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February 20, 2020

To: The Honorable Shane E. Pendergrass  
Chair, Health and Government Operations Committee

From: The Office of the Attorney General

Re: House Bill 1356 (Office of the Attorney General - Health Insurer Concentration - Study): Information

The Office of the Attorney General (the Office) submits the following information about House Bill 1356, which would require the Office to study health insurer concentration in the State and to determine the competitiveness of the market. The bill specifies that the Office shall:

- (1) examine insurer concentration by both region and product level;
- (2) determine if there is a correlation between health insurer concentration and market power in terms of:
  - (i) premium costs and the effect on affordable and available services for consumers; and
  - (ii) reimbursement rates for health care providers and pharmacists; and
- (3) make recommendations to address inequities between health care providers and pharmacists in their ability to negotiate with health insurers.

By December 1, 2020, the Office would be required to submit its findings and recommendations to the Governor, the Senate Finance Committee and the House Health and Government Operations Committee.

The Office submits that it lacks the expertise and resources required to perform such a study. Health care economists are qualified to evaluate the consequences of health insurer concentration in markets. This Office has no health care economists on staff and we believe there would be substantial expense involved in hiring the experts that would be needed to conduct the study, and report the outcomes and recommendations.

In the alternative, if there is a state agency with specialized staff or the funding available to hire consultants, the Office would be willing to work in consultation with them to address the adverse consequences of insurer concentration on consumers and providers.

cc: Delegate Saab, Sponsor