



As we expected, just weeks after the announcement that Aetna purchased Humana, another significant merger in our industry has been announced. Anthem, a fourteen-state BlueCross BlueShield plan, has agreed to acquire Cigna in a cash and stock transaction valued at \$54 billion. This will combine the second- and fifth-largest health insurers by revenue.

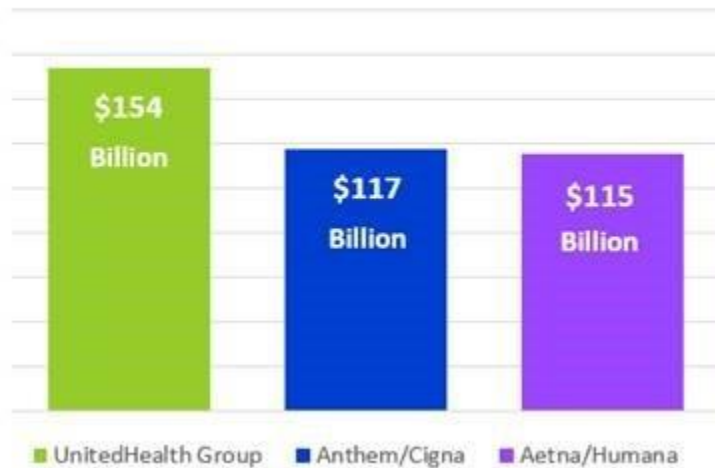
Both of these acquisitions require government approval. Legal experts expect that regulators are likely to take a close look at these giant deals in the narrowing health insurance industry space. There are those who are concerned that the mergers will put too much power in less than a handful of insurance companies. However, others feel it will actually improve efficiencies and reduce consumer cost.

The rapid reshuffling of the industry may present new challenges for the Obama administration. He has credited the Affordable Care Act with giving people more options in their healthcare choices. However, these mergers will actually result in fewer carrier options as it would leave only three major players.

Both transactions are expected to close in the second half of 2016 (if approved by regulators). However, we don't expect any disruption until after January 2017.

Projected 2015 revenue for "Big Three"

The Big 3



We will continue to keep you posted on important industry-related news as it happens, to ensure that you have all the details you need to continue to make informed healthcare and benefits decisions.