

# State Building and Construction Trades Council of California

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*Established 1901*  
*Chartered by*  
BUILDING AND CONSTRUCTION TRADES  
DEPARTMENT  
AFL - CIO

April 1, 2016

The Honorable Dave Jones  
Insurance Commissioner, State of California  
California Department of Insurance  
300 Capitol Mall, Suite 1600  
Sacramento, CA. 95814

**RE: Proposed Merger of Anthem Inc. and Cigna Health and Life Insurance Company**

Dear Insurance Commissioner Jones,

On behalf of the State Building and Construction Trades Council of California, AFL-CIO, I write to express our strong concerns regarding the proposed merger of Anthem Inc. and Cigna Health and Life Insurance Company and opposition to the merger unless the two companies can adequately demonstrate that their merger will not harm consumers.

The State Building and Construction Trades Council of California (SBCTC) is a federation of unions who represent collectively 400,000 construction workers in California. All of our union members receive their health insurance coverage from trust funds funded by the private contractors who employ our members. As healthcare costs continue to rise, like the rest of the insurance market, our union trust funds continue to see annual increases in the cost of providing insurance to the workers they cover. Furthermore, given the dangers of the construction industry, our members need to utilize their healthcare coverage more often than other individuals, leading to acute cost pressures not experienced in other industries. Limiting the amount of competition, which this merger will do, may only exacerbate those ongoing problems.

This merger, if completed, would create the nation's largest health insurer. Anthem alone is already one of California's largest insurers and, as others have pointed out, has had a troubling track record as a provider of healthcare. With healthcare costs on the rise, California construction unions need more companies competing to provide healthcare coverage to their trust funds, not fewer. More competition leads to lower costs and better health outcomes for our members. This merger will potentially have the opposite effect by creating a monopolistic atmosphere that will only lead to higher premiums, higher out of pocket costs, and lower quality care.

History and research have shown that consolidations in the private insurance industry lead to premium increases that do not positively affect the provision of healthcare to consumers. As others have noted, for example, Aetna's acquisition of Prudential in 1999 led to a seven percent premium increase. The 2008 merger of UnitedHealthcare and Sierra Health in Nevada increased

RE: Proposed Merger

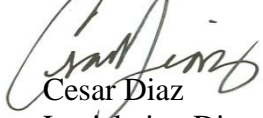
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small group premiums nearly 14 percent. This merger may lead to a similar outcome for our trust funds.

It is for these reasons that we oppose the merger of Anthem Inc. and Cigna Health and Life Insurance Company unless it includes protections for our union trust funds. Thank you for your attention to our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Cesar Diaz", is written over the typed name.

Cesar Diaz  
Legislative Director

CD:kt

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