Memorandum In Opposition

HB 5039, An Act Protecting Health Care Fairness and Affordability

The Connecticut Society of Pathologists (CSP) opposes legislation to adversely alter the out-of-network payment formula for emergency services as currently established in Connecticut law. The out-of-network payment formula used in Connecticut, which is established at the 80th percentile of an independent charge database, emulates current New York state law for determining the “usual and customary” market value for physician services. In addition, many health insurance payers independently use this formula for calculating out-of-network payment. This formula was established in New York statute to address improper business practices in the health insurance industry that calculated “usual and customary rates” (UCR) in a biased fashion to benefit the health insurance industry.

The only rationale to change this formula in Connecticut is to financially reward health insurance companies with greater profits and to allow them to revert to the egregiously improper business practices they were engaged in prior to reaching the settlement with the New York State attorney General. That 2009 settlement led to creation of the independent market database and the use of the 80th percentile of charges as the method for calculating UCR. We urge the Legislature to not allow the insurance industry an opportunity unwind this market-based method for calculating physician payment.