CHAIRPERSON: Senator Matt Lesser, Representative Sean Scanlon.

SENATOR: Hartley

REPRESENTATIVES: Dathan, Delnicki, Floren, Hughes, Polletta, Riley, Turco, Vail.

SENATOR LESSER (9TH): Good afternoon. I'd like to call to order the Public Hearing of the Insurance and Real Estate Committee. We're going to meet -- the first hour is reserved for legislatures, agencies and municipal officials. First on our agenda -- is Senator Fasano in the room? No? Is -- then if he's not in the room, I do see Acting Commissioner Lombardo here. Commissioner would you like to come up and testify? Good to see you.

ACTING COMMISSIONER PAUL LOMBARDO: Than you. Thank you everyone. I am Paul Lombardo, the Acting Commissioner of the Connecticut Insurance Department. Committee Chairs, Vice Chairs, Ranking Members and members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to submit testimony in support of the Insurance Property Bills that are in front of us today. What I thought I would do, if it was okay with the Chairs, is to provide a 30-second summary of each of the five Bills and then take questions on those Bills, or would you rather have me take each Bill 30 seconds and then have you ask questions on that specific Bill?
SENATOR LESSER (9TH): I think the first option sounds good.

ACTING COMMISSIONER PAUL LOMBARDO: Thank you.
Senate Bill No. 905, AN ACT CONCERNING SURPRISED BILLING AND REIMBURSEMENT FOR EMERGENCY SERVICES PROVIDED BY OUT-OF-NETWORK FACILITY-BASED PROVIDERS. In brief, we believe that there are opportunities for facilities when they provide a Bill to a carrier that it includes some out-of-network providers in that Bill. And so this is an attempt to provide an extra protection to a consumer by adding the term facility within the current language of the Public Act for Emergency Services. It also introduces a baseball-style arbitration mechanism for dispute resolution and the department stands willing to discuss any other items within the raised Bill that are of a concern of any of the legislatures on the Committee or any other legislatures in the General Assembly regarding any other issues or concerns that they may have.

House Bill No. 7176, AN ACT EXEMPTING ACCIDENT-ONLY INSURANCE POLICIES FROM REQUIRING HEALTH INSURANCE COVERAGE FOR PREVENTATIVE PEDIATRIC CARE AND DIRECT ACCESS TO OBSTETRICIAN/GYNECOLOGISTS. There are two mandates that are -- that we believe are not applicable to accident-only policies. The basis of accident-only policies is to do just that, just pay for benefits and claims related to accidents and we believe the two mandates that include Category 5, which is Accident Only under 469; Access to OB/GYN Services and Preventative Pediatric Care and Blood List for Screening and Risk Assessment really are -- don't appear to be applicable to accident-only policies and so that's the basis for that raised Bill.
House Bill No. 7175, AN ACT CONCERNING SURETY BAIL BONDS AGENTS. The Insurance Department licenses and regulates approximately 200,000 agents, brokers, insurance adjusters and surety bail bond agents. This Bill intends to bring the more than 300 license surety bail bond agents to a level of regulation with that of other licensees regulated by the department. This Bill would do four things. Allow the department to audit bail bond agents not more than once every three years unless there is good causing showing, allow the department to strength and enforcement of a bi-annual $450 assessment fee, change the sweep date on the remaining assessment fee funds from the end of the fiscal year to the end of the calendar year, and regulate continuing education requirements for surety bail bond agencies.

Senate Bill No 906, AN ACT CONCERNING THE INSURANCE DEPARTMENT'S RECOMMENDED CHANGES TO INSURANCE STATUTES. This is the department's Technical Bill that would make minor technical changes to various statutes in Title 38-A. I'll quickly run through them and provide a very brief explanation.

Flexibility and Rate Inform Review by Outside Consultants. There are divisions within the Insurance Department that by statute have the ability to hire outside consultants to perform tasks for the Insurance Department. The Life and Health Division and Property Casualty Division specifically do not have that authority. We are looking for that authority in times where for example, ACA filings come in all at once. If we have an actuary that decides to retire, which we do now have one in Property Casualty that is effective April 1, we will be looking for an actuary to hire permanently but in
the meantime we would need review of rates on the Property Cash Drawer Life and Health Side.

Opting into the Interstate Insurance Product Regulation Compact for Disability Income Products, we did a thorough analysis of the DI Standards for the compact and all the statutes and regulations that govern DI in Connecticut and extremely similar 99% of the items are identical. We're only one of two states in the compact right now out of 40 that have not opted into DI so we're recommending that we opt into DI.

Mutual Insurance Company Reorganization is just clarifying language to change that instead of two-thirds vote of its voting members rather than two-thirds vote of all the members.

Electronic Notifications for Property Casualty Products basically creates an implementation date of July 1, 2019 and if agreed upon, this is important, if agreed upon by the insured and the carrier. So it's not a mandate for electronic notification, it's just if the insured agrees to, then they can electronically provide information to them.

Updates to Licensing Information. This section amends Connecticut General Statute 38a-771 to update the items requiring licensing notification of the Commissioner of Changes in Information. This will increase efficiencies and reduce reporting burdens for licensees.

And finally, Sections 8 and 10. Repeat of Unnecessary Statutes Within Connecticut General Statute 38a-193 and 193a. As a result of the addition of HMOs into the Guarantee Association, in an attempt to have a level playing field between
HMOs and Indemnity Carriers, these provisions are being removed as they are not required for Indemnity Carrier so currently we have requirements for HMOs but they will be in the -- in the Guarantee Fund.

And lastly, Senate Bill No. 903, AN ACT CONCERNING INSURANCE DATA AND INFORMATION SECURITY. The Insurance Department has requested legislation this session to adopt the National Association of Insurance Commissioners or the NAIC Insurance Data Security Model Law. This Model Law was developed by the NAIC in response to the ever-increasing incidents and risks of cyberattacks and data breaches to ensure that consumer sensitive information is kept safe by insurers and other licensees of the insurance department and that there are proper mechanisms in place in the event of such an incident.

I will quickly identify the areas. One is Information Security Programs. Another is investigation of a cyber security event, notification of a cyber security event, the actual investigation and generally other information that US Department of Treasury as recommended prompt adoption of this NAIC Data Security Model by the states and recommended congressional action if the states do not achieve uniform data security laws within five years. And as a side note, Michigan, Iowa and South Carolina have adopted a variation of the NAIC Model Act and New Yorkers adopted similar provisions as well.

That concludes my oral testimony. If you have any questions I'd be more than glad to respond.
SENATOR LESSER (9TH): Thank you Acting Commissioner. Representative Scanlon.

REP. SCANLON (98TH): Thank you Acting Commissioner. Just a question on the Data Law. The Associations of Health Plans testified that they had some concerns and that they were going to be reaching out to you. Have they done that and are you in a position that you have come to a compromise on those concerns?

ACTING COMMISSIONER PAUL LOMBARDO: We have not come to a compromise yet, but we are certainly willing to discuss anything that's in there and we understand that there will be things that need to be adjusted within the -- the raised Bill.

REP. SCANLON (98TH): Okay, thank you. And then on 7175, the Surety Bail Bond Bill, this is something that we've seen before in this Committee. I just want to confirm that you continue to believe that this is an important thing for you and your department to -- to get done this year?

ACTING COMMISSIONER PAUL LOMBARDO: Yes, it is, thank you.

REP. SCANLON (98TH): Thank you.

SENATOR LESSER (9TH): Thank you, Chairman Scanlon. Just sort of following up on this. Are there other -- on the Data Security Bill there was a lot of -- there's a lot of vague testimony we received without getting into specifics about a variety of industry concerns beyond just the what this shows. We just ask that they keep that this keep us in the loop as conversations go further with the stakeholders so we're aware of what's happening. It's difficult to
assess the concerns if we haven't -- if they haven't instilled that to us.

ACTING COMMISSIONER PAUL LOMBARDO: Absolutely, we will do that. The one last comment I will make is, I think everyone's on the same page with protecting people's private information so I think we can all come to some level of compromise and agreement as long as we maintain the fact that each individual, each consumer has a right to have their -- their private information protected.

SENATOR LESSER (9TH): I would hope that's the consensus, but the devil may be in the details. Regarding Senate Bill 905, there were some comments -- there was quite a bit of testimony received on -- on that Bill, the Surprised Billing Bill. We did get a suggestion for a change from the -- the Office of Home Advocate as well as some pretty strongly written testimony in opposition by Senator Bradley and Senator Looney. I didn't know if you had a chance to review that testimony and had any thoughts?

ACTING COMMISSIONER PAUL LOMBARDO: We have and we are more than willing to work with Senator Looney's office on the language and some of the concerns that they have and anybody else who has any concerns about it. We understand the specific area they have concerns about and we want to sit down with them and I think we can come to an agreement.

SENATOR LESSER (9TH): Thank you. And I know that Senate Bill 908, which is also on our agenda today is not an Insurance Department request, but I didn't see any -- it -- because it does affect the Department of Insurance, I didn't know if the
department had any position on it one way or the other?

ACTING COMMISSIONER PAUL LOMBardo: No.

SENATOR LESSER (9TH): Thank you very much. Are there other questions from members of the Committee? If not, you got off easy today, Commissioner -- Acting Commissioner, but it's always a pleasure to see you and to work with you and your collaboration with the Committee members has been outstanding in your tenor in your current role.

ACTING COMMISSIONER PAUL LOMBardo: Thank you very much. I appreciate this.

SENATOR LESSER (9TH): Thank you as well. Is Senator Fasano here? No. Then is Senator Sampson here? If not, we'll proceed to the public portion of today's testimony. First up, I think we have Matthew Kiessling from Travel Tech.

MATTHEW KIESSLING: Good afternoon. Thank you, Mr. Chairman, members of the Committee. My name is Matthew Kiessling. I'm the Vice-President of short-term rental policy for the Travel Technology Association, which is exactly what it sounds like. We represent online travel agencies, short-term rental platforms and global distribution systems. I rise today in opposition to House Bill 7177 with three main provisions in mind.

The first is the statewide registry which then divulges personally identifiable information to local municipalities and local governments. While we understand that the statewide registry may be based off of the Massachusetts law that created a similar system, that law does not require the state to then hand out personally identifiable information
to localities. I understand that this is for tax purposes but in that being, personally identifiable information or PII is not necessary for either triggering or imposing taxes. It's not necessary for collecting taxes and municipalities are well within their rights at this point in Connecticut to establish their own registries for the purposes of tax collection when it comes to short-term rentals so we would encourage them to do so if that's what they would like to do. But we do have concerns with the -- the state, particularly because there was also about a system contained in this Bill or any prescriptive sort of measure for how that data will be a) transferred b) stored, who will have access to it, any of those things. And as we just heard, I think we do want to be careful with people's data when it comes to these types of things.

The second thing in this Bill that is of concern is the similarly from a privacy standpoint is the Neighbor Notification Provision. Essentially what this says that if you want to rent your home as a short-term rental in the state of Connecticut you will be required to go to your neighbors on either side and across the street from you I believe, and let them know on a stay-by-stay basis who is in your home, the names of everyone. That will include spouses, children, friends, family, anybody that is staying in that home for a short-term rental. This seems rather extreme from a privacy perspective as far as we're concerned. You know, and I think it has some trickled down effects that maybe haven't been considered.

One is, you know, I think it probably is going to dissuade some people from offering their homes as short-term rentals, but at the same time it will
probably dissuade folks from coming to Connecticut and staying in short-term rentals, right? It's going to impact tourism dollars if you know, you know and I should note that throughout the country in the other 49 states, nothing like this exists. And so if you know that coming here, your family's names are going to passed off to the neighbors around the home that you're staying in as a short-term rental, you might be less inclined to come here instead.

And then finally a 90-day cap statute that sits in this Bill which caps short-term rentals at 90 days. One, it's extremely difficult to enforce. Often folks who are engaging in short-term rentals do it across platforms. That makes it difficult to know when someone has hit a 90-day cap. This is also very much a local issue. What might be good for Hartford may not be good for Springfield, may not be good -- I mean it should be up to municipality to determine what a cap looks like, not the state to push it down and -- and sort of deserve some of that local control. So I think those are our three concerning measures in this Bill. I thank you for your time.

SENATOR LESSER (9TH): Yes, thank you Mr. Kiessling. I know my -- my Co-Chair has some questions for you but before that, did you submit written testimony with them?

MATTHEW KIESSLING: No, but I will get somebody to.

SENATOR LESSER (9TH): Representative Scanlon.

REP. SCANLON (98TH): Thank you for being here today. Can you just go through again what Travel
Tech is because we have testimony from Air B&B but you are affiliated with them?

MATTHEW KIESSLING: So we're the Trade Association. So Air B&B, Expedia, VRBO and Trip Advisor, all the members who work a public policy organization that I represent.

REP. SCANLON (98TH): Okay. And do they some sort of dues to join that association or-

MATTHEW KIESSLING: Yes.

REP. SCANLON (98TH): They do? Okay. So just going through some of your concerns, all of which I totally understand and are valid concerns and good things to talk about. So on the second one, Neighbor Notification. One of the reasons why I think we -- we put that in there is because there is genuine concern. Air B&B's testimony said that in 2018 there was 3700 homes that were you know, listed for rental and those are 3700 different neighborhoods that obviously folks are staying in and I like Air B&B, I've used it myself personally and I think it's a great tool for folks but there is a lot of concern around the fact that you could have neighborhoods that are changed by the fact that there are strangers coming in and out of there every single day if that person is renting it.

I get that you don't like the state by state basis but can you maybe talk a little bit about what you think would be an acceptable neighbor notification policy according to travel guide?

MATTHEW KIESSLING: So I don't know that we -- so one, I don't know that we necessarily love a neighbor notification program to start with. I mean we think -- we sort of are of the belief that this
is your home and if you want to have folks come to your home you may not need to notify your neighbors, the same as if you have relatives visit, you may not need to notify your neighbors. That said, we've never seen anything to this degree. We have seen neighbor notification programs and it essentially goes like this.

One, it's never happened at a state level. It only exists in a handful of cities and it is basically when you apply for a short-term rental permit or the join the registry to say I'm going to offer my home as a short-term rental. You may have to send a letter or the city sends a letter to the three neighbors around you and lets them know that at some point you may offer that home as a short-term rental, but to my knowledge no city in the country requires this on a state-by-state basis and it certainly, absolutely does not require the name of guests being divulged to neighbors.

REP. SCANLON (98TH): And to your knowledge do any of the businesses that your entity represents, do they perform any sort of background check on a person that is about to stay in their house?

MATTHEW KIESSLING: Some of them do. You would really have to go through it on a case-by-case basis. I believe in Air B&B's testimony they gave a pretty substantial breakdown of their background checks. I know that some of our members are working to implement similar sorts of scenarios.

REP. SCANLON (98TH): Great, thank you. And then lastly on the 90-day cap, I think speaking for myself here as somebody who interviews this and asks this -- talks about this, I was hearing a lot of concerns from people that not Air B&B's, any of
these entities, individuals are buying up properties and solely renting them out as Air B&B properties which obviously changes the housing markets and the compositions of certain neighborhoods in some of our cities, probably more so than maybe in my district in a suburban part of Connecticut. Can you talk a little bit about what your seeing that with regard to the market and your clients, whether that is something that you are personally concerned about in terms of the growth of your -- of your client?

MATTHEW KIESSLING: So on that note particularly we've seen, to be quite frank, the Hotel Lobby has done a very good job of anecdotally telling that story. There's not a lot of data behind that narrative, at least we haven't seen much data behind that narrative and every time we've asked for some to be produced, we've yet to see it. It -- it really is a scenario where you know, you have to think about that from an economic standpoint in order for that to work. How many nights a year would you have to rent it? Where would it have to be? It would have to be in a place that people wanted to be in 365 days a year. I mean you understand why you see that -- that type of scenario in you know, vacation destination type areas. But a 90-day cap is one, something as I said, I think caps are the kind of thing that local communities need to figure out, not necessarily the state because I don't think it's a one size fits all scenario. But also it's extremely difficult to enforce. We represent the four major short-term rental platforms. If you're thinking about Air B&B and VRBO and Expedia and Trip Advisor and those -- let's say those four, somebody puts a home up on them and they rent for 90 days on this one and 90 days on --
it's virtually impossible to enforce unless you're actually tracking the homeowner through some sort of individual registry and you would need to do that.

REP. SCANLON (98TH): Got it. And I -- and I know that it's not your company, you just represent the four major companies, but do you think that any of their original intent was to have people do this for a living professionally or was the original intent to sort of make a couple extra bucks based on a spare bedroom you had in your house?

MATTHEW KIESSLING: I -- look, I couldn't speak for the companies as to what -- what the intent of it was. I mean I do know that -- that a lot of this is really for the most part, this is homes that weren't being used or aren't being utilized necessarily all the time and so the goal here is -- is I think to provide some flexibility for travels. I mean that's one of the reasons that this has grown and exploded in the way that it has because look, if you're not using your vacation home for the week, why not rent it out? You can offset maybe your mortgage and it's increasingly a way that people want to travel. I talked about it for myself all the time. I have three daughters. They're between 8 and 16 years old. I don't want to be in one hotel room for more than one night if I can avoid it and so I want a house that has a couple of rooms and you know, a couple of bathrooms in it so there's space and we can move around and enjoy a vacation together.

REP. SCANLON (98TH): Sure. And I certainly understand that and like I said at the beginning, I totally appreciate it and utilize Air B&B, I just think that we have a responsibility as a Committee to look into some of the things that we've been
hearing from our constituents that have concerns about making sure that yes, we like Air B&B. We think it's a good thing generally for folks, but is it being done in a safe way and is it being done in a way that sort of keeps communities within the hole of what they're -- what they're being, so --

MATTHEW KIESSLING: Sure.

REP. SCANLON (98TH): I appreciate you being here today and I know some other folks have some questions.

SENATOR LESSER (9TH): Thank you, Representative, yes Representative Vail.

REP. VAIL (52ND): Thank you, Mr. Chairman. Good morning. Just a quick followup. I believe you said there's no other legislation in any other state that resembles this, is that correct?

MATTHEW KIESSLING: That's correct.

REP. VAIL (52ND): Okay, thank you.

SENATOR LESSER (9TH): Thank you. Other questions members of the Committee? Yes, Representative Turco.

REP. TURCO (27TH): Thank you, Mr. Chairman. To followup to that question that you just answered, can you tell me the type of regulations you commonly see on the municipal level?

MATTHEW KIESSLING: I'd like to tell you that there are common threads but it really is -- I mean this is really the kind of issue that very much has taken I think municipality by municipality and we've seen municipalities implement registration systems. We've seen municipalities that have gone through the
extensive phase of you know, we don't have a law on the books and it doesn't say you can't do it so you're free to do, just pay the taxes. We've seen municipalities that have set up regulatory schemes and structures around it. There are all manner of different types of regulations around short-term rentals. And so I -- I could make you a list but it would be a really long list at the end of the day.

REP. TURCO (27TH): Thank you. I mean I understand you probably wouldn't like any regulations but maybe there are some that you can suggest for the Committee that make sense, you're agreeable of because I'm a big fan of Air B&B and I've used it all over the world. The town I represent Newington, has band anyone from doing Air B&B in it locally because of the fears that I think this Bill is trying to address but might not do correctly.

MATTHEW KIESSLING: Sure. [Overlapping conversation].

REP. TURCO (27TH): And maybe some recommendations to help us get there will make all the municipalities feel more comfortable with it.

MATTHEW KIESSLING: So two things I'd say there. One is, the two that I point you towards are San Antonio and Seattle which are both regulations that we're comfortable with. The second thing I would say is to be careful as a state level prescribing local ordinances, just you know because as I mentioned there is kind of this one size fits all of what may be good for one community may not be good for another.
SENATOR LESSER (9TH): Thank you, Representative. Other questions from members of the Committee? Oh, no? If not, thank you very much for your testimony.

MATTHEW KIESSLING: Thank you, appreciate it.

SENATOR LESSER (9TH): Next up we have Greg Shaw. Good afternoon, Mr. Shaw.

GREG SHAW: Good afternoon Mr. Chairman, members of the Committee. My name is Greg Shaw. I'm a resident of Hartford. I'm speaking in opposition to 7177 and -- concerning short-term rental properties. I operate one short-term rental property in my three family home in Hartford. Like the majority of short-term rental property owners this is just a way to earn some extra money providing a valuable service for people in our city. This legislation is particularly onerous to individuals hosting short-term guests in their own homes.

Short-term rental fills a void that's not well addressed by existing hotels. Families traveling together who need more space than hotel offers, people staying for more than a few nights who want -- who want amenities like kitchen, laundry, things that are just not realistically available in hotels. The average length of stay for one of my guests is about six weeks. These are generally people who live out of state who work -- have work in the Hartford area, people relocation to Connecticut. We have a lot of traveling nurses who work at Hartford Hospital and even cast and crews for Broadway shows at the Bushnell. The availability for this type of housing is absolutely critical to economic and cultural well-being for our state and for our region. Short-term rental operators, even for rental over 30 days are already paying a 15 percent
hotel occupancy tax. Adding sales tax, adding the registration requirement and possibly additional local taxes is really an impediment to this business. The Bill offers no protection to homeowners, short-term rental guests or neighbors. It -- it's only barriers to entry and additional taxes for individual and protection for hotel interest. I urge you to vote against this and you know, I think that this is -- you know we need to support the homeowners and local taxpayers who are running these businesses and you know, not -- not support this for a special interest like hotel.

SENATOR LESSER (9TH): Thank you Mr. Shaw for your testimony. I know my Co-Chair had some questions before we -- I just had a question. You mentioned that it doesn't have any protections for homeowners or for the owners of rental properties. Are there any that you would be seeking that we should consider?

GREG SHAW: No. I think that the -- I don't think that the homeowners and people who are operating these -- these short-term rentals need any protection from the state level. There's -- you know, there's insurance requirements, the different platforms offer different support and you know as far as protection for that and you know, at the end of the day some of this stuff just falls into regular rental law and you know, eviction procedures and stuff like that so I don't think there's anything necessary from the state on that level.

SENATOR LESSER (9TH): Representative Scanlon.

REP. SCANLON (98TH): Thank you, Mr. Shaw for being here today. Appreciate it. Do your -- how do your neighbors feel about the fact that you host folks at
Air B&B? Has anybody ever brought it up to you? Is this something people have shared concerns about or no?

GREG SHAW: That's a good question. So my particular property is -- I have a three family home but it's an attached row house in a group. My -- so my immediate next door neighbor who owns the three family house next door, they also run an Air B&B out of one of their units. One of my neighbors behind me runs -- uses an in-law apartment in their house to run an Air B&B. My -- my tenants in my other two units are well aware of it and nobody's had -- nobody has any real issues with it. You know, there are typical tenant dispute kind of things when it comes to parking or noise or anything like -- but it's -- it's actually a little bit better because these people go away after. If they -- if they do have a problem, it's somebody that goes away after a couple of weeks whereas a you know, tenant disputes otherwise go on for months and even years. So I haven't really had any issues with my neighbors at all.

REP. SCANLON (98TH): And would you find it particularly onerous if you had to inform the neighbors, like you said, most of which are also renting some of their properties or rooms to Air B&B to notify them one time for example that you were going to begin listing places or your home on Air B&B? Would you find that especially onerous?

GREG SHAW: No, but the provision with -- where that reads like listing occupants as they come and go. That's -- that's absolutely ridiculous.

REP. SCANLON (98TH): Got it, okay. And then Air B&B's testimony they said that the average person in
Connecticut who hosts, I'm sorry if I'm not using the right lingo, is hosting the right?

GREG SHAW: Hosing is the right lingo, yeah.

REP. SCANLON (98TH): Right. They said that the average length or number of days that a person does host is 40 days a year. It seems like maybe you do a little more than that based on the fact that you're maybe Hartford and it's -- you do sort of more of long-term. How many days a year do you think that you might host in your house?

GREG SHAW: 365.

REP. SCANLON (98TH): 365?

GREG SHAW: Yep. It's a unit that I used to live in. We bought another house and moved out and instead of -- instead of renting to -- instead of leasing it out like we have with our other units we thought, hey let's give this a try -- leave our furniture here and it was a nice way to increase cash flow over what you would with -- you know with actually renting it out to a lease tenant. I -- my particular experience, I spent a lot of traveling for business and I would go to -- I would go to locations all over the country and I'd stay there for anywhere from a couple of weeks to a couple of months and trying to find somewhere to stay when you're doing that is really challenging. So I -- my particular model is geared toward long-term renters and we fall into a weird category here too because it's over 30 days. Really isn't a short-term rental. We're paying occupancy tax on the first 30 days already which already probably shouldn't be. I could do a month-to-month lease with tenant off of one of these platforms and I wouldn't be paying that
tax. So you know we're already taxed in a way that's really kind of limiting and it's -- it's not really fair so you know, adding more is just a huge barrier that is unnecessary.

REP. SCANLON (98TH): And then sort of last question from me would be when -- if you were to rent this out on the private housing market, do you think that you would make more money through what you make through Air B&B than doing that? So is it about money or is like you said, more about the convenience and the fact that you have a tenant in there for a couple of weeks, it's not working out, it's a short-term thing versus the difficult process of evicting somebody from your apartment?

GREG SHAW: Well, it's -- I mean you get -- there's more money in short-term furnished rentals. So that's -- and that's really what I'm doing. It's nice that there's a platform to do it on. I mean I -- you see short-term furnished rentals advertised on Craigslist, you see them through companies like Nashville Corporate Housing, and a lot of -- a lot of big apartment buildings offer their own -- their own furnished short-term rentals as well. So you know, that's really the -- there's the economics of that but you know, it's -- so yeah, it's more money in short-term furnished because there's more investment up front and a lot more work. You know you don't -- you don't -- you don't just have one background check and sign a lease and you know, you don't just answer a phone once in a while. There's communicating with guests and making sure that they're happy and turning the place over so -- but I don't think that -- I don't think that it's -- you know, that Air B&B or you know, VRBO or whatever the
platform is, is really -- it's not about extra money, it's just offering a service.

REP. SCANLON (98TH): Got it. And I was kidding, one last question for you. The previous witness testified that it would be difficult to enforce the 90-day cap because many people that host use different platforms. Do you yourself use different platforms or do you only use Air B&B?

GREG SHAW: I use different platforms.

REP. SCANLON (98TH): You use different platforms?

GREG SHAW: It would absolutely be difficult to enforce and I also have an issue with that -- with that as well because I mean I have list -- I have people who book it for over 90 days? Why would we limit -- why would we limit to 90 days? Like you could do a six-month or three-month lease to somebody? Why -- why would -- why is it classified differently now and subject to a limit?

REP. SCANLON (98TH): Got it. Thank you for being here today. I appreciate it.

GREG SHAW: Thank you.

SENATOR LESSER (9TH): Thank you, Mr., Chairman. Other questions from members of the Committee? Yes, Representative Turco.

REP. TURCO (27TH): Thank you. Thank you, Chairman Lesser. Can you tell me, I'm just unclear, are there any taxes or fees you have to pay now for rental to either the City of Harford or the State of Connecticut?

GREG SHAW: Yes. The 15 percent hotel occupancy tax.
REP. TURCO (27TH): Okay. That you pay and that goes to the --

GREG SHAW: That -- that's the State of Connecticut.

REP. TURCO (27TH): Okay. Thank you very much.

SENATOR LESSER (9TH): Thank you, Representative. Other questions? If not, thank you very much for your testimony.

GREG SHAW: Thank you.

SENATOR LESSER (9TH): Next up we have David Gallitto in the Connecticut Association of Realty. Good afternoon, David.

DAVID GALLITTO: Good afternoon. Co-Chairs Lesser and Scanlon and members of the Insurance and Real Estate Committee. My name is David Gallitto. I'm a realtor in the state of Connecticut and currently serve on the Executive Board of Connecticut Realtors. Thank you for the opportunity to present testimony before you today on behalf of Connecticut realtors. Connecticut Realtors CTR submits testimony in support of House Bill 7178, AN ACT CONCERNING DISCLOSURES BY REAL ESTATE BROKERS AND SALES PERSON. CTR represents over 17,000 members involved in all aspects of real estate in the State of Connecticut. This legislation would allow for residential real estate licensees to follow the same disclosure requirements commercial real estate licensees are currently observing.

In 2017 Public Act 17-169 was passed. Under this Act disclosures in commercial real estate transactions are made before a perspective purchases or lessee signs the purchase contract or lease. CTR
respectively requests this ability to be made available for residential real estate licensees.

CTR believes today's real estate transactions occur much differently than when these disclosure rules were originally outlined. In decades past customers physically drove to real estate firms to discuss properties to view and the real estate licensee would sign an agreement with a buyer having actually met that person. In modern transactions many buyers search the internet long before they contact a real estate licensee for information about a specific home they wish to view or to discuss.

The long-standing interpretation as to when an agreement must be signed is first meaningful contact. A tremendous numbers of buyers are quite skeptical about entering into a legal agreement, even for a short period of time, especially after that initial introduction takes place. Under the current rule, when a customer refuses to sign an agreement, the licensee will have no choice but to not answer questions about a particular property or show a particular property. This in turn creates dissatisfaction and frustration on behalf of the customer and then results in the licensee's loss of that customer.

This proposed revision would allow for real estate licensee to perform services such as answering questions or showing a property before entering into a signed legal agreement to provide client representation. The revision would require the agreement must be in place prior to the time the buyer makes an offer to purchase a property.

Please note that the real estate broker cannot provide client services and receive payment without
written agreement stating the terms of the payment so there still remains a business purpose for formal agreements to be executed with the buyer as soon as possible. This proposal reflects a modernized buyer and transaction. It's responsive to the public, especially to internet buyers who insist they not be bound by legal agreements until they're ready to do so and who insist they not be bound by legal agreements by an individual they just met.

CTR also requests the removal of requiring regulation on this section. CTR has discussed this point with the Department of Consumer Protection and they concur on this matter.

For these reasons CTR supports, asks for your support of House Bill 7178, AN ACT CONCERNING DISCLOSURES BY REAL ESTATE BROKERS AND SALE PERSONS. I thank you very much for your time and your attention to this very important matter. And I would be happy to entertain any questions and answer them to the best of my ability. Thank you.

SENATOR LESSER (9TH): Thank you so much, David. It's always a pleasure to see you up here.

DAVID GALLITTO: Thank you.

SENATOR LESSER (9TH): What -- if this Bill were to pass, at what point do you think a signed contractual agreement would -- would be -- would take place between --

DAVID GALLITTO: In this scenario right here?

SENATOR LESSER (9TH): Yes, you've got it.

DAVID GALLITTO: I would say shortly after that licensee has had an opportunity to meet the consumer, gain the consumer's trust and be able --
and that only occurs when you're able to answer information and provide information as a licensed salesperson in the state of Connecticut. All too often we find that when you push a contract in front of a consumer in the state of Connecticut shortly after you meet them, they're very skeptical about that and they're reluctant to do so. So it puts licensees in a very difficult situation. You want to provide the information. You want to help the consumer out but we can't do so by law.

SENATOR LESSER (9TH): So this Bill as I read it would eliminate that requirement for residential real estate but would protect -- would preserve that for commercial real estate. You would still need to have that written contractual agreement?

DAVID GALLITTO: Well currently commercial real estate licensees are able to provide that information. What this Bill will allow residential licensees as I do the majority of that type of work, to be able to provide that information prior to entering into an agreement.

SENATOR LESSER (9TH): And you may not know this. I don't. But do you know where the -- this initial requirement came from? Was it -- was it attended to be a consumer protection or was it designed to protect realtors or who are we trying to protect there?

DAVID GALLITTO: I don't have the answer to that but I would suspect it would be a consumer protection that came out of consumer protection at some point.

SENATOR LESSER (9TH): Okay. Thank you very much, that's helpful.

DAVID GALLITTO: Yeah.
SENATOR LESSER (9TH): And really appreciate that. Other questions from members of the Committee? Oh we let you off -- let you off easy here today.

DAVID GALLITTO: Yeah. Thank you very much.

SENATOR LESSER (9TH): Thank you so much, David.

DAVID GALLITTO: Bye.

SENATOR LESSER (9TH): Next up we're moving on to Senate Bill 320 and we've got Rich Hogan CATIC. Good afternoon.

RICH HOGAN: Good afternoon. My name is Rich Hogan. I'm the Vice President and Chief Compliance Officer at CATIC, here today to speak in favor of Senate Bill 320. I wanted to say at the outset that I did hear from the Connecticut Bar Association Will Property Section and they have voted to support this legislation as well. I said at the -- I work for a company called Connecticut Attorneys Title Insurance Company. It's a bar related title insurance company headquartered here in Connecticut. We have about 1,700 attorney agents throughout New England. I'm here to urge the Committee to support Senate Bill 320. We believe that it's very important to have attorneys involved in real estate transactions. I'm a compliance counsel. I've very knowledgeable about the statutes and regulations on the Federal and State level, local level and the bottom line is real estate regulations are incredibly complicated. We're talking about tens of thousands of pages of dense legalese that affect real estate transactions. They're very difficult to keep track of and to interpret. When you convey a property you deal with issues -- environmental issues like -- like paint, asbestos, oil tanks. They've all got to be
disclosed and assessed. Things like encroachments, lend restrictions, zoning information also requires a legal analysis and it's our opinion that only licensed attorneys have the training and resources to address these. We feel that consumers are benefited when they're represented by attorney. For most people buying a home in this state is the most important and the most costly transaction they will ever enter into and they're only going to benefited by having somebody who by training in education knows the legal landscape and can help them. So we urge the Committee to support the legislation.

SENATOR LESSER (9TH): Thank you. I'm going to have some questions but I'll turn it over first to my Co-Chair Representative Scanlon.

REP. SCANLON (98TH): Thank you for being here today. When this Bill originally came before us and we talked about it, I was surprised to know that anyone would ever utilize -- not utilize an attorney for a closing. How often does that happen at real estate closings?

RICH HOGAN: I think for a purchase transaction the vast majority of people have attorneys representing them and there aren't any statistics that I'm aware of but I would guess it's close to 95 to 100%. In refinance transactions I would say it's definitely more prevalent, more common, but not as -- not as prevalent as -- as 95 percent. But I think that -- that's kind of where we are right now but there are no statistics.


SENATOR LESSER (9TH): Like my Co-Chair I was surprised to find that this was an issue. I didn't
realize that I didn't need an attorney but I'm glad I had one. We had some -- we did have some commentary from the Connecticut Fair Housing Center requesting that the language be further clarified that request that the attorney not be the same party for both parties. Is that something that you would have any objection to?

RICH HOGAN: I would really have to consider that, to put me on the spot and think about it. I would really have to give that -- I believe the -- I believe the legal standard is right now, if the -- if the representation is disclosed to the seller and buyer in a way that I think it's something that may be possible but I don't know that for a fact so I would have to think about that.

SENATOR LESSER (9TH): And we also received some sort of details opposition from the Connecticut Association of Bankers. It's pressing that there might be some sort of conflict with Federal law and I didn't know if you had a chance to examine their written testimony and opposition?

RICH HOGAN: I have not see the written opposition but I am a subject matter expert in the Frequent Lending Act so I am not aware of any provision in truth in lending that would prohibit this type of law. This is the law in other parts of New England. In Massachusetts right now by -- by case law representing people at real estate transactions is the practice of law and it's required. That's also being litigated right now in Rhode Island and I'll let you know, in New England, in Vermont, Massachusetts, Connecticut, Rhode Island, vast majority of these transactions are done by
attorneys. Some by -- by court case, some by statute.

SENATOR LESSER (9TH): So they wrote that -- they were concerned that Section I of the Bill might be construed as preventing a lender from preparing its own real estate documents, such as a mortgage without the assistance of a licensed attorney. Is that -- is that accurate?

RICH HOGAN: I believe the law today would prohibit a lender from preparing those documents. There have been numerous court cases in Connecticut that say the drafting of a legal document can only be done by attorney. A mortgage is a legal document, a deed, a mortgage note. These are all legal documents and I believe the case law today would prohibit a non-lawyer from drafting those documents.

SENATOR LESSER (9TH): Thank you. Any questions from members of the Committee? No? Okay. Thank you very much.

RICH HOGAN: Great. Thank you so much.

SENATOR LESSER (9TH): Next up with Dan Kuene, I think. Apologies for mispronouncing your name. Not here yet? We're going to skip Dan and we're going to go on to Joanne Breen.

JOANN BREEN: Good afternoon. I want to thank Senator Lesser, Representative -- Representative Scanlon and the Committee members for letting me speak this afternoon in support of Senate Bill 904, AN ACT AUTHORIZING ESTABLISHMENT OF A FIRST-TIME HOME BUYER SAVINGS ACCOUNT. My name is Joann Breen. I am a realtor and I'm First Vice-President of Connecticut Realtor. CTR has over 17,000 members who work with thousands of buyers, sellers,
landlords and tenants annually. Realtors know that the homeowners -- that home ownership is essential a strong economy. SB 904 is a Bill that would create a special savings account for future home buyers that would allow them to set aside funds to be used specifically for the purchase of a single-family residence.

The proposal allows for any individual to open an account with a financial institution and designate the account in its entirety as a first-time homebuyer savings account. For purposes of this Bill a first-time homebuyer is defined as an individual who has not owned either individually or jointly a single family residence during a period of three years prior to the date of the purchase of a single-family residence. The funds in this account must be used to pay or reimburse a qualified beneficiary's eligible cost for the purchase of a single-family home.

These contributions would be tax deductible up to $5,000 per year for an individual and up to $10,000 for those filing jointly. The account must be used within a 10-year period and it must be used for a home purchased only in Connecticut. Currently there are nine other states that have enacted this type of legislation and it has been so well received that additional states including Idaho and Michigan are now proposing first-time homebuyer savings account legislation.

This legislation strives to promote homeownership in our state. It's an incentive to encourage our adult children to work and live in Connecticut and not look elsewhere to build a life. CTR welcomes the opportunity to work with members of the Committee as
well as the Administration to incorporate any additional improvements to this proposal that may be identified. We respectfully request your support of SB 904 and hope you will enact the First-Time Homebuyer Savings Account Program. Thank you for your attention. If you have any questions, I would be happy to answer them.

SENATOR LESSER (9TH): Thank you very much for your testimony. What -- you mentioned other states that adopted similar programs. What states are those? Do you know?

JOANN BREEN: Well I know that Iowa, actually the Bill that we looked at and used sort of as a template was Iowa. I don't offhand know what all the others are but we can certainly provide that for you.

SENATOR LESSER (9TH): Of course. And I didn't expect you to be an expert on state to state legislation but that's -- that's super. And you're intent here is obviously to help families across the state purchase their home for the first time and try to keep young people in the state.

JOANN BREEN: Absolutely and I think that's the main concern, Senator, is we want to keep people here in Connecticut. We're losing so many of your people that go off to college. They don't come back. So this we hope would be an incentive to bring them back.

SENATOR LESSER (9TH): So obviously this Committee, this is not going to be the last -- if we were to move forward on this Bill, this would not be the last word on it. I think it would probably be a fiscal note. Do you have any suggestions for us
about how we could make sure that we can -- obviously we would hope that this would pay for itself, but if you have suggestions about what we could do to help our friends in the Finance or Appropriations Committee.

JOANN BREEN: That's -- that's a big question. I don't know that I'm qualified to answer. I had -- I had a thought and I don't know if it's even a good one, but I know that for instance, CHFA Funding comes from taking the interest from our deposits, our earnest money deposits that we collect and I don't know if something of that nature could be used to fund something like this.

SENATOR LESSER (9TH): That may be a good question for our friends in CHFA. That's a good thought and we'll -- we'll look into it. Representative Scanlon.

REP. SCANLON (98TH): Thank you and I assume you, yourself are a realtor right?

JOANN BREEN: Oh, yes I am, yeah.

REP. SCANLON (98TH): My wife and I bought our first house when I was -- when we were both 30 years old and one of the reasons for that is the town that I grew up in, Gilbert has sort of an expensive housing market and we had to save for a while to get there. In your experience, how common is that for young individuals or young couples where it takes them a while to save and why this would be beneficial to them to -- to help them in that process?

JOANN BREEN: I mean -- actually I can tell you that National Association of Realtors has provided us with a statistic that was rather shocking that it now takes the average homebuyer, first-time buyer
seven years to save for a home and years back it probably -- probably was more like three or four years. So I think anything that we can do. They're already -- these young people already are loaded with college debt so anything we can do to help them to get into their first home I think would be beneficial.

REP. SCANLON (98TH): Thank you very much, appreciate that.

SENATOR LESSER (9TH): Thank you. Other questions from the Committee? Representative Delnicki.

REP. DELNICKI (14TH): Thank you, Mr. Chair. Just a question pertaining to is there a circuit breaker on this if somebody had a family emergency, something occur and they needed to tap that money. Would they then have to pay some kind of penalty tax wise?

JOANN BREEN: I believe that the Bill does allow for a penalty if it's not -- well they would have to then, yes, pay back the taxes they -- that they were -- that were deferred and that they didn't take but as I said, we're open to any suggestions that this Committee feels could be added to this Bill to make it work but we want to see it go through.

REP. DELNICKI (14TH): Yeah.

JOANN BREEN: So if there's anything like that, but yeah, there is a penalty if it's taken out early or not used to buy the home, yeah.

REP. DELNICKI (14TH): Kind of like an IRA?

JOANN BREEN: Yep. Sort of like an IRA, yeah.

REP. DELNICKI (14TH): Because it makes a lot of sense, it's a great idea. My only concern was would
there be an ability for a person to tap into it or a family to tap into it if they did have some kind of an emergency and they needed that money so a stop gap.

JOANN BREEN: And that's -- that's a good thought and again, that may be something that needs to be added into the Bill to make it workable.

REP. DELNICKI (14TH): And any time limit on the number of years that a person could accrue the money in there before they --

JOANN BREEN: Ten years.

REP. DELNICKI (14TH): Ten years?

JOANN BREEN: They would have to buy the home after ten -- within the ten year period.

REP. DELNICKI (14TH): And that's based on reasonable and prudent actions by the person probably, right?

JOANN BREEN: Uh-huh, yes.

REP. DELNICKI (14TH): Good deal. Thank you for your testimony. Thank you, Mr. Chair.

JOANN BREEN: Thank you.

REP. SCANLON (98TH): Thank you, Representative. Any further questions? Representative Turco.

REP. TURCO (27TH): Thank you, Mr. Chairman. Is there a -- I didn't have time to look in the Bill yet to find it. Is there a cap in the amount of tax credit someone will receive? Is that the $5,000 or?

JOANN BREEN: There is a cap. It is up to $5,000. So if they only put in $2,000 in a year then they would only be able to deduct that $2,000 from
taxable income. They -- they can put up to $5,000 as an individual and up to $10,000 if they do a joint return.

REP. TURCO (27TH): And they get a tax credit equal in that amount?

JOANN BREEN: Equal to that amount but that's the cap on it.

REP. TURCO (27TH): They put in the $10,000 they get a $10,000 tax credit?

JOANN BREEN: Yes, but that's the cap on it.

REP. TURCO (27TH): That's the cap?

JOANN BREEN: Yeah, that's the cap.

REP. TURCO (27TH): Well I -- thank you very much for supporting this. I was able to buy my first home here in Connecticut as a college graduate and decided to stay here in the state all because of Federal first-time homebuyers tax program through the Obama Administration.

JOANN BREEN: The $8,000 credit?

REP. TURCO (27TH): Yes.

JOANN BREEN: Yes, yeah.

REP. TURCO (27TH): That was very helpful to me. I wouldn't have been able to -- to get the down payment.

JOANN BREEN: Yeah, that was very helpful. Yeah, yeah.

REP. TURCO (27TH): It would be great to have something like that here so thank you.

JOANN BREEN: Thank you.
REP. SCANLON (98TH): Any further questions? If not thank you for being here today. Appreciate it.

JOANN BREEN: Thank you so much.

REP. SCANLON (98TH): All right. Moving on to Senate Bill 905. Dr. Early Bueno.

DR. EARL BUENO: Good afternoon. Thank you Co-Chairs Lesser and Scanlon and the members of the Insurance Committee. My name is Earl Bueno. I am the President of the Connecticut State Society of Anesthesiologists and practice in Waterbury Hospital. Thank you for the opportunity to testify in opposition to Senate Bill 905, AN ACT CONCERNING SURPRISE BILLING AND REIMBURSEMENTS FOR EMERGENCY SERVICES PROVIDED BY OUT-OF-NETWORK FACILITY-BASED PROVIDERS. My society, the CSSA is a professional association of physicians engaged in the practice of anesthesiology here in Connecticut. The society's mission is to raise and maintain the standards of the specialty of anesthesia and to make available to more people the benefits of the services of qualified physician anesthesiologists.

Senate Bill 905 takes tool back advances made in 2015 to prevent patients from surprised billing in emergency situations while ensuring that the healthcare providers, including physician anesthesiologists would receive fair payment for the services rendered to out-of-network patients. Public Act 15-146 prohibits health carriers from charging a co-insurance co-payment deductible or other out-of-pocket expenses for emergency services performed by an out-of-network healthcare provider that is great than that when charged by an in-network provider.
The focus of concern with out-of-network billing has often been associated with facility-based providers that the patient assumed would be covered like their in-network surgeon or proceduralist in the hospital. Facility-based providers include radiologists, pathologists, physician anesthesiologists like myself and emergency room physicians. In recent years we have seen a rise in the number of types of insurance network and products that have made it confusing and difficult for consumers, providers and legislatures to understand. These include tiered networks, narrow networks, and high deductible plans that insurance companies developed to focus on increasing profit margins at the expense of network adequacy.

With introduction of tiered networks, providers can be in network with a carrier on one tier but out-of-network with the same exact carrier in a different tier. Many patients who end up out-of-network must deal with insurance carriers making payments based on a figure the insurance company arbitrarily sets but significantly lower than our market values.

Additionally high deductible plans are transferring more costs to the patients who often choose options based on premiums without fully realizing the magnitude of front-loaded out-of-pocket expenses. The influx of Surprise Bills in this environment is as much as a result of surprise coverage as it is as it is due to balanced billing.

Surprise Billing would disappear if insurance companies would adhere to a fair payment in an out of setting -- out-of-network setting maintaining an adequate network of all providers and all services is a key to solving this problem. Simply, if
insurers required have an out-of-network and regulators held them accountable situations would be avoided where patients are surprised that they had or could be treated by an out-of-network provider. In instances where a provider or services out-of-network, a mechanism must be created to determine fair payment. Senate Bill 905 is a step in the wrong direction and compromises the advances Connecticut has made to hold insured accountable for providing an adequate network for all providers and all services in emergency situations. I urge you, please object Senate Bill 905. Thank you for your time in this matter.

REP. SCANLON (98TH): Thank you, Dr. Bueno for your testimony today. Any questions from the Committee? Seeing none, thank you very much. Appreciate you being here today. Next up is Dr. Dan Freess.

DR. DAN FREESS: Hello, my name is Dan Freess. I'm an emergency physician at Hartford Hospital and a resident of West Hartford. I would like to thank everyone for being here and allowing me to testify today. I'll try not to repeat much of what was eloquently just said by my anesthesia colleague as well as not repeating much of my submitted testimony which was submitted to you guys last night or this morning.

We would first like to thank the legislature for many years ago taking patients out of the billing disputes if you will, or the billing equation. Many patients, whether it be this issue or different issues, get stuck in these billing situations where they don't know what to pay and who to pay. I think it's a major frustration of the consumer right now. I also wanted to reiterate it is not the patient who
should be stuck in surprise coverage scenarios. I think that's the responsibility of the insurance companies to both educate their consumer and be there for the consumer in times of need.

Back in 2015 the way that was done is the negotiated rate for out-of-network billing was the greatest of three numbers. One is the Medicare rate, that's sort of a group rate which is generally below what we considered market rate. The second is in layman's terms, what the insurance company feels it should pay or what it says it generally would pay. I don't know about you, when someone asks me, what do you think you should pay for this? I've never -- I've never went high if you will. I've never said, oh I think I should pay this but I'm going to say a little bit more. And the third one and the most important one, is a database pricing based on GO ZIPS and based on billing data out there to set the general market rate in your particular area for a particular medical service and that is the one that is most important. Because it both insures, I would say to the physician and the insurance company that they are not paying an abnormal value, either high or low.

This Bill as a Bill last year unfortunately defeated in doing, takes away that third number. It basically limits payment to the Medicare rate, which is not really a reasonable rate for these discussions, or what again in layman's terms is, what the insurance company feels it should pay. Now if the insurance companies were to publish all their billing data one could say this is what they actually pay in this area and that would probably be an accurate number. But insurance companies, maybe rightfully for business practices have never been
willing to release those numbers saying it's proprietary information and would put them at a disadvantage in negotiations to be in or out of network. Unfortunately what this new Bill is proposing is to put physicians at a disadvantage. What is needed is that databased rate separate from the physician or the insurance company that allows for a clean negotiation, an actual research price on these. So that's my time and I thank you for your time.

REP. SCANLON (98TH): Doctor, thank you for coming in today. Really appreciate that. Hang on. Just to make sure. Any questions from the Committee? Seeing none, thank you doctor. Next up is Dr. Leo O'Take.

DR. LEO O'TAKE: Mr. Chairman, distinguished Committee Members, thank you very much for providing me time to provide testimony in opposition to the SB 905 which will decrease access, choice and quality in emergency departments. My name is Leo O'Take. I am a Board-Certified Fellowship Training Reconstructive Microsurgeon Plastic Surgeon. I spent my entire adult life in Connecticut having gone to school, residency training and now practice and I've chosen to remain in practice in the State of Connecticut. I provide a particularly complex form of breast reconstruction after mastectomy which requires highly-specialized teams. This type of reconstruction is often not offered by in-network physicians. I created and started these programs first on Hartford at St. Frances Hospital and have now established new programs now at Stanford Hospital as well as now newly the Norwalk Hospital.
During the course of my breast reconstruction, plastic surgery career I provided this type of care to both Medicaid as well as indigent patients, as well as covering the emergency department now in Fairfield County, including Stanford Hospital and Norwalk Hospital. It's become increasingly difficult to find in network physicians to cover our emergency departments. In fact these emergency departments are now covered almost exclusively by out-of-network physicians who are willing to fill this gap and provide quality care on demand at these local emergency departments.

SB 905 proports to fix a problem that we do not have in Connecticut. Patients actually in fact already have access to qualified and compassionate physician. And there's legislation already on the books to protect patients against Surprised Billing.

As a matter of fact 905 is the type of legislation that will far more likely reduce reimbursement to a level that will limit access to this type of quality care for residents of Connecticut and limit them access to the quality of care that they deserve. This Bill will arbitrarily, unilaterally and without debate set fees for emergency room care.

Let me be clear, passage of this type of Bill will make it financially impossible for me to provide the type of reconstructive complex care that I provide for community members of Connecticut. As such, I strongly ask for your opposition to Senate Bill 905. Thank you.

REP. SCANLON (98TH): Thank you, Doctor. Any questions from the Committee? Seeing none, thank you for being here today.
DR. LEO O'TAKE: Thank you very much.

REP. SCANLON (98TH): Appreciate it. Dr. Yuen-Jong Liu.

DR. YUEN-JONG LIU: Good afternoon. I'm Dr. Yuen-Jong Liu and a Board-Eligible Plastic Surgeon and Hand Surgeon. I completed medical school at Yale and surgical training at Harvard and Yale and I started my practice six months ago by taking emergency call at community hospitals throughout Fairfield County including Greenwich, Stanford, Norwalk, Bridgeport and St. Vincent Medical Center and I provide emergency plastic surgery and hand surgery for all types of trauma and accidents including fractures, soft tissue injuries, all kinds. Just last week I took care of a 12-year-old boy whose hand was run over by an ice skate during a hockey game and he had severe soft tissue injury to the back of the hand and my expertise was necessary to reconstruct the wound and ensure that he had full function of the tendons and nerves in that area, that he could have full function of the hand after - - even after this injury.

So I'm here to testify in opposition of Senate Bill 905 because this will more than likely reduce reimbursement to emergency treatment that will limit the access the residents of Connecticut will have to the treatments they need and deserve and it will make my early practice unsustainable and force me to leave the state and I think the Bill also dissuade new talented young physicians from moving their practice to Connecticut. So, thank you very much. I'm happy to take any questions.

SENATOR LESHER (9TH): Thank you very. Are there questions from members of the Committee? If not,
thank you Doctor for your testimony. It was appreciated, thank you. Oh. Next up we have Susan Halpin. Good afternoon.

SUSAN HALPIN: Good afternoon. Good to see you Representative Vail, Chairman, Representative Turco. I'm Susan Halpin. I'm here today on behalf of the Connecticut Association of Health Plans and we are testifying in support of Senate Bill 905. And I think we take a different view. We too agree that there aren't a lot of in-network physicians that are providing these types of emergency services and the reason we believe that there aren't these types of services being provided is because the current system is set up with financial incentives that reward providers for being out-of-network. And I think it was referenced earlier that right now we operate under the greatest of the three, either how a plan would develop its in-network rate, a Medicare rate or something that's drawn to a particular clearinghouse.

There's only one clearinghouse that meets that definition under statute and it's called Fair Health. And Fair Health is based upon charges. It's not based upon actual reimbursement. So by virtue of benchmarking the out-of-network rate to Fair Health it's actually benchmarked to a very high rate. And I mean it's natural to follow that incentive if you can maximize your reimbursement by virtue of tying it to a you know, an outside rate. Most people will probably follow that rate so when you're in an accident and you go to the hospital, you think you're going to an in-network hospital but when they have to bring in a specialist or have to send your -- your -- your blood work out to a lab that isn't in the hospital or other such facilities,
all the sudden you get hit with a surprise bill. So not only does the consumer get hit with that surprise bill but the carrier gets hit with that surprise bill, and we support the legislation because we believe it brings a more balanced approached to how to pay for those services and if there is disagreement between the provider or -- and the health plan it goes to a dispute resolution process. And we think that's a fair and more balanced approach and we would urge your support. Thank you.

SENATOR LESSER (9TH): Thank you, Susan. I'm going to ask you the same question I asked earlier of the Acting Commissioner. We received testimony -- we've obviously heard some opposition in the last few minutes from a variety of medical professionals but we also received written testimony in opposition to the -- well, either to the entire proposal or portions thereof from the healthcare advocate and from Senator Looney. Do you have any specific comments that you would like to express?

SUSAN HALPIN: I did read a lot of the testimony including the healthcare advocate's and actually think he came down probably closer on the side that we're coming down on. I think to the extent that providers can be encouraged to be in network, that is to the benefit of consumers and to affordability overall. So you know, there's always room for conversation and we would be happy to entertain that.

SENATOR LESSER (9TH): And with respect to the healthcare advocate's specific proposal, do you -- do you support that proposal?
SUSAN HALPIN: I'd have to take a look at it a little bit closer but I'm happy to do that.

SENATOR LESSER (9TH): Okay, thank you. Any questions from members of the Committee? If not, thank you very much.

SUSAN HALPIN: Thank you.

SENATOR LESSER (9TH): All right. Next up we have Ken Ferruci from the Connecticut State Medical Society.

KEN FERRUCI: Good afternoon Chairman Lesser, Representative Turco, Representative Vail. My name is Ken Ferruci. I'm the Senior Vice-President of Government Affairs for the Connecticut State Medical Society. Thank you for the opportunity to testify today in opposition to Senate Bill 905. I know you have my written testimony so I won't go into detail on that, just to highlight a few things. I am going to -- going to kind of take a little different approach than the previous speaker. I think that the current statute creates an incentive to put members to try to get in-network providers whereas removing it and going to this will continue to be a disincentive.

Just to kind of go back to some of the history about how this came to be. Public Act 15-146 passed the House by a vote of 98 to 43 and it passed the Senate unanimously 36-0. It wasn't a rash decision to pass this language. This was the result of numerous discussions by a bipartisan taskforce on healthcare and this was the outcome of it. Also, to talk briefly about the platform that is used and why we think it is a fair platform.
Fair Health was established after a lawsuit by then Attorney General of New York, Andrew Cuomo against a company called Optum that had created the platform database that was creating a very, very deflated usual and customary UCR rate that you've heard about today. This required that to be turned over to a non-profit entity to create that database. What was happening is the plans were using that deflated UCR in that database from Optum to determine what they would be paying for a bulk in-network and out-of-network -- out-of-network rates. We would need to keep what it is right now. We also need to look at expanding it to community -- or facility-based providers who are required to provide services, maybe in urgent or in certain on-call situations that for various reason being it contractual or obligations are required to provide the services.

I do want to point out that the services provided in a emergency situation are covered under what's called EMTALA. They have to be provided. The out-of-network provider can't determine whether he or she is going to take that simply because of their network stats. So thank you for the opportunity to have my say and I'd be happy to answer any questions.

SENATOR LESSER (9TH): Thank you very much. And are there questions from the Committee? Hearing none, thank you.

KEN FERRUCI: Thank you.

SENATOR LESSER (9TH): Skipping ahead to Senate Bill 908. I believe we've got Dawn Ware here. As always in the Committee, I apologize if we are misreading people's names. Good afternoon. Oh, please press the button.
DAWNE WARE: Oh.

SENATOR LESSER (9TH): Yes.

DAWNE WARE: Can you hear me?

SENATOR LESSER (9TH): Yes we -- yes.

DAWNE WARE: Okay. Good afternoon Chairman Lesser and members of the Insurance Committee. Thank you for the opportunity to testify here today. My name is Dawne Ware and I'm the CEO of Ware Consulting, which is an insurance and business consulting firm that delivers strategic financial and operational solutions to insurance, re-insurance and captive insurance companies. I also serve on the Board of Directors of the Connecticut Captive Insurance Association where we work to help grow the captive insurance industry in Connecticut.

I'm here today to testify in support of Senate Bill 908, AN ACT AUTHORIZING FOREIGN BRANCH CAPTIVE INSURANCE COMPANIES and to offer some suggested clarifying changes that will improve the legislation and make it more consistent with Connecticut statutes. I've submitted my written testimony so for the sake of expediency I'll just highlight a couple of items.

Senate Bill 908 updates and improves the Connecticut Captive Insurance Statutes. Many companies where their primary operation is in Connecticut establish captives to ensure their risks in other domiciles before the Connecticut captive laws were in place. And that could be the non-US or US domiciles. When they do that they subject themselves both to premium taxes in the domicile where they insure their risk as well self-revenue taxes in Connecticut for their home state.
The Connecticut statutes already provide for branch captive of alien so non-US captive insurance companies so that's a way that Connecticut companies who have captive domicile outside the US to establish captive programs here, but they do not currently provide any foreign branch captives. And foreign meaning other US jurisdiction states. So what this Bill does is allow Connecticut companies that don't want to re-domicile their whole captive to Connecticut to be able to solve their tax liability issue by establishing a foreign branch captive in Connecticut.

That's really the main -- the main purpose of the Bill is to -- is to put companies with established captives in other US states on par with those who have established captives in other foreign domiciles and solve their tax liability issue in Connecticut which will mean that Connecticut actually gets tax revenue on the risks that are insured in the foreign branch captive. So thank you for the opportunity to testify today. If you have any questions I'd be happy to answer them.

SENATOR LESSER (9TH): Yes, I do and I appreciate hearing both your testimony in support but also your suggestions and your objective piece on this area. Should we be concerned at all that one -- that there could be -- that one of the potential consequences of passing this legislation and move to re-domicile captives currently located in Connecticut to off -- I guess off-shore is sort of a weird term for US -- US jurisdiction but to -- but to other states. Is that something that we might be encouraging inadvertently through this legislature?
DAWNE WARE: So actually most of the captives that have been established since the Connecticut statute was in place are -- have been established because of it. So Thompson Reuters is a Connecticut primary company and so they decided to re-domicile their whole captives to Connecticut and Sonicare in Connecticut. So that -- that's actually -- most of the captives that are in Connecticut, the reason is because that's where their home state is so it should not be an issue.

SENATOR LESSER (9TH): So we wouldn't be worried about -- about a -- about a captive group domicile in say Vermont or something? That's not as likely to be a consequence of this if somebody is looking -- you're not going to see -- I guess my concern would be to see folks seeking to domicile a captive based on -- based on what they perceive as lower task environment in another state.

DAWNE WARE: Right. So, you know I would have to look at the entire list and check with the insurance department but my -- my -- I think 99 percent of the captives that are in Connecticut are here because this is their home state and actually Connecticut's one of the first -- this would be one of the first statutes like this because states like Vermont, they don't have that many home state companies so it -- the effect of this is really going to be more people establishing branch captives from states like Vermont here because this is where their operations are versus the other way around.

SENATOR LESSER (9TH): Okay, thank you. That's very helpful. Are there questions from members of the Committee? Okay.

DAWNE WARE: Thank you.
SENATOR LESSER (9TH): Well, thank you very much.

DAWNE WARE: Appreciate it.

SENATOR LESSER (9TH): And I understand that Dan Kuene from the Realtors is now in the building, or in the room. Dan, would you like to come up? And Dan, I understand you're testifying on Senate Bill 909?

DAN KUENE: Correct. Actually it would be Dan Kuene, but don't worry, my mother doesn't get it right either. It's a long story.

SENATOR LESSER (9TH): Apologies.

DAN KUENE: Don't apologize. Stuff you deal with since you were like three if you were in my family. Point of interest, just before I begin testimony. The eagle is supposed to face the room, not the wall on the American flag.

SENATOR LESSER (9TH): We will pass that on to legislative management and hopefully they will rearrange the flap and apologies.

DAN KUENE: Very good, thank you. My name is Dan Kuene. I'm actually President for the Connecticut Association of Realtors. I'm here representing our 17,000 members. I'm here to testify on Connecticut Senate Bill 909, AN ACT ENABLING PERSONS TO SATISFY THE EDUCATIONAL REQUIREMENTS FOR REAL ESTATE BROKERS AND SALESPERSON THROUGH ONLINE STUDY. I'm not going to read you the entire testimony. You've already got it. But to get to the point, on line is the way classes are going throughout the world. Your colleges are doing on line. We think it would be beneficial to also offer the on line courses for brokers and salespersons. It also -- it's also a
convenience issue because now you can do it at your ability to do it. You know, if you've got a job, if you've got another thing going on in the world, you can make it work. So there's a lot of advantages to it.

There is another thing though that we are requesting to be discussed within this and that is also amending the broker requirements to become a broker. The substitute language that we are looking for would specify that it would have at least closed real estate transactions representing a buyer, seller, landlord or tenant in the preceding three years and to have 1500 hours of real estate, proving you have actually practiced in the industry. The challenge that we have right now is there is no transaction requirement and there is no hour requirement so technically you could be a real estate salesperson, never do a transaction and become a broker. We don't think that's in the best interest of the consumer, the industry or anybody involved. So it is something that we strongly believe needs to be addressed and seems how we're dealing with Senate Bill 909, we think this is an opportunity to address it all at once.

SENATOR LESSER (9TH): Thank you. That's a pretty significant change there that you're requesting. I'm not -- I'm not necessarily against it but what's the current requirement? There's no requirement right now for any transaction?

DAN KEUNE: There is no transaction requirement.

SENATOR LESSER (9TH): Okay.
DAN KEUNE: So right now you can never, you can have never done a real estate transaction and become a broker.

SENATOR LESSER (9TH): And -- and forgive me my lack of knowledge on this. You can -- you can complete a transaction without being a broker? There's no check in that situation?

DAN KEUNE: You have to be a salesperson first but again, salesperson for two years, never do a transaction, take a class, pass the test, you're now a broker in charge of -- now you have the ability to supervise other agents in something that you may have never actually done yourself.

SENATOR LESSER (9TH): And -- and thank you -- thank you for that and I apologize as I'm a new Chair of this Committee, I may not -- this may be something that the Committee has visited in the past. Is this something that has been proposed to your knowledge before? I assume there has been adequate study.

DAN KEUNE: There was discussion regarding this and I'm going to go back and guess, it was a few years ago and to be frank it was a substantially higher number we were looking for then. But you know, as every profession re-examines the path that they're in, we strongly believe this to be a very consumer friendly amendment to make regarding putting at least some of the requirements there that will be -- a little bit beyond where it is now.

SENATOR LESSER (9TH): And what are the consumer protections that your -- you think will be achieved by this? What -- what's the you know, parade of horribles that's going on right now?
DAN KUENE: Well you know from my perspective, I'm working -- if I'm working with somebody that has never done a transaction and they're now representing themselves as a real estate broker and not just a real estate agent, this is a person who does not have any supervision any longer. Once you're a broker you are independent. You know, an agent is supposed to be working under the supervision of a broker so you've now given supervisory options to somebody that again, may have never actually committed or done a transaction.

SENATOR LESSER (9TH): And -- and this -- back to the Bill as it -- as it is right now. The on line course of study that you're requesting, whose currently responsible for coming up with the continuing education requirements? Is that the -- is that the profession itself or is that something that the state has been meriting? How --

DAN KUENE: Department of Consumer Protection is the one that actually comes up with the courses. Offering them as an on line -- they come up with the -- the approve the courses I should say. With that, other people can produce the courses but again, the state approves them, Department of Consumer Protection does.

SENATOR LESSER (9TH): I assume this is something that you've talked to them about and that they support?

DAN KUENE: You know something, I would like to look at my shoulder to somebody to confirm that if you don't mind?

SENATOR LESSER (9TH): I see some -- I see some thumbs up in the background but I -- but we would
have to -- I don't know that we could admit that into the recording but --

DAN KEUNE: I'm pretty sure a recording doesn't pick up a thumbs up. Jim?

SENATOR LESSER (9TH): Okay. I -- I'm sorry. Would you like to come up and state your name for the record?

DAN KEUNE: Sorry, Jim.

JIM HECKMAN: Jim Heckman, I'm the General Counsel for the Association and yes we have discussed this with the Department of Consumer Protection and we're working with them on the language.

SENATOR LESSER (9TH): Thank you. That -- that concludes my questions. Are there questions? Yes, Representative Vail.

REP. VAIL (52ND): Good afternoon. So if that wasn't amended would you still support the Bill as it is?

DAN KUENE: We wouldn't oppose it, correct.

REP. VAIL (52ND): Okay, all right, thank you.

SENATOR LESSER (9TH): Thank you, Representative. Other questions from members of the Committee? If not, thank you very much.

DAN KEUNE: Thank you.

SENATOR LESSER (9TH): I think that -- I think that might conclude the list of peoples, members of the public who I have listed to testify. Or is there any other members of the public who would wish to testify at this time? If not, I will close this public hearing of the Insurance and Real Estate
Committee. We will be back next Tuesday, the 5th for another public hearing. Oh, no, we will not be. We will be back tomorrow for a public hearing and then back on the 5th as well.