

Written Testimony of the
Connecticut ENT Society
Connecticut Urology Society
Connecticut Society of Eye Physicians
Connecticut Dermatology and Dermatologic Surgery Society

**In support of S. B. No. 429 AN ACT CONCERNING MOST-FAVORED-NATION CLAUSES IN
HEALTH CARE CONTRACTS.**
Before the Public Health Committee
On
March 12, 2010

As physicians, we strongly **support Senate Bill 429: An Act Concerning Most-Favored Nation Clauses in Health Care Contracts**. This legislation will prohibit the inclusion of the unfair and unreasonable "most favored nation" clauses in managed care contracts. These clauses stipulate that the provider agrees that the rate being offered will remain as favorable as those granted to other managed care carriers (i.e. their competition). They demand that the provider notify them within 30 days if you grant another carrier a more "favorable" rate. The contract is then amended to reduce compensation to that lower rate, and all "overpayments" must then be rendered to the carrier with "most favored" status. The carrier also requires that they be given the right to audit your books upon 90 days notice to determine if the rate is favorable.

Most favored nation clauses shackle a practice by eliminating its ability to negotiate each contract individually. Most favored nation clauses make low paying state welfare plans, already unattractive to providers, impossible to participate in. They also place an undue burden on patients without insurance, who must be charged at least the highest rate of all insurers.

In the short run, this may seem to foster competition. In fact, it would put most of us out of business. Imagine if one could order an airline ticket, but insert a clause that required that you be given the lowest rate of anyone with a ticket. This would be very welcome, until in short order there would be no airlines. We ask you to support SB 429, a bill that will help eliminate one of the unfair contracting practices between managed care organizations and healthcare providers.

Thank you