

BREAKING: DOJ Files Lawsuit to Block United-Change Healthcare Merger

After months of speculation and opposition from industry groups, the Department of Justice (DOJ), along with attorneys general of New York and Minnesota, [filed a lawsuit](#) in federal court in the District of Columbia to block the merger of UnitedHealth and Change Healthcare, just days ahead of the February 27 deadline set for the deal to close. According to the [DOJ announcement](#) released on February 24, the lawsuit alleges the proposed \$13 billion deal would not only harm competition in commercial health insurance markets, but also the market for technology used by health insurers to process insurance claims.

Announced in January 2021, UnitedHealth Group (UHG)'s proposed acquisition of Change Healthcare—a healthcare technology company—into UHG's Optum subsidiary has been under investigation from the DOJ as many industry stakeholders have spoken out against the deal. In a [letter to the DOJ](#), the American Medical Association warned the merger could lead to consolidation of healthcare data and reduce competition for the sale of health IT services to hospitals and providers, for which Optum is also a major competitor. The [National Community Pharmacists Association](#) urged the DOJ to block the transaction, saying independent pharmacies already struggle to compete and the merger would create an anticompetitive “corporate monster that will gobble up local pharmacies.” Separately, the American Antitrust Institute (AAI) also expressed concerns that the acquisition could harm competition and consumers. [AAI's letter to the DOJ](#) pointed out that “a larger and more powerful Optum could enhance UHG's incentives to favor its dominant health insurer, UnitedHealthcare, to the disadvantage of rivals.”

Furthermore, the acquisition would add to the behemoth power of United Health Group, as detailed in a pair of antitrust lawsuits filed in March 2021 in Colorado and Texas state courts by U.S. Anesthesia Partners (USAP), a physician practice group made of anesthesiologists who practice in nine states, alleging United Healthcare used its market power to “squeeze” the group out of its insurance network and the marketplace for its own financial gains (see the [Source Blog](#) for details).

The new lawsuit by DOJ alleges that the acquisition of Change Healthcare would give United, a company that owns the largest health insurer in the country, access to healthcare data of competitor insurers, giving United an unfair advantage and harm competition in health insurance markets. The lessened competition would in turn result in higher cost and lower quality commercial health insurance for healthcare consumers. Specifically, the complaint alleges the proposed merger would have anticompetitive effect in healthcare markets as follows:

1. United would gain the ability and incentive to obtain and use its rivals’ competitively sensitive information, harming the competitive process in the sale of commercial health insurance to national accounts and large group employers;
2. United would gain the ability and incentive to raise its rivals’ costs, harming the competitive process in the sale of commercial health insurance to national accounts and large group employers;
3. competition between United and Change in the sale of first-pass claims editing solutions would be eliminated prices of first-pass claims editing solutions would likely increase to levels above what would prevail absent the transaction, and the quality of first-pass claims editing solutions would likely be reduced compared to what would prevail absent the transaction; and

4. competition and innovation in the relevant markets would be reduced generally.

The lawsuit requests permanent injunction against the merger. Read the new complaint [here](#) and follow the latest developments in the case on the [Source Blog](#).