

RICHARD BLUMENTHAL  
ATTORNEY GENERAL



Office of The Attorney General  
**State of Connecticut**

***TESTIMONY OF  
ATTORNEY GENERAL RICHARD BLUMENTHAL  
BEFORE THE JUDICIARY COMMITTEE  
MARCH 24, 2006***

I appreciate the opportunity to support the concepts contained in Senate Bill 670, An Act Concerning Cooperative health Care Arrangements and Standards in Contracts Between Health Insurers and Health Care Providers.

This legislation enables health care providers to enter into cooperative arrangements for the purpose of negotiating fees and services with health insurers. The proposal requires the Attorney General's office approval of any cooperative arrangement if the office determines that such arrangement's health care benefits outweigh any competitive disadvantages. The Attorney General's approval exempts the cooperative arrangement from prosecution under the Connecticut Antitrust Act. The proposal also requires the Attorney General to actively supervise these arrangements.

Managed care organizations are large, multi-million corporations, often with hundreds of thousands of enrollees. Health care providers are generally individual practitioners or small group practices. As a result of this imbalance in bargaining and economic power, there have been very unreasonable contracts between providers and HMO's, with provisions that could reduce the quality of health care provided to patients. Because the interests of the patients are vitally affected, this legislature should address this problem.

The committee should ensure that the Attorney General's office has sufficient resources to review applications and supervise such arrangements. I am willing to work the committee and others on this proposal or any other alternative to assist health care providers in this matter.

Finally, Senate Bill 670 requires that each contract between an HMO and a physician include provisions clearly explaining the method and process for establishing physician compensation and provide the procedural terminology codes to facilitate accurate reimbursement to health care providers. The legislation also prohibits any contract provision that allows for an HMO to unilaterally change fee schedules or provider panels, that limits a physician's ability to discuss or negotiate any contract term or terminate the contract.

I urge the committee's favorable consideration of the concepts of Senate Bill 670.