



# Markets where an Aetna-Humana merger warrants antitrust scrutiny

## Analysis of data from the 2016 update to the AMA “Competition in health insurance: A comprehensive study of U.S. markets”

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### Introduction

This analysis provides the *commercial* market share and concentration (HHI) effects of the proposed merger between Aetna and Humana. Data used in this analysis are from the 2016 Update to the AMA’s “Competition in health insurance” study (i.e., 2014 HealthLeaders-InterStudy data). Using the 2010 Department of Justice (DOJ)/Federal Trade Commission (FTC) Horizontal Merger Guidelines, it presents the state and metropolitan statistical area (MSA) level markets where the merger would raise competitive concerns based on how the Guidelines classify markets. Under the DOJ/FTC merger guidelines:

- MSAs with an HHI less than 1500 are *unconcentrated*; mergers are unlikely to raise competitive concerns.
- MSAs with an HHI between 1500 and 2500 are *moderately concentrated*; mergers that increase the HHI by more than 100 points potentially raise significant competitive concerns and often warrant scrutiny.
- MSAs with an HHI of more than 2500 are *highly concentrated*; mergers that increase the HHI by 100 to 200 points potentially raise significant competitive concerns and often warrant scrutiny, and those that increase it by more than 200 points will be presumed likely to enhance market power.

The following set of tables report those markets’ pre- and post-merger HHIs and the change in HHIs that would result from the proposed merger. The results are presented for *commercial*, combined (HMO+PPO+POS+EXCH) product markets as well as for HMO, PPO, POS and exchanges separately. For each product market, they are reported at the state-level and then by MSA.

The results are presented in a series of 10 tables: Tables 1 and 2 (combined (HMO+PPO+POS+EXCH) markets); Tables 3 and 4 (HMO markets); Tables 5 and 6 (PPO markets); Tables 7 and 8 (POS markets); and Tables 9 and 10 (exchanges). For all plan types, we classify markets according to whether the merger will be presumed likely to enhance market power (reported in the top panels of the tables) or whether it potentially raises significant competitive concerns and often warrants scrutiny (reported in the bottom panels).

### Results for combined (HMO+PPO+POS+EXCH) product markets

#### State-level results

The results reported in the top panel of Table 1 indicate that an Aetna-Humana merger would be presumed likely to enhance market power in the commercial, combined (HMO+PPO+POS+EXCH) markets in the states of Georgia and Kentucky. The bottom panel of Table 1 shows that an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny in the combined markets in four additional states (UT, TX, FL and KS).

Although Table 1 shows that the merger would cause important changes in the HHI (concentration), we note that in the states of Kentucky and Kansas, Aetna's and Humana's pre-merger shares were under 5 percent, respectively. The significant increases in the HHIs would be the result of the other merging insurer's existing high share in those states.

#### *MSA-level results*

Turning to the results by MSA, Table 2 (top panel) shows that an Aetna-Humana merger would be presumed likely to enhance market power in commercial, combined (HMO+PPO+POS+EXCH) markets in MSAs located in seven states (FL, GA, IL, KY, OH, TX and UT).

Finally, the bottom panel of Table 2 shows that an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny in the combined markets in MSAs located in 14 states (AZ, FL, GA, IL, IN, KS, KY, LA, MS, OH, TN, TX, UT and WI).

### **Results by product market**

#### *State-level results*

Turning to the results by product market, Table 3 shows the 6 states (KS, TN, TX, GA, OH, FL) in which the merger will be presumed likely to enhance market power in HMO markets, and Table 5 (top panel) shows the states (KY, UT) classified in that way for PPO markets. Table 9 (top panel) shows that an Aetna-Humana merger would be presumed likely to enhance market power in the state of Florida's exchange.

The results reported in Table 5 (bottom panel) indicate that in PPO markets in four states (WI, TX, KS and IL) the merger potentially raises significant competitive concerns and often warrants scrutiny. The states meeting those criteria for POS markets (GA, LA) are in Table 7, and Table 9 (bottom panel) shows them (AZ, UT) for the exchanges.

#### *MSA-level results*

Table 4 (top panel) shows that in MSAs located in FL, GA, IL, MO, OH, TN and TX, the Aetna-Humana merger would be presumed likely to enhance market power in HMO markets. Table 6 (top panel) shows the MSAs that meet those criteria (in KY, MO, MS, OH, TX, UT and WI) for PPO markets. The top panel of Table 8 shows the MSAs classified in that way (in GA and LA) for POS markets, and Table 10 (top panel) shows them (in FL, IL and TX) for the exchanges.

Table 4 (bottom panel) shows the MSAs (in FL, GA and IL) where the merger potentially raises significant competitive concerns and often warrants scrutiny in HMO markets. Table 6 (bottom panel) shows the MSAs classified in that way (in CO, FL, IL, IN, KS, LA, MO, MS, TN, TX and WI) for PPO markets. Table 8 (bottom panel) shows the MSAs (in GA and LA) meeting those criteria for POS markets, and Table 10 (bottom panel) shows them (in AZ, FL, IL, TX and UT) for the exchanges.

It is uncertain whether each of the product markets would be considered separate antitrust markets (i.e., not clear they are substitutes for each other). We also note that although all MSA-level results presented here show that the merger would cause important changes in the HHI (concentration), in some MSA-level markets Humana's or Aetna's pre-merger shares were relatively small, so that the change in the HHI was not very large. For example, that is the case for some product markets in some MSAs located in AZ, CO, FL, GA, IL, KS, KY, LA, MO, OH and TX. The significant increases in the HHIs would be the result of the other merging insurer's high share in those MSAs.

# Combined (HMO+PPO+POS+EXCH) markets

**Table 1**

State	Combined market Pre-merger HHI	Post-merger HHI	Change in HHI
<b>States where an Aetna-Humana merger will be presumed likely to enhance market power</b>			
Georgia	2329	2603	274
Kentucky	3010	3278	268
<b>States where an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny</b>			
Utah	2192	2370	178
Texas	2497	2675	178
Florida	2285	2454	169
Kansas	2584	2721	137

**Table 2**

MSA	Combined market Pre-merger HHI	Post-merger HHI	Change in HHI
<b>MSAs where an Aetna-Humana merger will be presumed likely to enhance market power</b>			
<b>Florida</b>			
Tampa-St. Petersburg-Clearwater, FL	2317	2540	223
<b>Georgia</b>			
Rome, GA	2523	2971	447
Brunswick, GA	2934	3335	401
Macon, GA	3080	3454	374
Gainesville, GA	2375	2700	325
Savannah, GA	2575	2793	219
<b>Illinois</b>			
Rockford, IL	3693	4164	201
<b>Kentucky</b>			
Louisville, KY-IN	2868	3218	350
Elizabethtown, KY	3534	3800	265
Lexington-Fayette, KY	3043	3290	247
<b>Ohio</b>			
Cincinnati-Middletown, OH-KY-IN	2568	2798	230
<b>Texas</b>			
San Antonio, TX	2427	2745	318
El Paso, TX	2557	2836	278
Houston-Sugar Land-Baytown, TX	2320	2564	244
Corpus Christi, TX	2860	3062	202
Beaumont-Port Arthur, TX	2688	2889	201
<b>Utah</b>			
Provo-Orem, UT	2604	2858	254
<b>MSAs where an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny</b>			
<b>Arizona</b>			
Yuma, AZ	3185	3298	113

**Table 2** (continued)

MSA	Combined market Pre-merger HHI	Post-merger HHI	Change in HHI
<b>Florida</b>			
West Palm Beach-Boca Raton-Boynton Beach, FL	2069	2420	351
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	2021	2369	347
Miami-Pompano Beach-Deerfield Beach, FL	1632	1885	253
Lakeland-Winter Haven, FL	2215	2430	215
Sarasota-Bradenton-Venice, FL	2922	3090	167
Jacksonville, FL	2915	3081	166
Orlando-Kissimmee, FL	2248	2387	138
Punta Gorda, FL	3063	3176	113
<b>Georgia</b>			
Atlanta-Sandy Springs-Marietta, GA	2021	2407	386
Hinesville-Fort Stewart, GA	4751	4883	132
<b>Illinois</b>			
Bloomington-Normal, IL	3398	3553	155
Kankakee-Bradley, IL	3635	3777	142
Lake County-Kenosha County, IL-WI	3201	3335	133
<b>Indiana</b>			
Evansville, IN-KY	3595	3703	108
<b>Kansas</b>			
Lawrence, KS	2939	3055	116
<b>Kentucky</b>			
Huntington-Ashland, WV-KY-OH	2046	2356	310
<b>Louisiana</b>			
New Orleans-Metairie-Kenner, LA	4045	4152	108
<b>Mississippi</b>			
Gulfport-Biloxi, MS	2274	2462	188
Jackson, MS	2838	2992	154
<b>Ohio</b>			
Springfield, OH	1978	2305	326
Dayton, OH	2680	2819	140
<b>Tennessee</b>			
Clarksville, TN-KY	2069	2326	256
<b>Texas</b>			
Austin-Round Rock, TX	2458	2648	190
San Angelo, TX	3211	3388	177
Fort Worth-Arlington, TX	2560	2722	161
Victoria, TX	3208	3365	157
Killeen-Temple-Fort Hood, TX	2021	2172	152
Dallas-Plano-Irving, TX	2601	2740	139
Waco, TX	2082	2201	119
Brownsville-Harlingen, TX	3666	3782	116
McAllen-Edinburg-Mission, TX	3726	3839	114
Lubbock, TX	2935	3046	111
Sherman-Denison, TX	2903	3013	109
<b>Utah</b>			
St. George, UT	2147	2462	315
Salt Lake City, UT	2141	2347	206

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**Table 2** (continued)

MSA	Combined market Pre-merger HHI	Post-merger HHI	Change in HHI
<b>Wisconsin</b>			
Sheboygan, WI	2358	2502	144
Racine, WI	3549	3669	120
Milwaukee-Waukesha-West Allis, WI	3235	3354	119
Oshkosh-Neenah, WI	1967	2070	103

## HMO markets

**Table 3**

State	Pre-merger HMO HHI	Post-merger HMO HHI	Change in HHI
<b>States where an Aetna-Humana merger will be presumed likely to enhance market power</b>			
Kansas	4266	6564	2298
Tennessee	5283	7015	1732
Texas	1871	2593	722
Georgia	2724	3364	640
Ohio	1934	2554	620
Florida	2092	2647	555

**Table 4**

MSA	Pre-merger HMO HHI	Post-merger HMO HHI	Change in HHI
<b>MSAs where an Aetna-Humana merger will be presumed likely to enhance market power</b>			
<b>Florida</b>			
Sarasota-Bradenton-Venice, FL	3473	4610	1137
Orlando-Kissimmee, FL	2047	3150	1103
Lakeland-Winter Haven, FL	2073	3118	1045
West Palm Beach-Boca Raton-Boynton Beach, FL	2459	3452	993
Tampa-St. Petersburg-Clearwater, FL	2259	3225	966
Jacksonville, FL	2498	3242	745
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	2750	3426	675
Port St. Lucie-Fort Pierce, FL	3137	3788	651
Ocala, FL	2424	3040	616
Miami-Miami Beach-Kendall, FL	2513	2827	314
<b>Georgia</b>			
Macon, GA	3059	5286	2226
Gainesville, GA	2498	3310	812
Atlanta-Sandy Springs-Marietta, GA	3211	3906	695
<b>Illinois</b>			
Kankakee-Bradley, IL	3505	4850	1345
Rockford, IL	3938	4916	978

**Table 4** (continued)

MSA	Pre-merger HMO HHI	Post-merger HMO HHI	Change in HHI
<b>Missouri</b>			
Kansas City, MO-KS	3882	4289	407
<b>Ohio</b>			
Springfield, OH	7825	8218	394
<b>Tennessee</b>			
Clarksville, TN-KY	5018	7799	2782
<b>Texas</b>			
Houston-Sugar Land-Baytown, TX	3786	6093	2306
Austin-Round Rock, TX	3002	4223	1222
San Antonio, TX	2602	3378	776
<b>MSAs where an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny</b>			
<b>Florida</b>			
Gainesville, FL	3576	3733	157
Deltona-Daytona Beach-Ormond Beach, FL	5608	5757	149
<b>Georgia</b>			
Athens-Clarke County, GA	3250	3423	173
<b>Illinois</b>			
Peoria, IL	4324	4484	159

## PPO markets

**Table 5**

State	Pre-merger PPO HHI	Post-merger PPO HHI	Change in HHI
<b>States where an Aetna-Humana merger will be presumed likely to enhance market power</b>			
Kentucky	3526	3936	411
Utah	2936	3340	404
<b>States where an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny</b>			
Wisconsin	1498	1822	325
Texas	3636	3811	176
Kansas	3324	3445	121
Illinois	4519	4625	106

**Table 6**

MSA	Pre-merger PPO HHI	Post-merger PPO HHI	Change in HHI
<b>MSAs where an Aetna-Humana merger will be presumed likely to enhance market power</b>			
<b>Kentucky</b>			
Louisville, KY-IN	3418	4019	601
Huntington-Ashland, WV-KY-OH	2224	2633	409
Elizabethtown, KY	3876	4244	368
Lexington-Fayette, KY	3318	3665	347

**Table 6** (continued)

MSA	Pre-merger PPO HHI	Post-merger PPO HHI	Change in HHI
<b>Missouri</b>			
Jefferson City, MO	3079	3381	301
Springfield, MO	2602	2851	249
<b>Mississippi</b>			
Gulfport-Biloxi, MS	3008	3281	273
<b>Ohio</b>			
Cincinnati-Middletown, OH-KY-IN	3358	3600	242
<b>Texas</b>			
San Antonio, TX	3649	3949	300
El Paso, TX	3270	3514	245
Houston-Sugar Land-Baytown, TX	3211	3426	216
Austin-Round Rock, TX	3322	3528	205
<b>Utah</b>			
Provo-Orem, UT	2319	3463	1144
St. George, UT	2854	3489	635
Salt Lake City, UT	2776	3274	498
Ogden-Clearfield, UT	2550	2834	284
<b>Wisconsin</b>			
Sheboygan, WI	2273	3093	820
Milwaukee-Waukesha-West Allis, WI	1971	2623	652
<b>MSAs where an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny</b>			
<b>Colorado</b>			
Colorado Springs, CO	2719	2857	138
<b>Florida</b>			
Tampa-St. Petersburg-Clearwater, FL	2729	2857	128
Miami-Miami Beach-Kendall, FL	3003	3119	116
<b>Illinois</b>			
Lake County-Kenosha County, IL-WI	4175	4367	192
Rockford, IL	5014	5193	178
Bloomington-Normal, IL	4517	4676	158
Chicago-Naperville-Joliet, IL	4958	5078	120
<b>Indiana</b>			
Evansville, IN-KY	3863	4061	198
<b>Kansas</b>			
Lawrence, KS	3733	3845	113
<b>Louisiana</b>			
Lake Charles, LA	5747	5847	100
<b>Missouri</b>			
Joplin, MO	2257	2411	154
<b>Mississippi</b>			
Jackson, MS	3859	4033	174
<b>Tennessee</b>			
Clarksville, TN-KY	2716	2830	114
<b>Texas</b>			
Killeen-Temple-Fort Hood, TX	2792	2989	197

**Table 6** (continued)

MSA	Pre-merger PPO HHI	Post-merger PPO HHI	Change in HHI
Corpus Christi, TX	4208	4404	196
Fort Worth-Arlington, TX	3524	3710	186
San Angelo, TX	4739	4924	185
Dallas-Plano-Irving, TX	3543	3713	170
Victoria, TX	4241	4400	159
Lubbock, TX	5078	5230	152
Beaumont-Port Arthur, TX	3692	3838	146
Waco, TX	3511	3650	140
Sherman-Denison, TX	3946	4062	116
Brownsville-Harlingen, TX	5150	5264	114
<b>Wisconsin</b>			
Racine, WI	1829	2475	646
Appleton, WI	1610	1961	352
Oshkosh-Neenah, WI	1920	2240	320
Janesville, WI	1653	1894	241
Green Bay, WI	1521	1710	189
Eau Claire, WI	2052	2193	141
Fond du Lac, WI	1449	1572	124

## POS markets

**Table 7**

State	Pre-merger POS HHI	Post-merger POS HHI	Change in HHI
<b>States where an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny</b>			
Georgia	3636	3773	137
Louisiana	6857	6981	124

**Table 8**

MSA	Pre-merger POS HHI	Post-merger POS HHI	Change in HHI
<b>MSAs where an Aetna-Humana merger will be presumed likely to enhance market power</b>			
<b>Georgia</b>			
Gainesville, GA	3434	3760	326
Macon, GA	3403	3678	275
Rome, GA	3902	4150	248
<b>Louisiana</b>			
Baton Rouge, GA	5749	5970	220
<b>MSAs where an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny</b>			
<b>Georgia</b>			
Atlanta-Sandy Springs-Marietta, GA	3366	3560	194
<b>Louisiana</b>			
Monroe, LA	5972	6100	129



**Table 8** (continued)

MSA	Pre-merger POS HHI	Post-merger POS HHI	Change in HHI
Shreveport-Bossier City, LA	7051	7179	128
New Orleans-Metairie-Kenner, LA	6577	6702	125

## Exchanges

**Table 9**

State	Pre-merger EXCH HHI	Post-merger EXCH HHI	Change in HHI
<b>State where an Aetna-Humana merger will be presumed likely to enhance market power</b>			
Florida	3360	4009	649
<b>States where an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny</b>			
Arizona	3047	3219	172
Utah	4402	4525	123

**Table 10**

MSA	Pre-merger EXCH HHI	Post-merger EXCH HHI	Change in HHI
<b>MSAs where an Aetna-Humana merger will be presumed likely to enhance market power</b>			
<b>Florida</b>			
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	4583	8410	3826
West Palm Beach-Boca Raton-Boynton Beach, FL	5357	8004	2648
Miami-Miami Beach-Kendall, FL	2274	3469	1196
Lakeland-Winter Waven, FL	4226	4570	344
Tampa-St. Petersburg-Clearwater, FL	5401	5683	282
<b>Illinois</b>			
Peoria, IL	4002	4879	877
Springfield, IL	3124	3714	589
<b>Texas</b>			
San Antonio, TX	3169	3811	642
Beaumont-Port Arthur, TX	4499	5104	604
<b>MSAs where an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny</b>			
<b>Arizona</b>			
Phoenix-Mesa-Scottsdale, AZ	3363	3488	125
<b>Florida</b>			
Punta Gorda, FL	6826	6970	143
Orlando-Kissimmee, FL	4696	4813	117
<b>Illinois</b>			
Rockford, IL	5750	5885	135
<b>Texas</b>			
Austin-Round Rock, TX	2261	2467	205
Houston-Sugar Land-Baytown, TX	4353	4535	182
<b>Utah</b>			
Salt Lake City, UT	4593	4766	173
Ogden-Clearfield, UT	4583	4697	114

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