



# Senate

General Assembly

**File No. 236**

January Session, 2009

Substitute Senate Bill No. 46

*Senate, March 26, 2009*

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 THE CONSUMER REPORT CARD.***

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

1 Section 1. Section 38a-478l of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2009*):

3 (a) Not later than March [15, 1999, and annually thereafter] fifteenth  
4 of each year, the Insurance Commissioner, after consultation with the  
5 Commissioner of Public Health, shall develop and distribute a  
6 consumer report card on all managed care organizations. The  
7 commissioner shall develop the consumer report card in a manner  
8 permitting consumer comparison across organizations.

9 (b) The consumer report card shall be known as the "Consumer  
10 Report Card on Health Insurance Carriers in Connecticut" and shall  
11 include (1) all health care centers licensed pursuant to chapter 698a, (2)  
12 the fifteen largest licensed health insurers that use provider networks  
13 and that are not included in subdivision (1) of this subsection, [and] (3)  
14 the medical loss ratio of each such health care center or licensed health

15 insurer, and (4) information concerning mental health services, as  
16 specified in subsection (c) of this section. The insurers selected  
17 pursuant to subdivision (2) of this subsection shall be selected on the  
18 basis of Connecticut direct written health premiums from such  
19 network plans. For the purposes of this section and section 2 of this act,  
20 and sections 38a-478c and 38a-478g, "medical loss ratio" means the  
21 ratio of incurred claims to earned premiums for the prior calendar year  
22 for managed care plans issued in the state. Claims shall be limited to  
23 medical expenses for services and supplies provided to enrollees and  
24 shall not include expenses for stop loss coverage, reinsurance, enrollee  
25 educational programs or other cost containment programs or features.

26 (c) With respect to mental health services, the consumer report card  
27 shall include information or measures with respect to the percentage of  
28 enrollees receiving mental health services, utilization of mental health  
29 and chemical dependence services, inpatient and outpatient  
30 admissions, discharge rates and average lengths of stay. Such data  
31 shall be collected in a manner consistent with the National Committee  
32 for Quality Assurance Health Plan Employer Data and Information Set  
33 (HEDIS) measures.

34 (d) The commissioner shall test market a draft of the consumer  
35 report card prior to its publication and distribution. As a result of such  
36 test marketing, the commissioner may make any necessary  
37 modification to its form or substance. The Insurance Department shall  
38 prominently display a link to the consumer report card on the  
39 department's Internet web site.

40 Sec. 2. (NEW) (*Effective October 1, 2009*) An insurer or health care  
41 center shall include a written notice with each application for  
42 individual or group health insurance coverage that discloses such  
43 insurer's or health care center's medical loss ratio, as defined in  
44 subsection (b) of section 38a-478l of the general statutes, as amended  
45 by this act, to an applicant at the time of application for coverage.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	38a-478l
Sec. 2	<i>October 1, 2009</i>	New section

**Statement of Legislative Commissioners:**

In section 2, "with each application for individual or group health insurance coverage" was inserted after "written notice" for clarity.

**INS**      *Joint Favorable Subst.-LCO*

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:** None

**Municipal Impact:** None

**Explanation**

This bill makes changes to the requirements for the consumer report card currently developed and distributed by the Insurance Department and does not result in a fiscal impact.

**The Out Years**

None

**OLR Bill Analysis****sSB 46*****AN ACT CONCERNING THE CONSUMER REPORT CARD.*****SUMMARY:**

This bill requires:

1. the insurance commissioner to include in the annual health insurance consumer report card the “medical loss ratio” of each insurer and HMO the report discusses,
2. the insurance department to prominently display a link to the report card on its website, and
3. each health insurer or HMO to disclose its “medical loss ratio” in writing to a person when he or she applies for coverage.

The bill defines “medical loss ratio” as the ratio of incurred claims to earned premiums for the prior calendar year for managed care plans issued in Connecticut. It limits “claims” to medical expenses for services and supplies provided to enrollees, excluding expenses for stop loss coverage, reinsurance, enrollee educational programs, and other cost containment programs or features.

It applies this definition to the laws requiring a managed care organization (MCO) to give certain information, including medical loss ratio, to the commissioner and plan enrollees (see COMMENT). The law defines an MCO as an insurer, HMO, hospital or medical service corporation, or other organization delivering, issuing, renewing, or amending individual or group health managed care plans in Connecticut.

The bill also names the report card the “Consumer Report Card on

Health Insurance Carriers in Connecticut” and makes technical changes. The report card is a comparison guide of all HMOs and the 15 largest insurers that offer managed care plans in Connecticut.

EFFECTIVE DATE: October 1, 2009

**COMMENT**

***Potential Conflict with Existing Law***

The laws requiring an MCO to give certain information to the commissioner and plan enrollees require it to disclose its “medical loss ratio,” which they describe as the “percentage of the total premium revenues spent on medical care compared to administrative costs and plan marketing” (CGS §§ 38a-478(a)(4) and 38a-478g(b)(9)). The definition the bill provides appears to conflict. Thus, it is unclear which definition an MCO should follow.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 13    Nay 6    (03/10/2009)