

Competition in health insurance: A comprehensive study of U.S. markets
7th Edition

This book presents new data on the degree of competition in health insurance markets. It helps identify areas where health insurer consolidation may be harmful to society. Consolidation increases market concentration, and highly concentrated markets are problematic because they are prone to anti-competitive behavior by insurers, which harms consumers and providers of health care. Market concentration assessment is an integral component of antitrust analysis. The Department of Justice and the Federal Trade Commission examine post-merger market concentration in their evaluation of proposed horizontal mergers between firms.

Using HealthLeaders-InterStudy data on health maintenance organization and preferred provider organization enrollment, we report health insurer commercial market shares and concentration measures (HHI) in 42 states and 314 metropolitan statistical areas (MSAs). We find that 94 percent of the MSAs are highly concentrated, and in 89 percent of MSAs, one health insurer holds at least a 30 percent share of the commercial market.

These troubling findings suggest attempts at further health insurer consolidation should be strongly questioned by the public. And they should lead federal and state policymakers and the antitrust agencies to bring greater scrutiny to such consolidation as it can harm health care consumers and physicians.

This book can be accessed at https://catalog.ama-assn.org/Catalog/product/product_detail.jsp?productId=prod1350008?checkXwho=done

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