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Representative Kerry Wood

SENATORS: Anwar, Hwang, Cabrera, Maroney

REPRESENTATIVES: Comey, Pavalock-D'Amato,
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Luxenberg, Meskers, Nuccio,
Perillo, Polletta, Riley,
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SENATOR LESSER (9TH): I would like to call to order this meeting, this morning's meeting -- sorry, Public Hearing of the Insurance and Real Estate Committee. I just want to just remind everyone testifying that we have a rule of the Committee of three minutes for opening remarks. There is not a limit on responding to questions, if there are any. And with that, I want to turn it over to my Co-Chair, Representative Wood, if she has any opening remarks.

REP. WOOD (109TH): Good morning, everyone. Just looking forward to getting into it. Thank you for joining us today. I know it's a busy day with lots of hearings, so I appreciate you coming.

SENATOR LESSER (9TH): Thank you, Representative Wood. Senator Hwang.

SENATOR HWANG (28TH): Thank you, Mr. Chair and indeed, I'm very eager to hear the Insurance Department which serves as the insurance regulator for the State of Connecticut, and may I compliment for the very good work that that they do. And I also want to applaud Commissioner Mais for his work and very eager to hear the perspective.

But I do want to do a shout-out that the Insurance Department is the regulatory agency for insurance products in the State of Connecticut and they are an equal partner in vigilance and transparency. So, I'm

very eager to hear of them and I'm thankful for their work in the State of Connecticut.

SENATOR LESSER (9TH): Thank you, Senator Hwang. Have we been joined yet by Representative Pavalock-D'Amato?

REP. PAVALOCK-D'AMATO (77TH): Yes, I'm here.

SENATOR LESSER (9TH): Great. Representative, do you have any opening remarks?

REP. PAVALOCK-D'AMATO (77TH): Just I want to thank everybody for coming and for testifying. And definitely to the department, thank the department for all their hard work. They've put a lot of effort into these Bills and I know we didn't get to them last Session, unfortunately, but I think a lot of these Bills are great Bills that are going to help out our state, so I'm looking forward to their testimony. Thank you.

SENATOR LESSER (9TH): Thank you, Representative. And with that, it's my understanding that we're joined today by the Deputy Commissioner, Deputy Commissioner Hershman. Are you on and would you like to begin?

DEPUTY COMMR. JOSHUA HERSHMAN: Yes. Thank you, Senator Lesser. And good morning Senator Lesser, Representative Wood, Senator Hwang, Representative Pavalock-D'Amato and Members of the Insurance and Real Estate Committee. My name is Josh Hershman, I'm the Deputy Commissioner of the Connecticut Insurance Department and I am coming to you from sunny Guilford, Connecticut.

Thank you for the opportunity to provide testimony today in support of the department's proposed legislation. As you're aware, the core mission of the Connecticut Insurance Department is consumer protection. The department carries out its mission by enforce and state insurance laws to ensure the

policyholders and claimants are treated fairly, as well as by closely monitoring the financial condition of insurance carriers to make certain that they are solvent, appropriately managing their risk, and are able to pay policy claims as they arise.

We are submitting substantially the same legislative package as we did last year, where all of our Bills were JF'd out of this Committee. I will highlight any changes as I summarize the Bills and then I'll be happy to answer any questions.

The first and really most important Bill that we're proposing this year is an Act concerning credit for reinsurance. The US entered into an agreement with the EU and UK where each state must adopt the agreement to avoid the possibility of federal preemption. This Bill is unchanged between this year and last year.

The next Bill that we're proposing is an Act concerning the Insurance Department's recommended technical changes to the General Statutes. There are a few components to that and I'll briefly highlight those.

The public health fee allows the department to impose a late filing fee of \$100 per day for insurers or health care centers who do not submit lives covered by September 1st. There is also a civil penalty of not more than \$15,000 which can be imposed if it is determined that the company's discrepancy was not in good faith. This has not been changed from last year.

The next section additionally adds the capability for companies to pay their assessments in a one-time payment instead of installments, if they choose to do that. Again, this is unchanged from last year.

Next, it repeals a report set forth in 30A-12 which is, to the best of our knowledge, informational and hasn't been ever submitted to the department, so

this is, we're trying to clean up our Bills, or our statutes, and this one is new this year.

The next area is the department's external review process, updating it by removing the \$25 fee that we require right now. This is a new component of our tech Bill as well, and this is not only consumer friendly but it also will improve the Insurance Department's time and energy usage, considering we spend more time refunding this \$25 fee than we spend collecting and depositing this fee.

Our next component of this is the data security model law, a tech change to that. This has been something that's been ongoing with the industry. We've had numerous conversations with all of the stakeholders to try to make this work and we are all on the same page. I do believe that there will be a correction made to the timing of this, and I know Eric George will be talking about this as well, but the effective date is currently 10/01/21 and we need it -- we need to have a gap extended to the 4/9 and the 10/1 date, so that will be a change that we'll be proposing.

Our next Bill is I think a good Bill, a big deal, is our captive Bill and the Bill really, it makes it easier for captive insurance companies to do business in Connecticut. One of the features of the Bill that I would like to highlight is that it permits foreign branch captives to exist, which allow captive companies who have come -- who have Connecticut-based risk that are domiciled in different jurisdictions to open up a branch in Connecticut, to cover the Connecticut risk. And that, it's a no-brainer, it adds jobs and adds revenue to the state.

The changes that we made, I'll walk us through those changes, and if there are questions, we can highlight them after the fact. But the changes to this Bill is we removed conditional licensing ability to the captives. We've lowered the amount

of capital and surplus required from the Bill that we submitted last year. We removed the provision that capital and surplus may be in the form of any asset approved by the Commissioner. We added a permission to waive the financial exams for the Connecticut branches for pure captives. We've added sponsor captives participate to include control unaffiliated businesses. We've lowered and clarified the amount of capital and surplus of a dormant captive, and we have also are changing the minimal capital requirements for dormant captives.

And these changes have been in concert with conversations we've had with all the stakeholders. We're really trying to not only make Connecticut a more approachable place for captives but also, we are trying to, you know, we are trying to make sure that our regulation and our statutes make sense and it's not a race to the bottom, but they're strong and they are ensuring growth in the industry.

Our next Bill is AN ACT CONCERNING THE INSURANCE DEPARTMENT'S RECOMMENDED CHANGES TO THE INSURANCE STATUTES. This Bill, previously split into two Bills, was JF'd in 2020 with the same language and again, I'll just give brief highlights.

Section 1 and 2, this is the same proposal as last year. It has to do with genetic testing results being used for life insurance. And we are asking that there be consent from the consumer before those are used. And it's also creating protection for the consumer in regards to health insurance, Medicare supplement insurance by prohibiting the use of genetic information in underwriting.

Section 3 of this Bill is just creating parity. It's cleaning up kind of our commercial lines and auto by codifying provisions in the statute for the cancellation of homeowners' policies.

Section 4, this section requires a loss ratio of less than 50% for credit life insurance and credit

accident insurance. Again, this is sort of no-brainer. We're in a tough spot in Connecticut where, you know, the loss ratios are ridiculous. They're a little bit out of control, so 50% is -- brings us in line with the national average.

Section 5 of this Bill is, this section lowers the course requirements for producer licensing. This brings us in line with the National Association of Insurance Commissioners Uniform Licensing Standards and it really improves portability nationwide for producer licensing.

Our next Act is a new, an Act concerning value-added products or services. This is something that the Commissioner has been working very hard on at the national level, as has staff, and I'll just briefly highlight this for you. It's a new proposal where the Insurance Department is constantly a strong proponent of innovation and technological advances within the insurance industry and this Act will provide an opportunity to consumers to have access to innovative products and services.

The National Association of Insurance Commissioners has developed amendments to the NAIC Model Unfair Trade Practices Act that will allow for certain value-added products or services at no or reduced cost when the product or services are not referenced in the policy.

This Bill will amend existing statutes that currently prohibit insurance companies from providing consideration or inducement not specified in the insurance policy. Such value-added products or services must have a legitimate nexus to the value of the insurance coverage, be designated to provide lost control, improve health, reduce risk and other intents, and are provided in a fair and non-discriminatory matter.

The Insurance Department will have the ability to track the type of value-added services or products

being offered and will be provided with data which will show if any outcomes are not consistent with the intent of the law. Ideally, information will be captured via lower incident rates and rate reductions, among other outcomes.

And our final Act is our annual Surety Bail Bonds Act and we think that we're trying to really add continuing education requirements and eliminate processes in general to make the bail bonds experience work better for the department, the consumers and the agents.

So we're really excited about all our Bills here and I would love to open the floor for any questions. I see one hand is raised, but I'll leave it up to the Chair to facilitate the questions.

SENATOR LESSER (9TH): Yes, thank you Deputy Commissioner Hershman, and I do have a few questions and I know other Members of the Committee do as well. And I want to, just before I get there, I want to applaud the Insurance Department for really focusing on that issue that you mentioned which is consumer protection. And I know that the department has gotten a lot of recognition around the country for its leadership role in that and specifically we want to highlight Commissioner Mais who was recently elected Secretary Treasurer of the National Association of Insurance Commissioners, which means that he is in line to be effectively the nation's leading, the nation's top insurance regulator, which I think is a special point of pride for all of us in Connecticut.

As well as a special honor that was recently given to Paul Lombardo, Director of Your Health and Life Division who, as you know, many of us are getting complaints about long-term care rate increases and he's really leading the fight nationally to try to help give us tools to provide much-needed relief at the folks who are stuck with outrageous long-term care rates. So I appreciate his leadership and yours

as well and I wanted to just highlight the ongoing work of the department.

I have a few questions, particularly one about this new proposal, the value-added products Bill. Can you give an example to the Committee about what a value-added products could be? We've gotten some stakeholder, I don't know if it's opposition, but certainly I think there are folks who are looking at this proposal and trying to understand what it means for providers and for Connecticut. So if you could give us some examples of what it is you're trying to promote? And certainly innovation is always good, but want to make sure that we're sort addressing potential concerns.

DEPUTY COMMR. JOSHUA HERSHMAN: Yeah. So there are value-added products that aren't value-added products, and I can start by just highlighting some things that you could think about that really just don't make any sense. So you're not going to be giving a, you know, for health insurance, you're not going to get a vacation to Hawaii for getting -- for using Anthem or any of the other, or ConnectiCare.

But if a domestic carrier or a licensed carrier in the state wants to offer wearable technology to track your steps and to help keep you in line with your health, that's something that there is a nexus to. Or, when you talk about life insurance, there could be some nexus related to some legal services offered for life insurance. Or, if you talk about disability insurance, there could be some nexus related to different types of, again, wearable technology.

Or it's really, the goal here is to eliminate the question that carriers often have and to make this process a little bit clearer. Because right now, you know, the way the Insurance Department has it set up is we allow certain value-added products when they're in the policy and when -- and that is sort of not even clear. Some companies don't even

realize that they can have value-added services if it's in their policy.

So it's really to clear it up. It's really to improve the relationship between the consumer and the carriers, and it does need to be watched and monitored and as I had indicated, we have the tools to watch and monitor that to make sure that's not out of control.

SENATOR LESSER (9TH): Thank you. And specifically I think one of the questions we had received in response to that was a concern that, you know, obviously carriers have negotiated provider networks on the health insurance side, and there was a question about, would this reopen the door for payments from providers to patients to induce them to pick one provider over another, from carriers to patients or policy holders? And if so, are there policy considerations there? I don't know if you have any -

DEPUTY COMMR. JOSHUA HERSHMAN: No, it would not allow that to happen.

SENATOR LESSER (9TH): Okay, great. And then with regard to the captive insurance issue, I know -- is there companion legislation to this that's in the Finance Committee? Is there--?

DEPUTY COMMR. JOSHUA HERSHMAN: I believe that there is other legislation to this but I'm not entirely sure where it is sitting. Lady might know, but I can get back to you on that, Senator Lesser.

SENATOR LESSER (9TH): Okay. So that, you know I understand that there's sort of a related proposal that would allow forgiveness of back assessments to the Insurance Department, you know, that captives have owed if they had been -- if they had registered with the Connecticut Insurance Department via, with a three-year captive payment on those payments, yeah. Is that right? But that's not before us.

DEPUTY COMMR. JOSHUA HERSHMAN: That's correct. That would have to be administered, I believe, through DRS and I'll follow-up with you, with Lady on that. But I'll just comment that there are places that would be required, there are companies that would be required to pay taxes that aren't currently paying taxes and what we're trying to do is incentivize them to come back to Connecticut and to give them an opportunity to, you know, sort of declare that yes, we've been away and yes, we recognize we owe the taxes but we're, you know, we're kind of giving them a break to get them here and make it work, still while collecting a portion of what they would owe.

SENATOR LESSER (9TH): Separately, not in your proposals, but we've gotten some requests to make changes to continuing ed requirements with regard to insurance producers and I wanted to know if that was something that the department had a position on? This is something that we've had, you know, ongoing discussions over the last few years. Is this something that you have a position on?

DEPUTY COMMR. JOSHUA HERSHMAN: We do have a position on the producer licensing continuing education. Is that the question?

SENATOR LESSER (9TH): Yeah, so I think we received - - we received the proposal to allow continuing ed requirements to roll over from one year to the next if someone had accumulated a large, you know, a larger number of continuing ed requirements, that could be -- is that something the Department has a position on?

DEPUTY COMMR. JOSHUA HERSHMAN: I would have to get back to you on that, Senator Lesser.

SENATOR LESSER (9TH): Totally, totally fair. I may have other questions, but I know that there are a lot of Members who have questions so I'm going to turn it over to them rather than hogging your time.

So thank you, Deputy Commissioner, and I'll turn it over to my Co-Chair Representative Wood.

REP. WOOD (109TH): Thank you, Senator Lesser. Thank you, Deputy Commissioner. I have just a few quick questions. Basically a lot of your recommendations would be bringing Connecticut in line with NAIC recommendations. Is that correct?

DEPUTY COMMR. JOSHUA HERSHMAN: Yeah, a lot of our proposals are associated with the NAIC and being sort of at the national standards, correct.

REP. WOOD (109TH): And it seems like a lot of the changes did protect consumers in a stronger way. So would you say that that is generally the case?

DEPUTY COMMR. JOSHUA HERSHMAN: Correct.

REP. WOOD (109TH): Regarding the captive industry, can you just explain a little bit about what's happening here in Connecticut? I'm assuming this legislation is to encourage growth there. Can you just tell us, is that sector growing? Are they happy here? Are we doing the right things to encourage growth with this legislation and, you know others, and other Committees?

DEPUTY COMMR. JOSHUA HERSHMAN: Thank you, yes. So the captive industry is growing in Connecticut. We have an amazing department and our new changes to the laws will continue to grow the captive industry. We're seeing that there's a lot of opportunity for tax revenues, for job opportunities and there's no better place than Connecticut to have your captive.

We have the best, we're the insurance capital of the world. We have the most actuaries per capita, we have the most accountants, the most lawyers and the insurance industry is alive and vibrant.

You know, when you couple the fact that InsurTech is really growing and huge in Connecticut, and you add

the captive link to it, it really makes Connecticut an amazing spot to conduct any sort of insurance processes, and I think that we're going to continue to see growth and people are starting to realize that, wow, Connecticut is a great place to have your captive.

REP. WOOD (109TH): That's great news to hear. Thank you, Deputy Commissioner.

SENATOR LESSER (9TH): Thank you, Representative. Would -- Senator Hwang. Senator Hwang, did you have a question? Okay, Representative Meskers.

REP. MESKERS (150TH): Thank you, Senator Lesser and the Co-Chair. First, I want to congratulate you on the job you're doing in regulating the industry and encouraging the industry to come forward.

I have some specific questions, one related to the ability of insurance companies to offer, I guess, if you want to look at ancillary products or ancillary benefits. I have to assume that what we're looking there is orchestrating the ability of the insurance companies to try to encourage their insured to improve outcomes, right? So whether it's related to health choices, et cetera, so there are ancillary benefits that ultimately are going to change the profile of comorbidities, if you want to refer that way, or unhealthy practices.

I don't think you can answer it today, but I want to look if we can materially, if those changes materially impact, I guess the question is, does it show up in the rollover on the rates on the individual policies when you've improved the outcome for the general pool? Can we expect potential rebates on the back of that? How do you envision that rolling out?

DEPUTY COMM. JOSHUA HERSHMAN: Yeah, I mean that would be one marker here, is by seeing these value-added products reduced rates for insurance, and

we're hopeful that would be one of the things that they do, absolutely.

REP. MESKERS (150TH): Excellent, okay. So, and then early on you gave us too much of an agenda so I'm trying to digest everything as you read through your list today.

One of the issues you mentioned were quarterly payments that you're going to turn it into annual payments, maybe to simplify it. What's the magnitude, the amount and is it a registration fee or what are we looking at there?

DEPUTY COMMR. JOSHUA HERSHMAN: So it's the assessment for the Insurance Fund. And what it would do is some companies really can predict and know exactly, you know, they're going to know what they pay and it might be a one-time payment of something, relatively small -- not a one-time, it might be something relatively small and the processing on both the company side and both the Insurance Department side to require that to come in four payments is a little silly. It would only be if a company wants to do it. It just gives the company the opportunity to make that, and it will make the Insurance Department life's easier and it could potentially make the company's life easier.

REP. MESKERS (150TH): And is it generically paid in arrear or in advance?

DEPUTY COMMR. JOSHUA HERSHMAN: It's paid in arrears.

REP. MESKERS (150TH): And is there -- it's de minimus in terms of any impact on the assessment and the amounts are not, you know significant, or?

DEPUTY COMMR. JOSHUA HERSHMAN: Well, they could be. I mean, if a large insurer decides to pay a one-time payment and they happen to be, you know, one of our larger carriers, then that would be a large payment that would come in. But we would anticipate that it

would only be these smaller companies that would do this. But either way, it wouldn't impact -- it wouldn't impact our ability to collect money and budget our fund.

REP. MESKERS (150TH): Okay. And I think that Co-Chair Wood mentioned the NAIC. So I mean, basically, from my understanding from my days in banking, you know, you basically have 50 separate regulatory environments with the NAIC working as the overarching, trying to create coherent insurance regulations across 50 separate jurisdictions.

And so I would think that since we are the leader in the industry, it's because one, we've matched the baseline of the industry regulatory environment across the 50 states. Apart from this list you're presenting, it would be helpful during the course of this Session to have some conversations about what other regulatory issues, requests you're considering that may be pluses and minuses, you know, to them that you're being asked by the industry.

Because I think the larger, the better we can grow the industry, the more employment we create in the state for that industry would be wonderful. So I would love to hear how we can maintain a leadership role and where the cutting edge is on that type of regulatory environment.

With that, I think I've asked my questions. Thank you.

SENATOR LESSER (9TH): Thank you, Representative. Senator Hwang.

SENATOR HWANG (28TH): Thank you, Mr. Chair and thank you, Mr. Hershman for joining us today and I'm going to base my questions off of the testimony that's submitted in the name of Commissioner Mais, if that's okay by you. But I'm sure you'll do a great job answering.

DEPUTY COMMR. JOSHUA HERSHMAN: I'll do my best. I don't know.

SENATOR HWANG (28TH): No, I'm sure you'll do great. Let me start by saying it's important to note the great job that your department does and I just want to repeat, for public record, your stated core mission. I'm going to read what you submitted in testimony.

"The core mission in the Connecticut Insurance Department is consumer protection. The Department carries out its mission by enforcing state insurance laws to ensure that policyholders and claimants are treated fairly, as well as by closely monitoring the financial condition of insurance carriers to make sure that they are solvent, appropriately manage risk, and are able to pay policy claims as they arise."

And I want to thank you for that important role because you are entrusted to be sure that our insurance carriers and the customers that they have are ably protected.

So, I'm going to start with the role of Senate Bill 841. And in Section 1 and 2 you cited that this proposal would prohibit requiring a genetic testing or use of genetic testing without the consumer consent for life insurance. Is that a unique state requirement that we're imposing? Is there any federal regulations as it relates to that from a genetic testing requirement for policies?

DEPUTY COMMR. JOSHUA HERSHMAN: So being a part of the National Association of Insurance Commissioners, that's sort of where we get a lot of our -- where we have the conversation at the national level. There aren't any federal regulations for this that I'm aware of, and it would be the Connecticut's -- the State of Connecticut's responsibility to protect the consumer regarding genetic testing if it's, you know, in the prerogative of the Legislature.

You are all granted with the ability to regulate the insurance industry through the McCarran-Ferguson Act so this is our responsibility to move this forward if it's something that you're interested in, yes.

SENATOR HWANG (28TH): Absolutely. It is something that I'm very interested in and I'm glad that your department has raised the issue. I just wanted to double check that it's not a federal requirement that genetic testing be exempted from any insurance policy, so it's on a state-by-state basis?

DEPUTY COMMR. JOSHUA HERSHMAN: Correct.

SENATOR HWANG (28TH): Okay. Thank you. And No. 2, in regards to Section 3 regarding cancellations as predominantly related to policies and all that, is there any language consideration in regards to policy cancellations on health insurance products?

DEPUTY COMMR. JOSHUA HERSHMAN: I would have to get back to you, Senator.

SENATOR HWANG (28TH): Okay. Thank you.

DEPUTY COMMR. JOSHUA HERSHMAN: I think that it would apply on health insurance as well but I don't want to speak without having the information in front of me.

SENATOR HWANG (28TH): Thank you, and I appreciate that. And finally on Senate Bill 841 regarding Section 4, this section would establish the loss-ratio requirement no less than 50% and it is for credit life, credit accident and health insurance policies.

And you mentioned that the national average loss ratio, what we did in health insurance most recently, what they call the MLR, you're saying that 50% is pretty much the national basis and one that the Insurance Department, as you would on your

insurance carriers, private insurance carriers, should be no less than 50%. Would that be correct?

DEPUTY COMMR. JOSHUA HERSHMAN: Let me just pull it up for you, one moment. So this is, this is for -- hold on one second, Senator.

So the loss ratio is regarding credit life insurance and credit accident and health -- I don't -- I don't know -- I don't want to speak about the -- I think it's accident and health insurance policies. These are not your health insurance policies that we're thinking of like the one that I would have with Anthem. This is, these are the accident type of health insurance policies or the catastrophic health insurance policies where a consumer would, you know, you might see these, you get a piece of mail where it says sign up for \$15 or \$30 and if you have anything over and above, you know, a \$500,000 claim, we'll pay the difference based on all these different, you know, components that might have happened to you.

And that is the, is what we're going after here. And that, nationwide, a lot of states have caps at 50% for those type of policies. And we that Connecticut should have a cap at that policy -- for those types of policies as well.

SENATOR HWANG (28TH): So perhaps I'm reading, and this is the testimony submitted, that it should be much more specific to a narrow band of property casualty policies. Would that be correct?

DEPUTY COMMR. JOSHUA HERSHMAN: Well it's also for, there are health. Like you could get that in the mail today where they say, you know, if you get into a car accident and your injuries exceed, you know, above your health insurance and you owe another X-amount of dollars, we will cover that difference and we're going after that as well.

But I could provide you with the specific language and the specific types of policies so that you could have a -- so, you know, you could better understand it because I'm not doing an adequate job of explaining it to you.

SENATOR HWANG (28TH): No, no. Look, this is one of the processes of Public Hearings that I hope you don't mind that I'm asking these questions, and I will always look forward to getting the additional background information and share that with the Committee, as well as when we evaluate this Bill further. So I just simply wanted to ask that and I thank you for the indulgence.

Let me go to Senate Bill 844. And I think the value-added products and the focus on that is very much a positive. I know Chairwoman Wood raised some of the questions that I was going to ask. But I also wanted to double check that there are two testimonies submitted; one for the Department of Insurance and one from the Commissioner. I see that they're both similar, so I just wanted to make sure that they are indeed both similar.

DEPUTY COMMR. JOSHUA HERSHMAN: They should be, yes. Yes.

SENATOR HWANG (28TH): Okay, great. Thank you. So let me get to 6388 in regards to captive insurance companies. I was really appreciative when you talked about the positives and the allure of getting captive insurers to come into our state, and I'm really grateful for your positive plug of us being the insurance capital of the world, and being a world-recognized leader in recognizing the actuarial risks and the expertise that we have in our state, and you're looking at this as a competitive advantage.

And I just wanted to maybe ask you, in your actions with captive insurers in luring them and having this positive Bill move forward is that the expertise and

the strength of our private insurance market, combined with the oversight of the Insurance Department, is an important positive as well as a critical difference maker in the national, if not international, marketplace. Would that be safe to say?

DEPUTY COMMR. JOSHUA HERSHMAN: That's a great point. And I'll just take a moment here to say that Representative Wood and Representative Pavalock-D'Amato were on a call yesterday where they had the opportunity to hear from industry how wonderful our chief regulator in the captive area is doing, Fenhua Liu. She's relatively new to that role, she's been with the department for many years, she's doing an amazing job.

And you're exactly right, Senator Hwang, that we at the Insurance Department have such a great staff and such a great representation nationwide that it's a spot where entities, insurance entities, want to come and work because of our regulatory nature.

SENATOR HWANG (28TH): Yeah, particularly in light of the COVID impacted and the economic malaise that we're seeing all over the country. To say that Connecticut, having such an incredible competitive advantage, it would be shortsighted for us to undermine any of that moving forward. I think we should build on the strength and collaborate in the many things that we need to do to address health insurance, health insurance cost, health insurance accessibility.

And I'm appreciative of your comments reaffirming that we need to build up the industry in ensuring that they represent the interest of everyone and collaborate with us. But it is a competitive advantage when we are looking for every single job that we need in the State of Connecticut. So thank you on that captive.

I will move onto 69 - 6391. I'm going to be real quick on this. This is just definitely to kind of reaffirm, this is your technical Bill, right? It's kind of the repeat of most of the Bills from last year that we did not get to, due to COVID?

DEPUTY COMMR. JOSHUA HERSHMAN: Correct.

SENATOR HWANG (28TH): Okay, great. I'm getting there. I'm getting there. 6392, the reinsurance. Now this might be construed as almost as a technical Bill to bring it into parity from an international comparative, right? Predominantly between the UK and -- it's predominantly with the UK. Would that be correct? To just make it sure, a line of consistency in the international marketplace regarding credit for reinsurance?

DEPUTY COMMR. JOSHUA HERSHMAN: Correct.

SENATOR HWANG (28TH): Okay. And do you see, and even in your department as I'm reading through the testimony with a lot of the understanding of it, the reinsurance product and credit for reinsurance is a long-established methodology in the insurance marketplace. Would that be correct?

DEPUTY COMMR. JOSHUA HERSHMAN: Correct.

SENATOR HWANG (28TH): And I think as a product that has credibility and long-established working history, it is something that we could look at for many other aspects. I know this Bill relates to a technical correction to make it consistent from an international trade agreement perspective, but it is important for us to point out that as an Insurance Department and with expertise, worldwide recognized expertise, that the reinsurance product and credit for it is a nationally, if not internationally, recognized product in the use of insurance risk management.

So let me get to the last one which is 6393, regarding surety bail bonds. I have to ask you, you know, being relatively new to the Committee, I did not know that bail bonds were under the cognizance of the Insurance Department.

DEPUTY COMMR. JOSHUA HERSHMAN: Yes. I am new to the Insurance Department as of 2019 and that was a shock to me as well. Since it's a part of a surety, I think that's why it was deemed to fit under our department. But I will comment and say that, you know, this Bill I think will improve the relationship between the department and bail bonds generally, bail bondsmen generally, and also make it a more reasonable process for the consumer.

SENATOR HWANG (28TH): Well I appreciate that as I'm reading through it and knowing some of the history in regards to efforts by past administrations to kind of increase the oversight of the bail bonds industry, all I can say is good luck to you.

So, again, thank you, Mr. Chair for the indulgence and I really do appreciate giving me the opportunity to kind of go through the various Bills and get better clarity.

And again, let me close by thanking you for the important mission that I cited earlier and the incredible value that you have in protecting consumers in the insurance marketplace, and the great job that you do, not only for our state, but recognized nationally and internationally. So thanks, Joshua, you did a great job. I appreciate your time. Thank you, Mr. Chair.

SENATOR LESSER (9TH): Thank you, Senator Hwang and Senator Hwang, I've got to tell you that the Insurance Department not only do they regulate the bail bonds industry but they zealously protect the ability to do that, and that is, I know, a very important mission that they care passionately about.

And so, I wanted to turn it over now to Representative Nuccio. Representative Nuccio, the floor is yours.

REP. NUCCIO (53RD): Thank you very much. Sorry, hi, how are you, Mr. Hershman?

DEPUTY COMMR. JOSHUA HERSHMAN: Good. How are you, Representative?

REP. NUCCIO (53RD): Good. More detail around the 844 Bill, the value-added. You had mentioned that the DOI had the opportunity to track the data and to bring value to that, to the idea of value-added initiatives. So I was wondering if you could -- you gave a little bit of a breakdown on, for instance like wearable and stuff like that, but what I'm wondering is what you're utilizing to track the data and what you're hoping to see from it? And I'm sorry, I'm just looking for my Bill notes. There it is. What you're hoping to see from it and regulate?

DEPUTY COMMR. JOSHUA HERSHMAN: Sure. I mean it's not only on the health side, it's really for all lines if you think about homeowner's insurance and water-detecting products and different types of products to make the home a safer place, or telematics in a car. It's really, it really crosses all lines of insurance and what we hope to see and the way that we're going to track it is through loss ratios, see an improvement on loss ratios, see that the consumer is going to be receiving better rates because of those loss ratios are going down.

And ideally, at the end of the day it's really, you know a win-win-win for everyone, for the regulators, for the consumers and for the industry. That's the goal that we're hoping for here.

REP. NUCCIO (53RD): Is there going to be an anticipated -- I'm sure you guys are, I'm sure I'm asking a stupid question here -- but an anticipated ramp up? So when you introduce one of these values,

you're not obviously going to see the value right away so, you, know it's going to take some time for ramp up and that. So is that being built into what you're going to be looking at?

DEPUTY COMMR. JOSHUA HERSHMAN: Yeah, I mean it's an ongoing process. It's a slow process. Currently, we allow certain things so, you know, we're tracking what we currently allow and we've got to see, basically, the results and it's going to take time.

REP. NUCCIO (53RD): Okay, thank you. That's all that I have. Thank you very much.

SENATOR LESSER (9TH): Thank you, Representative Nuccio. Are there other questions or comments from Members of the Committee for Deputy Committee Hershman?

Okay, if not you got off quick and easy, Deputy Commissioner. Thank you, again for gracing us with your presence.

DEPUTY COMMR. JOSHUA HERSHMAN: Thank you.

SENATOR LESSER (9TH): I look forward to continuing to work with you and the department and as I always remind Members of this Committee, the department is really an excellent resource for constituent issues as well as really a depth of knowledge about all matters pertaining to insurance. So, please do call them, don't call me. I don't know anything but Lady at the department is our liaison and does just does a fantastic job of answering questions on, well, it feels like sometimes an hourly basis. So thank you, Deputy Commissioner, and thank you to the Department.

DEPUTY COMMR. JOSHUA HERSHMAN: All right, thank you all.

SENATOR LESSER (9TH): Okay, great. Our next up we have Representative Tammy Exum.

REP. EXUM (19TH): Good morning, can you hear me?

SENATOR LESSER (9TH): We can.

REP. EXUM (19TH): Okay. Thank you so much to the Chairs, Senator Lesser and Representative Wood, to Ranking and Committee Members of the Insurance and Real Estate Committee. Thank you for the opportunity to testify before you today in support of House Bill 3687, AN ACT CONCERNING LIVING ORGAN DONOR DISCRIMINATION. I'm Representative Tammy Exum and I represent the 19TH District which includes portions of West Hartford, Avon and Farmington.

Last year, I was introduced to two West Hartford residents, Robin Gilmartin and Diane Mack. They are living kidney donors and they shared with me information on insurance discrimination and wanted Connecticut to join other states in enacting this legislation. Together we worked to bring this to the Insurance Committee where it unanimously passed out of the Committee and then came COVID, and so we began again.

This is also a personal issue for me. My mother died from renal failure and acquiring a kidney could literally have saved her life. I see organ donors as selfless heroes. Let's put an end to any punitive insurance measures against donors. Today, Robin and Diane are unable to join us but have submitted testimony. Sheila Sakowski of Avon did as well, but she gave me permission to share her testimony for your consideration and I will read it as though she's present.

"My name is Sheila Sakowski and I'm a living kidney donor," Sorry, I am multitasking here and I'd like to turn my other one down so you can hear me.

"My name is Sheila Sakowski and I am a living kidney donor who donated my left kidney on July 25th, 2018 to Debbie Lanigan. I did not meet Debbie until after

I had been approved to be her donor. I learned about Debbie's need for a living kidney donor through my longtime friend and work colleague, Erin Conceptione. Debbie is her childhood friend who has polycystic kidney disease and was diagnosed with renal failure after the birth of her son Matthew, who was born just one month after my youngest daughter, Clara.

I never had any health issues and could not imagine being healthy enough to actively participate in my children growing up. The process to be approved as a living organ donor is expensive. Blood testing, kidney function tests, in addition to body scans are all conducted to ensure the donor is in optimal health. Studies show that the average life expectancy of a living organ donor is longer than the average life expectancy, not due to the donation itself, but due to the fact that you have to be in such good health to donate.

From the time I left the hospital after surgery, my creatinine levels have never been above the normal range, despite having only one kidney.

The process also includes meeting with a living donor advocate, nurses and counselors to ensure that the donor is well informed and mentally suited for donation. As part of that process, you are asked if you have the financial resources to be out of work for surgery and recovery. I'm extremely lucky that my employer offers a generous, fully paid organ donation leave. I would have been eligible for full pay and benefits for up to six weeks, even though in my case I returned to work just two-and-a-half weeks after my surgery.

The team at Hartford Hospital also advised me that there had been cases where living donors have been discriminated against when trying to procure insurance after donation, and that I needed to take this into consideration. I have group life insurance through my employer and knew that would not be

impacted. If I ever changed employment, however, I could be denied supplemental coverage based on my donation.

As a precautionary measure, I took out an additional individual term life policy in an amount equivalent to the amount the group coverage I have to ensure my family was protected in the case that I left my current employer.

Not all potential donors have the financial resources to take the step that I did. David Selzer of Maryland, who is a military veteran, was deployed multiple times to Iraq and Afghanistan after he donated his kidney to his mother in 2007. Following his donation, but before these deployments, he applied for a life insurance policy only to be denied coverage from Monumental Life. His explanation letter indicated that since he only had one kidney, he did not qualify for life insurance and was considered a health risk. I am sure you can imagine how devastating this was for David, even though he would never change his decision to save his mother's life.

My recipient Debbie is now healthy, back to work as a special education teacher, and able to lead an active life with her husband and two children. This would not have been possible without receiving a kidney transplant.

There are many barriers prevent people from becoming living donors, but fear of not being able to procure insurance which they are healthy enough to otherwise qualify for, should not be one of them."

Thank you so much for your time.

SENATOR LESSOR (97TH): Thank you, Representative and thank you for sharing your personal story as well advocating on behalf of your constituents. And you're absolutely right, this was something we had voted to move forward on last year and as with

everything else before the Committee, it was interrupted by a global pandemic. So I'm grateful for you lending your voice and I know that this Bill is not only just important to you but to many other Members of the General Assembly. But Representative, you've taken the lead and so I want to give you a lot of credit for looking out for our people who are organ donors and doing everything we can to promote organ donation in Connecticut.

Just one question. I know we've gotten some support as well from the industry, I think they had some suggested changes the last time I checked. I believe those would work for the Bill, but I just wanted to make sure that you had a chance to review some, you know, what are purported to be technical changes to the proposal and make sure that they would not frustrate your goals here.

REP. EXUM (19TH): I would like to review it one more time but at this point I'm happy with the Bill that has been raised. Thank you for that consideration.

SENATOR LESSOR (97TH): Yeah, thank you and Representative, I would note that states all across the country have done this, so Connecticut's a little bit behind in curve. But yes, absolutely, even though folks who are organ donors may be at higher risk of complications, it's important that we're doing what we can to promote organ donation. And so this seems like a worthy goal and I really applaud your leadership here.

I think you've got a few folks with their hands up so I'm going to turn it over to my colleague, Representative Wood.

REP. WOOD (109TH): Thank you, Representative Exum for coming and sharing your story. Please also thank your constituents for writing that testimony and, you know, really being heroes for what they did.

I was just, I just kind of wanted to say this really kind of hits home for us here in the Connecticut General Assembly, and I was wondering if you could just share with everyone what is happening with our good friend and colleague, Representative Jeff Currey.

REP. EXUM (19TH): Yes, so I'm happy to share. Representative Jeff Currey told us over the summer that he was in kidney failure, Stage 4, and that he would require a kidney donation. And he really put it out there because he was hoping someone would come forward. He became fortunate enough not to have one person but he had a backup in case that one did not work out and was not a match. Fortunately, he recently underwent surgery and has had a successful organ transplant for his kidney, a kidney transplant.

And one of the things that for me is full circle is there is a bakery in my district in Avon called Pure Love, which I love because it gluten free and vegan options which made me a regular customer. I didn't realize the owner of that bakery, Karen, she is the organ donor for Jeff Currey. So, it was this beautiful story to see but they are both doing well and I can't wait to check in with her. Because of COVID, I have not been able to meet her in person, we wanted to keep her as safe as possible.

But this really does hit home. We see what this looks like and I would sure hate to see Karen discriminated against for being willing to be so selfless in order to support Representative Currey, so thank you for allowing me to share that story.

REP. WOOD (109TH): Thank you. Thanks so much for coming today.

REP. EXUM (19TH): Thank you.

SENATOR LESSER (9TH): Thank you, Representative, and I think I speak for all of the Members of the

Committee. We are so thrilled that Representative Currey has been doing well and has been able to get an organ donation. And I know that he is going to be, he's going to take, I think, your role over as a top advocate for organ donations, so if you don't mind seeing him in the spotlight when he deems it appropriate I think we would -- we're just thrilled that he was able to secure an organ and wish him and his donor the very, very best. Senator Hwang.

SENATOR HWANG (28TH): Thank you, Mr. Chair, and Representative Exum than you for raising this important issue and being a voice for your constituents who have suffered a loss. And an extra credit needs to be given for the incredible resolving courage for family members that want to honor the wishes of their loved ones after suffering a loss, to take the extra effort to give life to others. And that is such an incredible endeavor of selflessness, it really needs to be lauded.

And that being said, it is important to recognize that we should increase the awareness of organ donations and knowing that the end result is to continue to support and give life to others and giving many people a chance at life. So I want to thank you for that leadership in that regard.

And in regards to Representative Currey, I wish him the best in his continued health recovery. And it really reminds us what a truly, truly small world that we live in that the donor would be somebody right in your neighborhood as you advocate this Bill. So maybe somebody up above has divine thoughts and made this all work.

So I'm eager and I'm, and I'm very much looking forward to helping you and I'm equally encouraged that the insurance industry has stepped forward in recognizing this as a very important action that we should all support.

So I want to thank you very, very much and thank you for your work.

REP. EXUM (19TH): Thank you, thank you so much.

SENATOR LESSER (9TH): Thank you, Senator.
Representative Nuccio.

REP. NUCCIO (53RD): Thank you, Chairman. Thank you Representative Exum. I don't know if this is appropriate or not but I was looking through the Bill and is the whole piece of legislation, was it new last year and it just didn't go through?

REP. EXUM (19TH): It was new last year, yes.

REP. NUCCIO (53RD): Okay, because I was looking for the underlying changes and it only said something about Section 2 and I couldn't find what it was talking about in Section 2. So I'm going to play the new girl card here for a minute and just ask if you could is this -- is this for insurance in relation to health insurance, life insurance? Like can you just give me a little more information about what drove this Bill and what we're hoping to fix here? Because I didn't read the whole thing because I was looking for the underlined text.

REP. EXUM (19TH): Sure. Just to let you know it would protect, it would prohibit discrimination in life, disability and long-term care insurance for living donors.

REP. NUCCIO (53RD): Life, disability and long-term care?

REP. EXUM (19TH): Yes.

REP. NUCCIO (53RD): For living donors, okay. And prior they were being denied, is that what it was, especially for the life?

REP. EXUM (19TH): In Connecticut.

REP. NUCCIO (53RD): Life insurance, it would exempt them?

REP. EXUM (19TH): So in Connecticut, right. But there are, there is federal legislation and there are 14 other states that are doing this as well, but in Connecticut that is not the case. So we just wanted to protect these donors.

REP. NUCCIO (53RD): Okay, that helps a lot. Thank you very much. I wasn't quite sure, so thank you for that explanation. I appreciate that.

REP. EXUM (19TH): You're welcome.

SENATOR LESSER (9TH): Thank you, Representative Nuccio. Are there other questions or comments from Members of the Committee? If not, thank you Representative Exum, I know your schedule is busy this morning. Thanks for coming by.

REP. EXUM (19TH): Thank you so much. I appreciate it.

SENATOR LESSER (9TH): Thank you. All right, next up we have Armand Halter from the National Kidney Foundation.

ARMAND HALTER: Hi everyone. Thanks for this opportunity. I read this before but here we go again. My name is Armand Halter. I reside in Ledyard, Connecticut since 1974. As you mentioned, I am an advocate for the National Kidney Foundation. I'm also a mentor in the National Kidney Foundation's Peer Mentoring Program where I assist kidney patients with end-stage renal disease transition from diagnosis to dialysis and ultimately to transplantation.

I myself am a kidney transplant recipient of 25 years. Each year in the State of Connecticut approximately, 1,000 patients are on the waiting

list to receive a kidney transplant. Only 25% of those will receive their gift of renewed life this year. The rest will have to wait until their number comes up or they can find a living donor. Of those waiting, some 35 to 50 will pass away.

Living donors are hard to come by and many are discouraged from their donation when they are warned that they may experience discrimination by insurance companies just because they are a living kidney donor. We must do all we can to encourage living donation to help close the gap between those receiving their transplant and those still waiting.

As Tammy has alluded to, many states already have a Living Donor Protection Act, 14 this year which is up from 12 last year. The States are Arizona, Arkansas, California, Colorado, Idaho, Illinois, Kansas, Maine, Maryland, Missouri, New York, Oklahoma, Oregon and Utah. The State Legislature of New Jersey has passed their own Living Donor Protection Act and their Governor will sign it in the World Kidney Month in March.

In addition to Connecticut, the states of Pennsylvania, Kentucky and Washington have LDPAs actively under consideration. It's time for Connecticut to join their ranks.

With the Committee's permission, I'd like to read the example that's contained in Ned Brooks' testimony. He texted me and will not be in attendance today. May I go ahead and read a portion of his testimony?

SENATOR LESSER (9TH): You may, sir.

ARMAND HALTER: Yes, Ned Brooks is the founder of the National Kidney Donor Organization and included in his presentation is the personal experience of Garrett Hill, who is the Founder and Chief Executive Officer of the National Kidney Registry.

Garrett donated his kidney in 2015 via the Kidney Registry's Voucher Program, facilitating eight kidney transplants in a domino chain and generating a voucher for his daughter who was a kidney transplant recipient.

After donating his kidney, he purchased additional life insurance to protect his family. Because he only had one kidney, all of the life insurance underwriters dramatically increased his premiums, even though research clearly showed that living donors live longer than the general population. So donating a kidney will cost him \$161,000 over the next 10 years.

Another colleague at the Kidney Registry also donated a kidney and was not able to purchase life insurance simply because he was a living donor.

He also presents data here which shows the quotes from six insurance companies showing that kidney donors are exposed to premium increases from 86% to 131% percent. Bottom line is we need this Bill, we need to encourage more living donors. Thank you.

SENATOR LESSER (9TH): Thank you, Mr. Halter. Thank you for your advocacy and, you know, it's been said that he who saves one life saves the world, and each and every living donor is making our state and our country a better place. So I'm very grateful, I think we all are, for those who step forward to save those around us.

And I think this has been an unpleasant surprise for folks like the gentleman that you mentioned who sometimes see sticker shock when they see their insurance rates jump. I understand, I think vividly why this could be helpful.

Other questions from the Members of the Committee? Okay, if not thank you very much for your testimony today. Thank you.

ARMAND HALTER: Thank you.

SENATOR LESSER (9TH): Next up we have Ned Brooks. We heard that he was not able to join us but I figured I would give him an opportunity just in case that had changed. Okay. Next we'll have Melanie Lendnal from the Kidney Fund, followed by Susan Schaffman.

MELANIE LENDNAL: Thank you all for the opportunity to testify on this Bill today. This is an incredibly important piece of legislation for the more than 7,000 people in Connecticut right now who are living with ESRD.

My name is Melanie Lendnal. I'm a director for the American Kidney Fund based in Rockville, Maryland. And as you all you know, a kidney transplant can increase the chances of a longer, healthier life. But there is a severe shortage of organs available and that means that more than 7,000 Connecticut residents right now, as we sit here speaking, are waiting to get a kidney and have to wait, unfortunately in most cases, for someone to die to get that deceased person's organ unless they can find a living donor.

Last year, living donors accounted for less than a third of Connecticut's 239 kidney transplants in the entire state. And this Bill is incredibly important in that can increase the number of organs available for transplant by eliminating some of these barriers that living donors unfortunately do have to face right now in the state, now which is why we're so supportive of this legislation.

Just to give you an idea, since 2018 when we started working on these Bills across the country, in the Bills where we passed these pieces of legislation, we have seen an increase of about 30% in the number of people willing to become living organ donors.

Unfortunately we do have studies that show that people who donate organs experience discrimination

by some insurance companies solely based on their status of living organ donors. For example, an NIH Study recently demonstrated that a higher proportion of kidney donors had difficulty changing or initiating insurance, particularly life insurance. And the study concluded that these practices by insurers create unnecessary burdens and stress for those choosing to donate, and can negatively impact the likelihood of live kidney donation among those considering donation.

And further, extensive study has actually demonstrated that people who donate a kidney are likely to live just as long as someone who doesn't donate a kidney, so there is no notable health decrease on someone's -- on someone's life.

Donating an organ, as everyone knows, to save another person's life is just a profoundly generous act that changes not only their life, but the life of all of their family members. The gift of a kidney transplant allows patients to go back to work, to travel, to be active again, to get so much time back that they previously spent in dialysis treatments which comprise someone's day of four hours a day, three days a week.

This Bill could help more kidney patients live a longer and healthier life by encouraging organ donation and providing these common sense protections for more people who are willing and able to give such a life-changing gift, which is why we are so supportive of the Bill and grateful to you, the Committee, for hearing this Bill. And thank you again for the opportunity to speak with you all today.

SENATOR LESSER (9TH): Thank you, thank you Ms. Lendnal. Thank you for your testimony. Other questions or comments from the Members of the Committee? If not, thank you for testifying and I appreciate your support.

Next up we'll have Susan Schaffman followed by Eric George. I apologize, actually Eric George is not next up in the line. After Susan, we will hear from Richard Ehle. Susan Schaffman, hello.

SUSAN SCHAFFMAN: Hi, good afternoon, Senator Lesser, Representative Wood and the distinguished Members of the Insurance and Real Estate Committee.

SENATOR LESSER (9TH): Isn't your -- your camera is off. I don't know if you intended to do that?

SUSAN SCHAFFMAN: Oh, no. I can put it on, I don't know why it's off though. Hold on, sorry.

SENATOR LESSER (9TH): This system is new for all of us. We're trying to -- this is our second virtual Public Hearing.

SUSAN SCHAFFMAN: Yeah, for whatever reason I don't have that ability to put it on. Let me see. Uh, here we go, sorry. Good?

Hi everyone, Senator Lesser, Representative Wood and the distinguished Members of the Insurance and Real Estate Committee. I'm Susan Schaffman and I'm the Executive Director of the Connecticut Orthopedic Society.

I'm here today on behalf of the more than 200 orthopedic surgeons of the society to submit testimony in opposition to House Bill 6390, AN ACT CONCERNING HEALTH INSURANCE REIMBURSEMENT PARITY FOR PODIATRISTS.

The society opposes this Bill to legislate reimbursement rates for any provider of health care, as it undermines the ability for professionals to negotiate rates and also incorrectly assumes that the value provided by all service providers is equal.

This Bill is founded on the assumption that there is a differential in reimbursement between podiatrists and other licensed health care providers, although there's no public data we are aware that indicates that a lack of parity even exists.

Furthermore, health insurers, including Medicare, do not currently pay all health care providers the same amount for a specific service, even those within the same specialty. So even within a foot and ankle surgeon specialty, their reimbursement rates are different, mostly because those are contracted and negotiated, whether it's between a large health care system, groups, sole practitioners and the negotiations are different and independent and private within, to the insurers.

Mandating parity would indicate that additional years of higher quality training and education for medical and osteopathic positions receive, as compared to other health care professionals like podiatrists.

I'd like to offer an analogy. So would the Legislature mandate that all legal work be reimbursed at the same hourly rate, irrespective of the experience, expertise and track record of the attorney? Or whether the work was instead performed by a paralegal? We ask this Committee to seriously consider opposing this Bill in its entirety as it inhibits individual contracting, sets a dangerous precedent for all professionals who contract for their services, and will increase cost to an already burdened health care system.

Thank you for your time and consideration on the concerns of the Connecticut's orthopedic community.

SENATOR LESSER (9TH): I thank you, Susan, for your comments. Just a general question. Are, you know, as we sort of think about reimbursement, why would you suggest that we focus on the credentials of the provider as opposed to the specific procedure being

performed? What's -- how should we sort of think about reimbursement for medical procedures?

SUSAN SCHAFFMAN: Well I think, first of all, reimbursement for the medical community or any, like I had stated, any professional who contracts for their services, is a contract between two people, or two entities. And so for the Legislature to be involved, I think it does set a dangerous precedent for any other types of health care service or any type of services for contracting.

And I think back to the analogy that was briefly stated was, you know, people charge different things, different pricing, right, for different services. Even though I should say they're the same services but they're just offered by different people.

And then if you add that into the health care arena where those negotiations are done with the insurers, they're not then, you know individual to individual, that's the other consideration that has to be made, I think.

SENATOR LESSER (9TH): Thank you, Susan. Just can you, for those of us who aren't steeped in medical education, obviously podiatrist education requirements are different from, you know, MDs and DOs. Aare there specifics though that you think are important for us to take into consideration with regard to -- I mean obviously everyone is licensed in this case to perform the same procedure, so is there a reason why we should take part of an MD or DO, maybe we're straying into Public Health Committee territory, but part of their education as a consideration in moving forward with this proposal?

SUSAN SCHAFFMAN: I mean, I think you can compare, you know you can do a compare and contrast of their education and training versus a foot and ankle orthopedic surgeon and -- but I think it really

comes down to this Bill. It's not my understanding that this is a scope Bill, it's my understanding as it's written that this is parity reimbursement, so I think that that's what it should be focused on.

But if it is focused on education as well, you know I can tell you that orthopedic surgeons, foot and ankle surgeons, you know, are five to seven years in their residency. Most podiatrists are three, and in Connecticut, the statute doesn't even mandate that a podiatrist complete a residency program.

So, again, it's my understand this is not a scope Bill and so I'd like to just get back to that if to mandate a parity, which we don't even know if even, if there is a disparity in the parity to begin with. I haven't seen any data. I tried to do a little bit of research and was not able to locate any real data in Connecticut, so I think that should be the focus.

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

SUSAN SCHAFFMAN: Thank you so much for your time.

SENATOR LESSER (9TH): Next up we have Richard Ehle. I think Ehle? I apologize if I'm mispronouncing your name. I'm sure you will correct me from the - who's a doctor of podiatry. I'm having some troubles today, and then followed by Eric George. Okay, we may come back to him. Is Eric George on?

ERIC GEORGE: I'm here. Can you hear me, sir?

SENATOR LESSER (9TH): I can hear you, Eric.

ERIC GEORGE: Excellent. Well thank you, Senator Lesser, Representative Wood, Senator Hwang, Representative Pavalock-D'Amato, and Members of the Committee. My name is Eric George. I am the President of the Insurance Association of Connecticut. We represent the insurance carriers in

the life group benefits, home, auto and worker's compensation industries. Our membership represents a diverse cross-section of these industries which are major components of the Connecticut economy and job base.

And today I'm here to offer testimony in support of numerous Bills that are before you, the vast majority of which are from the Connecticut Department of Insurance's 2021 Legislative Proposals.

The first is House Bill 6391, specifically Section 3. This is the department's Bill on the agreed-upon changes to the 2019 Connecticut Insurance Cyber Security Law. We've been working closely with this Legislature and the department on this law. This law is now very much in line with the NAIC Model Act. It protects consumers and addresses data breaches. These agreed-upon changes deal with issues related to materiality threshold for breach notification, certain notices and other clarifying language.

We greatly appreciate all the work that the department and the Legislature have done, and there is a change that we are going to advocate for that Deputy Commissioner Josh Hershman mentioned earlier. And again, that is in Section 23. That would be to change the effective date. Right now it says that it will be effective on October 1, 2021. We believe it needs to read that it will be effective upon passage so that we don't have a protracted period of time between when the underlying Cyber Security Act is effective and when the provision of 6319 would become effective. That's just a minor nit but it could have an impact in terms of understanding which law is in place.

The next Bill is Senate Bill 841 which is the department's Bill on genetic information in life insurance. We support this. We've worked closely with this Legislature and the department on this. It is an ongoing conversation but just so you know, the

life insurance industry has been dealing with highly sensitive information of its policyholders for over 100 years and we've been a trusted steward of that data. We greatly appreciate the work of the department and the Legislature and are eager to continue that work going.

The third Bill I want to talk to you about is House Bill 6392 which is the department's credit for reinsurance. This we are joined by the ACLI in supporting. This is in conformance with the NAIC Model Act. Insurance, just like all consumers purchase insurance, we just do it in the form of reinsurance. In 2017, the United States entered into a covered agreement with the European Union. That laid the groundwork for collateral agreements that the US-domiciled insurers needed in order to do business with qualifying EU reinsurers.

In 2019, the NAIC update that credit for reinsurance Model Act. House Bill 6392 will eliminate the reduced reinsurance collateral agreements for Connecticut insurers doing business with qualifying EU reinsurers. The risk here is if it's not passed, if House Bill 6392 is not passed, there's a potential for a federal preemption by the Federal Insurance Office, so passage of the Bill 6392 will maintain and strengthen our state-based regulatory structure of insurance.

And finally I want to offer our support on House Bill 6387. Again, we're joined by ACLI here. This is the living donor Bill. We've worked very closely with this Legislature and we've worked very closely with the National Kidney Foundation. We want to thank both this Legislature and the National Kidney Foundation for working with us. This Bill that you have before you, 6387, represents that work and we're happy to support it. And I'm also happy to answer any questions.

SENATOR LESSER (9TH): Thank you, Eric, and I've got to say it's always surprising and great to see that

the insurance industry throw their weight behind important consumer protection matters and I know you don't normally embrace limits on insurance underwriting, but I'm glad that there's common ground in supporting the urgent need for more organ donations. So I know that that's going to be a relief to a lot of folks who are paying attention to this hearing today and I appreciate your testimony.

Does the credit for reinsurance have to do at all with the European or American style of insurance? I know that they are different. There are different models of insurance regulation between the European Union and US regulators.

ERIC GEORGE: As I understand it, Senator, and first of all let me thank you for your comments. I really do appreciate those. As I understand it, the credit for reinsurance is really technical in nature which will avoid the unfortunate situation where we may be preempted due to certain, not very substantive, more technical aspects of the existing law that is in place and what it needs to be in order to be in compliance with those changes by the NAIC.

So to that extent it is technical and what it'll do, it will avoid federal preemption which we would like to avoid.

SENATOR LESSER (9TH): Great. Thank you very much and I know we had a long back and forth about that provision and some of the other things you're testifying about, so I appreciate it. I will turn it over to any Members of the Committee if they have questions for you at this point. Are there questions or comments from Members of the Committee for Mr. George? If not, going once, going twice, all right. You finally got off easy today, Eric. Thank you for gracing us with your presence again and it's always good to see you.

ERIC GEORGE: Good to see you.

SENATOR LESSER (9TH): Next up we have Sarah Rothstein from the SEIU 32BJ Taft-Hartley Fund followed by Dan Davis.

Oh, I've noticed we've been joined by Richard Ehle. I hope I'm not mis -- butchering your name. You were up earlier. Would you like to have another shot at the apple? Bite of the apple?

RICHARD EHLE: Yes, I would appreciate that very much and you were very accurate with correct pronunciation, it is Dr. Ehle. Thank you very much for the opportunity to discuss House Bill 6390.

I practiced podiatric medicine for 37 years in Bristol and served many, many patients during that time. I'm here today to ask that you support House Bill 6390 because podiatry provides the same covered benefit within their scope of practice as any other licensed health care provider should be reimbursed at the same rate. Our specialty should be fairly reimbursed for the work that we do, as licensing credentials for podiatric surgeons and physicians in the state, it is an unfair trade practice not to pay us the same fees as our physician colleagues who are performing the same procedures in the same office or hospital setting.

A number of podiatrists leave Connecticut because of the unfair way that they are treated by the insurance reimbursement. It's very difficult to expect a person just coming out of training to go into a specialty where you are paid substantially less than physicians performing the same services in the same environment. Connecticut simply cannot compete on that basis.

This is sad because we have very highly trained podiatric physicians and surgeons who will take their talents elsewhere, instead of staying in Hartford or Yale to service the communities in those areas.

I appreciate the different competing interests that you have, that you need just to balance in making health care policy but this change is long overdue and I urge you to support House Bill 6390.

I want to thank you for the opportunity to address the Committee.

SENATOR LESSER (9TH): Thank you so much, Doctor, and I appreciate your testimony. We did hear testimony just a few minutes ago from someone opposed to this proposal. I didn't know if you had an opportunity to hear her testimony or if you had a response at this time.

RICHARD EHLE: Yes. I could only compare this to if you go to your primary care physician and you have an EKG performed, as opposed to going to a cardiologist where they do also EKGs, are those two specialists going to be paid differently for the same procedure? I doubt it. So regardless of the background of foot/ankle specialist versus podiatric specialist, if we're doing the same thing, we should be paid the same amount. It just doesn't make sense to have a separate distinct fee schedule that's parsed out from one specialty versus another.

SENATOR LESSER (9TH): Thank you, Dr. Ehle. And do you have any comments, she had suggested that this was going to have the effect of raising overall health insurance costs. I don't know what would factor in the cost of podiatry in our overall health spend, but I don't know if you have a comment?

RICHARD EHLE: My understanding is years ago we addressed this issue with some of the different insurance companies, and one of them was Blue Cross and Blue Shield, and I believe that after they went back and crunched the number, they realized that the amount of cost additional to their system is miniscule. A small amount of procedures are being done on an average basis, you know, over the year. Compared to the big one, it's pennies. So there's no

substantial cost to the insurance companies when you break that down. However, it's just discriminatory not to be paid the same level as somebody else. It's just not right.

SENATOR LESSER (9TH): Thank you, Doctor. I think that's my questions for right now. I may have more later. I want to hear what other folks from the Committee have to say. I saw that Representative Wood had had her hand up. Representative Wood, do you have questions, or?

REP. WOOD (109TH): I was going to ask the same question. I think Dr. Ehle did a great job of responding, so thank you.

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

REP. POLLETTA (68TH): Thank you, Mr. Chairman, and thank you, Dr. Ehle for your testimony. It struck me, I just have one quick question for you. Would you be able to share with the Committee any public data on the extent of this disparity between podiatrists and physicians? If you could expand on it just a little it, that would be great. Thank you.

RICHARD EHLE: I don't know the numbers of the difference. For example, at St. Francis if you are a member of the PHO, the PHO negotiates a reimbursement rate based on the level. If you're not a member of that PHO, you get paid X amount less. I don't know the numbers on that. There's another individual who is going to be testifying later on who might be able to lend further to that discrepancy.

It's just that I know that there is a discrepancy between the specialists and basically what the previous testimony identified is that yes, they do negotiate contracts for different groups which may be able to be a little bit more healthy than another contract with a different group, but this is the

same thing. Why should a group from St. Francis be able to negotiate a rate that's different than a group at Yale? It's the same procedure. So, again, it just doesn't make sense.

REP. POLLETTA (68TH): Thank you so much, and thank you, Mr. Chairman.

SENATOR LESSER (9TH): Thank you, Representative. Other questions or comments from Members of the Committee? If not, thank you, Dr. Ehle for your time and for your testimony.

RICHARD EHLE: Thank you very much for the opportunity. You have a great afternoon.

SENATOR LESSER (9TH): You too. All right, next up, my apologies, Ms. Rothstein, next up is Sarah Rothstein followed by Dan Davis. Is Sarah Rothstein there? If not, Dr. Dan Davis. Hi, Dave.

DAN DAVIS: I'm Dr. Dan Davis, and I want to thank - can you hear me?

SENATOR LESSER (9TH): We can, yes. I'm sorry.

DAN DAVIS: Good enough. I want to thank you for the opportunity of being able to provide some testimony on this subject which is near and dear to my heart.

I've been practicing in Bridgeport, Connecticut for close to 40 years. The reason we're here is because we're facing an issue of discrimination which we know discrimination of any type is wrong. We're bringing this to the Legislature in an effort to try to correct what is a, I believe, a grievous wrong.

I'd like to correct from the start a little bit of misinformation by Ms. Schaffman because I'd like to clarify the education of podiatric physician involves four years of undergraduate study, four years in a med school where we sit side by side medical students now in nearly school that we have.

Professors cannot tell the difference between a podiatric student as opposed to a medical student and in residency, nobody can tell the difference because we rotate with the medical students in our first year with everybody through every area of the hospital during our residency training.

She is correct. We have a three-year residency training now that is mandatory now for every student that graduates from any podiatric medical school. And that being said, our residency programs, if you go back over the history of training of podiatrists and foot and ankle surgeons, the article that was written by Dr. Michael Aronow a while back ago in *The Journal of Foot and Ankle Surgery* pointed out that the training, the surgical training of a foot and ankle surgeon is grossly, grossly underachieved with approximately 25 cases being done over the course of five years. We have literally 30 times that number of surgeries per year, every year, and it's a pretty significant difference.

The key of discrimination, she didn't do her research because this was brought at the Supreme Court level in Connecticut several years ago, because the law that was written to prevent this type of discrimination was written by a gentleman who you might remember named Dr. George Gunther. Dr. Gunther actually wrote this law and rewrote it a second time. And if anybody knew Dr. Gunther, they knew his - he shot from the hip. He rewrote it a second time because he said the slimy insurance companies are finding a way around my law, he rewrote it a second time.

Bottom line, he said, you know when we went to challenge this, he felt that law was solid. We challenged it with Anthem Blue Cross and Blue Shield, like Dr. Ehle had said. They immediately said, you know what? We're sorry. They rolled it over and the cost, which somebody had asked about, was minimal. They believe actually less than a

dollar per subscriber and yet it was done with great ease.

We took this to UnitedHealthcare who decided to fight us all the way to the Supreme Court. And I would add, when it came to the CEO of UnitedHealthcare sitting literally under oath [inaudible] compared to an MD. It is superior, they are more efficient and quite frankly they're extremely well trained.

And then the question came, so why do you discriminate? And he leaned forward and said "Because I can." In this state, in Connecticut, that loophole still exists which is why we're back here again today, because we unfortunately lost at the Supreme Court level because the law was not solid enough.

As far as discrimination goes, we're paid in some cases by UnitedHealthcare and Oxford at a rate of 75% less than an orthopedic surgeon doing the exact same work and we're doing, according to even to the CEO of UnitedHealthcare, more efficiently and with less complications.

SENATOR LESSER (9TH): Thank you, Dr. Davis.

DAN DAVIS: The bottom line, I think it is an issue. We have plenty of evidence out there and when we recognize that we had to bring us back to Legislature, we recognize that discrimination once again in any form is wrong. That's why we're here and that's why we hope we have your support in actually passing Bill 6390.

SENATOR LESSER (9TH): Thank you, Doctor. And I will say that Dr. Gunther, it was a couple of years before my time, but certainly -

DAN DAVIS: Well if you have any questions, [inaudible] I hope it made it through.

Yes. Thank you, Dr. Davis and I appreciate your testimony and at this point I turn it over to any Members of the Committee who have any questions. If not, thank you very much for your testimony.

DAN DAVIS: I appreciate the opportunity. Thank you all and have a great safe day.

SENATOR LESSER (9TH): Is Sarah Rothstein here? Okay, if Sarah Rothstein is not here, let's go on to Dr. Jeffrey Khan. Dr. Khan, are you here? Dr. Khan? Okay, Dr. Charlot-Wadley. I can see that she's on.

FARYLYN CHARLOT-WADLEY: Hello, good afternoon Members of the Insurance and Real Estate Committee. My name is Dr. Farlyn Charlot-Wadley. I am a doctor of podiatric medicine at my practice and also live in New Haven.

I am here today to ask that you support House Bill 6390. This is to help the inequity that allows the insurers to pay lower fees to podiatrists for performing pretty much the same treatments as Dr. Ehle and Dr. Dan Davis have discussed in their testimonies.

Our specialty should be fairly reimbursed for the work that we actually do. We do see that podiatrists, especially where I practice and training our residents in the program at Yale, they are not staying in the community that we're practicing, we're treating them -- we're training them to be, you know to be like highly podiatric physicians and surgeons and they take their talents elsewhere just because they're not going to stay around if they're treated unfairly by the insurance reimbursements.

I pretty much represent the young members of the podiatric community and time and time again I hear from them like they ask all these questions and, you know, when they have to pick between staying in Connecticut or leaving, most often times they leave.

I moved to Connecticut too, I wanted to be part of the community. That is what I was trained to do, I wanted to help and it's pretty sad to see that we're producing them and they're still leaving.

And what's also sad to see is the fact that we are trained to do all of these things but yet we're getting paid less for doing what we know and are trained better than the others to do.

And being unfairly -- being treated unfairly like that is not something that I expected, you know? And just, you know and being African-American, female and just seeing it happening as far as being a podiatrist is just very like heart broken.

But I do appreciate the efforts you have to deal with in order to balance and make the health care policies in Connecticut, but this change is pretty much long overdue and I'm asking you that you please support House Bill 6390. Thank you.

SENATOR LESSER (9TH): Thank you, Doctor and thank you too, I think we're all, as a young provider I think very happy to see your professional success and wish you well.

I have just one question. Do you know if other states have adopted -- you may or may not know this -- do know if other states have adopted similar requirements? Is this something that Connecticut is behind the country in, or?

FARYLYN CHARLOT-WADLEY: I believe Connecticut is behind. We always get like kickbacks from like other, you know professionals who do similar things that we do but I don't hear this problem with people who, my colleagues in other states. Like I have colleagues all over, you know in Florida, California, and they're not experiencing this.

SENATOR LESSER (9TH): Great. Thank you very much. Any comments or questions from Members of the

Committee? If not, thank you, Doctor, for your testimony and thank you for joining us today.

FARYLYN CHARLOT-WADLEY: Thank you so much for listening.

SENATOR LESSER (9TH): So Doctor, the Doctor was the last person we had signed up to testify but we had skipped a couple of people who weren't on earlier. Have they joined us? Okay, I don't think they have, so with that I think that concludes the list of people we have signed up to testify at this Public Hearing.

I will just pick some bragging rights and say that the hearing I chaired was way shorter than the one that Representative Wood chaired on Tuesday. I'll take full credit for running a very efficient Public Hearing. That's it, that's a joke.

But I want to thank the Members for again joining us today. I know this is a busy day with other meetings going on, so I want to thank folks for stopping by at this Public Hearing.

And with that, just before I adjourn, I normally announce the date and time of the next meeting. We don't have one currently scheduled. I will note that I believe our Raised Bill deadline is Tuesday but we don't have a date at this point. We'll certainly let the Members of the Committee know if that changes.

With that, thank you very much and hope all of the folks are safe and have a wonderful weekend. Take care.