

Attorney General Kamala D. Harris Joins U.S. and 12 other State Attorneys General in Filing Antitrust Lawsuit to Block Merger of Insurance Companies Anthem and Cigna

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SAN FRANCISCO - Attorney General Kamala D. Harris today announced that California, along with 11 other states and the District of Columbia, has joined the United States Department of Justice in filing a civil antitrust lawsuit to block the proposed \$48.3 billion merger of two major insurance companies, Anthem and Cigna.

The consolidation of two of the five largest insurers in the U.S., at the same time Aetna and Humana are also attempting to merge, would significantly undercut competition, driving up health care costs for consumers and employers. The proposed merger would be the largest in the history of the health-insurance industry and would create the nation's largest health insurer, with approximately 53 million plan participants.

"We have seen significant consolidation in the healthcare provider and insurance marketplace over the course of the past several years. In some circumstances, these mergers can create benefits for consumers, including more innovation, more coordinated healthcare and better healthcare delivery. The proposed merger between Anthem and Cigna does not strike that balance and would drive up costs to consumers and reduce access to quality healthcare for millions of Californians," said Attorney General Harris. "We must not allow insurance companies to grow their profits at the expense of consumers. By joining this lawsuit, I urge the court to block this proposed merger."

In addition to the impact on health care costs to individuals and employers, the merger would drive down reimbursement rates for providers and threaten the availability and quality of medical care in at least 35 geographically diverse markets, 6 of which are in California (San Francisco-Oakland-Hayward, San Jose-Sunnyvale-Santa Clara, Santa Cruz-Watsonville, Santa Maria-Santa Barbara, Oxnard-Thousand Oaks-Ventura, Los Angeles-Long Beach-Anaheim).

In California, Anthem and Cigna currently compete head-to-head for customers, especially large employers. This competition is crucial for allowing employers to purchase high-quality health care plans for their employees at affordable prices. Robust competition between these two companies also spurs innovation and helps municipal and state governments obtain the best possible prices for health care.

This proposed merger would result in higher premiums and administrative costs and would depress reimbursement rates for doctors and other health care providers, likely leading to lower efficiencies, more medical providers leaving the provider network market, and overall an inferior quality of care for patients.

The federal complaint, filed today in U.S. District Court for the District of Columbia and attached to the online version of this news release, alleges potential violations of Section 7 of the Clayton Act and calls on the court to permanently enjoin Anthem and Cigna from merging.

The U.S. Department of Justice was joined in its lawsuit by California, Colorado, Connecticut, Washington, D.C., Georgia, Iowa, Maryland, Maine, New Hampshire, New York, Tennessee, and Virginia.

Attorney General Kamala Harris has worked to protect Californians' access to high-quality, affordable health care, including reproductive health care. She authored a multi-state friend-of-the-court brief in *Sebelius v. Hobby Lobby Stores, Inc.* in January 2014, urging the Supreme Court to overturn a lower court's ruling allowing for-profit companies to deny essential healthcare to female employees based on the religious beliefs of the company's owners. She also signed an amicus brief to the Supreme Court in a major recent reproductive rights case, *Whole Woman's Health v. Hellerstedt*, urging the U.S. Supreme Court to reverse a lower court decision substantially restricting access to abortion services in Texas. In November 2013, Attorney General Harris joined a multi-state amicus brief filed with the Supreme Court in *McCullen v. Coakley*, supporting a Massachusetts law creating a 35-foot buffer zone around reproductive health care facilities.

The Attorney General has also defended the constitutionality of the Affordable Care Act, joining a friend-of-the-court brief in *Thomas More Law Center v. Obama* and repeatedly speaking out in support of health care reform.

The Attorney General's office also reviews all transactions involving non-profit hospitals in California, such as the recent transaction involving Providence and St. Joseph's Hospital and last year's change of control and governance for Daughters of Charity Health System. Attorney General Harris has set clear conditions when approving mergers and other transactions to ensure that those served by the hospitals—predominantly vulnerable and low-income communities—continue to have access to high-quality health care.

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Attachment

Size

 [Anthem–Cigna Complaint %28filed%29.pdf](#)

2.56 MB