

March 31, 2016

Dave Jones  
Commissioner, California Department of Insurance (CDI)  
300 Capitol Mall, Suite 1600  
Sacramento, CA 95814

**Re: Anthem Blue Cross's Proposed Acquisition of Cigna**

Dear Commissioner Jones,

The Western Center on Law & Poverty writes regarding Anthem Blue Cross's proposal to purchase Cigna. While we do not support or oppose the merger, we recommend that CDI review the issues below and require the plans involved to take additional steps before it allows the sale to proceed. We appreciate that CDI held a hearing on the proposed merger.

Given our long history of serving the needs of low-income health care consumers and Anthem's significant presence in Medi-Cal, we focus our comments on Medi-Cal. Anthem's quality ratings raise a number of concerns about the quality of care they are providing to Medi-Cal members. In the Department of Health Care Services' 2015 Medi-Cal Managed Care Program Quality Strategy Annual Assessment, the third lowest performing Medi-Cal managed care plan was Anthem, with 29% of indicators having rates below the Minimum Performance Level (MPL).<sup>1</sup> This is an improvement from the 2014 Medi-Cal Managed Care Program Quality Strategy Annual Assessment where Anthem was rated the lowest performing Medi-Cal managed care plan, with 39% of indicators having rates below the MPL.<sup>2</sup> Drilling down into specifics, the 2015 Medi-Cal Managed Care Performance Dashboard raises concerns as all Anthem Medi-Cal managed care plans quality diabetes care was lower than the weighted average, timeliness of prenatal care was lower than the weighted average, and percent of mothers receiving postpartum care was lower than the weighted average.<sup>3</sup> Prior to any approved merger, CDI must require Anthem to address these quality deficiencies.

Current data from Department of Managed Health Care's (DMHC) 2014 Annual Report, specifically Independent Medical Reviews (IMRs) and complaints against both Anthem and Cigna raise concerns for us. First, with respect to Anthem, compared to other big full-service

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<sup>1</sup> See:

[http://www.dhcs.ca.gov/dataandstats/reports/Documents/MMCD\\_Qual\\_Rpts/Studies\\_Quality\\_Strategy/MgdCareQualityStrategy2016.pdf](http://www.dhcs.ca.gov/dataandstats/reports/Documents/MMCD_Qual_Rpts/Studies_Quality_Strategy/MgdCareQualityStrategy2016.pdf)

<sup>2</sup> See:

[http://www.dhcs.ca.gov/dataandstats/reports/Documents/MMCD\\_Qual\\_Rpts/Studies\\_Quality\\_Strategy/MgdCareQualityStrategy2015.pdf](http://www.dhcs.ca.gov/dataandstats/reports/Documents/MMCD_Qual_Rpts/Studies_Quality_Strategy/MgdCareQualityStrategy2015.pdf)

<sup>3</sup> See: <http://www.dhcs.ca.gov/services/Documents/MMCD/December152015Release.pdf> for ratings in diabetes care and <http://www.dhcs.ca.gov/services/Documents/MMCD/December152015Release.pdf> for ratings in prenatal care and postpartum care

plans (those with enrollment above 400,000 members), it ranked worst for IMRs per 10,000 enrollees, and more than double the average at 2.06 IMRs per 10,000 versus 1.02 IMRs per 10,000. Cigna reported less IMRs than Anthem, but compared to other smaller full-service plans (those with enrollment below 400,000 members), Cigna similarly had nearly double the IMRs per 10,000 enrollees at 1.01 IMRs versus 0.56. In terms of complaints, Anthem and Cigna both reported significantly more complaints per 10,000 enrollee relative to other comparable plans. We urge CDI to look closely at the plans' IMRs and Complaints from the last two years, and require the plans to take any corrective action needed before the sale moves forward.

We also raise network adequacy concerns in light of DMHC's fine on Anthem regarding inaccurate provider directory. Against this backdrop, we urge that if the acquisition moves forward, CDI should get a baseline and specifically:

- Monitor IMRs for the first two years, including the number of IMRs requested, upheld, overturned, and reversed/withdrew by the plan;
- Monthly review and public reporting of grievances and appeals, total number and per 1,000 member basis;
- Monthly review and public reporting of complaint data, by complaint categories, total number and per 1,000 member basis;
- Monitor network adequacy and timely access, including review of plan networks on a monthly basis (currently submitted to DHCS on monthly basis); and
- Conduct non-routine medical survey.

There were many assertions made by Anthem and Cigna at the public hearing about how the proposed merger would benefit health care consumers: that there would be increased efficiencies and administrative capacities, and that somehow the merger would actually increase competition without increasing cost to consumers. CDI should require the plans to specifically lay out the increased efficiencies and how this will benefit consumers.

Please contact Linda Nguy, Policy Advocate, at (916) 282-5117 or at [lnguy@wclp.org](mailto:lnguy@wclp.org) should you have any questions. Thank you for your consideration of our comments.

Sincerely,



Linda Nguy  
Policy Advocate