



General Assembly

February Session, 2004

Substitute Bill No. 5203

* _____ HB05203PH _____ 033104 _____ *

AN ACT CONCERNING MANAGED CARE CONTRACTS AND PHYSICIANS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 5 of public act 03-169 is repealed
2 and the following is substituted in lieu thereof (*Effective October 1,*
3 *2004*):

4 (a) If the Insurance Commissioner determines that a preferred
5 provider network or managed care organization, or both, has not
6 complied with any applicable provision of section 38a-479aa, sections
7 38a-226 to 38a-226d, inclusive, or sections 38a-815 to 38a-819, inclusive,
8 of the general statutes, sections 2 to 7, inclusive, of [this act], public act
9 03-169, as amended by this act, or any of the contractual provisions
10 required pursuant to subsection (d) of section 2 of public act 03-169,
11 the commissioner may (1) order the preferred provider network or
12 managed care organization, or both if both have not complied, to cease
13 and desist all operations in violation of said sections; (2) terminate or
14 suspend the preferred provider network's license; (3) institute a
15 corrective action against the preferred provider network or managed
16 care organization, or both if both have not complied; (4) order the
17 payment of a civil penalty by the preferred provider network or
18 managed care organization, or both if both have not complied, of not
19 more than one thousand dollars for each and every act or violation; (5)

20 order the payment of such reasonable expenses as may be necessary to
21 compensate the commissioner in conjunction with any proceedings
22 held to investigate or enforce violations of section 38a-479aa, as
23 amended, sections 38a-226 to 38a-226d, inclusive, sections 38a-815 to
24 38a-819, inclusive, or sections 2 to 7, inclusive, of [this act] public act
25 03-169, as amended by this act; and (6) use any of the commissioner's
26 other enforcement powers to obtain compliance with section 38a-
27 479aa, as amended, sections 38a-226 to 38a-226d, inclusive, sections
28 38a-815 to 38a-819, inclusive, or sections 2 to 7, inclusive, of [this act]
29 public act 03-169, as amended by this act. The commissioner may hold
30 a hearing concerning any matter governed by section 38a-479aa, as
31 amended, sections 38a-226 to 38a-226d, inclusive, sections 38a-815 to
32 38a-819, inclusive, or sections 2 to 7, inclusive, of [this act] public act
33 03-169, as amended by this act, in accordance with section 38a-16.
34 Subject to the same confidentiality and liability protections set forth in
35 subsections (c) and (k) of section 38a-14, the commissioner may engage
36 the services of attorneys, appraisers, independent actuaries,
37 independent certified public accountants or other professionals and
38 specialists to assist the commissioner in conducting an investigation
39 under this section, the cost of which shall be borne by the managed
40 care organization or preferred provider network, or both, that is the
41 subject of the investigation.

42 Sec. 2. Section 6 of public act 03-169 is repealed and the following is
43 substituted in lieu thereof (*Effective October 1, 2004*):

44 No health insurer, health care center, utilization review company, as
45 defined in section 38a-226, or preferred provider network, as defined
46 in section 38a-479aa, as amended, shall take or threaten to take any
47 adverse personnel or coverage-related action against any enrollee,
48 provider or employee in retaliation for such enrollee, provider or
49 employee (1) filing a complaint with the Insurance Commissioner, the
50 Governor, any law enforcement agency or the Office of Managed Care
51 Ombudsman, or (2) disclosing information to the Insurance
52 Commissioner concerning any violation of section 38a-479aa, as
53 amended, sections 38a-226 to 38a-226d, inclusive, sections 38a-815 to

54 38a-819, inclusive, or sections 2 to 7, inclusive, of [this act] public act
55 03-169, as amended by this act, unless such disclosure violates the
56 provisions of chapter 705 or the privacy provisions of the federal
57 Health Insurance Portability and Accountability Act of 1996 (P.L. 104-
58 191) (HIPAA), as amended from time to time, or regulations adopted
59 thereunder. Any enrollee, provider or employee who is aggrieved by a
60 violation of this section may bring a civil action in the Superior Court
61 to recover damages and attorneys' fees and costs.

62 Sec. 3. Section 38a-478a of the general statutes, as amended by
63 section 11 of public act 03-169, is repealed and the following is
64 substituted in lieu thereof (*Effective October 1, 2004*):

65 On March 1, 1999, and annually thereafter, the Insurance
66 Commissioner shall submit a report, to the Governor and to the joint
67 standing committees of the General Assembly having cognizance of
68 matters relating to public health and relating to insurance, concerning
69 the commissioner's responsibilities under the provisions of sections
70 38a-226 to 38a-226d, inclusive, 38a-478 to 38a-478u, inclusive, as
71 amended, 38a-479aa, as amended, and 38a-993. The report shall
72 include: (1) A summary of the quality assurance plans submitted by
73 managed care organizations pursuant to section 38a-478c, as amended,
74 along with suggested changes to improve such plans; (2) suggested
75 modifications to the consumer report card developed under the
76 provisions of section 38a-478l; (3) a summary of the commissioner's
77 procedures and activities in conducting market conduct examinations
78 of utilization review companies and preferred provider networks,
79 including, but not limited to: (A) The number of desk and field audits
80 completed during the previous calendar year; (B) a summary of
81 findings of the desk and field audits, including any recommendations
82 made for improvements or modifications; (C) the number and a
83 description of complaints concerning managed care companies, and
84 any preferred provider network that provides services to enrollees on
85 behalf of the managed care organization, listed by managed care
86 company and preferred provider network, including a summary and
87 analysis of any trends or similarities found in the managed care

88 complaints filed by enrollees, and the number of each type of
89 disposition of such complaints, including findings of no violation or
90 voluntary compliance, the issuance of cease and desist orders, license
91 suspensions or terminations, orders of corrective action, orders of civil
92 penalty and orders of payment of the commissioner's expenses; (4) a
93 summary of the complaints received by the Insurance Department's
94 Consumer Affairs Division and the commissioner under section 38a-
95 478n, as amended, including a summary and analysis of any trends or
96 similarities found in the complaints received; (5) a summary of any
97 violations the commissioner has found against any managed care
98 organization or any preferred provider network that provides services
99 to enrollees on behalf of the managed care organization; and (6) a
100 summary of the issues discussed related to health care or managed
101 care organizations at the Insurance Department's quarterly forums
102 throughout the state.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>
Sec. 2	<i>October 1, 2004</i>
Sec. 3	<i>October 1, 2004</i>

PH *Joint Favorable Subst.*