



# Insurance Matters

COMMISSIONER KAREN WELDIN STEWART, CIR-ML

## The Consumer Comes First.

*The Main Reason for Our Existence.*

Ask **?** the Commissioner

Greetings!

And welcome to the summer 2011 edition of Insurance Matters – my department’s e-newsletter dedicated to consumer protection and keeping you first in insurance matters.

outreach schedule. The Insurance Department staff is “out there” trying to interact with you on many timely subjects including Medicare, health insurance fraud, workers compensation premiums and more. Check out our [event calendar](#) and do come out and say hello. My staff and I look forward to assisting you.

We have packed lots of valuable information in this edition including a neat “[damage control](#)” article that is liable to keep homeowners awake at night until you take action! (Hint, Hint)

And remember, you can access the department staff from the comfort of your home by phone, fax, e-mail, internet or the US mail. As Insurance Commissioner my motto is, “The consumer comes first” - so please do not hesitate to contact us.

Other articles include a primer on how to [spot fraudulent insurance activity](#) and how my office has [teamed up with Governor Jack Markell](#) to increase the efficiency and output of state government.

Happy summer 2011!!!

Most Sincerely,  
*Karen*  
Karen Weldin Stewart,  
CIR-ML  
Commissioner

I also want to draw your attention to my department’s consumer

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# LIFE & HEALTH



## COMPARISON SHOPPING PAYS WITH MEDICARE PART D

When gas prices change are you quick to check out prices around town to see if you're getting the best deal? If you're on Medicare, you should do the same thing with your Medicare Prescription drug plan.

Every fall Medicare drug plans announce their premiums for the next year, the amount you'll pay when you fill your prescriptions and the drugs they'll cover. Your current plan may meet your needs this year, but MAY not be the best plan for you in 2012, and shopping around may save you money. Remember too, Medicare offers extra help with drug costs for individuals with lower incomes and resources.

**Mark October 15 through December 7, 2011 on your calendar**, this is when you can enroll in a different Medicare drug plan for 2012, if you choose. It's also the time when anyone who missed earlier enrollment deadlines can enroll.

Extra help is available for people with Medicare who meet certain income and resource requirements. This help will pay for all or most of your monthly premiums, annual deductibles, and lower the co-payments related to your Part D prescription plan.

If you need help comparing plans or have questions about Part D, call *ELDERinfo*, Delaware State Health Insurance Assistance Program "SHIP" toll-free at 1-800-336-9500. *ELDERinfo* will host several Medicare Part D check-up [events in your community](#). Check out our website at [www.delawareinsurance.gov/elder](http://www.delawareinsurance.gov/elder) to find an event near you. *ELDERinfo* provides free and unbiased Medicare information and counseling.

# Consumers & Business



## **INSURANCE DEPARTMENT WELCOMES NEW STAFF**

The Department of Insurance recently welcomed to its staff two very seasoned and accomplished professionals - Nitashia Harris and Rhonda West.

Rhonda West brings 17 years of increasingly complex state service to her new post. Her prior experience includes assignments at the Justice Department, the Department of Insurance and most recently at the Department of Motor Vehicles (DMV). At DMV, her work earned national recognition and the praises of Governor Markell. Now, on her second tour at the Insurance Department, Rhonda will manage the drafting of bulletins, regulations; and RFPs. She will also review contracts and respond to all FOIA requests.

Before joining the Department of Insurance, Nitashia Harris worked for 8 years as a Senior Fraud Investigator for the largest on-line mortgage company in the nation. There, Nitashia researched, investigated, and assisted internal, external, and third party vendors in tracking and correcting cases of fraud. In her present role with the Insurance Department, Nitashia assists consumers that are uninsured and uninsurable.

Welcome Rhonda and Nitashia!!!

# Consumers & Business



## CRANBERRY WINE, HUNTER GREEN, AQUA BLUE, ISLAND YELLOW AND HOT PINK—INCREASING DEPARTMENT VISIBILITY WITH CONSUMERS

Wow - you can't miss these vibrant colors and that is the whole idea!

These are the colors of our new outreach staff polo shirts. The shirts stand out in a crowd and are part of Commissioner Stewart's plan to increase the department's visibility with consumers.

Now, more than ever, it will be easy for you to spot the members of our [Consumer Services](#), [ELDERinfo](#) and [Workplace Safety](#) staff at an event where the department is participating.

Incidentally, the Insurance Department typically participates in numerous community events throughout the year in all three counties. In addition, our [ELDERinfo](#) and [Workplace Safety](#) staff sponsor a variety of Medicare and workplace safety events around the state.

Click here for a current Department of Insurance [outreach schedule](#).

If your organization would like to schedule insurance department staff to participate in your upcoming event (or to make a special presentation) please contact Michael Gould, Acting Director of Consumer Services on 302-674-7304 or by e-mail at [michael.gould@state.de.us](mailto:michael.gould@state.de.us).

# Consumers & Business



## INSURANCE DEPARTMENT HELPS STATE GOVERNMENT FUND TWO VITAL PROGRAMS

Budget cuts, though necessary in slack years, can brutalize long-term state operations, especially those of worthy programs. It was this realization that prompted the Insurance Department to offer financial help to Delaware's [DIMER](#) and [DIDER Programs](#).

These two programs, administered by the [Department of Health and Human Services](#), reserve a total of thirty seats for qualified Delaware residents at Jefferson Medical College, the Philadelphia College of Osteopathic Medicine and Temple University's Dental School.

Those in and out of the insurance industry alike consider the DIMER and DIDER programs "worthy" because they are designed to provide a steady supply of medical professionals to underserved neighborhoods in Delaware.

While the Department of Insurance does not operate on taxpayer-provided revenue, transferring the funds required the approval of state lawmakers who graciously consented. The department would also like to thank the insurance industry for supporting the decision to help these two worthy programs.

# Consumers & Business



## LEGISLATIVE UPDATE—FOCUS: KEEPING THE CONSUMER FIRST

Keeping the consumer first means the department must monitor and improve state insurance laws. We are very grateful to Delaware lawmakers for their help with the following legislation.

[SB 54](#) – Now law – requires all property and casualty insurance companies doing business in Delaware to annually submit the opinion of an appointed actuary and other identified documentation. The department is required to have this law in place in order to maintain its professional certification.

[SB 53](#) - Now law – is an accounting change that could hold other benefits for Delaware. This law provides added investment flexibility to domestic insurers that are well-capitalized. But it might also entice financially strong insurance companies to domicile in Delaware. This, in turn, would result in the creation of new, high-paying jobs.

Finally, we took the initial steps toward securing more resources for our [Fraud unit](#). This unit does a fabulous job pursuing the perpetrators of insurance fraud. Unfortunately, fraud has skyrocketed meaning we are constantly asking staff to do more with less. [SB 80](#), which is being reviewed by lawmakers, would secure more resources to fight fraud, which is vital to our consumer protection efforts.

# CONSUMERS & BUSINESS



## PERFORMANCE MANAGEMENT—

### USING BUSINESS MEASURES TO IMPROVE OPERATIONS

“State government operates more effectively when ...leaders set clear and measurable goals...to illuminate a path to improvement.” With these words, Governor Jack Markell challenged state agencies to adopt business-like performance measures starting July 1, 2011. \*

Commissioner Stewart embraced Governor Markell’s challenge and wasted no time in implementing his business performance measures within the Department of Insurance. Two noteworthy measures include:

- ◆ Increasing the number of businesses that participate in the department’s immensely successful [Workplace Safety Program](#). This program already helps about 1400+ businesses and has saved \$8 million in premiums each year!
- ◆ Increasing the number of [insurance companies domiciled](#) in this state. About 132 companies are already domiciled here, which is a tribute to our fair and strong regulatory environment. The goal now is to further increase this number and reap the economic development benefits.

Insurance Department staff are pushing hard and already reporting increased program performance over the same time last year.

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\*[OMB FY 12 Operating and Capital Budget Guidelines, page 3.](#)

# CONSUMERS & BUSINESS



## FEDERAL REGULATORS APPLAUD DELAWARE INSURANCE DEPARTMENT'S CARE OF CONSUMERS

Federal regulators have given the Delaware Department of Insurance high marks for its health insurance premiums rate review program. This is the program that requires Delaware and other states to establish a process for the review of unreasonable increases in health insurance premiums.

In a [letter dated July 1, 2011](#), federal regulators wrote the following to Delaware Insurance Commissioner Karen Weldin Stewart:

“We applaud your efforts to provide an effective rate review program for your state’s insurance consumers that meet the criteria outlined in the Affordable Care Act.”

This news came in a formal letter from Steve Larsen, Director of Consumer Information and Insurance Oversight.

Needless to say, the staff at the Delaware Department of Insurance is encouraged that we are on the right path in our quest to keep the consumer first in insurance matters!

# CONSUMERS & BUSINESS



## HOMEOWNER DAMAGE CONTROL BASICS—

### *SPOTLIGHT ON WASHING MACHINE HOSES*

You would agree that it is never a good thing when water is running freely across your floors and carpets or through the walls of your home? Still, each of us knows someone with a horror story of water cascading down the stairs from the second floor washing machine!

Water damage accounts for a huge portion of homeowner claims. Ironically, it's a problem that can be controlled with the proper preparation. Here are some proactive “damage control” steps you can take now to prevent water damage in your home.

Check the hoses on your washing machine for cracks and leaks. Rubber hoses should be replaced about every three years. For added insurance, you should replace plain rubber hoses with steel-encased hoses. While you are checking the washing machine, also check the hoses on your dishwasher and refrigerator.

Finally, know where your home's water shut-off valves are located. Mark them right now so you can find them in an emergency and/or direct a family member to them.

# Workplace & Safety FRAUD



## UNDERSTANDING BASIC INSURANCE FRAUD

Insurance fraud defined is an intentional deception or misrepresentation, which an individual knows to be false or does not believe to be true, which results in an unauthorized benefit to himself / herself or some other person. Within the Delaware Department of Insurance is a [Fraud Bureau](#) responsible for investigating allegations of insurance fraud. The Bureau receives nearly five hundred cases of suspected insurance fraud annually.

Insurance fraud can take many forms; however, some of the more common types of insurance fraud include: rate evasion in auto policies, inflated lost wages claims, and improper billing for services rendered. Examples of each include;

- ◆ Rate Evasion – Misrepresenting the location or address where one’s legally registered auto will be primarily garaged for the purpose of obtaining a lower semi-annual or annual premium. This is also referred to as filing a false application for insurance.
- ◆ Inflated Lost Wage Claim – Misrepresenting the amount of wages earned prior to a claim and subsequently lost as the result of an incident in order to receive a higher monetary compensation rate. This is also referred to as claims fraud.
- ◆ Improper Billing – Misrepresenting or falsifying the type and/or date of service or improper coding of medical/professional services performed. This is also referred to as claims fraud and depending upon the circumstances may result in healthcare fraud charges against a service provider.

According to the latest statistics, insurance fraud costs exceed \$80 billion annually. As mentioned, there are many other insurance fraud schemes with some significantly more complex and sophisticated than those mentioned. However, consumers can have an impact on reducing insurance fraud and costs by simply reporting any suspected instances of insurance fraud. In Delaware, the toll free line is 1-800-632-5154.

# Ask? the Commissioner



Ask the  
Commissioner  
is a feature  
containing a  
question(s)  
recently posed to  
Commissioner  
Stewart.

*As a new resident of Delaware I am trying to get a feel for how your department works?*

The Department of Insurance protects insurance consumers by regulating insurance companies to ensure their ability to pay claims; by prosecuting insurance fraud; by licensing agents and brokers; by saving businesses money on their workers compensation costs and by assisting Medicare-eligible seniors.

The Delaware Department of Insurance is certified, meaning we operate in accordance with the professional standards established by the [National Association of Insurance Commissioners](#). And, our consumer-friendly staff is consistently recognized and praised for their ability to make complicated subjects easy to understand and for their tireless efforts to help Delaware consumers.

Welcome to Delaware and please don't hesitate to [contact my office](#) with your insurance-related questions.

## REALLY COOL NEWS:

The [2011 Summer Cooling Program](#), which provides a free window air conditioner to qualified applicants in New Castle County has started and applications are being accepted until August 31<sup>st</sup>, 2011. Applications can be made at the Interfaith Community Housing, Inc. of Northern Delaware now through August 31, 2011 at 613 North Washington Street, Wilmington DE 19901. Other restrictions apply.





July 1, 2011

Honorable Karen Weldin Stewart  
Commissioner  
Delaware Department of Insurance  
841 Silver Lake Boulevard  
Dover, DE 19904

Re: Effective Rate Review Program Determination

Dear Commissioner Weldin Stewart:

Section 2794 of the Public Health Service Act, as added by the Affordable Care Act requires the Secretary of Health and Human Services, in conjunction with the States, to establish a process for review of "unreasonable increases in premiums for health insurance coverage." The final rule implementing section 2794, at 45 C.F.R. 154.210(b), provides that the Center for Medicare & Medicaid Services (CMS) will adopt a State's determination regarding the reasonableness of a proposed rate increase if the State meets the criteria for an effective rate review program listed in 45 C.F.R. 154.301. These include:

1. Has the authority to collect the information and perform the analysis described in 154.301(a),
2. Provides access from its Web site to Parts I and II of the Preliminary Justifications for the proposed rate increases it reviews;
3. Provides a means for public input on proposed rate increases; and
4. Provides to CMS its final determination as to whether a rate increase is unreasonable within five days of the determination.

The Center for Consumer Information and Insurance Oversight (CCIIO) reviewed Delaware's laws, regulations, and bulletins, and confirmed with your agency that it will conduct reviews in accordance with the criteria set forth in the regulation. Based on this information, we have determined that Delaware has an Effective Rate Review Program in all markets.

As a next step, we ask that you send an email to [ratereview@hhs.gov](mailto:ratereview@hhs.gov) stating the name and contact information of the person who will serve as the liaison between our office and yours for rate review program matters. During the month of July, CCIIO will notify your contact person of procedures to follow for scheduling training sessions and securing access to the CMS web-based rate review system for your staff.

We applaud your efforts to provide an effective rate review program for your State's insurance consumers that meet the criteria outlined in the Affordable Care Act. Many States' laws and programs exceed the standards set forth in the ACA and our regulations, and we encourage all States to continue their efforts to ensure that rates charged to health insurance consumers in their State are reasonable.

Sincerely,

Steve Larsen, Director  
Center for Consumer Information and Insurance Oversight