**Testimony of Victoria Veltri**
**State Healthcare Advocate**
**Before the Public Health Committee**
**In support of SB 994**
**March 18, 2015**

Good afternoon, Representative Ritter, Senator Gerratana, Senator Markley, Representative Srinivasan and members of the Public Health Committee. For the record, I am Vicki Veltri, State Healthcare Advocate with the Office Healthcare Advocate ("OHA"). OHA is an independent state agency with a three-fold mission: assuring managed care consumers have access to medically necessary healthcare; educating consumers about their rights and responsibilities under health plans; and, informing you of problems consumers are facing in accessing care and proposing solutions to those problems.

I would like to thank the committee for introducing SB 994, AAC Contract Disputes Between Hospitals And Insurers. As Connecticut continues to see unprecedented levels of mergers and consolidation, it is important that we strive to mitigate the potential, unintended consequences for consumers. Historically, when a contract between a hospital system and a health plan terminated, resulting in the loss of that hospital from the health plan's network, plan members had reasonable alternatives available for them to continue to receive care. However, the composition of our current healthcare system no longer has the same degree of flexibility to limit the impact of such contract disputes. One-half of the hospitals in our state have merged with large systems, and two of these systems account for more than half of all hospital revenue in the state. In additional to the acute care hospitals, these hospital systems also acquire provider practices in order to expand the scope and range of the services that they offer, and now 60% of primary care physicians and 50% of surgeons work for a hospital system.

As we saw last year in the contract dispute between Anthem and Hartford Hospital Group, this consolidation resulted in a significant impact on consumers, with no hospitals in Central Connecticut remaining in-network for the plan members. This created an untenable situation for the many people insured by our state's largest commercial health plan, causing fear and uncertainty about how and where they would be able to receive acute services, should they need them.

SB 994 seeks to provide members with some measure of security when these hospital systems and a health plan cannot reach an agreement to renew their contract for care delivery prior to the termination of that contract. The imposition of a two month cooling off period provides the parties with additional time essential to assess their needs without the demands on ongoing negotiations, during which time members access to services remain intact. Following this period of reflection, the parties then can resume contract negotiations for an additional 30 days. It's important to recognize that either party may still terminate a contract for cause, without the cooling off period with consent of the Commissioner of Public Health.

The requirement that hospitals and health plans continue to provide uninterrupted coverage to consumers for an additional period of negotiation does not impact t

Thank you for providing me the opportunity to deliver OHA's testimony today. If you have any questions concerning my testimony, please feel free to contact me at victoria.veltri@ct.gov.