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**What Mergers Mean for Consumers**

What will be the impact on consumers of combining four of the nation’s five largest insurers? Using available information from past-insurance mergers as well as economic evidence, below are four likely outcomes.

***Higher Premiums*:** When insurance companies merge, they raise premiums costs on consumers. Two separate studies, [one](http://www.hmpi.org/pdf/HMPI%20-%20Guardado%2C%20Emmons%2C%20Kane%2C%20Price%20Effects%20of%20a%20Larger%20Merger%20of%20Health%20Insurers.pdf) analyzing the 2008 merger of UnitedHealth and Sierra and [one](http://www.kellogg.northwestern.edu/faculty/dafny/personal/documents/publications/ms_2010_0837_0804.pdf) analyzing the 1999 merger of Aetna and Prudential, demonstrate that post-merger, insurers raised consumers’ premiums by 13.7 percent and 7 percent respectively. These studies confirm what many in the antitrust community believe —fewer competitors within a market allow parties to unilaterally increase price. While the CEOs of both Anthem and Aetna pledge to pass-along merger savings to consumers, [when pressed](http://www.wsj.com/articles/aetna-anthem-defend-insurance-deals-contend-markets-will-remain-competitive-1442938512) the parties offer no evidence or studies that show consumers will see lower premiums post-mergers.

***Lower Quality:*** In health care, insurance companies not only compete on price such as low deductibles, but also on health care services offered and quality of their insurance products. If allowed, these mergers will reduce competition, which will reduce the number and quality of health insurance plans offered to consumers. In a 2005 health insurance merger between UnitedHealth and PacifiCare, the [Department of Justice](http://www.justice.gov/atr/case-document/complaint-229) argued that the merger would “likely lead to a reduction in the quantity or degradation in the quality of physician services.” The merger was allowed to proceed only after significant conditions had been met including the divestiture of a number of PacifiCare insurance plans. Given the size and scope of the insurers, the elimination of their services insurers will substantially lessen the [quality of insurance](http://consumersunion.org/research/consumers-union-senate-testimony-underscores-need-for-competition-in-health-insurance-markets/) and the quality of care.

***Less Competition*:** If an individual or family wishes to switch from an Anthem or Aetna plan to a new insurance product, such as switching from an HMO to a PPO, there will be fewer options post-mergers. Along with eliminating two national competitors that offer insurance products in all 50 states, entry by new insurance products to offset harm is highly improbable. According to the [Department of Justice](http://www.justice.gov/atr/speech/antitrust-and-healthcare), there are “strong barriers to entry and expansion in health insurance markets.” With already [highly concentrated](http://www.gao.gov/assets/670/667245.pdf) health insurance markets, new insurance products, such as Affordable Care Act co-ops, are [failing](http://www.ibamag.com/news/obamacare-coop-casualties-climb-to-8-more-to-follow-25920.aspx) to create viable provider networks and entice consumers. Moreover, in 2016, health insurers will be offering [12 percent](http://www.cnbc.com/2015/10/29/fewer-plans-to-be-on-biggest-obamacare-exchange-in-2016.html) fewer plans and 40 percent fewer preferred provider organization plans on the Health Insurance Exchanges. As a result, post-mergers, consumers will be left with less competition and less choice among insurance plans.

***Less Access to Providers*:** It is indisputable that the mergers between Anthem and Cigna and Aetna and Humana will allow lower health care provider reimbursement. As a result, many physicians and hospitals will be forced from insurer networks, potentially separating consumers from the [doctor of their choice](http://www.aafp.org/dam/AAFP/documents/advocacy/legal/antitrust/LT-DOJ-Consolidation-072715.pdf). Furthermore, due to a lack of competition, insurers will increase the usage of [narrow networks](http://www.fiercehealthpayer.com/story/number-narrow-network-plans-varies-widely-state/2015-08-24) to drive consumers to the insurer’s provider of choice. This may result in long wait times for appointments or worse, extreme difficulty finding providers that will accept any new patients. Finally, access in to health care providers will prove particularly problematic in rural areas. With ever-increasing [physician shortages](http://www.ncsl.org/research/health/closing-the-gaps-in-the-rural-primary-care-workfor.aspx), lowered reimbursement and narrow networks access issues in rural America will become even more problematic.