



Quality is Our Bottom Line

Judiciary Committee Public Hearing

Wednesday, March 25, 2015

Connecticut Association of Health Plans

Testimony regarding

SB 1120 AAC Application of the State's Antitrust Laws to Hospital Mergers and Acquisitions

The members of the Connecticut Association of Health Plans (CTAHP) appreciate the opportunity that SB 1120 offers to foster frank conversation about the condition of our health care delivery system and the capacity of our state's current regulatory structure to deal effectively with the monumental systemic change being driven, in large part, by the ongoing (and challenging) implementation of federal reform. We view today's hearing as another important part of a larger dialogue in which we have been pleased to participate, and today offer some very general testimony and our absolute commitment to continuing our engagement with you as you sort through these very complex delivery system and regulatory issues.

For health plans, one of the very significant and challenging changes brought on by passage of the ACA is a compelling need, if not a requirement, to align delivery system change with cost and quality goals. It is very clear to the health plans that provider consolidation is a double-edged sword - combinations carry both the promise of alignment around the shared goals of cost containment, enhanced quality, transparency and accountability, but also bring significant concerns about market power, and the inefficiencies and lack of responsiveness too much market leverage bring to the system. These are not simple issues, and solutions can be elusive, and by raising bills like SB 1120 the General Assembly has done us the service of putting the "hard stuff" on the table for discussion.

In our opinion, any proposals for systemic change, whether regulatory or market-based, should be measured by certain factors:

1. Benefits to Consumers/Members/Patients: We must, as participants in this conversation and debate, have at the front of our minds those changes which deliver the best quality care for the best possible cost. Simple, yes, but that is the imperative of genuine system change - *not* what's best for insurers, *not* what's best for physicians, and *not* what's best for hospitals. Whenever we have a bill or a policy proposal, we have a tendency to retreat to our own silos, defending our particular interest - but at the end of the day, the policy that ends up

delivering the highest quality for the best possible price is the thing that will work best for everyone;

2. Transparency: Every day, by virtue of plan design, system cost, provider consolidations, etc., consumers are being asked or required to take significantly more responsibility for their health care decisions, and are financially compelled to do so. We cannot vest consumers with these responsibilities without being fully committed to providing them with all the information they need;

3. Rigorous Economic Analysis: As the pace of change accelerates, transactions in the delivery system must be subjected to genuine, rigorous economic analysis with consumers in mind - do combinations and consolidations actually bring the savings/efficiencies/quality enhancements promised by the parties to the transaction?

4. Establish the Playing Field, Stick with It, and Let the Market Work: It is a fundamental truth, and it certainly may be frustrating, but the market is always ahead of where legislators think it is. So be very careful about the unintended consequences of highly detailed, proscriptive statutory constructs reacting to perceived market conditions. Set the rules of the game, engage in thoughtful analysis and regulatory oversight, but let the marketplace work;

5. Don't Overlook Things Already Occurring: Connecticut is, in many ways, well ahead of most states in planning delivery system change. The state was one of 11 selected to receive State Innovation Model (SIM) Test Grant Awards, \$45 million to implement initiatives designed to improve population health, strengthen primary care, promote value-based payment and insurance design, and obtain multi-payer alignment on quality, health equity, and care experience measures. Connecticut will soon have a comprehensive All Payer Claims Database (APCD) and in addition has a plan underway for development of a functioning HIT system. Health plans are actively engaged in all of these programs, as are physicians, hospitals and consumer representatives.

Thank you for your consideration.