

## The COMPETE Act Would Fight Healthcare and Pharmaceutical Corporate Consolidation and Protect Patients and Workers

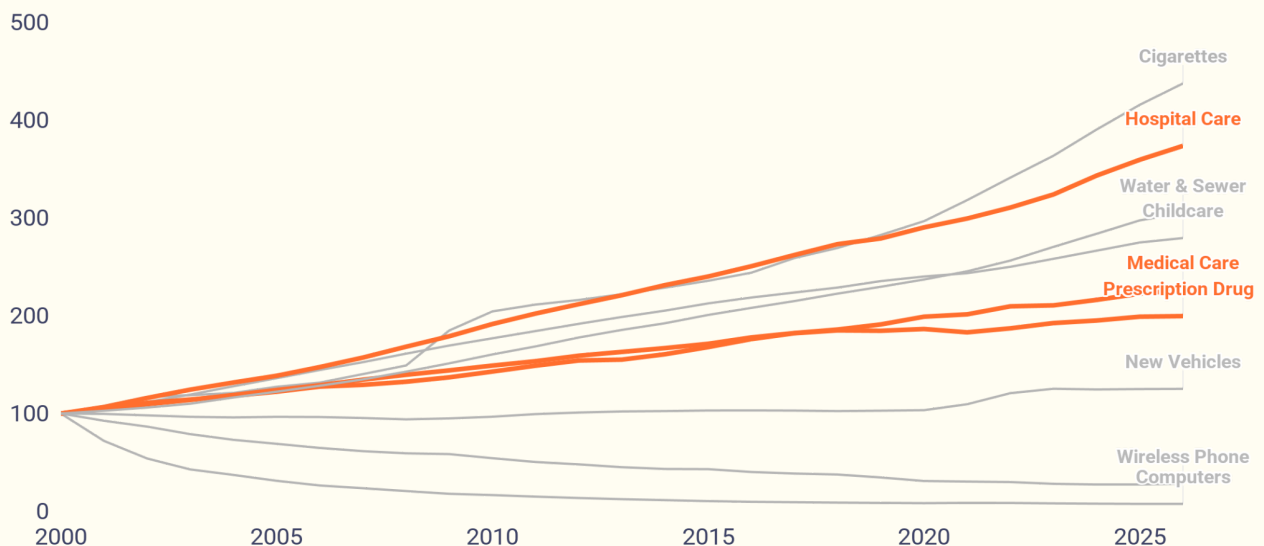
The COMPETE Act (AB 1776) would, for the first time, give California a clear statutory prohibition on abusive conduct by monopolies, bringing our state in line with the large majority of states and making it harder for dominant hospital systems, health insurers, and pharmacy benefit managers to use exclusionary practices, vertical integration, or buyer power to overcharge patients, squeeze healthcare workers, and crush independent pharmacies.

### Monopoly power is driving up healthcare costs while suppressing wages for nurses and healthcare workers across California

In the past, California's healthcare system was shaped by competition among hospitals, independent pharmacies, and a range of insurers and healthcare providers vying for patients and workers. This competition helped keep healthcare costs in check, gave workers multiple employers to choose from, and sustained independent practices across the state. **Today, a handful of corporate giants dominate every link of the healthcare chain**, allowing them to control how much Californians pay for care and what healthcare workers earn. The top three pharmacy benefit managers (PBMs) — CVS Caremark, Express Scripts, OptumRx, and Prime Therapeutics — control **79%** of all prescription claims in the U.S.

**FIG. 1. U.S. HOSPITAL PRICES HAVE GROWN FASTER THAN MANY MAJOR CATEGORIES OF CONSUMPTION**

Indexed BLS CPI for major categories of consumption (2000 = 100)



Source: Bureau of Labor Statistics, [Washington Center for Equitable Growth](#)

**Without immediate legislation to rein in unchecked corporate concentration and stop anticompetitive conduct, troubling trends will continue:**

- **Patients and families will keep paying higher healthcare prices, exacerbating the already dire affordability crisis.** When a handful of corporations dominate healthcare markets, they can raise prices without fear of being undercut. Hospital mergers have led to price increases of at least 20 percent, and the Big 3 PBMs have marked up lifesaving drugs by over [\\$3,700](#).
- **Independent and community pharmacies will continue to be squeezed out by vertically integrated healthcare corporations.** The Big 3 PBMs steer prescriptions to their own affiliated pharmacies and away from independent competitors. Their affiliated pharmacies received [68% of specialty drug dispensing revenue](#) in 2023, up from 54% in 2016, and generated over [\\$7.3 billion](#) in revenue from marking up specialty drugs above estimated acquisition costs.
- **Nurses and healthcare workers will continue to see suppressed wages, even as hospital corporations report record profits.** When fewer employers compete for healthcare workers, wages fall. Research shows that four years after mergers that greatly increased hospital concentration, nurse and pharmacy worker wages were [6.3% lower](#) than they would have been absent the merger. Meanwhile, HCA Healthcare's CEO earned approximately [\\$24 million](#) last year, even as the company sought double-digit rate increases from insurers.
- **Hospital systems will continue to consolidate and use their market power to raise prices for patients while investing in executive compensation rather than patient care or nursing staff.** Dominant hospital chains have used their scale to demand price increases far exceeding inflation. In recent contract disputes, insurers accused HCA Healthcare of seeking rate increases of up to [30% over two years](#) in South Carolina; meanwhile, 15,000 New York City nurses went on strike over unsafe staffing levels and deteriorating working conditions.

**The COMPETE Act would restore fair competition by holding single dominant firms accountable for harmful conduct by:**

1. **Closing the single-firm loophole** by making it clear that anticompetitive conduct by a monopoly is just as illegal as collusion by multiple companies.
2. **Holding gatekeepers accountable** by prohibiting a single firm from restraining trade, such as when a dominant platform blocks competitors from reaching customers, or uses its power in one market to squeeze out rivals in another.
3. **Protecting workers and suppliers** by explicitly covering monopsony — when a dominant buyer uses its market power to suppress wages or squeeze the businesses that sell to it. When a handful of companies control the market for buying creative work, they can drive down compensation even as their own profits grow.
4. **Giving California independence from weak federal precedents** by making clear that federal court decisions are not binding on California courts.
5. **Removing artificial evidentiary hurdles by clarifying for judges what is not required to prove an antitrust violation**, allowing courts to reach the merits of cases instead of relying on technical dismissals.