



Connecticut **Business & Industry Association**

TESTIMONY OF  
ERIC GEORGE  
CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION  
BEFORE THE  
PUBLIC HEALTH COMMITTEE  
LEGISLATIVE OFFICE BUILDING  
FEBRUARY 21, 2007

- **HB 5308, An Act Establishing Standards for Contracts Between Health Insurers and Physicians**
- **HB 6841, An Act Concerning Standards in Contracts Between Health Insurers and Physicians**

My name is Eric George and I am Associate Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut, the vast majority of which are small companies employing fewer than 50 people.

I am here to register CBIA's concerns over **HB 5308** and **HB 6842**, both dealing with the issue of standards in contracts. We are concerned that these bills could ultimately have the result of advancing the interests of health care practitioners at the cost of health care patients and consumers. This would have implications for both workers' compensation costs and health care costs.

**HB 5308** dictates contract provisions concerning explanations of payment methodologies, time frames and other provisions as well as prohibits agreed-upon unilateral change provisions from such contracts. **HB 6841** contains similar provisions but would not prohibit unilateral provisions, but rather create a task force to study them. We are concerned that as these bills evolve they could ultimately advance the interests of one independent contracting party in the health care system over another in that they could dictate the provisions that must be included in, and excluded from, contracts between health plans and health care providers. In that event, such legislation could create a situation where state statute would usurp the will of private parties in determining contract terms and provisions, inappropriately intruding into the health care system.

It would be inappropriate for the state to weigh-in on the side of health providers in setting the terms of provider/plan contracts, particularly in light of their recent economic history. Recent data indicates that health care providers are already calling the shots in contract negotiations with health plans. In a January 2004 Issue Brief published by The Center for Studying Health System Change, the authors make these observations about health care providers negotiating power:

A number of forces converged in the late 1990's to give certain providers . . . significant bargaining leverage over health plans. By 2000, many providers were pushing plans for large payment rate increases and more favorable contract terms . . . to recover ground previously lost to health plans . . . Providers' negotiating success emboldened other providers to push back . . . In 2002-03, . . . plans accommodated providers' demands to avoid the negative consequences of bitter and protracted disputes. The lull in showdowns reflects, in part, a *growing recognition by plans that the balance of power now clearly favors providers* [emphasis added].

Providers are not in need of state protection to further advance their leverage in contracts with health care plans.

Thank you for considering my remarks and concerns with **HB 5308** and **HB 6841**.