STATEMENT

INSURANCE ASSOCIATION OF CONNECTICUT

Appropriations Committee

March 22, 2013

SB 1105, An Act Concerning The Right Of Recovery Against Third Parties For Medical Expenses Paid By State-Provided Group Hospitalization and Medical And Surgical Insurance Plans For Covered Individuals

The Insurance Association of Connecticut is opposed to SB 1105, An Act Concerning The Right Of Recovery Against Third Parties For Medical Expenses Paid By State-Provided Group Hospitalization And Medical And Surgical Insurance Plans For Covered Individuals.

SB 1105 improperly creates a new right of action in the state against individuals who may be liable for injuries inflicted upon an individual covered under the state employee health insurance plan. Health plans, qualified under ERISA, do have lien rights but only against the recipient. No health plan has a right to recover directly from third parties. The state plan is not subject to the ERISA rules and as such does not enjoy a right to reimbursement from its plan members. Creating a right to recovery for a non-ERISA health plan, and further, directly against a third party creates a right in the state that does not exist for anyone else.

SB 1105 would cause procedural nightmares. SB 1105 unjustly amends the state's collateral source exempting state employees from its scope. The collateral source rule is a well developed yet complicated rule to maneuver. Exempting individual covered by the state plan would further complicate the process while depriving a particular class of individuals the benefits afforded by it. SB 1105 also seeks to grant the state the ability to sue in the name of a covered individual or as a subrogee without regard to the action, or inaction, taken by such individual. SB 1105 provides no method for coordinating the action of the state with the action of the injured party, thus a third party could be sued multiple times for the same claim or pay twice for the same expenses. The state's recovery action could even bar the injured party's claim. Such unprecedented right would cause delay and confusion.

The IAC urges your rejection of SB 1105.