

Case study

Centene Corporation–WellCare Health Plans, Inc. merger

In March 2019, Centene Corporation agreed to buy WellCare Health Plans, Inc., a deal valued at \$17.3 billion. Both companies provide government-sponsored managed care services to families, children, seniors, and individuals with complex medical needs through managed Medicaid and Medicare Advantage and to individuals in the Health Insurance Marketplace. The combined company will cover about 22 million lives across all 50 states and generate about \$97 billion in revenue.

Centene and WellCare have Medicaid contracts with 25 and 13 states, respectively. Among these are nine states with which both have a Medicaid contract. After the merger announcement, the Department of Justice (DOJ) began a nine-month investigation to ensure that the merger would not decrease competition for the sale of managed Medicaid or Medicare Advantage health plans. Centene and WellCare also required the approval of 27 state regulators.

The law firm Skadden, Arps, Slate, Meagher & Flom, working on behalf of Centene, hired a team of Bates White economists, led by Partner George A. Rozanski and including T. Scott Thompson and Kevin Pflum, to examine likely competitive effects of the merger and to assist with any required state filings. Bates White conducted comprehensive theoretical and empirical analyses of the merger and presented its findings to DOJ staff. The work included extensive analyses of bid data and data on market outcomes. The DOJ closed its review on January 21, 2020.

Dr. Rozanski also submitted affidavits to the Georgia and South Carolina Departments of Insurance and Florida's Agency for Health Care Administration. Based on his analysis, Dr. Rozanski concluded that the merger would not substantially lessen competition in the Managed Medicaid, Medicare Advantage, and comprehensive individual lines of business in these states. Dr. Rozanski testified in public hearings in Georgia and South Carolina. All three states approved the merger.