



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

765

### Testimony of the Connecticut Insurance Department

#### Raised Bill 765 – An Act Concerning Rental Network Contract Arrangements

#### Public Hearing of The Insurance and Real Estate Committee Tuesday, February 3rd, 2009

Raised Bill 765 is a proposed amendment to an existing law under which jurisdiction rests with the Department of Consumer Protection. This bill shifts enforcement responsibility to the Insurance Department.

The Connecticut Insurance Department opposes this bill due to the fiscal impact on the Department and its long-standing position that independent parties should be free to establish terms and conditions of private contracts.

This bill places significant additional duties upon the Department which will impact the Department in 5 main areas and will necessitate additional resources:

1. Consumer Services will need to answer questions from providers and handle complaints from providers.
2. Market Conduct will need to monitor (a) contract language (b) 90-day updates (c) proper claims payment (d) maintenance of web site, toll free numbers and ID card information (e) remittance advice, and (f) other items as specified in the bill, with respect to the licensed entities it now reviews (including health insurers and health care centers).
3. Fraud, Investigations and Compliance unit will need to monitor the issues listed above for the regulated entities it already supervises (Preferred Provider Networks, Medical Discount Plans, and Marketers for Medical Discount Plans).
4. The Department will need to assign a new area to monitor the activity of certain entities covered under the law which are not under the statutory authority of the Department as these entities are not required to have a license or certificate of registration from the Department. The number of such entities is unknown.
5. It is anticipated that, with these new requirements and enforcement, there will be a significant increase in the number of administrative hearings which will necessitate additional resources from the Department's Legal Division.

In conclusion, and for the reasons outlined above, the Connecticut Insurance Department opposes Raised Bill 765.