



House of Representatives

General Assembly

File No. 19

February Session, 2006

House Bill No. 5461

House of Representatives, March 15, 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 PREFERRED PROVIDER NETWORKS.

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

1 Section 1. Subdivision (7) of section 38a-479aa of the general statutes
2 is repealed and the following is substituted in lieu thereof (*Effective*
3 *from passage*):

4 (7) "Preferred provider network" means a person, which is not a
5 managed care organization, but which pays claims for the delivery of
6 health care services, accepts financial risk for the delivery of health
7 care services and establishes, operates or maintains an arrangement or
8 contract with providers relating to (A) the health care services
9 rendered by the providers, and (B) the amounts to be paid to the
10 providers for such services. "Preferred provider network" does not
11 include (i) a workers' compensation preferred provider organization
12 established pursuant to section 31-279-10 of the regulations of
13 Connecticut state agencies, [or] (ii) an independent practice association
14 or physician hospital organization whose primary function is to
15 contract with insurers and provide services to providers, or (iii) a

16 private clinical laboratory, licensed pursuant to section 19a-30, whose
17 primary payments for any contracted or referred services are made to
18 other licensed clinical laboratories or for associated pathology services.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-479aa(7)

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:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill excludes certain licensed clinical laboratories from the definition of “preferred provider network”. The bill has no fiscal impact.

The Out Years

There is no fiscal impact in the out years.

**OLR Bill Analysis
HB 5461*****AN ACT CONCERNING PREFERRED PROVIDER NETWORKS.*****SUMMARY:**

This bill excludes from the Connecticut insurance code's definition of a "preferred provider network" (PPN) clinical laboratories licensed by the Department of Public Health whose primary payments for contracted or referral services are made to other licensed laboratories or for associated pathology services. Under current law, the insurance commissioner licenses and regulates PPNs. Thus, this bill excludes such laboratories from PPN requirements.

Current law excludes from the PPN definition: (1) managed care organizations, (2) workers' compensation preferred provider organizations, and (3) independent practice associations and physician hospital associations whose primary function is to contract with insurers and provide services to providers.

EFFECTIVE DATE: Upon passage

BACKGROUND***Preferred Provider Network***

A PPN enters into contracts with health care providers who agree to deliver health care services to covered individuals in exchange for payment. The PPN pays health care claims, taking on the financial risk for the delivery of services.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (03/07/2006)