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PIAA Issues Statement Regarding Senate Judiciary Committee Hearing on Antitrust Exemption for Insurance Companies

Rockville, MD – October 15, 2009 – In response to the Senate Judiciary Committee’s October 14, 2009 hearing, “Prohibiting Price Fixing and Other Anticompetitive Conduct in the Health Insurance Industry,” Lawrence E. Smarr, president of the Physician Insurers Association of America (PIAA), issued the following statement:

“The PIAA is disappointed with the tone of the Senate Judiciary hearing yesterday regarding S. 1681, a bill introduced with the purported intent of preventing alleged insurance industry price fixing, bid rigging, and market allocation, by setting aside the pro-competitive provisions of the McCarran-Ferguson Act. The fact that there is no presented evidence of such activity in the medical liability insurance industry, and that state laws prohibit such activities, were deemed irrelevant. Instead, Committee Members spent the majority of their time focusing on health insurance market concentration, arguing that in many areas, health insurers have virtual market monopolies. This is an issue that repealing McCarran-Ferguson will not address, and in any event, it is not applicable to the medical liability insurance industry. Our line has seen competition grow in recent years, especially in states such as Texas which have enacted effective medical liability reform. Unlike other lines of insurance, medical liability coverage for doctors is primarily provided by physician-owned and operated mutual and reciprocal companies, which have no incentive to price gouge.

The Judiciary Committee’s hearing appeared to be an attempt to deflect attention from much-needed federal medical liability reform, by blaming health industry insurers for rising prices due to market conduct abuses. This simply does not happen in the medical liability industry, which is highly regulated and subject to continuous state-based oversight. While we agree with the overall theme of the bill—to prohibit market abuses—the vagueness of the language of the bill make interpretation of its effects impossible. Senator Leahy should completely rewrite the bill, garnering industry input, if he truly wants to avoid unintended consequences, which would undermine competition and harm consumers.”

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The Physician Insurers Association of America (PIAA) is a leading insurer trade association, representing 70 domestic and international medical professional liability insurance companies owned and/or operated by physicians, hospitals, dentists, and other healthcare providers. PIAA domestic member companies include large national insurance companies, mid-size regional writers, single-state insurers, and specialty companies that serve specific healthcare-provider niche markets. Collectively, these companies provide insurance protection to more than 60% of America's private practice physicians, and write approximately 46% or \$5.2 billion of the total industry premium. PIAA international members provide indemnification and other services to more than 400,000 healthcare professionals around the world and operate in eight countries. For more information, visit www.piaa.us.