



27 September 2017

Attorney General Eric Schneiderman
Office of the Attorney General
The Capitol
Albany, NY 12224-0341

Re: Proposed Centene Acquisition of Fidelis Care

Dear Attorney General Schneiderman:

The Addiction Treatment Advocacy Coalition (ATAC) is writing to oppose the proposed \$3.75 billion acquisition of Fidelis Care by Centene. ATAC is a California non-profit that advocates on behalf of those suffering from substance use disorder, as well as those facilities that provide critical substance abuse treatment.

As you may know, Centene merged Health Net on March 28, 2016. The usual arguments were made: the acquisition would improve the quality of care, reduce overall health care costs and expand access to care. Post the Health Net acquisition, none of the claims have materialized. Premiums continue to rise, network adequacy has not improved and there is no substantial data indicating that the quality of care has improved.

Studies indicate that mergers in the healthcare sector often do not produce the projected results. Below is analysis by several newspapers of the proposed Aetna/Humana merger that was not allowed to move forward:

<http://www.latimes.com/business/hiltzik/la-fi-hiltzik-healthcare-mergers-20160527-snap-story.html>

<https://www.usnews.com/opinion/blogs/policy-dose/2015/07/29/why-health-insurance-mergers-could-mean-higher-premiums>

Prior to their merger with Centene, on January 8, 2016 Health Net launched a dragnet audit of virtually every substance use treatment provider in California, as well as several other states. During this unsubstantiated audit, payments were withheld and although the majority of treatment centers were taken off the audit list in the Spring of 2016, Health Net (now a part of Centene) continued to withhold payments from many substance use treatment providers dating back to

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August 2015. Health Net, which paid all out-of-network claims from January 1, 2014-February 10 2017 at 75% of billed, adjusted for patient responsibility, began to claim they had just discovered they could have paid 190% of Medicare instead. The audit included numerous violations of HIPAA (multiple requests for the same medical records), and robo-signed cut and pasted denials of payment for “lack of medical necessity.” Denials did not differentiate between claims for alcoholism, dependence on street drugs, pharmaceutical drugs, or dual diagnosis.

Due to the efforts of ATAC, the California Department of Insurance opened an investigation in May 2016. Since then Centene has been told three times by the California Department of Insurance that they need to pay all facilities that were taken off the audit list in 2016 provided they had filed complaints with the DOI. Those who had not filed complaints could do so in 2017. They were required to pay Inpatient and outpatient claims for which payment has been withheld, at 75% of billed adjusted for patient responsibility and any previous payments. In August Centene finally began to pay. To date ATAC knows of approximately 15 settlements although we estimate more than 50 were eligible at the time of the DOI decision, and many more have since filed complaints. Although the settlement agreements are confidential, ATAC has been told that in most cases the statutory 10%/year interest was not included.

The results of actions by Centene has caused many substance use treatment facilities to close their doors or suspend operations waiting for claim payments to be made. Centene has acknowledged that they have reserves that will be used to pay claims during the rest of 2017 and 2018. However, some of the claims are almost two years old. What organization do you know that can wait two years for payment?

Given the importance of the Medicare and Medicaid market in New York, ATAC believes that the health of New York citizens will be negatively impacted if the Fidelis acquisition by Centene moves forward.

If you would like to hear more about the issues that the Centene acquisition of Health net has caused in California and beyond, please do not hesitate to contact ATAC.

Sincerely,

Stampp Corbin, President
Joan Borsten, Vice President
ATAC Board of Directors