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# MEMO IN OPPOSITION

**FOR IMMEDIATE RELEASE:** February 5, 2007

Re: A.2177 (Canestrari)

An act to amend the Public Health Law, in relation to requirements for collective negotiations by health care providers with certain health benefit plans.

The New York Health Plan Association (HPA) opposes **A.2177**, legislation that authorizes collective negotiations for certain health care providers. This proposal will result in consumers and employers facing higher prices for health insurance coverage and make it more difficult for New York to attain universal coverage.

Historically, antitrust laws have effectively protected consumers from predatory price-fixing in a variety of industries including health care. Currently, these laws prohibit independent physicians from engaging in collective efforts to set the price for medical services. This has benefited patients by encouraging greater choice, higher quality products and services, and innovative approaches to health care delivery. Current law has been crucial to promoting competition and preventing local provider monopolies that would allow physicians to set unfair prices. This legislation seeks to diminish competition to the detriment of premium payers and patients.

Opposition to this legislation is widespread:

- ◆ Former **Attorney General Spitzer** expressed antitrust concerns with this proposal, noting the legislation lacked the “regulatory scheme” necessary to facilitate collective negotiation with prescribed bargaining limitations. Spitzer also questioned the motivation for the legislation, stating that the proposal serves “mainly private interests rather than the interest of the government.”
- ◆ The **United States Department of Justice**, in conjunction with the **Federal Trade Commission**, issued a report in 2004 (*Improving Health Care: A Dose of Competition*) condemning provider collective bargain stating that such measures would “likely harm consumers by increasing costs without improving quality of care.”
- ◆ The **Center for Medical Consumers** opposes this measure, because it raises concerns about giving “economic power back to health care providers who have a long history of behaviors motivated by self-interest rather than the public interest.”

Legislators’ interest to allow collective bargaining represents a substantial reversal of long-standing public policy of endorsing competitive approaches to health care. Although advocates cite the need to “level the playing field” to counter “unbelievable market domination” between payers and providers, an examination of New York’s marketplace portrays a healthy competitive environment. In October 2005, **The United States Government Accounting Office (GAO)** released data that reported that the number of health plans operating in New York exceeded the national median number of licensed carriers in the small group market by 30%. Furthermore, the median share of

the small group market held by the states largest carrier is **50% less** than the national average.

Despite claims to the contrary, this legislation is solely designed to increase physician compensation. This is ironic because at a time when New York is exploring universal health care options, it would seem illogical to direct limited resources to further compensate physicians who are widely recognized as one of the wealthiest professions in the nation.

HPA urges the legislature to focus on improving quality and affordability of health care, and to reject measures that foster price-fixing. **A.2177** is bad medicine for all New Yorkers.

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*The New York Health Plan Association represents 30 managed care health plans that provide comprehensive health care services to nearly 6 million New Yorkers.*