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[who writes what](#)
[key messages](#)
[products](#)

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[feature articles](#)

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[news articles](#)
[legislation](#)

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[staff](#)

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When The Insurer Appears To Be Stalling On A Claim

By Trevor Thomas

The last thing a producer wants to hear from a client is that a carrier is dragging its heels over paying a claim. That kind of talk can turn into word-of-mouth one wants to avert in a business where reputation is foremost.

Steve Meyers, a member of LTC Financial Partners LLC, Miami, says that's the reason he only deals with companies that are prompt in paying claims. "They have a reputation, which they stand by, for paying claims in a prompt manner," he says of the carriers he represents.

Meyers and other producers in the business observe thankfully that claim-payment complaints seldom arise, and when they do, it's usually not the carrier's fault.

"We found that the usual reason is the client's misinterpretation of the policy," says Ray Dobbie, president, Dobbie Insurance Agency Inc., Wellesley, Mass. "It often turns out the carrier hasn't got all the information they need yet."

The producer must ensure the client understands that it typically takes four to six weeks after the carrier receives a completed claim form to make a determination. Dobbie also explains to the client the procedure for handling a claim, including a face-to-face assessment, certification by a licensed practitioner and other requirements that can slow payments.

"We'll talk to the ill person and say, 'Let's get all the information the carrier needs. Here's a list of the things they don't have.' Then once it's all together, we have the client overnight the information to them."

In the vast majority of cases, the client simply has not understood the LTC policy, Dobbie says.

"Some think that as soon as they have an illness, the checks will start arriving," he says. "But it may turn out they haven't met the deductible, or have waited to file instead of filing immediately. Some think they have to wait for the 90-day qualification period to lapse before they apply. They need to realize they should file as soon as they become ill."

Phyllis Shelton, President, LTC Consultants, Nashville, Tenn., says the producer's first response to a client's complaint should be to pinpoint what the problem might be.

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"It might not be the insurance company," she says. "A lot of medical providers don't have sophisticated billing systems, so it could be that the insurance company is not getting the right bill from the provider. Or a medical professional might not be sending in the right records."

If after receiving all appropriate information, the carrier has still failed to act on a claim, Shelton says the producer should contact the carrier personally.

"If after three phone calls, they're not paying correctly or speedily enough, then the consumer should be told to contact the state insurance department and ask for policyholder services, and they'll deal with the insurance company on the client's behalf," Shelton says. "Only as a last resort, should you contact an elder law attorney to advocate the claimant."

Bob Miller, an LTC specialist with LTC Financial Partners, Kirkland, Wash., has an important precaution for producers:

"What you don't want to do is make any statement on behalf of carriers. You can't obligate them. Where possible, direct the client to the carrier's claims department, and let them go through that process."

If the client still is dissatisfied, Miller would assure the client he will check on the claim personally.

"I wouldn't say more than that," Miller says. "Then call claims and see what's going on. Is it that the person's not eligible because of a benefit trigger that hasn't been met? Or is payment being sought for a facility or service not covered under the policy? Understand what's at issue. In most states, there's a time period on processing a claim, usually 60 days."

Miller points out, too, that the individual must meet the LTC contract's eligibility rules, such as that the illness or injury amounts to a medical necessity and that the impairment involves a required ADL.

"If you as the agent feel the claim should be paid according to the contract, have a conversation with the claims department," Miller advises. "If you then decide it's legitimate, ask the client to write a letter to the president of the insurance company. That is probably going to get a response."

Mark Gebhardt, president of Commercial Markets Insurance Companies, St. Mary, Fla., says he personally would want to talk to the president or CEO of the carrier if he believed a claim had been delayed or denied unfairly.

"That's something they as lead executives would want to know about," he says, "and sometimes they can be very insulated from such problems in their positions."

Usually, there's a legitimate reason for delays, Gebhardt says. If not, "we should think about doing any future business with that carrier."

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