

Testimony

Sue Donatelli, ERM, ARM

Risk Manger, Town of West Hartford

Re: S.B. No. 1074 (RAISED) AN ACT CONCERNING WORKERS' COMPENSATION AND LIABILITY FOR HOSPITAL SERVICES

This bill is in response to Workers' Compensation Commissioner Schoolcraft's September 2012 decision regarding payments of hospital bills. The decision states that the "actual cost" statute which has been in effect since 1991 is no longer in effect as it is outdated and does not apply any longer. This decision will greatly affect municipalities and private businesses throughout the state by allowing hospitals to freely bill without following any billing guidelines.

The Town of West Hartford's medical costs for work related injuries have escalated even though the Town utilizes Care Review Services provided by our Third Party Administrator that include a Medical Bill Review, Large Hospital Review and Aetna's Preferred Provider Network. These types of claim review services evolved when the abundance of Managed Care Plans submitted to the Commission created a backlog in the approval process. Utilization of the claim review services has saved the Town \$195,956 in 2011 and \$123,865 in 2012 for all Town of West Hartford and West Hartford Public School employee work related hospital bills. If paying the "actual cost" of bills is upheld, we can expect a \$250,000 increase to the Town's Self-Insured Workers' Compensation Program in 2013.

As a result of the Schoolcraft Decision, the burden has now been shifted to the employer to negotiate directly with the hospitals with the hope that the hospitals will be willing to allow cost reductions for the treatment of workers' compensation injuries. With a steady increase in workers' compensation costs year to year, this decision has the potential to negatively impact the Town's Self-Insured Workers' Compensation Program beyond what our Actuary has projected for claim reserves.

We are asking for your support to ensure that all work related medical costs are fair and equitable. This can be done by reversing this decision and going back to the 1991 "actual cost" format.