

State's failure to appeal health insurance denials cost millions

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Connecticut's child welfare agency spends [\\$16.4 million](#) a year on mental and behavioral health services, a sum that translates to about \$30,000 for each child.

The problem, says the Department of Children and Families, is that one of every five children has private health insurance that is not covering what their doctors say is needed, leaving the state to pick up the tab.

That's about to change, and other agencies, including the state's largest health care provider, are being pushed to follow suit.

In an attempt to save money and force insurance companies to cover their clients, DCF is hiring an expert to appeal insurance company denials. Right now, the agency depends on families to be savvy enough to navigate their way through the complicated insurance appeals process.

"Dealing with insurance companies can be pretty challenging for someone," said Elizabeth K. Graham, a deputy DCF commissioner.

"A lot of time insurance companies are denying claims and are banking on the fact that families won't fight back against the red tape," said [Joan Alker](#), a leader of Georgetown University's [Center for Children and Families](#), which studies national health care trends.

On any given day, 650 children are receiving mental and behavioral services through DCF. This administration and previous DCF leadership [have eyed reducing](#) the costs of this program.

"Insurance companies are denying care knowing [the client] can get the state to pay the expenses they should be paying," said [Victoria Veltri](#), the state's health care watchdog at the [Office of the Healthcare Advocate](#). Veltri's office is hiring the insurance appeals expert. "We know how to shepherd the appeal through the process. It makes sense to send these cases over to us and let us do the work."

Last year, she said, her 11-person office got almost 4,000 denied claims reversed for families, a 75 percent success rate.

Before this year, DCF didn't investigate why a child's health insurance denied coverage for these mental and behavioral services, and didn't take [the steps to appeal](#) the decisions.

"We were not fully taking advantage of their health insurance... We need to make certain we connect the dots," Graham said.

Veltri and other child advocates say this appeals process also needs to take place at the state Department of Social Services, the lead health care agency in the state.

"The step they don't do is appeal. I suspect there's a lot of money for the state to recover from third party insurance," said Veltri about DSS, which provides health care to more than 500,000 children and adults through Medicaid.

DSS reports that 11 percent of those receiving benefits have private health insurance.

"The practices and procedures are really all over the place," said Mickey Kramer, the state's associate child advocate. "We throw money at something, and we don't know if we've looked everywhere else first."

David Dearborn, a DSS spokesman, wrote in an email that the agency does not appeal. He said DSS does save about \$250 million annually by asking doctors to bill their client's private insurance companies first.

The contractor that DSS uses to handle claims "will re-bill the private insurance company" when someone is applying for DSS services but does not go through the whole appeals process if they again deny coverage.

The re-billing recoups approximately \$24 million a year of the more than \$4.6 billion DSS spends on Medicaid.

The Department of Developmental Services does not appeal insurance denials either. DDS provides services for 15,600 adults with mental and behavioral illness.

"DDS has no role in their private insurance," said Joan Barnish, a spokeswoman for DDS. "We would not appeal the insurance decision. Our agency does not handle that."

Graham said DCF officials will not need legislative approval to move this initiative forward, and it already has the blessing of the Malloy administration to spend the money for this new position.

"It's going to be worth our while," she said, noting this new position will more than pay for itself.

The state's largest health insurers -- Anthem, Aetna and ConnectiCare -- declined to comment.

The attorney general's office is investigating whether insurance companies are denying services that should be covered.

Dearborn said Thursday that DSS is waiting for the results of the attorney general office's investigation for guidance on how to tackle the issue.

Alker said she is unaware of any other state taking similar steps to appeal insurance denials, a statement echoed by leading national advocacy groups Families USA and Community Catalyst.

Veltri and Graham said shifting how these services are paid for will not delay or interrupt any services for the children.

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