

47 3 Exhibits on File

**Testimony of the Connecticut Society of Eye Physicians
The Connecticut Ear, Nose and Throat Physician Society, and the Connecticut Dermatology
And Dermatologic Surgery Society
On
SB 47 AN ACT CONCERNING STANDARDS IN CONTRACTS BETWEEN HEALTH INSURERS AND
PHYSICIANS
Given to the Insurance and Real Estate Committee
by Steven Thornquist, M.D.**

February 5, 2009

Good afternoon, Chairman Crisco, Chairman Fontana, and distinguished members of the Insurance Committee. For the record my name is Dr. Steven Thornquist. I am here representing over 700 physicians in the Eye, ENT, and Skin specialties to testify on the need for Standards in Contracting and in support of SB 47. First I would like to thank the chairs and this committee for once again bringing this significant issue to public hearing. Many of you may recall our testimony every year since 2000. We thank you for that required partial fee disclosure in 2006 and Act 07-75 which established a much needed definition of medical necessity for 2009. While we are grateful for these improvements, physicians are still having to sign "take it or leave it" contracts that provide no fee guarantees, partial and inadequate fee schedules (an absolute necessity for making sound business decisions), and reduced payments from the unjustified bundling of services. Physicians still have no bargaining power, and anti-trust laws restrict physicians from collectively negotiating. The need for Standards in Contracting legislation between physicians and the managed care industry is now beyond critical; it is code blue.

I can not imagine that there is anyone in this room that thinks the healthcare delivery system is better off than it was eight years ago. Many of my colleagues and patients question where the money in healthcare is going. Physician payments have remained flat or decreased, while premiums experience double digit inflation and co-pays go through the ceiling. Consumers also read that insurance companies are paying outrageous compensation packages to their CEOs and administrators, and are making record profits.

We need to bring back a balance of power in the healthcare system by providing some badly needed protections to abused healthcare providers. It is time to make the insurance industry accountable to the consumer through increased transparency. Let consumers decide which carrier makes the best use of their healthcare premiums. It is our hope that this committee consider the transparency issue and some basic "Standards in Contracting" language:

1. Provide Payment Methodology and full fee schedule. This is desperately needed to make sound business decisions and for reference when the industry takes back payments they claim were erroneously made to the healthcare provider – sometimes three years after.
2. Provide the Medical Director's name for appeal purposes.

3. Prevent unilateral changes to a healthcare contract once a physician has signed the contract.
4. Allow the physician to discuss the fees and negotiate the terms of the contract.
5. Prevent the automatic down-coding of claims and insure fair payment for services rendered and prevent bundling of services which are not bundled in CPT Guidelines. The industry has historically tried to pay for one service when a physician has done two separate and billable services if they are performed on the same day. This is what we refer to as the bundling of services. The industry also sometimes automatically reduces the level of service performed by a physician without reviewing records. By adopting this clause it will improve both the quality and efficiency of healthcare. Concerns over inappropriate services and over-billing (both actually very rare) can be handled through quality assurance and practice patterns, just as they are now.
6. Limit carrier "Take Back" of reimbursements to 90 days after a clean claim is filed.

Some insurers have denied doing any of these things. If that is so, then they will not be affected by this legislation. Please give us the tools to address those that do. It is also difficult to comprehend that these large companies with legions of actuaries, accountants and analysts cannot what most other operations to: develop a contract they can live with for the contract period – typically only one year. Furthermore, it is impossible to ignore that while physicians, employers and patients are being squeezed by big insurance companies, they are shamelessly reaping record profits and some executives enjoy compensation packages most of us consider outrageous.

We ask for your support for this legislation that requires contracts that prohibit unilateral changes, the bundling and down-coding of services, limits the take back period on MCO administrative errors to 90 days and requires full fee disclosure to healthcare providers. Thank you and I will be happy to answer any questions from the committee