

# Impact of Proposed Acquisition of Wellcare by Centene

## KEY POINTS

1. The Centene Corporation acquisition of WellCare is disastrous to the entire medical community but would be particularly impactful on interventional pain management where we have seen patients denied access to most pain management procedures leading to escalating opioid usage due to lack of non-opioid treatments.
2. If Centene Corp is able to buy Wellcare, the company would be cementing its position atop the Medicaid managed-care market.
3. A combined Cente-Wellcare would more than double Centene's Medicare Advantage membership. As we have revealed to you, Medicare Advantage is having substantial issues, specifically with Centene and Wellcare.
4. The Justice Department successfully blocked a merger between Aetna and Humana, and another between Anthem and Cigna, saying the combination would reduce competition.
5. Centene serves about 2 million Affordable Care Act exchange members in 22 states - the most of any insurer, yet their quality of the services they provide are the worst with top payment for the executive team and minimum payments to patients and providers.

## REQUESTED ACTIONS

On behalf of the American Society of Interventional Pain Physicians (ASIPP), the North American Neuromodulation Society (NANS), and the Society of Interventional Pain Management Surgery Centers (SIPMS), we are requesting Congress to ask the Department of Justice to look into Centene's proposed \$17 billion acquisition of Wellcare. This merger will drastically and adversely affect interventional pain management, and could even lead to the end of interventional pain management for not only Medicaid patients but also dual eligible Medicare.

## Introduction

In the wake of the escalating opioid epidemic and the recommendations of the Department of Health and Human Services (HHS) Best Practices report encouraging increased pain management of non-opioid techniques, including interventional technique, we are extremely concerned about the Centene acquisition of WellCare. This merger will cause irreparable damage to the progress the Trump Administration has made in reversing the opioid epidemic. The most recent data shows prescription opioid deaths have declined over 14% and the overall drug overdose deaths have declined by 5% - thanks to the aggressive policies of the Administration and Congress. All of this progress will be reversed if Centene Corporation (a problem creator) acquires WellCare of Kentucky (a problem solver).

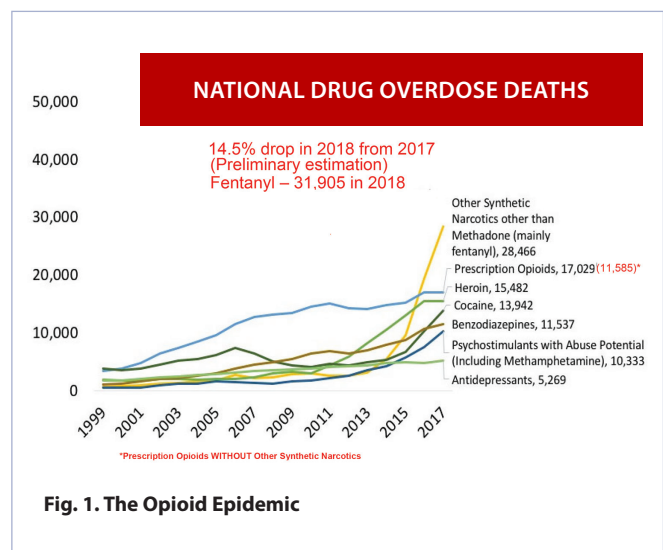
It is crucial that this acquisition be stopped. Consider the debacle when they exited Kentucky in 2012:

- They scooped up Health Net for \$6.8 billion along with its struggles with massive losses related to Health Net's individual exchange plans.
- They had to exit some markets, increase premiums, and changed benefit designs to stop the bleeding.

Due to the lack of transparency of Medicare Managed Care, Centene's acquisition of WellCare must be called into question. The following issues should be considered: how well individual MCOs are functioning, their profit margins, and deprivation of health care access that is fueling multiple issues in children and disabled.

## Interventional Pain Management Techniques

Interventional pain management techniques are minimally invasive procedures including, percutaneous precision needle placement, with placement of drugs in targeted areas or ablation of targeted nerves; and some surgical techniques such as laser or endoscopic discectomy, intrathecal infusion pumps and spinal cord stimulators, for the diagnosis and management of chronic, persistent or intractable pain.



## The Department of Justice (DOJ)

The DOJ's role in combating the opioid epidemic has been well recognized. The DOJ has participated in numerous activities related to access to appropriate medical techniques, specifically those of non-opioid pain management techniques, in the wake of opioid epidemic (Fig. 1).

We appreciate the DOJ's role in blocking Aetna's acquisition of Humana, United Healthcare group's acquisition of Sierra Health Services, Anthem's acquisition of Cigna, and various other activities to maintain competition and Medicare and Medicaid Managed Care markets.

Consequently, a careful review of the issues, the lack of trustworthiness of Centene, its' unreliability and multiple litigations against the company all are persuasive evidence that this acquisition should be blocked. Involvement of the Congress and letting Department



Impact of Proposed Acquisition of Wellcare by Centene (continued)



of Justice know various issues will be crucial in stopping this inappropriate takeover.

**Centene vs. WellCare**

Centene is one of the largest health insurance companies focusing on government-sponsored programs in the United States. It is the 61st largest company in the United States – up from 486th place in 2010, and 210th largest in the world. Last year alone, Centene generated over \$60 billion in revenues across 32 states with 14 million members. This past year, the CEO of Centene has emerged as the highest paid CEO in the health insurance industry with \$22 million in compensation.

Centene has developed numerous ways of declining and refusing care for medically necessary and indicated services, in contrast to other insurers, specifically WellCare. They continue to boost their efficiency on the backs of the ill, throwing them into greater ill health, lack of treatment, and even drug abuse due to lack of coverage of non-opioid techniques.

In contrast, WellCare is a large health insurance company with a presence in all 50 states. It is the 4th largest provider of Managed Medicaid plans with 4 million members in 13 states in the country. It is the largest in 6 of the 13 states in which it offers Medicaid plans. WellCare is also the 6th largest provider of Medicare Advantage Plans in the country.

It earned over \$20 billion in revenue last year and expects to grow that figure by about 30%, to \$26.3 billion in 2019, just to be gobbled up by Centene.

**What would Centene acquisition mean to providers and patients, specifically children and interventional pain management?**

1. First, the transaction would increase the consolidation of ownership of Medicaid MCOs. As of September 2018, 6 companies were operating Medicaid MCOs in more than 10 states: United Health group (25), Centene (20), Anthem (18), Molina (12), WellCare (12), and Aetna (11). Among all the 6 carriers, WellCare has the best record of patient care, whereas Centene has the worst, followed by Molina. The transaction would decrease this number to 5. Further, 7 of the states in which WellCare operates MCOs are also states in which Centene operates MCOs. Centene’s total will increase to 25, putting it on par with United Health group on this particular metric, or could even make it number one, since Medicaid MCO marketplace is dynamic, as these numbers are subject to change rapidly.
2. The transaction would increase the number of Medicaid beneficiaries enrolled in Centene MCOs in 8 states or more -- Kentucky, Illinois, Arizona, Florida, Georgia, Missouri, Nebraska, and South Carolina. The transaction would give Centene a Medicaid enrollment of 1.1 million members or over 37% of the total Medicaid MCO enrollment just in Florida. Similarly, it will become a major market force in Kentucky, Illinois, Missouri and Nebraska. Missouri and Nebraska may not face significant changes since WellCare is nonexistent in those states, but in the 12 states where WellCare is existent, enrollees will face significant change.
3. The transaction would give Centene ownership of WellCare MCOs in 5 states in which Centene currently does not operate MCOs. These states include Kentucky, Michigan, New Jersey, New York, and Hawaii. The WellCare MCO in Kentucky is the largest of the 5 MCOs in the state with an enrollment of 441,085, or more than a third of total MCO enrollment in the state in September 2008.

**MOST AFFECTED STATES**

- Kentucky (60%)
- Illinois (60%)
- Georgia (61%)
- Florida (50%)
- Missouri (80%)
- Nebraska (80%)

**ABOUT ASIPP, NANS, AND SIPMS**

The American Society of Interventional Pain Physicians (ASIPP) is a not-for-profit professional organization founded in 1998 which now comprises over 4,500 interventional pain physicians and other practitioners who are dedicated to ensuring safe, appropriate and equal access to essential pain management services for patients across the country suffering with chronic and acute pain.

The North American Neuromodulation Society (NANS) is a 1600-member multidisciplinary medical specialty society founded in 1994 and dedicated to the field of neuromodulation.

The Society of Interventional Pain Management Surgery Centers (SIPMS) is a national organization devoted exclusively to the issues of providing Interventional Pain Management procedures in the Ambulatory Surgery Center (ASC) setting.



If you have any questions, please feel free to contact us one of us: Laxmaiah Manchikanti, MD, at [drm@asipp.org](mailto:drm@asipp.org); Amol Soin, MD at [ohiopainclinic@gmail.com](mailto:ohiopainclinic@gmail.com); Tim Hutchinson at [hutchinson@gtlaw.com](mailto:hutchinson@gtlaw.com); Monica Prah Schulteis at [schulteism@gtlaw.com](mailto:schulteism@gtlaw.com); Ed Whitfield at [ewhitfield@farragutpartners.com](mailto:ewhitfield@farragutpartners.com); Jeff Mortier at [jmortier@rmvbllp.com](mailto:jmortier@rmvbllp.com); or Jeff MacKinnon at [jmackinnon@rmvbllp.com](mailto:jmackinnon@rmvbllp.com).