Physicians stand up against mergers of powerful insurers

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Two marriages are in the works among the nation's largest health insurers—and physicians are speaking up, refusing to forever hold their peace. The proposed mergers, which would reduce competition in the health insurance market, pose a substantial risk of harm to patients and physicians in terms of health care access, quality and affordability.

Health insurers have claimed that the mergers—Aetna's acquisition of Humana and Anthem's acquisition of Cigna—will lead to greater efficiencies and innovative payment and care management programs. But is the claim based on fact?

"There is no evidence supporting the insurers' claim," the AMA said in a letter delivered to the U.S. Assistant Attorney General earlier this week The letter points to studies and analyses that speak to how the opposite is often the case.

The mergers would exceed federal antitrust guidelines put in place to preserve competition around the country. According to special AMA analyses released in September, the proposed mergers of Anthem and Cigna (log in) and of Aetna and Humana (log in) would exceed federal antitrust guidelines designed to preserve competition in as many as 97 metropolitan areas within 17 states. The mergers also would raise significant competitive concerns in additional areas. All told, nearly one-half of all states could see reduced competition in local health insurance markets.

The AMA letter urges the Department of Justice to "block the proposed mergers," emphasizing that "fostering competition, not consolidation, benefits American consumers through lower prices, better quality and greater choice."

How would the merger affect physicians and patients?

The proposed mergers would give the merging health insurers monopoly power in the sale of insurance to consumers and create a highly concentrated health insurance market where little competition exists. When no competing options are available, these insurers could raise patients' premiums and may no longer feel required to develop ways to improve quality and lower costs to compete in a healthy market.

The proposed mergers also would give the insurers monopsony power, or buyer power, over physicians. This would allow the insurers to control physician payment rates, making it impossible for physicians to make practice investments that would improve patient access and care. Without competitive contract terms and rates, physicians may be unable to afford new equipment and technology, struggle to train staff and be forced to spend less time with patients as they work to keep their practices afloat.

In competitive markets, however, consumers are in the driver's seat. If insurers were to obtain further monopsony power, harm would come to consumers.

"Competition in health insurance, not consolidation, is the right prescription for health insurer markets," the AMA said. "Competition will lower premiums … [and] allow physicians to bargain for contract terms that touch all aspects of patient care."

Speaking up

In addition to this week's letter, the AMA has testified twice before the House Judiciary Subcommittee on Regulatory Reform, Commercial and Antitrust Law.

AMA Board of Trustees Member Barbara L. McAneny, MD, delivered testimony at the Sept. 10

hearing on the state of competition in the health care marketplace, where she told members of Congress, “Providing patients with more choices for health care services and coverage stimulates innovation and incentivizes improved care, lower costs and expanded access.”

AMA President-Elect Andrew W. Gurman, MD, testified at the Sept. 29 hearing on examining the proposed health insurance mergers and the consequent impact on competition, where he urged federal and state regulators, “to closely scrutinize the proposed health insurer mergers and utilize enforcement tools to protect consumers and preserve competition.”

The AMA is offering continued assistance to state medical associations around the country as they assess how to position themselves regarding the proposed mergers and the actions of their state regulatory agencies.

If the mergers are allowed, the impact could be detrimental to physicians’ ability to provide the quality care they strive for each day, while simultaneously increasing patients’ premiums and limiting their access to the care they deserve.