# Cigna Ecosystem

Cigna
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## Outside Relationships

Regulators | Capital | Suppliers | Customers

**Capital**
- Public Debt Holders
- Commercial Banks

**Suppliers**
- Professional Service Providers
  - Pricewaterhouse Coopers (Audit Services)
  - Morgan Stanley (M&A Financial Advisor)
  - Paul Weiss (Regulatory Counsel)
  - Wachtell Lipton (M&A Legal Counsel)
  - Sidley Austin (Regulatory Counsel)
  - McCann Erickson (Advertising Agency)
- Network of Retail Pharmacies
  - Prescription Drugs Dispensation
  - Patients
  - Prescription Drug Plans

**Customers**
- Institutions
  - Managed Care Organization
  - Health Insurers
  - Third-Party Administrator
  - Employers
  - Union-Sponsored Benefit Plans
  - Workers' Compensation Plans
  - Government Health Programs
- Provider
  - Clinics
  - Hospitals
  - Other

**Regulators**
- Subjects of US and Foreign Regulators
- Department of Health and Human Services (including Centers for Medicare and Medicaid Services)
- Consumer Protection
- Anti-Fraud and Abuse
- Anti-Kickbacks
- False Claims
- Health Insurance Portability and Accountability Act of 1996
- Health Information Technology for Economic and Clinical Health Act
- Federal Trade Commission
- Gramm-Leach-Bliley Act
- Employee Retirement Income Security Act
- Department of Labor
- State Corporate Practice of Medicine
- State Healthcare Regulation
- State Privacy and Security Regulation
- International Regulatory Regimes

Bond Financing
Working Capital Financing
Professional Services
Non-Exclusive Contracts to Dispense Prescription Drugs
Pharmacy Dispensing, Supply Chain Administration & Management, and Clinical Solutions Services and Value-Based Programs
Provider Services and Health Benefit Management Services

## Cigna Corporation (Delaware Corporation)

### Debt Structure

Debt ( $37.4 @ 12/31/2019 ) Credit Ratings: A-(S&P), Baa2 (Moody's), BBB (Fitch)

- Commercial Paper ($994 million at 2.1%)
- Floating Rate Revolving Credit Agreements: $3.25B maturing in 2023 and $1B maturing in October 2020
- Seven series of Notes Due 2020 : $4.7B (2.6%-4.125%; two series have floating rates)
- Seven series of Notes Due 2021: $6.876B (3.3%-6.37%; one series has floating rates)
- Three series of Notes Due 2022: $2.249B (3.05%-4%)
- Five series of Notes Due 2023: $4.917B (3%-8.3%; one series has floating rates)
- Seventeen series of Notes Due 2024-2048: $20.581B (3.25%-8.35)

### Equity Structure

Equity
- Share Repurchase Program (4 billion authorized, 3.5 billion remaining, and no expiration date
- Common Stock (600 million authorized, 372 million outstanding, and 385 million issued)
- Preferred Stock (25 million authorized, 0 outstanding)

### Governance

**Board of Directors**

| | | |
|---|---|---|
| David Cordani (E) | Kathleen Mazzarella (F, PR) | Committees: Executive ("E") Audit ("A") Compliance ("C") Corporate Governance ("CG") Finance ("F") People Resources ("PR") |
| Isaiah Harris, Jr. (E) | Mark McClellan (CG, PR) | |
| William DeLaney (A, CG) | John Partridge (A, F) | |
| Eric J. Foss (C, CG) | William Roper (E, C, F) | |
| Elder Granger (C, CG) | Eric Wiseman (E, F, PR) | |
| Roman Martinez (E, A, F) | Donna Zarcone (E, C, CG) | |

**Executive Officers**

| | | |
|---|---|---|
| Chief Executive Officer - David Cordani | Chief Information Officer – Noelle Eder | President, Strategy and Solutions - Matt Manders |
| President, Government Business - Brian Evanko | President, Health Services – Timothy Wentworth | VP, Human Resources and Service - John Murabito |
| President, International Markets – Jason Salder | President, U.S. Markets – Michael Triplett | Chief Financial Officer – Jason Palmer |
| Chief Clinical Officer - Steven Miller | | Executive VP - Nicole Jones |

### Corporate Matters

- **Human Resources**: Hiring / Training; Pension Plans; Compensation; Benefit / 401(k) Plans; Talent Management; Recruitment; Equity Incentive Plan; Onboarding; Succession Planning
- **Sales and Marketing:** Global Marketing; Strategic Marketing; Customer Insights and Innovation; Branding and Advertising; Data Analytics
- **Information Technology**: Technology Strategy; IT Infrastructure; IT Applications
- **Finance and Accounting**: Budget Support; Internal Audit; Accounting; Cash Management; Financial Reporting; Tax; Risk Management; FP&A; Insurance; Treasury / Cash Management
- **Legal**: Compliance; Government Affairs; Communications; Corporate Governance; Legal
- **Strategy and Solutions**: Strategy; Services; Delivery Functions
- **Clinical**: Clinical Policy; Pharmaceutical Supply Chain; Quality; Performance Efforts

### Operations

**2019 Revenue: 153.6 Billion**

#### Health Services (2019 Revenue: $96.4 billion)

- **Pharmacy Dispensing**: Home Delivery Pharmacy Services; Specialty Pharmacy Services; Drug Utilization Review Program; Drug Claim Adjudication
- **Supply Chain Administration & Management**: Retail Network Pharmacy Administration; Benefits Design Consultation; Administration of Group Purchasing Organizations; Drug Formulary Management
- **Clinical Solutions**: Health Connect 360; Advanced Utilization Management Programs; Enhanced Fraud, Waste, and Abuse; Express Scripts Digital Health Formulary
- **Value Based Program**: SafeGuardRx; Patient Assurance Program; Embarc Benefit Protection
- **Provider Services**: Distribution Services to Office & Clinical-Based Physicians; Treat Customers with Chronic Diseases; Regularly Order Costly Specialty Pharmaceuticals; Competitive Pricing on Pharmaceuticals/Medical Supplies
- **Health Benefit Management Services**: EviCore
- **Competitors**: CVS Health Corporation; Rite Aid Corporation; Humana; Anthem; UnitedHealth Group Inc.; Blue Cross/Blue Shield Plans; MedImpact; Walmart, Inc.; Navitus Health Solutions; Walgreens Boots Alliance, Inc.; Magellan Health; HealthHelp; Cotiviti; Inovalon

#### Group Disability and Life (2019 Revenue: $5.2 billion)

- **Group Disability**: Long-Term Disability; Short-Term Disability; Leave Administration
- **Group Life Insurance**: Group Life Term (Employer-paid basic life insurance or employee-paid supplemental life insurance)
- **Group Accidental and Voluntary**: Personal Accidental Insurance; Voluntary Products and Services
- **Competitors**: Unum; The Hartford; Prudential Financial; Lincoln Financial Group; MetLife

#### International Markets (2019 Revenue: $5.6 billion)

- **Global Health Care**: Insurance and Administrative Services For: Dental; Medical; Pharmacy; Vision and Life; Accidental Death and Dismemberment; Disability Risks
- **Local Health Care**: Medical, Dental, Pharmacy, and Vision Products/Services; Life Coverage
- **Supplemental Health, Life, & Accidental Insurance**: Coverage of Risks for Health; Financial Security of Individuals
- **Competitors**: Global Insurers; Local Non-U.S. Insurers

#### Integrated Medical (2019 Revenue: $36.5 billion)

- **Commercial Medical**: Managed Care Plans; PPO Plans; Consumer-Driven Products
- **Government Medical**: Individual and Family Plans; Medicare Advantage Plans; Medicare Stand-Alone Prescription Drug Products; Medicare Supplement Plans
- **Specialty Products and Services**: Stop-Loss; Cost-Containment Program; Consumer Health Engagement; Pharmacy Management; Behavioral Health; Dental
- **Competitors**: United Health Group Inc.; CVS Health Corporation; Blue Cross Blue Shield Plans; Anthem; Humana; Aetna, Inc.

Prescription Drug Supplies

Health Insurance Premiums

Group and Local Health Care Insurance Coverage and Supplemental Health, Life, & Accidental Insurance

**Customers**: Inter-governmental Organizations; Globally Mobile Individuals; Individuals; Non-Governmental Organizations; Employer Groups; Multinational Companies

**Pharmaceutical Suppliers**: Johnson & Johnson; Bayer; Merck; Celgene; Roche; Abbott; Pfizer

Securities Regulation and NYSE Listing Rules
Common Stock Repurchases
Equity Capital
Medical Cost Payments on Behalf of Insured Patients
Managed Care, Preferred Provider Organization (PPO), and Consumer Driven Medical Coverage
Commercial Medical Health Insurance Premiums
Individual and Family Plans, Medicare Advantage, Medicare Stand-Alone Prescription Drug Products, and Medicare Supplement Plans
Government Medical Health Insurance Premiums
Behavioral Health, Consumer Health Engagement, Dental, Pharmacy Management, and Cost-Containment Management Services
Specialty Products and Services Fees and Dental Insurance Premiums

## Outside Relationships

Customers | Suppliers | Capital | Regulators

**Regulators**
- Securities Regulators
  - US Securities and Exchange Commission
  - New York Stock Exchange

**Capital**
- Significant Shareholders
  - T. Rowe Price Associates, Inc. (8.45%)
  - The Vanguard Group, Inc. (7.40%)
  - Fidelity Management & Research Co. 5.14%)
  - BlackRock Fund Advisors (4.54%)
  - SSgA Funds Management, Inc. (4.47%)
  - Capital Research & Management Co. (4.41%)
  - Capital Dodge & Cox (3.94%)
  - Massachusetts Financial Services (3.51%)
  - JPMorgan Investment Management, Inc (1.74%)
  - Sanders Capital LLC (1.52%)

**Suppliers**
- Medical Care Service Providers (Hospitals and Physicians)
- Medical Care Services

**Customers**
- Commercial Market: Employees and Patients
- Employee-Sponsored Medical Insurance Coverage
- Customers
  - Commercial Medical
  - Employers
  - Government Medical
  - Individuals
  - Governments
- Specialty Products and Services
  - Commercial
  - Governments

## Key Company Data

**Revenue by Location**
- Pharmacy: $103.1B
- Premiums: $39.7B
- Fees and other revenues: $9.4B
- Net investment income: $1.4B
- Total Revenues: $153.6B
- Net Income: $5.1B

**Assets**
- Total Current Assets: $29.8B
- Total Non-Current Assets: $125.9B
- Annual Dividend: $0.04
- Total Assets: $155.8B

**Resources**
- 73,700 employees
- Operations in 30 countries/jurisdictions

**Share Information**
- Ticker Symbol: CI
- Share Price (9/14/2020): 171.85
- EPS: $13.58

**Recent Developments**

In the third quarter of 2020, Cigna plans to sell its group life and disability insurance business segment to New York Life for a cash consideration of $6.3 billion.

In response to the social justice movements that surged during the summer of 2020, Cigna launched a "Building Equity and Equality Program" which is a five-year initiative to broaden and advance their efforts to support equity, equality, diversity, and inclusion of their employees and clients in the colored community. Their goal is to improve the health, well-being, and peace of mind of all those who partake in Cigna.

In the second quarter of 2020, the adjusted revenues for Cigna's Health Services segment increased by 22% relative to second quarter 2019 due to the the insourcing of Integrated Medical pharmacy volumes and strong organic growth, partially offset by reduced retail script volumes due to the COVID-19 pandemic.

As of June 2020, Cigna has a pharmacy customer of 84.9 million, an organic increase of 9.0 million customers, driven by strong new health plan sales.

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