AMA analysis lists states with lowest levels of health insurance competition

RI ranks tenth on list

CHICAGO – The American Medical Association (AMA) announced on Nov. 7 its annual list of 10 states with the lowest levels of competition among commercial health insurers. Those are among 15 states in which a single company had a majority share of the market.

The list was developed from the newly released 2013 edition of AMA’s Competition in Health Insurance: A Comprehensive Study of U.S. Markets. The AMA study offers the largest, most complete picture of competition in the commercial health insurance markets across the United States. Based on 2011 data, the study examined state and metropolitan markets for the health insurance industry’s chief products, including point-of-service plans (POS), health maintenance organizations (HMO) and preferred provider organizations (PPO).

Findings from the AMA study

The 10 states with the least competitive commercial health insurance markets were:

- 1. Alabama
- 2. Hawaii
- 3. Michigan
- 4. Delaware
- 5. Alaska
- 6. South Carolina
- 7. North Dakota
- 8. Nebraska
- 9. Louisiana
- 10. Rhode Island

- Fifteen states had a single health insurer with a commercial market share of 50 percent or more.
- Forty-five states had two health insurers with a combined commercial market share of 50 percent or more.

“In far too many states, one or two insurance companies dominate the market, which can hurt patients, physicians and employers,” said AMA President Ardis Dee Hoven, MD. “Without rivals to compete against, a large health insurance company can take advantage of patients by raising premiums and dictating important aspects of patient care.”

Dominant market power increases the risk of anti-competitive behavior by big health insurers and can place physicians at a significant disadvantage since most work in small or solo practices. A report released in September by the AMA found that almost 60 percent of patient care physicians in the U.S. work in small or solo medical practices.

“An absence of competition in health insurance markets places a particular strain on physicians in small practices who don’t have the leverage to be equal negotiating partners with large health insurers,” said Dr. Hoven. “The new AMA report is intended to help researchers, lawmakers, policymakers and regulators identify markets where mergers and acquisitions among health insurers may cause competitive harm to patients, physicians and employers.”

The AMA’s 12th annual report on the level of competition in the health insurance industry examined both fully-insured and self-insured plans in 386 metropolitan areas representing all 50 states and the District of Columbia.

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Top 10 states with the least competitive commercial health insurance markets†