

**TESTIMONY OF
Chad Wable, FACHE
President & CEO
Saint Mary's Hospital
BEFORE THE
PUBLIC HEALTH COMMITTEE
Friday, March 12, 2010**

S.B. No. 429, An Act Concerning Most-Favored-Nation Clauses In Health Care Contracts

Thank you for the opportunity to submit this testimony regarding Most Favored Nation (MFN) clauses in health care contracts.

As you have undoubtedly heard from my colleagues, these clauses are a troublesome component of insurance contracts for many Connecticut hospitals. Because MFN clauses demand that hospitals extend their "best discounts" to the insurers with the clauses in their contracts, natural market competition is stifled and health care costs remain unnecessarily inflated. During a time when our state and national economy in general, and health care costs in particular, are under siege, it seems prudent to consider removing any provision that prevents cost reductions.

As recent events have shown, the removal of the MFN clause has indeed allowed more hospitals to participate in the state's Charter Oak program. This is but one example of the kind of positive outcomes that would result from eliminating MFN clauses.

It is my understanding that this bill must be forwarded to additional committees for further study and debate. I clearly support this next step and encourage you to support this bill until it can be fully and appropriately considered.