



Senate Financial Institutions and Insurance Committee
SB 382 – The patient protection act; prohibited provisions in certain agreements
March 8th, 2012

Madam chairman and Members of the Committee,

On behalf of Jack Wagner, President and CEO of Shawnee Mission Medical Center we submit this testimony today **in support of SB 382**. We believe this to be an essential bill especially in light of the changing health care market and the move toward greater competition and potential health exchanges.

Shawnee Mission Medical Center is located in Merriam Kansas, was Johnson County's first hospital and has been caring for the health and well being of the Kansas City community since 1962. On average SMMC has over 21,000 hospital admissions, provides more than 200,000 outpatient visits, provides 24/7 Ask a Nurse support to over 130,000 community phone calls, e-mails for medical questions and information, cared for 57,000 Emergency admissions and have had over 3,700 births at our hospital. The Foundation for our Medical Center has encouraged philanthropy and focuses on improving the health of our community's residents – young and old, insured and uninsured, current and future patients. Through our community hospital and charitable work we have fostered and produced innovative approaches to community wellness and support. The community has come to rely on SMMC and the Foundation as trusted partners with the state as they face challenges of increasing health care costs and demand on and for our services.

From our perspective this bill helps to ensure that competition is maintained and consumers will benefit amidst the significant federal legislative changes as well as the initiatives undertaken in the state in the reconstruction of Medicaid. Specifically, it would prevent the exclusion of competitors in a market dominated by a major insurer. We believe that "most favored nations" clauses are an outmoded strategy that interferes with the free movement and negotiation between insurer and provider. It is our belief that MFN clauses can create barriers to entry into the market, and generally suppresses competition in health insurance markets. Approximately 13 states limit the use of MFN clauses in contracts with health care providers or facilities through a prohibition on the inclusion of any contractual terms that require a provider to charge a health insurance plan its lowest rate for health care services.

It is simply not in the best interest of an orderly market to allow companies to include contract provisions that would give the insurer an option to prohibit a provider from contracting with another health insurer to accept a lower rate of reimbursement.



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Date 3-8-12

Attachment # 3