

STATEMENT

INSURANCE ASSOCIATION OF CONNECTICUT

Judiciary Committee

March 21, 2007

SB 1445-An Act Concerning Collateral Source Benefits In Civil Actions

The IAC urges your support of SB 1445, An Act Concerning Collateral Source Benefits In Civil Actions.

SB 1445 limits the premium credits a party is able to claim once collateral source offsets are taken. The current practice in Connecticut permits a party to claim a credit for premiums paid to procure health insurance against any collateral source offset. Plaintiffs are currently allowed to claim a full year of premium, paid by or on the behalf of that individual and his family, for all calendar years in which the plaintiff is treated. SB 1445 limits the premium credit to premium cost for the treatment period for the individual only. Such limit will have a favorable impact on settlements.

Furthermore, SB 1445 limits a claimable offset to amounts that have actually been paid or are due healthcare providers. In today's healthcare world providers bills are seldomly paid in full. Often times the amount paid, or due, to the provider is reduced by health carriers or many times reduced by the provider themselves or plaintiffs request healthcare providers to compromise or reduce their bills. And, as such, the amount of the actual damages is less than the amount claimed. When a provider's bill is reduced, but an individual claims an offset for the full amount of the bill, the individual receives a windfall which is contrary to the purpose of the collateral offset statutes.

Finally, SB 1445 limits what evidence may be submitted to the trier of fact to document damages. SB 1445 specifically requires that the trier of fact be informed of any damage amounts that have been reduced, forgiven or discharged so that awards only take into consideration the actual damages. As a result, SB 1445 will prevent the artificial inflation of awards.

For the above stated reasons, the IAC urges your support of SB 1445.