



Senate

General Assembly

File No. 191

January Session, 2005

Substitute Senate Bill No. 929

Senate, April 6, 2005

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING STANDARDS IN CONTRACTS BETWEEN HEALTH INSURERS AND PHYSICIANS.

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

1 Section 1. (NEW) (*Effective October 1, 2005*) (a) As used in this
2 section: (1) "Contracting health organization" means (A) a managed
3 care organization, as defined in section 38a-478 of the general statutes,
4 or (B) a preferred provider network, as defined in section 38a-479aa of
5 the general statutes; and (2) "physician" means a physician or surgeon,
6 chiropractor, podiatrist, psychologist or optometrist.

7 (b) Each contract for services to be provided to residents of this state
8 entered into, renewed, amended or modified on or after October 1,
9 2005, between a contracting health organization and a physician shall
10 include provisions that: (1) Provide an explanation of the physician
11 payment methodology, the time periods for physician payments, the
12 information to be relied on to calculate payments and adjustments and
13 the process to be employed to resolve disputes concerning physician

14 payments; and (2) require that the contracting health organization
15 provide to each participating physician a copy of the fee schedule that
16 determines the physician's reimbursement.

17 Sec. 2. (*Effective from passage*) (a) There is established a task force to
18 study contracts between contracting health organizations, as defined in
19 section 1 of this act, and physicians, as defined in section 1 of this act.
20 The task force shall study such contracts to determine whether
21 legislation should be enacted to address contracts that allow the
22 organizations to (1) make unilateral changes in such contracts, or (2)
23 reduce the level of service coded on a claim submitted by a physician
24 without conducting a reasonable investigation based on all available
25 medical records pertaining to the claim.

26 (b) The task force shall consist of the following members:

27 (1) Two appointed by the speaker of the House of Representatives;

28 (2) Two appointed by the president pro tempore of the Senate;

29 (3) One appointed by the majority leader of the House of
30 Representatives;

31 (4) One appointed by the majority leader of the Senate;

32 (5) One appointed by the minority leader of the House of
33 Representatives;

34 (6) One appointed by the minority leader of the Senate;

35 (7) The Insurance Commissioner, or the commissioner's designee;
36 and

37 (8) The chairpersons and ranking members of the joint standing
38 committee of the General Assembly having cognizance of matters
39 relating to insurance.

40 (c) Any member of the task force appointed under subdivision (1),
41 (2), (3), (4), (5) or (6) of subsection (b) of this section may be a member

42 of the General Assembly.

43 (d) All appointments to the task force shall be made no later than
44 thirty days after the effective date of this section. Any vacancy shall be
45 filled by the appointing authority.

46 (e) The speaker of the House of Representatives and the president
47 pro tempore of the Senate shall select the chairpersons of the task
48 force, from among the members of the task force. Such chairpersons
49 shall schedule the first meeting of the task force, which shall be held no
50 later than sixty days after the effective date of this section.

51 (f) The administrative staff of the joint standing committee of the
52 General Assembly having cognizance of matters relating to insurance
53 shall serve as administrative staff of the task force.

54 (g) Not later than January 1, 2006, the task force shall submit a
55 report on its findings and recommendations to the joint standing
56 committee of the General Assembly having cognizance of matters
57 relating to insurance, in accordance with the provisions of section 11-
58 4a of the general statutes. The task force shall terminate on the date
59 that it submits such report or January 1, 2006, whichever is earlier.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	New section
Sec. 2	<i>from passage</i>	New section

INS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill makes various changes regarding contracts between managed care organizations (MCO) or preferred provider networks (PPN) and physicians. The bill also creates a task force to study MCO and PPN contracts. The bill has no fiscal impact.

OLR Bill Analysis

sSB 929

AN ACT CONCERNING STANDARDS IN CONTRACTS BETWEEN HEALTH INSURERS AND PHYSICIANS**SUMMARY:**

This bill requires contracts between a managed care organization (MCO) or preferred provider network (PPN) and a physician to explain (1) how and when the physician will be paid, (2) what information is used to calculate payments and related adjustments, and (3) the payment dispute resolution process. The contract must also require the MCO or PPN to give the physician the fee schedule that determines his payment. "Physician" includes a physician, surgeon, chiropractor, podiatrist, psychologist, and optometrist.

The bill also creates a task force to study MCO and PPN contracts with physicians to determine if legislation is needed regarding contracts that permit changes (1) unilaterally or (2) to provider billed service codes without a reasonable investigation based on all available claim-related medical records. The task force is to report findings and recommendations to the Insurance and Real Estate Committee by January 1, 2006.

EFFECTIVE DATE: October 1, 2005, except the task force provisions, which are effective upon passage.

TASK FORCE

The task force consists of 13 members, including the insurance commissioner or her designee and the chairmen and ranking members of the Insurance and Real Estate Committee. The remaining members can be General Assembly members and must be appointed within 30 days of the bill's passage as follows: (1) two by the House speaker, (2) two by the Senate president pro tempore, (3) one by the House majority leader, (4) one by the Senate majority leader, (5) one by the House minority leader, and (6) one by the Senate minority leader. In the case of a vacancy, the person who made the original appointment must appoint a replacement. The House speaker and Senate president pro tempore must choose the task force chairmen from among its

members. The Insurance and Real Estate Committee’s administrative staff will serve as task force staff. The task force disbands on the earlier of January 1, 2006 or when it submits its report.

BACKGROUND

Related Bills

Senate Bill 1249 redefines preferred provider networks, includes a subcategory of risk-bearing networks, and specifies required contractual provisions between an MCO and a risk-bearing network.

Senate Bill 1144 excludes certain private clinical laboratories from the “preferred provider network” definition.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 15 Nay 0