

ANALYSIS

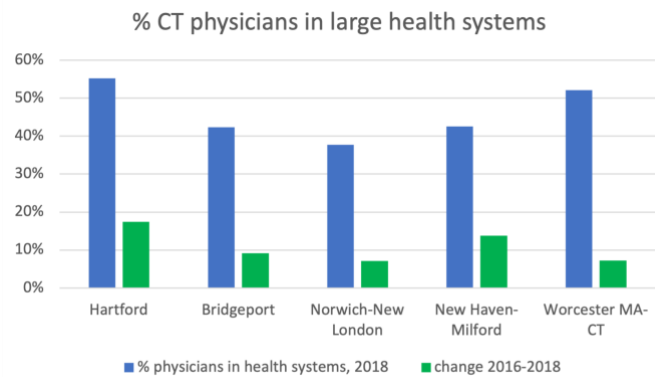
Legislative options to lower healthcare prices

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Healthcare service prices are the main driver of Connecticut’s rising health insurance premiums. The consolidation of hospitals and providers into large health systems has stifled competition, allowing prices to rise unchecked. Other states have taken action to protect competition in consolidated markets and it’s working. Connecticut needs to act.

Connecticut is among the most consolidated healthcare markets in the US. In consolidated markets like Connecticut’s, insurers and employers must include a hospital or other provider in their network because there are no other alternatives. Through anti-competitive contract clauses, a health system can link a must-have provider to others in competitive markets. These clauses allow big health systems to name their own price for all their providers, not just the must-have entity.

In turn, insurance premiums have to rise when healthcare prices rise, making coverage unaffordable for employers and individuals. Despite promises from large systems, consolidation hasn’t improved the quality of healthcare.



Source: [More physicians joining large health systems across CT](#), 1/6/2021

Other states have passed legislation to prohibit anticompetitive contract clauses, undermining the ability of large health systems to demand high prices. States that have passed these provisions have tiered health plans that save 5% or more on premiums.

All-or-nothing clauses:	Anti-tiering, anti-steering clauses:
Health system demands insurers include all their facilities in their network, regardless of other options	Health system requires insurers place all providers in the most favorable tier with the lowest patient costs, regardless of quality or total price

Connecticut policymakers should prohibit anti-competitive contract clauses to lower healthcare costs and insurance premiums.

Sources and legislative language: [Consolidation, Private Equity, and Drug Pricing Resource List](#)