



**Statement
Of
Anthem Blue Cross and Blue Shield
On
SB 670 An Act Concerning Cooperative Health Care Arrangements And Standards In
Contracts Between Health Insurers And Health Care Providers.**

Good Afternoon Senator McDonald, Representative Lawlor and members of the Judiciary Committee, my name is Halina Weintraub and I am the Regional Vice President of Network Management for Anthem Blue Cross and Blue Shield in Connecticut.

I am here today to speak on **SB 670 An Act Concerning Cooperative Health Care Arrangements And Standards In Contracts Between Health Insurers And Health Care Providers.**

I work closely with the physician community and I am familiar with the comprehensive business practice commitments that Anthem has undertaken in the settlement of several nationwide class action lawsuits (the "MDL" suits) brought by physicians against Anthem and other health insurers.

Anthem understands that the proponents of SB 670 take the position that they would like this bill to codify the settlement reached in the MDL suits. We are opposed to the current version of this Bill for two main reasons: First, it is premature to codify a settlement agreement that has just been completed and has not been fully implemented; second, the proponents of the Bill are fundamentally wrong when they say it merely codifies the settlement agreements and, indeed, it departs from the settlement in significant ways. More specifically, Anthem opposes the current form of the Bill for these reasons:

- The Connecticut Legislature should be cautious when stepping into a situation where years of litigation have resulted in a series of separate resolutions by health insurers and physicians of complicated disputes.
- Anthem views its agreement to settle the MDL class actions as a very important step in further collaborating with physicians. By working together, we can find ways to continuously improve the health of our members and find real solutions to the most complex health care issues facing Connecticut today.

- The MDL settlement resulted from good-faith, long negotiated legal and business compromises. We hope and believe that it will enhance our partnership with physicians for years to come. But, because the settlement agreement is a step in the process of continuing to collaborate with physicians to improve health care, the Legislature should be particularly reluctant to attempt to codify the settlement agreement so soon. Here, Anthem's MDL settlement is not as-of-yet fully implemented and it is premature to codify it.
- There is no reason for the Legislature to rush to legislate here because Anthem is bound by the terms of its settlement agreement for four years and the settlement agreement has within it procedures for compliance disputes if the provisions of the settlement are not being followed.
- The best course is to permit the insurer-physician relationships to develop under the fully-implemented terms of the settlements prior to any consideration of legislative action.
- The proposed amendments are sweeping and controversial, and require much greater study before being considered or voted on. Any suggestion that this bill merely codifies the MDL settlements is wrong.
- SB 670, if passed in its current form, would impose burdens on Anthem greater than those of the MDL settlement agreement.
- In the immediate wake of a settlement that was reached in good faith by sophisticated parties on both sides, there is no reason to legislate additional obligations onto health insurers—which will come with significant administrative costs—without first assessing whether the terms of the settlement agreement, when applied, address the concerns raised by the proponents of SB-670.

We also oppose the sections of this bill that allow physicians to collectively bargain. Current antitrust laws are working to ensure competition and fair prices. For over 100 years, these laws have prevented price-fixing, boycotts, allocation of markets and other actions that harm consumers by raising costs -- including the cost of health insurance. However **SB 670**, would gut these consumer protections by granting physicians an exemption from state and federal antitrust laws.

If physicians are permitted to set prices for their services, the inevitable result will be higher premiums and co-payments for consumers. This will undermine the tools Anthem Blue Cross and Blue Shield and other health plans use to contain health care costs. For example, SB 28 would reduce the ability of health plans to negotiate realistic fee levels with physicians, which are a significant source of savings for our enrollees. This could drive up health premiums by approximately anywhere from 5.8 to 11.1 percent each year if a study by Charles River Associates, Inc. is correct.

Supporters of **SB 670** claim this legislation is needed to enable physicians to be more effective advocates for their patients. However, existing antitrust laws provide ample opportunity to collaborate on issues that benefit patients. Under guidelines issued by the Federal Trade Commission and the U.S. Department of Justice:

- Physicians can collectively express their concerns about patient care and quality issues that may arise from their participation in managed care plans;
- Physicians can communicate with each other, and to health plans, about health plan contract terms and fee-related issues; and
- Physicians seeking greater negotiating power with health plans can join together in a business relationship or group practice.

An exemption from the antitrust laws is not needed because federal and state enforcement agencies do not challenge physicians for the conduct outlined above. What current antitrust law does not allow is conduct among physicians that would harm consumers, such as driving up provider fees and freezing out alternative, non-physician providers. For this reason, both the U.S. Department of Justice and the National Association of Attorneys General strongly believe the health care industry should not be given a blanket exemption from the law.

Supporters of **SB 670** also contend consolidation among health plans gives them an unfair advantage in contract negotiations. However, Connecticut has antitrust laws and other regulations, which protect against health plan mergers, that would result in an overconcentration of power to the detriment of competition and the public welfare. The reality is **SB 670** would tilt the playing field toward physicians and would not benefit patients. It would increase health care costs, not improve quality.

In sum, we respectfully request that the Committee not move forward with this proposed bill. Thank you for considering Anthem's comments.