



Office of The Attorney General
State of Connecticut

47

*TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE INSURANCE AND REAL ESTATE COMMITTEE
FEBRUARY 5, 2009*

I appreciate the opportunity to support Senate Bill 47, An Act Concerning Health Care Provider Contracts.

This proposal prohibits a number of unfair provisions in any contract between health insurers and health care providers: unilateral health insurer changes in fee schedules or provider panels, limitations in negotiability of contract terms, delays in payment exceeding 90 days and reductions in payment amounts for particular coded services.

Managed care organizations are large, multi-million dollar corporations, often with hundreds of thousands of enrollees. Health care providers are generally individual practitioners or small group practices. This imbalance in economic power has impacted contracts between providers and HMO's, with provisions that could reduce the quality of health care provided to patients. The interests of the patients are vitally affected.

Senate Bill 47 will address some of the more onerous, unfair provisions commonly found in insurer/health care provider contracts -- unilateral changes in compensation and other key provisions and arbitrary decisions to recode the health care provider services reducing insurer payments.

I urge the committee to consider extending the prohibition on unilateral changes in contracts to all material aspects of such contracts. A contract should not allow insurers to substantially alter any material term unilaterally.

At some point soon, there needs to be consideration of revision in our antitrust laws to address this bargaining power imbalance. The current bar to joint bargaining by providers puts them -- and potentially their patients -- at a severe disadvantage. Our legislature can change state antitrust laws, but the U.S. Congress must address this issue in federal antitrust statutes.

I urge the committee's favorable consideration of Senate Bill 47 with the suggested amendment.