

A silhouette of a city skyline with various buildings and a train, positioned at the top of the page.

Public Comment – CA Department of Insurance - April 27, 2016
Aetna-Humana Merger Public Hearing

Good afternoon. My name is Anthony Galace, Director of Health Policy at The Greenlining Institute, a statewide, multi-ethnic policy organization committed to racial and economic justice. Greenlining strives to uplift the needs of communities of color who face some of the most challenging barriers to good health and economic stability. However, significant barriers to health coverage continue to plague communities of color, and the proposed merger between Aetna and Humana threatens to perpetuate systemic racial and health inequities. Greenlining opposes this merger on the basis that it lacks consideration for the needs of communities of color, who comprise a majority of our state's population. I urge the Department to mandate strict guidelines that address the needs of communities of color, who make up a majority of the state's population, and promote health equity.

In order to most effectively meet the needs of their consumers, Aetna must also adopt best practices to meaningfully promote diversity and inclusion, while also acknowledging the dire need for greater diversity at all levels, especially among executive and board-level management. Currently, there is a severe lack of diversity among Aetna's senior decision-makers. Aetna cannot adequately meet the needs of Californians unless they reflect the populations that they serve.

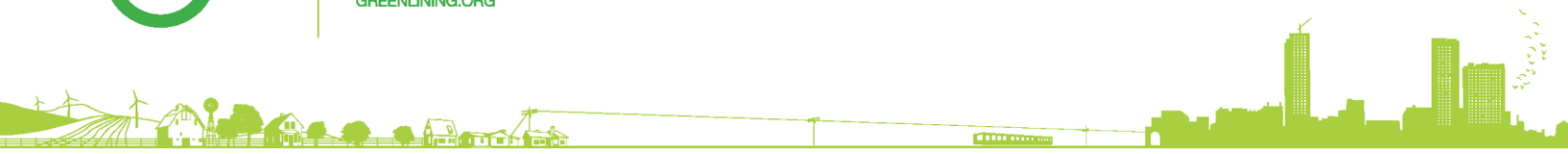
On their website, Aetna boasts of its "Racial & Ethnic Equality" initiative; however, we question Aetna's commitment to this cause considering only 14 percent of executive positions, and 15 percent of its board of directors are people of color. Additionally, only 31 percent of Aetna's employees are people of color. Simply maintaining this status quo would serve neither racial equality or equity.

Aetna must provide concrete assurances that they will train, recruit, and hire a diverse workforce that reflects California. Building a diverse workforce will provide good-paying, high-quality jobs for Californians, and in turn, will strengthen the state's economy. If Aetna elects to perpetuate the same institutional biases in selecting its workforce, then consumers should expect this merger to continue to reflect an out-of-touch organization that does not seek to improve health outcomes in California.

CDI must push Aetna to recognize the importance of racial equity, not just in terms of improving health outcomes, but also in creating a diverse and inclusive leadership structure. Ultimately, Aetna must display the willingness towards fulfilling its own promise of ensuring fairness and equality – anything less would be cause for rejection of this merger.

Additionally, Aetna must do more to drive economic development, especially in underserved communities. Specifically, Aetna must commit to building its supplier diversity network with small, minority-owned businesses, which are a key engine of economic development for communities of color. Supplier diversity promotes economic development in diverse communities, and generates a better return on investment by increasing competition and diversity in the supply chain. An inclusive procurement process needs to be a central requirement of this proposal.

However, from 2013-2014, Aetna took a significant step backwards by decreasing its investments in diverse suppliers by over \$1.1 million, resulting in an overall decrease from 0.77% diverse spending in 2013 to 0.07% in 2014. During this time span, Aetna ceased its partnerships with African-American small businesses, and also terminated its contracts with Women Business Enterprises.



Even more disappointing, Aetna did not partner with any Disabled Veteran Business Enterprises, LGBT Business Enterprises, or Multi-Certified Business Enterprises in 2013 or 2014.

Humana, on the other hand, displayed a mixed record on supplier diversity. We applaud Humana's increased investments of almost \$6 million in partnerships with American-Indian businesses; however, at the same time Humana cut its partnerships with Latino businesses by about 91 percent, while they increased investments in African-American businesses from \$0 in 2013 to a mere \$26 in 2014. Given that California represents the largest market for diverse businesses, this record is embarrassing and unacceptable.

Aetna's divestment from diverse businesses signifies an appalling disregard for the economic stability of underserved populations. Moreover, Aetna's partnerships with Minority Business Enterprises (MBE) in California is lackluster at best. In order to prove its commitment to California, Aetna must develop a clear strategy for building its network of diverse suppliers. By partnering with diverse businesses, particularly Minority Business Enterprises, Aetna can contribute to decreasing economic, health, and racial inequities across the state. CDI must hold Aetna accountable by setting clear benchmarks, and mandating stringent guidelines for increasing supplier diversity. Disregarding this vital aspect of this merger will further marginalize diverse businesses, and decrease opportunities for economic stabilities for communities of color.

Aetna must prove its commitment to California and acknowledge the importance of health equity as a central tenet of its operations by investing its resources to improving health outcomes beyond access to coverage. Greenlining strongly urges the Department of Insurance to require that Aetna invest significant resources towards upstream, preventive health improvements in underserved communities. Aetna must pledge investments towards vital community health resources such as affordable housing, environmental improvements, jobs and workforce development, grants to community-based organizations, and other strategies that target the root cause of poor health.

Aetna must recognize its obligation to holistically improving health outcomes for all Californians, beyond providing access to health coverage. Should this merger proceed, Aetna's expanded capacity will allow for greater spending towards public health services that reduce health disparities and promote health equity.

Again, we cannot support this merger unless Aetna is required to invest more in communities through grant dollars, workforce development, diversity initiatives, and supplier diversity investments. We urge CDI to consider what type of future this merger will leave for young people of color in California.

If Aetna is truly committed to serving California's growing communities of color, Greenlining urges Aetna to establish robust partnerships with consumers and health equity advocates across the state in order to institutionalize diversity and inclusion as core principles. Furthermore, Aetna must engage with minority-owned and other diverse businesses in order to most effectively assess and address the needs of underserved communities of color throughout California. I urge the Department of Insurance to advocate for strong diversity and inclusion requirements in order to ensure fair and equitable benefits for all Californians. Thank you.