# Talking Points: The Anthem-Cigna Merger in New York

**The Anthem-Cigna merger will reduce competition in New York State**:

- Nationally, the proposed merger of Anthem and Cigna is worth $48 billion, and would create a gigantic insurance company that would have over 37 million enrollees. Recently the Department of Justice filed suit to block the Anthem-Cigna, arguing that it will lessen competition and lead to higher health insurance prices and worse service for millions of Americans.

- In New York, the Anthem-Cigna merger will reduce competition in the administrative-services-only (ASO) market. This market serves large employers, unions, and government agencies who pay directly for their employees' health care but pay outside companies like Anthem and Cigna to handle administrative tasks such as processing claims or creating provider networks. The newly merged company would possess over 35 percent of the ASO market.

- The merger would be particularly harmful to the ASO markets in Allegany, Essex, and Schuyler Counties, and the metropolitan statistical areas of Binghamton, Cortland, Duchess-County-Putnam County, Glens Falls, Kingston, Nassau County-Suffolk County, and New York-Jersey City-White Plains, NY-NJ. Currently, Anthem and Cigna compete against each other in these areas.

**When insurance companies compete against each other for customers, they have a reason to provide better service at lower costs**:

- Research shows that this basic economic premise is true for health insurance competition. Two separate studies on health insurance mergers in the past found significant premium increases for consumers post-merger. One of these studies examined the 1999 Aetna-Prudential merger, which resulted in an additional 7% premium increase overall. The other examined the 2008 United-Sierra merger, which resulted in an additional 13.7% premium increase in Nevada.

**Remedies or conditions placed on the newly merged company are unlikely to truly protect consumers**:

- In the past antitrust authorities have traditionally relied on remedies like divestiture to protect consumers from harmful effects of reduced competition, but divestitures for past health insurance mergers have failed to restore competition. Instead, consumers have paid the price in less competition and higher premiums.

**The Department of Financial Services should recognize the evidence that this merger hurts competition and consumers and reject it.**