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California State Legislature

SENATOR
HANNAH-BETH JACKSON
NINETEENTH SENATE DISTRICT

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NATURAL RESOURCES & WATER
JOINT COMMITTEE ON ARTS

April 1, 2016

The Honorable Dave Jones
California Insurance Commissioner
300 Capitol Mall, Suite 1700
Sacramento, CA 95814

Dear Insurance Commissioner Jones,

I am writing to express my opposition to the proposed merger between Anthem and Cigna health insurance companies. My concerns rest with the assessed negative impacts this merger would have on the people of the 19th State Senate District, which encompasses Santa Barbara and Ventura Counties.

Although it has been advocated by Anthem and Cigna that the merger would result in easier access to medical providers and result in more affordable health insurance rates for consumers, I believe it would have the opposite effect. History has long taught us that the consolidation of insurers increases rather than decreases health care costs for consumers. According to the University of Southern California's Schaeffer Center for Health Policy and Economics "when insurers merge, there's almost always an increase in premiums." [1] As a result, a merger of this size would have a profound negative impact on consumers; resulting in fewer choices, higher costs for consumers, and would have a chilling effect on the ability to attract and retain qualified doctors and medical providers in Santa Barbara and Ventura.

According to various analyses of the market concentration that would result from this merger, including one from the California Medical Association, this merger would raise significant competitive concerns throughout much of California including the Central Coast and all of southern California.[2] Limiting competition in areas already struggling to ensure access to affordable and quality health care would only depress these markets further, which could have a permanent and lasting impact on our state's health care system. Further, in its letter to the United

[1] "As health insurers merge, consumers' premiums are likely to rise." LA Times. March 31, 2016. http://www.latimes.com/business/la-fi-lazarus-20150710-column.html
[2] Comments to the California Department of Managed Health Care. California Medical Association. March 16, 2016. http://www.cmanet.org/files/assets/news/2016/03/cma-comments-to-dmhc-re-anthem-cigna-merger.pdf

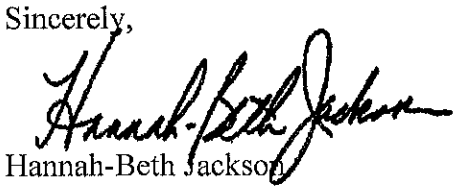
States Department of Justice in response to this proposed merger, the American Academy of Family Physicians wrote:

> Seldom does consolidation result in reduced costs for consumers. Bigger insurance companies mean increased leverage and unfair power over negotiating rates with consumers, purchasers, and physicians. More often than not, consolidation increases costs and reduces options for consumers and we believe, minus new operating principles by these companies, this would hold true in the health insurance market.[3]

At a time when the state is struggling to meet increased health care demands, we should be taking more, not less efforts to increase opportunities for increased competition to ensure that California consumers have 1) access to health care, 2) that our health care system provides a high quality of care, and that 3) it is affordable to all who need it.

I appreciate your allowing me the opportunity to address these concerns with you and strongly urge you to oppose this merger on behalf of all Californians.

Sincerely,



Hannah-Beth Jackson

[3] Letter to Assistant Attorney General William J. Baer. American Academy of Family Physicians. July 28, 2015 - http://www.aafp.org/dam/AAFP/documents/advocacy/legal/antitrust/LT-DOJ-Consolidation-072715.pdf