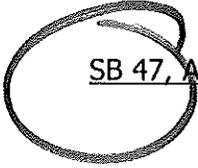


Statement**Insurance Association of Connecticut**

Insurance and Real Estate Committee

February 5, 2009

SB 47, An Act Concerning Health Care Provider Contracts

The Insurance Association of Connecticut opposes SB 47, An Act Concerning Health Care Provider Contracts.

Overall, Workers' Compensation rates have decreased over 50 per cent in the standard market since 1993. Connecticut's employers have benefited from these cost changes. Lower business costs mean a greater ability to compete in their respective marketplaces. The use of managed care plans has been one reason why Workers' Compensation costs have decreased, by helping to control the cost of medical services provided for work-related injuries.

SB 47 seeks to statutorily restrict terms of contracts to be negotiated between freely contracting parties, and as such is contrary to the basic principle of freedom of contract. If a physician does not like a contractual arrangement, then the physician is free not to agree to it. If the physician doesn't like the terms of the arrangement after working under it, then the provider can terminate his or her relationship under the terms of that contract.

SB 47 would also require unspecified "investigations" before a coded service level on a claim could be reduced. Unfortunately, upcoding (charging for a level of service higher than that which was actually performed) by health care providers is an issue in Workers' Compensation. If entities are prevented from efficiently and effectively detecting overcharges due to such "investigation" standards, Workers' Compensation costs would be increased unnecessarily.

Legislation similar to SB 47 has been previously rejected by the General Assembly. Once again, the IAC urges rejection of SB 47.