

AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution: 723  
(A-23)

Introduced by: Texas

Subject: Vertical Consolidation in Health Care – Markets or Monopolies

Referred to: Reference Committee G

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1 Whereas, The American health care economy has changed in many ways; and

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3 Whereas, The phenomenon of health care consolidation has changed from practice acquisitions  
4 and mergers to now involving joint ventures, strategic alliances, affiliations, and other  
5 agreements between companies; and

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7 Whereas, Federal Vertical Merger Guidelines were published on June 30, 2020, yet obvious  
8 health industry anticompetitive vertical mergers continue to emerge despite these guidelines;  
9 and

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11 Whereas, While there are thresholds that antitrust enforcers can place upon horizontal  
12 consolidation, there are no numeric measures or thresholds at this time for antitrust enforcers to  
13 place upon entities engaged in vertical consolidation; and

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15 Whereas, When assessing the potential impacts of a health care merger, it is important to ask  
16 whether the patient or the public will benefit; and

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18 Whereas, Unregulated mergers and strategic alliances have the potential to reduce competition  
19 and allow companies to raise prices and/or decrease quality without losing market share; and

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21 Whereas, Consolidation at levels approaching that of monopolies goes against current calls for  
22 health equity, promotes waste, and enables administrative fiscal drain and injustice in the health  
23 care workforce; therefore be it

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25 RESOLVED, That our American Medical Association advocate to address the issue of potential  
26 antitrust violations as a result of vertical consolidation in the health care industry (Directive to  
27 Take Action); and be it further

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29 RESOLVED, That our American Medical Association advocate to address the June 30, 2020,  
30 Vertical Merger Guidelines' impact on the physician sector, to prevent anticompetitive mergers,  
31 acquisitions, and monopolies/oligopolies. (Directive to Take Action)

Fiscal Note: Modest - between \$1,000 - \$5,000

Received: 5/24/23

## REFERENCES

1. King et al. *Preventing Anticompetitive Healthcare Consolidation: Lessons from Five States*. The Source on Healthcare Price & Competition (June 2020). <https://sourceonhealthcare.org/profile/preventing-anticompetitive-healthcare-consolidation-lessons-from-five-states/>.
2. Brent D. Fulton, Health Care Market Concentration Trends in the United States: Evidence and Policy Responses, *Health Affairs* 36, no. 9 (Sept. 2017): 1530-38. [www.healthaffairs.org/doi/full/10.1377/hlthaff.2017.0556](http://www.healthaffairs.org/doi/full/10.1377/hlthaff.2017.0556).
3. Koch TG, Wendling BW, and Wilson NE. How Vertical Integration Affects the Quantity and Cost of Care for Medicare Beneficiaries. *Journal of Health Economics*. 52 (March 2017): 19-32. <https://pubmed.ncbi.nlm.nih.gov/28182998/>.
4. Vertical Merger Guidelines. U.S. Department of Justice and Federal Trade Commission (June 2020). [www.justice.gov/atr/page/file/1290686/download](http://www.justice.gov/atr/page/file/1290686/download). Accessed on Dec. 17, 2022.
5. Antitrust Regulators Release New Vertical Merger Guidelines. Congressional Research Service (July 2020). <https://crsreports.congress.gov/product/pdf/LSB/LSB10521>. Accessed on Dec. 17, 2022.

## RELEVANT AMA POLICY

### Hospital Consolidation H-215.960

Our AMA: (1) affirms that: (a) health care entity mergers should be examined individually, taking into account case-specific variables of market power and patient needs; (b) the AMA strongly supports and encourages competition in all health care markets; (c) the AMA supports rigorous review and scrutiny of proposed mergers to determine their effects on patients and providers; and (d) antitrust relief for physicians remains a top AMA priority; (2) will continue to support actions that promote competition and choice, including: (a) eliminating state certificate of need laws; (b) repealing the ban on physician-owned hospitals; (c) reducing administrative burdens that make it difficult for physician practices to compete; and (d) achieving meaningful price transparency; and (3) will work with interested state medical associations to monitor hospital markets, including rural, state, and regional markets, and review the impact of horizontal and vertical health system integration on patients, physicians and hospital prices.

Citation: CMS Rep. 07, A-19; Reaffirmation I-22;

### Health System Consolidation D-215.984

Our AMA will: (1) study nationwide health system and hospital consolidation in order to assist policymakers and the federal government in assessing healthcare consolidation for the benefit of patients and physicians who face an existential threat from healthcare consolidation; and (2) regularly review and report back on these issues to keep the House of Delegates apprised on relevant changes that may impact the practice of medicine, with the first report no later than the 2023 Annual Meeting.

Citation: Res. 702, A-22;

### Health Care Entity Consolidation D-383.980

Our AMA will (1) study the potential effects of monopolistic activity by health care entities that may have a majority of market share in a region on the patient-doctor relationship; and (2) develop an action plan for legislative and regulatory advocacy to achieve more vigorous application of antitrust laws to protect physician practices which are confronted with potentially monopolistic activity by health care entities.

Citation: (BOT Rep. 8, I-15)