



General Assembly

January Session, 2015

Committee Bill No. 249

LCO No. 5605



Referred to Committee on PUBLIC HEALTH

Introduced by:
(PH)

***AN ACT CONCERNING DISPUTES BETWEEN HOSPITALS OR
HOSPITAL SYSTEMS AND HEALTH INSURERS.***

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

1 Section 1. (NEW) (*Effective July 1, 2015*) (a) For contracts entered
2 into, renewed or amended on or after July 1, 2015, if a hospital or
3 hospital system, as defined in section 19a-486i of the general statutes,
4 fails to reach an agreement with a health insurer to continue
5 participating for at least one additional year in the network of health
6 care providers with which the health insurer has contracted to provide
7 covered health care services to its enrollees, at least one hundred
8 twenty days prior to the expiration of the contract between the hospital
9 or hospital system and the health insurer for participation in such
10 network, either party to the contract may submit the issue of
11 participation to binding arbitration pursuant to the provisions of this
12 section.

13 (b) (1) Not later than five days following the submission of such
14 issue to binding arbitration, the parties to the contract shall jointly
15 select an arbitrator with experience in impartial arbitration of
16 commercial disputes. If the parties fail to agree on an arbitrator, the

17 selection of an arbitrator shall be made pursuant to the rules of the
18 American Arbitration Association regarding the procedures for large,
19 complex commercial disputes.

20 (2) Each party shall submit written briefs to the arbitrator selected
21 pursuant to subdivision (1) of this subsection, and to the opposing
22 party, setting forth a proposal as to how each of the unresolved issues
23 with regard to participation should be resolved. The arbitrator shall
24 convene a hearing to allow each party to present evidence and
25 argument on its proposal. The arbitration record shall be officially
26 closed upon the arbitrator's receipt of such briefs or the close of the
27 hearing, whichever occurs later.

28 (3) The arbitrator's authority shall be limited to selecting the
29 proposal of either party, in its entirety, on each such unresolved issue.
30 The arbitrator shall issue a decision not later than forty-five days after
31 the close of the arbitration record.

32 (4) The arbitrator shall consider the following factors in arriving at a
33 decision in accordance with subdivision (3) of this subsection: (A) The
34 needs and welfare of patients receiving in-network services pursuant
35 to such contract or currently eligible for such services; (B) the needs
36 and interests of the hospital or hospital system and the health insurer,
37 including, but not limited to, each party's proposal set forth in its brief;
38 (C) the history of negotiations between the parties, including, but not
39 limited to, the negotiations leading up to arbitration; (D) any other
40 contracts between the hospital or hospital system and another health
41 insurer for participation in the network of health care providers with
42 which such health insurer has contracted for the purpose of providing
43 covered health care services to its enrollees; (E) any other contracts
44 between the health insurer and another hospital or hospital system for
45 participation in the network of health care providers with which such
46 health insurer has contracted for the purpose of providing covered
47 health care services to its enrollees; (F) current conditions and changes
48 in the health care market and the community in which the hospital or
49 hospital system is located; and (G) the interests and welfare of the

50 employees of the hospital or hospital system.

51 (5) The costs or any fees associated with the arbitration shall be
52 shared equally by each party. The arbitration award shall be final and
53 binding, unless otherwise vacated or modified pursuant to the
54 provisions of chapter 909 of the general statutes.

55 (6) If the arbitrator has not issued a decision pursuant to this
56 subsection in advance of the expiration of the contract between the
57 hospital or hospital system and the health insurer, such contract shall
58 be extended until the date on which the decision is issued.

59 (c) If neither party to the contract submits to binding arbitration
60 pursuant to subsection (a) of this section at least ninety days prior to
61 the expiration of such contract, such contract shall be extended for one
62 additional year. If such an extension occurs, the parties may modify,
63 by mutual agreement, the terms of such contract, but may not reduce
64 the one-year extension period or limit the participation of the hospital
65 or hospital system in such network. No further extension or binding
66 arbitration shall be required, provided either party gives public notice,
67 at least six months prior to the termination of the one-year extension
68 period, of its intention to terminate such contract upon the termination
69 of such extension period.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2015	New section

PH *Joint Favorable*

INS *Joint Favorable*