SECTION 4: SMALL BUSINESS IMPACT STATEMENT

Small Business Impact Statement

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the affect of such action on small businesses as defined in C.G.S. Section 4-168a. When such a regulatory action may have an adverse affect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed regulations: Insurance Department

Subject matter of Regulation: Utilization Review, Grievances and External Review

In accordance with C.G.S. Section 4-168a, staff analyzed the affect on small businesses of the proposed regulations and determined the following:

True False (Check all appropriate boxes):

☐ ☐ The regulatory action will not have an affect on small businesses.

☒ ☐ The regulatory action will have an affect on small businesses, but will not have an adverse affect on such small businesses.

☐ ☐ The regulatory action may have an adverse affect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially affected small business. Alternatives considered include the following:

(1) The establishment of less stringent compliance or reporting requirements for small businesses;
(2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
(3) The consolidation or simplification of compliance or reporting requirements for small businesses;
(4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
(5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.

☐ ☐ The regulatory action will have an adverse affect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

The State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of Proposed Regulations.

Estimating Small Business Economic Impact of a Proposed Regulation

Industry Code	Industry Code Description	Employees	Total Firms	Avg Employees
52411	Direct life, health, & med ins carriers	37500*	262	143
561110	Managing Offices - physicians	7,500**	241	31
62	Health Care and Social Assistance	259,50710148		25
Total		304,504	10651	29

*Census provided 25,000-49,999; this is average
**Census provided 5,000-9,999; this is average

Step 3. Determine the cost of complying with the proposed regulation.

a. Specify the actions required of the affected businesses by the proposed regulation and their costs.

These regulations affect those who file internal and external health insurance appeals and the insurers and independent review organizations that process the appeals. The changes to the regulations consist of new procedures for the Insurance Department, insurers, members and the independent review entities contracted with the Insurance Department to manage the External appeal Process.

Step 4. Complete small business economic impact estimate.

a. Estimated number of small businesses to be affected:
The potential health care delivery universe that is affected by this is 304,504 health insurance professionals and insurance company staff. For 2010, the Insurance Department processed approximately 250 external appeal requests

b. The projected costs, including reporting, recordkeeping and administration, and other costs required for compliance with the proposed regulation:

There are no new costs to the health care professionals; the insurers which are not considered to be small businesses, will assume new costs to pay for the external appeals.