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Executive Deputy Superintendent
NYS Department of Financial Services
One Commerce Plaza, Suite 1700
Albany, New York 12257

Dear Troy:

As a follow up to our call last week, we are writing to you to express our deep concern with the proposed merger of Anthem BC/BS and Cigna. As is noted in the attached report prepared by the American Medical Association based on information contained within its 2015 Competition in Health Insurance report, this proposed merger would substantially increase the market share of the combined entity in several New York State regions. We believe this would have a serious detrimental impact on patient access to care, as Empire (the New York subsidiary of Anthem) has recently been shown in DFS public documents to have a poor record in assuring patients can receive the care they need.

Specifically, the report notes that the proposed merger would be presumed to likely enhance the market power of the combined entity in Long Island, and raises significant competitive concerns and warrants scrutiny for the combined entity in New York City and the Hudson Valley. The report makes these determinations using the Horizontal Merger Guidelines developed by the U.S. Department of Justice and Federal Trade Commission. It presents the state and metropolitan statistical area (MSA) markets across the country where there would be significant increases in the Herfindahl-Hirschman Index (HHI) that is used by the DOJ to classify competition (or lack thereof) in these MSAs.

Moreover, as is noted in the attached spread sheet developed by the AMA presenting the enrollment percentage in the several MSAs in New York State,

- The market share for Empire would increase from 17% to 27% in the Lower Hudson Valley and New York City;
- The market share for Empire would increase from 21% to 27% in Long Island; and
- The market share for Empire would increase from 20% to 26% in the mid-Hudson Valley.

We are greatly concerned that by, contracting the health insurance market and diminishing competition in Long Island, New York City and the Hudson Valley, it will further empower Empire to reduce patient choice of care providers in these areas as well as enabling them to impose even greater administrative burdens that are already making it difficult for patients to get the care and medications they need. As you know, the recently released 2015 Consumer Guide to Health Insurance prepared by DFS found the following in 2014:

- Empire had the worst overall consumer complaint ratio among HMO products offered in New York State;
- Empire had the worst overall prompt payment complaint ratio among HMO products offered in New York State; and
- Empire had the highest number of external appeals, 705, taken against it, among any health insurer operating in New York State.

Again, we are very concerned that these problems will only get worse with a greater market share. In this regard, we urge DFS to either not approve the merger in New York , or demand that Empire address its abusive treatment of its enrollees and physicians before the merger is permitted to go forward.

Thank you for your attention to this letter.

Sincerely,

JOSEPH MALDONADO, Jr., MD, MSc, MBA, DipEBHC