



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

959

Testimony of Thomas R. Sullivan
Commissioner of the Connecticut Insurance Department
Before the
Insurance and Real Estate Committee
Tuesday, February 24th, 2009

**Raised Bill 959—An Act Concerning External Appeals of Adverse Determinations
by a Managed Care Organization, Health Insurer or Utilization Review Company**

Raised Bill 959—An Act Concerning External Appeals of Adverse Determinations by a Managed Care Organization, Health Insurer or Utilization Review Company has been raised at the request of the Connecticut Insurance Department. The Department would like to thank the Co-Chairman of the Insurance and Real Estate Committee for raising this bill on our behalf.

Raised Bill 959 enhances the Insurance Department's external appeals program by adopting the National Association of Insurance Commissioners (NAIC) Model Law's provisions on expedited appeals, firming up quality control standards and clarifying situations when a provider may initiate an appeal. Current law on external appeals will be maintained which include stronger protections than those in the NAIC Model Law. The changes proposed are enhancements and clarifications that will further improve consumer protections.

More than 200 Connecticut residents per year take advantage of the Insurance Department's external appeals program to appeal denials by health insurers, managed care organizations or utilization review companies of health claims based on medical necessity; or determinations based on medical necessity determinations not to certify a hospital admission, medical service, medical procedure or extension of a hospital stay. In 2008, 211 residents filed external appeals; and of those meeting statutory requirements and accepted for review, the payor's claim decision was either reversed or partially reversed in 45% of the cases, while the payor's decision was affirmed by the independent review entity in 56% of the appeals reviewed.

Among the improvements over the present external appeals statutes:

- It adopts provisions for expedited external reviews when needed in life threatening and emergency situations.
- It adopts NAIC standards on standards and the selection process of external review entities. These standards include quality controls, ability to meet time frames and to electronically receive data after hours, standards of clinical expertise, and confidentiality standards.
- It adopts NAIC data reporting requirements.

- It clarifies that a provider may initiate an external appeal for an enrollee without receiving the enrollee's explicit consent.

Once again, thank you for raising this bill on the Department's behalf and we would ask that you support this proposal. We would be happy to answer any questions you may have.