

For Immediate Release
September 28, 2010

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BAUCUS EXAMINES DIFFICULTIES WORKERS FACE WITH LONG-TERM DISABILITY CLAIMS

*Baucus Questions Witnesses to Determine Whether Further Action Is Needed to
Ensure That Workers Are Protected From Abuse*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) convened a hearing today to look at problems that employees experience when filing for disability under long-term disability insurance policies covered under the Employee Retirement Income Security Act (ERISA). Baucus questioned expert witnesses on whether that law has been interpreted or enforced in a manner that adequately protects insurance beneficiaries, or whether further action is needed to ensure beneficiaries are able to receive benefits to which they are entitled.

“It’s time for long-term disability insurance companies to clean up their act and treat people fairly. They have acted with impropriety for too long.” said Baucus. **“We need to evaluate the laws that we have on the books and make sure that they are true to their original purpose – to protect people from abuse, and to guarantee that they can get the insurance funds to which they are entitled. Hard-working Americans with long-term disability insurance should not have to deal with corporate abuses if they suffer an injury that keeps them out of work. They are entitled to insurance payments. They should not face roadblock after roadblock to see that money, nor should they face unfair rescissions or payment terminations.”**

Baucus convened the hearing in response to recent media reports of unfair claim denials and terminations that threaten the livelihoods of those beneficiaries who are unable to work while on disability. Both Baucus and the witnesses cited instances of long procedural delays and the use of in-house doctors by long-term disability insurance companies to avoid claim payments.

Congress originally intended for ERISA to solve those problems when it passed the law in 1974, but according to several of the witnesses, its subsequent interpretation only complicates the claims review process. The law preempts state laws on claims, which prevents a claimant from presenting a case to a jury, or from winning punitive or consequential damages if a judge rules favorably. Moreover, it requires that the claimant prove that an insurance company’s decision to deny a claim or terminate payments was not just incorrect, but that the decision was “arbitrary and capricious” -- a difficult legal standard to meet.

Baucus stated his desire to work in conjunction with the Senate Committee on Health, Education, Labor and Pensions to move toward a solution that gives beneficiaries the fair process and justice they deserve.

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