



Office of The Attorney General
State of Connecticut

959

*TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE INSURANCE AND REAL ESTATE COMMITTEE
FEBRUARY 24, 2009*

I appreciate the opportunity to support Senate Bill 959, An Act Concerning External Appeals of Adverse Determinations by a Managed Care Organization, Health Insurer or Utilization Review Company.

This legislation establishes a fair and uniform process for ensuring that external appeals of health insurance claim denials are reviewed consistently by impartial entities with no ties to the health insurance industry.

External appeals are the last hope for an insured seeking coverage for a procedure or treatment that has been deemed medically necessary by a health care provider.

Under current law, health insurance companies must review a claim for insurance coverage. If the company denies the claim, it must provide a review of its denial through a utilization review company. (While state law provides certain protections for insured, there are a number of improvements that I have proposed, along with the Healthcare Advocate, that are contained in Senate Bill 958). If the insurer's denial is upheld, the insured may appeal to the Insurance Commissioner for a so-called external appeal.

Although the Insurance Commissioner contracts with several private companies to conduct the external appeals, state law provides only limited guidance and protections for consumers. There are few restrictions on the type of private company that can provide this critical review.

Senate Bill 959 provides consumers with greater rights and assurances of a fair external review by:

- (1) requiring insurers to provide all documentation within 5 business days of notice of the external appeal's full review process;
- (2) establishing an expedited review process when the procedure or treatment involves a life-threatening situation;
- (3) detailing the types of medical information that the reviewing entity may rely on in determining medical necessity;
- (4) eliminating the requirement that the Insurance Commissioner shall follow the recommendation of the reviewing entity;

- (5) prohibiting the reviewing entity from having any ownership or other ties to a health insurer or managed care company or their trade associations;
- (6) requiring transparency in the review process by mandating the reviewing entity maintain all records associated with the review for at least 6 years.

I urge the committee's favorable consideration of Senate Bill 959.