



**TESTIMONY OF  
CONNECTICUT HOSPITAL ASSOCIATION  
INSURANCE AND REAL ESTATE COMMITTEE  
Thursday, February 16, 2017**

**SB 116, An Act Concerning Disputes Between Hospitals and Insurers**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 116, An Act Concerning Disputes Between Hospitals and Insurers**. CHA opposes SB 116.

Before commenting on the bill, it's important to point out that Connecticut hospitals provide high quality care for everyone, regardless of ability to pay. Connecticut hospitals are finding innovative solutions to integrate and coordinate care to better serve patients and communities, as well as achieve health equity. These dynamic, complex organizations are working to build a healthier Connecticut. That means building a healthy economy, community, and healthcare system. By investing in the future of Connecticut's healthcare and hospitals, rather than continuing to cut away at them, we will strengthen our economy, put communities to work, and deliver affordable care that Connecticut families deserve.

SB 116 would require disputes between hospitals and insurers regarding health insurance contract terms to be resolved by binding arbitration whenever a hospital and an insurer fail to reach an agreement regarding such terms. The bill would require hospitals and health insurers to resolve their contractual differences rather than allow either party to terminate the agreement or exercise their rights to seek a resolution in court, if applicable. While SB 116 is well-intentioned, it fails to recognize the current exigencies facing both health plans and hospitals. Health plans are facing enormous pressure from employers and the individuals they serve to control the rate of growth of healthcare spending. Hospitals are working diligently to implement programs to improve quality and control cost, but those efforts are overwhelmed by the relentless increase in the Medicaid cost shift driven by new taxes and significant Medicaid reimbursement cuts.

Given the current environment, while the parties always want to resolve their issues, unfortunately there are going to be instances in which the parties can't continue to work together and therefore need to terminate the agreement. As such, their ability to terminate the agreement or seek other available resolutions needs to continue. Additionally, requiring

arbitration would extend the time certain providers are included on provider lists. Requiring arbitration would not change the terms of annually renewed insurance policies, the various required notices to patients about available providers, the need for carriers to have adequate providers in their plans, or the required notices by carriers or providers to one another when they anticipate no longer doing business – all of which are designed to provide coverage and service as agreed to by patients, carriers, and providers alike. The effect on patients would be confusion due to the unknown timelines involved in arbitration.

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.