



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Thursday, March 17, 2022**

**SB 416, An Act Promoting Competition In Contracts Between Health
Carriers And Health Care Providers**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 416, An Act Promoting Competition In Contracts Between Health Carriers And Health Care Providers**.

Since early 2020, hospitals and health systems have been at the center of Connecticut's response to the COVID-19 public health emergency, acting as a vital partner with the state and our communities. Hospitals expanded critical care capacity, procured essential equipment and supplies, and stood up countless community COVID-19 testing locations. Hospitals have been an essential component of the statewide vaccine distribution plan including efforts to reach and serve historically under-resourced communities disproportionately affected by the virus.

Through the pandemic hospitals and health systems have continued to provide high-quality care for everyone, regardless of ability to pay. This tireless commitment to the COVID-19 response confirms the value of strong hospitals in Connecticut's public health infrastructure and the well-being of our communities and reinforces the need for a strong partnership between the state and hospitals.

The midst of the most staggering public health crisis in generations is not the time to consider the significant changes to the healthcare delivery system that are proposed in SB 416. SB 416 would bar certain contract provisions between healthcare providers and payers. We are concerned because the bill would alter patient access and care models at a time when deferred care and community care are only starting to recover from the pandemic. We encourage you not to take action on this bill this session.

Connecticut hospitals strive to provide patients with the care they need, when they need it, in a location that is both accessible and convenient to them.

SB 416 prohibits the inclusion of an "all-or-nothing" clause in contracts between healthcare providers and health insurers. Continuity of care is so important to good outcomes, especially for those patients undergoing a course of treatment that may span months or even years. The opportunity to seek care through a network of providers at locations convenient and

accessible to the patient are paramount to continuity and give the best chance for clinical success. The section of SB 416 that would bar “all-or-nothing” arrangements would mean healthcare systems would not be permitted to negotiate with payers to ensure patients will have coverage for the full spectrum of services in a care network and to ensure patients can choose their doctors and care team. That prohibition would have a negative effect on patient access and continuity of care and we ask that it be removed from the legislation.

With respect to the provisions related to “anti-tiering,” should the Committee continue to pursue this legislation, we ask that important safeguards be added to the “tiering” language. Specifically, the legislation should require payers to be transparent with the standards that they adopt when slotting providers into tiers. To the extent these standards are updated or changed, payers should be required to notify providers of those changes 90 days prior to the changes being made. The legislation should also provide for a process by which providers are able to contest the tiering decisions made by payers. Finally, the Department of Insurance should regularly audit payer compliance with those tiering standards and processes.

Our members have experience with tiered networks and the opaque processes that insurers use to make determinations about placement in tiers. We also know from the experience of a neighboring state where similar legislation was implemented that payers’ processes became even more opaque and seemingly more random when state law stripped providers of the ability to negotiate fairly.

SB 416 seeks to reach into existing contracts and make statutory changes. We respectfully ask that the legislature not interfere with existing contracts that have been negotiated between healthcare providers. Changes in law that materially affect contractual rights should be prospective.

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.