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PRESS RELEASE

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HEALTHNET-CENTENE MERGER APPROVED BY DMHC WITH CONDITIONS

- *Consumer Groups Urged Many of the Commitments and Investments Imposed, to Protect Patients' Rights, Improve Quality and Customer Service and Support the Safety Net.*
- *Centene Did Not Accept Other Conditions, Including Guarantee of No Unreasonable Rate Increases, Privacy Guarantees.*
- *Health and Patient Advocates Will Press For Additional Conditions on Two Still-Pending Insurance Mega-Mergers; If Insurers Want to Get Bigger, They Must Commit to Getting Better. More Materials at: <http://www.health-access.org/consumer-protection/merger-watch.html>*

SACRAMENTO, CA – Today the California Department of Managed Care announced the approval Centene's acquisition of Health Net, with a range of conditions from keeping and expanding operations in California, to commitments to improve in quality and customer service, to investments in our state's safety-net.

Many of these conditions were urged by consumer groups, including Health Access California, to ensure proper oversight and consumer protection as these and other insurance companies merge and become larger. (The letter to the DMHC is on our Merger Watch web page at: http://www.health-access.org/images/pdfs/health_access_comments_centene-healthnet_merger_12142015.pdf)

Specifically, consumer advocates advocated for requiring Centene to improve its track record in California, on everything from quality ratings to transparency to other items. Additionally, because Centene is based in Delaware, consumer advocates argued it should be required to have California-based legal counsel and experienced policy staff who are knowledgeable about California-specific consumer protections and other requirements placed on our health insurers.

"We appreciate that California regulators appropriately conditioned this merger on several commitments to improved quality and customer service, and investments in the state's safety-net," said Anthony Wright, executive director of Health Access California,

the statewide health care consumer advocacy coalition. “These are not onerous commitments: many of the conditions were to get Centene to fix deficiencies and follow existing consumer protection laws and regulations. While some of our proposed conditions were included, others were not, including a guarantee not to go forward with unreasonable rate increases, and other conditions to ensure the benefits from the claimed efficiencies of the merger actually are shared with patients.”

“Moving forward, California regulators need to be vigilant to make sure these commitments are kept—which Centene has a troubled record such as when they withdrew from the Kentucky market,” said Tam Ma, policy counsel with Health Access. “We will continue to push for additional conditions on the two even bigger insurance megamergers still pending. Insurers should not be allowed to get bigger without strong commitments to get better.”

The proposed Centene-Health Net merger is one of three pending insurer mergers being reviewed by state regulators. Health Access is also monitoring a merger request from Anthem Blue Cross-Cigna and Aetna-Humana and will continue to fully engage state regulators to ensure strong consumer protections and a commitment to improving California’s health system as a whole.

Next week the California Department of Insurance is holding a hearing in San Francisco on the Anthem-Cigna merger. Consumer groups including Health Access, Consumers Union, and others will raise questions about the structure of the deal, its potential impact on California’s patients and health care systems, and ensure proper oversight as insurance companies merge and become larger. At this public hearing, CDI officials will hear testimony from all interested parties, including the public and consumer advocates.

“This trend of insurer megamergers is troubling, both for the reduced competition and choice, but also letting many insurers--and their bad practices--get more market share. We know that these mergers are in the interest of the insurers, but there's little evidence that they benefit the patient, the consumer, or our health system.” said Tam Ma, policy counsel with Health Access California. "As the Department of Managed Health Care and Department of Insurance reviews other mergers currently pending, California should insist that these deals benefit not just the insurers, but health care consumer and the system as a whole. Consumer and community groups will be active in seeking stronger conditions for the even-bigger mergers coming up for approval in the next few months."

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