

**TESTIMONY
BEFORE THE
LABOR AND PUBLIC EMPLOYEES COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 5, 2013**

My name is Jennifer Herz and I am Assistant Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut and the vast majority of these are small companies employing less than 50 people.

CBIA opposes HB 6431 An Act Concerning Cooperative Health Care Arrangements.

CBIA opposes cooperative health care arrangements because of the costly impact on Connecticut's businesses. As you may already be aware, health insurance premiums will continue to rise in 2014 with implementation of federal health care legislation. This bill would further exacerbate the existing problem of rising costs.

Moreover, the Affordable Care Act (ACA) is game-changing legislation that will have a profound effect on the health care market. Passing even more regulation before the ACA has a chance to be fully implemented may frustrate the intentions of the ACA.

CBIA supports policy that reduces the cost of health care in Connecticut. However, HB 6431 would not only increase health care costs but also puts the interests of a specific group above the interest of the greater business community. This bill would be a detriment to Connecticut businesses and the general public by swapping consumer protections for provider protections. Currently, antitrust law allows for limited and specific, labor related exemptions and widening the scope as proposed in HB 6431 is not justified.

A report by the Federal Trade Commission and the Department of Justice (the Agencies) from July 2004, titled: Improving Health Care: A Dose of Competition (the Report), aptly explains why such antitrust measures would:

- (i) increase the cost of health care, and
- (ii) do not increase the quality of care.

Here is a link to the full Report: http://www.justice.gov/atr/public/health_care/204694.pdf.

The Report specifically includes concerns regarding the cost of antitrust legislation similar to that included in HB 6431.

The Congressional Budget Office (CBO) estimated that proposed federal legislation to exempt physicians from antitrust scrutiny and allow collective bargaining "would increase expenditures on private health insurance by 2.6 percent." The CBO also predicted that such legislation would increase direct federal spending on healthcare programs such as Medicaid by \$11.3 billion and decrease tax revenue by \$10.9 billion over ten years. Other estimates of the cost of an antitrust waiver were substantially higher. Physician groups have argued that the actual cost of physician collective bargaining is likely to be modest.

(See Chapter 2, Part III.B.c., quoted citations available in the report provided in the link above.)

And even more to the point, "[t]he Agencies have consistently opposed the creation of antitrust exemptions for physician collective bargaining. In congressional testimony, the Agencies have identified various ways in which physician collective bargaining likely will harm consumers and other participants in the health care system." (See Chapter 2, Part III.B.c., citations available in the Report provided in the link above.)

Additionally, the 1996 Health Care Antitrust Guidelines issued by the Department of Justice and the Federal Trade Commission, and recently published in the November 2012 Antitrust Division Manual explains that federal antitrust law does not prohibit providers from collecting "...underlying medical data that may improve purchaser' resolution of issues relating to the mode, quality, or efficiency of treatment ..." and further "...information concerning the providers' current or historic fees or other aspects of reimbursement, such as discounts or alternative reimbursement methods accepted..." is also in the "antitrust safety zone". Therefore, the existing system makes information available to providers in order to increase their knowledge to better serve the consumer.

Finally, there is no indication that exempting cooperative health care arrangements from antitrust law will improve patient care especially since this legislation focuses on the interest of providers and not on the type of care received by patients.

In summary, **CBIA opposes HB 6431** because it would pile on to Connecticut businesses existing problem of rising health care costs and further this bill focuses on the interest of the provider without focusing on the needs of the health care consumer.

Thank you for the opportunity to offer CBIA's comments.