The Virgin Islands Consortium

Cost Of Insurance May Be Reduced Slightly Because Of Anthem/Cigna Merger, Officials Tell Potter

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Lieutenant Governor Osbert Potter has made known through a press release issued late Tuesday that contrary to his first assessment when he estimated residents would realize a "minimal" increase to health insurance rates for government employees and retirees enrolled with Cigna, they should instead see a slight decrease in rates "due to benefits from efficiencies that will be derived from Anthem's agreement to acquire Cigna," according to Potter.

Potter, the territory's commissioner of insurance, revealed the new information following his most recent attendance at the National Association of Insurance Commissioners Conference in Chicago. While at the event, the lieutenant governor had the chance to question the principals of both companies regarding the concern that many Virgin Islanders have in regards to the deal, which is the impact that the pending merger will have on the existing group health insurance contract between Cigna and the Government of the Virgin Islands.

Even so, the effects will not be felt immediately, as the merger is still 10 months away from completion, according to information Potter gleaned from the event.

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 came 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.

Potter issued a press release in early August stating that “the current group health insurance contract between the Virgin Islands Government Employees Services Commision and Cigna is still in force and cannot be impaired." He said the contract would remain in effect until it expired on September 30, 2015, and suggested a modest increase in rates.