



Property Casualty Insurers
Association of America

Shaping the Future of American Insurance

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STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

H.B. No. 5545—AN ACT CONCERNING FINANCIAL LIABILITY FOR AMBULANCE SERVICES, EVIDENCE OF COLLATERAL SOURCE PAYMENTS AND LIENS IN WORKERS' COMPENSATION CASES.

COMMITTEE ON JUDICIARY

March 23, 2012

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on H.B. 5545. Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI member companies provide 43 percent of Connecticut's property casualty coverage.

PCI strongly opposes the provisions in section three of this bill because these provisions would inequitably increase damages in personal injury actions by prohibiting consideration of the fact that an amount less than the amount billed by a health care provider was paid on the issue of cost of reasonable and necessary medical care. The amount paid should be the amount utilized to determine damages because allowing paid amounts as damages reimburses the injured person for all of his or her actual medical expenses. When billed amounts exceed the amount paid, the billed amounts are "phantom damages" – in that they appear only on paper, but not in reality. In essence, including in damages excess amounts above what is actually paid for medical services amounts to a windfall. In addition, requiring billed amounts to be included as damages would also invite fraud and encourage side agreements to inflate bills for medical services.

Enacting the provisions in section three will only lead to the inequitable inflation of judgments which may lead to increases in insurance premiums. During these difficult financial times when businesses and consumers are having difficulty making ends meet, increases in insurance premiums can be particularly difficult to bear and, in this case, it seems particularly ill advised to put Connecticut residents and businesses in this position so that some can enjoy a windfall via unfairly inflated judgments.

PCI is also strongly opposed to the provisions of Section 4 of this bill which provide for the retroactive application of provisions enacted last year relative to workers compensation liens. Providing for the retroactive application of these provisions is grossly unfair and will result in costs being incurred which cannot be recouped. This section amounts to changing the rules of the game mid way through and, accordingly, is highly problematic.

For the foregoing reasons, PCI urges your Committee to not favorably advance HB 5545.