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FTC and DOJ Issue Report on Competition and Health Care

Report Reviews the Role of Competition, Provides Recommendations to Improve the Balance Between Competition and Regulation in Health Care

The Federal Trade Commission and Department of Justice today issued a joint report, *Improving Health Care: A Dose of Competition*, to inform consumers, businesses, and policy-makers on a range of issues affecting the cost, quality, and accessibility of health care. Culminating a two-year project, the report reviews the role of competition and provides recommendations to improve the balance between competition and regulation in health care. The report provides significant recommendations and observations on a variety of topics, including the availability of information regarding the price and quality of health-care services; cross-subsidies; physician collective bargaining; insurance mandates; hospital merger analysis; managed care organizations' bargaining power; and hospital group purchasing organizations.

"Healthy competition equals healthy consumers. Consumers want high-quality, affordable, accessible health care, and the challenge of providing it requires new strategies," said FTC Chairman Timothy J. Muris. "Vigorous competition promotes the delivery of high-quality, cost-effective health care. This report provides guideposts for policy-makers who want to ensure access to quality care and help consumers make informed choices."

The report is based on 27 days of FTC/DOJ Joint Hearings on Health Care and Competition Law and Policy, held from February through October 2003; an FTC-sponsored workshop in September 2002; and independent research. The hearings gathered testimony and written comments from more than 300 participants, including representatives of various provider groups, insurers, employers, lawyers, patient advocates, and leading scholars on subjects ranging from antitrust and economics to health-care quality and informed consent. Almost 6,000 pages of transcripts of the hearings and workshop and all written submissions are available on the FTC's Web site.

"Health care is a \$1.6 trillion industry that accounted for 14 percent of GDP in 2002. This report is the first comprehensive review of how competition and antitrust enforcement can be enhanced to produce the health care that consumers want," said R. Hewitt Pate, DOJ Assistant Attorney General, Antitrust. "Health care is an industry that can benefit from continued vigorous enforcement of the antitrust laws."

The American free-market system is built on the premise that open competition and consumer choice maximize consumer welfare – even when complex products and services such as health care are involved. The FTC and the DOJ play an important role in safeguarding the free-market system from anticompetitive conduct by bringing enforcement actions against parties that violate antitrust and consumer protection laws. The report notes, however, that competition cannot solve all of the problems facing American health care. The report identifies prerequisites to effective competition, and provides concrete recommendations to improve the performance of the health-care marketplace.

The recommendations in the report include the following:

1. Private payors, governments, and providers should continue experiments to improve incentives for providers to lower costs and enhance quality, and for consumers to seek lower prices and better quality. Therefore, private payors, governments, and providers should improve measures of price and quality, give consumers more information on prices and quality in ways that they find useful and relevant, give consumers greater incentives to use such information, and align the interests of providers and consumers.

2. States should consider the following steps to decrease barriers to entry into provider markets:

Related Documents:

Improving Health Care: A Dose of Competition: A Report by the Federal Trade Commission and the Department of Justice (July 2004)

- Text of the Complete Report
- Executive Summary of the Report



