

Proposed Bills 5323, 5324, 5325

Testimony of State Representative Patricia Dillon on HB 5323, 5324, 5325
Public Health Committee Feb 23., 2015

Good afternoon esteemed members of the Public Health Committee. I am here to testify in support of House Proposed Bills 5323, 5324, and 5325.

HB 5323 AN ACT CONCERNING ACQUISITION OF PHYSICIAN PRACTICES BY INSURERS.

To require an insurer's acquisition of a physician's practice to be approved by the Commissioner of Public Health and the Attorney General.

The intent of this legislation is to underline the importance of focusing on changes in the health landscape and on potential anti-competitive behavior by any parties. To this point, advocates and the Attorney General's office have targeted only hospitals for anti competitive behavior.

Nationally, the picture is more complicated and this may soon come to Connecticut.

Although little noticed here, policy makers and the financial press have chronicled acquisition of physician practices for some time.

In 2011, Kaiser reported:

" Even if UnitedHealth Group isn't your insurance company, there's a good chance it touches you in some way. The \$100 billion behemoth sells technology to hospitals and other insurers, distributes drugs, manages clinical trials and offers continuing medical education, among other things, through the growing web of firms it owns.



Now, that touch could get a lot more personal. United's health services wing is quietly taking control of doctors who treat patients covered by United plans in several areas of the country — buying medical groups and launching physician management companies, for example

<http://kaiserhealthnews.org/news/unitedhealth-insurers-buy-doctors-groups/>

In 2012, Modern Health reported:

<http://www.modernhealthcare.com/article/20120102/MAGAZINE/301029918>

In November, UnitedHealth Group's Optum business closed on its acquisition of Irvine, Calif.-based Monarch HealthCare, an independent practice association with 2,300 physicians, for an undisclosed sum. In August, rival WellPoint completed its \$800 million acquisition of CareMore Health Plan, a Medicare Advantage plan in California, Nevada and Arizona that operates 28 neighborhood care centers. WellPoint said it plans to expand the care-center model to other markets it serves. In November, Humana said it would purchase SeniorBridge Family Cos., an in-home chronic-care manager with 1,500 care providers, for an undisclosed sum. That acquisition came about a year after Humana scooped up Concentra, which operates urgent- and occupational-care clinics, for \$790 million.

Optum, a division of UnitedHealth, has emerged as an important player. In September 2014, Healthcare Informatics reported:

Optum Moves into Physician Group Space with Acquisition: Optum, an Eden Prairie, Minn.-based clinical analytics firm, will acquire Irving, Texas-based physician practice management and revenue management software firm, MedSynergies.

The move allows Optum to move its revenue management capabilities into the physician group space. MedSynergies has a customer base of 9,300 care providers in the U.S., the company says.

<http://www.healthcare-informatics.com/news-item/optum-moves-physician-group-space-acquisition>

Standard and Poor's currently expects declining growth in commercial enrollment, but 'double digit' growth in UnitedHealth's Optum division, which includes acquisition and management of physician practices..

The Affordable Care Act has resulted in a complicated dynamic, encouraging networks while other policymakers are increasingly looking at anti trust. If the state of Connecticut is to take antitrust action as well, our approach should include the whole landscape.

AN ACT CONCERNING THE DEFINITION OF "URGENT CARE CLINIC" AND REQUIRING THE PROVISION OF CHARITY CARE.

To create a definition of "urgent care clinic" and establish a duty for urgent care clinics to provide charity care.

Many have noted the emergence of 'urgent care clinics' across the state. In January the Hartford Business Journal reported

"Urgent care clinics continue to crop up across Connecticut, as entrepreneurs, investors and hospitals pour millions of dollars into a growing sector of the healthcare industry that is showing no signs of letting up.

Over the past 18 months, no fewer than 25 clinics have opened in the state, according to an analysis by the Hartford Business Journal (no definitive tally is kept, as clinics are not subject to specific state or federal licensing beyond medical licenses held by doctors who work there)."

<http://www.hartfordbusiness.com/article/20150105/PRINTEDITION/301029976/big-money-pushes-urgent-care-com-petition-consolidation>

The emergence of these clinics raises questions of quality and accountability. The legislation proposes that the Department of Public Health define and license these entities. The additional language anticipates a broader discussion of the responsibility for uncompensated care - or charity care, which is not the same.

AN ACT CONCERNING COMMUNITY HEALTH NEEDS ASSESSMENTS AND FOR-PROFIT HOSPITALS.

To require an annual community health needs assessment for each for-profit hospital.

The Affordable Care Act requires that not for profit hospitals conduct community needs assessments to maintain their tax status. This legislation would expand this community benefit to for profit hospitals.

The issue arose in testimony before the Hospital Roundtable, where I serve as the Speaker's designee. When I asked the Sharon Foundation if we could learn lessons from their experience, they replied that the foundation cannot carry out hospital functions, and the hospital was not required to conduct a needs assessment. It seemed logical, at a time when several other Connecticut hospitals were considering for profit status, that we should plug this loophole. Since at this moment the bill would apply only to Sharon Hospital, we might consider some flexibility for that one hospital and apply the requirement to any other for profit hospital in the future..

Thank you for hearing this important proposal today.