

Judge Blocks Aetna's \$37 Billion Deal for Humana

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Insurance giant Aetna's \$37 billion deal to buy competitor insurer Humana was recently [blocked](#) by a federal judge on antitrust grounds, breaking up one of two current major health insurance mergers. Aetna, who would have to pay Humana a \$1 billion breakup fee, has stated that it is considering an appeal.

The ruling is a victory for the Justice Department, which sought to block the deal, and for antitrust enforcement efforts initiated by the Obama administration. It will also likely negatively affect the planned [\\$48 billion merger](#) between Anthem and Cigna, which another federal judge is expected to rule on soon.

While the insurers argued that the merger would render them more efficient, thus passing on those savings to consumers, Judge Bates of the United States District Court for the District of Columbia [ruled](#) that any efficiencies generated by the merger would not be "sufficient to mitigate the anticompetitive effects for consumers in the challenged markets." Consumer advocates and government officials who criticized the merger argued that the private insurance market was already sufficiently concentrated and that consumers would be negatively impacted from a lack of choice and competition in some markets. The Justice Department also applauded the court's decision, stating that "this merger would have stifled competition and led to higher prices and lower-quality health insurance."

This ruling adds to the uncertainty currently facing the healthcare industry, which has been experiencing a state of instability with President Trump and the Republican-controlled Congress releasing limited details on their plans to [repeal and replace](#) the Affordable Care Act. However, antitrust experts believe that insurance companies will continue to attempt new mergers even if these current deals are successfully blocked. Analysts predict that insurers will keep trying other combinations with each other in attempts to make it past the Justice Department and state antitrust officials. This strong commitment by large insurers to continue to pursue mergers despite Judge Bates' ruling is highlighted by both Cigna and Anthem's interest in pursuing a similar merger with Humana, should their own deal be denied.