The Virgin Islands Consortium

Anthem's Deal To Purchase Cigna May Cause 'Minimal Increase' In Rates, Potter Says

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Ernice Gilbert August 02, 2015

ST. THOMAS -- Lieutenant Governor Osbert Potter, in a response to residents concerned about the aquisition of Cigna by Anthem, revealed that the current contract with the Government of the Virgin Islands, which is set to expire at the end of Sept. will not be affected by the deal. However, the 2016 contract currently being negotiated is likely to see a "minimal increase" in rates.

Anthem said on July 24 that it had agreed to buy Cigna for $48.3 billion, finally reaching a deal after almost a yearlong effort. By buying its rival, Anthem intends to create a new giant in the health insurance sector, gaining greater scale and considerably cutting cost.

The proposed transaction comes three weeks after Aetna, another health insurance giant, said it would buy Humana for $37 billion. Critics have said the merging of these giants would shrink the major companies in the health insurance industry from five to three, and could mean fewer options and higher rates for consumers and the employers that provide health insurance, according to the New York Times.

"The current group health insurance contract between the Virgin Islands Government Employees Services Commision and Cigna is still in force and cannot be impaired," Potter said. "It is still in effect until it expires on September 30, 2015. The current contract with Cigna is subject to annual negotiating and there could possibly be a minimal increase in rates," he added.

Potter, who also serves as the Commissioner of Insurance, said he's reached out to Anthem and Cigna on two issues he's deemed important to residents.

"The issues are whether Anthem will submit bids in the future to provide similar or better health insurance coverage for Government of the Virgin Islands employees and retirees under age 65," he said. "And secondly, will Anthem offer individual health insurance plans in the territory."

The lieutenant governor said Anthem offers individual plans on the mainland and he would like to see the same availability in the territory, a venture he's been working on with an unnamed company.

"We will monitor the Anthem/Cigna acquisition closely until it is finalized in 2016, Potter said. "Be advised that the transaction is subject to the review and approval of the US Department of Justice."

According to Potter, GESC is responsible for requesting bids and entering into a contract with a duly licensed insurance company to provide health insurance coverage for GVI employees and retirees over 65. Any contract reached is subject to approval of the Legislature.