

**FOR IMMEDIATE RELEASE:**

Thursday, November 15, 2018

**Contact:** [Media@dmhc.ca.gov](mailto:Media@dmhc.ca.gov)

(916) 445-7442

## **DMHC Approves CVS's Acquisition of Aetna**

**(Sacramento)** – California Department of Managed Health Care (DMHC) Director Shelley Rouillard approved CVS Health Corporation's acquisition of Aetna Inc.

"Our primary focus in reviewing a health plan merger is to ensure compliance with the strong consumer protections and financial solvency requirements in state law," said Director Rouillard. "The Department thoroughly examined this merger and determined enrollees will have continued access to appropriate health care services and also imposed conditions that will help increase access and quality of care, remove barriers to care and improve health outcomes."

Per the DMHC's approval, CVS and Aetna agree to not increase premiums as a result of acquisition costs, and keep premium rate increases to a minimum. The plans also agree to invest nearly \$240 million in California's health care delivery system. This includes:

- \$166 million to support California's health care infrastructure and employment, including building and improving facilities in the state and supporting jobs in Fresno and Walnut Creek.
- \$22.8 million to increase the number of health care providers in underrepresented communities by funding scholarships and loan repayment programs under the Health Professions Education Foundation.
- \$22.5 million to support joint ventures and accountable care organizations in the delivery of highly coordinated quality care, and to support value-based pay for performance to improve clinical quality, use of resources and patient experience.
- \$6 million to support efforts to provide accurate, complete and accessible provider directories, and standardize and improve the quality of encounter data, which is essential for measuring quality of care and cost.
- \$5.55 million to expand the California Quality Collaborative Practice Transformation Initiative to increase access and health care quality for underserved areas in California.
- \$3 million to provide free dental care to patients who experience barriers to care.
- \$3 million in consumer assistance to seniors, persons with disabilities, and Medi-Cal/Medicare dual eligible enrollees.
- \$3 million to expand Project Health to CVS Pharmacy locations across California, which provides no-cost preventative services.
- Improve enrollee quality of care through rating and oversight programs under the DMHC and Office of the Patient Advocate, including a \$3 million investment to that end.
- \$1.65 million to integrate emergency medical services providers into community opioid treatment and prevention programs, and to expand a pilot community paramedic project.
- \$1.5 million to support programs that address the social determinants of health.

- \$750,000 to support activities and implement programs to help address the opioid crisis. CVS will also stock Naloxone, which is used to reverse the effects of opioid overdose, in all CVS pharmacies in California and provide training on the drug.

As part of the DMHC's conditions, CVS and Aetna confirmed the sale of Aetna's Medicare Part D Individual Prescription Drug business to WellCare in compliance with the conditional approval by the U.S. Department of Justice. Additionally, until the divestiture is completed, CVS and Aetna will ensure Aetna's Medicare Part D Individual Prescription Drug business in California continues to be a viable and competitive plan for 2019.

The DMHC's full conditions to the transaction are available [here](#).

Aetna filed notice of proposed acquisition by CVS with the DMHC on January 17, 2018. The Department conducted a comprehensive review of the transaction to ensure compliance with the Knox-Keene Act, the body of law that regulates health plans in California. The DMHC examined both parties' organizational and corporate structures, administrative capacity changes, health care delivery system changes, product or subscriber changes, the effect of the transaction on the financial viability of Aetna's DMHC licensed plans, the financing for the transaction, and its impact on consumers.

The DMHC held a public meeting on May 2, 2018 regarding the acquisition. The meeting provided an opportunity for members of the public to comment and allowed representatives from CVS and Aetna to publicly explain the transaction.

**About DMHC:**

The DMHC protects the health care rights of approximately 26 million Californians and ensures a stable health care delivery system. The Department has helped more than 2 million Californians resolve health plan problems through the Help Center. Information and assistance are available at [www.HealthHelp.ca.gov](http://www.HealthHelp.ca.gov) or by calling 1-888-466-2219.