



# Medicare Advantage markets where an Aetna-Humana merger warrants antitrust scrutiny

## Analysis of data from HealthLeaders-InterStudy's Managed Market Surveyor 2013

Health Policy Group  
American Medical Association

This report examines the effects of a proposed merger between Aetna and Humana on market concentration (HHI) in Medicare Advantage markets. The data source is HealthLeaders-InterStudy's Managed Market Surveyor 2013, which, in turn, obtained the data from the Centers for Medicare & Medicaid Services (CMS).<sup>1</sup> Using the 2010 Department of Justice/Federal Trade Commission *Horizontal Merger Guidelines*, this report presents the state and metropolitan statistical area (MSA) level markets where the merger would raise competitive concerns based on how the guidelines classify markets. Under the DOJ/FTC merger guidelines:

- MSAs with an HHI less than 1,500 are *unconcentrated*; mergers are unlikely to raise competitive concerns.
- MSAs with an HHI between 1,500 and 2,500 are *moderately concentrated*; mergers that increase the HHI by more than 100 points potentially raise significant competitive concerns and often warrant scrutiny.
- MSAs with an HHI of more than 2,500 are *highly concentrated*; mergers that increase the HHI by 100 to 200 points potentially raise significant competitive concerns and often warrant scrutiny, and those that increase it by more than 200 points will be presumed likely to enhance market power.

The following set of tables reports those markets' pre- and post-merger HHIs and the change in HHIs that would result from the proposed merger. The results are reported at the state level and then by MSA. All results pertain to Medicare Advantage product markets.

Tables 1 and 3 list those states and MSAs where such a merger would be presumed likely to enhance market power according to the guidelines above (i.e., combination of a highly concentrated market and a significant increase in the HHI). Those are the markets that would be expected to be most adversely affected by the merger.

Tables 2 and 4 list those states and MSAs where such a merger potentially raises significant competitive concerns and often warrants scrutiny (i.e., combination of moderately to highly concentrated market and a meaningful increase in the HHI).

The results in Table 1 indicate that an Aetna-Humana merger would be presumed likely to enhance market power in Medicare Advantage markets in the states of Arkansas, Georgia, Illinois, Iowa, Kansas, Maine, Missouri, Nebraska, Nevada, North Carolina, Ohio, South Dakota, Texas, Utah, Virginia and West Virginia.

The results in Table 2 indicate that an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny in three additional states (Florida, Oklahoma and Pennsylvania).

Although Tables 1 and 2 show that the merger would cause large increases in market concentration (HHI), we note that in a few of the states listed in those tables

<sup>1</sup> HHI obtained the data from CMS. We exclude carriers providing HCPP, PACE, employer-only and SNP-only plans.

(Arkansas, Nevada, Oklahoma, Pennsylvania, Virginia and West Virginia) Aetna's (or in the case of Pennsylvania, Humana's) pre-merger market shares were not that high (i.e., below 5 percent). In those states, the significant increases in the HHI would be the result of the high shares of one of the two merging insurers (usually Humana).

Turning to the analysis by MSA, the results presented in Table 3 indicate that an Aetna-Humana merger would be presumed likely to enhance market power in MSAs located in 21 states (Arkansas, California, District of Columbia, Florida, Georgia, Illinois, Iowa, Kansas, Maine, Maryland, Missouri, Nebraska, Nevada, North Carolina, Ohio, Pennsylvania, South Dakota, Texas, Utah, Virginia and West Virginia).

Finally, the results in Table 4 indicate that an Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny in MSAs in 10 states (Arkansas, Florida, Georgia, Illinois, North Carolina, New York, Ohio, Pennsylvania, Tennessee and Texas).

We note that although all MSA-level results presented here show the merger would cause significant increases in market concentration (HHI), in some MSAs listed in those tables Aetna's (or Humana's) pre-merger shares were not that high (i.e., below 5 percent), particularly among some MSAs in Table 4. In those MSAs, the significant HHI changes are the result of the high shares of one of the two merging insurers.

**Table 1. State-level markets where Aetna-Humana merger will be presumed likely to enhance market power**

State	Medicare Advantage HHI		Change in HHI
	Pre-merger	Post-merger	
Kansas	4152	8064	3912
Missouri	2610	3930	1320
Iowa	2929	4166	1238
Illinois	2321	3513	1192
Ohio	1864	2767	904
Nebraska	4213	5111	899
South Dakota	4420	5035	615
Texas	2115	2728	614
Maine	2835	3368	533
West Virginia	5626	6056	430
Utah	3466	3782	316
Arkansas	2628	2934	305
Virginia	3956	4225	269
Georgia	3873	4131	258
Nevada	3597	3850	252
North Carolina	3019	3258	239

**Table 2. State-level markets where Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny**

State	Medicare Advantage HHI		Change in HHI
	Pre-merger	Post-merger	
Florida	1956	2314	358
Pennsylvania	1889	2016	127
Oklahoma	2824	2924	100

**Table 3. MSA-level markets where Aetna-Humana merger will be presumed likely to enhance market power**

State and MSA	Medicare Advantage HHI		Change in HHI
	Pre-merger	Post-merger	
<b>Arkansas</b>			
Hot Springs, AR	2996	4370	1374
Fayetteville-Springdale-Rogers, AR-MO	3339	4065	726
Fort Smith, AR-OK	3173	3652	479
<b>California</b>			
Fresno, CA	3132	3410	278
<b>District of Columbia</b>			
Washington-Arlington-Alexandria, DC-VA-MD-WV	3945	4292	347

State and MSA	Medicare Advantage HHI		Change in HHI
	Pre-merger	Post-merger	
<b>Florida</b>			
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	3097	4020	923
Port St. Lucie-Fort Pierce, FL	2099	2945	846
West Palm Beach-Boca Raton-Boynton Beach, FL	3813	4539	725
Tampa-St. Petersburg-Clearwater, FL	2325	2720	396
Naples-Marco Island, FL	3184	3529	345
Jacksonville, FL	2584	2882	297
<b>Georgia</b>			
Brunswick, GA	3979	4849	870
Savannah, GA	3073	3592	519
Atlanta-Sandy Springs-Marietta, GA	2931	3314	383
Macon, GA	5239	5453	214
<b>Illinois</b>			
Rockford, IL	4765	9518	4754
Springfield, IL	3777	5869	2092
Peoria, IL	4204	5435	1231
Lake County-Kenosha County, IL-WI	5741	6703	962
Chicago-Naperville-Joliet, IL	2645	3488	843
Bloomington-Normal, IL	4006	4735	729
Davenport-Moline-Rock Island, IA-IL	4750	5382	632
<b>Iowa</b>			
Cedar Rapids, IA	3918	6237	2319
Sioux City, IA-NE-SD	3942	6172	2230
Iowa City, IA	3388	5429	2041
Des Moines, IA	3742	5000	1258
Waterloo-Cedar Falls, IA	5574	5847	273
<b>Kansas</b>			
Wichita, KS	5040	9781	4740
Topeka, KS	5061	8345	3283
<b>Maine</b>			
Bangor, ME	2952	3626	674
Lewiston-Auburn, ME	4048	4690	642
Portland-South Portland, ME	2518	3128	610
<b>Maryland</b>			
Hagerstown-Martinsburg, MD-WV	3408	6255	2847
<b>Missouri</b>			
Joplin, MO	3686	7152	3466
Kansas City, MO-KS	3698	6995	3297
Jefferson City, MO	3495	6217	2722
Springfield, MO	3154	4909	1755
Columbia, MO	2903	3730	827
St. Louis, MO-IL	2848	3118	270

Medicare Advantage markets where an Aetna-Humana merger warrants antitrust scrutiny

State and MSA	Medicare Advantage HHI		Change in HHI
	Pre-merger	Post-merger	
<b>Nebraska</b>			
Lincoln, NE	5243	9215	3973
Omaha-Council Bluffs, NE-IA	4625	5320	695
<b>Nevada</b>			
Las Vegas-Paradise, NV	4262	4574	312
<b>North Carolina</b>			
Hickory-Morganton-Lenoir, NC	2546	3762	1216
Wilmington, NC	4187	4892	705
Raleigh-Cary, NC	2607	3237	629
Durham, NC	2713	3230	518
Charlotte-Gastonia-Concord, NC-SC	2988	3204	217
<b>Ohio</b>			
Sandusky, OH	3213	5825	2612
Mansfield, OH	3075	4948	1872
Lima, OH	3456	5291	1835
Toledo, OH	2594	3925	1331
Springfield, OH	2836	3970	1134
Columbus, OH	2300	3425	1125
Cleveland-Elyria-Mentor, OH	2207	2949	742
Cincinnati-Middletown, OH-KY-IN	2641	3352	710
Weirton-Steubenville, WV-OH	2245	2733	488
Akron, OH	2029	2509	480
Dayton, OH	2704	3161	456
Canton-Massillon, OH	2330	2619	289
<b>Pennsylvania</b>			
Lancaster, PA	2625	3442	817
Williamsport, PA	2368	3056	688
Lebanon, PA	3563	4127	564
Harrisburg-Carlisle, PA	2803	3254	451
Scranton-Wilkes-Barre, PA	3275	3592	317
Reading, PA	2344	2593	249
York-Hanover, PA	2320	2562	242
<b>South Dakota</b>			
Sioux Falls, SD	4069	5038	969
<b>Texas</b>			
Wichita Falls, TX	3410	6092	2682
Midland, TX	3354	5815	2461
Victoria, TX	3749	6147	2398
Amarillo, TX	3496	5787	2291
Abilene, TX	3171	5429	2258
Odessa, TX	3335	5164	1828
San Angelo, TX	2787	4608	1821
Sherman-Denison, TX	2843	4587	1744
Texarkana, TX-AR	3603	5340	1737
Longview, TX	2737	4253	1516
Austin-Round Rock, TX	3231	4645	1414

Medicare Advantage markets where an Aetna-Humana merger warrants antitrust scrutiny

State and MSA	Medicare Advantage HHI		Change in HHI
	Pre-merger	Post-merger	
Tyler, TX	2984	4342	1358
Laredo, TX	2501	3735	1233
College Station-Bryan, TX	2852	4027	1175
Lubbock, TX	2260	3420	1160
Waco, TX	2853	3688	835
San Antonio, TX	3552	4138	585
Dallas-Plano-Irving, TX	3581	4114	534
McAllen-Edinburg-Mission, TX	2860	3342	482
Corpus Christi, TX	4475	4951	476
Beaumont-Port Arthur, TX	2499	2936	436
El Paso, TX	2737	3083	346
Brownsville-Harlingen, TX	3455	3668	213
<b>Utah</b>			
Provo-Orem, UT	3230	3638	408
Salt Lake City, UT	3501	3808	307
Ogden-Clearfield, UT	3745	4039	294
<b>Virginia</b>			
Charlottesville, VA	8962	9747	784
Winchester, VA-WV	8639	9143	504
Virginia Beach-Norfolk-Newport News, VA-NC	6312	6597	285
<b>West Virginia</b>			
Parkersburg-Marietta-Vienna, WV-OH	4079	5596	1516
Charleston, WV	5176	6178	1002
Huntington-Ashland, WV-KY-OH	5446	6354	908
Wheeling, WV-OH	3147	3451	304

Medicare Advantage markets where an Aetna-Humana merger warrants antitrust scrutiny

**Table 4. MSA-level markets where Aetna-Humana merger potentially raises significant competitive concerns and often warrants scrutiny**

State and MSA	Medicare Advantage HHI		Change in HHI
	Pre-merger	Post-merger	
<b>Arkansas</b>			
Little Rock-North Little Rock, AR	2454	2638	184
<b>Florida</b>			
Miami-Miami Beach-Kendall, FL	2010	2433	423
Sarasota-Bradenton-Venice, FL	2108	2384	276
Lakeland-Winter Haven, FL	1921	2148	227
Punta Gorda, FL	3520	3655	135
Cape Coral-Fort Myers, FL	3764	3886	122
Pensacola-Ferry Pass-Brent, FL	1997	2117	119
<b>Georgia</b>			
Augusta-Richmond County, GA-SC	4292	4461	169
<b>Illinois</b>			
Danville, IL	5245	5434	189
Champaign-Urbana, IL	5976	6091	115
<b>New York</b>			
Binghamton, NY	2440	2634	194
Syracuse, NY	2075	2180	104
<b>North Carolina</b>			
Burlington, NC	3603	3779	176
Asheville, NC	4018	4184	166
<b>Ohio</b>			
Youngstown-Warren-Boardman, OH-PA	2023	2357	334
<b>Pennsylvania</b>			
Erie, PA	3323	3478	155
State College, PA	3358	3492	134
Philadelphia, PA	3118	3230	111
<b>Tennessee</b>			
Memphis, TN-MS-AR	2270	2375	105
<b>Texas</b>			
Houston-Sugar Land-Baytown, TX	1480	1724	244
Fort Worth-Arlington, TX	4370	4567	197
Killeen-Temple-Fort Hood, TX	5841	5990	149

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