ED & WORKFORCE DEMOCRATS

FACT SHEET

House Committee on Education and Workforce
Ranking Member Robert C. "Bobby" Scott

The Health Claim Denial Transparency Act

Introduced by Rep. Lucy McBath (GA-06)

Background:
Millions of American consumers and health care providers have experienced the frustration of a health benefit claim being rejected by a health insurer. Unfortunately, there is minimal data available on the number of claims that are denied, internally or externally appealed, and the outcome of those appeals for the largest source of health insurance in the country: health plans covering approximately 134 million Americans who get coverage through work. This secrecy continues because the Trump Administration has consistently refused to implement a requirement of the Affordable Care Act (ACA) that requires the U.S. Department of Labor to collect this information.

The Problem:
Without public disclosures of denial rates, group health plans and insurance companies operate under a shroud of secrecy, allowing some to conduct arbitrary, improper, and mass claim denials without accountability. Failure to collect this fundamental information not only deprives consumers of information about their health plans but also hinders the ability of both the Department of Labor and Congress to conduct the oversight necessary to curb patterns of wrongful claim denials.

The Solution:
The *Health Claim Denial Transparency Act* will force the Trump Administration to finally implement this requirement of the ACA through long overdue reforms of the annual report required under the Employee Retirement Income Security Act (ERISA), known as the Form 5500. It also requires plans to provide other critical information, such as the number of claims subject to prior authorization and the use of artificial intelligence.

Specifically, the bill:

- Requires the Department of Labor to issue a regulation within 1 year of enactment that would require all health plans covered by ERISA to provide, on an annual basis, critical transparency regarding claims that are denied, including (among other information):
    - Total number of claims submitted, approved, denied, appealed, and overturned on appeal;
    - Number of claims that required prior authorization;
    - Number of claims for mental health and substance use disorder benefits;
    - Number of claims relating to the diagnosis or treatment of cancer;
    - Number of claims for prescription drugs;
    - Data on the reasons for denials; and
    - Whether artificial intelligence or other automated decision-making tools are used in claim processing.
- Requires the Department of Labor to close a regulatory exemption to ensure that **all** ERISA-covered health plans submit a Form 5500 to the Department. Currently, the Department exempts small plans (over 97 percent of total plans) from this requirement, despite a **longstanding recommendation** of the Office of the Inspector General to close this loophole.