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July 24, 2015

William J. Baer
Assistant Attorney General
U.S. Department of Justice
Antitrust Division
950 Pennsylvania Avenue NW
Washington, D.C. 20530

Dear Assistant Attorney General Baer:

Today, Anthem Inc. announced a plan to acquire Cigna Corp. for roughly \$48 billion. On July 3, 2015 Aetna Inc. announced a \$34.1 billion bid to acquire Humana Inc. I write to bring to your attention to my significant concerns with the potentially harmful impact on consumers and competition should these individual transactions be considered in isolation from one another.

Today's announcement continues the apparent merger frenzy among the five largest health insurance companies in the United States. This trend toward consolidation in the health insurance market would grant insurers greater leverage – and with it greater potential for market power abuse – and it mirrors major consolidation among hospitals and doctor practices, as well as mergers between medical device makers and other suppliers.

Although each of the merger partners in these deals may contend that they be viewed separately, I urge that you scrutinize them together as part of the single national health market, with the goal of maintaining competition and protecting consumers. This combined scrutiny must fulfill the policy goals and legal principles integral to antitrust law and consumer protection. I urge that this scrutiny be exacting and demanding because your decisions will be enduring in market effect.

In a market as important to consumers as health care, this level of consolidation raises serious concerns and could alter access to affordable health care in a number of ways. As a result of the Aetna-Humana deal, consumers would see less competition in individual coverage, as well as in key markets like Medicare Advantage. The number of U.S. counties where 75 percent of Medicare Advantage customers rely upon a single insurer would rise by 180. This could result in premium hikes for consumers – this risk is particularly acute in eight states that would be left with no competitor in their ACA insurance exchanges. Having only one insurer in a state marketplace could drive down the quality of plans offered to consumers.

The Anthem-Cigna transaction would also consolidate two giants in commercial insurance, particularly in the large, multistate coverage market. The combined effect of these two proposed transactions would be to reduce the number of large, national health insurance providers from five to three. This outcome will increase consolidation significantly in the sale of health plans to national accounts, reducing employers' power to bargain on behalf of their employees.

When viewed together both of these proposed deals raise competitive concerns related to an increase of excessive buying (or monopsony) power, which could depress the reimbursement rates paid to physicians and lead to a reduction in quality of care.

The national implications are such that each individual merger cannot be reviewed independently from one another. I trust that you will carefully review these acquisitions to ensure that consumers, patients and the marketplace are protected from anticompetitive harm or market power abuse.

Sincerely,

A handwritten signature in blue ink, reading "Richard Blumenthal". The signature is fluid and cursive, with a prominent flourish at the end.

Richard Blumenthal
United States Senate