

Act Number: 09-237

Bill Number: 457

Senate Pages: 2600-2615 **16**

House Pages: 10116-10126 **11**

Committee: Insurance: 167-177, 185-186, 238-243, 245, 817, 818-819, 891, 893-894, 1909 **27**

Page Total: **54**

S - 584

**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2009**

**VOL. 52
PART 8
2344 - 2636**

tmj
SENATE

257
May 19, 2009

"A"? If not, the Chair will try your minds. All in favor, signify by saying Aye.

SENATORS:

Aye.

THE CHAIR:

All opposed, Nay. The Amendment is adopted.

Senator Gaffey.

SENATOR GAFFEY:

Mr. President, if there's no further comment, I would move the bill to the Consent Calendar.

THE CHAIR:

Without objection -- Senator Fasano. Without objection, so ordered. Mr. Clerk.

THE CLERK:

Calendar page 28, Calendar Number 225, File Numbers 241 and 805, Substitution for Senate Bill 457, AN ACT CONCERNING MOTOR VEHICLE REPAIRS, Favorably Reported, Committee on Insurance and Transportation. Clerk is in possession of two Amendments.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. And thank you for your

tmj
SENATE

258
May 19, 2009

presence as President of the Senate today. You're really doing a magnificent job.

Mr. President, I move for acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Will you remark, sir?

SENATOR CRISCO:

Yes, Mr. President. Mr. President, the Clerk has an Amendment, LCO number 7249. I ask that it be called and I be given permission to summarize.

THE CHAIR:

The motion is accepted -- summarization. Mr. Clerk.

THE CLERK:

LCO 7249, which will be designated Senate Amendment Schedule "A", as offered by Senator Crisco of the 17th District.

THE CHAIR:

Senator -- just one moment, please. Mr. Majority Leader.

SENATOR LOONEY:

Yes, thank you, Mr. President. If Senator Crisco would yield the floor to Senator Slossberg for a Rule

tmj
SENATE

259
May 19, 2009

15 motion.

SENATOR CRISCO:

Could I just think about it?

(Laughter.)

Yes, Mr. President.

THE CHAIR:

Senator Slossberg, do you accept the yield?

SENATOR SLOSSBERG: (14th)

Thank you and yes, I do accept the yield. For purposes of Rule 15, I'd like to recuse myself, Mr. President, thank you.

THE CHAIR:

So noted. Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. Mr. President, I move adoption of the Amendment.

THE CHAIR:

Please proceed, sir.

SENATOR CRISCO:

Yes, Mr. President. Basically the Amendment is a technical Amendment. Basically, we strike the word "suggest" and insert the words, "state leader of" and we also strike "repair facility" and insert "motor

tmj
SENATE

260
May 19, 2009

vehicle repair shop participating in the motor vehicle repair program established by such a company". These two actions really clarify certain questions that may arise in the future. And obviously, the renumbered sections and in section -- we repeal Section 501. Section 14-65M, then, of the General Statutes is repealed because it's taken care of in another section of the main bill.

THE CHAIR:

Will you remark further on that summarization?

Remark further? Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President. And I apologize, I don't have a copy of the Amendment in front of me, but if I could ask a question, through you. There was a provision in the bill which required signing of an understanding that you were aware of your rights with respect to motor vehicle repairs. Does this Amendment do away with that requirement?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Through you, Mr. President to Senator McKinney.

tmj
SENATE

261
May 19, 2009

No.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President.

THE CHAIR:

Senator Crisco. Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. A question, if I may,
through you to the proponent.

THE CHAIR:

Senator Crisco, please prepare yourself.

SENATOR CALIGIURI:

Thank you, Mr. President. Senator Crisco alluded
to the fact that the Amendment deletes Section 14-65M
of the General Statutes. Just for the record, what
does 14-65M do? And how is it that we're not losing
anything by deleting that in light of the Amendment
and the language in the Amendment and then the
underlying bill?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

tmj
SENATE

262
May 19, 2009

Thank you, Mr. President. Through you to Senator Caligiuri. Under the former legislation adopted, we required notification just by the insurance shops only, those insurance company owned shops. We repealed that section because in another section in the main bill, now the notices go to everyone.

THE CHAIR:

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you, Mr. President. I thank Senator Crisco for the response. And just by way of comment, I intend to support the Amendment.

The Amendment reflects the work of a lot of people to reach compromise on a bill where there were a number of disparate interests and, as Senator Crisco indicated, I think that the changes really do tighten up the language of the bill, make it easier to enforce and clearer, which, in this type of situation, will be very beneficial to everyone involved. And so I believe the Amendment and the underlying bill strike a proper balance and ought to be adopted. And I thank you, Mr. President.

THE CHAIR:

tmj
SENATE

263
May 19, 2009

Thank you, sir. On the Amendment, will you remark further? Senator McKinney?

SENATOR MCKINNEY:

Thank you. And I guess the colloquy between Senators Caligiuri and Crisco has got me a little bit more confused. So if I could, through you, Mr. President, it's my understanding that one of the sections of our statutes that we're deleting, that I believe, Senator Caligiuri asked you, is a section that requires the signing that you've been notified of your rights. And the deletion of that statutory section would then delete the requirement of having that notice. And as I understood Senator Crisco to remark -- and I guess I'm wondering if he could point out where, in the underlying bill, it re-inputs the requirement that we're deleting in the statutory section that you would have to sign that you've been notified of your rights. Through you.

THE CHAIR:

On the Amendment, Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. Through you to Senator McKinney, Section 1 of the main bill takes care of

tmj
SENATE

264
May 19, 2009

that issue. To be redundant, it was more limited in last year's legislation and this year, it's expanded considerably.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President.

THE CHAIR:

Will you remark further on the Amendment before us, Senate "A"? If not, the Chair will try your minds. All in favor, signify by saying Aye.

SENATORS:

All opposed, Nay. In the opinion of the Chair, the Ayes have it. The Amendment is adopted. Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. In summarizing the main bill and speaking to the Members of the Circle, last session we passed legislation to attempt to improve consumer awareness of the right to choose a repair shop where their damaged motor vehicle will be repaired. Repair shops participate in a repair program set up by insurers were required to get a

tmj
SENATE

265
May 19, 2009

written acknowledgment from the consumer that the consumer was aware of his or her right to choose a repair shop.

Section 1 of this, of Senate Bill 457, makes sure that now, all consumers in the state are aware of that right to choose by requiring all motor vehicle repair shops, not just insurance repair shops, regardless of whether they are participating in an insurer repair program or not to get such a written acknowledgement from consumers who are getting their vehicles repaired in that shop. Section 1 applies to all shops.

Last year's more limited legislation, Section 14-65M, is no longer necessary and is repealed by Section 3 of the bill. Connecticut has long prohibited insurers, their agents and adjusters from requiring an insured to take a damage motor vehicle to a particular shop for repair unless otherwise agreed in writing. Section 2 of Senate Bill 467 removes that exception. In addition, it prohibits the insurer, the agent or adjuster from stating that choosing a repair shop other than the one that participates in a motor vehicle repair program established by the insurer will result in repair delays or a lack of guarantees for

tmj
SENATE

266
May 19, 2009

repair work.

In summary, we're giving the consumer more protection and more choice. However, for purposes of legislative intent, Section 2 does not prohibit the insurer, agent or adjuster from providing the consumer with all relevant information concerning any motor vehicle repair program the insurer has established as a repair option. So it's basically transparency and getting all the information possible to the consumer to make their own individual choice, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further on the bill? Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President. Mr. President, if I could, further to Senator Crisco's comment regarding legislative intent. Perhaps if we could have a discussion about that to further understand what this bill does in terms of -- and I think what we're talking about here is what's commonly referred to as "steering." An automobile insurance company will say or imply or people have alleged that insurance agents have said "you've been in an accident, you have to go

tmj
SENATE

267
May 19, 2009

to this auto body shop." That is steering. That is currently against the law in the State of Connecticut. This bill, which has been around for many years, is an attempt to try to totally eliminate that practice.

There are, however, as I understand it, Mr. President, insurance companies that offer products that would have a repair program. They might provide for picking up your vehicle, taking your vehicle to a repair shop, giving you a ride home, and the like as part of their service, part of their product, part of trying to differentiate their product from insurance company "A" to insurance company "B". And so my question is, through you, Mr. President, is any of that prohibited with this legislation?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Mr. President, through you to Senator McKinney, to my knowledge, no.

THE CHAIR:

Thank you, Senator Crisco. Senator McKinney.

SENATOR MCKINNEY:

And lastly then, Mr. President, as I understand

tmj
SENATE

268
May 19, 2009

it, what is now not allowed under our law, but would still not be allowed, for example, would be, in the instance where an insurance agent or representative of an insurance company, through you, Mr. President, may make representations that you can get your car fixed sooner or perhaps for less money at repair shop "A" than if you go to repair shop "B". You have your choice. You can do whatever you want, but repair shop "B" might take you an extra week or two to get your car done. Through you, Mr. President, is that currently allowed under law or does this Amendment change that in any way? Through you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. Through you to Senator McKinney, I believe the circumstances that Senator McKinney describes is somewhat of a closed steering. And I believe, under the language that we are adopting, that would not be permitted.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

tmj
SENATE

269
May 19, 2009

Thank you, Mr. President. I thank Senator Crisco for his answer.

Mr. President, based on those answers, I intend to support the legislation before us. There, clearly, I think, needs to be an opportunity for different businesses to offer different products, to be able to sell or market their services and products in a competitive world that may differentiate them from their competitors. One of the ways I understand they do it is through having repair programs. I don't think we should prohibit them from having their repair programs and as long as we're not doing that, as long as we're making sure that anybody who is in a car accident is availed of their rights under our laws, which is that they can take their car to any automobile shop they so choose and their insurer will have to cover that.

And the reason why my concern over the Amendment was I wanted to make sure that that written notification is in there, because I think that written notification is as important for the consumer as it is for the insurance company and I think it's important for both sides. One, to understand that you can't be

tmj
SENATE

270
May 19, 2009

steered to an auto shop and two, to make sure that people have a defense against any claims of steering. Because as I understand it, certainly, if one repair shop were to make an allegation that an insurance agent or representative of an insurance company was engaged in steering and steering certain individuals to a preferred shop, I would assume, and I think it's probably the intent, that the signed notice here would be evidence that no steering did, in fact, occur.

So this bill has been around for many years, I think this is the fairest version that I've seen. It clearly is about transparency and not interfering with the private market and with that understanding, I thank Senator Crisco and will support the bill.

THE CHAIR:

Will you remark further on the bill before us as amended? Will you remark further? Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. I express my appreciation to Senator McKinney and Senator Caligiuri. A great deal of effort has gone into making a good bill last year a better bill this year. And as was mentioned by both Senators, there is more

tmj
SENATE

271
May 19, 2009

transparency, there is more choice and it's really up to the consumer to decide on their particular program and if there is a program they would be most comfortable with in order to get the best service possible to the consumer.

And if there's no objection, Mr. President, -- I'm sorry. There's a Rule 15. I ask that there be a roll call vote.

THE CHAIR:

Thank you, Senator Crisco. Will you remark further on the bill before us as amended? If not, Mr. Clerk, will you announce the pendency of the roll call vote and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber? Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber?

THE CHAIR:

Have all Members voted? Senator DeFronzo. If all Members have voted, the machine will be closed. Clerk, please announce the tally.

tmj
SENATE

272
May 19, 2009

THE CLERK:

Motion is on passage of Senate Bill 457, as amended.

Total Number Voting	35
Those voting Yea	35
Those voting Nay	0
Those absent and not voting	1

THE CHAIR:

The bill passes. Mr. Majority Leader.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, the Clerk is in possession of Senate Agendas 3 and 4 for today's session.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Mr. President, the Clerk is in possession of Senate Agendas, number 3 and 4 for Tuesday, May 19th, 2009. Copies have been distributed.

THE CHAIR:

Mr. Majority Leader.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, I move

H – 1067

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2009**

**VOL.52
PART 31
9841 – 10189**

pat
HOUSE OF REPRESENTATIVES

276
June 3, 2009

The House of Representatives is voting by Roll

Call. Members to the Chamber.

The House is voting by Roll Call. Members to the Chamber.

DEPUTY SPEAKER ALTOBELLO:

All the Members have voted? All the Members have voted. Please check the board to make sure your vote is properly cast.

If all Members have voted properly, the machine will be locked. Will the Clerk please take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Senate Bill 1128 as amended by House "A".

Total Number Voting	151
Necessary for Passage	76
Those voting Yea	140
Those voting Nay	11
Those absent and not voting	0

DEPUTY SPEAKER ALTOBELLO:

The Bill as amended is passed.

Would the Clerk please call Calendar Number 643.

THE CLERK:

On Page 18, Calendar Number 643, Substitute for
Senate Bill Number 457 AN ACT CONCERNING MOTOR VEHICLE

REPAIRS. Favorable Report of the Committee on
Transportation.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana of the 87th, you have the
floor, sir.

REP. FONTANA (87th):

Thank you, Mr. Speaker. I move for acceptance of
the Joint Committee's Favorable Report and passage of
the Bill in concurrence with the Senate.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is acceptance of
the Joint Committee's Favorable Report and passage of
the Bill in concurrence with the Senate.

Please proceed, sir.

REP. FONTANA (87th):

Thank you, Mr. Speaker. This Bill represents the
culmination of months and years of work on the part of
many Members of the Insurance Committee to resolve an
ongoing and to this point, intractable conflict.

This Bill prohibits an auto insurer from
requiring that an insured use a specific repair shop
to have his or her automobile repaired, and from
stating that repair work will be delayed or not
guaranteed if an insured uses a motor vehicle repair

pat
HOUSE OF REPRESENTATIVES

278
June 3, 2009

shop that does not participate in the insurer's
vehicle repair program to perform repairs.

Mr. Speaker, the Clerk has an Amendment, LCO
Number 7249. I ask that he call it and that I receive
permission to summarize.

DEPUTY SPEAKER ALTOBELLO:

Will the Clerk please call LCO Number 7249, which
shall be designated House Amendment Senate "A".

THE CLERK:

LCO Number 7249, Senate "A", offered by Senator
Crisco and Representative Fontana.

DEPUTY SPEAKER ALTOBELLO:

The Representative seeks leave of the Chamber for
summarization. Seeing no objection, please proceed,
sir.

REP. FONTANA (87th):

Mr. Speaker, thank you. Thank you, Mr. Speaker.
This Amendment clarifies the underlying language by
prohibiting an insurer, agent or adjuster from
stating, rather than suggesting, that repairs will be
delayed or not guaranteed if performed by a non-
participating repair shop.

For the purposes of legislative intent, it's
important to mention that the word state in Line 1 of

the Amendment, applies to any form of oral, electronic or written communication between the insurer and the insured.

It's also important to mention, Mr. Speaker, that Section 2 of the Bill will not prohibit an insurer, agent or adjuster from providing a consumer with all relevant information concerning any motor vehicle repair program that the insurer has established as a repair option.

The Amendment also replaces the term, preferred repair facility, with an existing statutory definition for shops that participate in an insurer's program.

Finally, the Amendment repeals Connecticut General Statute 14-65(m), a statute made duplicative by the language contained in Section 1 of the underlying Bill.

Mr. Speaker, this language was developed at the request of, and with the assistance of, representatives of the insurance industry, and has been agreed to by representatives of the motor vehicle repair industry. It represents a fair and reasonable compromise.

I'd like to thank the Members of the Insurance Committee for their support, Representative D'Amelio

pat
HOUSE OF REPRESENTATIVES

280
June 3, 2009

for his help throughout the process, and I move for its adoption.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is adoption of Senate "A"? Further on the Amendment? Further on the Amendment?

Representative D'Amelio, the esteemed Ranking Member of the Insurance and Real Estate Committee of the 71st District of the Brass City, you have the floor, sir.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker. Mr. Speaker, I rise in support of the Amendment and the underlying Bill. As you know, you've been a Member of the Insurance and Real Estate Committee for many years. This actually deals with the issue of steering, it really tightens up what we've done over the years on this issue.

It's a good amendment and it's consumer friendly in my opinion. It's been worked out by both sides, and again, hopefully, this is an issue that we won't see up here in the future. Thank you, Mr. Speaker. And I urge adoption.

DEPUTY SPEAKER ALTOBELLO:

pat
HOUSE OF REPRESENTATIVES

281
June 3, 2009

Thank you, Representative D'Amelio. The question before the Chamber is adoption of Senate "A"? Further on Senate "A"?

If not, I'll try your minds. All those in favor please signify by saying Aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ALTOBELLO:

Opposed? The Ayes have it. Senate "A" is adopted.

Further on the Bill as amended? Further on the Bill as amended? Representative Bacchiochi of the 52nd, you have the floor madam.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker, through you, a question for clarification to the proponent of the Bill as amended.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, madam.

REP. BACCHIOCHI (52nd):

Yes. To the Chairman, I do not understand in Lines 12 through 19, where it discusses a written authorization. My first question is, this is an

pat
HOUSE OF REPRESENTATIVES

282
June 3, 2009

authorization that the dealership is providing to the consumer?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, this is an authorization or acknowledgment that the customer is signing regardless of the type of repair shop to which he or she brings his or her motor vehicle.

Previously, I referenced 14-65(m). That required written acknowledgment from direct repair shops, but not so-called independent repair shops.

What we're doing in Section 1 of the Bill is amending 14-65a(f), to ensure that it applies to all repair shops direct and independent. And so it's an acknowledgement signed by the customer that he or she has been made aware of his or her rights to choose any shop to take his or her vehicle. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

pat
HOUSE OF REPRESENTATIVES

June 3, 2009

283

Thank you, Mr. Speaker. It doesn't say in the Bill that the customer actually needs to sign that acknowledgement and return it to the car dealership.

Through you, Mr. Speaker, is that just assumed in the language, or is that, am I missing something?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Madam Speaker, Mr. Speaker, I apologize. Through you, Mr. Speaker, the underlying, well Section 1 of the Bill, which amends 14-65(f) of the General Statutes, the gentle lady will notice that in Line 6 of the underlying file copy it states that prior to performing any certain work on an invoice signed by the customer, and then in the language we add, in Lines 12 through 19, it says in addition to or as part of the written authorization set forth in Subdivision 1 of the Subsection.

In other words, as part of the authorization signed by the customer pursuant to Line 6 of Section 1, which is existing law. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Bacchiochi.

pat
HOUSE OF REPRESENTATIVES

284
June 3, 2009

REP. BACCHIOCHI (52nd):

Mr. Speaker, thank you very much. That helped me understand the Bill. I appreciate the answer.

DEPUTY SPEAKER ALTOBELLO:

You're very welcome, madam. Representative Sawyer of the 55th, you have the floor, madam.

REP. SAWYER (55th):

A question through you, Mr. Speaker, to the proponent of the Bill.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, madam.

REP. SAWYER (55th):

Mr. Chairman in the case, in looking at the underlying Amendment, isn't it inherent that if someone's going to a shop that is not through the insurance company that they already know that they can do that? Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the Bill as amended has that provision in it. The insurance industry felt very, it was very important as a matter of law, to ensure that their direct repair shops and independent

pat
HOUSE OF REPRESENTATIVES

285

June 3, 2009

repair shops are being asked to comply with the same provisions.

It's sort of good for the good, good for the gander if you will, issue. And so, I might agree with the gentle lady. Nevertheless, it was important to them. It didn't conflict with our objectives with the Bill. Everyone's going to be signing one of these, Mr. Speaker. That's just the way it is, and I would welcome the gentle lady's support for the Amendment, of the Bill as amended.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Sawyer.

REP. SAWYER (55th):

Oh, that was a wonderful answer, Mr. Speaker.

Thank you very much.

DEPUTY SPEAKER ALTOBELLO:

Further on the Bill as amended? Further on the Bill as amended? If not, staff and guests please retire to the Well of the House. Members take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber.

pat
HOUSE OF REPRESENTATIVES

286

June 3, 2009

The House is voting by Roll Call. Members to the Chamber.

DEPUTY SPEAKER ALTOBELLO:

Nearly all Members have voted. The machine will be locked. Will the Clerk please take and announce the tally.

THE CLERK:

Senate Bill Number 457 as amended by Senate "A" in concurrence with the Senate.

Total Number Voting	150
Necessary for Passage	76
Those voting Yea	150
Those voting Nay	0
Those absent and not voting	1

DEPUTY SPEAKER ALTOBELLO:

The Bill as amended By Senate "A" is passed in concurrence with the Senate.

DEPUTY SPEAKER McCLUSKEY:

Will the Clerk please return to the Call of the Calendar and call Calendar Number 404.

THE CLERK:

On Page 38, Calendar Number 404, Substitute for House Bill Number 6678 AN ACT CONCERNING REVISIONS TO

**JOINT
STANDING
COMMITTEE
HEARINGS**

**INSURANCE AND
REAL ESTATE
PART 1
1 – 320**

**2009
INDEX**

md/gbr INSURANCE AND REAL ESTATE
COMMITTEE

1:00 P.M.

officials an hour or so to testify and then resume at the end of that hour with members of the public, as well as any other public officials who are here.

We will afford each public speaker three minutes to testify. At the end of that three-minute period, a bell will go off over here to my left. Diane will set the bell, and I would ask once the three minutes is up for you to please conclude your remarks by finishing the sentence you are at that moment uttering. We ask this for two reasons: First, to accommodate those members of the committee who are dying, simply dying, to ask you questions; as well as those members of the public who are dying, dying to testify right after you. So we would ask for your cooperation. Beyond that, please silence or turn to vibrate your cell phones or pagers since they are somewhat distracting to members of the committee.

Are there any remarks from my Cochairman or the Ranking Member?

SENATOR CALIGIURI: No, thank you.

REP. FONTANA: Very good.

With that we will then proceed to the first bill on our agenda, Senate Bill 457. And we have no members of the public signed up to testify on that bill, so our first testifier will be Ken Ferrucci of the State Medical Society, if Ken's here. And he is.

(Inaudible). Welcome, Ken, please proceed.

KEN FERRUCCI: Senator Crisco, Representative Fontana, members of the committee, my name is Ken Ferrucci. I'm director of -- I'm sorry.

md/gbr INSURANCE AND REAL ESTATE
COMMITTEE

1:00 P.M.

I'm the Vice President of Government Relations and Public Policy for the Connecticut State Medical Society.

I just briefly wanted to take a second of your time. I did submit written comments on this also, but just to express our support for this legislation, but also to -- to point out that the legislation before you does basically state that it would be the medical loss ratio as defined currently in the statute, which is "incurred claims to earn premiums by the number of years policy duration for all combined durations." We just would suggest that we revisit that statute, also, and more clearly define and delineate such expenditures and welcome the opportunity to work with this committee's members to develop such a -- such a definition. I will submit to this committee information from the American Medical Association which does make recommendations for how to define medical expense versus administrative cost.

REP. FONTANA: Thank you, Ken. And I think that's an interesting topic. A colleague of mine said, "It's not actually the medical loss ratio you're focused on so much as the other side of it." So we'll look forward to getting your additional commentary on how to perhaps structure that. But your position is essentially that it's important to let the public know how managed care organizations are vis-a-vis their administrative and overhead costs?

KEN FERRUCCI: Right. In -- in my written comments I did state that we've consistently advocated for transparency in all aspects of health insurance industry. And we believe that consumers have the right to know the exact portion of their premium dollars that are

spent directly on health care -- the delivery of health care versus the administration of that policy or reimbursement for nonmedical expenditures within the company.

REP. FONTANA: Very good. Thank you.

Are there questions from members of the committee for Mr. Ferrucci?

Representative O'Connor.

REP. O'CONNOR: Thank you, Mr. Chairman.

Thank you, Ken, for your testimony.

With the -- as far as the transparency, would that also include physicians or providers providing what they would charge if an individual were not to have insurance. Let's say a retail rate, so that just in case something is denied or a walk-in through the door, they know what the price of that particular procedure is, would that be included in your definition of medical loss ratio and, also, of full disclosure and transparency?

KEN FERRUCCI: Well, I -- I think we've had this discussion in -- in the past. And that is something that -- that physicians are willing to do. We just need to be very careful that there often is a difference between certain reimbursement levels. There would be a difference between what the usual customary charge would be for that type of service versus what they would be submitting to insurer versus what they're actually reimbursed. So often when you do receive an explanation of benefits from your insurer, you'll see what was billed by the physician was actually paid to you. So there is that

transparency as far as what is currently reimbursed to the physician, also to develop a system in which the actual amount that is reimbursed to a physician is disclosed. I think we've been part of that discussion and we continue to do that, just like I said, being careful that we're not misleading people to think that what is actually submitted to an insurance company is actually what's being reimbursed to that physician.

REP. O'CONNOR: Okay. And then as far as -- just to follow up on that, would you be disclosing as part of this -- because I don't think you can just look at the MCOs, an island unto themselves, as the whole health care delivery system where transparency is important that the provider community, again, would be willing to disclose what they may be making as far as, you know, the charges, whether it be the reimbursement level or what they would charge, again, someone who is uninsured versus, you know, some of your overhead in some of your administrative costs. Would you be, in your community, be willing to disclose that as well?

KEN FERRUCCI: I guess I'm a little confused by the question because there may be some ambiguity in what is reimbursed. I mean, if it's discussing with an enrollee why they're in a specific plan and why that physician has joined that plan, there may be different levels of copays, deductibles, that have allowed that physician to accept a fee schedule that varies from a different plan, and products are different as you know, so --

REP. O'CONNOR: It would be in the aggregate.

KEN FERRUCCI: In the aggregate?

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COMMITTEE

1:00 P.M.

REP. O'CONNOR: Yeah, basically what you take in as far as, you know, the cost of that particular procedure in the health care delivery, versus, let's say, you know, some of your administrative costs.

KEN FERRUCCI: I think, if that was done, you would really start to see how small the margin is for physicians, how high the overhead is versus what they -- what they actually bring in as -- above that -- above that overhead. So to develop a system to be consistent, you know, we've been trying to be consistent, to be more than happy to -- to do such a thing. What we cautioned about in the past, like I said, just kind of listing charges because that's not always clear. But that, you know, for consistency sake be more than happy to have a discussion as to an appropriate way that we are able to look at every aspect of the health care system to find out where every dollar is going and how we're spending our money so we can have a more efficient health care system and good quality care.

REP. O'CONNOR: Thank you.

Thank you, Mr. Chairman.

REP. FONTANA: You're welcome, Representative.

Other questions for Mr. Ferrucci?

Seeing none, thank you, Ken.

KEN FERRUCCI: Thanks.

REP. FONTANA: We look forward to getting your additional suggestions on the definition of loss ratio.

Next speaker we have down is Deb Osborn, to be

followed by Bill Ehlers or Ehlers. If I pronounced that correctly.

Welcome.

DEB OSBORN: -- Fontana and other distinguished members of this committee, for the record, my name is Deb Osborn. I represent about 700 physicians in the ENT, eye, and dermatology specialities and I'm here in support of Senate Bill 457. I also have to extend our apologies. Dr. Ehlers will not be able to make it. He is doing a cornea transplant, and he is beside himself, but he said that he's needed there more.

So what I would like to do is I have submitted written testimony, and we are encouraging this committee to consider an amendment to this bill that would require those medical loss ratios be presented to consumers and businesses at the point of purchase. So not only will this information be available in the report card -- which I brought a copy of with me today, which is about a 37-page report -- but it would also be more meaningful to the consumer if, at the time that they are purchasing their plan, they know what their premium dollar is; they know who the providers are in their plan; they know the benefits that they will be receiving; and they also know how efficient that managed care organization is in taking their premium dollars and delivering health care. So I believe the issue has been raised for another public hearing, and that we would welcome the opportunity to come and testify on that particular amendment, but we wanted to also mention it today in the event that we can't get anyone up here.

I'd like to close by leaving a quote with you from President Barack Obama, who talks about

transparency many times during the course of his election and, most recently. Yesterday, he quoted -- he's quoted as saying, "Whether you believe the government ought to spend more money or spend less, you should certainly be able to agree that the government ought to spend every penny efficiently and transparently. Transparency is a prerequisite to oversight and financial control.

Transparency is essential if we are to do something about the billions of taxpayer dollars being spent with no assurances that the funds are going where they are needed. We cannot reduce waste, fraud, and abuse without knowing how, where, and why federal money is flowing out the door."

I think this statement can clearly be used here today in regard to the insurance industry and their responsibility to the public to be accountable for where the premium dollars are going.

Thank you. And I'll welcome any questions.

REP. FONTANA: Thank you, Deb. And you're correct, there will be another bill that will be raised on the subject, and so you'll have another opportunity to bring Mr. -- Dr. Ehlers up if he's not doing a transplant.

Just a quick question. Are you aware of other states in the country and do they do things similar? Do they disclose to consumers through some sort of report card the loss ratios? Is it common? Are you aware, is it common for other states to disclose this publicly to their citizens?

DEB OSBORN: Well, I don't know the statistics, but I can get back to you on that. But I do know that in a recent conference I was on with the

AAO, that nationally people are looking for more transparency because we can't get a handle on statements when the industry says that we're spending too much money and that doctors are too expensive. We have no numbers to compare that to, and we're very willing to come to the table if it's our issue and that we need to address our expenses, but without that big picture of where those dollars are going and how much of that money -- how much of those premium dollars actually go into health care, we have no starting point. They have all that information.

REP. FONTANA: Well, I would agree with you that transparency and efficiency are good things and we ought to be promoting them.

Are there questions for Deb from members of the committee?

Representative Megna.

REP. MEGNA: Thank you, Mr. Chairman.

Deb, currently the loss ratios are reported to the Department of Insurance. Correct?

DEB OSBORN: Uh-huh. That is true.

REP. MEGNA: Okay. Thank you.

DEB OSBORN: The -- the commissioner gets that information, and it just does not get posted or included in the report cards. I'm not sure exactly why he wouldn't post that information, because it certainly is a good benchmark for consumers to look at. But like I testified previously, this report card is very difficult to find on the website, and it is extremely cumbersome and boring -- cumbersome and lengthy. And, you know, for a consumer to go

and look for this before they purchase a -- premium, or a business, they're just not going to do that. But if we require the industry to give those benchmarks at the time that that consumer buys that product, now there's real information that can be used.

REP. MEGNA: Okay. Thank you.

Thank you, Mr. Chairman.

REP. FONTANA: Thank you.

Representative O'Connor.

REP. O'CONNOR: Thank you, Mr. Chair.

Hello, Deb.

DEB OSBORN: Hi.

REP. O'CONNOR: Just a quick follow-up to the question I asked the previous speaker. Now, maybe I'll rephrase it, but would your constituent group or the provider community in general be willing to submit, you know, quarterly or once a year documentation as far as what your costs are, administrative costs, and what actually you spend on providing care?

DEB OSBORN: I'm so glad you answered -- or asked me that question because I thought about it for a second, and I thought why is that relevant? A consumer can choose to go to the doctor of his choice within his plan, so there are many choices out there for them to go if they want a mole removed from their face and a doctor says, Well, it's going to cost you \$200, because they don't have insurance. They can't do that if they have a plan out there. They entrust that carrier to provide services and benefits for them and they -- they hope

that they'll do it in an efficient way to keep their premium dollars low so that they can afford health care.

It's the responsibility of all of us to provide some meaningful health care for all of the residents in Connecticut, and in order for us to do that, we need to get the big picture and find out where these dollars are going. You know, I don't think that there's going to be a problem. I think if you go to a doctor's office and ask him, you know, what are you going to charge me for this particular procedure? You're going to get that information up-front.

REP. O'CONNOR: So, for the record, you're saying that, again, your constituent group would be willing to provide your costs --

DEB OSBORN: Not costs. How much it costs to perform --

REP. O'CONNOR: -- in administrative costs, and to perform that, you know, and differentiate your administrative costs, your overhead, versus the actual health care delivery?

DEB OSBORN: Why is that relevant?

REP. O'CONNOR: Because that -- I think it -- from my opinion, it's part of the overall health care delivery system, if you're going to have the MCOs, the providers are part of that equation and then you have the consumer at the back end making a financial decision.

Thank you, Mr. Chair.

REP. FONTANA: Thank you, Representative.

Other questions for Deb from members of the

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COMMITTEE

1:00 P.M.

committee?

Seeing none. Thank you. And we look forward to seeing you down the road at another public hearing.

DEB OSBORN: Thank you.

REP. FONTANA: Since Dr. Ehlers is not with us because of his need to perform a transplant, I believe that concludes testimony on Senate Bill 457, unless there is somebody who didn't sign up or who signed up after we got the list who would like to testify.

Seeing none, we will proceed to Senate Bill 461. And, at this time, I have neither a member of the public nor a lobbyist signed up to testify on Senate Bill 461. So do we have anyone here who did not get a chance to sign up for 461 who'd like to testify?

Seeing none, we will proceed to House Bill 5670. And I regret to say that I do not have with me a copy of the sign-up from members of the public for 5670, so are there members of the public who signed up to testify on 5670?

If you did sign up and you don't know if you signed up, that's fine. We can go to some of the members of the public who would like to testify on that. So with that, we have Ron Thomas to be followed by Christine Capiello.

RON THOMAS: Good afternoon, Representative Fontana --

REP. FONTANA: Good afternoon.

RON THOMAS: -- Senator Crisco, members of the committee. My name is Ron Thomas, manager of

HB 5670

REP. FONTANA: If you wouldn't mind, Sue, that would be great. Because I think it's helpful to have greater detail in terms of what's going on out there in the market --

SUSAN HALPIN: Sure.

REP. FONTANA: -- because I think that sort of, as you indicate, the way we are heading --

SUSAN HALPIN: Uh-huh.

REP. FONTANA: -- should be heading --

SUSAN HALPIN: Uh-huh.

REP. FONTANA: -- and hopefully will be heading in the near future, so it's helpful to know what actually is going on out there in terms of promoting wellness and prevention. Particularly as some plans seek to raise, however minimally --

SUSAN HALPIN: Uh-huh.

REP. FONTANA: -- the copays and deductibles for various reasons, many valid reasons.

SUSAN HALPIN: I'd be happy -- happy to do that for you.

REP. FONTANA: Great, thanks.

Are there questions for Sue from members of the committee?

SUSAN HALPIN: And just for the record, I got caught up in another meeting. I did want to say for the record on Senate Bill 457 regarding the consumer report cards, that we welcome the inclusion of the MLR in the

managed care report card, so, thank you.

REP. FONTANA: That's good news. Thanks.

SUSAN HALPIN: And I know there will be more to come on that issue.

REP. FONTANA: I'm sure.

SUSAN HALPIN: Thank you.

REP. FONTANA: Very good.

Seeing no questions. Thank you, Susan.

SUSAN HALPIN: Thanks.

REP. FONTANA: Okay. And, again, now we have Christine Capiello to come back.

CHRISTINE CAPIELLO: Good afternoon, Senator Crisco, Representative Fontana, members of the Insurance and Real Estate Committee. For the record, my name is Christine Capiello. I'm the director of Government Relations for Anthem Blue Cross/Blue Shield.

We're here to reluctantly speak against Senate Bill 459. We're concerned about that it will raise costs substantially. We strongly believe in preventative care. In fact, our youngest members, children up to 12, have no copays for preventative care. But extending that benefit to all members would substantially rise costs to our members at a time when cost is a concern to them. And we're also concerned because preventative care is not necessarily defined -- completely defined in the bill. It's included but not limited to, and so that lack of definition concerns us as well.



Quality is Our Bottom Line

Insurance Committee Public Hearing

Tuesday, January 27, 2009

Testimony on Behalf of the Connecticut Association of Health Plans

SB 457 AAC Consumer Report Cards.

The Connecticut Association of Health Plans is pleased to provide testimony on SB 457 AAC Consumer Report Cards.

Health plans currently provide this information to the Department of Insurance and we would welcome its inclusion in the report card.

Many thanks for your consideration.

**Testimony of the Connecticut Society of Eye Physicians
CT ENT Society
CT Dermatology and Dermatologic Surgery Society
On
SB 457, An Act Concerning Consumer Report Cards
Given by Debbie Osborn, Exec. Director**

January 27, 2009

Good morning Senator Crisco, Representative Fontana, and distinguished members of the Insurance Committee. My name is Debbie Osborn I am the Executive Director for over 700 physicians practicing ophthalmology, dermatology and ENT medicine in Connecticut, I am here today to support SB457 and to suggest further amendments that would help strengthen this bill and provide real and useful information that would allow consumers to compare the efficiency of Managed Care Organizations in managing their healthcare premium dollars.

People and businesses in the United States are facing economic challenges that are unprecedented in our lifetime, and it has become increasingly important for patients to become informed consumers and partners in their own health care. Currently, there are physician profiles available which allows patients to research their providers, and with the growing popularity of the World Wide Web, it is easier than ever for them to select a highly skilled and expertly qualified physician. Patients routinely use the web to learn more about their health problems and the treatment options, prognosis, and other resources available today. Consumer health care education, however, comes to an abrupt halt when it comes to insurance companies and Managed care organizations.

We spend a great deal of time selecting our providers, who may or may not be "in-network", but we have only limited access to information that would enable us to make informed decisions about the insurers we select. This includes the details about insurers that actually provide coverage for the various treatment options available and their efficiency in managing premium dollars. Too often, we as consumers review only the cost of the

premium and the provider networks to see if our "doc" is there, when making a choice on which insurer is better. Consumers need more information to make informed decisions on the overall performance of the carrier. They need to know how much of their healthcare premium is being spent on direct healthcare costs. Doesn't it make sense for consumers to purchase a policy which is reasonably priced and uses more of their premium dollars on benefits versus administrative costs- including run-away bonus compensation packages for CEOs and marketing expenses?

SB 457 is a good start to providing this much needed transparency. The Consumer Report Card has many important statistics on Managed Care Companies, and organizations such as CSEP know that these report cards exist and benefit from the publishing of such reports. But many consumers are not aware of the existence of the Insurance Department Consumer Report Cards or how to access them. This is problematic and defeats the purpose of providing transparency. **We can do better.** First- we must understand that it is vital that Business' and Consumer's are given the medical loss ratios at the point of purchase as well as being published in the Report of the Department of Insurance's "Comparison of Managed Care Organizations in Connecticut". By amending SB457 to include this provision we strengthen this important transparency bill by providing useful information to consumers that is timely (point of purchase). **We therefore strongly support an amendment for SB 457 that requires all proposals or descriptions of a health care plan include the medical loss ratio information at the point of purchase to the consumer.**

Obviously, selecting an insurer that spends more of its revenue on health care is an indication that it is more likely to cover needed health care services. Transparency is the best way to insure competition, better performance and the checks and balances needed to insure cost control and accountability in an industry that like the investment banking industry has gone far too long unchecked.

We as Americans cannot afford another industry bailout nor can we afford the ever rising healthcare premiums which seem disconnected- in the eyes of healthcare providers- to direct healthcare costs. Healthcare

providers across the state hope you will take this important step towards Transparency and shed some light on the high price of healthcare premiums and ultimately make us all better consumers with this knowledge.

Please support both SB 457 and the suggested user-friendly amendment. Thank you

RICHARD BLUMENTHAL
ATTORNEY GENERAL



55 Elm Street
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Office of The Attorney General
State of Connecticut

457

*TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE INSURANCE AND REAL ESTATE COMMITTEE
JANUARY 27, 2009*

I appreciate the opportunity to support Senate Bill 457, An Act Concerning Consumer Report Cards. This proposal requires the disclosure of medical loss ratio information on the annual Insurance Department consumer report card for health insurers.

Currently, health insurers must disclose medical loss ratio information to the Insurance Commissioner. In the past, the Insurance Commissioner has not released this information publicly nor provided such information in the annual consumer report card on health insurers.

Medical loss ratio information provides consumers and oversight organizations with critical data on the amount of insurance premium revenue that is spent on medical services and administration. This information may point to the need for greater scrutiny of a health insurer. For example, significant administrative expenditures coupled with low medical services costs may be an indicator of an insurer that spends too much money avoiding legitimate health insurance claims, to the detriment of the insured.

Insurance Commissioner Sullivan, to his credit, has agreed to include medical loss ratio information on the consumer report card. In light of our experience with the refusal of previous commissioners to exercise their discretion to disclose medical loss ratio information, the legislature should mandate such disclosure.

I urge the committee's favorable consideration of Senate Bill 457.



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Connecticut State Medical Society Testimony on
Senate Bill 457 An Act Concerning Consumer Report Cards and
Senate Bill 459 An Act Prohibiting Copayments for Preventive Services
Presented to the Insurance And Real Estate Committee
January 27, 2009

Senator Crisco, Representative Fontana and members of the Insurance and Real Estate Committee, my name is Ken Ferrucci, Vice President of Public Policy and Government Affairs for the Connecticut State Medical Society (CSMS). On behalf of our over 7,000 members, thank you for the opportunity to submit this testimony to you today on Senate Bill 457 An Act Concerning Consumer Report Cards and Senate Bill 459 Ac Act Prohibiting Copayments for Preventive Services.

CSMS supports Senate Bill 457 An Act Concerning Consumer Report Cards that would expand requirements of the managed care organizations consumer report card to include the medical loss ratio as defined in subdivision (1) of subsection (f) of section 38a-481, of each health care center or licensed health insurer. As defined "loss ratio" mans the ratio of incurred claims to earned premiums by the number of years of policy duration for all combined durations.

CSMS has consistently advocated for transparency in all aspects of the health insurance industry and strongly believes that consumers have a right to know the exact portion of premium dollars that are spent directly on health care services. We also suggest that the definition of "loss ratio" in state statute be more clearly defined to delineate such expenditures and welcome the opportunity to work with committee members on the development of such a definition.

Senate Bill 459 An Act Prohibiting Copayments for Preventive Services would prohibit group and individual health insurance policies providing coverage of the type specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of this state after January 1, 2012 from imposing a copayment deductible or other out-of-pocket expense for preventive care services. CSMS supports the goal of this legislation, to promote the health of Connecticut residents through the provision of affordable preventive care services. However, we must caution committee members that this legislation could potentially impact physicians negatively, making the provision of preventive services more difficult in many instances. Many physicians have entered into agreements with insurers and accepted reimbursement rates for preventive services based on arrangements



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

Testimony of the Connecticut Insurance Department

Senate Bill 457 – An Act Concerning Consumer Report Cards

Public Hearing of
The Insurance and Real Estate Committee
Tuesday, January 27th, 2009

Raised Bill No. 457 will require the Insurance Department to include medical loss ratios in its managed care organization consumer report card that is published annually in accordance with Section 38a-478l. The Connecticut Insurance Department can accommodate the requirements of this legislation and therefore does not oppose Raised Bill No. 457.

**JOINT
STANDING
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HEARINGS**

**INSURANCE AND
REAL ESTATE
PART 3
626 - 956**

2009

**Testimony of the Connecticut Society of Eye Physicians
CT ENT Society
CT Dermatology and Dermatologic Surgery Society
On
SB 46, An Act Concerning Transparency of Medical Loss Ratio Information
Presented to the Insurance and Real Estate Committee
By
Steven Thornquist, M.D.**

SB457

February 5, 2009

Good morning Senator Crisco, Representative Fontana, and distinguished members of the Insurance Committee. My name is Steven Thornquist, M.D. I am the Secretary of the Connecticut State Medical Society and Past President of the CT Society of Eye Physicians and I am here representing over 700 physicians practicing ophthalmology, dermatology and ENT medicine in Connecticut. I am here today to support SB46, a bill that would provide real and useful information on the efficiencies of the organizations looking to contract and manage healthcare premium dollars for consumers and business in Connecticut. This legislation would provide this information in the form of a standard ratio of premium dollars and direct medical expenses at the point of purchase and allow direct comparison.

People and businesses in the United States are facing economic challenges that are unprecedented in our lifetime, and it has become increasingly important for patients to become informed consumers and partners in their own health care. Currently, there are physician profiles available which allows patients to research their providers, and with the growing popularity of the World Wide Web, it is easier than ever for them to select a highly skilled and expertly qualified

physician. Patients routinely use the web to learn more about their health problems and the treatment options, prognosis, and other resources available today. Consumer health care education, however, comes to an abrupt halt when it comes to insurance companies and Managed care organizations.

We spend a great deal of time selecting our providers, who may or may not be “in-network”, but we have only limited access to information that would enable us to make informed decisions about the insurers we “hire” to manage our healthcare dollars in an efficient manner. This includes the details about insurers that actually provide coverage for the various treatment options available and their efficiency in managing premium dollars. Too often, we as consumers review only the cost of the premium and the provider networks to see if our “doc” is there, when making a choice on which insurer is better. Consumers need more information to make informed decisions on the overall performance of the carrier. They need to know how much of their healthcare premium is being spent on direct healthcare costs. Doesn't it make sense for consumers to purchase a policy which is reasonably priced and uses more of their premium dollars on benefits versus administrative costs- including run-away bonus compensation packages for CEOs and marketing expenses?

SB 46 is a good start to providing this much needed transparency. Another bill dealing with transparency SB457 had a public hearing last week. This bill is another piece to the Transparency picture- it required that the Insurance Department post the medical loss ratios on the

Consumer Report Card. By passing both of these bills we will begin to educate the consumer and identify the (administrative?) medical expenses in the healthcare premium equation and look to build more efficiencies in an industry that has gone far too long unchecked. Transparency is the best way to insure competition and better performance and to establish the checks and balances needed to ensure cost control and accountability.

We as Americans cannot afford another industry bailout, nor can we afford the ever rising healthcare premiums which, in the eyes of healthcare providers, seem disconnected from direct healthcare costs. Healthcare providers across the state hope you will take this important step towards Transparency and shed some light on the high price of healthcare premiums and ultimately make us all better consumers with this knowledge.

Please support both SB 47 and SB457 and help bring Connecticut out of the darkness.

Thank you

SENATOR MARTIN M. LOONEY

MAJORITY LEADER

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299, 47, 46

February 5, 2009

SB 457

Good Morning Senator Crisco, Representative Fontana and members of the Insurance and Real Estate Committee. I am here to testify in support of three bills that are on the agenda this afternoon: S. B. No. 299 AN ACT EXPANDING HEALTH INSURANCE COVERAGE FOR ROUTINE PATIENT CARE COSTS FOR CLINICAL TRIAL PATIENTS, S. B. No. 47 AN ACT CONCERNING HEALTH CARE PROVIDER CONTRACTS, and S. B. No. 46 AN ACT CONCERNING TRANSPARENCY OF MEDICAL LOSS RATIO INFORMATION

SB 299, AN ACT EXPANDING HEALTH INSURANCE COVERAGE FOR ROUTINE PATIENT CARE COSTS FOR CLINICAL TRIAL PATIENTS, would expand coverage of routine patient care costs for clinical trial patients to clinical trials for serious or life threatening diseases and ensure that third party payers retain their responsibility to patients. In 2001 the Connecticut General Assembly passed PA 01-171 which required Insurers to sustain their responsibility to

Under President Clinton, Medicare made this common sense change to cover routine patient care costs for clinical trial patients. I believe that the Connecticut General Assembly should make this same change.

I would also like to express my support for SB No. 47 AN ACT CONCERNING HEALTH CARE PROVIDER CONTRACTS. This bill would address the need to prohibit insurance companies from making unilateral changes to contracts and the need to require insurance companies to disclose the full Current Procedural Technology (CPT) fee schedule disclosure. These represent important and necessary changes to our insurance statutes.

Last week I testified in support of and suggest some modifications to S.B. 457, AN ACT CONCERNING CONSUMER REPORT CARDS: I would like to offer similar comments in regard to SB 46, An Act Concerning Transparency of Medical Loss Ratio Information.

Transparency is always the best tool for educated decision-making. Currently the MCOs must report medical loss ratio to the Insurance Department; the Department should include this information on its Consumer Report Card as would be required under SB 457. I believe that MCOs should also be required to report their Medical Loss Ratios to any employer or individual who is attempting

to choose a health insurance plan which is required by SB 46. This data would allow potential customers to choose a plan that emphasized medical coverage rather than administration. It is difficult to conceive of an argument against this policy; surely no one could sincerely claim that Medical Loss Ratio is proprietary information. The MCOs are not being asked to provide detailed data or information on the inner workings of the corporation. Allowing a consumer to compare plans' spending priorities is simply common sense.

I would also suggest that CGS section 38a-478l(b) be amended to require MCOs to release the Current Procedural Technology (CPT) code, National Uniform Billing Committee (NUBC) code, National Drug Code (NDC), and Healthcare Common Procedure Coding System HCPCS payments to the Commissioner of Insurance for use in the consumer report card. This disclosure of the dollars actually paid to providers would be an additional tool to help consumers make a more educated choice regarding health insurance. I believe that these proposals would increase transparency in the market and thus create a more rational healthcare system.

Thank you.

**JOINT
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**INSURANCE AND
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PART 6
1612 - 1937**

2009



160 St Ronan Street, New Haven, CT 06511-2390 (203) 865-0587 FAX (203) 865-4997

Connecticut State Medical Society Testimony
House Bill 6530 An Act Concerning the Accessibility and Effectiveness of Consumer Report Cards and
Transparency In Health Insurance Claims Data
Senate Bill 961 An Act Concerning Medical Malpractice Data Reporting
Senate Bill 962 An Act Concerning Wellness Incentives
Insurance and Real Estate Committee.
February 24, 2009

Senator Crisco, Representative Fontana and members of the Insurance And Real Estate Committee, on behalf of the more than 7,000 members of the Connecticut State Medical Society (CSMS) thank you for the opportunity to present this testimony to you today on **House Bill 6530 An Act Concerning the Accessibility and Effectiveness of Consumer Report Cards and Transparency in Health Insurance Data Claims**. This bill attempts to strengthen initiatives to provide consumers with reports about health centers, health insurers and the provider networks contracted with them. CSMS has regularly promoted and support these efforts in our State. This will provide greater access to information relevant and necessary for consumers, employers and physicians to make educated decisions regarding the purchasing of health insurance and provision of healthcare.

In general, the Bill will allow both employers and consumers to have better information about certain aspects of their respective relationships with their insurers. Relevant cost and reimbursement insurer information will be made available. While we welcome the opportunity to work with committees to strengthen appropriate reporting requirements, the language before you today appears confusing and without proper context or understanding of underlying circumstances may prove misleading to employers and consumers. For example, member utilization rates among doctors may seem very much askew, unless one is able to contextualize the relationship of the doctor to the member population.

Recently, CSMS has testified before you on similar bills to expand the consumer report card to include the medical loss ratio of medical liability insurers (**Senate Bill 457 An Act Concerning Consumer Report Cards**) and to strengthen the definition of medical loss ratio on (**Senate Bill 46 An Act Concerning Transparency of Medical Loss Ratio Information**). We suggest to the committee today that accepting our testimony on those bills that included the attached definitions related to medical loss ratios as developed by the AMA would allow this committee to accomplish the goal of **HB 6530** in a more clear and concise manner.

CSMS has consistently supported the collection and reporting of Medical Liability Closed Claims Data. CSMS supports the expansion of the current statute as would be required in **Senate Bill 961 An Act Concerning Medical Malpractice Data Reporting**. The legislation before you will capture a fast growing