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Director John M Huff
Director
Department of Insurance, Financial Institutions & Professional Registration
Truman State Office Building
Room 530
P.O. Box 690
Jefferson City, MO 65102

Re: Public Hearing for Aetna-Humana Merger

Dear Director Huff:

I am submitting written testimony on behalf of the Consumers Council of Missouri, an advocacy group founded in 1971 to advocate for the interest of Missouri Consumers.

In the last year, four of the five largest health insurance companies in Missouri -- Aetna-Humana and Anthem-Cigna -- have pursued mergers. As the Missouri Department of Insurance, Financial Institutions & Professional Registration (DIFP) reviews proposed mergers, we would like to recognize the thoughtful process taken by DIFP in holding a public hearing as well its commitment to hearing public comment.

With regards to the proposed Aetna-Humana merger, the Consumers Council of Missouri would like to share our profound concern. The merging of Aetna and Humana will result in significantly decreased choice for consumers across the country but is particularly bad for Missouri. In fact, Missouri is the WORST state in which to consider this merger, causing direct harm to millions of Missourians.

First, and foremost, the merging of these two DOMINANT insurers will result in near monopolies across the state. Missouri has the MOST counties where the collective share of these two companies is over 50%. Particularly worrisome is how this merger will affect Medicaid Advantage patients where the combined market share of Aetna and Humana is well over 50% across the state, creating a near monopoly in the Medicare Advantage market.

To make matters worse, United Healthcare, the only one of the 5 largest insurers in the state not proposing a merger, has announced that it will withdraw from the MO exchange along with many other states.

This significant reduction in competition will most certainly result in increased cost to consumers, as has been the case with previous consolidations.

Not only does the competition look bleak after this merger but Missouri has no safety valve. There are no laws that protect consumers against excessive rates. In fact, under the department's interpretation of Proposition E, consumers are unprotected.

The consequences of being wrong if we approve are much worse than being wrong if we deny it. If this merger adversely affects competition, and it most certainly will, the results will be catastrophic and we will have no power to undo it.

We urge you to disapprove the entire merger. A compromise will not work. Under a prior administration, the department, well-intentioned, approved some mergers with conditions, but this did not work, as demonstrated by many studies. We can look back to 1996 when United bought GenCare; rates went up even though we tried to prevent it.

This deal would produce a company with more than 33 million customers. It requires approval from the US Department of Justice but it is also contingent upon your approval. This is why we to urge you take appropriate action under your authority and responsibility to protect competition and consumers. The Consumers Council of Missouri urges you to carefully evaluate this merger to ensure that the decision made here today promotes the best interest of all patients and all consumers of health insurance in the state of Missouri. The Consumers Council of Missouri stands in full opposition of this merger, which would cause direct harm to millions of Missourians and implore of you, Director Huff, to disapprove it entirely.

Respectfully Submitted,



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