

Insurance and Real Estate Committee JOINT FAVORABLE REPORT

Bill No.: SB-1048

AN ACT CONCERNING REIMBURSEMENTS FOR CERTAIN COVERED

Title: HEALTH BENEFITS.

Vote Date: 3/22/2021

Vote Action: Joint Favorable

PH Date: 3/18/2021

File No.:

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SPONSORS OF BILL:

Insurance and Real Estate Committee

REASONS FOR BILL:

The bill will require certain health insurers, preferred provider networks and other entities to include certain provisions in contracts with health care providers regarding reimbursement for certain covered health benefits. The bill will set site-neutral payment policies to eliminate the differences in costs of procedures at different facilities.

RESPONSE FROM ADMINISTRATION/AGENCY:

Ted Doolittle, Connecticut Healthcare Advocate, Office of the Healthcare Advocate: Mr. Doolittle testified that OHA supports the intent of the bill, but warns legislators that the specific language used could be leveraged by providers to increase prices. He states that the goal is to make expensive sites more affordable, not to make affordable sites more expensive.

NATURE AND SOURCES OF SUPPORT:

Senator Martin Looney: Senator Looney testified that the wide variation in pricing for the same procedure at different sites is beyond rational explanation. SB 1048 will institute site neutral payment policies for certain services to reduce this issue.

NATURE AND SOURCES OF OPPOSITION:

Hartford Healthcare: HHC testified that the differences in pricing between different sites is due to the difference in costs of operating hospitals versus smaller, out-patient clinics. SB 1048 will limit the ability to negotiate rates and rather than reducing costs, it will simply shift costs to a different service.

Connecticut Association of Health Plans: CAHP testified that SB 1048 will result in increased rates for all facilities. They state that there may be valid reasons for the variation in costs.

Connecticut State Medical Society: CSMS testified that they are concerned the language in Section 1(B) of SB 1048 is not specific enough. They believe that the term “provider” is too broad and that it is reasonable for more experienced, more highly-trained providers to charge more than a less qualified provider who offers a similar service. CSMS is in support of Section 1(A) of the bill.

Connecticut Hospital Association: CHA testified that the costs of operating hospitals are higher than that of smaller medical offices and that procedures are priced accordingly. The Medicare program recognizes this and hospital-based procedures are entitled to a higher level of funding. CHA also proposes that DOI set rates because government-set rates underfund critical hospital services.

Reported by: Mallory Ferrick

Date: April 5, 2021