

House of Representatives, April 2, 1998. The Committee on Public Health reported through REP. MCDONALD, 148th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING HEALTH PROVIDER BILLING PRACTICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (a) For purposes of this
2 section:

3 (1) "Request payment" includes, but is not
4 limited to, submitting a bill for services not
5 actually owed or submitting for such services an
6 invoice or other communication detailing the cost
7 of the services that is not clearly marked with
8 the phrase "This is not a bill".

9 (2) "Health care provider" means a person
10 licensed to provide health care services under
11 chapters 370 to 373, inclusive, chapters 375 to
12 383b, inclusive, chapters 384a to 384c, inclusive,
13 or chapter 400j of the general statutes.

14 (3) "Enrollee" means a person who has
15 contracted for or who participates in a managed
16 care plan for himself or his eligible dependents.

17 (4) "Managed care organization" means an
18 insurer, health care center, hospital or medical
19 service corporation or other organization
20 delivering, issuing for delivery, renewing or
21 amending any individual or group health managed
22 care plan in this state.

23 (5) "Copayment or deductible" means the
24 portion of a charge for services covered by a
25 managed care plan that, under the plan's terms, it
26 is the obligation of the enrollee to pay.

27 (b) It shall be an unfair trade practice in
28 violation of chapter 735a of the general statutes
29 for any health care provider to request payment
30 from an enrollee, other than a copayment or
31 deductible, for medical services covered under a
32 managed care plan.

33 (c) It shall be an unfair trade practice in
34 violation of chapter 735a of the general statutes
35 for any health care provider to report to a credit
36 reporting agency an enrollee's failure to pay a
37 bill for medical services when a managed care
38 organization has primary responsibility for
39 payment of such services.

40 Sec. 2. Subsection (c) of section 38a-193 of
41 the general statutes is repealed and the following
42 is substituted in lieu thereof:

43 (c) (1) Every contract between a health care
44 center and a participating provider of health care
45 services shall be in writing and shall set forth
46 that in the event the health care center fails to
47 pay for health care services as set forth in the
48 contract, the subscriber or enrollee shall not be
49 liable to the provider for any sums owed by the
50 health care center. (2) In the event that the
51 participating provider contract has not been
52 reduced to writing as required by this subsection
53 or that the contract fails to contain the required
54 prohibition, the participating provider shall not
55 collect or attempt to collect from the subscriber
56 or enrollee sums owed by the health care center.
57 (3) No participating provider, or agent, trustee
58 or assignee thereof, may: [maintain] (A) MAINTAIN
59 any action at law against a subscriber or enrollee
60 to collect sums owed by the health care center; OR
61 (B) REQUEST PAYMENT FROM A SUBSCRIBER OR ENROLLEE
62 FOR SUCH SUMS. FOR PURPOSES OF THIS SUBDIVISION
63 "REQUEST PAYMENT" INCLUDES, BUT IS NOT LIMITED TO,
64 SUBMITTING A BILL FOR SERVICES NOT ACTUALLY OWED
65 OR SUBMITTING FOR SUCH SERVICES AN INVOICE OR
66 OTHER COMMUNICATION DETAILING THE COST OF THE
67 SERVICES THAT IS NOT CLEARLY MARKED WITH THE
68 PHRASE "THIS IS NOT A BILL".

69 PH COMMITTEE VOTE: YEA 23 NAY 0 JFS

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5724

STATE IMPACT	Minimal Workload Increase, Minimal Cost, Potential Revenue Gain, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Consumer Protection, Office of the Attorney General

EXPLANATION OF ESTIMATES:

Under the Unfair Trade Practices Act, the Department of Consumer Protection (DCP) has two methods for resolving complaints, 1) formal administrative hearings, or 2) forwarding the complaint to the Attorney General's Office for litigation.

If most of the cases are handled administratively by DCP, a minimal workload increase is anticipated to result for the Office of the Attorney General which can be handled within the agency's anticipated budgetary resources.

Under the Unfair Trade Practices Act, civil penalties can be imposed for violations, thus, a revenue gain to the General Fund is anticipated. The extent of the additional revenue cannot be determined, as it would depend upon the number of violations which occurred and the amount of penalty imposed.

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OLR BILL ANALYSIS

sHB 5724

AN ACT CONCERNING HEALTH PROVIDER BILLING PRACTICES

SUMMARY: This bill makes it an unfair trade practice for any health care provider to (1) request payment from a managed care plan enrollee for covered medical services, except for a copayment or deductible; or (2) to report to a credit reporting agency an enrollee's failure to pay a bill for medical services when a managed care organization has primary responsibility for paying for the services.

Under the bill, requesting payment means submitting a bill for services not actually owed or submitting an invoice or other communication detailing those service costs without clearly marking it: "This is not a bill." Copayment or deductible means the portion of a charge for services covered by a managed care plan that the enrollee is obligated to pay under the plan's terms.

EFFECTIVE DATE: October 1, 1998

BACKGROUND**Connecticut Unfair Trade Practices Act**

Under the Unfair Trade Practices Act, the consumer protection commissioner may investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, accept voluntary statements of compliance, and issue regulations defining what constitutes an unfair trade practice. The act also allows individuals to bring suit. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and \$25,000 for violating restraining orders.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute
Yea 23 Nay 0