

TESTIMONY OF
BEFORE THE
LABOR & PUBLIC EMPLOYEES COMMITTEE

MARCH 14, 2013

SB-1074: AN ACT CONCERNING WORKERS' COMPENSATION AND LIABILITY FOR HOSPITAL SERVICES

- Good afternoon. My name is David MacDonald and I am here today representing Darlene Stromstad, President & CEO of Waterbury Hospital.
- The purpose of our appearing before the committee is to testify in opposition to **SB-1074: AN ACT CONCERNING WORKERS' COMPENSTION AND LIABILITY FOR HOSPITAL SERVICES**.
- This bill has one purpose and one purpose only—to enable a Texas-based health care repricing company, Fairpay Solutions, to obtain a legislative bailout of their insurance clients' liability under existing Connecticut laws. Laws that call for fair reimbursement to hospitals for the care they provide to injured workers through Workers' Compensation.
- This proposed legislation does not assist injured workers or improve the business climate in Connecticut, it merely further destabilizes already fragile hospital finances—both for today and in the future—by not paying the full cost for care delivered to injured workers.
- There are two important points I'd like to make about Fairpay's practice of inappropriately discounting hospital bills.
- The first is that the initial bills submitted by hospitals for care delivered to injured workers are based on hospitals' published charges—as set forth in Connecticut General Statutes, which require that hospitals be reimbursed based on freely negotiated rate agreements or published charges.
- The second is that, recently, the Fairpay Solutions' practice of discounting bills was overturned by a Workers' Compensation Commissioner. The Commissioner ruled that the carriers and employers were responsible for the full charges submitted by two Connecticut hospitals and ordered Fairpay to pay the full balance owed in keeping with current law. Rather than abide by this ruling and move forward under existing statute, Fairpay is seeking legislative solutions to defy the Commission's ruling and overturn the long-standing hospital reimbursement requirement under current law.
- For Waterbury Hospital this means losses of millions of dollars. Fairpay Solutions has reviewed and is handling hundreds of cases submitted by our hospital. They have substantially underpaid the hospital for services we delivered to injured worked—in some cases less than Medicaid rate of payment. That's what's at stake *today*. I shudder to think about the future if this bill is passed and enacted.

- There are a number of specific reasons, cited in our written testimony, why this bill should be rejected.
- In sum, however, we believe that **Fairpay's attempts to underpay hospitals are arbitrary and should be challenged.** The legislative changes Fairpay is asking for appear to be designed to require case-by-case review of hospital charges, presumably because that is the only manner in which Fairpay can continue to play a role in the process.
- Instead of adopting Fairpay's proposals, the legislature should be investigating the tactics which the company has been using for years to underpay Connecticut hospitals for services. The arbitrary claims' settlement methods of Fairpay should be examined by the Labor and Public Employees Committee or the Insurance Committee, not rewarded by special retroactive legislation.
- Waterbury Hospital respectfully recommends that the Committee reject this legislation.
- Thank you for your consideration.