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Justice Department and State Attorneys General Sue to Block Anthem's Acquisition of Cigna, Aetna's Acquisition of Humana

Lawsuits Challenge Unprecedented Consolidation in the Health Insurance Industry

The U.S. Department of Justice and attorneys general from multiple states and the District of Columbia sued today to block Anthem's proposed acquisition of Cigna and Aetna's proposed acquisition of Humana, alleging that the transactions would increase concentration and harm competition across the country, reducing from five to three the number of large, national health insurers in the nation.

The department and state attorneys general filed these two merger challenges in the U.S. District Court for the District of Columbia. The complaints allege that the two mergers – valued at \$54 billion and \$37 billion – would harm seniors, working families and individuals, employers and doctors and other healthcare providers by limiting price competition, reducing benefits, decreasing incentives to provide innovative wellness programs and lowering the quality of care.

"Competitive insurance markets are essential to providing Americans the affordable and high-quality healthcare they deserve," said Attorney General Loretta E. Lynch. "These mergers would restrict competition for health insurance products sold in markets across the country and would give tremendous power over the nation's health insurance industry to just three large companies. Our actions seek to preserve competition that keeps premiums down and drives insurers to collaborate with doctors and hospitals to provide better healthcare for all Americans."

"We all, including seniors, everyday workers and the previously uninsured and underinsured deserve affordable health insurance options," said Principal Deputy Associate Attorney General Bill Baer. "Competition today drives these four successful firms to fight to give us affordable options. There is no reason to put that dynamic at risk and that is why we are asking the court to stop these mergers and keep competition working for the benefit of the American consumer."

"The proposed mergers would eliminate two innovative competitors – Cigna and Humana – at a time when competition has been pressuring insurers to develop new models of care designed to keep Americans healthier, to deliver healthcare more efficiently and to control the costs of

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providing care,” said Deputy Assistant Attorney General Sonia Pfaffenroth of the Justice Department’s Antitrust Division. “The department will continue to work with our state colleagues to protect competition and innovation in this vitally important industry.”

Eleven states – California, Colorado, Connecticut, Georgia, Iowa, Maine, Maryland, New Hampshire, New York, Tennessee and Virginia – and the District of Columbia joined the department’s challenge of Anthem’s \$54 billion acquisition of Cigna. Eight states – Delaware, Florida, Georgia, Iowa, Illinois, Ohio, Pennsylvania and Virginia – and the District of Columbia joined the department’s challenge of Aetna’s \$37 billion acquisition of Humana.

The suit against Anthem and Cigna alleges that their merger would substantially reduce competition for millions of consumers who receive commercial health insurance coverage from national employers throughout the United States; from large-group employers in at least 35 metropolitan areas, including New York, Los Angeles, San Francisco, Denver and Indianapolis; and from public exchanges created by the Affordable Care Act in St. Louis and Denver. The complaint also alleges that the elimination of Cigna threatens competition among commercial insurers for the purchase of healthcare services from hospitals, physicians and other healthcare providers. The merger would eliminate substantial head-to-head competition in all these markets, and it would remove the independent competitive force of Cigna, which has been a leader in the industry’s transition to value-based care.

The lawsuit against Aetna and Humana alleges that their merger would substantially reduce Medicare Advantage competition in more than 350 counties in 21 states, affecting more than 1.5 million Medicare Advantage customers in those counties. Before seeking to acquire Humana, Aetna had pursued aggressive expansion in Medicare Advantage. Aetna, the nation’s fourth-largest Medicare Advantage insurer by membership, has nearly doubled its Medicare Advantage footprint over the past four years. Humana is the nation’s second-largest Medicare Advantage insurer by membership. The lawsuit also alleges that Aetna’s purchase of Humana would substantially reduce competition to sell commercial health insurance to individuals and families on the public exchanges in 17 counties in Florida, Georgia and Missouri, affecting more than 700,000 people in those counties. The lawsuit alleges that by buying Humana, Aetna would eliminate one of its strongest and most capable competitors in these markets.

Anthem, Inc. is headquartered in Indianapolis, Indiana. It is the nation’s second-largest health insurer and the largest member of the Blue Cross and Blue Shield Association. It holds the Blue Cross license in 14 states and provides health insurance to 39 million people. In 2015, Anthem reported over \$79 billion in revenues.

Cigna Corp. is headquartered in Hartford, Connecticut. It is the nation’s fourth-largest health insurer. It operates in every state and the District of Columbia and provides health insurance to 15 million people. In 2015, Cigna reported \$38 billion in revenues.

Aetna Inc. is headquartered in Hartford, Connecticut. It is the nation’s third-largest health insurer. It operates in every state and the District of Columbia and provides health insurance to 23 million people. In 2015, Aetna reported \$60 billion in revenues.

Humana Inc. is headquartered in Louisville, Kentucky. It is the nation’s fifth-largest health insurer, operates in every state and the District of Columbia and provides health insurance to 14 million people. In 2015, Humana reported \$54 billion in revenues.

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