PRESS RELEASE

For immediate release:

March 28, 2016

Contact: Anthony Wright, executive director Health Access
awright@health-access.org, 916-870-4782 (cell)

Michael McCauley, Media Director for Consumers Union
mccauley@consumer.org, 415-431-6747 x7606

- CONSUMER ADVOCATES TO TESTIFY ANTHEM-CIGNA MERGER WOULD HARM CALIFORNIA CONSUMERS
- California Department of Insurance (CDI) Holds Official Hearing for Latest and Largest Insurer Mega-Merger
- Track Record of Anthem Blue Cross, California’s Largest Insurer, Scrutinized as It Seeks to Get Even Bigger
- Patient Groups & Public Demand Strong and Enforceable Consumer Protections and Improvements if Approved
- Public Testimony Will Be Heard by the California Department of Insurance TOMORROW, Tuesday, March 29, 1:00 pm in San Francisco

SACRAMENTO, CA – On Tuesday afternoon, Health Access California and Consumers Union along with other consumer groups will testify at an official hearing of the California Department of Insurance (CDI) on Anthem Blue Cross’ proposed takeover of Cigna. This hearing takes place a few weeks after a public meeting held by the Department of Managed Health Care (DMHC).

Consumer and patient groups will raise questions about the proposed merger and its potential impact on California’s patients and health system and call for strong oversight as insurance companies continue to merge and become larger.

Anthem Blue Cross is one of the largest health insurance companies in California and operates in both the commercial and public market. Consumer advocates argue that Anthem’s troubling record of not meeting its obligations to its customers raises questions about whether those problems will only grow as the company grows. For example, Anthem was fined last year for inaccurate provider directories that make it difficult for consumers to find a doctor in their network. State regulators also fined Anthem $1.5 million for not paying for an important prenatal test, exposing 27,000 patients to unnecessary costs. Anthem’s has low quality ratings for its Covered California and Medi-Cal products. Anthem has also repeatedly proceeded with rate increases the Department of Insurance found to be unreasonable.
“The Anthem-Cigna merger is the most troubling of the insurance mega-mergers in California and nationally. As one of the largest insurance companies in California, Anthem provides coverage for millions of consumers yet has a record of not meeting basic consumer protection laws. Anthem should not be allowed to get bigger unless it gets better. Consumers must actually benefit from the mergers by getting lower premiums, lower out-of-pocket costs, higher quality care, better service, and reduced health disparities,” said Tam Ma, policy counsel, Health Access California, the statewide health care consumer advocacy coalition.

Consumer advocates are urging state regulators to scrutinize this deal and others that are pending and impose conditions to ensure protections for individual policyholders and for California's health system as a whole.

"Experience suggests that an even larger Anthem with more market power would be less, not more, motivated to innovate, improve quality and pass along savings to consumers," said Elizabeth Imholz, Special Projects Director for Consumers Union, the policy and advocacy division of nonprofit Consumer Reports. "Anthem’s history in California on both pricing and quality suggest that without compulsion by regulators, a bigger, more powerful Anthem would not improve consumers' lot. There are also ongoing antitrust investigations that could block this deal. In case they don't, Californians need state regulators and the Attorney General to secure concrete, enforceable assurances from Anthem that the marketplace will be improved—not just for Anthem and Cigna—but for consumers."

"Without strong commitments that provide substantial public benefits to California, this merger should not be approved. The California Department of Insurance recently conditioned approval of the less problematic Centene/HealthNet merger on, amongst other things, the company investing $230 million in job creation and community development initiatives focused on health services and facilities for California's low income residents. No less should be required here,” said Kevin Stein, Associate Director of the California Reinvestment Coalition. “Ultimately, all insurance companies should be required to offer good products, quality services and impactful investments in order to improve the health of policyholders and their communities."

The CDI official hearing is Tuesday, March 29 at 1:00 pm at the California Dept. of Insurance, 45 Fremont Street, 22nd Floor, CDI Hearing Room, San Francisco, CA 94105. The hearing notice can be found here.

###