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Earl Pomeroy
Congress of the United States
North Dakota

WASHINGTON OFFICE:

1533 LONGWORTH BUILDING
WASHINGTON, DC 20515
(202) 225-2611

REP. EARL.POMEROY@MAIL.HOUSE.GOV

DISTRICT OFFICES:

ROOM 376, FEDERAL BUILDING
220 EAST ROSSETT AVENUE
BISMARCK, ND 58501
(701) 224-0355

ROOM 286, FEDERAL BUILDING
657 SECOND AVENUE NORTH
FARGO, ND 58102
(701) 235-9780

CAN A DOCTORS' CARTEL BE GOOD FOR PATIENTS? HECK NO!!

October 5, 1999

Dear Democratic Colleague:

Within the next few weeks, the House Judiciary Committee is planning on marking up legislation introduced by Rep. Campbell (R-CA) -- H.R. 1304, the Quality Health Care Coalition Act of 1999. As a former North Dakota State Insurance Commissioner and President of the National Association of Insurance Commissioners (NAIC), I am deeply concerned about the potential effects of H.R. 1304. Rep. Campbell's bill would create a broad antitrust exemption for doctors, pharmacists and other health care professionals, allowing them to bargain collectively with managed care plans.

Proponents of H.R. 1304 argue that this antitrust exemption is necessary to "level the playing field" between physicians, pharmacists and managed care plans. They claim that the narrow antitrust exemption currently available to insurance companies established under the McCarran-Ferguson Act gives managed care plans an unfair advantage when negotiating with health care providers. **Nothing could be further from the truth — the McCarran-Ferguson Act antitrust exemptions for insurers do not apply to managed care plans' negotiations with health care providers.**

The fact is that the McCarran-Ferguson Act applies narrowly only to "the business of insurance" to the extent it is regulated by state law. It does *not* protect health plans from scrutiny under the antitrust laws for their agreements with third parties who provide services to health plan members. H.R. 1304 is simply not necessary to "level the playing field."

What's worse, H.R. 1304 would dramatically increase health care costs and reduce access to health care. According to testimony by the heads of federal antitrust agencies before the House Judiciary Committee, H.R. 1304 would drastically increase health care costs for consumers, employers and government programs. H.R. 1304 would permit health care professionals to engage in price-fixing, boycotts and market allocation agreements that would otherwise be illegal under the antitrust laws. **One study has estimated that the bill would increase the nation's health care bill by over \$30 billion a year.**

If health care costs increase, many employers will be forced to reduce the extent of health care insurance that they provide their employees. A one percent increase in the cost of health care could result in a 300,000 person increase in the uninsured population. State Medicaid programs also now rely heavily on managed care arrangements to serve the Medicaid population, and these programs will face inevitable cutbacks if their costs increase as a result of Campbell's legislation.

For these reasons, I strongly urge you to oppose H.R. 1304. Please do not hesitate to contact Bridget Flynn of my staff at 5-2611 if you have any further questions about the effects of this legislation.

Sincerely,