

Source Advisory Board Member Greaney Weighs in on Big Insurance Mergers

Last month, in a [letter](#) to the U.S. Department of Justice (DOJ) Antitrust Division, the [American Antitrust Institute](#) described the competitive and consumer concerns surrounding the proposed health insurance mergers of Aetna-Humana and Anthem-Cigna. Source Advisory Board Member and AAI Advisor [Tim Greaney](#) co-authored the letter with AAI President Diana Moss. Professor Greaney testified before a House subcommittee last September on the dangers posed by the mergers, and submitted this [prepared statement](#) (as did Source Executive Editor Jaime King, who submitted this [prepared statement](#)).

AAI's letter argues, based on economic evidence, that the proposed mergers would likely harm competition and consumers, and urges DOJ to be vigilant over consolidation in the healthcare supply chain, including here, where insurers appear to be coming together to increase bargaining power vis-à-vis providers. The letter debunks the enhancement of bargaining power as a rationale for the insurance mergers, and addresses pro-merger arguments, including (1) entry could assuage competitive concerns, and (2) regulation could constrain the exercise of market power post-merger. The letter also specifically addresses key issues surrounding the Aetna-Humana and Anthem-Cigna mergers, including (1) the importance of considering Medicare Advantage a distinct relevant market|(2) the potential for reversing the benefits to competition achieved under the Affordable Care Act|and (3) how existing contractual agreements could exacerbate merger-induced loss of competition.

Further, the letter warns DOJ about increased market concentration and presents evidence of higher premiums and diminished quality and innovation that have resulted from past insurance mergers. Finally, the authors argue that divestitures are likely an ineffective post-merger remedy to address their concerns because divestitures would be difficult and impractical, including because they impose burdens on enforcers and the judiciary.