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New AMA Study Finds Anti-Competitive Conditions Exist in 4 of 5 U.S. Health Insurance Markets

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Health insurer mergers deserve a critical look

Chicago – A new analysis from the American Medical Association (AMA) notes that four out of five metropolitan areas in the United States lack a competitive commercial health insurance market.

"New data presented by the AMA demonstrates the degree of anti-competitive market clout that some health insurers have gained through mergers and acquisitions," said AMA President Peter W. Carmel, M.D. "Our new report is intended to help regulators, lawmakers, researchers and policymakers identify markets where mergers among health insurers may cause competitive harm to patients, physicians and employers."

The 2011 edition of *Competition in Health Insurance: A Comprehensive Study of U.S. Markets* is the most comprehensive analysis of its kind, reporting commercial health insurance market shares and federal concentration measures for 368 metropolitan markets and 48 states. The scope of the analysis provides a complete picture of fully-insured and self-insured enrollments for both health maintenance organizations and preferred provider organizations

The AMA's latest findings regarding competition in the health insurance industry include:

- A significant absence of health insurer competition exists in 83 percent of metropolitan markets studied by the AMA. These markets rated "highly concentrated," based on the newly revised Horizontal Merger Guidelines issued last year by the U.S. Department of Justice and Federal Trade Commission*.
- In about half of metropolitan markets, at least one health insurer had a commercial market share of 50 percent or more.
- In 24 of the 48 states reported in the new AMA study, the two largest health insurers had a combined commercial market share of 70 percent or more.
- The 10 states with the least competitive commercial health insurance markets, are: 1. Alabama, 2. Alaska, 3. Delaware, 4. Michigan, 5. Hawaii, 6. District of Columbia, 7. Nebraska, 8. North Carolina, 9. Indiana and 10. Maine.

Competition in Health Insurance: A Comprehensive Study of U.S. Markets is free to AMA members. Non-members can purchase the study for \$150. To order the study, please visit the [AMA Bookstore](#) online, or call (800) 621-8335 and mention item number OP427111.

* Footnote: Under the old version of the federal market concentration measures, 98 percent of metropolitan markets would have been classified as "highly concentrated."

Editor's Note: Credentialed members of the media can obtain a free copy of the AMA's newest study on competition in the nation's health insurance industry by contacting AMA Media Relations at: (312) 464-4430.

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