Maryland Attorney General Frosh Joins U.S. Department of Justice, State Attorneys General in Lawsuit to Block Anthem's Acquisition of Cigna

Lawsuit Challenge Unprecedented Consolidation in the Health Insurance Industry

Baltimore, MD (July 21, 2016) - Maryland Attorney General Brian E. Frosh today announced that his office has joined the U.S. Department of Justice and state attorneys general in a lawsuit to block Anthem's proposed acquisition of Cigna, alleging that the transactions would increase concentration and harm competition across the country. The Department of Justice has also filed suit blocking Aetna's proposed acquisition of Humana. If the mergers were to be approved, it would reduce from five to three the number of large, national health insurers, in the nation.

The Department and states attorneys general filed these two merger challenges in the U.S. District Court for the District of Columbia. The complaints allege that the two mergers-valued at $54 billion and $37 billion-would harm seniors, working families and individuals, employers, and doctors and other healthcare providers by limiting price competition, reducing benefits, decreasing incentives to provide innovative wellness programs, and lowering the quality of care.

"When the market becomes monopolized, consumers suffer," said Maryland Attorney General Frosh. "This lawsuit would block what would be an unprecedented consolidation in the health insurance industry, ultimately leaving Maryland consumers with fewer options for affordable and quality healthcare. More competition and more opportunity for choice will give Marylanders better health care at better prices."

"Competitive insurance markets are essential to providing Americans the affordable and high-quality healthcare they deserve," said U.S. Attorney General Loretta E. Lynch. "These mergers would restrict competition for health insurance products sold in markets across the country and would give tremendous power over the nation's health insurance industry to just three large companies. Our actions seek to preserve competition that keeps premiums down and drives insurers to collaborate with doctors and hospitals to provide better healthcare for all Americans."

The suit against Anthem and Cigna alleges that their merger would substantially reduce competition for millions of consumers who receive commercial health insurance coverage
from national employers throughout the United States; from large-group employers in at least 35 metropolitan areas, including New York, Los Angeles, San Francisco, Denver, and Indianapolis; and from public exchanges created by the Affordable Care Act in St. Louis and Denver. The complaint also alleges that the elimination of Cigna threatens competition among commercial insurers for the purchase of healthcare services from hospitals, physicians, and other healthcare providers. The merger would eliminate substantial head-to-head competition in all these markets. It would remove the independent competitive force of Cigna, which has been a leader in the industry's transition to value-based care.

Maryland joins ten other states and the District of Columbia in the department's challenge of Anthem's $54 billion acquisition of Cigna.

Cigna Corp. is headquartered in Hartford, Connecticut. It is the nation's fourth-largest health insurer. It operates in every state and the District of Columbia, and provides health insurance to 15 million people. In 2015, Cigna reported $38 billion in revenues.

Anthem, Inc. is headquartered in Indianapolis, Indiana. It is the nation's second-largest health insurer, and the largest member of the Blue Cross and Blue Shield Association. It holds the Blue Cross license in 14 states and provides health insurance to 39 million people. In 2015, Anthem reported over $79 billion in revenues.