



**American Hospital
Association**

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November 27, 2007

Thomas O. Barnett
Assistant Attorney General for Antitrust
US Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Dear General Barnett:

The American Hospital Association, on behalf of our nearly 5,000 member hospitals, health care systems, networks and other providers of care, and our 37,000 individual members, is writing to follow up on our letter of April 10, 2007 urging the Antitrust Division (Division) to investigate the proposed merger of UnitedHealth Group (United) with Sierra Health Services, Inc. (Sierra). In our earlier letter, we raised serious concerns about the impact the proposed merger would have on consumers and providers in Nevada by creating additional consolidation in an already highly concentrated market. In particular, our letter focused on the potential adverse effects on price and non-price terms, such as innovation, for consumers and the effect of reduced reimbursement for providers, including hospitals. These serious concerns remain.

We would like to focus the Division's attention on one of the issues that was mentioned in our initial letter, which is the potential adverse effect on government managed care. The impact on Medicare Advantage Plans (MAPs) should also be a concern to the Division. Among the types of MAPs available are: Medicare health maintenance organizations, preferred provider organizations, private fee-for-service plans, and Medicare special needs plans. Most of these plans offer extra benefits, such as prescription drug coverage, and lower co-payments in exchange for the use of providers – hospitals and doctors – that contract with the plans.

However, adequate competition among health plans is imperative if MAPs, and similar health plans, are to be effective. We also noted in our initial letter that Sierra and United combined have a 95 percent share of HMO enrollees in the state. Given the current concentration of Sierra and United in this arena, allowing the proposed merger would seriously undermine the prospect of adequate competition.



Thomas O. Barnett
Page 2
November 27, 2007

Our concerns, about United in particular, recently have been further exacerbated by its attempt to impose unreasonable admission notification protocols on hospitals around the country. The letter attached, from the Kansas Hospital Association to the Kansas State Commissioner of Insurance, is representative of the concerns raised by numerous state hospital associations. The letter describes the new United admission protocol and why its unilateral imposition would unnecessarily raise costs for hospitals and, ultimately, their patients. It is conduct like this that raises particular concerns about the short and long term impacts of a merger involving United. We note that the November 21st letter to the Division from the Speaker of the Nevada Assembly and two of its members raised similar concerns about the impact of "United's Market Conduct" on patients and providers.

We again urge the Division to consider blocking the merger in order to protect competition and the enrollees, beneficiaries, employers, hospitals and physicians that must rely on it.

Sincerely,

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Rick Pollack

Attachments: April 10, 2007 AHA Letter to Gen. Barnett
Letter from Kansas Hospital Association to Kansas State
Commissioner of Insurance