



The Voice of Accountable Physician Groups

September 9, 2015

Shelley Rouillard
Director, Department of Managed Healthcare
980 Ninth Street, Suite 900
Sacramento, CA 95814-2725

Re: Anthem – CIGNA, Aetna – Humana, Blue Shield – Care First, and Centene – Health Net Mergers

Dear Shelley,

Thank you for inviting CAPG to offer suggestions to the potential undertakings that may apply to the pending mergers of Anthem-CIGNA, Aetna-Humana, Blue Shield-Care First and Centene-Health Net.

The scale of consolidation is unprecedented and carries real risks to consumers of decreased choice and higher premiums and to providers of decreased compensation for the care they deliver. In each of these mergers, health plans will argue that greater synergies will be created as result of the combination of these large plans, including increased geographic coverage for managed care across California, simplification of payer systems and contracting, increased provider networks resulting from the combination, etc. These synergies will only occur if the Department requires undertakings that will ensure a better infrastructure for enrollment and continuity of care delivery for California's covered population. The Department has previously used undertakings in the past Anthem and United Health Care mergers of the mid-2000s that incorporated health system infrastructure commitments.

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The promise of the Affordable Care Act was that more people would have access to affordable health coverage. While in the main that promise has been delivered in California, the available, affordable options have incorporated high deductibles and narrow provider networks. These narrow networks generally incorporate steep financial consequences for stepping out of the prescribed path of access to care. In most instances, the consequence is significantly higher coinsurance or copays. However, in some Covered California offerings, there is no coverage for out of network care.

It is frequently stated as an axiom that health consumers must become better shoppers for health care services. But how can a patient or their family gain the critical information to know that Doctor A is a provider on their particular health plan coverage? Physicians may agree to a contract for one line of service but not for another. Frequent terminations are increasingly the norm. Convoluted coverage language places the risk on the member for a misstep.

CAPG is proposing two initiatives that enjoy wide support in the health industry and policy arena that will empower enrollees to determine which plans and providers deliver the best care at the price that they can afford. Restating from the goals of the Let's Get Healthy Task Force and the CalSim proposal, we urge you to consider the following priorities:

All Payer Claims Database. As we have seen in Colorado under the Center for Improving Value in Health Care (CIVHC) database, consumers can access a wide variety of cost, utilization and quality reports that are currently available on the website by county and zip code. The website is constantly improved as broader payer data and greater consumer utility functions are added. This empowers enrollees to determine which plans and providers deliver the best care at the price that they can afford. California is not that far away from implementing such a system. We already have comprehensive quality information on public websites, we have the ability to collect fee for service claims data. California needs a centralized, all plan, all provider, encounter data clearing house, and we will soon have the DHCS PACES encounter data reporting system that will span 26 health plans. PACES will provide a standardized portal for encounter data reporting across the industry. We will also need a standard "deductible accumulator" so that enrollees can access information about their deductible limits as easily as checking their bank balance on a smart phone (similar to the 2014 bill, SB 1176). The Department could require as undertakings in these four pending mergers the creation of a fund to build a statewide, independent, third party utility similar to that proposed under Senator Hernandez' SB 26.

- **Multiplan Provider Directory:** Fund a single, multi-plan provider directory project under an independent third party entity, or under the auspices of the Department of Managed Health Care, that provides an online portal for near-real time updating of provider status. A provider could log on and update his or her

status and information and the data would be accessible to each of that provider's contracted health plans. The portal could be accessed by the Department for filing compliance and review and the public for network transparency. This will empower enrollees by increasing their ease of access to providers and it will allow them to compare one plan's network against another so that they can make more informed decisions about their health care.

Spreading the costs over four near-simultaneous merger transactions would lessen the financial impact to any single health plan. Consumers would enjoy much greater ease of use in the California health care marketplace. In addition to the specific items above, we suggest that the undertakings include provisions requiring the commitments to be tracked, measured, and enforced.

Thank you for the opportunity to provide our suggestions. Should there be an opportunity for CAPG to participate in the drafting or review of the undertaking, we would ask to be included in that process.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald H. Crane". The signature is fluid and cursive, with a large initial "D" and "C".

Donald H. Crane
President and CEO
CAPG