

Cigna reportedly wants to buy Centene—but we think the multi-billion dollar deal won't happen

Article

The news: Cigna has reportedly shown interest in buying fellow insurer Centene over the last few months, per Bloomberg. The deal discussions were reported preliminary and didn't lead

to serious negotiations, and it's unclear whether or not the talks will be restarted anytime soon.

What a Centene merger could mean for Cigna: Combined, the duo would create a Medicaid and Medicare behemoth, rivaling insurance giants like **United Healthcare (UHC)**.

- Cigna would reach millions of Medicaid patients with Centene under its roof. Centene's primary business is Medicaid: It covers over **26 million managed care members** (1 in 15 individuals across the US), according to its website.
- This would complement Cigna's already massive existing member base: Cigna claims it serves over **180 million** customer and patient relationships globally across its pharmacy (**Express Scripts**) and medical business, many of which are US-based Medicare members.

Plus, Cigna would become a much larger threat to market leader United Healthcare.

- For context, **UnitedHealth Group (UHG)** holds the highest market share (**15%**) among all insurers, [per](#) a 2021 AMA report.
- Cigna trails behind UHG in market share at 12%, but by adding Centene into the mix (2%), it would be inching closer to UHG's top spot.

But... We don't think it's likely Cigna will acquire Centene anytime soon considering the FTC's crackdown of insurer M&A deals over the past few years.

Large mergers usually take significant time to close due to antitrust regulatory barriers:

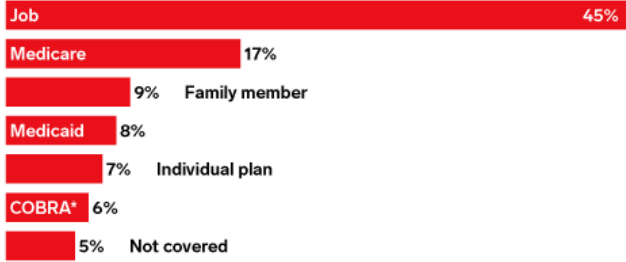
- For example, UHG and health IT giant **Change Healthcare** [announced](#) their merger over a year ago, but the duo still has to earn approval from the federal government before the deal can be marked complete.

Plus, the federal government has shut down large insurer M&As in the past, which means a Cigna-Centene merger could see the same fate:

- In 2017, a federal judge blocked insurer **Anthem's \$52 billion** acquisition of **Cigna** since the two giants combined would create the largest health insurance conglomerate in the US—and make it more difficult for employers to get fair rates for health plans.
- And during the same year, **Aetna** and **Humana** called off their multi-billion dollar M&A merger after a federal judge blocked the deal since it would have substantially decreased competition in the health insurance industry.

How Are US Adults Covered by Health Insurance?

% of respondents, Jan 2021



Note: numbers may not add up to 100% due to rounding; *the Consolidated Omnibus Budget Reconciliation Act

Source: Bend Financial survey conducted by OnePoll as cited in press release, Feb 3, 2021

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