Auto Casualty, Workers' Comp

Enlyte Compliance Insights: Navigating the Maze of Regulatory Compliance and Governmental Affairs

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5 MIN READ
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To ensure your Casualty programs remain compliant across jurisdictions, it is essential to keep pace with the constant changes and developments. The adage, "It takes a village," is critically relevant in the governmental affairs and regulatory space. During a recent compliance webinar, Michele Hibbert, Sr. VP of Compliance shared, *"We have over 65 people today that pay attention to the legislative and regulatory landscape on behalf of our customers across all 50 States and even outside the U.S."* Understanding the current trends, challenges, and viable solutions in this intricate sphere requires the knowledge and experience of seasoned professionals to help successfully navigate the maze of complexities.

These individuals are passionate about their work and committed to representing the interests of their customers. In doing so, many hold leadership roles that span across key organizations and committees aimed at developing standards, including the IAIABC Electronic Data Interchange (EDI) Medical Committee, Research and Standards Committee, EDI Claims Committee at X12, Cybersecurity and Privacy Committee, AAPAN, NCPDP among many others.

Tina Greene, Sr. Regulatory Consultant emphasized, *"It takes a lot to create these standards"* and these committed individuals work tirelessly to find fair and equitable solutions that work for all parties involved.

By staying informed, compliant, and adaptable, we can shape the curve and positively influence the future of our industries. In this article, we share insights into how partnering with a strong compliance team can help you navigate the maze of regulatory compliance and governmental affairs. Though challenging, this path is filled with opportunities for those willing to embrace change.

Insurance Legislation, Regulation, and Emerging Trends

The process of change involves working closely with lobbyists and associations, as well as internal government affairs teams. The goal is to develop and submit language to lobbyists to gauge their appetite for change. The challenge is this language needs to be acceptable to all stakeholders, including customers and the wider industry, all without creating excessive costs.

A case in point is the activity surrounding the proposed Senate Bill 530 in Michigan, where collaboration is underway with the Insurance Alliance in Michigan (IAM) and other lobbyists in the state. This proposed legislation seeks to create a maximum fee schedule which will likely increase medical costs roughly 50%. Insurance carriers will bear additional costs but are prohibited from increasing their rates, creating a challenging scenario for the entire insurance consumer market.

Because the legislative landscape is constantly evolving, it's important to stay current with these changes. Some examples include:

- Georgia has emerged as a hotbed of litigation and unfavorable rulings against carriers, particularly on the third-party side. In addition to our efforts in Michigan, lobbying efforts are also being expanded in the state of Georgia to build model legislation, similar to successful initiatives in other states, that makes sense for the insurance business. The timing for reform in Georgia is ideal, as tort reform is high on the state's agenda.
- In Washington state we are closely following a case (Shift vs Liberty Mutual) heard by the Supreme Court. This could potentially impact the way auto carriers do first-party bill review.
- We are working with carriers on civil remedies and monitoring a ruling in Florida (FL 4th DCA: 2022-0846) that affects urgent care billing.
- In New Jersey, we are preparing for the implementation of a new fee schedule in 2024.
- In California, we are monitoring the Consumer Privacy Act and the Insurance Omnibus Bill, both of which have significant implications for carriers.
- In the auto casualty sector, we are tracking trends that can considerably impact the landscape of claims, including:
- Emerging trends involving physical medicine, rehab, and radiology. These services are often used together in claims, likely due to referrals from plaintiff attorneys. This pattern suggests that it's not always one specific treatment, like Platelet-rich plasma (PRP) injections driving costs, but rather a combination of services.
- States with the most fatal crashes. Monitoring these trends can provide valuable insights into the factors influencing claim severity.
- The significant role of funding companies, often foreign, in third-party auto claims. These investment firms, rather than legal entities, are heavily investing in third-party claims.

On the Pharmacy side, Brian Allen, VP of Government Affairs, discussed recent federal Pharmacy Benefit Management (PBM) legislation, called the MEPA Act, which is modernizing and ensuring PBM accountability. While this legislation only applies to Medicare and Medicaid plans, he shares federal legislation "*can often be the Canary in the coal mine.*" If it can happen at the federal level, it can certainly happen elsewhere, so we continue to keep our pulse on anything that could potentially become a trendsetter and enter our space.

The Covid pandemic brought serious challenges and lessons learned that hold the promise of reshaping the industry. One such lesson comes from Centers for Medicare & Medicaid Services (CMS), which is considering a buffer stock payment system in response to the medication shortages experienced during the pandemic. This proactive approach would allow hospitals to stock up on certain medications in advance, with CMS offering reimbursement on the front end. Lisa Bickford, Director of Government Affairs, shared while this represents a significant departure from CMS's traditional reactionary approach, it could have a significant impact on the

availability of crucial medications during times of crisis.

Shaping Tomorrow's Managed Care - It Takes a Village

The fields of compliance, governmental affairs, and insurance are incredibly dynamic, shaped by a multitude of factors such as regulatory changes, legislative developments, and emerging trends. These changes can radically alter healthcare delivery across all sectors of the insurance industry. As proposed legislation undergoes debate and refinement, seasoned professionals who are experienced in this complex arena will be pivotal to effectively navigate these shifts.

Working with a compliance team that stays updated, is involved in the standards-making process, provides collaboration, and is persistent goes a long way in finding solutions. While new challenges are inevitable, they also open new opportunities. Partnering with an organization with the right knowledge, involvement and forward-looking strategies will help your organization not only thrive but gain a leading edge in this dynamic environment.



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