



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Preferred Provider Network (PPN)

CGS §38a-479aa

- Preferred Provider Network (“PPN”) means a person, which is not a managed care organization, but which pays claims for the delivery of health care services, accepts financial risk for the delivery of health care services and establishes, operates or maintains an arrangement or contract with providers relating to (A) the health care services rendered by the providers, and (B) the amounts to be paid to the providers for such services.
- After May 1, 2004, no PPN may enter into or renew a contractual relationship with a managed care organization unless the PPN is licensed by the Connecticut Insurance Department (“CID”). After May 1, 2005, no PPN may conduct business in this state unless it is licensed by the CID. Any person seeking to obtain or renew a license shall submit an application to the CID, on such form as the CID may prescribe, and shall include the filing described below. Applications must be submitted by March first of each year in order to qualify for the May first license issue or renewal date.
 - (1) The identity of the PPN and any company controlling the operation of the PPN, including the name, business address, contact person, a description of the controlling company and, where applicable, the following:
 - (A) Certificate from the CT Secretary of State regarding the PPN’s good standing to do business in Connecticut;
 - (B) A copy of the PPN’s and controlling company’s financial statement completed in accordance with sections 38a-53 (annual statement) and 38a-54, (CPA Audited Report), as applicable for the end of its most recently concluded fiscal year, along with the name and address of any public accounting firm or internal accountant which prepared the financial statement;



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

- (C) A list of names, official positions and occupations of members of the PPN's and the controlling company's board of directors and of those executive officers who are responsible for the PPN's and controlling company's activities with respect to the health care services network;
 - (D) A list of the PPN's and the controlling company's principal owners;
 - (E) In the case of out-of-state PPN, a certificate that such PPN is in good standing in its state of organization;
 - (F) In the case of a Connecticut or out-of-state PPN, a report of the details of any suspension, sanction or other disciplinary action relating to such PPN;
 - (G) The identity, address and current relationship of any related or predecessor controlling company or organization.
- (2) A general description of the PPN and participation in the PPN, including:
- (A) The geographical service area of and the names of the hospitals included in the PPN;
 - (B) The primary care physicians, the specialty physicians, any other contracting providers and the number and percentage of each group's capacity to accept new patients;
 - (C) A list of all entities on whose behalf the PPN has contracts or agreements to provide health care services;
 - (D) A table listing all major categories of health care services provided by the PPN;
 - (E) An approximate number of total enrollees served in all of the PPN's contracts or agreement;
 - (F) A list of subcontractors of the PPN, not including individual participating providers, that assume financial risk from the PPN and to what extent each subcontractor assumes financial risk;



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

(G) A contingency plan describing how contracted health care services will be provided in the event of insolvency; and

(H) Any other information requested by the CID.

(3) The name and address of the person to whom applications may be made for participation.

- Each PPN shall maintain a minimum net worth of either (1) the greater of (A) \$250,000, or (B) an amount equal to 8% of its annual expenditures as reported on its most recent financial statement completed and filed with the CID, or (2) another amount determined by the CID.
- Each PPN shall maintain or arrange a letter of credit, bond, surety, reinsurance, reserve or other financial security acceptable to the CID for the exclusive use of paying any outstanding amounts owed participating providers in the event of insolvency or nonpayment except that any remaining security may be used for the purpose of reimbursing managed care organizations. Such outstanding amount shall be at least an amount equal to the greater of (1) an amount sufficient to make payments to participating providers for two months determined on the basis of the two months within the past year with the greatest amounts owed by the PPN to participating providers, (2) the actual outstanding amount owed by the PPN to participating providers, or (3) another amount determined by the CID. Such amount may be credited against the PPN's minimum net worth requirements set forth above.