

## Putting Patients First in Healthcare Contracts

### The Problem

Today, consolidation in healthcare markets is rampant: Hospitals merging with hospitals, hospitals acquiring independent doctors' offices, pharmacies acquiring insurance companies, and insurers merging with insurers. Consolidation gives providers and insurers an advantage in contract negotiations. These advantages increase profits for insurers and hospitals while reducing healthcare affordability and access for patients.

#### Examples

- » **Anti-steering clauses** restrict insurers from encouraging or using financial incentives for patients to obtain health care services from different network doctors and hospitals, even if based on price or quality.
- » **Anti-tiering clauses** restrict insurers from categorizing providers by quality or cost and incentivizing patients to pick the providers from the highest-performing tiers.
- » **Most-favored-nations clauses** prohibit a health system/provider from offering a lower reimbursement rate to a competitive insurer.
- » **All-products clauses** require providers to accept every insurance product offered by an insurance company, even if they have different reimbursement rates or financial terms.
- » **Non-compete provisions** restrict physicians or other clinicians from going to competitive providers, limiting patient access should a physician/clinician want to leave their current employer.

### The Solution

States should take action to ban or restrict the anticompetitive contract terms by enacting legislation to...



**Discourage consolidation by opening the medical marketplace to competition.**



**Limit practices by insurers and hospitals that drive up costs for patients.**



**Give patients more options to save money and choose the highest quality doctors.**



**Ensure that the state has the authority to enforce the new law.**

## Why it Matters

Patients deserve affordable healthcare, better health outcomes, and improved access to care.  
Banning anti-competitive terms...



Makes consolidation less lucrative.



Gives large insurers and hospitals the ability to use their size to earn more money through value-based care arrangements—to better coordinate care among co-owned providers across the continuum of care.



Shift the focus to patient outcomes and quality rather than simply driving more favorable reimbursements.



Will ensure more capacity and more choice to work with a provider of a patient's choosing.

## Bottom Line

States should prohibit burdensome contract restrictions that reduce the availability of physicians and other in-demand healthcare workers. And health systems and other providers should negotiate reimbursement contracts with insurers on a level playing field that puts patients first, not their bottom lines.