Connecticut State Medical Society
Governor's Bill 5042
An Act Concerning Health Care Cost Growth

Insurance Committee
March 1, 2022

Senator Lesser, Representative Wood and distinguished members of the Insurance Committee, on behalf of the physicians and physicians in training of the Connecticut State Medical Society (CSMS), thank you for the opportunity to provide this testimony to you today on Governor's Bill 5042, An Act Concerning Health Care Cost Growth.

Governor's Bill 5042 would, in part, direct the Connecticut Office of Health Strategy (OHS) to set annual health care cost growth benchmarks and primary care spending targets.

The recent success of the benchmarking proposals in Massachusetts presents a model that can possibly be emulated here in Connecticut. CSMS, however, has some concerns, questions and recommendations regarding the proposals set forth in this bill. At the forefront of our concerns are the enforcement mechanisms that may be enacted for payers that exceed the benchmarking standards. Requiring a health payer to reduce medical spend will undoubtably come on the backs of the physicians providing medical services to Connecticut's residents. Payers will no doubt ramp up retrospective audit reviews, claw backs, medical necessity reviews and prior authorization requirements, to name just a few tactics. In addition, payers will be forced to resort to narrow networks and so-called physician rating programs, that in reality look only to the cost efficiency of a given physician and do not focus on the quality of medical care provided.

Physicians already invest an enormous amount of time, resources, and money to deal with the burdens imposed by insurance companies. The ultimate victim in all these games is the patient as the timeliness and the quality of the care provided is reduced. Ultimately, physicians will migrate away from insurance networks, leaving reduced physician choice for patients and increasing the wait times to obtain medical care. This result is neither beneficial for patients nor physicians in Connecticut. We have seen this scenario unfold in terms of mental health care. Psychiatrists and other mental health professionals are leaving insurance networks in droves due to the unfair tactics used by health insurers and unwillingness of these insurers to negotiate fair contracts. As a result, the state of Connecticut is in a true mental health crisis, as was illustrated in the testimony last week before the Public Health and Children's Committee on House Bill 5001.

We urge this Committee to consider the potential negative impact to patients as an unintended consequence of the benchmarking proposal. We cannot let what has happened in mental health care happen in other areas of medicine. If this bill were to pass, it must, a minimum, be passed in

conjunction with legislation providing protections to physicians and patients from the onerous prior authorization requirements imposed by insurers that will be coming before this Committee this session. Lastly, we implore this Committee to add into this bill a mechanism to ensure that insurers are not simply cutting out medically necessary care in order to reduce health care spend as a whole and meet a set spending benchmark.

The issue of medical spend cannot be looked at in a vacuum. In order to truly present a comprehensive and inclusive picture of the cost drivers into the medical system, we must look at medical liability and the resulting practice of defensive medicine as significant contributor to medical spend. An analysis published in *Health Affair* in 2018 estimated that defensive medicine adds $25.6 billion annually to the overall medical spend. It may contribute as much as 34% of the annual health care costs in the United States. If this bill truly aims to look at, and reduce, the global health care spend in Connecticut, medical liability and defensive medicine must be part of the package. It is time for a comprehensive look at Connecticut's medical liability system and how this broken system does nothing but increase medical costs and decrease the quality of medical care provided to patients.

CSMS supports the investment in our state's primary care infrastructure. Primary care is the bedrock of our health care delivery system, and it is no secret that Connecticut's bedrock is crumbling. For a multitude of reasons there are not enough primary care physicians in Connecticut and our state is unable to retain and attract primary care physicians. The goal of improving the primary care spending target is laudable and timely. That said, increased primary care spending must not come at the sacrifice of other health care spending since the amount of funding in the pot is not being increased, merely redistributed. We implore this Committee to ensure there are sufficient protections in any legislation that is enacted so that medically necessary patient care that falls outside the definition of primary care is not denied by payers in order to meet a set primary spending target.

We look forward to working with this Committee to make sure that physicians have a seat at the table during these discussions and to ensure that sufficient protections are built into legislative proposals to safeguard patient access to timely and necessary medical care.