



News from:
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**COMPTROLLER LEMBO TO INSURANCE COMMISSIONER:
RECUSE SELF AND RESTORE PUBLIC CONFIDENCE IN
ANTHEM-CIGNA REVIEW PROCESS**

Comptroller Kevin Lembo, in a follow-up letter to state Department of Insurance (DOI) Commissioner Katherine Wade today, urged that she immediately recuse herself from the Anthem-Cigna merger review process and ensure that all interested parties can fully participate in order to restore public confidence.

Lembo acknowledged that the Office of State Ethics (OSE) has been asked again to rule on whether the commissioner's past and existing relationships with Cigna constitute a conflict of interest – but said that, even if that results in a “favorable” ruling, it “will not remove public skepticism of your role in the review of the merger.”

Today's letter was a follow-up to a letter that Lembo sent earlier this year raising concerns about the openness and inclusiveness of the Anthem-Cigna merger review process.

“In the last several months, several new developments have come to light that raise serious questions about the fairness and transparency of the review process,” Lembo said. “With each passing day I grow more concerned about both the process by which the review is being conducted and the eventual impact of the proposed merger on the State of Connecticut and its residents.”

Lembo wrote, “I urge you to take immediate action to restore public confidence in the integrity of the department's ongoing review by recusing yourself from the process, ensuring the activities and proceedings surrounding the review are as transparent as possible and that all interested parties have the ability to fully participate in the public hearing process.”

Lembo, as the administrator of the state's largest health plan, covering over 200,000 members, said the merger will have significant impacts across the country and even greater impacts in Connecticut. Lembo said he is not advocating for approval or denial of the merger at this point – only that the review process be fair and open.

If the merger between Anthem and Cigna is approved, Lembo said concentration in the Connecticut health insurance market will increase by 44 percent (using Herfindahl-Hirschman Index), and the concentration of the Administrative Service Organization (ASO) market is projected to be even more drastic, increasing by 47 percent.

“The increased concentration could have a direct impact on insurance rates, thereby increasing costs for consumers,” Lembo said. Regarding the state plan, he said, “The significant increase in the concentration of the ASO market will mean less competition for the ASO contract to administer health benefits for the state employee plan in the future, potentially increasing administrative costs for the state.

“I am also concerned about the potential impact on provider choice and access. The market power of the new entity could force additional provider consolidation to increase provider bargaining power and/or result in a reduction in access to care provided by physicians.”

Lembo said the stakes in this merger are so high – including the threat of merger-related job loss if Anthem and Cigna seek to streamline duplicative activities and services – that the department cannot risk even the appearance of a compromised review process.

“The revelations and repeated reports about your financial, personal and professional ties to Cigna will make it challenging for the Connecticut public to view the review process of the Anthem-Cigna merger as fair and transparent if you continue to directly oversee the review,” Lembo said.

Proactive steps should include providing public access to all documents related to the merger that are not prohibited from disclosure by law – and a public hearing held at a venue and time that allows for maximum public participation, and that grants interested parties intervenor status to allow for adequate review, Lembo said.

“The process by which the final decision is reached is at least as important as the decision itself,” Lembo wrote. “Eliminating any real or perceived conflicts of interest by recusing yourself from the review process and providing as much transparency and public access to documents and details related to the review would greatly strengthen public confidence in the proceedings.”

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