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**Statement
Of
Anthem Blue Cross and Blue Shield
On
SB 480 An Act Concerning Cooperative Health Care Arrangements**

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 480 An Act Concerning Cooperative Health Care Arrangements**.

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 480** 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 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 480** 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 480** 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 480** would tilt the playing field toward physicians and would not benefit patients. It would increase health care costs, not improve quality.

SB 480 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.