



Quality is Our Bottom Line

*Subcommittee  
to File*

**The Connecticut Association of Health Plans  
Urges Opposition to the Following Bill in the  
Judiciary Committee**

**Please Oppose SB 1004 AAC Cooperative Health Care Arrangements and Standards in Contracts  
Between Health Insurers and Health Care Providers.**

This bill would establish an antitrust exemption for providers to negotiate fees with health plans.

- The Federal Trade Commission and the Department of Justice *oppose* granting antitrust exemptions stating that “when health care professionals jointly negotiate with health insurers, without regard to antitrust laws, they typically seek to significantly increase their fees, sometimes by as much as 20-40%.” See attached correspondence from the FTC.
- Providers have the ability *now* to organize Independent Practice Associations (IPAs) and other associations to negotiate with health plans. The Connecticut State Medical Society operates the largest organization of this type representing over 8000 providers.
- Antitrust laws of this nature risk permitting more powerful professions to negotiate for terms that could effectively exclude or limit less powerful health care professionals.
- Antitrust exemptions of this nature amount to *price fixing* and would wreak havoc for members seeking access to health care if, for instance, providers choose to boycott particular health plans.
- Consumers need the protections of the antitrust laws. They do not need to be protected from them as this legislation suggests.

This bill also seeks to statutorily mandate various contracting standards between health plans and providers that are *onerous* in nature and *will result in significantly higher health care premiums*. Please consider that:

- The Insurance Committee has JF'd SB 47 to address this issue and the *insurance industry is working in good faith* with the Chairmen and other advocates to reach a fair compromise on the bill.
- The bill, as drafted, is *fraught with unintended consequences*. A prohibition on unilateral contract changes could: 1) result in outdated and possibly dangerous treatment protocols from being suspended 2) result in a lack of coverage for some of the newest advances in technology 3) prevent health plans from implementing federal and state mandates and 4) disrupt provider networks whereby consumers would not know which providers were in-network or out-of-network at any given time.
- Public Act 06-178, which previously addressed many of the issues included in this bill, calls for periodic meetings of physicians and managed care organizations to discuss issues relative to contracting. *The health plans are committed to this continuing dialogue and would welcome the opportunity to work through issues in this context.*

**Please oppose SB 1004**