



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony of the Connecticut Insurance Department Before The Human Services Committee

Tuesday, March 11, 2008

House Bill 5905--An Act Modifying the Definition of Preferred Provider Network and Clarifying Certain Provisions of the Charter Oak Health Plan

The Connecticut Insurance Department supports House Bill 5905- An Act Modifying the Definition of Preferred Provider Network and Clarifying Certain Provisions of the Charter Oak Health Plan.

This bill provides an exemption from licensing as a Preferred Provider Network (PPN) for any non profit entity which provides services only to recipients of public assistance programs, including Medicaid, the state-administered general assistance program, and the Charter Oak Health Plan. The Insurance Department supports this exemption due to the fact that these are public assistance programs, not sold in the commercial market, most of which are subject to Federal requirements in addition to state requirements which are overseen by the Department of Social Services. The Department notes that this exemption only applies to entities doing business exclusively for state assistance clients. If an entity does commercial business in addition to the public business, it is not exempt under this bill.

The bill also permits the Commissioner of Social Services, with respect to the Charter Oak Health Plan, to contract with any organization authorized to do health insurance business in this state. The Insurance Department supports this technical correction, and believes it is in the State's best interests for the Department of Social Services to have the largest number of potential entities from which to select to provide services to the Charter Oak Health Plan. This change is consistent with the existing law on the HUSKY programs.

Furthermore, the bill provides clarity and confirmation regarding the regulatory authority of the Insurance Department. The bill makes it clear that any entity required under the general statutes to be licensed by the Insurance Department (which includes health insurers and health care centers) will continue to be so licensed and regulated by the Insurance Department. Any entities which are not required under the general statutes to be licensed by the Insurance Department, which include the consortia specified in this bill, will continue to be unregulated by the Insurance Department, but subject to monitoring and oversight by the Department of Social Services (as currently exists).

The Department recommends passage of this bill.

Thank you for the opportunity to submit testimony on Raised Bill 5905. If any questions arise, please do not hesitate to contact Debra Korta at 297-3864, Legislative Program Manager for the Connecticut Insurance Department.