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**Connecticut State Medical Society Testimony**  
**Senate Bill 429 An Act Concerning Most-Favored Nation Clauses in Health Care Contracts**  
**Public Health Committee**

Senator Harris, Representative Ritter and Members of the Public Health Committee, my name is Matthew Katz and I am the Executive Vice President of the Connecticut State Medical Society (CSMS). On behalf of our more than 7,000 members thank you for the opportunity to present this testimony to you today in support of Senate Bill 429 An Act Concerning Most-Favored Nation Clauses in Health Care Contracts.

This legislation will prohibit the use of a contractual clause by insurers and other contracting entities that are inherently unfair and currently gaining national attention for the detrimental impact they have on physicians and on patient access to care.

"Most favored nations" clauses, though not as common as they once were, limit competition among and between insurers, and also allow for the continuation of health insurer monopolistic and monopsony related behavior to further limit a physician's ability to effectively negotiate contractual terms, including rates and related issues.

These clauses are fundamentally unfair and limit, if not prohibit a physician from negotiating not only rates, but other terms of their contract in a fair and open marketplace. This limits competition and allows large insurers to dictate terms and conditions, preventing other insurers who are in the market from competing on price or other terms of negotiation and further limit access to this market by other insurers, who may offer other benefits in lieu of payment rates to entice physicians to sign contracts.

CSMS believes that "most favored" or "equally favored" provisions of contracts for medical services should be expressly prohibited as they are in most neighboring states; including Rhode Island, New Hampshire, Vermont and New York.

Any legislation designed to address this situation of unfair contracting should:

- (1) prohibit an insurer or other entity from granting itself, or its affiliates or subsidiaries, the ability to limit or otherwise restrict the physician from agreeing to accept payment of equal to or lower than received from said insurer or entity;
- (2) prohibit an insurer or other entity from requiring or granting itself the option to require the physician from accepting lower payment from said insurer if the physician accepts lower payment from another contracting or non-contracting entity;
- (3) prohibit the insurer or other entity from restricting or limiting a physician from charging a lower price or fee than the price or fee the physician charges said insurer;

- (4) prohibit the insurer or other entity from requiring the physician to certify that payment is not higher or lower than the payment rate that the physician receives from any other insurer or entity; and
- (5) prohibit the insurer or other entity from requiring termination or renegotiation of the physician agreement if the physician has agreed to accept payment lower than the rate from the said insurer for the provision of medical services.

We ask for your support of this legislation and recognize that when these "most favored" or "equal to" clauses are in physician contracts, they limit a physician's ability to negotiate on rates as well as other terms and have the unintended consequences of restricting access to physicians in lower paying programs, such as Medicare, Medicaid (Husky), SAGA, and Charter Oak or other such programs.