



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Legislative Program Review and Investigations Committee

March 6, 2014

Raised H.B. No. 5373 AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE CONCERNING THE REPORTING OF CERTAIN DATA BY MANAGED CARE ORGANIZATIONS AND HEALTH INSURANCE COMPANIES TO THE INSURANCE DEPARTMENT.

Senator Kissel, Representative Mushinsky, and members of the Legislative Program Review and Investigations Committee, the Insurance Department appreciates the opportunity to provide testimony on raised House Bill No. 5373: **An Act Implementing the Recommendations of the Legislative Program Review and Investigations Committee Concerning the Reporting of Certain Data By Managed Care Organizations and Health Insurance Companies to the Insurance Department.** Generally, H.B. 5373 would expand the reporting requirements of Managed Care Organizations (MCOs) to the Department of Insurance. The Insurance Department does not maintain a position on the underlying bill. However, should the bill move forward, the Department respectfully requests it does so with joint favorable substitute language that would strike the reference to the Office of the Health Care Advocate (OHA) in Sec. 1(b)(2) from LCO No. 1540.

Section 1(b)(2) found in lines 137 & 138 of the bill would permit the OHA to review information deemed confidential by the Commissioner of Insurance. This provision if enacted would be unprecedented and not found anywhere in the insurance statutes. The only instances found in statute where the Commissioner may share information deemed confidential would be between regulators. While we acknowledge that OHA has statutory authority to establish a process to provide ongoing communication among mental health care providers, patients, state-wide and regional business organizations, managed care companies and other health insurers to assure: (1) Best practices in mental health treatment and recovery; (2) compliance with the provisions of sections 38a-476a, 38a-476b, 38a-488a and 38a-489; and (3) the relative costs and benefits of providing effective mental health care coverage to employees and their families, OHA's mandate does not reach regulatory status as it does not have enforcement authority. The General

Assembly has recognized that there can only be one regulator and to extend the privileges of a regulator to a non-regulator provides confusion and mixed messages. The Insurance Department can and does use confidential information to determine if an enforcement action is warranted. As has happened for the past 140 years, should a pattern of inappropriate conduct be uncovered, the Department's market conduct unit would investigate and such findings would be made public at the completion of the exam. Giving access to confidential information to a non-regulator could jeopardize an ongoing exam resulting in legal and remedial opportunity ramifications. Additionally, the relationship between a regulator and the regulated is a tenuous one fraught with challenges and reliant upon the regulator's ability to oversee without rushing to judgment, fairness in reviewing all facts and evidence before reaching conclusions, and the ability to provide due process. To add an additional factor to that environment could stymie the flow of information that currently exists. We are working with the OHA to obtain performance data they collect and we will certainly provide a means to exchange summary level data to assist the OHA in that office's statutory information gathering for trends.

The Insurance Department appreciates the opportunity to provide testimony to the Committee. Thank you for your consideration.

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. Each year, the Department returns an average of \$100 million a year to the state General Fund in license fees, premium taxes, fines and other revenue sources to support various state programs, including childhood immunization.

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