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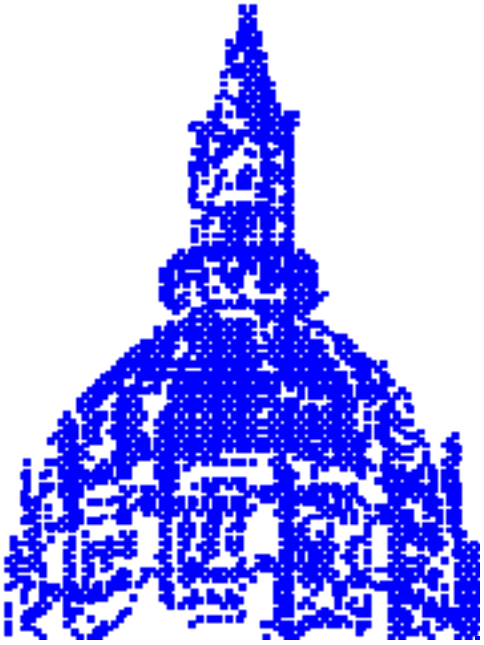
Connecticut General Assembly

OLR ACTS AFFECTING

INSURANCE



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By: Janet L. Kaminski Leduc, Senior Legislative Attorney

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Sandra Norman-Eady, Director
Phone (860) 240-8400
FAX (860) 240-8881
http://www.cga.ct.gov/olr

Connecticut General Assembly
Office of Legislative Research

Room 5300
Legislative Office Building
Hartford, CT 06106-1591
Olr@cga.ct.gov

TO THE READERS

This report provides brief highlights of new laws affecting insurance enacted during the 2011 regular session. Each summary indicates the public act (PA) number and effective date.

Not all provisions of the acts are included here. Complete summaries of all 2011 public acts will be available when OLR publishes its Public Act Summary book; some are already on OLR's website (www.cga.ct.gov/olr/OLRPASums.asp).

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerks Office, or General Assembly's website (www.cga.ct.gov/).

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BAIL BOND INSURANCE

PA 11-45 changes and expands requirements for surety bail bond agents and professional bail bondsmen. It expands surety bail bond licensing and appointment requirements. It establishes (1) bail bond solicitation, record retention, and reporting standards and (2) premium financing, build-up funds, and collateral security requirements and restrictions. It requires agents to certify under oath to the insurance commissioner that they charged the premium rates the commissioner approved.

The act also (1) restricts bail bond solicitation by professional bondsmen in the same way as it does for surety bail bond agents, (2) establishes collateral security requirements for them, and (3) allows the public safety commissioner to examine professional bondsmen records.

EFFECTIVE DATE: October 1, 2011

HEALTH INSURANCE

APRNs

PA 11-199 requires a managed care organization's (MCO) annual list of health care providers to include participating advanced practice registered nurses (APRNs) under a separate category or heading. It also allows an enrollee in a managed care plan that requires selection of a primary care provider to instead choose a participating, in-network APRN.

EFFECTIVE DATE: October 1, 2011

Birth-to-Three Services

PA 11-44, §§ 147-148, (1) changes the coverage requirements for health insurance policies that provide coverage for medically necessary early intervention (birth-to-three services) provided as part of an individualized family service plan and (2) prohibits these policies from imposing co-insurance, copayments, deductibles, or other out-of-pocket expenses for these services.

It also increases the annual maximum benefit that group health insurers must provide for children with autism spectrum disorders who receive birth-to-three services to $50,000 per child per year and $150,000 per child over the three-year period.

EFFECTIVE DATE: January 1, 2012

Bone Marrow Testing

PA 11-88 requires certain health insurance policies to cover compatibility testing for bone marrow transplants for people who sign up for the National Marrow Donor Program.

EFFECTIVE DATE: January 1, 2012

Breast MRIs

PA 11-67 requires certain health insurance policies to cover magnetic resonance imaging (MRI) of a woman's entire breast or breasts if (1) a mammogram shows heterogeneous or dense breast tissue based on the American College of Radiology's Breast Imaging Reporting and Database System or (2) a woman is considered at an increased breast cancer risk.

EFFECTIVE DATE: January 1, 2012

PA 11-171 requires certain health insurance policies to cover breast MRIs in accordance with guidelines established by the American Cancer Society or American College of Radiology.

EFFECTIVE DATE: January 1, 2012

Clinical Trials

PA 11-172 requires certain health insurance policies to cover medically necessary hospitalization services and other routine patient care costs associated with disabling or life-threatening chronic diseases.

EFFECTIVE DATE: January 1, 2012

Colonoscopies

PA 11-83 prohibits certain health insurance policies from imposing a coinsurance, copayment, deductible, or other out-of-pocket expense for any additional colonoscopy a physician orders for an insured person in a policy year.

EFFECTIVE DATE: January 1, 2012

PA 11-225, § 3, requires insurers that contract with a physician or a physician's group to provide services under a health insurance policy to establish a payment amount for the physician's services component of covered colonoscopy or endoscopic services that is the same, regardless of where the services are performed.

EFFECTIVE DATE: October 1, 2011

Comptroller Data Reporting

PA 11-58, §§ 9-10, requires municipal employers of more than 50 people, annually, to submit electronically to the comptroller certain information for any fully-insured group health plan they sponsor for active employees or retirees. The required information is the percentage increase or decrease in group health insurance policy or plan costs in the immediately preceding two policy years.

The act also allows municipal employers to give certain claims data they request from health insurers to the comptroller upon his request.

EFFECTIVE DATE: July 1, 2011

Coverage Mandates Expanded

PA 11-19 broadens the applicability of numerous health insurance benefits required by law. By doing so, the act applies the benefit requirements to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut.

EFFECTIVE DATE: January 1, 2012

Federal Health Care Reform Conforming Changes

PA 11-58, §§ 37-53, changes various health insurance statutes to conform with the 2010 federal Patient Protection and Affordable Care Act, including covering dependents until age 26, not denying coverage to children under age 19 because of preexisting conditions, and eliminating lifetime benefit maximums. It requires MCOs to report both a state and a federal medical loss ratio to the insurance commissioner and enrollees.

EFFECTIVE DATE: Upon passage, except for the medical loss ratio provisions, which are effective January 1, 2012.

Healthcare Partnership Plans

PA 11-58, §§ 1-8, requires the comptroller to offer employee and retiree health insurance coverage under "partnership plans" to (1) nonstate public employers, starting January 1, 2012 and (2) nonprofit employers, starting January 1, 2013. It allows the comptroller to offer these plans on a fully-insured or risk-pooled basis at his discretion. But, before doing so, he must receive written approval from the Health Care Cost Containment Committee and State Employee Bargaining Agent Coalition.

EFFECTIVE DATE: July 1, 2011

Health Insurance Exchange

PA 11-53 establishes the Connecticut Health Insurance Exchange as a quasi-public agency to satisfy requirements of the 2010 federal Patient Protection and Affordable Care Act. Under the act, a 14-member board manages the exchange, including operating an online marketplace where individuals and small employers (those with up to 50 employees) can compare and purchase health insurance plans that meet federal requirements beginning in 2014.

EFFECTIVE DATE: Upon passage

Mental or Nervous Conditions

PA 11-163 adds to the list of unfair or deceptive insurance acts or practices, the (1) refusal to insure or continue to insure; (2) limitation of the amount, extent, or kind of coverage available to; or (3) charging of a different rate for the same

coverage to, an individual diagnosed with a mental or nervous condition.

EFFECTIVE DATE: October 1, 2011

Notification of Birth

PA 11-171 extends, from 31 to 61 days after a child's birth, the time within which an insurer, health maintenance organization (HMO), or hospital or medical service corporation must be notified of the birth and paid any required premium or subscription fee. It specifies that if such notification and payment is not received within 61 days, the newborn's coverage ends after the 61-day period.

EFFECTIVE DATE: January 1, 2012

Office of Health Reform and Innovation (OHRI)

PA 11-58, §§ 11 & 13, establishes OHRI within the Office of the Lieutenant Governor. It requires OHRI, among other things, to coordinate and implement the state's responsibilities under state and federal health care reform initiatives. It also requires OHRI to convene a working group regarding a statewide multipayer data initiative to improve the state's use of health care data from multiple sources.

EFFECTIVE DATE: Upon passage

Ostomy Supplies

PA 11-204 increases the annual amount health insurance policies must cover for ostomy appliances and supplies from $1,000 to $2,500.

EFFECTIVE DATE: January 1, 2012

Pain Medication

PA 11-169 prohibits certain health insurance policies that provide prescription drug coverage from requiring an insured person to use an alternative brand name prescription drug or over-the-counter drug before using a brand name prescription drug prescribed by a licensed physician for pain treatment.

EFFECTIVE DATE: January 1, 2012

Prostate Cancer

PA 11-225, §§ 1 & 2, requires certain health insurance policies to cover medically necessary prostate cancer treatment in accordance with guidelines established by the National Comprehensive Cancer Network, American Cancer Society, or American Society of Clinical Oncology.

EFFECTIVE DATE: January 1, 2012

Provider Contracts

PA 11-58, §§ 15-19, makes a variety of changes in the laws relating to contracts between health care providers and insurers. It requires insurers to pay claims submitted (1) on paper within 60 days and (2) electronically within 20 days. It requires insurers to (1) maintain provider networks in accordance with national adequacy requirements and (2) under certain circumstances, pay for services that the insurer previously authorized. The act also prohibits a provider contract from requiring a dentist to accept as payment an amount the insurer sets for services that are not covered benefits under the dental plan.

EFFECTIVE DATE: January 1, 2012

PA 11-132 prohibits a contracting health organization (i.e., MCO or preferred provider network (PPN)) from including a "most favored nation" clause in a contract with a health care provider, dentist, or hospital. A most favored nation clause is a provision in a contract between a health care provider and an insurer prohibiting the provider from charging the insurer a rate higher than the lowest reimbursement rate the provider accepts from any other insurer.

EFFECTIVE DATE: October 1, 2011

PA 11-38 requires an HMO or PPN that provides benefits for ophthalmologic and optometric services to provide ophthalmologists and optometrists equal access to all health plans and policies it offers.

EFFECTIVE DATE: January 1, 2012

Rate Approval Process

PA 11-170 (VETOED) establishes a new rate-approval process for individual and small employer group health insurance companies, HMO's, and hospital and medical service corporations. It (1) increases the time required before a new rate can go into effect, (2) requires the department to post rate filings on its website and provide a 30-day public comment period, and (3) requires the insurance commissioner to adopt regulations to prescribe standards to ensure that rates are not excessive, inadequate, or discriminatory. The act also requires, from January 1, 2012 to December 13, 2013, a symposium on a proposed rate increase of more than 10% if the healthcare advocate and attorney general request it within a certain timeframe. The commissioner is required to hold, in any year, only (1) 10 symposiums for individual and small employer group health insurance rates and (2) five symposiums for long-term care rates.

EFFECTIVE DATE: January 1, 2012

SustiNet Health Care Cabinet

PA 11-58, §§ 14 & 90, establishes a 28-member SustiNet Health Care Cabinet within the Office of the Lieutenant Governor. The cabinet must, among other things, (1) advise the governor and OHRI on the development of an integrated health care system for Connecticut; (2) evaluate ways to ensure an adequate health care workforce in the state; and (3) identify opportunities, issues, and gaps created by the passage of federal health care reform.

EFFECTIVE DATE: Upon passage

Third-Party Administrators

PA 11-58, §§ 20-36, requires the Insurance Department to license and regulate third-party administrators (TPA). With certain exceptions, a TPA is one who directly or indirectly (1) underwrites; (2) collects charges or premiums; or (3) adjusts or settles claims on Connecticut residents for life, annuity, or health coverage offered or provided by an insurer. Entities that are exempt from TPA licensure but that perform similar services as TPAs must annually register with the insurance commissioner.

EFFECTIVE DATE: October 1, 2011

Utilization Review, Grievance, and External Appeals Processes

PA 11-58, §§ 54-89, revises the health insurance utilization review, grievance, and external appeal statutes to comply with the requirements of the 2010 federal Patient Protection and Affordable Care Act. It generally replaces the process and procedures for utilization review, grievance, and external appeals (both standard and expedited) of adverse health insurance carrier coverage decisions, which were initially enacted in 1999 as part of a system for regulating MCOs.

EFFECTIVE DATE: July 1, 2011

PROPERTY AND CASUALTY INSURANCE

Actual Cash Value of a Building

PA 11-196 redefines "actual cash value" with respect to an insured building under the standard fire insurance policy as the amount it would cost to repair or replace the building with material of like kind and quality, minus reasonable depreciation.

EFFECTIVE DATE: January 1, 2012

Policy History Reports

By law, when insurers or insureds cancel or do not renew a commercial auto or general liability insurance policy, the insurer must provide their insureds with written reports that include a history of the policy's pricing and premium information, along with a detailed list of incurred losses (i.e., loss reports). **PA 11-138** extends the reporting requirement to all types of commercial risk insurance and decreases the timeframe for providing reports from 60 to 30 days.

EFFECTIVE DATE: January 1, 2012

Rate Approval Process

PA 11-253, § 1, extends the sunset date for the "flex rating" law for personal risk insurance (e.g., home or auto insurance) from July 1, 2011 to July 1, 2013. The flex rating law permits property and casualty insurers to file new personal risk insurance rates with the insurance commissioner and begin using them immediately without prior approval if the rates increase or decrease by no more than 6% for all products included in the filing.

EFFECTIVE DATE: Upon passage

Repair or Remediation Work

The law requires a person who will perform repair or remediation work relating to a claim under a personal or commercial risk insurance policy to give the insured, before any work begins, written notice of the work to be completed and the estimated total price. For losses occurring on or after October 1, 2011, **PA 11-106** voids a work contract between the worker and the insured if the notice is not given.

EFFECTIVE DATE: October 1, 2011

Title Insurance

PA 11-253, § 2, allows the insurance commissioner to permit a domestic title insurer to purchase reinsurance from an accredited property and casualty reinsurer, but only upon application. The title insurer must execute an affidavit showing that it was unable, after diligent effort, to obtain fair and appropriate reinsurance from another title insurer.

EFFECTIVE DATE: Upon passage

MISCELLANEOUS

Insurance Premium Tax Credit Limit

PA 11-6, § 75, lowers, from 70% to 30%, the amount by which an insurer can reduce its annual insurance premium tax

liability through tax credits for the 2011 and 2012 calendar years. It exempts insurance reinvestment fund credits from the 30% limit, thus allowing an insurer to continue to apply those credits to reduce its annual tax liability by up to 70% in those years. **PA 11-61, § 48**, also exempts digital animation credits from the 30% limit. For the 2011 and 2012 calendar years, it classifies insurance premium tax credits into three types, establishes the maximum tax liability that an insurer can offset in calendar years 2011 and 2012 by claiming one or more of these credit types, and specifies the order in which the three credit types must be claimed.

EFFECTIVE DATE: Upon passage, and applicable to calendar years starting on or after January 1, 2011.

Insurance Reinvestment Fund Program

PA 11-140, § 2, allows business taxpayers to transfer insurance reinvestment tax credits to their affiliates.

EFFECTIVE DATE: Upon passage

Nonadmitted Insurance Policies and Premium Taxes

The state imposes a 4% tax on gross premiums charged by nonadmitted (i.e., unauthorized) insurers on insurance policies procured independently or through licensed surplus lines brokers. In accordance with the 2010 federal Nonadmitted and Reinsurance Reform Act, **PA 11-61, §§ 33-36**, (1) limits the policies subject to the tax, (2) modifies how individuals and brokers must pay the tax, (3) allows the revenue services and insurance commissioners to enter into an agreement with other states regarding the allocation of premium taxes among the states in cases where the policy covers multiple states, and (4) exempts certain commercial purchasers from certain filing requirements.

EFFECTIVE DATE: Upon passage and applicable to nonadmitted insurance coverage procured, continued, or renewed on or after July 1, 2011.

Workers' Compensation

PA 11-128, § 2, extends workers' compensation coverage to elected probate court judges.

EFFECTIVE DATE: July 1, 2011

Under **PA 11-205**, if an injured employee and his or her employer are both plaintiffs and recover damages, when the employee brings an action, the employer's claim is reduced by one-third of the amount to be reimbursed to the employer unless the parties agree otherwise. The reduction is solely for the employee's benefit. But the reduction does not apply to reimbursements to the (1) state or a political subdivision, including a local public agency,

as the employer or (2) Second Injury Fund custodian.

EFFECTIVE DATE: July 1, 2011

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