

MEDCHI, THE MARYLAND STATE MEDICAL SOCIETY
HOUSE OF DELEGATES

Resolution 12-13

INTRODUCED BY: Wicomico County Medical Society

SUBJECT: Repeal of McCarran-Ferguson Act

REFERRED TO: Reference Committee A

Whereas, the McCarran–Ferguson Act (MFA) of 1945 (15 U.S.C. § 1011-1015) was enacted 68 years ago¹ to allow for a fledgling healthcare insurance industry to share information to help set fair rates, facilitate growth and ensure financial survival in these early, often small, single function (healthcare insurance only) corporations via protection from anti-trust laws; and

Whereas, the need to share information across insurers is no longer necessary to the setting of rates as populations of insured have grown from a total of 12 million customers in 1945 (MFA enacted) spread across multiple small insurers to over 195 million insured by only 36 conglomerate insurers;² and

Whereas, the US government now has expansive actuarial databases in Medicare, Medicaid, Tricare, Children's Health Insurance Program, and other programs that were not available in 1945; and

Whereas, the MFA creates a significant waste of healthcare dollars in that it necessitates the creation of redundant administrative architectures for each state, variant forms and processes and individual state requirements to meet; and

Whereas, the Affordable Care Act (ACA) will mandate individual ownership of potentially expensive healthcare policies and further that the failure to own such policies will create the possibility of a \$2,085 per family liability; and

Whereas, it is the duty of any legislative body imposing such a requirement to minimize that burden to the extent that it can; and

Whereas, free-market competition across state lines is known to bring down costs effectively in many cases but is prevented in health care insurance by the MFA, regardless of the enactment of the final phase of the ACA; and

Whereas, removing this barrier to competition would allow the most immediate cost relief to the consumer of approximately 100 billion dollars/year;^{3,4} and

Whereas, the implementation of individual state regulation of these conglomerate insurance agencies is highly variable as evidenced by the fact that only 19 of 50 states have the necessary

"prior authorization" power necessary to regulate the industry;⁵ and

Whereas heavy lobbying has prevented additional states from obtaining or retaining this power;⁶ therefore be it

Resolved, that MedChi supports the repeal of the anti-competitive McCarran–Ferguson Act of 1945; and be it further

Resolved, that MedChi ask the American Medical Association via resolution to work legislatively for the repeal of the McCarran-Ferguson Act of 1945.

As adopted by the House of Delegates at its meeting on September 21, 2013.