



State of Connecticut
HOUSE OF REPRESENTATIVES
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PUBLIC HEALTH COMMITTEE

MEMBER
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ENERGY AND TECHNOLOGY COMMITTEE

TESTIMONY TO THE COMMITTEE ON INSURANCE AND REAL ESTATE
HB 6471 AN ACT PROHIBITING MOST FAVORED NATION CLAUSES IN HEALTH CARE PROVIDER
CONTRACTS
March 3, 2011

Good morning Senator Crisco, Representative Megna, and the members of the Committee on Insurance and Real Estate. I am Elizabeth Ritter and I am the State Representative from the 38th District, representing the Towns of Waterford and Montville. I am testifying in support of HB 6471 AN ACT PROHIBITING MOST FAVORED NATION CLAUSES IN HEALTH CARE PROVIDER CONTRACTS.

This bill prohibits any provision in any contract between a health insurer and a hospital or health care provider that prohibits the hospital or provider from contracting with another insurer at a lower payment or reimbursement rate. It also prohibits these contracts from containing provisions requiring provider disclosure of the rates paid by other insurers or a mandatory renegotiation option if a lower rate is agreed to between the provider and another insurer.

These "most favored nation" clauses require providers to give payers the lowest rate that it gives to any other payer, are inherently anti-competitive, and are simply not fair to providers. They have been allowed to exist because the health insurance industry is exempt from federal trade laws. They present huge barriers to new market entrants; and they greatly serve the interests of the insurance company over the consumer, leaving the healthcare provider in the middle of the transaction with no alternatives other than to take the insurer's policy in the fear of losing a substantial portion of their patients.

Thank you for your careful consideration of this bill. I urge you to add Connecticut to the growing list of states learning the dangers of these clauses by supporting this bill.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Ritter".

State Representative
38th District