

RESOLUTION 51-07A

Title: Limited Antitrust Exemption for Physicians

Introduced by: Ahmer K. Ghori, for the Medical Student Section

Original Author: Ahmer K. Ghori, U-M School of Medicine

Referred to: Reference Committee A

House Action: Adopted as Amended

Whereas, competitive free markets optimize consumer welfare by maximizing output and minimizing prices, and

Whereas, market concentration obviates this by conferring price fixing powers to the industry giants, and

Whereas, the United States Government has enacted legislation to prevent monopolization, such as the “Sherman Act,” and

Whereas, antitrust legislation has been used to break up monopolies in diverse industries, the health care insurance industry has largely escaped antitrust enforcement by the means of a partial antitrust exemption (McCarran Ferguson Act) and lobbying power, and

Whereas, the health care insurance industry has become concentrated; for example, between 1994 and 1999 our nation’s 18 largest health care insurance providers consolidated into six, namely, Aetna, Cigna, United Health Care, Foundation Health System, Pacificare, and Wealthpoint Health Networks, and

Whereas, this market concentration has reduced contracting choices available to patients and physicians, and

Whereas, the reduction in contracting choices has given health care insurance companies disproportionate bargaining power, and

Whereas, this has eroded market checks on the insurance companies and has depreciated the quality of patient care, dangerously compromised physician autonomy, unfairly reduced physician compensations, and given health care insurance companies supra-competitive profits, and

Whereas, allowing physicians a limited antitrust exemption to collectively bargain with health care insurance companies will help equilibrate the bargaining positions between health care insurance companies and physicians, and

Whereas, with an equal bargaining position physicians can improve the quality of patient care, return full physician autonomy in patient management, and uphold fair physician compensation rates, and

Whereas, the American Medical Association supported such an exemption in the “Quality Health Care Coalition Act” introduced in 1998, 1999, and 2000; therefore be it

RESOLVED: That MSMS support a limited physician antitrust exemption modeled after the “Quality Health Care Coalition Act” physician organization mechanisms to equilibrate the bargaining position between health care insurance companies and physicians.

WAYS AND MEANS COMMITTEE FISCAL NOTE: NONE