AMERICAN ACADEMY OF FAMILY PHYSICIANS

STRONG MEDICINE FOR AMERICA

June 4, 2015

The Honorable Edith Ramirez
Chairwoman, Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Chairwoman Ramirez:

In recent weeks there has been increased industry and public commentary on one or more potential mergers amongst national health insurance companies. The most recent indications of the industry's interest in consolidation activities was included in a May 30 *Wall Street Journal* article which noted that Humana, the fourth largest health insurance company in terms of revenue, was actively seeking and entertaining potential consolidation offers. The American Academy of Family Physicians (AAFP) is deeply concerned about the potential merger of any of the nation's largest health insurance companies and the impact such actions would have on access and affordability of health care for consumers across the nation. We urge the Federal Trade Commission (FTC) to carefully evaluate and scrutinize any potential merger(s) in the health insurance industry, specifically those involving two companies that are among the 10 largest national insurers.

A 2014 report from the American Medical Association *"Competition in Health Insurance: A Comprehensive Study of U.S. Markets"* found that a single health insurer had a commercial market share of 50 percent or more in 17 states. Furthermore, the report found that in 45 states, two health insurers had a combined commercial market share of 50 percent or more. In our opinion, these numbers suggest that a lack of competition clearly exists today and speaks loudly against any further consolidation in the health insurance industry.

Proponents of mergers in the industry will proclaim that consolidation will make the industry more efficient and, therefore, more affordable for individual consumers. However, in our opinion, mergers in the health insurance industry would have an immediate and profound negative impact on the availability and affordability of health insurance for millions of consumers. Recent actions by the insurance industry, with respect to the narrowing of physician and hospital networks, would only be exacerbated if a single insurer held greater influence over any potential market, state, or region – potentially separating patients from their physicians and community hospitals. Additionally, seldom does consolidation result in reduced costs for consumers. Bigger insurance companies mean increased leverage and unfair power over negotiating rates with hospitals and physicians. More often than not, consolidation increases costs and reduces options for consumers and we believe this would hold true in the health insurance market.

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The Affordable Care Act (ACA) set in motion a new emphasis on competition in the health insurance marketplace. The impact of the ACA on access to health insurance is well established with millions of previously uninsured individuals having access to coverage as a result of the Health Insurance Marketplaces. What remains unknown is the long-term impact of the ACA and, the competitive market it sought to create, on costs of health insurance for individuals and employers. Recently, CMS posted a list of proposed rates from insurers. After two years of relatively stable premiums, rates will increase in 2016 by double digit percentages for individual policyholders, in almost every state. Premiums raised an average of five percent in 2015. We believe that consumers, physicians, and our health care system benefit from greater competition, not less, in the health insurance marketplace.

A delicate balance between competition and efficiency needs to be struck to benefit all consumers, physicians, and insurers—especially during a time of high volatility. For these reasons we urge the FTC to prevent consolidations that would limit choices for consumers and decrease competition within the health insurance industry.

Sincerely,

Reid Blackwelder, MD, FAAFP
Board Chair

C: Tara Isa Koslov, JD, Deputy Director, Office of Policy Planning