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**Statement  
Of  
Anthem Blue Cross and Blue Shield  
On  
SB 1004 An Act Concerning Cooperative Health Care Arrangements And Standards  
In Contracts Between Health Insurers And Health Care Providers.**

Good morning, Senator McDonald, Representative Lawlor and members of the Judiciary Committee, my name is Christine Cappiello and I am the Director of Government Relations for Anthem Blue Cross and Blue Shield in Connecticut.

I am here today to speak against **SB 1004 An Act Concerning Cooperative Health Care Arrangements And Standards In Contracts Between Health Insurers And Health Care Providers.**

We 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 1004**, 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 is 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 1004** 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 1004** 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 1004** would tilt the playing field toward physicians and would not benefit patients. It would increase health care costs, not improve quality.

We also oppose the sections of this bill related to establishing standards in contracts between health insurers and health care providers. We oppose these sections as well because while we realize the goal of the bill is to establish a set of standards for health insurance plans and the providers that they contract with, this bill has numerous and financially crippling problems in the implementation of that goal. Coupled with the fact that this legislation will do nothing to help the consumer and will only raise the cost of their premium.

To begin, not allowing changes in the contract for certain things is completely unrealistic. There are changes that are made to the contract that we have no control over, things like changes in Medicare methodology, etc. Currently, our contracts allow us to make changes to the contract with a 90 days written notice to the provider. With thousands of providers – we have over 5000 physician providers and 12,000 ancillary providers - it is not practical to not be able to make changes to the contracts. I might also add that under the multi district lawsuits that were agreed upon in the last couple of years, we are required to give 90 days notice prior to making any changes in the contract.

**SB 1004** will severely impact our ability to provide the highest quality of service to our members and we strongly urge the Committee to defeat this legislation.

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

