

Next Fight for Anthem and Cigna: The Breakup Fee

By Lindsey Ferguson, J.D. Candidate 2019 | March 13, 2017

While health insurance plans are generally a conversation topic exclusive to those on Capitol Hill, a proposed [\\$48 billion merger](#) between Anthem and Cigna has brought the controversial topic to the Supreme Court. The deals between the two health insurance companies, as well as a few others, stemmed from the need to adapt to potential changes in the market prompted by the Affordable Care Act.

Judge Amy Jackson of the Federal District Court for the District of Columbia, basing her decision on the Justice Department’s persuasive arguments, denied the anticipated business deal asserting that putting Anthem and Cigna together would harm customers. Judge Jackson stated that the firm’s planned merger would eliminate the firms’ competition with each other. In addition, she alluded to potential antitrust violations. The decision followed that of another federal judge who opposed a [\\$37 billion merger between Aetna and Humana](#). The anticompetitive effects of the merger, Judge Jackson claims, are likely to result in “higher prices...and diminish prospects for innovation in the market.”

Under the Obama administration, the Justice Department worked to oppose some of the biggest proposed mergers—such as those that would have consolidated five of the biggest companies into two—arguing that the diminished competition would lead to higher prices for medical professionals, institutions, as well as policy holders. Loretta Lynch, U.S. Attorney General during the Obama Administration, spoke to the issue in July. She stated that if the mergers were to take place, “competition that has pushed companies to provide lower premiums and higher quality care would be eliminated.” In spite of the Justice Department’s apprehensions, the insurance giants, argue that the merger will allow the two insurance companies to work towards deals that will actually [benefit hospitals as well as pharmaceutical companies](#). Despite these pleas, the two businesses were unable to persuade the courts of the merger’s benefits, leaving Anthem with a \$1.85 billion breakup fee.