



**Testimony  
Betsy Gara  
Executive Director  
Connecticut Council of Small Towns (COST)  
Before the Labor Committee  
February 18, 2014**

**RE: SB- 61, AN ACT CONCERNING WORKERS' COMPENSATION AND LIABILITY  
FOR HOSPITAL SERVICES**

The Connecticut Council of Small Towns (COST) supports the intent of SB-61 to address concerns regarding a recent Workers Compensation Commission decision which held that workers' compensation insurers and self-insured employers are required to pay the hospital's full published charges for medical services provided to claimants rather than the actual costs as authorized under the Workers' Compensation Act.

COST appreciates that hospitals are facing very difficult economic circumstances and recognizes that they are a vital part of the health and welfare of our communities. However, the Schoolcraft decision, which erroneously relies on statutes outside the Workers' Compensation Act, will increase medical payouts in workers' compensation cases, driving up overall workers' compensation costs for employers, including municipal employers.

The decision held that "absent a negotiated and formalized agreement on a discount rate", insurers and self-insured employers are responsible for the full amount billed. This decision ignores well-settled law under the Workers' Compensation Act which expressly provides that employers are only required to reimburse the actual costs of rendering services to the claimant.

We are encouraged that SB-61 is a good start in attempting to address these concerns and urge lawmakers to work together to craft language that establishes a process for determining reasonable reimbursement rates for hospital costs.

We urge your support for this bill.