



*Creative Solutions for Today, Strong Policy for Tomorrow*

**Federal Trade Commission/Department of Justice  
Hearing on Health Care and Competition Law and Policy: Health  
Insurance Monopoly Issues—Competitive Effects  
April 23, 2003**

**Helen Darling  
President, Washington Business Group on Health (WBGH)**

**Large Employers Generally Find Vigorous Competition  
Among Health Plans**

While employers believe that the health care market falls far short in competition in the areas of quality, service, innovation and price, large employers are generally satisfied with the level of competition among health plans and insurers. Large employers usually have several health plan and carrier options and they have the ability to create their own alternative systems if they are not satisfied with their options.

Our members typically have a handful of national health plans and insurers and usually several smaller, regional plans to select from and contract with in most areas of the country where they have employees. Each health plan usually offers three to four different products to choose from. As a sign of competitiveness, employers do re-bid their health plans periodically, if not perfectly satisfied, despite the additional administrative work. Many large employers follow the same business practices in managing health care as they do in the other parts of their business. This may include periodic assessments, audits, re-bidding and re-negotiations. Our surveys of large employers confirm that employers who are most successful in controlling their health care costs are the ones who aggressively manage their benefits, including carefully selecting and managing their health plans.

Large employers also have the option to self-fund their benefits, use a carrier or third party administrator to pay claims, contract with networks to get appropriate discounts, if they do not want to use a health plan that offers all of the needed claims and services in

one package. Large employers' ability to do their own contracting and even own administration, though they do not usually do that, provides a way to ensure that health insurers stay competitive.

Large employers' major concerns about health plans and insurers is that they are not as aggressive as we would like in encouraging providers to build the digital information infrastructure that would accelerate our ability to improve quality and patient safety that our health care system desperately needs. One of the major problems in the market for health care is imperfect and asymmetric information. Transparency is a critical ingredient for a truly competitive health care marketplace. Attached is an Issue Brief just released by the Washington Business Group on Health on this critical topic. Purchasers and consumers need access to user-friendly information with which they can compare costs and quality and which can help them drive improvement and competition on excellence. Purchasers and consumers also need information comparing the relative effectiveness of alternative treatment options. Unfortunately today much of the needed information is not available. Even publicly reportable data are not accessible to consumers and purchasers in ways that they can use. Employers want to work more closely with health plans to obtain this information and to encourage providers to work with us all to effect meaningful change, actively promote patient safety and evidence-based medical practice, encourage delivery system innovations that enhance the effectiveness of health care, improve employee health and productivity, and promote consumer choice and decision-making.

Employers applaud recent efforts by the FTC and the Department of Justice to step up antitrust enforcement efforts in health care and increase staffing in this area. In addition, as stated in previous testimony, employers believe that post-merger follow up and continuing oversight is essential to determine whether hospital mergers have actually benefited consumers or simply allowed hospitals to charge more and resist efforts to improve quality and patient safety. Hospitals that

The Washington Business Group on Health (WBGH) is the national voice of large employers, who have employees in many parts of the country. WBGH is dedicated to finding innovative and forward-thinking solutions to the nation's most important health care issues. WBGH's membership, 175 of the nation's largest and most innovative private and public sector employers, provides health care coverage for more than 40 million U.S. workers, retirees, and their families.