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Testimony on S.B. 16: AAC Standards for Health Care Providers Contracts
Submitted By: Stephen A. Karp, MSW, Executive Director
Insurance Committee – January 25, 2011

The National Association of Social Workers, CT Chapter, representing over 3300 members supports S.B. 16. The issue of timely payments and prospective determination is of significant concern to our members in independent practice.

NASW/CT represents approximately 1000 professional social workers that have private practices either full or part-time. Of these members the majority are either solo practitioners or part of a small practice group, which means that there are not corporate resources to absorb costs when insurer's payments are late. These are providers that are running small businesses with their own bills to pay. Vendors typically expect payment from our member's within 30 days of being billed and in order to meet these costs insurers need to pay their bills in an equally timely manner. SB 16 has the triple benefit of encouraging providers to use electronic claims filing, reducing insurers claims processing costs and providing for quicker payment of insurance claims to those providers who file electronically.

One of the major complaints we hear from members regarding insurers is the lack of timely payments. Often our members report that the payments owed them are beyond the statutory period of 45 days, in some cases these claims are months old. We have had members report that they are on the brink of closing their practice because of cash flow problems that are solely due to the lateness of insurance payments. Such problems become most acute when insurers have merged claims departments, relocated claim-processing centers or undertook corporate mergers leading to significant claim processing delays. In such cases three to four month delays become common and it is the providers who are being penalized due to problems on the insurers end.

Clinical social workers in independent practice make up the largest number of mental health providers in private practice. These providers offer quality mental health services to Connecticut residents in all geographic areas of the state and in the more rural areas of Connecticut are often the only independent mental health providers. However, the continuation of these services is threatened especially in this economy, by delayed payments to independent mental health providers, who typically do not have large cash reserves to fall back upon while waiting for insurers to reimburse them. A fifteen day turnaround on payment for electronically filed claims will be of tremendous help to independent practitioners.

Our one objection to the proposed changes in statute by SB 16 is that it increases the time that insurers have for paying paper claims from 45 days to 60 days. While we understand the importance of offering incentives to providers for using electronic filing we do not support this one provision. Forty-five days should be sufficient time for insurers to process a paper claim and to extend this time frame only penalizes small independent practices, many being solo practitioners that have not gone to electronic claims filing often due to costs and insufficient support services.

Section 4 of SB 16 makes an equally important revision to statute by requiring that a service once authorized under prospective determination shall not be retroactively denied after the service has been provided. For our members this is of significant benefit. We have had complaints from members about an insurer retroactively recalling payment for a service our member provided in good faith based on prospective approval. This too is a cause of significant income problems when the clinician spent their time treating an insured patient in the expectation of having that treatment paid for. In some cases the patient cannot afford to pay out of pocket when the insurer retroactively denies care thus the provider is not paid for their services. What business or service can successfully operate in an environment where they are subject to their fees being retroactively revoked?

As our members are in essence running small businesses the lack of timely payment and retroactive denial of claims are key factors in private practitioners refusing to accept patients with certain insurance coverage or accepting only private pay clients. We are seeing more and more such decisions by clinicians and this is increasingly leaving those lacking the means to pay for treatment without good treatment options even though they have insurance!

NASW/CT encourages the Committee to amend the bill to maintain the 45 day payment period and then vote favorably on SB 16.