



Liberty Place, Suite 700
325 Seventh Street, NW
Washington, DC 20004-2802
(202) 638-1100 Phone
www.aha.org

February 23, 2010

The Honorable Nancy Pelosi
Speaker
US House of Representatives
H-232 Capitol Building
Washington, DC 20515

Dear Speaker Pelosi:

On behalf of our more than 5,000 member hospitals, health systems and other health care organizations, and our 40,000 individual members, the American Hospital Association (AHA) appreciates the opportunity to express our support for the “Health Insurance Industry Fair Competition Act” (H.R. 4626). The bill repeals the McCarran-Ferguson antitrust exemption available to health insurers for anticompetitive conduct including price fixing, bid rigging and market allocation. The AHA believes that the health insurance industry should be governed by the same antitrust laws and policies that apply in other sectors of our economy, including health care. Any exemptions should be narrow and carefully tailored to achieve a pro-competitive purpose.

We recently articulated our concern about the abuse of market power in the health insurance industry in a letter and background paper shared with the Department of Justice’s (DOJ) Antitrust Division in May. We urged the DOJ to step up its enforcement against health plan mergers and other anticompetitive conduct because the increase in concentration and increasingly anticompetitive conduct was harming consumers, hospitals and other caregivers and could imperil health care reform.

A recent Kaiser Family Foundation and Health Research & Educational Trust (HRET) survey confirmed that the rise in the cost of health insurance premiums continues to outpace both inflation and growth in most Americans’ wages. The survey reported that family health insurance premiums rose about 5 percent this year, which is much more than general inflation (which fell 0.7 percent during the same period). At the same time, workers’ wages rose by only 3.1 percent. Since 1999, health premiums have increased by a total of 131 percent, far more rapidly than workers’ wages (up 38 percent since 1999) or inflation (up 28 percent since 1999).



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We also are concerned about how the insurance industry's market power might impact the development of organizations, such as health insurance exchanges, which would provide consumers with the opportunity to compare health insurance offerings in a more robust marketplace. A recent *New York Times* report warned that "[w]ithout careful design and adequate rules of fair play . . . exchange[s] might not actually stimulate new competition among the nation's health insurers."

If you have any questions about our comments, please feel free to contact Melinda Hatton, the AHA's senior vice president and general counsel, at (202) 626-2336 or mhatton@aha.org.

Sincerely,

Rick Pollack
Executive Vice President

Cc: Rep. Thomas Perriello
Rep. Betsy Markey
Rep. John Conyers