



# House of Representatives

General Assembly

**File No. 208**

February Session, 2006

House Bill No. 5189

*House of Representatives, March 29, 2006*

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the 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, 2006*) (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 2006 supplement  
4 to the general statutes, or (B) a preferred provider network, as defined  
5 in section 38a-479aa of the general statutes; and (2) "physician" means a  
6 physician or surgeon, chiropractor, podiatrist, psychologist or  
7 optometrist.

8 (b) Each contract for services to be provided to residents of this state  
9 entered into, renewed, amended or modified on or after October 1,  
10 2006, between a contracting health organization and a physician shall  
11 include provisions that: (1) Provide an explanation of the physician  
12 payment methodology, the time periods for physician payments, the  
13 information to be relied on to calculate payments and adjustments and  
14 the process to be employed to resolve disputes concerning physician

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

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

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

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

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

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

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

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

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

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

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

41 (c) Any member of the task force appointed under subdivision (1),  
42 (2), (3), (4), (5) or (6) of subsection (b) of this section may be a member

43 of the General Assembly.

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

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

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

55 (g) Not later than January 1, 2007, the task force shall submit a  
56 report on its findings and recommendations to the joint standing  
57 committee of the General Assembly having cognizance of matters  
58 relating to insurance, in accordance with the provisions of section 11-  
59 4a of the general statutes. The task force shall terminate on the date  
60 that it submits such report or January 1, 2007, whichever is later.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006</i>	New section
Sec. 2	<i>from passage</i>	New section

**INS**      *Joint Favorable*

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:

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Insurance Dept.	IF - None	None	None
Legislative Mgmt.	GF - None	None	None

Note: IF=Insurance Fund; GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill establishes a task force to study contracts between contracting health organizations and physicians, and appoints the Insurance Commissioner, or her designee, which results in no fiscal impact to the agency. It also appoints the chairs and ranking members of the Insurance and Real Estate Committee to the task force. To the extent that legislators serve on the task force Legislative Management may incur minimal costs for legislator mileage reimbursements (currently 44.5 cents per mile), such costs are budgeted for, and can be handled within the agency’s normal budgetary resources. The Insurance and Real Estate Committee’s administrative staff serves as the task force staff which results in no fiscal impact.

**The Out Years**

The task force disbands on or before January 1, 2007 thus, there are no out year fiscal impacts.

**OLR Bill Analysis  
HB 5189*****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 entered into, renewed, amended, or modified on or after October 1, 2006, 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 creates a task force to study MCO and PPN contracts with physicians to determine if legislation is needed regarding contracts that permit MCOs and PPNs to (1) make unilateral changes or (2) reduce provider billed service codes without a reasonable investigation based on all available claim-related medical records. The task force must report its findings and recommendations to the Insurance and Real Estate Committee by January 1, 2007.

EFFECTIVE DATE: October 1, 2006, except for 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 may be legislators and must be appointed within 30 days of the bill's passage as follows: (1) two each by the House speaker and the Senate

president pro tempore and (2) one each by the House majority leader, the Senate majority leader, the House minority leader, and the Senate minority leader. In the case of a vacancy, appointing authority appoints a replacement. The House speaker and Senate president pro tempore must choose the task force chairmen from among its members. The chairmen must schedule and hold the task force's first meeting within 60 days of the bill's passage. The Insurance and Real Estate Committee's administrative staff serves as task force staff. The task force disbands on the earlier of January 1, 2007 or when it submits its report.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/16/2006)