

**Legislative Testimony
Insurance Committee**

393
FTC

SB 393 An Act Concerning Standards in Health Care Provider Contracts

Tuesday, March 9, 2010

John A. Raus, DMD

Senator Crisco, Representative Fontana, and members of the Insurance Committee, my name is Dr. John A. Raus and I a practicing dentist of 34 years in Stamford Connecticut. I am a member of the Connecticut State Dental Association Board of Governors. I wish to personally thank you for the opportunity to present this written testimony to you regarding SB 393.

I urge you to vote in the affirmative for SB 393 for the following reasons:

Non covered services creates a cost-shifting situation where in many instances a portion of a non participating patient's fee is utilized to continually subsidize/offset the lower market rates that are contained within the contract between a provider and the insurance companies. This is the same methodology that leads to the \$15 charge for an aspirin while one is in hospital.

The insurance industry has a strangle hold on providers. A significant percentage of the state's population have some form of dental insurance and many of the healthcare providers just cannot say no to participation with the insurers. First order, it is financial suicide to remove your practice from insurance participation when a significant portion of the practice revenue is insurance generated. Secondly, there begins the appearance of an anti-trust violation should there begin a large-scale exodus by the state's dentists from participation. Couple these facts with the policy of some of the insurers who refuse to mail payment for services directly to the provider unless the provider is a participant within the plan. This many times creates a situation whereby the provider is not paid or is forced to "chase" the patient for payment. This creates unnecessary additional burdens for providers. As providers in this state, we need the assistance of the legislature to even the playing field.

A little known entity that is growing amongst the insurance industry is the "Most Favored Nation Clause". This clause within the contracts denies the provider the opportunity to initiate a sliding fee schedule for the less financially endowed patient. It states that the provider assures the insurer that the provider is billing the insurer the lowest fee schedule for a given procedure or monies are to be returned to the insurer. This is problematic. An example:

The contractual fee with the insurance entity for a gold crown is \$1500. Mrs. Smith is an eighty year old woman with limited means and no insurance. Mrs. Smith has a badly broken down tooth that will require a crown or extraction. The Dr., in this case, opts to do the gold crown

and charges Mrs. Smith a very modest fee approximating cost of the crown, say \$300. The insurance company, by contract, retains a right to visit the provider's office and randomly select charts of patients who are participating and non-participating within the plan. Upon audit, the insurance company selects Mrs. Smith's chart and discovers this fee discrepancy of \$1200. The insurance company by contract can now demand from the provider the difference paid for each crown fabricated under its plan, in this case \$1200.

It is not difficult to see the emerging pattern with respect to insurance companies and providers within Connecticut. We really do need your help.

In closing, I would like to again thank the Committee for allowing me to submit this written testimony and would be happy to make myself available at any time should you have questions.

Sincerely,

John A. Raus, D.M.D
Suite 1A, 51 Schuyler Avenue
Stamford, Connecticut 06902
203 324 7596 Office
203 918 0162 Cell
John_raus@hotmail.com