



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony of the Connecticut Insurance Department

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Before
The Insurance and Real Estate Committee

March 1, 2011

SB 1082—An Act Concerning Utilization Review

The Insurance Department respectfully requests that the Insurance and Real Estate Committee not move forward with Raised Bill 1082, An Act Concerning Utilization Review. The Insurance Department has submitted a bill that your Committee has raised that will amend utilization review, grievance and external appeal statutes to adopt the National Association of Insurance Commissioners (NAIC) Models as a means of complying with the requirements of the Patient Protection and Affordable Care Act of 2010 (P.L.111-148) (PPACA) as amended.

Sec. 2719 of the Public Health Service Act (PHSA) as amended by PPACA, requires that group health plans and health insurance issuers offering group or individual health insurance must implement an effective appeals process for appeals of coverage determinations and claims that complies with federal procedures set forth at section 2560.503-1 of title 29, Code of Federal Regulations, as published on November 21, 2000 (65 Fed. Reg. 70256).

Group health plans and health insurance issuers of group and individual health plans are also required to comply no later than July 1, 2011, with a state external review process that, at a minimum, includes the consumer protections set forth in the Uniform External Review Model Act (EA Model) promulgated by the National Association of Insurance Commissioners (NAIC) model, or the plans and health insurance issuers will be subject to the federal programs established and administered by the US Department of Labor.

In mid-January of this year, the US Health and Human Services Department (HHS) reviewed the existing State of Connecticut external appeal statutes and determined we were not fully compliant with all of the consumer protections in the most recent version of the NAIC EA Model and advised that we would be required to amend our law to bring it into full compliance in order to maintain authority over external appeals. The consumer protections identified by HHS as needing revision would extend timeframes for consumers to file internal and external appeals and grievances, establish more liberal exhaustion procedures and expand the categories of adverse determination with a strict adherence to the NAIC Model in order to maintain state control of the process. Because of the dependency and inter-relationships of the external appeal process on the utilization and grievance processes, we are also seeking to amend our utilization review statute and grievance statutes with those NAIC Models to ensure that these processes, which include new consumer protections for processes such as retrospective review and denials of other than medical necessity blend with the external appeal model.