

Feds Challenge Big Health Insurance Mega-Merger

Written by Citizen Action of Wisconsin, Robert Kraig
Saturday, 23 July 2016 11:33 -

<http://newiproggressive.com/images/stories/S5/humana-2-s5.jpg>



Walker rubber stamped Aetna - Humana merger. At stake are over 3,000 Wisconsin jobs that could face outsourcing and affordability of health insurance.

GREEN BAY - Yesterday the US Department of Justice challenged the multi-billion dollar merger proposals by four of the largest health insurance corporations in America: Aetna with Humana and Anthem with Cigna.

This decision comes after efforts by consumer advocates in Wisconsin and across the country to block or place stringent conditions on the mergers because of their consequences for jobs and health insurance affordability. In April Governor Scott Walker's Commission of Insurance, Ted Nickel, approved the merger of health insurance giants Humana and Aetna without any significant conditions [despite grave concerns](#) raised about the outsourcing of jobs and the impact of market concentration on health insurance affordability and quality.

The Department of Justice cited numerous concerns over the anti-competitive consequences of these proposed mega-mergers. Said [Attorney General Loretta Lynch](#) : "if these mergers were to take place, the competition among these insurers that has pushed them to provide lower premiums, higher quality care and better benefits would be eliminated."

[Wisconsin discussions](#) of the proposed mega-merger also focused on the impact on employment. Humana employs over 3,000 people, mostly in the Green Bay area. Advocates and legislators in April [urged the Wisconsin Commissioner of Insurance's](#) office to set a requirement for the company to not outsource jobs and undertake mass layoffs as a condition of approving the merger.

Instead, [Walker's Insurance Commissioner](#) swept all of the objections raised by consumer advocates under the rug. The hearing examiner's report went as far as to stipulate to that the "competence and integrity" of Aetna's management was such that it was in the public interest to

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approve the merger. Aetna was one of the national insurance companies that used to engage in ethically deplorable business practices before they were outlawed, including profiting from discrimination against people with pre-existing conditions.

The Walker Administration could have required the combined company not to outsource the over 3,000 Humana jobs in Green Bay. Instead, they only required notification of jobs cuts for three years, without any public recourse if the jobs are eliminated. Recently the Walker Administration was [caught red-handed not following through](#) on similar outsourcing notification requirements at the Wisconsin Economic Development Corporation (WEDC).

The Walker Administration could also could have put in safeguards against large health insurance rate increases, but choose to do nothing to protect health care consumers.

The lawyers representing Aetna and Humana touted \$1.7 billion in savings due to the merger at the Wisconsin public hearing on March 30, but did not comment on whether these savings came in part from outsourcing jobs in Wisconsin. The Wisconsin Insurance Commissioner has broad authority under Wisconsin law it could have used to either block the merger or set conditions to protect the interest of consumers and workers. Senator Dave Hansen and Representative Eric Genrich asked OCI to require that there be [no net job reductions as a result of the merger](#) , but were ignored.

On March 18 organizations advocating for consumers and workers [sent a letter](#) raising concerns about the merger. The letter includes academic research that such mergers have always increased health insurance rates, and that savings from consolidation are not passed on to consumers.

The CEO of Humana, Bruce Broussard, will receive a [golden parachute of over \\$40 million](#) as a result of the deal.

“It is outrageous that the Walker Administration did nothing to safeguard Wisconsin jobs or protect health care consumers in return for allowing this mega health insurance merger to go forward,” said Robert Kraig, Executive Director of Citizen Action of Wisconsin. “If it wasn’t for the actions of the US Department of Justice, big insurance companies would still have been allowed to further rig the health care system against health consumers and workers.”

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Citizen Action of Wisconsin, as part of a [national coalition opposed to mega-mergers without conditions](#), applauds the federal government for following its charge to protect consumers and workers from the monopoly practices and the efforts of large corporations who seek to rig the game against the public.

Citizen Action of Wisconsin is Proud to be a Union Employer, OPEIU Local 9, AFL-CIO