



Testimony of Deborah Chernoff, Public Policy Director
District 1199, SEIU Healthcare
Judiciary Committee Public Hearing, March 25, 2015

Supporting: SB 1120, AN ACT CONCERNING APPLICATION OF THE STATE'S ANTITRUST LAWS TO HOSPITAL MERGERS AND ACQUISITIONS.

Senator Coleman, Representative Tong and distinguished members of the Judiciary Committee, thank you for the opportunity to offer testimony in support of Senate Bill 1120, *AAC the Application of the State's Antitrust Laws to Hospital Mergers and Acquisitions*.

Among our 25,000 healthcare workers are 400 employees of Waterbury Hospital, which was recently among the acute care facilities targeted for acquisition by the Tenet Corporation. We also represent employees at Yale-New Haven and Stamford Hospitals. As both providers and consumers of health care, our members have a deep understanding of how consolidation into ever-larger, market-dominant hospital chains could limit choice and drive up costs.

SB 1120: Critical Consumer and Business Protections as Systems Consolidate

Senate Bill 1120 will help protect individual patients, state businesses, insurers and the State of Connecticut itself as a major employer from hospital cost increases that could follow upon the growing number of mergers, acquisitions and consolidations in acute care.

Indeed, the need for the protections of anti-trust statutes may be even more acute in health care than elsewhere. For many goods and services, consumers can readily shop and compare prices on the Internet. But consumers with a need for acute care services—surgeries, diagnostic procedures, treatment for severe illness or injury—are going to need to get those services in their own local communities.

When communities have only one real choice for health care, history tells us that prices will be pushed upwards. The Yale-New Haven Hospital System, for example, has become the dominant provider of acute care services in Southwestern Connecticut and the Shoreline area and the only provider in Greater New Haven, after its acquisition of St. Raphael's Hospital.

Within the experience of District 1199's own Health and Welfare Fund—which provides health insurance to about 6,000 of our members and their families—costs for a colonoscopy at Yale-New Haven and Bridgeport Hospitals (both part of the YNHH) system were the highest in the state, exceeding \$4,500, while costs at Saint Mary's and Waterbury Hospitals—currently not part of a hospital system—were around \$2,300 for the same routine diagnostic procedure. If history is any guide, further consolidation of hospital

systems in Connecticut will only drive prices higher and narrow the range of consumer choice.

One particularly troubling aspect of Tenet's bid to acquire and convert several Connecticut Hospitals was the agreement Tenet entered into with the Yale-New Haven Hospital System. Tenet and Yale formed a partnership to create joint clinical networks, giving Yale a stake in the hospitals Tenet had hoped to acquire. At the same time, Yale's participation would have allowed Tenet to circumvent regulations that prevented for-profit hospitals from directly employing physicians. The full details of that agreement, however, which included restrictions on the YNH system's expansion into other areas of Connecticut, were not available to the public because they were regarded as proprietary business information, despite the huge share of hospital revenue that comes from taxpayer dollars through Medicaid and Medicare.

Connecticut Needs a Comprehensive Approach to Acute Care

The bill you are considering today is one of many that have been introduced this session in thoughtful response to the rapid and significant changes in the structure of acute care. Several of those bills would create greater transparency around information regarding quality, pricing and costs, and potential conflicts of interest in the course of hospital conversions, mergers or acquisitions.

Absent clear, timely and accessible information on these vital subjects, it would be difficult to decide if hospital mergers or acquisitions will have an adverse impact on consumer access to healthcare services. But absent the potential control over such mergers that the antitrust statutes in Connecticut law confer, transparency alone will not give consumers, insurers or employers effective tools to maintain access and affordability. As separate pieces of legislation, all of these bills have merit.

However, to achieve the stated purpose of this legislation, this bill should be regarded as one important component of a more comprehensive approach to hospital oversight in our state. For that reason, we urge the Judiciary Committee to support and pass Senate Bill 1120.