



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

Testimony of the Connecticut Insurance Department

Before the Public Health Committee

March 12<sup>th</sup>, 2010

### Raised Bill 428--An Act Concerning Revisions to the Public Health Related Statutes

Thank you for the opportunity to submit testimony on Raise Bill 428. Section 64 of the bill proposes to designate the Office of the Healthcare Advocate as the state's independent office of health insurance consumer assistance. The Insurance Department opposes this bill as unnecessary and asks that this section be removed from the bill.

We believe that this provision has been offered in anticipation of the passage of a federal health care reform proposal that calls for states to establish an office of health insurance consumer assistance or an ombudsman program to serve as an advocate for people with private coverage in the individual and small group markets. Since no health care reform bill has been finalized, let alone passed, we view this action as premature and speculative as well as unnecessary. In Connecticut, we already have two agencies legislatively established to advocate and assist private insurance consumers.

In 1999, in response to the special consumer needs that arose in connection with managed care, the legislature undertook sweeping managed care accountability legislation, which included creation of a Managed Care Ombudsman Office, now known as the Office of Healthcare Advocate. This office was established to assist consumers by providing education, referral and assistance to individuals about means of obtaining health insurance coverage and services, their rights and responsibilities under managed care plans, and with the filing of complaints and appeals with managed care organizations. That office reported that it handled over 2300 consumer complaints in 2009.

While the Healthcare Advocate's Office is a relatively new consumer advocacy entrant, Insurance Commissioners have been protecting, assisting and advocating for the private insurance consumers of Connecticut since the appointment of the first commissioner in 1865. In 1871, the legislature established an Insurance Department which included staff to administer and enforce the insurance laws of Connecticut and provide consumer assistance and

protection. The Division of Consumer Affairs was formally identified by statute in 1987 and pursuant to the relevant portion of Connecticut General Statutes Section 38-9, receives and reviews complaints from residents of this state concerning their insurance problems, including claims disputes, and serves as a mediator in such disputes in order to assist the commissioner in determining whether statutory requirements and contractual obligations within the commissioner's jurisdiction have been fulfilled.

The Consumer Affairs Unit and the Market Conduct Unit are within the the Consumer Services Division. The Market Conduct Unit performs examinations of insurance companies, health care centers, and medical utilization review companies doing business in Connecticut to analyze how the insurance market and the individual companies meet the needs of Connecticut consumers. The examinations are conducted to ensure equitable treatment of policyholders and claimants, and compliance with statutes and regulations. By partnering the Market Conduct Unit with the Consumer Affairs Unit, the Insurance Commissioner has created a synergistic environment where bad actors identified through our complaint handling in Consumer Affairs are referred to our Market Conduct for investigation and enforcement actions, up to and including license revocation.

In 2008, the Consumer Affairs staff handled 2881 health insurance related complaints and recovered \$1.74 million for consumers; in 2009, the numbers grew to 3104 health insurance related complaints and we again recovered in excess of \$1 million for consumers. In addition, all consumer complaints that are determined to be justified against the insurer or present questionable conduct on the part of the insurer were referred to Market Conduct for investigation and possible administrative action.

These numbers clearly reflect that Connecticut consumers already have their choice of agencies to assist them in their health insurance concerns and do not need further legislation to make sure they have proper assistance and protection.

The Connecticut Insurance Department appreciates this opportunity to express our opposition to section 64 of Raised Bill 428.