

SB 46 A STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 4/28, 5/5

WHAT THE MEASURE DOES:

Requires insurer who issues or renews disability income insurance policy in this state on or after January 1, 2023, to establish and maintain certain procedures with respect to claims, determinations of claims that are adverse to claimant, appeals of determinations, communications with claimant, and related operations. Prohibits insurer from unduly delaying or inhibiting claims, requiring a claimant to request more than two appeals, or requiring mandatory arbitration unless certain conditions are met. Requires insurer to provide written summary of claims procedures, timelines, and deadlines; permit authorized representative of claimant to act on claimant's behalf; establish and administer specified processes and safeguards; determine and adjudicate claims and appeals in a manner that ensures independence and impartiality; notify claimant in writing of adverse benefit determinations no later than 45 days after receiving a claim; and establish and maintain certain claim procedures. Provides that claimant has exhausted administrative remedies if insurer does not adhere strictly to requirements. Authorizes Director of the Department of Consumer and Business Services to take actions necessary for administration of requirements. Takes effect on 91st day following adjournment *sine die*.

Revenue: No impact

Fiscal: Minimal impact

Senate vote: 27-2 (Nays: Linthicum, Thatcher)

ISSUES DISCUSSED:

- Claims settlement rights under federal Employee Retirement Income Security Act (ERISA)
- Not all disability income insurance policies are subject to ERISA
- Intent to align state consumer protections with federal protections

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Employee Retirement Income Security Act of 1974 (ERISA) is a federal law that sets minimum standards for most employer-provided retirement and health plans. Disability insurance policies offered by an employer are required under ERISA to provide policyholders with certain rights related to claims settlement, including the right to appeal claim denials. Oregon law does not provide similar protections for disability insurance policies not subject to ERISA.

Senate Bill 46 A aligns state regulation of disability insurance policies with the requirements for employer-provided disability insurance policies under ERISA. The measure requires insurers who issue or renew disability insurance policies in this state to establish, maintain, and follow certain procedures and timelines when processing and making determinations on claims and appeals.