

December 16, 2015

Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, FL 32399

Sent by email to: AetnaHearing@floir.com; AnthemHearing@floir.com

The Florida Hospital Association is writing regarding Aetna's proposed acquisition of Humana and Anthem's proposed acquisition of CIGNA. We are concerned about these transactions because, if permitted to proceed, they will have consequences for our entire health care system for many years to come.

While other federal and state agencies will conduct reviews of these transactions, their reviews are not a substitute for the experience and oversight the Office of Insurance Regulation (OIR) can bring to these pending transactions. We therefore ask that your office carefully scrutinize these transactions to determine:

1. Whether the transactions would substantially lessen competition with special attention to those presumptively anticompetitive counties and highly concentrated markets.
2. Whether the acquiring companies have plans to make any material change in corporate structure or management that is unfair to policyholders or contrary to the public interest. In this connection, we ask that you carefully review any change-in-control payments.
3. Whether the transactions would be prejudicial to policyholders or to the insurance buying public. This is a different and much broader standard than the competition standard.

The proposed acquisitions are a risk to the progress that Florida hospitals have made with insurers on care delivery reform models and innovative payment arrangements. There is scant tangible evidence to support insurers' claim that the transactions will allow them to accelerate those efforts. In fact, research shows that "[a]n insurer with stronger market power has less of an incentive to invest in new products" and "no research showing the larger insurers are likelier to innovate."¹ The fact is that providers and non-national insurers are the major source of innovative reform efforts.

Hospitals and other health care providers have every incentive to work together to better coordinate care to ensure that patients are able to get more effective, high quality, convenient care that keeps them healthy. The loss of competition threatened by these transactions will make it even more difficult for providers in our state to find insurer partners willing to work collaboratively on critical delivery system reform efforts.

¹ Testimony of Professor Leemore S. Dafny, Ph.D., Professor of Strategy, Kellogg School of Management Northwestern University, before the Senate Subcommittee on Antitrust, Competition Policy, and Consumer Rights on "Health Insurance Industry Consolidation: What Do We Know From the Past, Is It Relevant in Light of the ACA, and What Should We Ask?" (Dafny Testimony) September 22, 2015 at 3.

Providers in Florida want to, and have, begun to work collaboratively with willing insurer partners to engage in innovative health care delivery and financing reforms to support accessible, high quality, effective and affordable care. Should these proposed insurance transactions be approved, we fear that these efforts to create and sustain collaborative and innovative reform initiatives likely will be hindered. We, therefore, urge state regulators to take an active role in scrutinizing closely these potential acquisitions in order to protect our state's consumers, businesses and providers as the federal regulators simultaneously engage in their own robust review.

Sincerely,

A handwritten signature in blue ink, appearing to read "William A. Bell". The signature is fluid and cursive, with the first name "William" and last name "Bell" clearly distinguishable.

William A. Bell
General Counsel