



160 St. Ronan Street, New Haven, CT 06511-2390 (203) 865-0587 FAX (203) 865-4997

**Connecticut State Medical Society Testimony on
Senate Bill 281 An Act Requiring Site-Neutral Reimbursement Policies In Contracts
Between Health Carriers And Health Care Providers
Insurance and Real Estate Committee
March 3, 2016**

Senator Crisco, Representative Megna and Members of the Insurance and Real Estate Committee, on behalf of the physicians and physicians in training of the Connecticut State Medical Society (CSMS) thank you for the opportunity to present this testimony on Senate Bill 281 An Act Requiring Site-Neutral Reimbursement Policies In Contracts Between Health Carriers And Health Care Providers. We fully agree with the intent of this legislation that such differentials established by health insurers are inconsistent with the best interest of patients and unfair to physicians.

CSMS first brought this issue to this committee in 2010 when this committee raised Senate Bill 255 An Act Prohibiting Differential Payment Rates to Health Care Providers For Colonoscopy or Endoscopic Services Based On Site Of Service. At that time we pointed out that recent literature underscores significant problems with establishing site-of-service differentials. Often, such differentials create false incentives for physicians to perform procedures in an office setting failing to take into account that the same physician service is being provided regardless of the setting.

Site of service differentials and false incentives to provide certain services in specific settings are further complicated by the current licensing, regulatory and certificate of need (CON) structure in Connecticut. Even if higher reimbursement levels are available for certain services in an office setting they are often irrelevant simply because physicians are prevented by current law to provide these services. Most procedures potentially impacted by site of service differentials require levels of sedation that now trigger certain licensure and CON requirements. The Catch 22 exists in the mere fact that offices that outlay significant resources to meet increased licensure and CON requirements are then deemed "outpatient surgical facilities" thereby making them ineligible for the higher differential.

It is misleading to allow payers to establish reimbursement rates for services that will never be provided. In many cases insurers, even in Connecticut, who have sought to establish such differentials, have reversed decisions after discussions with the medical community and literature review of medical standards and guidelines.