



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Thursday, March 18, 2021**

**SB 1045, An Act Concerning Step Therapy, Adverse Determination
And Utilization Reviews, And Health Insurance Coverage For Children,
Stepchildren And Other Dependent Children**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 1045, An Act Concerning Step Therapy, Adverse Determination And Utilization Reviews, And Health Insurance Coverage For Children, Stepchildren And Other Dependent Children**. CHA supports Sections 6 and 7 of the bill.

Before commenting on this bill, it is important to acknowledge that, since early 2020, Connecticut's hospitals and health systems have been at the center of the global public health emergency, acting as the critical partner in the state's response to COVID-19. Hospitals expanded critical care capacity, stood up countless community COVID-19 testing locations, and are a critical component of the vaccine distribution plan. Through it all, hospitals and health systems have continued to provide high-quality care for everyone, regardless of ability to pay. This tireless commitment to the COVID-19 response confirms the value of strong hospitals in Connecticut's public health infrastructure and economy and reinforces the need for a strong partnership between the state and hospitals.

Most Connecticut residents receive their health insurance benefits through commercial coverage. Nearly all private health plan coverage arrangements rely on utilization management as a means to gate-keep access to medically necessary services. Unfortunately, the inappropriate use of utilization management is eroding these benefits and restricting patient access to needed health coverage services.

For example, the use of prior authorization, the most widely used form of utilization management, is now being used by many plans to restrict access to common services. Moreover, plans are continually changing the rules that govern prior authorization, often in the middle of provider-insurer contract periods. While the stated intent of prior authorization is to help ensure patients receive care that is safe, efficacious, and beneficial to the individual patient, we have observed that many health plans are applying prior authorization requirements in ways that negatively impact care.

Utilization management programs, and prior authorization processes, specifically, also have an enormous impact on the cost of care. These processes directly burden frontline clinicians and require that hospitals employ staff and develop infrastructure dedicated to the support of these processes. According to the American Hospital Association, “a large, national system spends \$15 million per month in administrative costs associated with managing health plan contracts, including two to three full-time staff that do nothing but monitor plan bulletins for changes to the rules.”ⁱ

Fortunately, Sections 6 and 7 of HB 1045 will help temper the overuse of utilization management processes by putting healthcare decisions back in the hands of patients and providers rather than health insurance companies. The legislation creates a rebuttable presumption that a healthcare service under review is presumed to be medically necessary if it was ordered by a healthcare professional. The legislation rightly shifts the burden from the patient and healthcare provider to the health insurance company and in doing so will help ensure that appropriate patient care is not delayed by the overzealous use of utilization management processes.

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

ⁱ American Hospital Association, Special Bulletin: Addressing Commercial Health Plan Abuses to Ensure Fair Coverage for Patients and Providers, December 2020. <https://www.aha.org/system/files/media/file/2020/12/addressing-commercial-health-plan-abuses-ensure-fair-coverage-patients-providers.pdf>