

[New consumer protection laws go into effect](#)

Local News

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OLYMPIA, Wash. - "Get your medical bills lowered." "A solution so simple, it's brilliant." "The savings do not stop there." As people struggle to find affordable health care, many are turning to discount health plans. And some buyers, who mistakenly think they've bought insurance coverage with full benefits, are discovering that the discounts are much more limited than they thought. Several new laws, including one requiring more regulation and disclosure for such plans, took effect yesterday. "This bill forces the plans to disclose to consumers how the discount works and where it can be used," said state Insurance Commissioner Mike Kreidler. Since 2003, he said, the office has received more than 400 calls from consumers with questions or complaints about such plans.

Until now, there were no disclosure or marketing standards, giving a consumer little or no recourse if a plan was sold using deceptive tactics. Starting today, the plans must be licensed by the Insurance Commissioner and must comply with financial, marketing and disclosure rules. Five insurance-related laws in effect today include:

- Discount health plans** (Senate Bill 5480): Requires licensing, an annual financial statement, and disclosure of how a plan will handle complaints. In addition, marketing materials must state that it's a discount plan and not insurance. The companies must refund all charges if a customer cancels within 30 days. And the plans must offer an updated list of cooperating providers, list discounted services, and not restrict access to their providers. Violations are subject to penalties ranging from \$100 to \$10,000. [Details.](#)
- Organ donation** (House Bill 1308): Protects consumers who need an organ transplant if they or their employer change insurance plans. The bill was inspired by the case of a Spokane man, Fred Watley, who nearly died awaiting a liver transplant after his employer switched plans. The new insurer ended up waiving the waiting period, and Watley received a successful transplant. Most insurance companies impose waiting periods before a new policyholder is covered for certain pre-existing conditions. So, under the old law, when an employer switched health insurance plans, workers - through no fault of their own -- ran the risk of enduring another waiting period. Under the new law, if a person has less than a 90-day break in health coverage, the amount of time spent waiting for a transplant under the old health plan must carry over to the new health plan. [Details.](#) "This legislation guarantees that transplant patients do not face unnecessary barriers to life-saving care," said Kreidler.
- Flood insurance and states of emergency** (Senate Bill 5417 and House Bill 1566): These bills establish legal protections for consumers in the wake of future disasters. Insurers are now required to tell consumers that their property coverage does not include flood coverage, for example. (In the 2007 flooding in southwest Washington, which triggered nearly \$45 million in claims, fewer than 8 percent of people in the affected areas had flood coverage.) [Details.](#) The legislation also allows the state insurance commissioner to require insurers to make reasonable exceptions, such as grace periods for payments and access to out-of-network medical care to people affected by a disaster. [Details.](#)
- Annuities** (Senate Bill 5671): An annuity is typically a contract that provides a stream of income in exchange for one or more payments. In recent years, sales of annuities have risen, as have consumer complaints. Since 2005, the insurance commissioner's office has received more than 350 complaints. Annuities can be complex, and many callers did not understand what they had

bought."Too many consumers who buy annuities do not understand how the product works, and some are even misled," said Kreidler.The new law requires sellers of some types of annuities to ensure that the sale is appropriate for each buyer's financial situation and goals. It also gives the commissioner authority to supervise compliance. [Details.](#)