Anthem Ecosystem

Anthem
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Outside Relationships

Regulators

Subjects of US and Foreign Regulators

Appropriations Act
(Regulation regarding surprise medical bills, price comparison tools, disclosure of broker compensation, and reporting on pharmacy benefits and drug costs)

State Regulations of Insurance Companies and Health Maintenance Organizations
(Operating companies: issuance of certificates of authority; regulation of internal governance practices, risk and solvency assessment reporting, filing of periodic financial and operating reports, subject to state examination and periodic license renewal; Holding Company: insurance and the filing of reports describing capital structure, ownership, financial condition, certain intercompany transactions, enterprise risks, corporate governance and general business operations; and Statutory Risk-Based Capital Requirements: capital adequacy and reporting regulation and oversight)

Patient Protection and Affordable Care Act
(Administered by U.S. Health and Human Services; prohibits lifetime limits and certain annual limits, member cost-sharing on specified preventive benefits and pre-existing condition exclusions; imposes minimum medical loss ratios of 80-85%; establishes Medicare Advantage ratings system and bonuses for high ratings; requires review of premium rate increases for small group and individual products; prohibits use of health status and gender when determining health insurance premiums; audits by Centers for Medicare and Medicaid Services)

Privacy, Confidentiality and Data Standards Regulation
(The Federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"): regulation on the use, disclosure and safeguarding of protected health information; The Health Information Technology for Economic and Clinical Health ("HITECH") Act: requires notification and reporting of health information violations; strengthened enforcement and penalties for HIPAA violations)

Employee Retirement Income Security Act of 1974 ("ERISA")
(Regulates employee welfare benefit plans and third-party claims administrative services for such plans)

Drug Benefit and Pharmacy Benefit Manager Regulation
(Federal and state regulation of pharmacy benefit manager; compliance with labeling, packaging, advertising and adulteration of prescription drugs, dispensing of controlled substances, and licensing requirements; prohibition on certain business practices, such as "gag clauses" and "clawbacks")

Guaranty Fund Assessment
(Insurance companies and health maintenance organizations assessed for amounts paid by guaranty funds for policyholder losses incurred when an insurance company or HMO becomes insolvent)

Capital

- Public Debt Holders
- Commercial Banks
- Federal Home Loan Banks (FHLBs) (Indianapolis, Cincinnati, Atlanta, and New York)
- Hedge Counterparties

Suppliers

Professional Service Providers

- Ernst & Young (Audit Services)
- alb solutions (Lobbying Services)
- White & Case; Morris, Nichols, Arsht & Tunnell; (Litigation Services Regarding Termination Fee for Failed Cigna Merger)
- IBM (Cloud Computing Migration and Data Integration Services)
- Various Creative Agencies (Anthem Advertises on Over 250 Different Media Properties Across Multiple Media Formats)

- Blue Cross and Blue Shield Association (BCBSA) (an Association of 36 Independent Health Benefit Plans; Licenses Granted for CA, CO, CT, GA, IN, KY, ME, MO, ND, NH, NYC, Upstate NY, OH, VA Suburbs of Washington, DC, WI)

Customers

Bond Financing
Working Capital Financing
Short-Term Cash Advances
Interest Rate Swaps & Other Derivatives
Professional Services
License Agreement (Granting Anthem the Right to Use the Blue Cross & Blue Shield Name, Other BCBSA Licensees' Healthcare Provider Networks, and Discounts for Out-Of-State Services)
Substantive Business Regulation

Anthem Corporation (Indiana Corporation)

Debt Structure

Debt ($20.035B @ 12/31/2020) | Credit Ratings: A-(S&P), Baa2 (Moody's), BBB (Fitch)

Short-Term FHLB Cash Advances: $0 (0.16%)	Subsidiaries, 364-Day Lines Of Credit: $300M authority (LIBOR-based)	Parent 364-Day Senior Revolving Credit Facility: $1.0B	Parent, 5-Year Senior Revolving Credit Facility: $2.5B	Pa rent Commercial Pape.: $3.5B Authori y (0.16%)	Surplus Notes due 2027: $25M (9.0%)	Senior Convertible Debentures Due 2042 : $108M (2.75%)	Six Series of Notes Due 2021-2024 : $4.967B (2.95%-3.7%)	Five Series of Notes Due 2025-2030: $6.009B (2.25%-4.101%)	Four Series of Notes Due 2034-2040: $1.210B (5.8%-6.375%)	Four Series of Notes Due 2042-2044: $3.195B (4.625%-5.1%)	Five Series of Notes Due 2047-2054: $4.271B (3.125%-4.85%)

Equity Structure

Equity

Share Repurchase Program	Preferred Stock	Common Stock
Authorized: >$5B Expiration: No Expiration	Authorized: $100M Outstanding: 0 Recordholders: None	Authorized: 900M Issued: 252M Outstanding: 245M Recordholders: 55,764

Governance

Board of Directors

- Elizabeth E. Tallet (A, G)
- Gail K. Boudreaux
- R. Kerry Clark (A, F)
- Robert L. Dixon Jr. (A, F)
- Lewis Hay III (A, F)
- Antonio F. Neri (A, G)
- Ramiro G. Peru (C, F)
- Ryan M. Schneider (C, F)
- Bahija Jallal (C, G)

Committees:
Audit ("A")
Compensation and Talent ("C")
Governance ("G")
Finance ("F")

Executive Officers

President, Chief Executive Officer- Gail K. Boudreaux	VP, IngenioRx and Anthem Health Solutions - Jeff Alter	President & VP, Government Business - Felicia F. Norwood
VP, Chief Financial Officer - John E. Gallena	President & VP, Diversified Business - Dr. Prakash Patel	President & VP, Commercial & Specialty - Peter D. Haytaian
VP, Chief Human Resources Officer - Leah Stark	VP, Chief Administrative Officer - Gloria McCarthy	VP, Chief Legal Officer - Blair Todt

Corporate Matters

Human Resources
- Talent Management
- Learning & Development
- Total Rewards
- HR Systems
- Diversity & Inclusion
- Associate Relations
- Organizational Effectiveness
- Corporate Security
- Strategy, Practices, & Management

Administration
- Service Operations
- Information Technology
- Enterprise Execution
- Service Experience
- Enterprise-wide Change Initiatives for Growth, Innovation, and Continuous Improvement

Finance and Accounting
- Finance & Actuarial Functions
- Internal Audit
- Accounting
- Treasury
- Financial Reporting
- Tax
- Risk Management
- FP&A
- Procurement
- Corporate Real Estate

Legal Affairs
- Compliance
- Government Relations
- Public Affairs
- Corporate Governance
- Legal Affairs
- Regulatory Affairs

Operations

Commercial & Specialty Business
(2020 Revenue: $36.699 billion)

Through Local Group, National Accounts, Individual, and Specialty business units, Anthem provides (a) fully-insured health products, (b) managed care services to self-funded customers, including claims processing, stop loss insurance, provider network access, medical cost management, disease management, wellness programs, underwriting, and actuarial services, and (c) specialty insurance products, such as dental, vision, life and disability insurance.

Local Group

- **Employers With Small Out-Of-State Employee Populations** (less than 5% of eligible employees located outside of the headquarter state)
- **Employers With Large Out-Of-State Employee Populations** (more than 5% of eligible employees located outside of the headquarter state with up to 5,000 eligible employees)

National Accounts

- **Large Multi-State Employers in an Anthem Service Area** (with at least 5% of the eligible employees located outside of the headquarter state)
- **Enrollees of Blue Cross and/or Blue Shield Plans (Blue Card)** (not owned by Anthem who receive healthcare services in Blue Cross Blue Shield Association (BCBSA) licensed markets)

Individual

- **Individual Customers Under Age 65 and Their Covered Dependents** (Policies generally sold through independent agents and brokers, retail partnerships, Anthem's in-house sales force or via the exchanges)

Specialty Business

- **Customers In Conjunction with Other Health Plans** (Dental, vision, life and disability insurance benefits)

Products & Services Offered

Commercial & Specialty-Based		Hybrid			Government Business-Based	
Public Exchange and Off -Exchange Products	Administrative Services	Preferred Provider Organizations ("PPOs")	Consumer-Driven Health Plans ("CDHPs")	Traditional Indemnity	Medicaid Plans and Other State-Programs	Medicare Plans and Administration Operations
BlueCard®	Dental	Health Maintenance Organizations	Point-of-Service ("POS") plans	Disability	Behavioral Health	Individual Plans
Life Insurance	Vision Services & Products	Radiology Benefit Management	Pharmacy Products	Personal Healthcare Guidance	Intellectual and Developmental Disabilities	Children's Health Insurance Programs

Competitors: CVS Health | UnitedHealth Group | Cigna | Humana | Centene

Government Business
(2020 Revenue: $71.572 billion)

Through alliances and joint ventures with larger provider groups and the Blue Cross Blue Shield network, administrative service offerings, and full-risk arrangements, Anthem offers various Medicaid and Medicare services. Anthem also conducts the Federal Health Products and Services (FHPS) business which administers the Federal Employees Health Benefits ("FEHB") Program.

Medicare

- **Medicare-Eligible Individual Members Age 65 and Older** (Enrollees in Medicare Supplement plans; Medicare Advantage, including Special Needs Plans ("SNPs"), also known as Medicare Advantage SNPs; Medicare Part D (prescription drug plans); and dual-eligible programs through Medicare-Medicaid Plans)

Medicaid

- **Members who Receive Healthcare Benefits through Publicly Funded Healthcare Programs** (Including Medicaid, Obamacare-related Medicaid expansion programs, Temporary Assistance for Needy Families, programs for seniors and people with disabilities, Children's Health Insurance Programs, and specialty programs such as those focused on long-term services and support, HIV/AIDS, foster care, behavioral health and/or substance abuse disorders, and intellectual disabilities or developmental disabilities, among others)

Federal Employees Health Benefits Program Members

- **United States Government Employees and Dependents** (within Anthem's geographic markets through Anthem's participation in the national contract between the Blue Cross Blue Shield Association and the U.S. Office of Personnel Management)

IngenioRx
(2020 Revenue: $21.911 billion)

Anthem's Pharmacy Business Management (PBM) business offers comprehensive PBM services, such as formulary management, pharmacy networks, a prescription drug database, member services and mail order capabilities, to affiliated customers and external customers.

Pharmacy Business Management

- **Affiliated Health Plan Customers and External Customers** (Unaffiliated PBM customers include self-funded groups that contract with IngenioRx for PBM services and external customers outside of the health plans Anthem owns)

Products & Services Offered

- Formulary Management
- Pharmacy Networks
- Prescription Drug Database
- Member Services
- Mail Order Capabilities
- Claims Processing
- Prescription Fulfillment

Brand: ingenioRx

Competitors

- CVS Health/Caremark
- Cigna/Express Scripts
- UnitedHealth OptumRx
- RxAdvance (cloud-based PBM joint venture between Centene and Walgreens Boots Alliance)
- Humana Pharmacy Solutions

Other
(2020 Revenue: $6.057 billion)

Diversified Business Group, a group of Anthem subsidiaries that render healthcare services (e.g., chronic condition treatment, mental/behavioral health, radiology, and diabetes management services)— AIM Specialty Health, Amerigroup, Aspire Health, Beacon, CareMore, Empire, Freedom Health, HealthLink, HealthSun, Optimum HealthCare, Simply Healthcare, and UniCare.

Diversified Business Group

- **Subsidiary Customers** (Anthem is licensed to conduct insurance operations and render healthcare services directly to customers in all 50 states and the District of Columbia)

Brands

AIM SpecialtyHealth · Aspire Health · Simply healthcare · HealthSun Health Plans · beacon · CareMore Health · HealthLink · Freedom Health · UniCare · Amerigroup · OPTIMUM HealthCare, Inc.

Competitors

Health Help	Vibra Healthcare, LLC
Magellan Health	Sound Physicians
Horizon Health Corp	Priority Health
American Behavioral	Meridian Health Plan
Sierra Health Care	eviCore healthcare

Agreements to Participate as Anthem "In-Network" Healthcare Service Providers to Policyholders of Anthem Health Insurance Plans

Healthcare Provider Networks (Includes Hospitals, Physicians, Primary Care Practitioners, Clinics, Pharmacies, etc.)

Pharmaceutical Administrative Services (Claims Processing and Prescription Fulfillment)

Pharmacy Benefit Administration — CaremarkPCS Health, L.L.C. (a CVS Health Subsidiary) (IngenioRx delegates certain Pharmacy Benefit Management administrative functions, such as claims processing and prescription fulfillment, to CaremarkPCS under a five-year agreement (the "CVS PBM Agreement"))

Non-Exclusive Contracts to Dispense Prescription Drugs → Network of Retail Pharmacies

Prescription Drug Dispensation → Patients

Prescription Drug Plans → Customers: Managed Care Organizations | Third-Party Administrators | Employers | Union-Sponsored Benefit Plans | Workers' Compensation Plans | Government Health Programs | Hospitals | Clinics

Pharmacy Benefit Management Services

Outside Relationships

Customers

Medical Cost Payments on Behalf of Insured Patients

Health Maintenance Organizations, Preferred Provider Organization (PPO), and Consumer Driven Medical Health Plans

Commercial Medical Health Insurance Premiums

Behavioral Health, Consumer Health Engagement, Dental, and Life and Disability Services

Specialty Products and Services Fees

Medicare Advantage, Medicare Part D Prescription Drug Plans, Medicare Supplement Plans, Medicaid-Related Plans, and Federal Employee Health Plans

Government Plan Medical Health Insurance Premiums

Medical Cost Payments on Behalf of Insured Patients

Suppliers

- Medical Care Service Providers (Hospitals and Physicians)
- Commercial Market: Employees and Patients
- Medical Care Services
- Medical Care Service Providers (Hospitals and Physicians)

Capital

Significant Shareholders

- The Vanguard Group, Inc. (7.26%)
- T. Rowe Price Associates, Inc. (5.18%)
- BlackRock Fund Advisors (4.71%)
- Wellington Management Co. LLP (4.41%)
- SSgA Funds Management, Inc. (4.25%)
- Institutional Ownership: 90.36%

Securities Regulation and Stock Listing Rules

Dividends and Common Stock Repurchases

Equity Capital

Medical Care Services

Employee-Sponsored Medical Insurance Coverage

Customers

- Commercial Medical
- Employers
- Specialty Products and Services
- Commercial
- Governments
- Government Medical
- Seniors (Medicare Parts C & D)
- State Governments
- Federal Government

Government-Sponsored Medical Insurance Coverage

- Government Market: Seniors (Medicare Parts A & B), Low-Income Individuals, and Federal Employees

Medical Care Services

Regulators

Securities Regulators

- US Securities and Exchange Commission (Securities Law Disclosure and Reporting Requirements; Anti-Bribery Law Record Keeping Requirements)
- New York Stock Exchange (Listing, Maintenance, and Corporate Accountability Requirements)

Key Company Data

Share Data

- Stock Exchange: NYSE
- Ticker Symbol: ANTM
- Share Price: $381.80 *As of 06/30/2021*
- Earnings Per Share Diluted: $17.98
- Earnings Per Share (Trailing 12 Months): $18.69
- 2020 Annual Dividend: $3.80/share
- Forward Annual Dividend: $4.52/share
- Market Capitalization: $93.48B

Resources

- 70,600 employees
- Operations in 14 states, 50 including subsidiaries
- Regional Headquarters: Indianapolis, IN, US

Financial Highlights

Statement of Earnings

- Total Revenues: $121.9B
- Operating Expenses: $115.6B
- Net Income: $4.6B

Balance Sheet

- Total Assets: $86.6B
- Total Liabilities: $53.4B
- Long-Term Debt: $19.3B
- Equity: $33.2B

Cash Flow

- From Operations: $10.7B
- Used For Investing: $(7.3B)
- From Financing: $(2.6B)

Key Financial Metrics

- Return On Equity: 14.1%

Recent Developments

My NEXUS Acquisition. As of April 2021, Anthem, Inc. announced that it has completed its acquisition of myNEXUS, Inc., a comprehensive home-based nursing management company for payors.

Vaccination Incentive. In response to the ongoing pandemic and new release of COVID-19 vaccines, Anthem, Inc. announced in April 2021 that it will provide an incentive to all associates who are fully vaccinated against COVID-19.

Data Exchange. Anthem, Inc. announced an effort to facilitate a secure, bi-directional exchange of health information between healthcare providers and Anthem's affiliated health plans, as a result of its collaboration with Epic. Anthem aims to better leverage data-driven insights in care decisions, simplify healthcare, and ultimately improve health outcomes.

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