

FOR IMMEDIATE RELEASE:

Monday, June 20, 2016

Contact: Media@dmhc.ca.gov

(916) 445-7442

DMHC Approves Aetna's Acquisition of Humana

(Sacramento) – California Department of Managed Health Care (DMHC) Director Shelley Rouillard has approved Aetna's acquisition of Humana.

"The Department's primary focus in reviewing mergers is to ensure compliance with the strong consumer protections and financial solvency requirements of the Knox-Keene Act," said Director Shelley Rouillard. "The Department's conditions on this merger will help control health care costs, increase access to care and improve quality of care. Aetna also has committed to help improve California's health care infrastructure, and invest in programs that will serve the vulnerable populations enrolled in these plans."

The DMHC examines proposed health plan mergers to ensure enrollee health care rights are protected and that enrollees have continued access to appropriate health care services.

As a condition of approving the acquisition, the DMHC successfully negotiated several commitments, referred to as undertakings, that will help control health care costs, expand access to care and improve quality of care. The undertakings include:

- Aetna has agreed to keep HMO Small Group premium rate increases to a minimum and to increased oversight in the DMHC rate review program.
- Aetna will keep key functions and operations such as medical decision making and enrollee grievance and appeals systems in the state.
- Aetna will improve quality of care measured through rating and oversight programs under the National Committee for Quality Assurance and Office of the Patient Advocate.
- Aetna will make several community investments over the next three years to educate at-risk populations on their health care rights, increase access to care for low-income and underserved communities, and improve California's health care infrastructure. These investments are:
 - \$6 million to support consumer assistance programs to help seniors and persons with disabilities understand their health care rights.
 - \$3 million to provide dental services in low-income and/or underserved communities and scholarships for dentists to be trained to serve young children (ages 0-3).
 - \$23 million to strengthen and support the health care industry in the economically distressed community of Fresno through the expansion of a service center.

-More-

- \$1 million to expand telehealth services to increase access to mental health care and reduce unnecessary emergency room visits.
- \$16.5 million in California's health care infrastructure to support accountable care organizations and pay for performance programs.

The DMHC undertakings are available here:

<http://dmhc.ca.gov/Portals/0/AbouttheDMHC/NewsRoom/u061716.pdf>

Background:

The plans filed the proposed acquisition with the DMHC on August 10 and 13, 2015. The Department conducted a thorough review of the proposed transaction, and examined the plans' 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 the plans, the financing for the transaction and the impacts the merger will have on consumers.

The DMHC held a public meeting on January 4, 2016 regarding the merger. The meeting provided an opportunity for members of the public to comment and for Aetna and Humana to publicly explain the transaction.

###

About DMHC:

The DMHC protects the health care rights of more than 25 million Californians and ensures a stable health care delivery system. The Department has helped more than 1.7 million Californians resolve health plan problems through the Help Center. Information and assistance is available at www.HealthHelp.ca.gov or by calling 1-888-466-2219.