



Issue

As early as this week, the House could take up legislation expected to be introduced by Reps. Tom Perriello and Betsy Markey. The bill is scheduled for later this week, and has not been introduced yet. According to the Sponsors, the legislation would repeal the antitrust exemption provided to health insurance companies and medical malpractice insurance companies in the McCarran-Ferguson Act. A repeal of the anti-trust exception was also included in the House-passed health reform bill.

Background

This is the first in a series of bills expected out of the House to address politically popular health issues piecemeal. In the absence of comprehensive reform, many Members see apolitical benefit to passing these targeted pieces of legislation in order to give them victories to take back home. Expect to see more legislation, perhaps on a weekly basis, targeting perceived villains like insurers and drug manufacturers.

CBO Estimate

A recent CBO estimate (<http://www.cbo.gov/ftpdocs/106xx/doc10673/hr3596.pdf>) finds that similar legislation would have little impact on costs or premiums.

According to the CBO analysis:

- Companies providing health and medical malpractice insurance are currently exempt from federal antitrust laws insofar as they are engaging in the business of insurance. H.R. 3596 would prohibit these companies from price fixing, bid rigging, or allocating markets while providing coverage for health insurance or medical malpractice claims.
- The legislation's restrictions would not apply to certain collaborative activities involving actuarial services.
- Implementing the legislation could affect the costs of and premiums charged by private health insurance companies, although an increase or decrease in premiums is likely to be small.
- The legislation would have little effect on federal spending or revenues.

Support or Opposition

The legislation is expected to pass easily in the House, but faces a more difficult battle in the Senate. Previously, the White House has expressed support for repealing the exemption.

AHIP and individual insurers have expressed opposition to the repeal, indicating the bill could lead to increased litigation and thus costs.

According to Paul Ginsberg at the Center for Studying Health System Change, "I don't think this will have much effect. This is strictly political posturing." Ginsberg notes insurers are already prohibited from colluding to raise prices and from merging at will.