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Good afternoon Sen. Gerratana, Rep. Ritter and members of the Public Health Committee. I am here to testify in support of SB 351, AN ACT CONCERNING MATTERS AFFECTING PHYSICIANS AND HOSPITALS.

Last year when SB 811 (PA 15-146) was passed by the General Assembly and signed by the Governor, I said that that legislation was the beginning and not the ending of our work to address the cyclonic changes in our healthcare system. SB 811 created a new framework and this year SB 351 would make additional adjustments to protect patients and physicians.

First, the bill would prohibit restrictive covenants in employment contracts between hospitals and physicians except when the physician's new employer is another hospital. Even then, the covenant would be limited to at most two years and fifteen miles. It is well known that law firms cannot bind their attorneys with restrictive covenants not only because of the rights of the attorney to make a living, but also because clients have a right to the counsel of their choice. Denying this option to clients is considered a restraint of trade. I would argue that this choice is at least equally important in regard to a patient's right to choose a physician. These covenants can disrupt continuity of patient care and even limit access to appropriate high quality care.

The bill as currently written restricts these covenants going forward from January 2017. I would encourage you to make these restrictions effective immediately; these covenants should be declared void as they are against public policy. If you decide to let these restrictive covenants entered into before January 2017 stand, I would like to work with you on creating a mediation process that would not be overly burdensome to the physicians seeking release from these contracts. The language in this bill is quite moderate. Some other states including Massachusetts<sup>1</sup> do not allow restrictive covenants in any physician employment agreement. California does not allow restrictive covenants in any type of employment. SB 351 would allow reasonable restrictions for physicians who are employed by a private practice or who are leaving one hospital to become an employee of another hospital.

Second, the bill would regulate non-hospital corporations that seek to employ physicians. This employment model is already happening in our state and Connecticut's current regulatory framework does not appear sufficient for these new transactions. Recently, for example, a large group practice (ProHealth Physicians) was purchased by Optum which is a subsidiary of United. No Certificate of Need was required for this transaction. This legislation would require a certificate of need for this type of acquisition and it would demand the same reporting that is currently required when hospitals purchase group practices. In addition, it requires that any corporation that enters into an employment agreement with a physician must not in any way interfere with the physician-patient relationship, the physician's diagnosis or treatment of any patient, or influence the physician's independent judgment regarding the practice of medicine.

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<sup>1</sup> Section 12X. Any contract or agreement which creates or establishes the terms of a partnership, employment, or any other form of professional relationship with a physician registered to practice medicine pursuant to section two, which includes any restriction of the right of such physician to practice medicine in any geographic area for any period of time after the termination of such partnership, employment or professional relationship shall be void and unenforceable with respect to said restriction; provided, however, that nothing herein shall render void or unenforceable the remaining provisions of any such contract or agreement.

These two provisions would grant physicians freedom to leave hospital practice if they realize that they in fact did prefer to be in private practice. This legislation would protect patients from corporate interference in the practice of medicine and potentially offer patients additional choices in medical care.

Third, this bill would authorize the Commissioner of Public Health to study licensure of retail clinics and submit recommendations to the General Assembly. A variety of these limited service clinics operate in our state and it would seem that some form of licensure would be appropriate. Massachusetts has recently begun licensing these clinics.

Finally, the bill would increase transparency in hospital billing by requiring that hospitals include their costs to charge ratios on any bill sent to patients. This is consistent with our move toward greater transparency in SB 811 last year.

Thank you for hearing this important legislation.