>410</b>	<b>990</b>	<b>46</b>	<b>85</b>

## *Appendix B: Comparative Complaint Data*

As one of the only other states that has an official and formal Consumer Advocate office incorporated into a Department of Insurance, comparative complaint statics are provided from the State of Louisiana. The information provided below is for the 2015 year as Louisiana has not formally approved 2016 data as of the time of this report.

Types of Complaints:

<i>Life, Annuity and Long-Term Care</i>		<i>Health</i>		<i>Property and Casualty</i>	
Life/Individual	412	Accident and Health/Individual Major Medical	508	Auto/Personal	795
Life/Group	24	Accident and Health/Group Major Medical	198	Homeowners	441
Long Term Care	23	Accident and Health/ERISA/Self-Funded	147	Auto/Commercial	55
Annuity, Fixed	19	Dental	74	Misc./Other	55
Annuity, Variable	7	Disability	53	Misc./Fid-Sur./Bond	46



## Complaint Reasons:

<i>Life, Annuity and Long-Term Care</i>		<i>Health</i>		<i>Property and Casualty</i>	
Marketing/ Misappropriation of Funds	93	Claim Handling/ Denial of Claim	365	Claim Handling/ Denial of Claim	313
Policy Service/ Other	86	Claim Handling/ Claim Delay	247	Claim Handling/ Claim Delay	276
Claim Handling/ Claim Delay	48	Claim Handling/ Other	156	Claim Handling/ Unsatisfactory	237
Policy Service/ Delays/No Response	42	Underwriting/ Cancel/ Non-Renewal	82	Underwriting/ Cancellation	205
Policy Service/ Refunds	35	Claim Handling/ Unsatisfactory Settlement/Offer	56	Underwriting/ Premium & Rating	153

## Complaint Dispositions:

<i>Category</i>	<i>Life, Annuity and Long-Term Care</i>	<i>Health</i>	<i>Property and Casualty</i>	<i>Total for LDI</i>	<i>Total Percentage</i>
Favorable to Complainant	76	351	311	738	20.5%
Favorable to Regulated Entity	101	282	602	985	27.4%
Neutral	380	518	980	1,878	52.1%
<b>TOTALS</b>	<b>557</b>	<b>1,151</b>	<b>1,893</b>	<b>3,601</b>	<b>100.0%</b>