Oct. 16, 2020: Advocacy spotlight on Competition declined in majority of health insurance markets where it is most scarce

Competition declined in majority of health insurance markets where it is most scarce

Competition continues to fade away for many patients according to the newest findings from the AMA’s 2020 Update to *Competition in Health Insurance: A Comprehensive Study of U.S. Markets*. This study reports the two largest health insurers’ market shares and market concentration (HHI) levels in all 384 metropolitan statistical areas (MSA), the 50 states and the District of Columbia. It finds that between 2014 and 2019, the share of markets that were highly concentrated (HHI>2500) increased from 71% to 74%. Moreover, more than half (52%) of the markets that were highly concentrated in 2014 grew even more concentrated by 2019.

The average MSA-level market had an HHI of 3473—exceeding the federal threshold for a highly concentrated market by nearly 1,000 points. Market concentration levels also increased on net between 2014 and 2019, with the average market HHI rising by 151 points. 56% of markets experienced an increase in the HHI, and in 17% of markets the HHI increased by at least 500 points. In markets with a rise in the HHI, the average increase was 481 points. In short, most commercial health insurance markets are highly concentrated and have become even more concentrated than they were five years ago.

Read more.

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