



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Tuesday, March 15, 2005**

SB 1297, An Act Concerning Managed Care Grievance Procedures

HB 6914, An Act Concerning Utilization Review Determinations And Appeals Under Health Insurance Plans

The Connecticut Hospital Association (CHA) is submitting this testimony in support of **SB 1297, An Act Concerning Managed Care Grievance Procedures** and **HB 6914, An Act Concerning Utilization Review Determinations And Appeals Under Health Insurance Plans**. SB 1297 seeks to require that providers must be notified, along with enrollees (as required under existing law), when a decision has been made by the utilization review company not to certify an admission, service or extension of a stay ordered by the provider. In addition, the bill seeks to impose a fine of twenty-five dollars for each failure to provide notice. HB 6914 seeks to require that determinations not to certify a service for medical necessity must be explained and that there is a presumption that services ordered by licensed participating providers operating within their scope of practice are medically necessary.

As drafted, both of these bills reflect sound public policy. Providers need to be told by utilization review companies when coverage for a service is being denied. In addition, if the service is being denied for medical necessity then the onus should be on the utilization review company to explain why its judgment should override the judgment of the practitioner that ordered the service, given that the practitioner was selected by the managed care company as being a necessary part of their network of providers.

Connecticut hospitals continue to face a series of daunting fiscal challenges, including inadequate reimbursement from the Medicare and Medicaid programs, a \$22 million dollar a year cut in State Administered General Assistance (SAGA) funding, a shortage of healthcare workers, and escalating costs in areas such as pharmaceuticals, blood and blood products, and particularly medical and general liability premiums. In addition, our hospitals must expend their limited resources on quality improvement and facility modernization, advances in new healthcare technology, and disaster and emergency planning programs.

The competing pressures of government funding cuts, the need to attract and maintain a superior workforce, rising input costs, and the continuous effort to improve the care given have put Connecticut's hospitals in a financially tenuous position. In 2004, 22 of the state's 30 acute care hospitals ended the year unable to collect enough funds to cover the cost of care delivered to those patients.

Affording providers notice and a presumption that they do right, not wrong, makes sense. Therefore, CHA asks that you support SB 1297 and HB 6914 as these bills present two opportunities to make needed improvements to the current system.

Thank you for your consideration of our position.

For additional information, contact CHA Government Relations at (203) 294-7310.

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