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To: PSCHUH@mssny.org
Subject: AMA Releases Analyses on Potential Anthem-Cigna and Aetna-Humana Mergers
Attachments: AMA News Release - Analyses of pending health insurer megers.docx

This morning, the AMA released the following press statement that summarizes the key findings of new special analyses of the impact of the proposed Anthem-Cigna and Aetna-Humana health insurance mergers. These analyses coincide with the release of the 2015 Update to the AMA's *Competition in Health Insurance: A Comprehensive Study of U.S. Markets*. Notably, the combined impact of these proposed mergers would exceed federal antitrust guidelines designed to preserve competition in as many as 97 metropolitan areas within 17 states, in the commercial combined health insurance markets.

The AMA press statement contains links to the special analyses of these two mergers, as well as to state maps that highlight the 10 states with the least competitive commercial combined, HMO, PPO, and PPS markets, as well as the 10 states that have experienced the biggest drop in competition levels between 2010 and 2013.

Copies of the 2015 Update were mailed over the weekend to all state medical associations for receipt this morning. The 2015 update and special analyses are intended to help researchers, lawmakers, policymakers and regulators identify markets where mergers and acquisitions among health insurers may harm patients, physicians and employers.

FOR IMMEDIATE RELEASE

Tuesday, September 8, 2015

AMA Releases Analyses on Potential Anthem-Cigna and Aetna-Humana Mergers

Nearly half of all states could see diminished competition in local health insurance markets

CHICAGO – The combined impact of proposed mergers among four of the nation's largest health insurance companies would exceed federal antitrust guidelines designed to preserve competition in as many as 97 metropolitan areas within 17 states, according to new special analyses of commercial health insurance markets issued today by the American Medical Association (AMA).

For these locations, the mergers would enhance market power. According to the U.S. Department of Justice, "a merger enhances market power if it is likely to encourage one or more firms to raise price, reduce output, diminish innovation, or otherwise harm customers as a result of diminished competitive constraints or incentives."

The mergers would also raise significant competitive concerns in additional markets. All told, the two mergers would diminish competition in up to 154 metropolitan areas within 23 states.

"A lack of competition in health insurer markets is not in the best interests of patients or physicians," said AMA President Steven J. Stack, M.D. "If a health insurer merger is likely to erode competition, employers and patients may be charged higher than competitive premiums, and physicians may be pressured to accept unfair terms that undermine their role as patient advocates and their ability to provide high-quality care. Given these

factors, AMA is urging federal and state regulators to carefully review the proposed mergers and use enforcement tools to preserve competition.”

On an individual basis, the Anthem-Cigna merger would enhance market power in 85 metropolitan areas within 13 states, including California, Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri, Nevada, New Hampshire, New York, Ohio and Virginia.

The merger would also raise significant competitive concerns in additional markets. All told, the Anthem-Cigna merger would diminish competition in up to 111 metropolitan areas within all 14 states that Anthem currently operates: California, Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri, Nevada, New Hampshire, New York, Ohio, Virginia and Wisconsin.

A closer look at the Aetna-Humana merger shows that it would enhance market power in 15 metropolitan areas within 7 states, including Florida, Georgia, Illinois, Kentucky, Ohio, Texas and Utah. The merger would also raise significant competitive concerns in additional markets. All told, the Aetna-Humana merger would diminish competition in up to 58 metropolitan areas within 14 states, including Arizona, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Mississippi, Ohio, Tennessee, Texas, Utah, Wisconsin and West Virginia.

These findings are based on an in-depth analysis of data used to create the newly released 2015 edition of AMA’s *Competition in Health Insurance: A Comprehensive Study of U.S. Markets*, which offers the largest and most complete picture of competition in health insurance markets for 388 metropolitan areas, as well as all 50 states and the District of Columbia. The study is based on 2013 data captured from commercial enrollment in fully and self-insured plans, and includes participation in consumer-driven health plans.

The prospect of reducing five national health insurance carriers to just three should be viewed in the context of the unprecedented lack of competition that already exists in most health insurance markets. According to the AMA’s latest study:

- A significant absence of health insurer competition was found in seven out of 10 metropolitan areas studied. These markets are rated “highly concentrated,” based on federal guidelines used to assess the degree of competition in a given market.
- In nearly two out of five metropolitan areas studied, a single health insurer had at least a 50 percent share of the commercial health insurance market.
- Fourteen states had a single health insurer with at least a 50 percent share of the commercial health insurance market.
- Forty-six states had two health insurers with at least a 50 percent share of the commercial health insurance market.
- The 10 states with the least competitive commercial health insurance markets were: 1. Alabama, 2. Hawaii, 3. Delaware, 4. Michigan, 5. Alaska, 6. South Carolina, 7. Louisiana, 8. Nebraska, 9. Illinois, and 10. North Dakota. See the 10 states with the least competitive HMO, PPO or POS markets.
- The 10 states that experienced the biggest drop in competition levels between 2010 and 2013 were: 1. Louisiana, 2. Idaho, 3. New Jersey, 4. Missouri, 5. Montana, 6. Illinois, 7. Texas, 8. West Virginia, 9. Iowa, and 10. Ohio.

The new AMA study is intended to help researchers, lawmakers, policymakers and regulators identify markets where mergers and acquisitions among health insurers may harm patients, physicians and employers.

Competition in Health Insurance: A Comprehensive Study of U.S. Markets is free to AMA members. The study is also available to non-members. To order a copy, visit the online [AMA Store](#), or call (800) 621-8335 and mention item number OP427113.

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Editor's Note: Credentialed members of the media can obtain a free copy of the AMA's newest study on competition in the nation's health insurance industry by contacting AMA Media & Editorial at: (312) 464-4430.

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