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Commissioner Robertson:

Good Morning! My name is Julie Reed and I am the Executive Vice President of the Indiana State Medical Association. The ISMA represents 8,000 physicians and medical students in all 92 counties of Indiana. Since 1849, the ISMA has been dedicated to helping Indiana physicians provide the best possible health care for their patients. Thank you for the opportunity to participate in this important process.

Earlier this week, a statement was submitted to your office by the American Medical Association, which the ISMA supports. We would urge your careful review of that information. To highlight from it briefly:

- The four (4) largest commercial health insurers in Indiana occupy 88.6% of the market
- Anthem's share is 54%
- Cigna's share is 15%

The AMA's analysis concludes that Indiana is already a highly concentrated insurance market, and Anthem and Cigna are sufficiently large to urge careful consideration of their consolidation. Concerns exist in at least a dozen or more Metropolitan Statistical Areas, including Indianapolis, Lafayette, Terre Haute,

Kokomo, Anderson, Gary, Evansville, Ft. Wayne, Michigan City-LaPorte, Elkhart-Goshen, Muncie, South Bend-Mishawaka, and Bloomington.

In light of this, we have significant concerns this acquisition could substantially lessen competition throughout the state of Indiana.

The ISMA believes an insurance consolidation would be harmful to Hoosiers by reducing access, quality and affordability of their care. History has demonstrated that mergers do not result in lower premiums. In fact, there is growing evidence that greater consolidation leads to price increases. Additionally, reduced competition can be expected to reduce health plan quality and narrow networks.

Finally, as the power to buy physician services increases, reimbursements decrease, potentially resulting in diminished physician service and quality of care. All of this means reduced options for consumers with fewer affordable choices.

In short, competition benefits consumers.

Physicians do not believe – as insurers claim - that the mergers are necessary to gain efficiencies in areas such as innovative payment programs and care management strategies to benefit patients. We DO believe, though, that a post-acquisition insurance company will seek to cut costs and consolidate resources, and that patients' access to health care will be greatly hindered by the resulting reduction in administrative capacity and resources.

The ISMA surveyed our practicing physician members and those survey results clearly illustrate physician concerns about the acquisition.

- 87% believe the merger would likely lead to narrower physician networks, which in turn will reduce patient access to care.

- 78% report they would likely be pressured *not* to engage in aggressive patient advocacy as a result of the merger
- 92% are confident that these mergers will give insurers more influence over physicians' clinical and business practices with little or no recourse for physicians, and that physicians will be forced to cut costs so deeply that there would be a degradation in their ability to provide the care their patients need and value. "Take it or leave it" contracts will just get more pervasive.

Why is physician perception so important? Nearly half of Indiana's practicing physicians are over age 50. That is the age at which many physicians start considering reducing their patient care activities. As those physicians face greater pressures in their practices, they are further incentivized to transition into inactive status – they stop practicing medicine. They are, after all, business owners, too.

This was borne out through our physician survey results, where they said if the Anthem-Cigna merger occurred:

- 16% would retire from active practice
- 25% would need to close their practice and
- 15% would move their practice to a more competitive reimbursement market

This acquisition should also be considered in light of Indiana's existing health care industry challenges. One such challenge is the physician shortage, particularly in primary care. Nationally, there are 90 primary care physicians per 100,000 people. In Indiana, there are only 53 primary care physicians per 100,000 people, ranking us 38th in the country.

We know that approximately half of students who attend medical school in Indiana stay in Indiana, and that if they do their residency training here, that number goes

up to nearly 75%. There have been significant resources, including state funding, focused in Indiana on expansion of our medical schools and residency training programs. The State has also implemented the very successful HIP 2.0 program and recently formed a new Health Workforce Council.

Indiana has been making some intentional and meaningful strides to reduce cost, improve access and enhance quality within Indiana's health care system. This proposed acquisition could counteract those positive initiatives.

But our primary concern is that the acquisition could have adverse, irreversible, anti-competitive impacts on the insurance market, health care providers and consumers. No regulatory oversight could adequately counteract or minimize the negative impact that a near collapse in competition would have across Indiana.

For that reason, Mr. Commissioner, we urge your thoughtful consideration of this acquisition, and the concern of the Indiana State Medical Association that the acquisition will substantially lessen competition.

Thank you.

Julie D. Reed, JD

Executive Vice President