

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 1st

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% |
| | | | |

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% |
| | | | |

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 st | 80% |
| Blue Cross w/CareMore | 77% | Blue Cross _{w/CareMore} +Cigna | 83% |
| Humana | 80% | IEHP | 84% |
| | | | |

} 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 st | 63% |
| Blue Cross w/CareMore | 58% | Blue Cross _{w/CareMore} +Cigna | 69% |
| Humana | 63% | IEHP | 71% |
| Care 1st | 68% | Inter Valley | 73% |
| | | | |

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