



Activity in California

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MERGER ACTIVITY IN CALIFORNIA

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Health plan mergers: California

- **Blue Shield acquisition of Care1st (2015)**
- **Centene acquisition of Health Net**
- **Aetna-Humana merger**
- Anthem-Cigna merger
- Kaiser acquisition of Group Health Cooperative

*Hearings held to date and on which Consumers Union has weighed in.

Health plan mergers: what could go wrong?

- High market concentration and anticompetitive behavior.
- Increased plan costs for consumers.
- Reduced incentive to improve plan quality.
- Adverse effect on network adequacy.
- Out-of-state management that is not attuned to unique state regulations and circumstances.

The need for public hearing

- Enable regulators to gather information in an open forum, letting third parties and the public have concerns entered into public record.
- Public opportunity for experts in health market competition.
- Provide information for federal and state antitrust investigators.
- Federal and state antitrust enforcers are only studying anti-trust issues. Insurance regulators can ensure the mergers are in the “public interest”.
- Insurance regulators may create and enforce remedies to protect consumers from potential harm of mergers.

Information gathering

- State insurance regulator website:
 - Routine surveys/evaluations
 - Non-routine surveys/evaluations
 - Records of independent medical reviews
 - Rate review record: history of rate increases, pattern of finding of unjustified rate proposals
 - Enforcement actions
- Quality report cards
- National Committee for Quality Assurance (NCQA)
- News media
- Better Business Bureau complaints

Conduct remedies (aka “undertakings”)

- Additional scrutiny during the rate review process
- Quality improvement and cost containment initiatives
- Improved quality and consumer satisfaction scores
- Improved provider directory
- Maintained presence in the market
- Adequate, dedicated staffing in the state, including executive leadership, regulatory compliance, and customer service personnel
- Dedicated staffing for transition issues (customer service and IT)



Questions for the panelists?

Click the “raise hand” icon at the top of your screen



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