



ACTS AFFECTING INSURANCE



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NOTICE TO READERS

This report provides highlights of new laws (public acts) affecting insurance enacted during the 2016 legislative session. It does not include vetoed acts. In each summary, we indicate the public act (PA) number and effective date. In some cases, these acts have other effective dates for provisions not related to insurance. Not all provisions of the acts are included here. Complete summaries of all 2016 public acts are available on OLR's webpage. Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerk's Office, or General Assembly's website: <http://www.cga.ct.gov/>.

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ACCESS HEALTH CT

Insurance in Lieu of Bond

A new law allows the Connecticut Health Insurance Exchange (Access Health CT) to obtain insurance covering board members, the executive officer, and employees, instead of executing a bond for them. The insurance must be equivalent to the bond and be conditioned on the faithful performance of duties, issued by an insurer authorized to transact business in Connecticut, and paid for by the exchange ([PA 16-129](#), effective October 1, 2016).

AUTO AND HOME INSURANCE

Third-Party Designee

A new law eliminates a requirement for an automobile or homeowners insurance policyholder to be at least age 55 to designate a third party to receive cancellation or nonrenewal notices from insurers ([PA 16-136](#), effective October 1, 2017).

HEALTH INSURANCE AND HEALTH CARRIERS

Carrier Information

A new law delays, from July 1, 2016 to January 1, 2017, the date by which health carriers must begin to maintain a website and toll-free number where consumers may obtain information on in- and out-of-network costs and related information. It also exempts from the requirement carriers with fewer than 40,000 covered lives in Connecticut ([PA 16-77](#), effective upon passage).

Tomosynthesis

A new law requires certain Connecticut health insurance policies to cover, at the option of the covered woman, mammograms provided by breast tomosynthesis. Breast tomosynthesis is a three-dimensional mammographic method. By law, such policies already cover baseline mammograms for women age 35 through 39, and annual mammograms for women age 40 or older ([PA 16-82](#), effective January 1, 2017).

Interhospital Transfers

In certain life threatening emergencies, a newborn infant may need to be transferred from one hospital to another hospital with facilities or experts better equipped to handle the infant's precarious medical condition. A new law prohibits health carriers (e.g., insurers) from requiring preauthorization in these circumstances for the transfer of the infant or the infant's mother to accompany him or her ([PA 16-162](#), effective January 1, 2017).

Clinical Review Criteria

Sometimes technological advances in medical treatment occur faster than medical professional societies can update their publications. A new law allows health carriers to use new clinical review criteria for utilization reviews, including criteria that address technological advances, even if the criteria are not covered in certain professional publications. Clinical review

criteria are the standards health carriers use to determine appropriate care for specific treatments. The law also repeals certain disclosure requirements specific to substance use and mental disorders and replaces them with general disclosure requirements ([PA 16-175](#), effective January 1, 2017).

Provider Networks, Contracts, and Directories

A new law requires health carriers to establish and maintain adequate provider networks to assure that all covered benefits are accessible to covered individuals without unreasonable travel or delay. It requires the insurance commissioner to review and determine the sufficiency of the networks, subject to specified criteria. It also requires carriers to (1) make a good faith effort to give written notice to a participating provider's patients when the provider leaves the network and (2) provide for the continuity of care for patients in an active course of treatment with the provider. It establishes standards for contracts between a health carrier and its participating providers and requires carriers to maintain a current and accurate provider directory on its website and update it at least monthly ([PA 16-205](#), effective January 1, 2017).

Right-to-try Experimental Drugs

A new law allows terminally ill patients, under specific conditions, to access certain medications and devices

not approved for general use by the federal Food and Drug Administration. It allows health carriers to cover investigational drugs and devices, and specifies when carriers may deny coverage to patients being treated with them. The law specifies that it does not create a private cause of action against a health carrier that provides or denies coverage for an insured patient being treated with an investigational drug ([PA 16-214](#), effective October 1, 2016).

LIFE INSURANCE

Medicaid Eligibility

Generally, to be eligible for Medicaid long-term care services, a single applicant cannot have more than \$1,600 in assets. When determining the amount of an applicant's assets, the Department of Social Services (DSS) excludes certain items, including home property, burial plots and funds, and certain vehicles. By law, DSS cannot determine that an individual is ineligible for Medicaid solely based on having a life insurance policy with a cash value less than \$10,000, as long as the individual is pursuing the policy's surrender. A new law eliminates a second requirement that the proceeds from the policy's surrender pay for the individual's long-term care ([PA 16-12](#), effective on passage).

Criminal Defendants

Existing law prohibits defendants found guilty of certain crimes from (1) inheriting or receiving part of the victim's estate or (2) receiving life

insurance or annuity benefits from the victim. A new law extends these prohibitions to defendants found not guilty by reason of mental disease or defect. It also adds two crimes to those covered by the prohibitions: 2nd degree manslaughter and 2nd degree manslaughter with a firearm ([PA 16-168](#), effective October 1, 2016).

MORTGAGE SERVICERS

Escrow Accounts

Under a new law, a mortgage servicer holding a mortgagor's funds in escrow for taxes and insurance premiums must keep certain records of each escrow account's handling for at least five years after last servicing the account. They must also deposit or invest escrow funds in one or more segregated deposit or trust accounts and reconcile the accounts monthly ([PA 16-65](#), effective July 1, 2016).

OPIOID AND SUBSTANCE USE

Substance Use Disorder Insurance Coverage Study

A new law requires the insurance commissioner, within available appropriations, to study impediments to insureds receiving substance use disorder treatment under their current health insurance policies or benefit plans. The study must include the extent of coverage under health insurance policies or benefit plans, types of treatments covered under such policies or plans, requirements for insureds to receive covered treatment, and cost-sharing requirements for such

treatments ([SA 16-4](#), effective upon passage).

Prior Authorization for Opioid Antagonists

A new law prohibits certain health insurance policies that provide prescription drug coverage for opioid antagonists from requiring prior authorization for these drugs. It applies to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; (4) hospital or medical services, including coverage under an HMO plan; or (5) single service ancillary health coverage ([PA 16-43](#), effective January 1, 2017).

PRESCRIPTION DRUGS

Pricing

The legislature passed a Special Act establishing a task force to study value-based pricing of prescription drugs and submit its findings and recommendations to the General Law, Insurance, and Public Health committees by January 1, 2017 ([SA 16-18](#), effective upon passage).

REGULATORY CHANGES

Insurance Product Regulation Compact

Under a new law, Connecticut adopts the National Association of Insurance Commissioner's Interstate Insurance Product Regulation Compact for life insurance and annuity products. The

new law makes the insurance commissioner Connecticut's representative to the multi-state public entity it creates: the Interstate Insurance Product Regulation Commission. Through the commission, compacting states develop uniform national product standards for life insurance, annuities, disability income, and long-term care insurance products and a centralized filing process for insurers to use for related product filings. An insurer may sell commission-approved products in compacting states in which it is licensed to operate ([PA 16-119](#), effective July 1, 2017).

Annual Reporting

A new law requires domestic insurers and insurance groups to file corporate governance annual disclosure reports with the insurance commissioner. The reports generally describe how companies are structured, any steps they take to mitigate risk, and the composition and governing structure of any major boards and committees. The new law standardizes how these reports are filed, with whom they can be shared, and the type of information they must contain. The law is substantially similar to the National Association of Insurance Commissioners' Corporate Governance Annual Disclosure model act ([PA 16-206](#), effective January 1, 2017).

Risk Retention Groups

A new law requires risk retention groups chartered in Connecticut to meet

specific governance standards. The new law is substantially similar to the National Association of Insurance Commissioners' Risk Retention model act ([PA 16-206](#), effective October 1, 2016).

Foreign and Dental-only HMOs Allowed

A new law allows the Insurance Department to (1) authorize health care centers (HMOs) organized under another state's laws (i.e. foreign HMOs) to do business in Connecticut and (2) license HMOs that offer only dental services. It generally subjects foreign HMOs and dental-only HMOs to the same laws that currently apply to domestic HMOs, with certain exceptions ([PA 16-213](#), effective July 1, 2016 for foreign HMOs and July 1, 2017 for dental-only HMOs).

Market Conduct Examinations

By law, the insurance commissioner must examine regulated entities (e.g., insurers and HMOs doing business in Connecticut) to determine their compliance with applicable state laws and regulations. Among other things, a new law:

1. allows the commissioner to conduct examinations in accordance with the National Association of Insurance Commissioners' (NAIC) Market Regulation Handbook;
2. immunizes from liability examiners or people providing information in support of an

examination for acts performed in good faith;

3. makes examination work papers confidential;
4. allows the commissioner to share examination reports or results with insurance regulatory officials, law enforcement officials, and government agencies; and
5. clarifies when domestic regulated entities are required to pay examination expenses ([PA 16-213](#), effective October 1, 2016).

SHORT-TERM CARE

Insurance

Because long-term care insurance policies must cover at least a year of expenses, injuries requiring less than a year of treatment may not be covered. A new law creates, regulates, and allows short-term care insurance to be sold to cover this gap. The insurance covers up to 300 days of treatment for an injury, illness, or loss of functional capacity provided at home or another nonhospital location ([PA 16-63](#), effective October 1, 2016).

WORKERS' COMPENSATION

Exemption for Sole Proprietors

A new law allows sole proprietors to contract with the state or towns to build or renovate a public works project without first proving that they have complied with workers' compensation insurance requirements. To do so, they must have liability insurance instead of workers' compensation insurance and

cannot (1) use a subcontractor to perform the contract, (2) act as a principal employer, or (3) have opted-in to the workers' compensation system ([PA 16-73](#), effective October 1, 2016).

VARIOUS ACTS MAKING MINOR CHANGES

In addition to the acts summarized above, a number of other acts make minor changes affecting insurance. These acts include:

1. [PA 16-20](#) (funeral service contracts),
2. [PA 16-21](#) (CHOICES health insurance assistance program),
3. [PA 16-35](#) (personal and commercial risk contracts),
4. [PA 16-39](#) (advanced practice registered nurse and optometrist certifications),
5. [PA 16-52](#) (leasing military facilities),
6. [PA 16-65](#) (insurance placed on mortgaged property), and
7. [PA 16-158](#) (behavioral health utilization working group).

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