



Senate

General Assembly

File No. 20

February Session, 2010

Substitute Senate Bill No. 17

Senate, March 11, 2010

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING HEALTH CARE PROVIDER RENTAL NETWORK CONTRACT ARRANGEMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42-491 of the 2010 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2010*):

4 (a) Any contracting entity that enters into or renews a contract with
5 a health care provider on or after January 1, 2009, and that sells, leases,
6 rents, assigns or grants access to such provider's health care services,
7 discounted rates or fees shall include in such contract a provision
8 specifically stating that such contracting entity may sell, lease, rent,
9 assign or grant access to such provider's health care services,
10 discounted rates or the fees established in such contract.

11 (b) (1) Each such contracting entity that sells, leases, rents, assigns or
12 grants access to any covered entity, a physician panel or a health care
13 provider's health care services, discounted rates or fees shall:

14 [(1)] (A) Maintain an Internet web site or a toll-free telephone
15 number through which a health care provider may obtain a listing of
16 the covered entities to which such provider's services, discounted rates
17 or fees have been sold, leased, rented, assigned or granted access. Such
18 contracting entity shall update such listing on a routine basis not less
19 than every ninety days; and

20 [(2)] (B) Upon request at the time of entering into such contract,
21 provide a list to the health care provider of all known covered entities
22 to which such contracting entity may sell, lease, rent, assign or grant
23 access to such provider's health care services, discounted rates or fees.
24 Such contracting entity shall update such list on a routine basis not less
25 than every ninety days.

26 (2) Each covered entity that subsequently sells, leases, rents, assigns
27 or grants access to such provider's health care services, discounted
28 rates or fees shall:

29 (A) Maintain an Internet web site or a toll-free telephone number
30 through which a health care provider may obtain a listing of the
31 entities to which such provider's services, discounted rates or fees have
32 been subsequently sold, leased, rented, assigned or granted access; and

33 (B) At the time of such subsequent selling, leasing, renting,
34 assigning or granting of access, inform the contracting entity and the
35 health care providers such contracting entity has directly contracted
36 with of the Internet web site address or toll-free telephone number
37 established under subparagraph (A) of this subdivision.

38 (c) Each covered entity shall pay the health care provider's
39 discounted rates or fees in accordance with the terms and conditions
40 set forth in the contract between the contracting entity and such
41 provider.

42 (d) Subject to any applicable continuity of care requirements,
43 agreements or contractual provisions with a health care provider, a
44 covered entity's right to exercise a contracting entity's rights and

45 responsibilities under a contract shall terminate on the date such
46 contracting entity's contract with such provider is terminated.

47 (e) On and after January 1, 2009, all remittance advices, whether
48 written or electronic, shall clearly identify the following:

49 (1) The name of the covered entity responsible for payment to the
50 health care provider; and

51 (2) The name of the contracting entity through which the payment
52 rate and any discounts are claimed.

53 (f) On and after January 1, 2009, any contracting entity or covered
54 entity that issues a member identification card shall clearly mark on
55 such card the address of the Internet web site or toll-free telephone
56 number set forth in subdivision (1) of subsection (b) of this section.

57 Sec. 2. (NEW) (Effective October 1, 2010) (a) Any violation of section
58 42-491 of the general statutes, as amended by this act, shall be deemed
59 an unfair or deceptive insurance practice under section 38a-816 of the
60 general statutes.

61 (b) The Insurance Commissioner may adopt regulations, in
62 accordance with chapter 54 of the general statutes, to carry out the
63 provisions of sections 42-490 to 42-493, inclusive, of the general
64 statutes, as amended by this act.

65 (c) Nothing in this section shall prohibit or limit any claim or action
66 by a health care provider against a contracting entity or covered entity.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2010	42-491
Sec. 2	October 1, 2010	New section

INS Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Insurance Dept.	GF - Revenue Gain	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill may result in a potential minimal General Fund revenue gain from the collection of penalties associated with making violations of provisions under CGS 42-491 unfair or deceptive insurance practices.

The amount of revenue gain to the Department of Insurance would be dependent upon the number of violations.

The Out Years

The ongoing fiscal impact identified above would continue into the future subject to the number of violations of CGS 42-491.

OLR Bill Analysis**sSB 17*****AN ACT CONCERNING HEALTH CARE PROVIDER RENTAL NETWORK CONTRACT ARRANGEMENTS.*****SUMMARY:**

This bill makes changes in the law pertaining to contracts between health care providers and contracting entities that give third parties access to the contracts' terms (see BACKGROUND). Specifically, the bill:

1. makes a violation of the law an unfair or deceptive insurance practice, subjecting a violator to penalties under law;
2. requires a contracting entity to update routinely and at least every 90 days its list of covered entities, which must be available to providers by law;
3. establishes requirements for a covered entity that subsequently gives others access to a provider's services, rates, or fees;
4. permits a health care provider to file legal actions against contracting and covered entities; and
5. authorizes the insurance commissioner to adopt regulations relating to the law.

EFFECTIVE DATE: October 1, 2010

CONTRACTING ENTITY

By law, each contracting entity that sells, leases, rents, assigns, or grants access to a provider's services, rates, or fees must:

1. give a provider who requests it, when first contracting with him

or her, a list of all known covered entities to which it may give access to the provider's services, rates, or fees and

2. maintain a website or toll-free number through which a provider can obtain a listing of covered entities having access to his or her services, rates, or fees.

The bill requires a contracting entity to update its list of covered entities routinely and at least every 90 days.

COVERED ENTITY

The bill establishes requirements for a covered entity that subsequently sells, leases, rents, assigns, or grants access to a provider's services, rates, or fees to another third party. Specifically, such a covered entity must:

1. maintain a website or toll-free number through which a provider can obtain a listing of entities having access to his or her services, rates, or fees and
2. when subsequently giving access, inform the contracting entity and its directly-contracted providers of the website address or toll-free number.

BACKGROUND

Public Act 08-126

PA 08-126 (codified at CGS § 42-490, *et seq.*) established requirements regarding contracts between health care providers and contracting entities. A "health care provider" is any physician; physician group, network, or organization; independent practice association; or physician hospital organization. A "contracting entity" is one that contracts directly with a health care provider for (1) delivering health care services or (2) selling, leasing, renting, assigning, or granting access to a contract or its terms. But, a contracting entity does not sell, lease, rent, assign, or grant access to a contract or its terms when it administers a benefit plan that pays for health care services rendered under the plan. A health care provider is not a

contracting entity.

The law requires, with some exceptions, a contracting entity that (1) enters into or renews a contract with a health care provider on or after January 1, 2009 and (2) sells, leases, rents, assigns, or grants access to the health care provider's services, discounted rates, or fees to include a contract provision that it can permit a covered entity access to the provider's services, discounted rates, or fees. The law includes requirements for a contracting entity when it permits such access.

A "covered entity" is an entity that (1) has not contracted directly with a health care provider but buys, leases, rents, is assigned, or accesses a provider's contract or its terms and (2) is responsible for paying for or coordinating health care services or establishing or extending health care provider networks.

The law requires covered entities that access a provider's services to pay the discounted rates or fees established in the provider's contract with the contracting entity. It specifies that a covered entity's right to access a provider's services, rates, or fees ends when the contract between the contracting entity and the provider terminates, except for any applicable (1) continuity of care requirements or (2) agreements or contractual provisions with the provider.

The law requires all written and electronic remittance advices (payment notices sent to providers) to clearly identify the name of the (1) contracting entity whose payment rates and discounts apply and (2) covered entity responsible for paying the provider.

CONNECTICUT UNFAIR INSURANCE PRACTICE ACT (CUIPA)

The law prohibits engaging in unfair or deceptive insurance acts or practices. CUIPA authorizes the insurance commissioner to issue regulations to implement the act, conduct investigations and hearings, issue cease and desist orders, ask the attorney general to seek injunctive relief in Superior Court, impose fines, revoke or suspend licenses, and order restitution.

Fines may be up to (1) \$5,000 per violation to a \$50,000 maximum, or (2) \$25,000 per violation to a \$250,000 maximum in any six-month period if knowingly committed. The law also imposes a fine of up to \$50,000, in addition to or in lieu of a license suspension or revocation, for violating a cease and desist order (CGS § 38a-817).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 15 Nay 2 (02/23/2010)