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Summary of Intended Testimony Proposed Acquisition of Health Net Life Insurance Company by Centene Corporation

Tam M. Ma
Policy Counsel, Health Access California

Health Access California intends to provide testimony regarding the following issues:

I. HISTORY SHOWS CONSUMERS DO NOT BENEFIT FROM HEALTH INSURANCE INDUSTRY CONSOLIDATION

- Research shows prior mergers have led to higher costs.
- No evidence provided that proposed merger will lead to lower costs or better value.
- Insurer mergers must not undermine the state's implementation of the Affordable Care Act (ACA).

II. IMPACT OF PROPOSED MERGER ON CALIFORNIA'S COMMERCIAL MARKET

- The proposed merger raises concerns about how it will affect commercial and government purchasers such as Covered California, and their ability to maintain continuity of care, negotiate for value, and manage costs.
- Health Net's continued participation in Covered California and Centene's competency in new lines of business should merger go through.

III. IMPACT OF PROPOSED MERGER ON CALIFORNIA CONSUMERS

- When an insurer with problems seeks to merge, California regulators should insist on commitments to ensure they get better as they get bigger—so their problems do not grow along with the company.
- Health care costs are a major concern for consumers and purchasers. Health Net's history of unreasonable rate increases undermine consumers' financial security and force consumers and purchasers to pay more for health care than justified.
- Premium dollars must not be used to finance costs of the merger.
- Health Net's track record, as evidenced by quality ratings, independent medical review, complaint data, and other information.
- The newly merged company must be accountable to CA consumers and regulators by having a key legal, regulatory, and customer service staff based in California.

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