



STATE OF CONNECTICUT  
INSURANCE DEPARTMENT

FTR

Testimony of the Connecticut Insurance Department

Before  
The Insurance and Real Estate Committee

February 3, 2011

Senate Bill No. 18--An Act Concerning Appeals of Health Insurance Benefit Denials

The Connecticut Insurance Department offers the following comments on Senate Bill 18 – An Act Concerning Appeals of Health Insurance Benefit Denials.

Section 2719 of the Public Health Service Act as amended by the Patient Protection and Affordable Care Act of 2010 (P.L. 111-148) (PPACA), as amended, provides a system for applicability of either a State external review process or a Federal external review process. For States such as Connecticut which have existing State external review processes, the U.S. Health and Human Services Department interim regulations require that by July 1, 2011, the State must be fully compliant with the National Association of Insurance Commissioners' (NAIC) Model External Review Act or the State oversight over external appeals will be ceded to the Federal external appeal process to be managed by the Departments of Health and Human Services and Labor. For plans and issuers not subject to an existing State external review process (including self-insured plans), a Federal process will apply for plan years (in the individual market, policy years) beginning on or after September 23, 2010.

HHS has indicated that our law does not conform to the newly revised NAIC model. Our State external appeal law needs to be amended, in order to avoid a July 1, 2011, "take over" by HHS of our external appeal program. As part of this process, we also need to revise our utilization review law. The proposed change in SB18 is not consistent with the NAIC Model and could be viewed as making our process non-compliant. Therefore, we recommend that the Committee does not adopt this provision. The Connecticut Insurance Department will be proposing a separate bill to revise our State's external appeal and utilization review statutes to fully adopt the NAIC models to retain state control pursuant to PPACA directives.

Thank you for allowing the Department the opportunity to offer comments to this bill. As always, we are available to answer any questions the Committee has.