



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE HUMAN SERVICES COMMITTEE
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Testimony Supporting House Bill No. 5015

**AN ACT CONCERNING THE GOVERNOR'S BUDGET RECOMMENDATIONS
FOR HUMAN SERVICES**

Senator Moore, Representative Abercrombie and distinguished members of the Human Services Committee, thank you for the opportunity to offer written testimony on House Bill No. 5015, An Act Concerning the Governor's Budget Recommendations for Human Services.

This bill implements two provisions that are included in the Governor's proposed budget adjustments for the Department of Social Services (DSS). The first provision, under section 1 of the bill, implements third party liability prompt pay requirements to adjudicate health care claims, as well as a statute of limitations on refunds.

When DSS, or the department's agent, bills a health insurance company for health care services or equipment that have been provided under HUSKY Health, the processing of these claims can be delayed, sometimes indefinitely, or simply ignored. The Governor is proposing to institute a prompt pay requirement such that a legally liable third party, upon receipt of a claim submitted by DSS (or its agent) for payment of a medical service covered under HUSKY Health will be required to adjudicate the claim and either make payment or request information necessary to determine its legal obligation to pay the claim within 90 days of receipt of the claim. The legally liable third party will then have an uncontestable obligation to pay the submitted claim within 120 days of receipt of this claim. This proposal is consistent with prompt payment standards that are common practice in the health insurance industry and is expected to reduce state Medicaid requirements by \$2.0 million in FY 2021.

This bill also requires legally liable third parties (i.e., health insurance companies) that have reimbursed DSS for health care services or equipment covered under HUSKY Health and have subsequently determined that they are not liable for those costs, to request any refund from DSS within twelve months of the date of the department's initial payment. By doing so, this provision limits the state's exposure to unforeseen and unbudgeted costs.

The second provision of the bill maintains the FY 2020 rates for Natchaug Hospital. Last session, funding was added to increase Natchaug Hospital's inpatient per diem rate from \$829 to \$975 beginning in FY 2021. Under section 2 of this bill, the department will continue to reimburse for inpatient services at the hospital's current Medicaid inpatient per diem rate. The Governor's recommended budget includes state savings of \$454,000 in FY 2021. It should be noted that the Governor's budget also includes funding in FY 2021 for a pay-for-performance program specific to Natchaug Hospital; this pool of funding was made available after the modernization of inpatient hospital rates under Medicaid.

I respectfully request that the committee support this bill. I would like to again thank the committee for the opportunity to present this written testimony.