

MedChi

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TO: The Honorable Shane E. Pendergrass, Chair
Members, House Health and Government Operations Committee
The Honorable Sid Saab

FROM: Gene Ransom
President

DATE: February 20, 2020

RE: **SUPPORT** – *House Bill 1356 – Office of the Attorney General – Health Insurer Concentration – Study*

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, **supports** House Bill 1356, which requires a study by the Office of the Attorney General to examine health insurer concentration in the State to determine competitiveness of the market. Each year, the American Medical Association releases its study on “*Competition in Health Insurance – A Comprehensive Study of U.S. Markets,*” which focuses on the following questions:

- Are health insurance markets competitive, or do health insurers exercise market power?
- Are proposed mergers between insurers likely to maintain, enhance or create such power?

These are important questions for public policy makers because the use of market power can harm consumers and health care providers. When an insurer exercises market power in the sale of insurance coverage, premiums may be higher than in a competitive market. When an insurer exercises market power in its negotiations with physicians and other health care providers, payments to health care providers can fall below competitive levels, creating access and network adequacy issues.

Therefore, because health insurance concentration can adversely affect cost and access to appropriate health care services, we believe that a Maryland specific study is essential to determine if issues exist and to make recommendations to address them. We urge a favorable vote on House Bill 1356.

