



Minnesota Hospital Association

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Sent via email to: commerce.commissioner@state.mn.us

The Honorable Michael Rothman
Commissioner
Minnesota Department of Commerce
85 7th Place E., Ste. 500
Saint Paul, MN 55101-2198

Dear Commissioner Rothman:

Lorry Massa, the Minnesota Hospital Association's (MHA) President & CEO, and I had hoped to talk with you in person before tomorrow's National Association of Insurance Commissioners (NAIC) meeting to discuss concerns MHA and the American Hospital Association (AHA) have with respect to proposed health plan mergers, as well as other topics related to your leadership role in NAIC and state-level issues. Although our schedules did not align, we look forward to talking with you soon about these topics. In the meantime, I have summarized the most pertinent information for you to consider before tomorrow's NAIC meeting.

In particular, on behalf of MHA and our 143 hospitals and health systems serving communities throughout the state, we encourage you to support forming a NAIC committee to study the Aetna/Humana and Anthem/Cigna proposed mergers.

First, we recognize that these proposed mergers do not pose the same magnitude of immediate impact in Minnesota as they do in other states. Nevertheless, the proposed mergers might have significant impacts on our markets in the short- and long-term.

Each of these health plans already insures Minnesota residents who are employed by multi-state employers. In addition, many of Minnesota's seniors obtain Medicare Advantage coverage from one of these plans. Perhaps more importantly, the Affordable Care Act calls for multi-state health plans to offer products through states' health insurance exchanges and pre-empts state laws, such as Minnesota's requirement that health maintenance organizations be structured as nonprofits, that would otherwise serve as barriers to entry. Therefore, it is foreseeable that any resulting merged organization could become an even larger and perhaps more dominant presence in Minnesota in the years ahead.

Although each individual plan does not have a large market in Minnesota yet, many of our members are all too familiar with their approach to provider-plan relations. Since the advent of Medicare Advantage plans, Minnesota's hospitals and health systems have raised concerns about large, multi-state health plans, including some of these that propose to merge, selling Medicare Advantage coverage for our residents. Our members find that multi-state plans do not engage in any form of negotiation regarding reimbursement rates, often deny claims and delay payments to providers, and otherwise engage in billing and claims tactics designed to force providers into

settling for much lower-than-market payments or giving up on their claims altogether. All of these tactics increase the overall cost of care and administrative burdens within our health system without improving access to or the quality of care our residents receive.

Some of our members have taken the drastic step of refusing to participate in these plans' networks, which is unfortunate for the Medicare Advantage plan, the hospital or health system and, most importantly, the Minnesota seniors who paid premiums for a Medicare Advantage plan they were led to believe offered an unlimited network of providers in their local area.

As Minnesota's Commissioner of Commerce and a leader among your peers across the country, we hope that you will support the proposal to form a NAIC committee to enable the states' experts on health insurance, insurance regulation, competitive forces in insurance marketplaces, consumer protections, etc. to provide guidance about how these proposed mergers should be evaluated. The NAIC formed a similar committee to study and make recommendations when a series of Blue Cross Blue Shield plans proposed converting from nonprofit to for-profit status, so pursuing a similar approach with respect to the proposed health plan mergers is consistent with NAIC's past practice.

For further information about the merits of forming a NAIC committee, I have attached a copy of the congressional testimony from Rick Pollack, President & CEO of AHA.

Again, we hope to have the opportunity to talk with you about other issues and challenges facing Minnesota's health care environment, potential proposals for the 2016 legislative session, and other opportunities for MHA and your department to work together to improve the health insurance and delivery systems that serve our residents.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew L. Anderson', with a long horizontal flourish extending to the right.

Matthew L. Anderson, J.D.
Senior Vice President, Policy & Strategy