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Can Biden’s Justice Department solve the problems Obamacare caused?

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The Biden administration really doesn’t like consolidation in the health insurance industry. The administration should blame Obamacare.

When it comes to forces driving more business into the hands of fewer and fewer insurers, the 2010 Affordable Care Act isn’t the whole story, but it’s a pretty big freaking deal.

Biden’s Justice Department is investigating UnitedHealthcare for antitrust violations. The *Wall Street Journal* reports: “Investigators have asked about issues including certain relationships between the company’s UnitedHealthcare insurance unit and its Optum health-services arm, which owns physician groups, among other assets.”

But health-sector consolidation was nearly the *point* of Obamacare. The authors of the bill themselves admitted the law would “unleash forces that favor integration across the continuum of care.”

“No part of health care was supposed to be spared,” commentator Jeffrey Singer noted: “Doctors, hospitals, insurers, pharmaceutical companies and others were given regulatory and financial incentives to merge.”

Last year, Cigna announced it was in talks to merge with Humana. In 2016, the DOJ blocked the merger of Anthem and Cigna and the merger of Humana and Aetna.

Obamacare was the cause of this rush to consolidate.

Reuters reported last year on all this, pointing out that “the companies said those proposed deals were triggered by the Affordable Care Act, which was fully implemented in 2014.”

Reuters then rattled off a list of acquisitions and mergers, both vertical and horizontal, since Obamacare became law. This includes CVS buying up both insurers and providers and UnitedHealthcare buying up providers.

The health insurance industry is consolidating, according to a new study by the American Medical Association. Most insurance markets are more consolidated now than they were 10 years ago.

Also, the regulations in Obamacare are pushing the big insurance companies into buying up medical practices. Specifically, Obamacare required insurers to meet a minimum "Medical Loss Ratio" — in short, they must spend a certain portion of their money on paying providers. Analysts say that insurers at risk of missing their required MLR just pay bonuses to doctors' practices that they own.

Crucially, this is a game that provides nobody any value and is far easier for the big guys to play.

Doctors are upset about this, obviously, and Jeffrey Davis at the American College of Emergency Physicians wrote that "the dramatic increase in insurer consolidation that the majority of markets across the country are witnessing isn't likely to slow down anytime soon."

Michael Cannon, a healthcare scholar at the Cato Institute, explained the whole phenomenon in a 2022 paper on consolidation among providers and insurers.

For starters, all regulation tends to drive consolidation by adding to overhead. Plus intermingling government and industry will drive consolidation by increasing the importance of well-connected lobbyists and revolving-door consultants.

Big Government is a home game for Big Business. Obamacare means consumers have fewer choices.