

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL
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Attorney General Racine Joins State-Federal Actions to Block Consolidation of Major Health Insurance Providers

AG Opposes Anthem's Proposed Acquisition of Cigna and Aetna's Bid for Humana

WASHINGTON, D. C. – Attorney General Karl A. Racine, the United States Department of Justice (DOJ) and attorneys general from multiple states sued today to block Anthem's proposed acquisition of Cigna and Aetna's proposed acquisition of Humana, alleging that the transactions would increase concentration in the health-insurance market and harm competition across the country. These acquisitions would reduce the number of large, national health insurers in the nation from five to three.

The complaints filed in the U.S. District Court for the District of Columbia 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.

"We believe these proposed mergers would not benefit District consumers or result in higher quality healthcare," said Attorney General Racine. **"We must ensure a competitive market to protect the health of District residents who need it the most, including seniors and working families."**

In addition to the District, 11 states – California, Colorado, Connecticut, Georgia, Iowa, Maine, Maryland, New Hampshire, New York, Tennessee and Virginia – joined the Department of Justice's challenge of Anthem's \$54 billion acquisition of Cigna. Eight states – Delaware, Florida, Georgia, Iowa, Illinois, Ohio, Pennsylvania and Virginia – and the District joined DOJ's challenge of Aetna's \$37 billion acquisition of Humana.

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;

- Negatively affect large-group employers in at least 35 metropolitan areas; and
- Reduce competition in certain public insurance exchanges created by the Affordable Care Act.

The complaint also alleges that the merger 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, and it would remove the independent competitive force of Cigna, which has been a leader in the industry's transition to value-based care.

The suit against Aetna and Humana alleges that their merger would substantially reduce Medicare Advantage competition in more than 350 counties in 21 states, affecting more than 1.5 million Medicare Advantage customers in those counties, and in other counties where the possibility of Aetna's and Humana's head-to-head competition will be lost. Humana is the nation's second-largest Medicare Advantage insurer by membership. Before seeking to acquire Humana, Aetna had pursued aggressive expansion in Medicare Advantage. Aetna, the nation's fourth-largest Medicare Advantage insurer by membership, has nearly doubled its Medicare Advantage footprint over the past four years..

The complaint also alleges that Aetna's purchase of Humana would substantially reduce competition to sell commercial health insurance to individuals and families on certain public exchanges, affecting more than 700,000 people in those counties. The lawsuit alleges that by buying Humana, Aetna would eliminate one of its strongest and most capable competitors in these markets.

Anthem, Inc. is headquartered in Indianapolis. 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 more than \$79 billion in revenues.

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.

Aetna Inc. is headquartered in Hartford, Connecticut. It is the nation's third-largest health insurer. It operates in every state and the District of Columbia, and provides health insurance to 23 million people. In 2015, Aetna reported \$60 billion in revenues.

Humana Inc. is headquartered in Louisville, Kentucky. It is the nation's fifth-largest health insurer, operates in every state and the District of Columbia, and provides health insurance to 14 million people. In 2015, Humana reported \$54 billion in revenues.

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