Q1. What does health reform say about rescissions and what are you changing?

The legislation calls for changing the way health benefit companies approach rescissions for individual policy holders. By Sept. 23, the industry can only rescind policies for policy holders who intentionally misrepresent material facts or are involved in fraud. WellPoint will only rescind policies where there is evidence of fraud or an intentional misrepresentation of material facts. That is a higher legal standard than exists in many states today.

We will make this change effective on May 1.

Q2. Why now? Is this a reaction to the letter from the Committee and Subcommittee Chairs from the House Committees on Ways and Means, Energy and Commerce and Education and Labor asking the seven main insurers to accelerate implementation of reform related to rescissions?

In reviewing the many aspects of health reform, we have determined that there are several parts of the legislation that we can implement ahead of legislative deadlines. We announced last week that we would implement (June 1) the extension of benefits to dependents under the age of 26 years old, before federal legislation takes effect on Sept. 23. Another step we can implement earlier than the deadline is changing the recission policy, which we announced today (April 28, 2010).

WellPoint conducted an in-depth review of its rescission policies in 2006, which resulted in a number of enhancements to our processes. In 2008, we were the first in the industry to offer a binding, external, independent third-party review process for rescissions. Since then, rescission has been a sparingly-used tool to deal with fraud. While rescissions impact a very small percentage of applicants for coverage, it is important to protect the majority who are honest on their applications for coverage.

Q3. Does your decision have anything to do with the Reuters story that appeared last week?

No, in fact the Reuters story is grossly inaccurate. The story incorrectly reports that WellPoint singles out women with breast cancer for aggressive investigation with the intent of canceling their insurance. This is simply wrong. In fact, WellPoint works to prevent breast cancer, to detect it early, and to get our members into treatment. We also work to ensure that all of our members are getting best practice care for breast cancer.

Contrary to how its use was portrayed in the story, our process looks at a series of diagnostic codes meant to capture conditions that applicants would likely have known about at the time they applied for coverage. We do not single out breast cancer.

For more details on WLP rebuttal of this story, go to: www.wellpoint.com/newsroom.
Q4. Any other pieces of the legislation you plan to implement early?

It's too soon to say.

Q5. How did things change in 2006?

In response to public concern over the practice of rescission, back in 2006, we undertook a thorough review of our policies and procedures. Following that review, we were the first health insurer to announce the establishment of a variety of changes to our rescission practices in an effort to ensure that rescissions are handled as accurately and appropriately as possible.

These changes included:
- creating a new Application Review Committee which includes a physician that makes rescission decisions.
- establishing a single point of contact for members undergoing a rescission investigation.
- establishing a different appeal process for applicants who disagree with our original determination. This includes a review by an Application Review Committee not involved in the initial decision.

In 2008, we were the first in the industry to offer a binding, external, independent third-party review process for rescissions.

We are pleased with the work our company has carried out over the past several years that has added even more rigor to the review process for all individual members.

We continue to strive to work collaboratively with physicians, hospitals, regulators and legislators to address the ongoing health care needs of the people of this state. There is much work ahead and we must find ways to work collaboratively if we are to identify and implement meaningful health solutions.

Q6. Why have rescissions?

Rescission is about controlling fraud and material misrepresentations that contribute to spiraling health care costs. By some estimates, health care fraud in the U.S. exceeds $100 billion per year, an amount large enough to pay for covering nearly half of the 47 million uninsured.

Q7. How many of your policy holders experienced rescission last year?

Overall, WellPoint rescinded approximately one tenth of a percent of new individual market enrollment in 2009.

Q8. When is the effective date?

We will change our rescission policy by May 1. Federal legislation has called for the change to rescissions’ policy by Sept. 23.