OLR Bill Analysis
SB 42

AN ACT CONCERNING COINSURANCE, COPAYMENTS AND DEDUCTIBLES AND CONTRACTING BY HEALTH CARRIERS.

SUMMARY
This bill limits the maximum copayment, coinsurance, and deductible that certain health insurers can charge for covered health services and makes it an unfair trade practice for insurers or providers to charge above these limits (see BACKGROUND). For managed care organizations (MCOs), the bill (1) requires deductibles to be calculated the same way that existing law requires of coinsurances and (2) extends this limit to amounts charged by MCO subcontractors.

It also (1) prohibits a health carrier contract with another party from permitting or requiring any party to violate the carrier’s fiduciary duty to insureds and (2) makes conforming changes.

EFFECTIVE DATE: January 1, 2020

§ 1 — COST SHARING
Under the bill and to the maximum extent allowed by federal law, certain health insurance plans cannot impose a coinsurance or deductible higher than any of the following:

1. an amount calculated based on the amount due and payable for the covered benefits;

2. an amount calculated based on how much the health service provider charges after any discount and any amount due to or charged by an entity affiliated with the insurer; or

3. the amount an insured would have paid without using his or her insurance.

The bill also prohibits plans from imposing a copayment equal to
the amount an insured would have paid without using his or her insurance. (The bill appears to allow plans to charge more or less than that amount.)

The cost-sharing limits apply to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including those provided under an HMO plan. Because of the federal Employee Retirement Income Security Act (ERISA), these limits do not apply to self-insured benefit plans.

§ 5 — MANAGED CARE PLANS

Under current law, MCOs must calculate coinsurances based on the lesser of (1) the amount the provider charges for the specific good or service or (2) the amount payable by the MCO for the goods or services. The bill (1) includes in the latter category any amounts payable by an MCO’s subcontractor and (2) requires MCOs to calculate deductibles using the same criteria.

BACKGROUND

Connecticut Unfair Trade Practices Act (CUTPA)

The law prohibits businesses from engaging in unfair and deceptive acts or practices. CUTPA allows the consumer protection commissioner to issue regulations defining what constitutes an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than $10,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney’s fees; and impose civil penalties of up to $5,000 for willful violations and $25,000 for violation of a restraining order.

COMMITTEE ACTION

Insurance and Real Estate Committee
Joint Favorable
Yea  16  Nay  4  (03/14/2019)