
OLR Bill Analysis

sSB 416

AN ACT PROMOTING COMPETITION IN CONTRACTS BETWEEN HEALTH CARRIERS AND HEALTH CARE PROVIDERS.

SUMMARY

This bill prohibits certain anticompetitive provisions in health care contracts. It also authorizes the insurance commissioner to adopt implementing regulations.

Specifically, the bill prohibits health insurance carriers, health care providers, and health plan administrators (i.e., third-party administrators or TPAs), or their agents or other entities acting on their behalf, from offering, soliciting, requesting, amending, renewing, or entering into a health care contract that includes, directly or indirectly, (1) all-or-nothing, anti-steering, or anti-tiering clauses or (2) any other anticompetitive clause the commissioner adopts in accordance with the Uniform Administrative Procedure Act (i.e., in regulations).

Under the bill, any contract, procedure, or agreement with one of these clauses is null and void, except other clauses of a contract remain in effect for the duration of the contract term.

By law, anyone violating a provision of Title 38a of the general statutes for which no other penalty is provided is subject to a fine of up to \$15,000 (CGS § 38a-2).

EFFECTIVE DATE: January 1, 2023

DEFINITIONS

All-Or-Nothing Clause

Under the bill, an “all-or-nothing clause” is a health care contract provision that requires health insurance carriers or TPAs to (1) include all members of a health care provider in a network plan or (2) contract with the provider’s affiliate as a condition of entering into the contract.

Anti-Steering Clause

An “anti-steering clause” is a health care contract provision that limits the health insurance carrier’s or TPA’s ability to encourage enrollees to obtain health care from a hospital’s or health system’s competitor, including offering incentives that encourage enrollees to use specific providers.

Anti-Tiering Clause

The bill defines an “anti-tiering clause” as a health care contract provision that (1) restricts the health insurance carrier’s or TPA’s ability to introduce or modify a tiered network plan or assign providers into tiers or (2) requires the carrier or TPA to place all members of a provider in the same tier of a tiered network plan.

By law, a “tiered network” is a network that places some or all types of health care providers and facilities into specific groups to which different participating provider reimbursement, access requirements, or cost sharing apply for the same health care services (CGS § 38a-472f).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 17 Nay 0 (03/22/2022)