



17751 Board Street, New Haven, CT 06511-2390 (203) 855-0567 FAX (203) 855-4997

17
Matthew Katz

Connecticut State Medical Society Testimony on
Senate Bill 17 An Act Concerning Rental Network Contract Agreements
Insurance And Real Estate Committee
February 18, 2010

Senator Crisco, Representative Fontana and Members of the Insurance and Real Estate Committee, on behalf of the more than 7,000 members of the Connecticut State Medical Society (CSMS) thank you for the opportunity to present this testimony to you on Senate Bill 765 An Act Concerning Rental Network Contract Agreements.

The Connecticut State Medical Society worked with members of this Committee and representatives from the insurance industry during the 2008 Legislative Session to successfully craft and pass Public Act 08-126 An Act Concerning Regulation of the Secondary Market in Physician Discounts. We believe that this legislation prevents the inappropriate and unauthorized sale and purchasing of physician networks and contracts that have caused physicians much frustration over the course of the last decade in Connecticut. It brings transparency to a practice that existed in which physician contracts and discounts were rented, leased or sold without the knowledge and approval of the physician. We were one of the first states in the country to enact this needed legislation in 2008 and have seen an impact of the legislation that took effect January 1, 2009. We have already worked with at least one national rental network to identify incorrect recognition of physician network participation and we have worked with the network and the insurers involved to correctly adjust payments to physicians retroactively. Both the rental network and the insurers that rented the network recognized the existing state regulatory requirements and took the necessary corrective action. CSMS believes that this company's corrective actions and those of the insurers involved would not have been possible without having such a strong and specific state law.

While we understand the intent of Section 1 of Raised Bill 765 is to require that relevant information provided to physicians as required by Public Act 08-126 be provided on a timely and routine basis, we must raise a concern regarding the impact of the proposed language. Public Act 08-126 required entities defined in the bill to (1) maintain a website or toll free number through which physicians could obtain a list of covered entities to which a providers services, discounted rates have been sold, leased, rented, assigned or granted access to and (2) make that information available upon request at the time of entering a contract. It was the understanding of the CSMS throughout the development of last session's language that information provided through the website, toll-free telephone number and at the time of contacted needed to be available and updated on a real-time bases as the physicians and the networks agreed to network participation or network termination. For that reason, the language before you today in section 1 may weaken the language of Public Act 08-126.

Public Act 08-126 was the product of compromise between physicians, insurers and leadership of this committee. We are proud of the product that was developed and believe it has provided the necessary protections to prevent the unauthorized use of rental or associated networks or further unwarranted or inappropriate discounting of physician rates by parties not otherwise known to the physician and/or patient. Thank you for the opportunity to testify on Senate Bill 17.