

Anthem and Cigna: Combination Creates Premier Health Services Company

December 8, 2015
Tallahassee, Florida

Anthem[®]

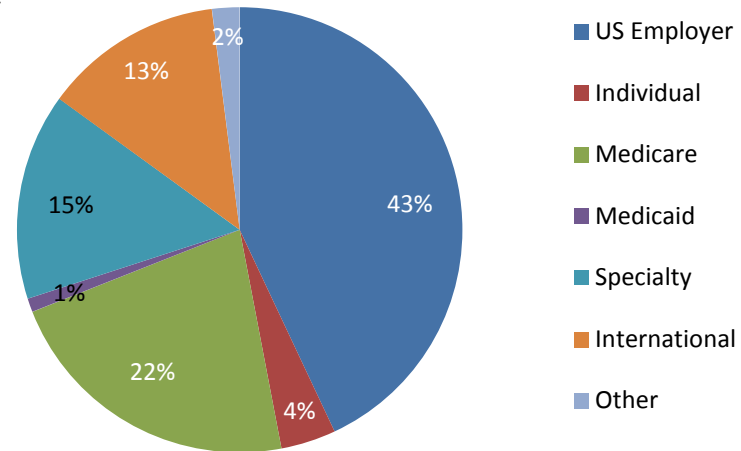
Overview of the Parties



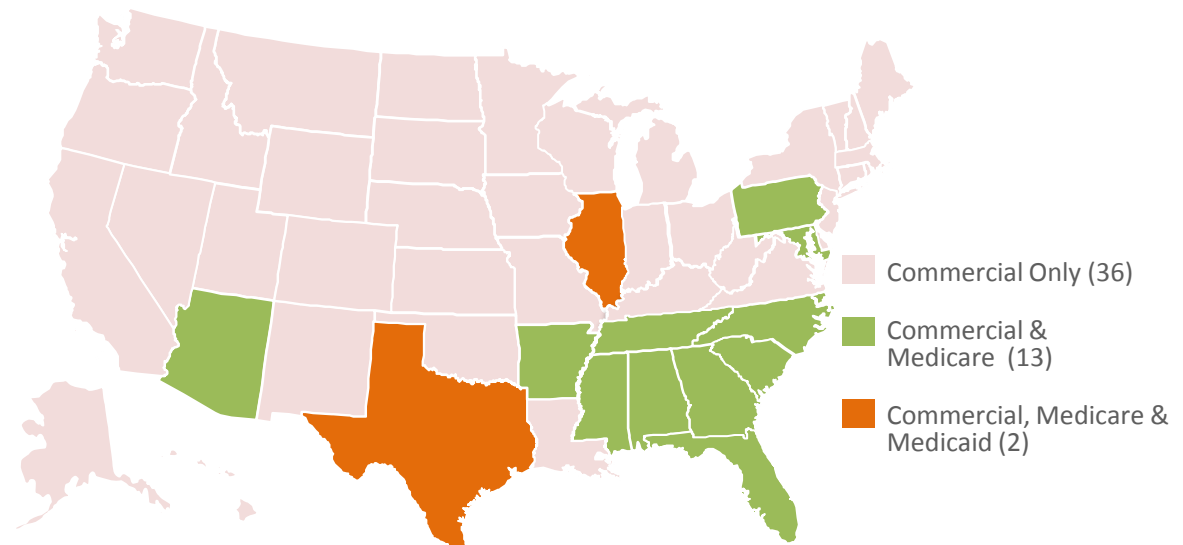
- **Nationwide presence**
 - Very small Medicaid footprint – 2 states
 - No marketing to fully-insured small groups*
 - Medicare in 13 states
 - Individual in 12 states
- **Overseas presence**
- **15 million members**
- **Cigna is not a BCBS licensee**
- **Focus on self-insured, including stop loss**
- **Focus on specialty**
- **Known for wellness and consumer management**
- **Highly-rated Medicare Advantage Plans (Cigna HealthSpring)**

Business

% of 2014 Revenue



Presence



* Except where required by law as a market participation requirement.

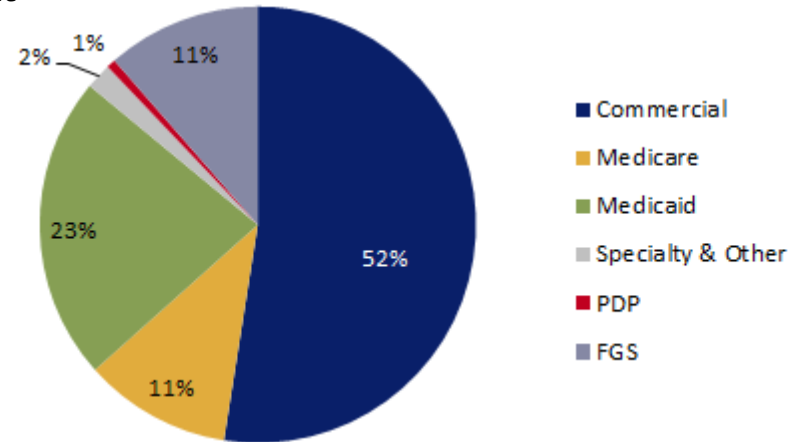
Overview of the Parties



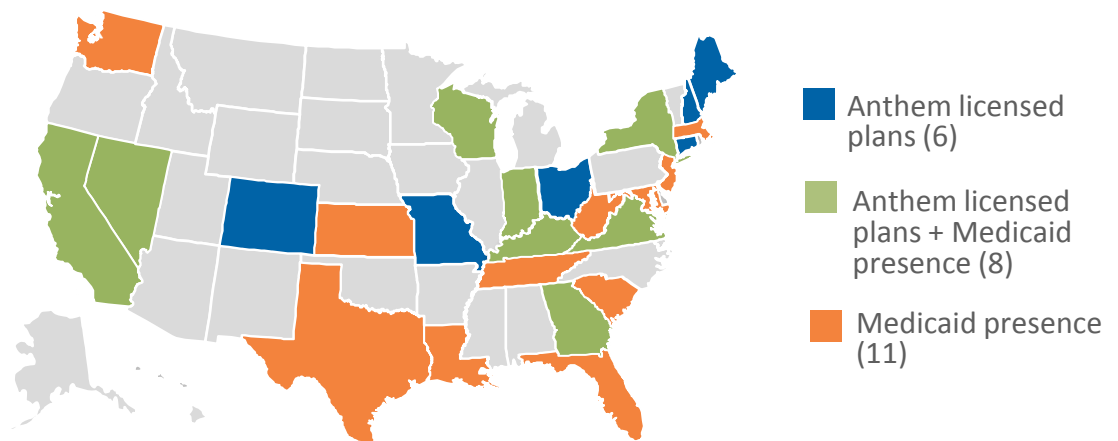
- **Operates in 25 states**
 - BCBS licensee in 14 states
 - Medicare Advantage in 20 states
 - Medicaid in 19 states
- **33.5 million members**
- **Strong fully-insured solutions**
- **No international business**

Business

% of 2014 Revenue



Presence



Anthem's Financial Strength

- Anthem, Inc. is very strong financially, with over \$62 billion of assets as of September 30, 2015, over \$2.5 billion in net income for the full year 2014, approximately \$73 billion consolidated operating revenue for the full year 2014, and the following financial strength ratings as of November 30, 2015:

Rating Agency	Financial Strength Rating
AM Best Company, Inc. ("Best")	A ("Excellent")
Standard & Poor's Rating Services ("S&P")	AA- ("Very Strong")
Moody's Investor Service, Inc. ("Moody's")	A2 ("Good")
Fitch, Inc. ("Fitch")	A+ ("Strong")

Transaction Overview

- On July 23, 2015, Anthem, Inc. (“Anthem”), Anthem Merger Sub Corp., a direct wholly-owned subsidiary of Anthem (“Merger Sub”), and Cigna Corporation (“Cigna”) entered into an Agreement and Plan of Merger (the “Merger Agreement”)
- Pursuant to the Merger Agreement, upon consummation of the mergers contemplated therein, Cigna will be merged with and into Anthem, and all of Cigna’s subsidiaries, including Cigna’s insurance company and HMO subsidiaries, will become wholly owned subsidiaries of Anthem
- Upon completion of the transaction, each share of Cigna common stock (other than the exceptions defined in the merger agreement) shall be canceled and converted into the right to receive \$103.40 in cash and 0.5152 of a share of Anthem common stock. In addition, Anthem will assume approximately \$5.5 billion in Cigna debt
- Anthem filed its “Form A” relating to the proposed transaction with the OIR on August 24, 2015; while there has been supplemental information provided to the OIR since that time, there have been no material changes in the information originally provided

Abbreviated Cigna Pre-Closing Org Chart

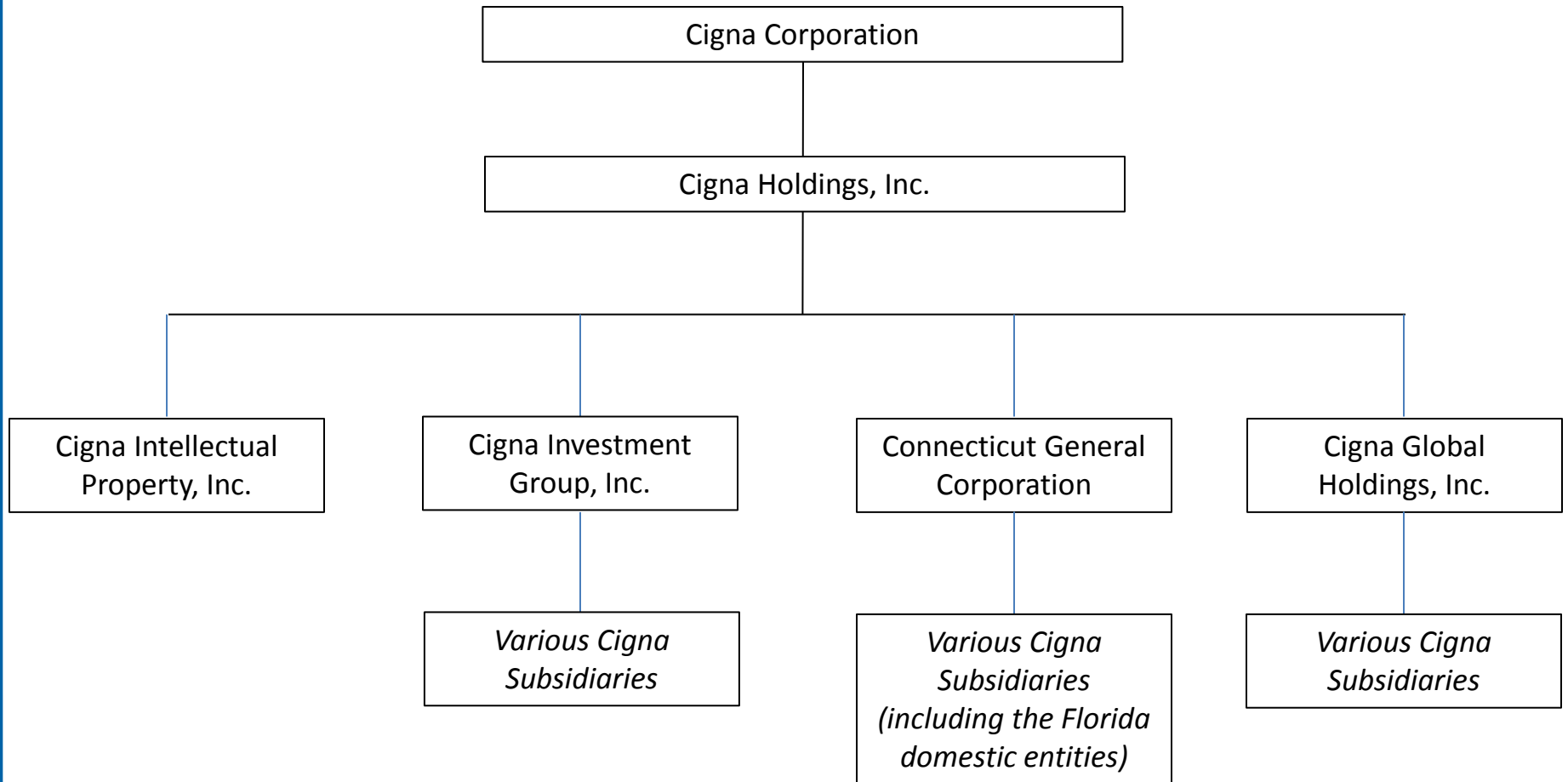
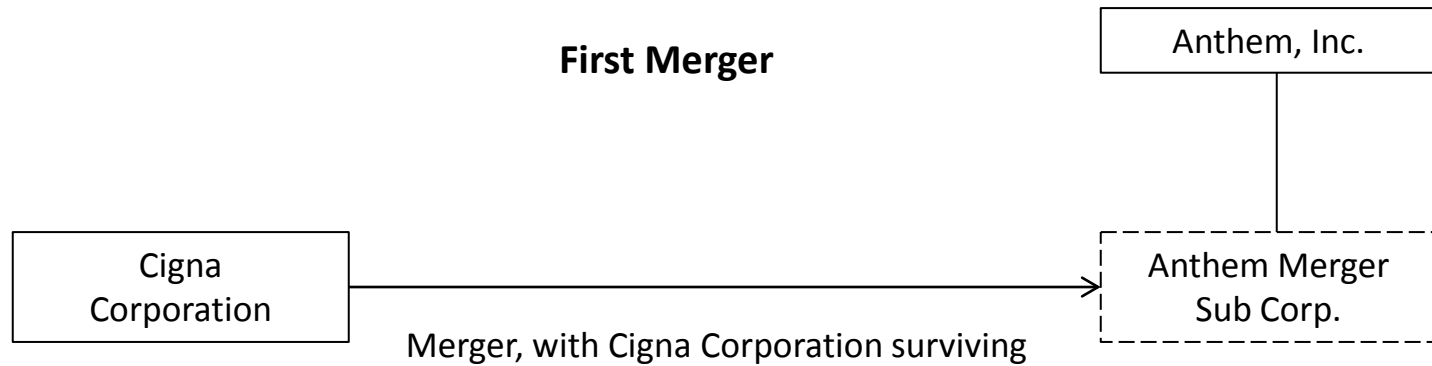
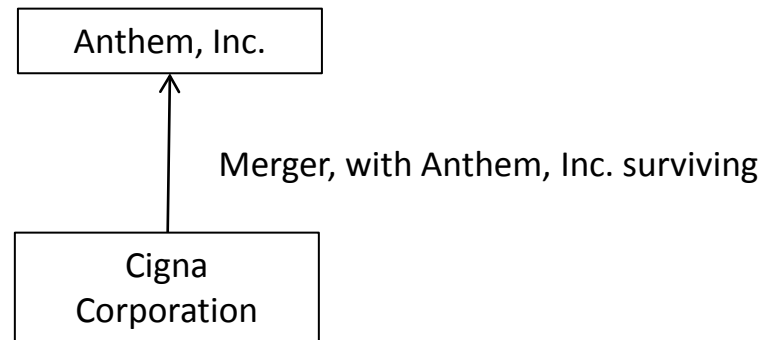


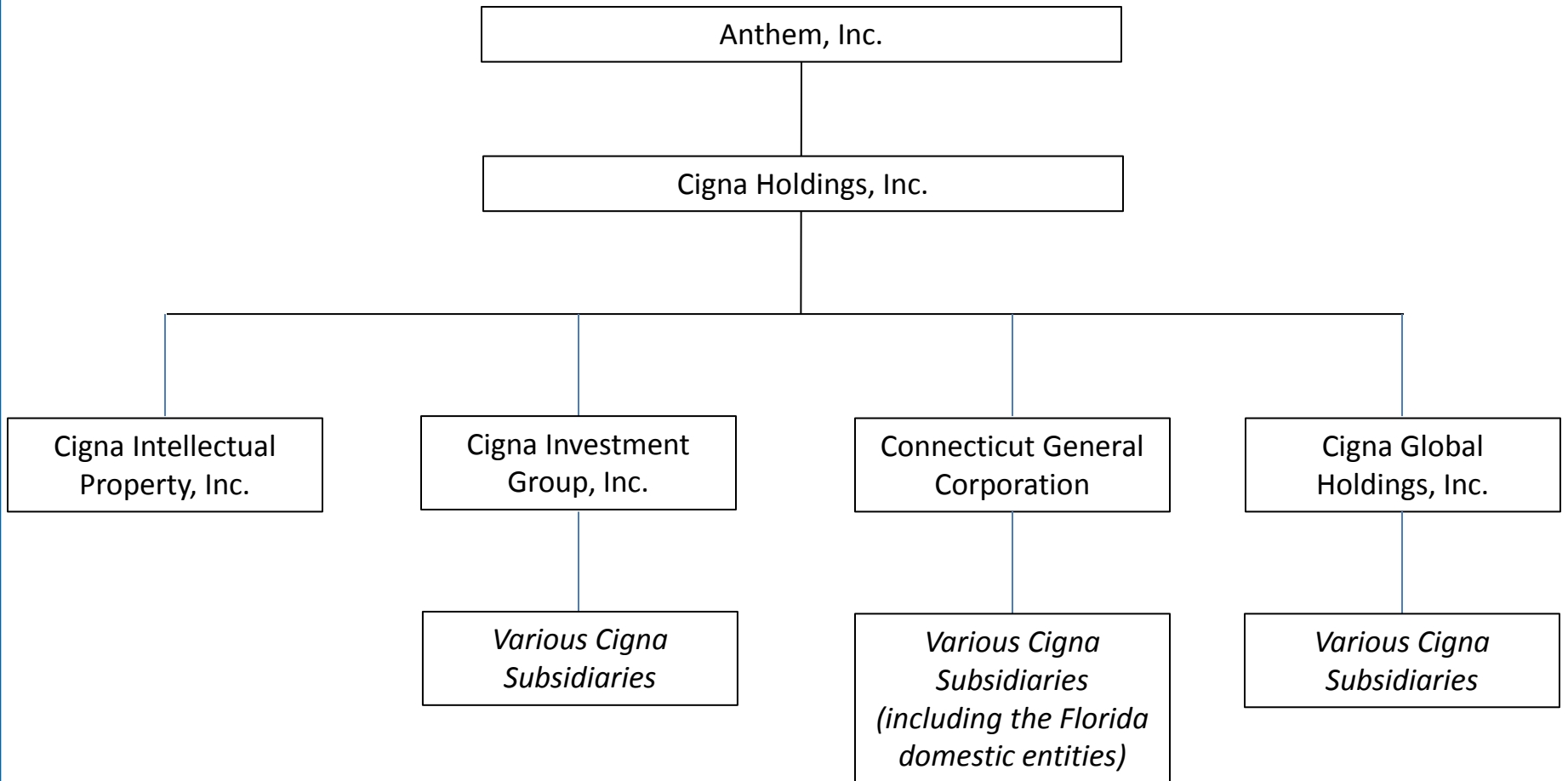
Diagram of Proposed Transaction



Second Merger



Abbreviated Anthem Post-Closing Org Chart



Merger Rationale

- **The merger addresses the need to control costs and deliver better care**
 - The merger will allow the combined firm to improve medical costs:
 - Providing even better collaboration models and speeding the pace of adoption
 - Bringing optimal cost of care advantage to members
 - Medical cost savings due to the transaction will be passed on to customers:
 - Self-insured customers experience pass-through of savings
 - Fully-insured members will benefit due to customer transparency and MLR caps

Merger Rationale (cont'd)

- **The merger facilitates cost savings and a transition to value-based care**
 - Value-based provider and consumer collaboration models reduce costs while maintaining and improving health outcomes
 - Consumer collaboration programs and incentives have led to substantial cost savings (e.g., engagement with chronic disease population)
 - Anthem and Cigna studies show value-based payment programs increase quality of care and reduce costs

Merger Rationale (cont'd)

- **The merger facilitates combining complementary capabilities to improve choice and quality**
 - Cigna brings more flexible stop-loss and shared returns products/funding solutions to complement self-insured business
 - Cigna brings highly-regarded wellness programs and integrated behavioral, pharmacy, vision, dental, and other specialty offerings to Anthem's base and will expand options and enhance health
 - Enhanced individual coverage – Anthem's exchange expertise and experience will facilitate expansion of individual business through Cigna brand in additional territories

Merger Rationale (cont'd)

- **The merger facilitates combining complementary capabilities to improve choice and quality (cont'd)**
 - Improved Medicare/Medicaid offerings
 - Cigna's highly-rated Medicare Advantage model will enable Anthem to better serve its larger Medicare Advantage population
 - Anthem's broader Medicaid portfolio will complement Cigna's Medicare capabilities to create a superior offering for Dual Eligible population
 - Combining complementary offerings will enable delivery of a continuum of care across all life stages to customers and providers, which will enhance quality and value
 - Increased investment in innovation
 - Better PBM offering – a key area of cost/spend

Impact on Florida Operations

- The transaction will result in an **indirect change of control** of the three Florida-licensed subsidiaries: Cigna Healthcare of Florida, Inc., Cigna Dental Health of Florida, Inc., and HealthSpring of Florida, Inc.
- Following the closing, each of these Cigna subsidiaries will maintain its separate corporate existence and will be an indirect, wholly-owned subsidiary of Anthem
- Anthem does not anticipate any changes to any existing affiliated agreements, except that Anthem is currently analyzing the need to replace Cigna's Amended and Restated Consolidated Federal Income Tax Agreement with Anthem's current intercompany tax sharing agreement
- The transaction will not affect adversely the financial condition, financial performance or financial stability of the Cigna subsidiaries

Impact on Florida Consumers

- The transaction will not require existing Cigna customers to change plans or coverage, doctors, or ID cards
- The merger will not cause existing premiums or rates to increase or benefits to decrease. In fact, Anthem anticipates a positive effect on premiums and rates due to the cost savings it expects to realize as a result of the merger
- Consumers in Florida will have increased choice
 - Broader network coverage – more providers in network
 - Enhanced quality due to value-based provider arrangements

Impact on Florida Employees

- Anthem currently has 2,411 employees in Florida and has no present plans to increase or decrease its overall employment levels in Florida
- Cigna currently has 1,077 employees in Florida. Anthem has no present plans to increase or decrease Cigna's overall employment levels in Florida
 - 11 employed by Cigna Dental Health of Florida, Inc.
 - 1,066 employed by affiliate companies that provide services to Cigna's Florida subsidiaries through intercompany management agreements

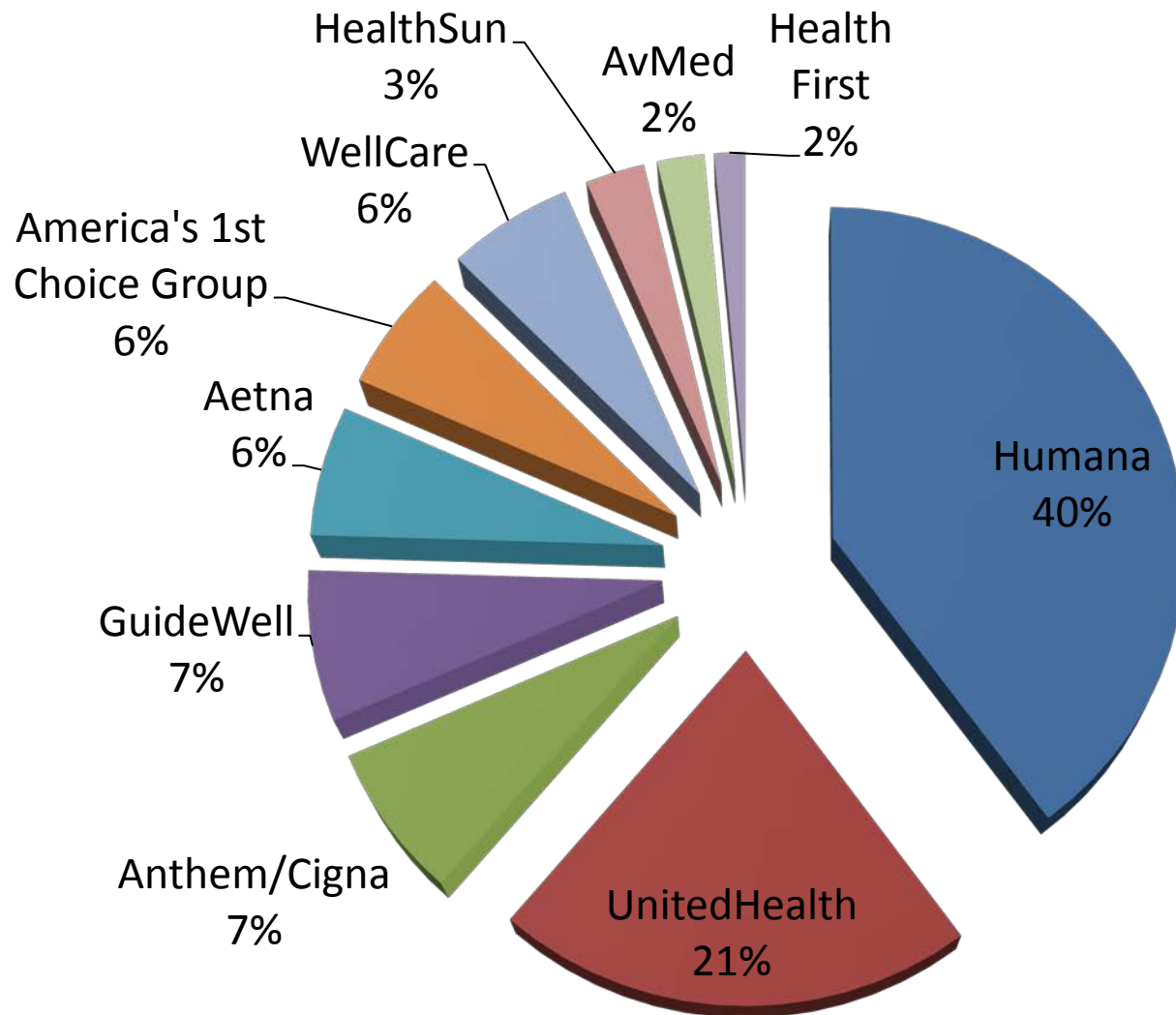
No Competition Issues

	Anthem Share of 2014 Premium in Florida	Cigna Share of 2014 Premium in Florida	Combined Share of 2014 Premium in Florida
Individual	0%	8.17%	8.17%
Small Group	0%	1.07%	1.07%
Large Group	0%	5.72%	5.72%
Standalone Dental	0%	1.45%	1.45%
Standalone Vision	0%	10.79%	10.79%
Medicaid	15.87%	0%	15.87%
Medicare	2.73%	4.39%	7.12%

*Premium data provided by SNL Financial LC

No Competition Issues (cont'd)

- Cigna had 4.39% of the total 2014 direct written **Medicare** premium in Florida; Anthem had only 2.73%
- Excluding Anthem and Cigna, there were **at least 20 companies** in 2014 offering Medicare coverage to Florida residents, including the following who each have a larger share than Anthem or Cigna:
 - **Humana**, the leading provider with 39.65% of the 2014 direct written Medicare premium (which would increase to 45.80% if Humana closes on its merger with Aetna)
 - **UnitedHealth**, the second leading provider with 21.17% of 2014 premium
 - **GuideWell Mutual Insurance Group**, with 7.03% of 2014 premium
 - **Aetna**, with 6.15% of 2014 premium
 - **America's 1st Choice Group**, with 5.86% of 2014 premium
 - **WellCare**, with 5.91% of 2014 premium



**Top 10 Florida Medicare Competitors Post-Merger
(based on 2014 Florida Direct Written Medicare Premium)**

The Transaction Meets the Approval Standards Set Forth in Section 628.4615(8)

Florida Statutes Annotated Section 628.4615(8) states: *The office shall approve any such acquisition if it finds, on the basis of the record made during any proceeding or on the basis of the filed application if no proceeding is conducted, that:*

- a) *Upon completion of the acquisition the specialty insurer will be able to satisfy the requirements for the issuance of a license or certificate to write the line of insurance for which it is presently licensed or certificated.*
- b) *The financial condition of the acquiring person or persons will not jeopardize the financial stability of the specialty insurer or prejudice the interests of its insureds or the public.*
- c) *Any plan or proposal which the acquiring person has, or acquiring persons have, made: 1) to liquidate the specialty insurer, sell its assets, or merge or consolidate it with any person, or to make any other major changes in its business or corporate structure or management, or 2) To liquidate any controlling company, sell its assets, or merge or consolidate it with any person, or to make any major change in its business or corporate structure or management which would have an effect upon the specialty insurer, is fair and free of prejudice to the insureds of the specialty insurer or to the public.*

The Transaction Meets the Approval Standards Set Forth in Section 628.4615(8) (cont'd)

- d) *The competence, experience, and integrity of those persons who will control directly or indirectly the operation of the specialty insurer indicate that the acquisition is in the best interest of the insureds of the insurer and in the public interest.*
- e) *The natural persons for whom background information is required to be furnished pursuant to this section have such backgrounds as to indicate that it is in the best interests of the insureds of the specialty insurer and in the public interest to permit such persons to exercise control over the specialty insurer.*
- f) *The directors and officers, if such specialty insurer or controlling company is a stock corporation, or the trustees, partners, owners, managers, or joint ventures or other persons performing duties similar to those of persons in the aforementioned positions, if such specialty insurer or controlling company is not a stock corporation, to be employed after the acquisition have sufficient insurance experience and ability to assure reasonable promise of successful operation.*
- g) *The management of the specialty insurer after the acquisition will be competent and trustworthy, and will possess sufficient managerial experience so as to make the proposed operation of the specialty insurer not hazardous to the insurance-buying public.*

The Transaction Meets the Approval Standards Set Forth in Section 628.4615(8) (cont'd)

- h) The management of the specialty insurer after the acquisition shall not include any person who has directly or indirectly through ownership, control, reinsurance transactions, or other insurance or business relations unlawfully manipulated the assets, accounts, finances, or books of any insurer or otherwise acted in bad faith with respect thereto.*
- i) The acquisition is not likely to be hazardous or prejudicial to the insureds of the insurer or to the public.*
- j) The effect of the acquisition would not substantially lessen competition in the line of insurance for which the specialty insurer is licensed or certified in this state or would not tend to create a monopoly therein.*

Consumer Questions

Please visit: <http://betterhealthcaretogether.com>

Anthem

 Cigna

[Home](#) [About Us](#) [How You Benefit](#) [News](#) [About The Transaction](#)



ANTHEM AND CIGNA:
Driving Health Care Innovation Together

DRIVING HEALTH CARE
INNOVATION TOGETHER

Anthem[®]

Anthem[®]