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A Voice for Nurses. A Vision for Healthcare.

March 25, 2016

Dave Jones, Insurance Commissioner
c/o Kayte Fisher, Attorney III
California Department of Insurance
300 Capitol Mall, Suite 1600
Sacramento, CA 95814
E-Mail: Kayte.Fisher@insurance.ca.gov

RE: Proposed Merger of Cigna Corporation into Anthem Inc.: OPPOSE

Dear Insurance Commissioner Jones,

The California Nurses Association (CNA) represents over 90,000 Registered Nurses (RNs) in California and routinely engages with state agencies on matters involving public health and patient safety. As patient advocates, CNA has a strong interest in ensuring that all patients have access to quality health care. As such, CNA must express opposition to the proposed merger of Cigna Corporation into Anthem Inc., which would negatively impact patients and the health care system as a whole.

Historically, large mergers and consolidations in the health care industry have resulted in increased costs for patients without an associated boost in quality. Although insurers may obtain improved efficiencies in operational costs and lower prices from providers when they increase their market shares, they rarely pass these savings on to consumers. Instead, they tend to exploit the market power they gain from mergers by increasing premiums and imposing other burdens on patients.

A merger between Anthem and Cigna would create the largest health insurer in the country, with 53 million plan members. Already, Anthem and Cigna are the second- and fifth-largest insurers in terms of revenue. A merger between these two giants will further limit competition and increase concentration in California's commercial insurance market, which is already characterized by dangerously high concentration. This shift towards even greater concentration will inevitably lead to higher prices for consumers at a time when Californians are already suffering from bloated medical costs.

Even after implementation of the Affordable Care Act, health care costs continue to be a major concern for Californians. The last decade has seen skyrocketing premiums, increased cost sharing, and reduced benefits for workers. As a result, even Californians who *have* health insurance are still struggling to pay their medical bills. The last thing Californian consumers need is another big insurance merger that will lead to even higher health care costs.

Making matters worse, Anthem has a disturbing record when it comes to respecting consumers in California. Anthem's conduct has generated a staggering number of enforcement actions, very poor quality ratings from patients, and a high rate of consumer complaints. Anthem also has been accused of endangering patients' private health information by neglecting to enact sufficient

security measures, and has a history of imposing unreasonable and unjustified rate increases on individuals and small employers. With this history, it is not at all unreasonable to assume that Anthem would exploit its larger market share after the merger by raising costs and reducing coverage. With less competition, Anthem will have even less incentive to remain accountable to California's regulators of consumers. The notion that Anthem might pass any benefits of the merger on to the consumer seems downright implausible.

Given the fact that health care mergers have historically led to increased costs for consumers, and given Anthem's particularly egregious track record, CNA is confident that the proposed merger is not in the best interest of patients in this state. If you have any further questions, please contact me or Jane Schroeder at (916)491-3204.

Sincerely,

CALIFORNIA NURSES ASSOCIATION/
NATIONAL NURSES UNITED

A handwritten signature in black ink, appearing to read 'D. Nielsen', written in a cursive style.

Donald W. Nielsen
Director, Government Relations