

# **Effect of Proposed California HMO Acquisitions**

**Financial Standards Solvency Board Meeting  
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# Background

## Our Data Collection Activity – 12 Yrs

- **California HealthCare Foundation support**

*(This presentation does not represent the views or opinions of the Foundation)*

**Medical groups with >5 PCPs & direct contracts w/HMOs**

- **Each March, HMO Analysis – comparing medical groups’ HMO enrollment to total HMOs’ enrollment - - *excludes double counting\* created by subcontracting between plans***

**\* equals 1.5+ million**

# Results of Annual HMO Plan Enrollment, March 2015

- **46 DMHC+ 1 DHCS Plans = 20,799,373 lives**
  - Commercial           9,936,886
  - Medicare             2,254,458
  - Med-Cal               8,608,032
- **9 Medicare Only**
- **6 Medi-Cal Only**
- **5 Commercial Only**

See details on C&S' website in Quick Links

*“Calif Enrollment 2015 v 2014”*

<http://www.cattaneostroud.com>

# Effect of Proposed Acquisitions of:

**Aetna + Humana**

**Blue Cross + Cigna**

**Blue Shield + Care 1<sup>st</sup>**

**Centene (Calif Health & Wellness) + Health Net**

**UHC + Aetna (including Humana)**

***New rumor: UHC + Centene (not in this discussion)***

See details on C&S' website in Quick Links  
“*Effect of Proposed Calif HMO Acquisitions*”

<http://www.cattaneostroud.com>

# With or Without Kaiser

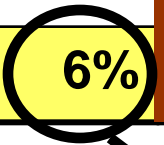
HMO Enrollment is ***Highly Concentrated*** for:  
Commercial  
Medicare  
and the Proposed Acquisitions  
slightly increase concentration  
(*except if UHC did buy Centene*)!

**What does change - -** is the reduction  
of competing plans in a large number of Calif  
Counties for Commercial & Medicare Markets,  
***BUT not for Medi-Cal (much to do with DHCS  
contracting)***

# All Commercial Business

Before		After	
Kaiser	61%	Kaiser	61%
Blue Shield	70%	Blue Cross+Cigna	71%
Health Net	78%	Blue Shield+Care 1st	80%
Blue Cross w/CareMore	86%	UHC+Aetna+Humana	88%
UHC	90%	Centene (CalWell)+Health Net	96%
Aetna	94%	Western Health Advantage	97%
All Others	6%	All Others	3%

Running %

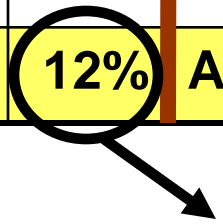


*Already High Concentration!*

# Non-Kaiser Commercial Business

Before		After	
Blue Shield	24%	Blue Cross+Cigna	24%
Health Net	44%	Blue Shield+Care 1st	48%
Blue Cross w/CareMore	63%	UHC+Aetna+Humana	69%
UHC	75%	Centene (CalWell)+Health Net	90%
Aetna	85%	Western Health Advantage	93%
West Hlth	88%	Sharp	96%
All Others	12%	All Others	4%

Running %

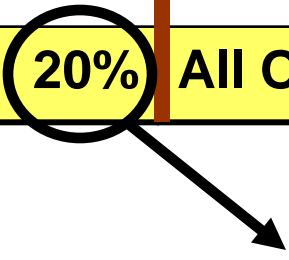


**Already High Concentration!**

# All Medicare Business

Before		After	
Kaiser	46%	Kaiser	46%
UHC	61%	UHC+Aetna+Humana	64%
Health Net	69%	Centene (CalWell)+Health Net	72%
Blue Shield	74%	Blue Shield+Care 1 <sup>st</sup>	80%
Blue Cross w/CareMore	77%	Blue Cross <sub>w/CareMore</sub> +Cigna	83%
Humana	80%	IEHP	84%
All Others	20%	All Others	16%

Running %



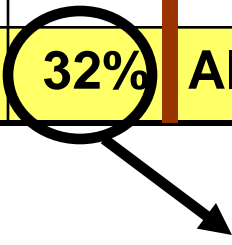
**Already High Concentration!**



# Non-Kaiser Medicare Business

Before		After	
UHC	27%	UHC+Aetna+Humana	33%
Health Net	43%	Centene (CalWell)+Health Net	49%
Blue Shield	52%	Blue Shield+Care 1 <sup>st</sup>	63%
Blue Cross w/CareMore	58%	Blue Cross <sub>w/CareMore</sub> +Cigna	69%
Humana	63%	IEHP	71%
Care 1st	68%	Inter Valley	73%
All Others	32%	All Others	27%

Running %



**Already High Concentration!**

# The “All Others” HMOs represent:

- **County Specific (County Gov’t Employees)**
- **Local/Regional Medicare or Commercial Onlys**
- **Specialty (AIDS, In-House Assisted Living, Chinese)**

# Caveat

Estimated county plan activity based on 5 sources:

- CMS *“Monthly Contract Summary Report – July 2015”* \*
- Plans’ websites \*
- DMHC’s *“View All Health Plans\Contact Information, Counties Served by the Health Plan”* \*
- DMHC’s *“Timely Access Enrollment Spreadsheet”* \*
- DHCS’s *“Medi-Cal Managed Care Enrollment Reports, July 2015”*

**\* Inconsistent (different dates, incomplete, not business line specific) & may be only partial counties**

## Effect of Proposed Acquisitions on Commercial Market

- **Blue Cross + Cigna reduces competitiveness in 31 counties –**

Alameda, Butte, Contra Costa, El Dorado, Fresno, Glenn, Kern, Kings, Los Angeles, Marin, Merced, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Sutter, Tulare, Ventura & Yolo

- **UHC + Aetna reduces competitiveness in 30 counties –**

Alameda, Contra Costa, El Dorado, Fresno, Imperial, Kern, Kings, Los Angeles, Marin, Merced, Nevada, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Tulare, Ventura & Yolo

## Effect of Proposed Acquisitions on Medicare Market

- **Aetna+Humana reduces competitiveness in 8 counties –**

Fresno, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego & Ventura

- **UHC + Aetna + Humana in 27 counties –**

Alameda, Amador, Contra Costa, El Dorado, Fresno, Kern (2), Los Angeles (2), Madera, Merced, Orange(2), Placer, Riverside(2), Sacramento, San Bernardino(2), San Diego(2), San Francisco, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Tulare, Ventura (2) & Yolo

*In above, 7 counties, 2 competitors are reduced*

# Summary

- **Current Total Enrollment Highly Concentrated**
- **Proposed Acquisitions Slightly Increases Concentration**
- **Proposed Acquisitions Reduce Competing Plans in a large number of counties for:**
  - Commercial**
  - Medicare**
- **Whether individual, employer, gov't or medical group - - the competitiveness will be reduced**

*The End*