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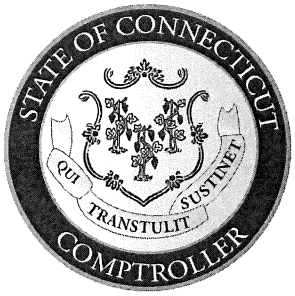

STATE OF CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
55 Elm Street
Hartford, CT 06106

Written Testimony

Comptroller Kevin Lembo

March 18, 2014

Concerning

SB 994 An Act Concerning Contract Disputes Between Hospitals and Insurers

Senator Gerratana, Representative Ritter, Senator Markley, Representative Srinivasan, and Members of the Committee:

Thank you for raising this legislation and giving me an opportunity to express my support.

As the State Comptroller, I am charged with administering the Connecticut state employee health plan, which covers approximately 210,000 state employees, retirees and their dependents. In recent years contract negotiations between health insurers and hospitals have grown increasingly contentious, with several contracts going to termination. A hospital exiting an insurance network causes significant disruption to patient care and places stress upon affected patients and their families. Currently, patients are generally given a 30 day notice when a hospital may be leaving an insurance network. As anyone who has ever scheduled a medical appointment knows, 30 days is an inadequate time period for patients to transition their care to a new hospital or provider.

This bill seeks to provide some additional consumer protections when a hospital exits a network by requiring the prior contract terms to be honored for a 90 day period following a contract termination. Extending the time period in which a hospital remains in a

coverage network will provide patients with a more adequate time period to seek out new providers and make appointments as necessary. Changing providers will always be a challenging and stressful prospect for patients; it can be made easier by providing sufficient time to plan.

Other states require similar contract extension periods. New York statutes require what they term a "cooling-off period" of two months after termination or nonrenewal of a contract that is not by mutual agreement of the parties.[1] New Jersey also requires a contract extension period, but for a period of four months.[2]

This bill also requires the parties to re-engage in contract talks for a period of 30 days after the contract terminated 60 days prior. The requirements to re-engage in contract talks, will in some cases, assist the parties in coming to terms before patients are impacted.

Extending the period of time that patients can count on their medical providers being in their insurance network is an important new consumer protection. It will improve the continuity of care and allow patients the time they need to make informed decisions about their care. Those insured in neighboring states benefit from similar protections, and we should extend the same benefits to those insured here in Connecticut.

I urge your support. Thank you.

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[1] L.2007, c. 451, § 20, subd. 1.
[2] L.1989, c. 321, s.2.