Health Care Industry Mergers Side Effect of Affordable Care Act

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U.S. lawmakers are growing more concerned about proposed new deals by several managed-care providers that could combine the health insurance industry's top five organizations into three massive health care companies, each bringing in more than $100 billion in annual revenue, The Wall Street Journal reports.

This new "super-sizing" trend, launched in 2010 in the aftermath of the Affordable Care Act (ACA), is now under a national spotlight, as lawmakers try to figure out both the competitive and cost-benefit impacts of a consolidated insurance and hospital industry.

A Senate subcommittee recently met with officials from Aetna, the health care giant planning to acquire both Humana and Anthem as soon as this year. Aetna is also seeking to buy Cigna Corp. UnitedHealth Group, another big insurer, refused to testify.

The recent managed-care negotiations parallel a similar trend among U.S. health care providers. In 2010, the year health care reform went into effect, there were 72 hospital acquisitions. So far in 2015, U.S. health care providers have proposed 71 hospital mergers. Last year saw 100.

Companies in both industries said they were simply attempting to mitigate growing pressures to reduce costs, accept new forms of payment and meet new, specific efficiency and quality goals set by the ACA.

The get-big-quick competition seems to be happening on both sides of the industry: Doctors said there were growing pressures for health care providers' organization to increase in size as well, in order to have the clout to negotiate with now-massive insurers.

However, many are worried that the huge consolidations will dampen competition and push up health care prices over time. The Federal Trade Commission and the Justice Department's Antitrust Division have already challenged several hospital mergers.

Until cost-saving constraints cool the industry, experts believe the rate of these proposed mergers is unlikely to decelerate in the near future.

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