

**From:** [Julie Myers](#)  
**To:** [DOI: Requests](#)  
**Cc:** [Susan Brown](#)  
**Subject:** Comments on Cigna-Anthem Merger  
**Date:** Friday, January 08, 2016 2:59:34 PM  
**Attachments:** [Comment Letter to NHID re Cigna-Anthem Merger.pdf](#)

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Hello,

Please find attached MHI's comments regarding the proposed merger between Cigna and Anthem. Please let me know if you have any questions or comments.

Thank you,

Julie

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January 8, 2016

Commissioner Roger A. Seigny  
New Hampshire Insurance Department  
21 South Fruit Street Suite 14  
Concord, NH 03301

**RE: ANTHEM-CIGNA MERGER**

*Submitted Electronically*

Dear Commissioner Seigny:

Minuteman Health, Inc. (“MHI”) supports the New Hampshire Insurance Department’s (“NHID”) examination of the proposed acquisition of Cigna Corporation (“Cigna”) by Anthem, Inc. (“Anthem”), and appreciates the opportunity to comment on the potential merger.

MHI is a Massachusetts-based, member-governed non-profit health plan selling individual, small group and large group health insurance products in Massachusetts and New Hampshire. The focus of the company is to deliver affordable products to consumers and small businesses by working with effective and efficient providers. If a merger such as that proposed were to occur, providers may well be under enormous pressure to work closely with the surviving entity. Such circumstances rarely lead to a truly competitive market, and consumer prices typically rise.

To this point, the American Medical Association has analyzed the potential merger and has cautioned that reduced competition could result in higher costs for patients and have adverse consequences for health care providers.<sup>1</sup> According to the AMA’s analysis, New Hampshire will see one of the largest increases in market power as a result of the merger and projects that the merger will reduce competition levels by more than 50 percent in several markets within New Hampshire.<sup>2</sup>

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<sup>1</sup> American Medical Association. “AMA Releases Analyses on Potential Anthem-Cigna and Aetna-Humana Mergers.” September 8, 2015. Retrieved from <http://www.ama-assn.org/ama/pub/news/news/2015/2015-09-08-analysis-anthem-cigna-aetna-humana-mergers.page>

<sup>2</sup> McDermott, Casey. “AMA study: Anthem-Cigna merger significantly reduces insurance competition in N.H.” *Concord Monitor* September 13, 2015. Available at <http://www.concordmonitor.com/home/18562268-95/ama-study-anthem-cigna-merger-significantly-reduces-insurance-competition-in-nh>

As NHID reviews the proposed merger's market effects, MHI would like to draw the Department's attention to other factors already driving market consolidation. The ACA's so-called "3Rs" were implemented to provide market predictability and stability. Unfortunately the programs have caused wide-spread instability. The risk adjustment program has forced low cost, high growth, and new issuers to pay out enormous percentages of premium to larger carriers (including Anthem) who have not assumed the responsibilities of covering riskier groups. Such risk adjustment-driven market volatility will increase prices for the lower-cost, provider-centric plans and may even force them from the market. New Hampshire residents would then only be able to choose health insurance options from amongst the same large carriers historically offering products in the state's market. Essentially, market competition will be vastly reduced regardless of whether the Cigna-Anthem merger succeeds under the current risk adjustment program, and we encourage NHID to explore ways to help shield smaller companies from the effects of the 3Rs.

While consolidation driven by mergers or by risk adjustment is certainly cause for concern, there are currently other structural problems precluding small carriers from fairly competing in New Hampshire's insurance market. Hospitals should not prevent physician groups from negotiating rates with carriers if that carrier does not include the full hospital system in its network. For example, hospitals may tie provider services so that issuers cannot purchase certain services, such as community providers, without also purchasing other expensive services through the same hospital system.

The Department should also take notice of any anti-competitive practices that exist in the context of "slice" business. Employers often offer more than one carrier option to its employees, however certain carriers may not allow employers to "slice" their business with any other carrier if the group has fewer than a defined level of employees (e.g., fewer than 200 employees). There is no justification for a carrier to impose such a condition which only acts as a barrier for new carriers to enter the small group market. Carriers are protected from adverse selection by risk adjustment in the small group market and by their ability to underwrite in the large group market. It is unlikely that any one carrier would be adversely harmed if more than one carrier covered members of the same group.

We request that NHID focus on the federal and state issues outlined above which create significant anti-competitive effects in the marketplace in addition to its analysis of the potential Cigna-Anthem merger. Federal premium stabilization programs as well as state-allowable quoting practices and provider negotiating practices have hindered the success of low-cost,



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innovative, high value plans in New Hampshire. Having such hurdles in place for smaller plans like MHI does not benefit the market and ultimately harms New Hampshire consumers.

MHI is committed to the continued success of the New Hampshire marketplace and appreciates the opportunity to comment on the proposed merger. Please contact Julie Myers, Regulatory Counsel at Minuteman Health, Inc. if you have any questions or comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie Myers", written over a light blue horizontal line.

Julie Myers

Regulatory Counsel

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