



June 7, 2021

The Honorable Maura Healey
Attorney General
Commonwealth of Massachusetts
Office of the Attorney General
1 Ashburton Place
Boston, MA 02108

Dear Attorney General Healey,

The Massachusetts Health & Hospital Association (MHA), on behalf of its member health systems, hospitals, and affiliated physician practices, is writing to express its concerns regarding UnitedHealth Group (UHG)/Optum's proposed acquisition of Change Healthcare. We believe this proposed transaction poses significant negative consequences for both patients and healthcare providers. We hope you will consider adding your voice to the many who have already raised concerns.

This transaction, should it be allowed to proceed, would result in an unprecedented merger of sensitive healthcare data by eliminating an important competitor (Change Healthcare), and consolidating it under Optum, a subsidiary of UHG. Because Optum's parent, UHG, also owns the largest health insurance company in the United States – UnitedHealthcare – the combination of these data sets would affect (and likely distort) decisions about patient care, claims processing, and claims denials to the detriment of consumers, healthcare providers, and even other health plans. Eliminating an important rival would stifle competition and extend UHG's already massive market power to other markets in the healthcare system and presents significant antitrust concerns.

In 2019, UHG processed, through UHC and Optum, nearly \$1 trillion in gross billed charges and managed more than \$250 billion in aggregate healthcare spending. According to OptumInsight CEO Eric Murphy, Optum's payer portfolio has roughly 70% of the market that uses data integrity tools.

Change Healthcare is an independent healthcare technology company. It offers products and services in three major areas: software and analytics, network solutions, and technology. Change Healthcare also recently acquired InterQual from McKesson. InterQual is one of the country's two leading developers of clinical guidelines and decision support services. Change describes its leadership in the medical utilization space in its latest annual report as follows:

“Clinical Decision Support: Our industry-leading clinical criteria, InterQual, assists payers, providers, and government organizations in making clinically appropriate medical utilization decisions to help determine the right care, at the right time, and at the right cost. Our InterQual solutions were used by over 4,200 hospitals and facilities, and health plans covering over 125 million lives as of March 2020.”

As noted by the American Medical Association in its letter to the U.S. Department of Justice:

“UHG’s new portfolio will include both a health insurance business and a clinical guidelines business, therefore the proposed acquisition is likely to tip clinical guidelines from consumer-focused clinical outcomes to insurance-focused financial outcomes, which could pose an appreciable risk of lowering quality of care.

“UHG’s acquisition of InterQual will have anticompetitive effects in the market for clinical guidelines used in utilization management and decision-making on medical coverage. This market is currently dominated by InterQual and Milliman Clinical Guidelines (MCG). UHG was an MCG client. In anticipation of the merger, UHC—the nation’s largest health insurer—has already announced that it will switch from MCG to InterQual-based criteria for all benefit plans.”

In summary, MHA is concerned that given UHG’s vertical integration into the health insurance market through its UnitedHealthcare subsidiary, expanding Optum’s digital healthcare technology capabilities through the acquisition of Change Healthcare creates additional anticompetitive incentives. Should the merger go through, Optum could exploit its significantly reinforced and expanded data and data analytics capabilities across a variety of products and services as a healthcare “clearinghouse” to favor its UnitedHealthcare subsidiary. Optum also will have strong financial incentives to use competitive payers’ data to inform its reimbursement rates and set its competitive clinical strategy, which will reduce competition among payers and harm hospitals and other providers. For example, Optum could share pricing information from competitor claims that pass through its clearinghouse to help inform UnitedHealthcare’s negotiations with providers.

It is also important to recognize that Massachusetts has been encouraging hospitals and health systems to take risk in the market for all lines of business, including Medicaid managed care. This consolidation will make it more expensive for hospitals to acquire the key health information necessary to be effective in the risk business. If that happens, providers might shy away from taking on increased risk, which is contrary to the commonwealth’s public policy goals.

The American Hospital Association has outlined the specific concerns related to the merger in the attached March 17, 2021, letter to the U.S. Department of Justice. MHA concurs with the issues outlined in the letter and we would be happy to respond to any additional questions that you may have.

Sincerely,



Michael Sroczynski
Senior Vice President, Government Advocacy & General Counsel
Massachusetts Health & Hospital Association