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# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### Testimony

#### Insurance and Real Estate Committee

March 3, 2015

#### **Raised Bill No. 6867 AN ACT CONCERNING HEALTH CARE PROVIDER NETWORK ADEQUACY.**

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department ("Department") respectfully opposes **Raised House Bill No. 6867: An Act Concerning Health Care Provider Network Adequacy**. Generally, raised Bill No. 6867 would require insurers, health care centers, managed care organizations or other entities and preferred provider networks to maintain adequate health care provider networks and the Insurance Commissioner, in consultation with the Healthcare Advocate ("OHA"), to assess such network adequacy. While the Department appreciates the intent of H.B. 6867, it respectfully recommends that the Insurance and Real Estate Committee not give this bill a Joint Favorable Report.

CGS 38a-472f, as it is currently written requires carriers to attest that networks are consistent with the National Committee for Quality Assurance's (NCQA) network adequacy requirements or alternatively the standards established by URAC. H.B. 6867 would do away with this existing construct and instead require the Commissioner to assess via an "actuarial analysis" the network adequacy of each insurer. Analysis of a network is not actuarial in nature. Should this bill become law, the Department would need to contract for services or hire trained staff and purchase expensive and complicated software to do the statistical analyses, conduct surveys, assess availability and accessibility of appropriate and timely care provided to disabled enrollees in accordance with the Americans with Disabilities Act, assess the networks capability to provide culturally and linguistically competent care, and interview enrollees.

Due to differences in provider availability and geography, there is not one single network adequacy standard utilized by all carriers. Adequacy is adapted to reflect the environment. Consequently, it is unclear how the Department can determine permissible waiting times, referrals and other issues related specifically to a provider. NCQA requires carriers to set their own standards based upon a balanced combination of geography, provider availability, plan designs and membership and then measures a company's success from year to year. If there is a lack of available providers in any discipline or region of the state, this is not viewed as network inadequacy.

Further, network adequacy is taking on a new meaning as we move forward into a new delivery paradigm. As the use of new modes of delivery such as telemedicine become more streamlined geography may become less relevant as a factor when assessing network adequacy. Network

adequacy won't necessarily mean having every provider in the state be in every insurer's network and paying him or her top dollar. The new paradigm may mean having fewer statewide/all encompassing networks with more selective providers within more integrated delivery systems, using different payment schemes and focused on medical outcomes, enhanced communication between providers through the use of electronic medical records and coordination of care for each patient yielding more efficient and medically effective use of resources.

Individuals who are concerned with access generally opt for plans that cover out of network services so they can see any provider of their choice. However, smaller networks will provide a lower premium option. Network adequacy for any given individual is unique to that individual. The enrollee should have the option to choose a narrower network to obtain a lower premium rate if the enrollee is satisfied with that network.

If passed, this bill may pose an obstacle for existing and ongoing efforts to develop new delivery mechanisms. It could potentially stymie new network designs/options that could help reduce the overall cost of medical care. Additionally, strict limitations on networks could severely curtail the ability of Access Health CT, our Exchange, to offer products with varying network options designed to meet the medical and financial needs of a broad spectrum of insurance purchasers.

The Department thanks the Insurance Committee Chairs and members for the opportunity to provide this testimony on this bill.

**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.