



## CT AG Charges Antitrust Practices in Health Insurance Industry

*John Commins, for HealthLeaders Media, March 11, 2010*

Connecticut Attorney General Richard Blumenthal said this week that his office has uncovered a potentially anticompetitive practice by health insurance companies that could raise healthcare costs and lower competition.

In a letter to HHS Secretary Kathleen Sebelius, Blumenthal called for an investigation of these practices at the national level.

Blumenthal said his office has been conducting an antitrust investigation of Anthem Blue Cross and Blue Shield of Connecticut, which is owned by WellPoint, Inc., and has found contractual Anthem clauses—commonly referred to as Most Favored Nation clauses—requiring hospitals and other providers to allow Anthem to pay the lowest reimbursement rates in the industry.

Despite apparently having the best reimbursement deals, Blumenthal said Anthem won't pass on its savings to policyholders. Instead, he said the company has sought and received premium increases on Connecticut health insurance consumers, and possibly elsewhere in the country, of at least 13% to 20%.

"Our investigation remains ongoing, but federal officials deserve immediate warning about these practices—potentially having national implications and warranting federal investigation," Blumenthal said in a media release. "Small businesses, individuals—and our entire economy—have a direct and immediate stake in practices that straitjacket hospitals and raise healthcare costs."

"WellPoint and Anthem—among the most powerful players in the health insurance industry—may be exploiting its strength to force hospitals into giving them the best deal in the market. As a result of Anthem's practices, competitors are forced to pay more, hospitals are forced to accept less from Anthem—and consumers are the ones paying," Blumenthal said.

Blumenthal added that less than a year ago, Anthem received approval for premium increases between 13% and 20% on individual health insurance policies in Connecticut, even as the company acknowledged paying at least 39 executives a minimum of \$1 million each.

Anthem said its premium hikes were owing to the trouble economy, because "younger, healthier policyholders who lose their job are canceling their health coverage. This means there are fewer policyholders, resulting in those who are left having to pay more."

Anthem issued a statement saying it is working with Blumenthal's office, but the health insurer insisted it has done nothing wrong.

"We have no reason to believe that any provision in our hospital contracts is in violation of applicable law," Anthem said. "When negotiating contracts with hospitals, Anthem makes every effort to obtain fair market reimbursement rates for our customers.

"The increases in premium costs, however, are driven by much more than the increase in hospital rates. An aging population, higher patient utilization, the increase of chronic disease, new high-cost technologies, and cost shifting from Medicare and Medicaid all contribute to rising insurance premiums."

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