

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-238		5076	9	2	2
<u>Committee Pages:</u> <ul style="list-style-type: none"> <i>Insurance & Real Estate 65</i> <i>Insurance & Real Estate 100-107</i> 				<u>House Pages:</u> <ul style="list-style-type: none"> 2009-2010 	<u>Senate Pages:</u> <ul style="list-style-type: none"> 1658-1659

H-112

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 5
1968-2502**

Monday, May 3, 1971

41.

in these types of bills and I would move its acceptance.

THE SPEAKER:

Further remarks on the bill as amended. If not, all those in favor indicate by saying AYE. Opposed. The bill is PASSED.

THE CLERK:

Cal. 594, Sub. for H.B. 5076, AN ACT CONCERNING PROVISION IN HEALTH INSURANCE POLICIES, HOSPITAL SERVICE CONTRACTS AND MEDICAL SERVICE CONTRACTS FOR BENEFITS AGAINST MENTAL ILLNESS COSTS.

THE SPEAKER:

The gentleman from the 88th.

MR. COLUCCI: (88th)

I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE SPEAKER:

Question is on acceptance and passage. Will you remark.

MR. COLUCCI: (88th)

Mr. Speaker, this act will allow services to be paid for mental illness under policies issued under a group basis. It will make mandatory the inclusion on group insurance policies mental illness to the limits specified. These limits are in cases of confinement as in-patient in a hospital. The benefits will be available for at least 30 days in any calendar year and in cases of major medical exposure benefits will be

roc

Monday, May 3, 1971

42.

roc

payable for 50% of the expense incurred while not as an in-patient in a hospital up to \$500 limit in any calendar year. This is a long step forward and has been urged by many groups, especially those in the psychiatric field. It is extremely beneficial and a recognition by the State of Connecticut of the necessity for providing for those mentally ill. I would also like to add that the Insurance Committee is very proud of this bill. This is the first state in the country that has mental illness coverage included in health insurance policies and we urge passage of this bill.

THE SPEAKER:

Further remarks on the bill. If not, all those in favor indicate by saying AYE. Opposed. The bill is PASSED.

THE CLERK:

Cal. 597, Sub. for H.B. 6875, AN ACT CONCERNING STANDARD PROVISIONS OF ACCIDENT AND HEALTH POLICIES. File 530.

THE SPEAKER:

The gentleman from the 85th.

MR. McNELLIS: (85th)

Mr. Speaker, I move acceptance of the Committee's favorable report and passage of the bill.

THE SPEAKER:

Question is on acceptance and passage. Will you remark.

MR. McNELLIS: (85th)

Mr. Speaker, this act modifies the uniform standards

S-79

**CONNECTICUT
GENERAL ASSEMBLY**

SENATE

**PROCEEDINGS
1971**

**VOL. 14
PART 4
1457-1920**

May 10, 1971

29.

from any operator who is involved in said accident.

THE CHAIR:

The question is on passage of the bill as amended. Will you remark further? If not all those in favor of passage signify by saying aye. Opposed nay? The ayes have it. The bill is passed.

THE CLERK:

The second item from the top, Cal. 540, File 537. Favorable substitute report of the joint standing committee on Insurance and Real Estate on Substitute H.B. 5076 An Act Concerning Provision in Health Insurance Policies, Hospital Service Contracts and Medical Service Contracts for Benefits Against Mental Illness Costs.

THE CHAIR:

Senator Dinielli.

SENATOR DINIELLI:

Mr. President, I move acceptance of the joint committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark?

SENATOR DINIELLI:

Mr. President this act will allow services to be paid for Mental Illness under policies issued under group basis. It will make mandatory the inclusion on group insurance policies, mental illness to the limits specified. And limits in cases in confinement as an inpatient at a hospital. Benefits will be available

May 10, 1971

30.

for at least 30 days in any calendar year. And on the cases of out-patient treatment benefits payable for 50% of the expenses incurred up to a limit of \$500 in any calendar year.

Mr. President, I would like to point out that the committee takes great pride in coming up with this bill. And supporting it. We feel it takes the mental illness problem out of the dark ages concept and presents it as a fact of life that can strike anyone. In any category of age or financial status. We are also proud of the fact that here in the insurance state this will be the first state to recognize that this fact does exist. And we are making a small but honest attempt to correct it. I move for acceptance.

THE CHAIR:

The question is on passage of the bill. Will you remark further? If not all those in favor of passage of the bill signify by saying aye. Opposed nay? The ayes have it. The bill is passed.

THE CLERK:

Page 5, Cal. 541, File 532 Favorable report of the joint standing committee on Judiciary on H.B. 5092 An Act Concerning Misuse or Multilation of the Flag.

THE CHAIR:

Senator Jackson.

SENATOR JACKSON:

Mr. President, I move acceptance of the committee's

**JOINT
STANDING
COMMITTEE
HEARINGS**

**INSURANCE
AND
REAL ESTATE**

1-379

**1971
Index**

WEDNESDAY

MARCH 3, 1971

HB 5076
HB 6745

Gloria Schaffer, former legislator, member of the Special Committee which studied the inclusion of mental health insurance into all insurance policies: I would just like to urge the members of the committee to not only consider this bill very carefully but to give it your most favorable endorsement. I think that most of us have come to the age of enlightenment and I would urge the insurance industry to follow suit in coming to the formal recognition that mental illness is really no different from physical illness. It should not be treated differently and in fact the experience in insuring large numbers of people in group policies has made it perfectly clear that the additional inclusion of mental health insurance coverage in fact does not raise the rates beyond what would consider to be in the reach of all those who subscribe to the policy.

I would also urge that you include in this payment for people other than psychiatrists such as psychologists and social workers who administer treatment. Not only is this a less expensive way of treating an individual, it can also be as effective and also spreads the scarce manpower resources a little bit farther.

I think as far as the general public is concerned today there is really great acceptance of the fact that there is some mental illness in society that certainly reflects itself in physical symptoms. And I would like to suggest to the committee that if in fact it's going to delineate mental illness, exclude it or make it a special case in fact in insurance policies and perhaps insurance companies ought to more carefully examine payments that they make in cases of ulcers for example for certainly they are thought to be treated as much for mental illness as physical. Thank you very much.

Sen. Dinielli: Mr. Kelly would you come back and resume please.

Mr. Kelly: On HB-6746, This bill is a companion bill to the bill I just discussed HB-6872 property casualty bill and it is similar except it provides protection to Connecticut residents if their life or accident and health insurance company becomes insolvent. This bill varies from the property casualty bill in certain areas only to take into account somewhat different type of coverage found in the life contracts.

It applies to all life, accident and health contracts issued in this state by any licensed life insurer and to all life and accident and health contracts issued anywhere by Connecticut chartered companies. Now if this bill is adopted in Connecticut and other states adopt the bill each state would take care of their own residents so that

47cap
WEDNESDAY

INSURANCE AND REAL ESTATE

MARCH 3, 1971

John E. Silliman, Counsel to Connecticut Blue Cross: We have some members of Connecticut Blue Cross if any of the representative wish to address technical questions to them they will be here to answer them.

I am sure you know what Blue Cross is. And over the years we've had a record of expanding our health care to provide coverage for services beyond inpatient services in the general hospital. Today Blue Cross benefits are available in special and chronic disease hospitals including hospitals specializing in the care of nervous mental disorders. Blue Cross provides broad outpatient benefits, prescription drug benefits and dental care. It has spearheaded pilot programs in home care and soon will market a major medical expense plan.

Blue Cross however is opposed both to HB-5076 and the one we have been discussing today HB-6745. They are similar in nature except for one sentence at the end of HB-5076. To understand this opposition I'd like to briefly give you a chronological history of Blue Cross benefits for nervous mental care. First of all this bill isn't needed because all Blue Cross contracts presently in existence contain provision for basic benefits amounting to 45 days of coverage per admission except for 2 individual direct pay programs which provide for 30 days of such coverage.

Going back a bit, prior to July 1, 1967 nervous mental benefits were provided for care at a general hospital. These benefits were based not on diagnosis but rather on the acceptability of the general hospital as determined by Connecticut Blue Cross. On July 1, 1967 our group and direct pay contracts were amended to provide 30 days of care in general hospitals for nervous mental disorders and for the first time to provide 30 days in specialty hospitals. 60 day total. On April 1, 1969 our group and direct pay contract except for 2 (Dp-12 and Dp-15) were amended to increase the number of benefit days from 30 to 60.

However on December 1, 1969 the State Insurance Department instructed Blue Cross to reduce the number of benefit days from 60 to 45 on all our group contracts. On May 1, 1970 our direct pay contract except again the 2 I mentioned were amended to reduce the number of benefit days from 60 to 45 again. So that the direct pay contract, the individual contract as opposed to the group benefits would correspond to the change in group contracts as previously

48 cap
WEDNESDAY,

INSURANCE AND REAL ESTATE

MARCH 3, 1971

Mr. Silliman continued: directed by the State Insurance Commissioner. Now why did the Insurance Department require us to do this.

Two reasons are most obvious. During 1969 Blue Cross was experience severe financial losses and the burden of expanded nervous mental coverage was just too great for our subscribers to bear. And the second reason is mental illness which by its nature is often prolonged, represents a major financial catastrophe to many persons, thus, coverage beyond nominal 45 day basic benefits belongs in a a major medical type policy not in a basic benefit type contract. And we are in agreement with this thesis.

It is possible today for Blue Cross groups to purchase at an additional premium additional nervous mental coverage increasing the benefits for such coverage up to the same level as general benefits if they so wish. This is today without this legislation. In addition, the major medical program which I referred to earlier will make a provision for substantial nervous mental benefits up to as much as \$50,000 in addition to basic benefits of Blue Cross subscriber contracts.

Without this legislation Blue cRoss is acting to meet this problem that our Secretary of the State mentioned earlier. To legislate the level of nervous mental benefits to the same level as other benefits would undoubtedly require most certainly Blue Cross to seek substantial additional premiums from all subscribers-group and direct pay alike. Because the coverage of nervous mental care is so very expensive. And this requirement would come at a time when the cost of health care is one of the major problems of our society.

There are other aspects of these two bills with which Blue Cross is opposed. To legislate the level of nervous mental benefits may well interfere with existing collective bargaining agreements which quite often are very precise as to the amount of benefits to be made available. I think you gentlemen are aware of that, I won't have to go the details of how a collective bargaining agreement results in insurance benefits.

Finally the concept which allows the insured person not to elect to have additional benefits and this is HB-5076 if he so chooses is contrary to the Blue Cross underwriting principles since each individual insured would have the ability to select against the rest of the membership.

49cap
WEDNESDAY

INSURANCE AND REAL ESTATE

MARCH 3, 1971

Mr. Silliman continued: The classic example of adverse selection. As I said there are members here who can answer or would be willing to answer any questions you have. I might be able to answer some if you have any.

Rep. Vicino: Mr. Chairman, Sir I have a question not necessarily directed at you. Anyone else can answer. As a lay person in the fields of hospital care and health care, it would seem to me that an illness such as cancer might be as disastrous or as serious as mental illness. And I am probably over-simplifying this, but why don't we for example take some of more serious illnesses chronic type things and exclude them from our existing policies such as we now are excluding mental health from any of our policies?

Mr. Silliman: Well I can answer part of that and probably one of the representatives from Blue Cross would like to address himself to that. First of all they are not excluded from our policies. Coverages for nervous mental hospitalization, for nervous mental disorders is presently in the Blue Cross contract. What is, is, it is limited. It is limited in terms of days. And the major medical policy picks up the remainder if a person has a major medical policy, it picks up the remaining days. Now I think Mr. Vicent Messler would address himself to the rest of the question.

Vincent Messler, Connecticut Blue Cross: In connection with why we do not select other type of diagnoses out I think tradition is that Blue Cross covers physical illness in a general hospital and the length of stay for that kind of case is slightly more than 8 days. This is not what you are talking about when you are talking about mental illness. Whether it is in a general hospital or a specialty hospital, it is something that goes far beyond that degree. And this is the reason why it is so tremendously expensive. To select out a particular diagnosis of cancer what do you do about the things that relate to it. Secondary diagnoses, other things that, becomes a rather complex thing to do.

Or the popular thing that is happening now. Hemodialysis. Arenal dialysis. These have attending physical problems that have to be met with. You cannot just exclude a thing by a diagnosis the same way you can psychiatric care for nervous and mental problems.

Rep. Vicino: Would for example the major medical policy that you are talking about cover out patient treatment or just in?

Mr. Messler: Both inpatient and outpatient. And of course under our contract now we do provide for coverage of day care

50cap
WEDNESDAY

INSURANCE AND REAL ESTATE

MARCH 3, 1971

Mr. Messler: and night care under our basic provision. And that is both in general hospital and in specialty hospitals.

Rep. Dzialo: Mr. Chairman, you talk about excessive costs and I wonder if the company has made any projections on these costs. Certainly you must have some idea to substantiate the fact that there are excessive costs. Could you give us an idea of the plan and the cost to an individual to procure the kind of coverage that is being sought here?

Mr. Messler: To give you exact cost would require an analysis by an accuarary which costs as you may imagine to hire a consulting accuarary to come up with a cost to base a premium on. This is expensive. We have not done that type of study. We know from experience that this is more expensive than other types of coverage. Because of the nature of the illness. It is not a one shot deal. It is not going in and having an operating and coming out of the hospital. It is long, it's prolonged. Like Alcoholism and our contracts that were cut oack from 60 to 45 days because of the expense that this cost us, and the Insurance Department required us to cut back because this type of disease was expensive to us. Exact costs I can't give you. If you desire them I think we could give you some idea by a letter to your chairman.

Rep. Dzialo: I would very much appreciate that.

Mr. Messler: I will ask Blue Cross for that.

Rep. LaRosa: Mr. Chairman, I have a question please. Question, yourpresent contracts, for clarificaton, cover mental illness up to 45 days. O. K. You indicated that presently on the drawing board Blue Cross is coming out with some form of major medical, is that correct? Correct. Therefore in the major medical that is supposedly on the drawing board, is it to be included the care of mental illness?

Mr. Messler: I believe that is correct. Mr. Shanley?

Alfred Shanley, Blue Cross: Yes Mr. LaRosa the, our major medical is really more than on the drawing boards. We are ready to launch it presently. It will cover mental illness in or out of the hospital. The group will be able to select the maximums of the policy ranging from \$10,000 to \$50,000.

Rep. LaRosa: And what is the deductible?

51 cap
WEDNESDAY

INSURANCE AND REAL ESTATE

MARCH 3, 1971

Mr. Shanley: Well the deductibles are also flexible. \$100, \$200.

Rep. LaRosa: Are these rates competitive with what is in the industry now?

Mr. Shanley: Well we haven't had a chance really to see a rate. We haven't started yet. The form letter is on file with the State Insurance Department, so I can't say they are competitive or not competitive.

Rep. LaRosa: I don't see how this bill is going to actually hurt you people because from what you have said you presently cover mental illness 45 days in the hospital, you're coming up with a major medical program that will pick up the additional expenses incurred as a result of this type of treatment, which after they satisfy the deductible and it will take inpatient and outpatient, at home treatment it doesn't make any difference, once the deductible is satisfied. And whether it be an 80 or 74% co insurance basis, So therefore I personally can't see why Blue Cross is opposed to this bill.

Mr. Shanley: Well the distinction is we are in favor of providing this type of coverage. Say almost unlimited. But in the major medical concept. Not in the basic claim. What this bill says is that you will amend our basic contract saying that in the basic contract everybody gets for example; If I may answer a question that came up here. The magnitude of the thing is this that you are talking about the most popular plan if I can say that. Our semi private contract. 87% of our group members are enrolled in our semi private contract. This is in excess of a million members. Connecticut residents who have our semi private contract. In this contract the basic coverage for mental nervous ailment, illness is 45 days.

Rep. LaRosa: Is that in a calendar year:

Mr. Shanley: No that is per admission. It is 45 days. What this bill would do and what we are objecting to is that it would make it 485 days rather than 45 days which is a fairly long large jump. So we are saying don't put it into the basic plan because it is expensive, extremely expensive, and the wisdom of the Insurance Department they even cut us back from 60 days to 45. What we are saying is put it in the major medical-

Rep. LaRosa: So you are actually not opposed to paying the benefits.

52 cap
WEDNESDAY

INSURANCE AND REAL ESTATE

march 3, 1971

- Mr. Shanley: Not the concept. No because even, another point, in our basic contract we do provide 45 days of coverage but we have riders available where a person or a group rather can go to 70 days, 120 days, 365 or all the way to 485. But they have to pay for it.
- Sen. Dinielli: I have a question. Some of the statement here today has indicated that the advancement in psychiatric treatment have reduced the length of time for treatment and the improvement of the whole concept generally. Have you anything to speak to that?
- Mr. Shanley: No it is out of my field really as far as that goes. But I would say this as Mr. Messler pointed out they may have reduced the number of days but certainly they must be well in excess of our average 8 day stay on general care benefit that is in the hospital.
- Rep. LaRosa: Could your company give us some that information on the experience that they have had on cases pertaining to mental illness claims? That would be of great help.
- Sen. Dinielli: I think that is a great idea. Dr. Zanker, the procedure at these hearings is that there is no rebuttals. And if you have any additional information you can submit it to the committee at a future time. Any other questions from the committee?
- Rep. Vicino: I have a question sir, and it has to do with coverage. Probably because I am not familiar with it. We talk about a basic coverage policy. I suppose you have certain amount of days restricted to coverage to a certain amount of days. 180, or 60 or 90 or what have you.
- Mr. Shanley: Keep in mind that with 87% of our membership on our semiprivate plan. Over a million members, they have 485 days of basic coverage.
- Rep. Vicino: But then you have a limitation as to certain care- you're referring to the Department suggesting you cut back 60 to 45.
- Mr. Shanley: On mental, on mental nervous in the hospital, right.
- Rep. Vicino: And that now exists in all your policies?

Mr. Shanley: All of them. 45 days. Except 2 as Mr. Silliman pointed out. We have 2 direct pay programs. What we call DP-12 and DP-15, where they are only 30 day programs anyway and so you couldn't have 45 days mental illness on a 30 day program so we do have 2 that have 30 days. All others are 45 days.

Rep. Vicino: Let me ask you another question. Do you think that this policy doesn't have out patient treatment. Do you think that some psychiatrists or doctors in order to obtain help for their patients might in fact confine them to a hospital so that they might be covered otherwise they might develop a hardship because of not having outpatient treatment this does happen?

Mr. Shanley: Well I couldn't say yea or no. I think there is a distinction here and maybe Mr. Messler would like to comment on this when I said no out patient. We do have day care centers and night care centers which in someconcept would be outpatient care. In other words a person goes in, he spends a number of hours perhaps, receives treatment and goes home. Maybe he does it in the evening, and he has his regular work. Reports to his job. It could be fellow employees of yours that you are not even aware of who actually put in a full 8 hour day and report back to a night care center, receives treatment, therapy what have you and goes back to work the next day. So in that concept it could be construed as some out patient care there.

Sen. Dinielli: Any other comments or questions from the committee? Thank you. Anyone else wishing to be heard on these bills.

John Ahearn, Insurance Association of Connecticut: I should like to express the views of the insurance industry in opposition to HB-5076 and HB-6745. These bills of course would make mental illness coverage mandatory in medical health policies. We do not feel that these bills are necessary and we urge this committee to adopt a conclusion of the commission to study mental health insurance, I mean medical health insurance policies, established by the 1969 session of the General Assembly.

This Commission reported recently to the 1971 session its recommendation that the insurance industry voluntarily provide mental illness coverage in its medical health insurance policies. Industry agrees with this recommendation. And the companies have been working toward the goal of providing mental illness coverage.

John Ahearn continued:

In short the legislative commission has recommended voluntary action by the industry and the companies are currently undertaking those steps necessary to assure implementation of the commission's findings.

Furthermore the companies will continue to work closely with the legislative commission. For these reasons we do not feel that legislative action is necessary and we therefore urge this committee to report unfavorably on HB-5076 and HB-6745.

Sen. Dinielli: Thank you Mr. Ahearn. Any questions from the committee?

Rep. Genovesi: Mr. Ahearn would the Association be in favor of a bill that would make it mandatory under a major medical plan?

Mr. Ahearn: No sir the Association would not favor a bill that would make any mental illness coverage mandatory at this point.

Sen. Dinielli: Thank you Mr. Ahearn. No further questions? Anyone else? Then we will close the hearings on psychiatric health care and ask if anyone else wishes to be heard on any other bills. Any bills?

James Marigan, Travelers; On behalf of HB-6645. The hour is getting later and the snow is getting deeper. I have a statement which I will submit and I'll be brief in my remarks. This is an act concerning financial statements which you are probably aware under the Insurance Code are required to be on a statutory basis, on which filings are made with the Insurance Department of the State of Connecticut. There is one exception dating back to 1917, relating to the condition of a company which is reported to shareholders annually.

This bill would simply provide another exception which would allow the shareholders to receive published financial statements prepared in accordance with generally accepted accounting principles both on an annual and interim basis.

As you are aware several companies here in the State have been listed recently on the New York Stock Exchange and we therefore have to file this type of statement with the Securities Exchange Commission consequently the