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Testimony before the Senate Financial Institutions and Insurance Committee
SB 382
Aetna, Inc.
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Madam Chair and members of the Committee. Thank you for allowing me to appear before you today on behalf of Aetna, Inc. Built on a 158-year heritage, Aetna is working hard to improve health care in America and Kansas and is also working to make health care affordable and of good quality for all. Aetna is one of the nation's leading diversified health care benefits companies, serving approximately 36.4 million people with information and resources to help them make better informed decisions about their health care. Aetna offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life and disability plans, medical management capabilities, health care management services for Medicaid plans and health information exchange technology services. Our customers include employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers, governmental units, government-sponsored plans, labor groups and expatriates. Our membership includes: over 18 million medical members, over 14 million dental members and over 11 million pharmacy members. Aetna's health care networks include: more than 874,000 health care professionals, more than 506,000 primary care doctors and specialists and 4,987 hospitals. Aetna serves as the health insurance carrier to over 100,000 Kansans.

Over the years Aetna has won numerous awards and recognition. Among those awards are the following:

- Aetna has been named a 2011 [International Data Group InfoWorld Green 15 Awards](#) winner for eliminating paper from the contracting process for health care professionals. Aetna is the first health insurer to offer electronic contract processing to doctors, hospitals and other health care facilities.
- Aetna has again finished first among national health plans in the 2011 PayerView Rankings. According to the sixth annual rankings from athenahealth and Physicians Practice®, Aetna's business transactions and processes are among the most simple to use, efficient and transparent compared to other national health plans. Aetna has been in either the top one or two spot for five consecutive years of PayerView Rankings.

- Aetna in 2011 was awarded the National Business Group on Health's inaugural "Award for Innovation in Reducing Health Care Disparities." Aetna was among six organizations recognized for their commitment to racial and ethnic equality in health care and outstanding support for a culturally diverse workforce.
- For the third consecutive year (2010), Aetna is selected by FORTUNE magazine as the most admired company in the Health Care: Insurance and Managed Care category.
- For the third year in a row, Aetna's concierge customer service call center has been recognized by J.D. Power and Associates for providing "An Outstanding Customer Service Experience."*
- Aetna was named [International Benefits Provider of the Year](#) as part of the Forum for Expatriate Management's 2010 Expatriate Management and Mobility Awards. The awards recognize excellence in global mobility in 14 categories of distinction.
- Aetna was named Diversity Inc's Top Company for Community Development in 2009 for its support of nonprofits that share its focus on building strong communities, ending racial and ethnic disparities in health care, improving health literacy and promoting disease prevention.

As a growing and nationally recognized company hoping to serve the insurance needs of more Kansans we ask that you support SB 382. This legislation would prohibit health insurance companies from utilizing what's commonly referred to as a "most favored nation" clause in contracts with providers. A "most favored nation" clause can be presented to the provider in a variety of ways. Some clauses require the dominant payor have the option to re-negotiate should the provider give a lower price to another payor. The clause may require the dominant payor automatically be given the same price negotiated by a competing health insurer or the clause may even require that the dominant payor be given a price 5%, 10% or even 15% lower than any other payor.

With me today is Keith Barnes, Market President, Kansas; Missouri and Oklahoma; Aetna, Inc. and Shannon Meroney, Senior Manager, Aetna Government Affairs. Keith will take just a few minutes to explain our concerns and the anti-competitive environment created with the use of "most favored nation" clauses in contracts with providers by dominant insurance companies.

Thank you for your consideration and I'll be happy to answer any questions you may have.