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Congress of the United States
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June 5, 2019

The Honorable William P. Barr
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

The Honorable Makan Delrahim
Assistant Attorney General
U.S. Department of Justice – Antitrust Division
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Attorney General Barr and Assistant Attorney General Delrahim:

I write to express concerns about the proposed acquisition of WellCare Health Plans, Inc. (“WellCare”) by Centene Corporation (“Centene”). I was pleased to learn that the Antitrust Division of the Department of Justice (DOJ) recently requested additional information from both companies. I urge DOJ to conduct a thorough review of the proposed acquisition, including the likely outcome that it will significantly reduce competition in the Medicaid Managed Care and Medicare Advantage markets across the country and particularly in Illinois.

Centene and WellCare are both large national players in the Medicaid Managed Care and Medicare Advantage markets. Both of these programs serve vulnerable populations, including low-income families, seniors, and individuals with disabilities, and both markets are characterized by high barriers to entry. As such, DOJ’s scrutiny of the proposed acquisition is critically important.

HealthChoice Illinois, our state’s Medicaid Managed Care Program, was expanded statewide in 2018. Medicaid Managed Care is intended to manage cost, utilization, and quality in the Medicaid program, which serves more than 2.7 million low-income people in Illinois and more than 72.6 million nationwide.¹ In Medicaid Managed Care, state Medicaid agencies contract with private insurance companies, or managed care organizations (MCOs), which are paid a set per member per month (capitation) payment for their services.

Following WellCare’s acquisition of Meridian in 2018, there are currently only four Medicaid Managed Care plans available statewide in Illinois.² If the proposed acquisition of WellCare by Centene were to proceed, the companies would collectively control about half of the Medicaid market in Illinois.³ The number of Medicaid Managed Care plans available for Illinois residents to choose from would be further reduced to only three. Although Medicaid pays MCOs a fixed amount per member per month, consolidation in the Medicaid Managed Care market may result in a decline in quality of care for patients. Healthcare providers in Illinois have expressed concerns that MCOs may already be denying claims to control costs,⁴ a problem that would only be exacerbated with less competition.



Consolidation in the Medicare Advantage market is also troubling. Following WellCare's acquisition of Meridian, Centene's proposed acquisition of WellCare would result in three separate Illinois Medicare Advantage plans consolidating into one in the span of less than a year. The success of the Medicare Advantage program depends on seniors having a number of high-quality plans to choose from.

As Chairman of the Oversight Subcommittee on Economic and Consumer Policy, I have a duty to conduct oversight of policies affecting healthcare and consumer protection. The proposed acquisition of WellCare by Centene impacts both. I urge you to consider the potential impact of the proposed acquisition on consumers in Illinois and across the country as you complete your analysis. Thank you for your attention to this important matter.

Sincerely,



Raja Krishnamoorthi
Member of Congress

¹ <https://www.medicaid.gov/state-overviews/stateprofile.html?state=illinois>

² <https://www.illinois.gov/hfs/SiteCollectionDocuments/StatewideHealthChoiceIllinoisPlansMAP1119.pdf>

³ <https://www.axios.com/centene-wellcare-merger-medicare-antitrust-71220685-ad34-41ba-bcf7-0aadccc5bb92.html>

⁴ <https://www.modernhealthcare.com/providers/illinois-medicare-managed-care-program-costing-hospitals>