

## **Nov. 3, 2017: Advocacy spotlight on Health insurance markets are highly concentrated, new report reveals**

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### **Health insurance markets are highly concentrated, new report reveals**

Consolidation has caused a lack of competition among commercial health plans that leads to higher premiums for consumers and lower payment for physician services.

The 16th edition of the AMA annual report, "Competition in Health Insurance: A Comprehensive Study of U.S. Markets," examined market concentration in all 50 states, the District of Columbia and 389 metropolitan statistical areas (MSAs) and found that in 43 percent of MSAs one insurer had at least a 50 percent share of the market.

"We find that the majority of U.S. commercial health insurance markets are highly concentrated," the report concludes. "Our findings should prompt federal and state antitrust authorities to vigorously examine the competitive effects of proposed mergers between health insurers."

The 2017 edition of the report presents 2016 data on commercial enrollment in fully and self-insured health maintenance organizations (HMO), preferred provider organizations (PPO), point-of-service (POS) plans, consumer-driven health plans (CDHP) and public health exchanges (EXCH). The report, available for purchase at the AMA Store, is one facet of the AMA's efforts to promote competition in health insurance markets. Learn more about the AMA's research in this area.

The AMA report recalls how the U.S. Department of Justice (DOJ) and multiple state attorneys general moved to block Anthem's attempt to acquire Cigna and Aetna's proposed acquisition of Humana in 2015. Both mergers were eventually abandoned.

"After years of largely unchallenged consolidation in the health insurance industry, a few recent attempts to consolidate have received closer scrutiny than in the past," the report notes.

"Previous versions of the AMA study played a key role in efforts to block the proposed mega-mergers by helping federal and state antitrust regulators identify markets where those mergers would cause anti-competitive harm," AMA President David O. Barbe, MD, MHA, said.

But, despite this new scrutiny, much of the nation's health insurance landscape remains highly concentrated.

According to the report:

- | 69 percent of the combined HMO-PPO-POS-EXCH markets are highly concentrated.
- | 94 percent of HMO markets are highly concentrated
- | 86 percent of PPO markets are highly concentrated.
- | 100 percent of POS markets are highly concentrated.

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