HERRING, STATE ATTORNEYS GENERAL, DEPARTMENT OF JUSTICE CHALLENGE ANTI-COMPETITIVE HEALTH INSURANCE MERGERS

~ Proposed mergers of Anthem/Cigna and Aetna/Humana would threaten the cost and quality of healthcare for Virginia seniors and working families ~

RICHMOND (July 21, 2016)-Attorney General Mark R. Herring has joined a legal challenge against the proposed mergers of Anthem with Cigna and of Aetna with Humana as illegal, anti-consumer moves that would reduce competition, eliminate choices, stifle innovation, and drive up costs by allowing four of the largest health insurers in the nation to merge into two exceptionally large providers. The $54 billion acquisition of Cigna by Anthem is being challenged by the Department of Justice, 11 states, and the District of Columbia, while the $37 billion acquisition of Humana by Aetna is being challenged by DOJ and eight states, plus the District of Columbia. Each merger was reviewed, analyzed, and investigated by DOJ and a multistate coalition for the last year. The suit has been filed in the U.S. District Court for the District of Columbia.

"As attorney general I have a duty to examine these kinds of mergers to see if they're in the best interest of consumers, especially when we're talking about something as important as health insurance and the Medicare Advantage products that so many Virginia seniors enjoy," said Attorney General Herring. "We've been looking at these two proposals for about a year now, and we found that if these mergers go through the result is likely to be fewer choices and higher costs for Virginia consumers. With the Anthem/Cigna proposal, we're looking at dominant market shares in Large Group insurance, which is where thousands of Virginians get their healthcare. With the Aetna/Humana merger, we're looking at significant or even total control in some local Medicare Advantage markets. We're going to keep working with our partners across the country and at DOJ to make sure that Virginia consumers are protected from these anti-competitive, anti-consumer mergers."

The proposed merger between Anthem and Cigna would hit working families in Virginia by allowing the consolidation of two major competitors in Virginia's Large Group insurance market, which includes employers with more than 50 employees. The proposed merger would give the new company an anti-competitive level of market share in many communities, including Richmond, Hampton Roads, and Lynchburg. The likely effects of one company holding such a large market share include higher premiums and out-of-pocket costs for consumers, lower health plan quality, less innovation in the delivery of high-quality, cost-effective healthcare, and lower payments to doctors and healthcare providers.

The proposed merger between Aetna and Humana would hit seniors especially hard, as the merger would significantly undermine competition in Virginia's Medicare Advantage market. The new entity would exercise considerable or near total control of the Medicare Advantage market in many localities, including Arlington, Chesterfield, Fairfax, Hampton, Henrico, Loudoun, and Richmond.

The matter is being handled for Virginia by the Antitrust Unit of Attorney General Herring's Consumer Protection Section.

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