

The Role of Antitrust in U.S. Healthcare: Market Power, Access, and Inequality

Introduction

In the United States, health care operates as a market system where competition, regulated by antitrust law, comes into play. Despite antitrust laws being in place to safeguard against monopolization and highly concentrated markets, the McCarran-Ferguson Act of 1945 opened the door for states to determine their own levels of market concentration for health insurance providers. As of 2023, over half of all states' largest insurers held greater than 50% of the market share for individual, small group, and large group insurance types. Health care expenditures in the US grew to 18% of the national GDP in 2024. Research is showing that the US spends more than similar high-income nations while failing to produce better health outcomes. My research focuses on the relationship between market concentration, health care access, and inequalities.

Results and Implications

Using scatter plots, I analyzed the correlation between market concentration and poor health outcomes. Figures 1-3 depict a positive relationship between concentration and heart disease deaths. This relationship was less significant for individual group insurance types. Figures 4-6 depict the variation in market concentration by group size across all states. Using multiple linear regression, I analyzed the relationship between market concentration and total annual health care expenditures. Figure 7 depicts concentration having a negative effect on expenditures. Concentration predicts approximately 26.4% of variation in expenditures. Research discussing negotiating power of large group insurers suggests this effect could be due in part to greater negotiating power related to their size. Using linear regression and multiple linear regression, I analyzed the relationship between largest insurer enrollment share and total annual health care expenditures. Figure 8 depicts enrollment shares having a positive effect on expenditures. Enrollment share predicts approximately 44.4% of the variation in total expenditures. Figure 9 shows the addition of the control variables median household income and percent reporting fair to poor health. The model predicts approximately 52.5% of expenditure variation. The results of these tests suggest that market concentration in the form of large enrollment shares has a more significant effect on expenditures than market concentration in the form of number of insurers. Additional research is needed to ensure health insurance markets are operating efficiently and providing the best possible outcomes.

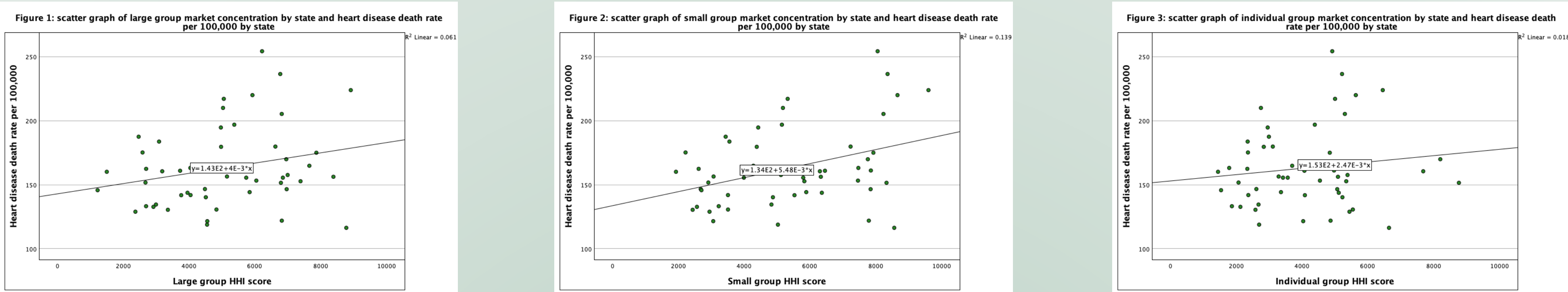
Data

Edwards, B. (2024). Datasets for An IBM SPSS Companion to Political Analysis, 5th Edition (a textbook published in 2015 by CQ/Sage) [Dataset]. In *Harvard Dataverse*. <https://doi.org/10.7910/dvn/v1cfys>

KFF. (2025, August 9). *Market share and enrollment of largest three insurers - Individual market* | KFF State Health Facts. <https://www.kff.org/private-insurance/state-indicator/market-share-and-enrollment-of-largest-three-insurers-individual-market/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

Hypotheses and Analysis

Hypothesis 1: In a comparison of states, those having higher market concentration will be more likely to have poorer health outcomes.



Hypothesis 2: In a comparison of states, those having higher market concentration will be more likely to have higher total annual health care expenditures.

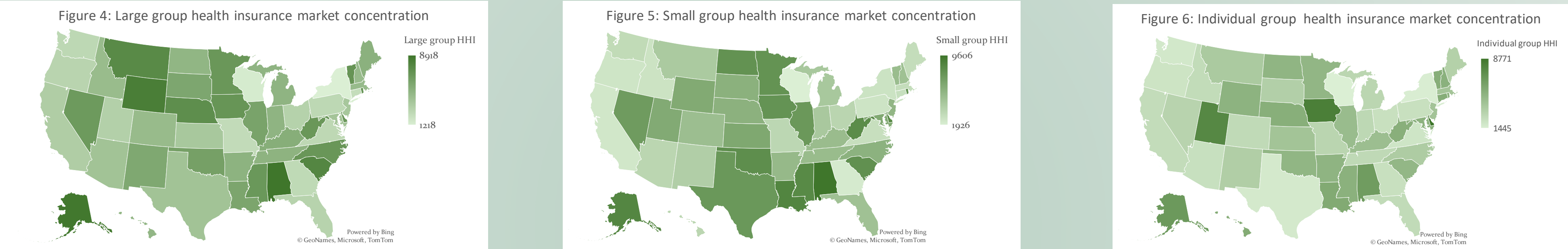


Figure 7: Multiple linear regression analysis of market concentration and total annual health care expenditures – coefficients and R-squared

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	171934.347	28035.092		6.133	<.001
HHI_Indiv_2023	-18.444	7.517	-.417	-2.454	.018
HHI_LG_2023	-16.790	7.221	-.427	-2.325	.025
HHI_SG_2023	10.259	7.076	.289	1.450	.154

a. Dependent Variable: Health_Exp_Tot b. R Sq.: .309 Adj. R Sq.: .264

Hypothesis 3: In a comparison of states, those with their largest insurers holding a higher percentage of enrollment shares will be more likely to have higher total annual health care expenditures.

Figure 8: Linear regression analysis of largest insurer enrollment share and total annual health care expenditures – coefficients and R-squared

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	33320.732	9640.391		3.456	.001
LargestInsurer__Enrollment	.208	.033	.674	6.330	<.001

a. Dependent Variable: Health_Exp_Tot b. R Sq.: 0.444 Adj. R Sq.: 0.444

Figure 9: Multiple linear regression analysis of largest insurer enrollment share, percent of state reporting fair to poor health, median annual household income, and total annual health care expenditures – coefficients and R-squared

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-382148.333	133880.001		-2.854	.006
fair_to_poor_pct	1040701.962	390397.291	.383	2.666	.011
Med_Ann_HH_Inc	2.741	.883	.443	3.103	.003
LargestInsurer__Enrollment	.187	.032	.605	5.912	<.001

a. Dependent Variable: Health_Exp_Tot b. R Sq.: 0.554 Adj. R Sq.: 0.525