



Dave Jones Insurance Commissioner
Insurance protection for all Californians

NEWS RELEASE

FOR IMMEDIATE RELEASE:

June 16, 2016
(#064)

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Insurance commissioner urges U.S. Justice Department to block Anthem/Cigna merger

Commissioner determines merger is anti-competitive—access, quality, and affordability all will suffer

SACRAMENTO, Calif. – California Insurance Commissioner Dave Jones today urged the U.S. Department of Justice to block the merger deal between Anthem, Inc., and Cigna Corporation. After an extensive review of the Anthem and Cigna merger, Commissioner Jones issued detailed findings that the merger of the second and fourth largest national health insurers is anti-competitive and will harm California consumers, businesses, and the California health insurance market.

The Anthem and Cigna merger transaction is estimated to be worth more than \$50 billion, would make Anthem the nation's largest health insurer, and result in increased concentration in an already consolidated health insurance market. Commissioner Jones found that if the merger moves forward, Anthem's market share will exceed 50 percent in 28 California counties and 40 percent in 38 counties, which will negatively impact California consumers with likely reductions in access, quality of care, and affordability of health insurance.

"When it comes to the Anthem and Cigna merger, bigger is not better for California's consumers or the health insurance market," said Insurance Commissioner Dave Jones.

Jones held a public hearing on March 29, where members of the public, Anthem and Cigna executives, consumer advocates, medical professionals, and merger experts provided testimony regarding potential impacts of the merger.

Anthem executives testified that they expect the merger to result in \$2 billion in efficiencies, but when questioned directly by Jones to provide supporting evidence for the \$2 billion claim, Anthem provided only vague, speculative, and impossible-to-verify assertions. When asked by Jones if Anthem would guarantee that the savings will benefit consumers with lower prices, Anthem declined to commit to pass any savings onto consumers through lower prices. Commissioner Jones concluded consumers will not benefit from the Anthem and Cigna merger.

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"Anthem and Cigna failed to provide details to support their claim of \$2 billion in savings and they refused to guarantee consumers and businesses will see the benefit of any potential savings in reduced prices," said Jones. "More competition in California's consolidated health insurance markets is needed, not less. Competition helps restrain prices, provides choice, and improves quality. The Anthem and Cigna merger reduces competition in a market that is already dominated by just four health insurers. It will likely result in reducing consumers' choices, increased prices, and lower quality care."

After reviewing all the testimony from the public hearing, comments submitted by the health insurers, merger experts, consumer advocates, medical professionals, and other members of the public, and after reviewing various studies and the consequences of past mergers, Jones concluded that the merger is anti-competitive and should not move forward. Jones today formally submitted his findings to and urged the U.S. Department of Justice to prevent the merger of Anthem and Cigna. Jones is the first insurance regulator to oppose the merger of Anthem and Cigna.

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Media Notes:

- The proposed merger transaction was valued at \$54.2 billion when it was announced in July of last year.
- Cigna's 2015 total revenues were \$34.9 billion nationwide.
- Anthem's 2015 total revenue was \$73.9 billion nationwide.
- In California in 2014:
 - The four largest insurers, which includes Anthem, controlled 85 percent of the market
 - Four insurers controlled 82 percent of the large group market statewide
 - Four insurers controlled 88 percent of the small group market
 - Four insurers controlled 93 percent of the individual market
- California's Health Benefit Exchange (Covered California), the four largest plans (including Anthem) controlled 95 percent of the individual market in 2014 and 91 percent of that market in 2015.
- California law provides that the commissioner does not have direct approval authority over the Anthem and Cigna merger unless the company being acquired is domiciled in California. Cigna is domiciled in Connecticut.
- [Decision Letter to Department of Justice](#)

