



U.S., et al. v. Anthem, Inc. and Cigna Corp.

Plaintiffs' Opening Statement Phase II

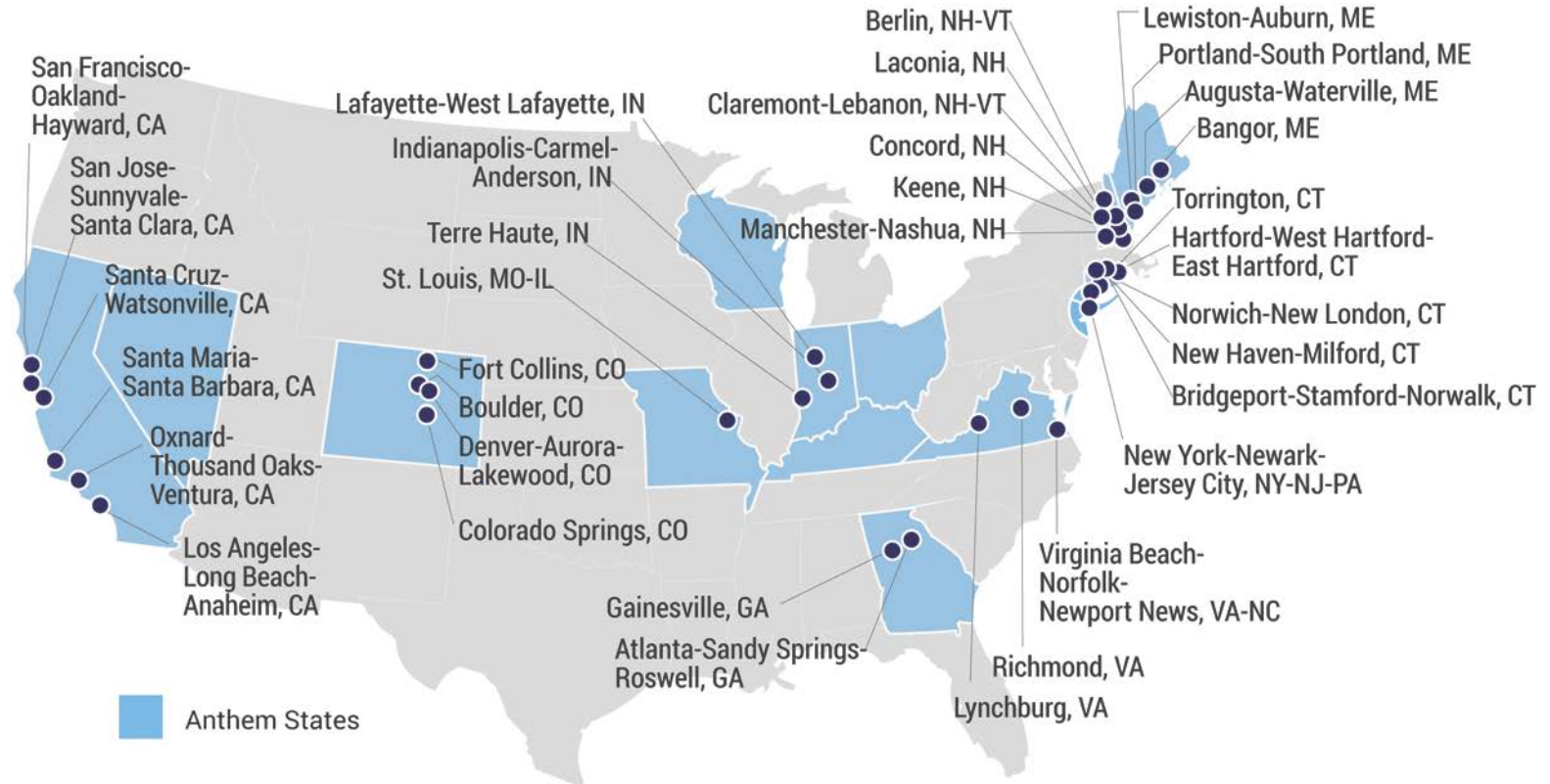
(Public, Redacted Version)

**PLAINTIFFS'
EXHIBIT**

U.S. v. Anthem et al., Civ. No. 16-cv-1493

PDX028

35 Relevant Markets



The Local Case

①

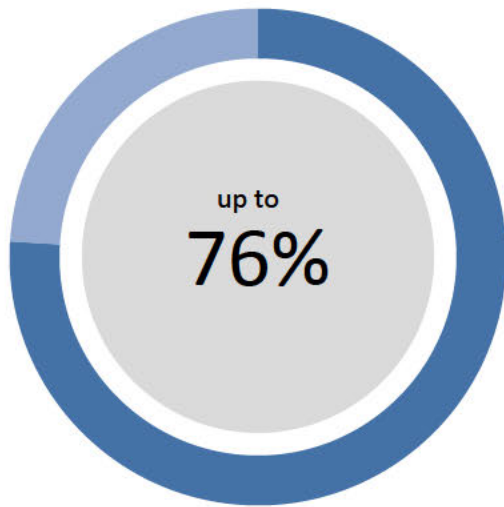
Sale of commercial health insurance
to large-group employers

②

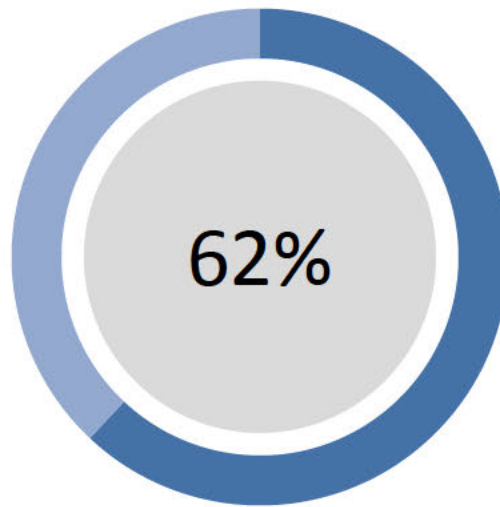
Purchase of healthcare services
by commercial health insurers

In some local markets, the Blues' shares will be even higher

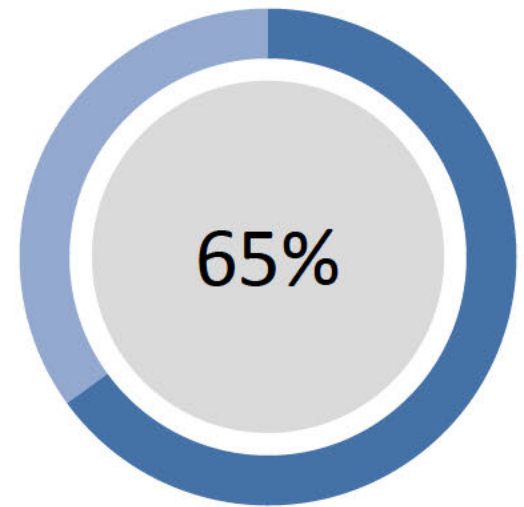
New Hampshire markets



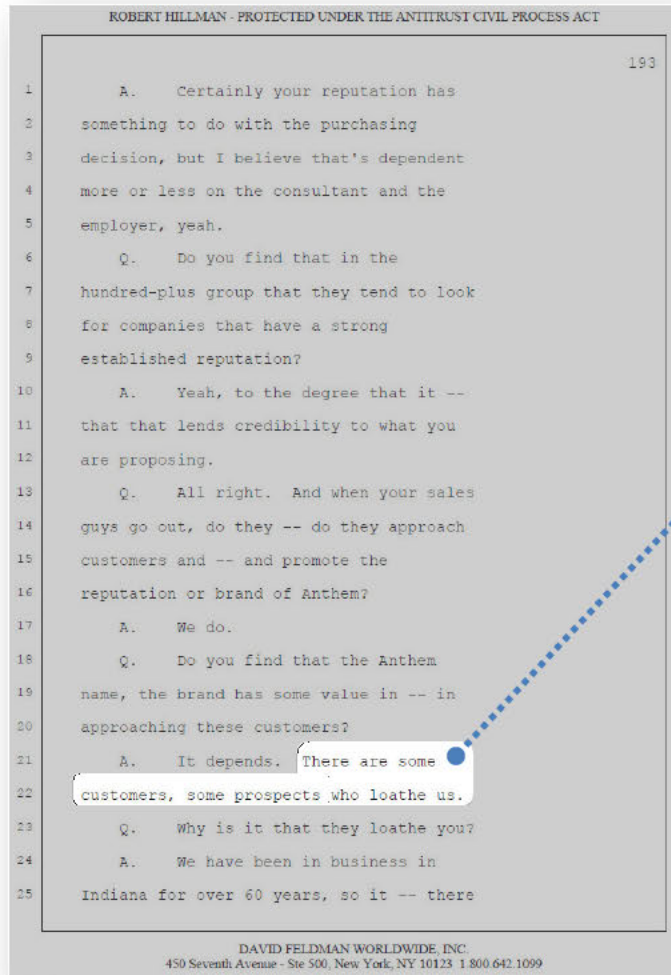
Portland, Maine



Indianapolis, Indiana



Where Anthem has higher market shares, it is less responsive to customers and providers



“There are
some customers,
some prospects
who loathe us.”

—Robert Hillman
Plan president of Indiana, Anthem

Where Anthem has lower market shares, it seeks different ways to compete

From: mike.ramseier@anthem.com
To: joseph.swedish@anthem.com
Sent: 7/20/2015 7:40:14 PM
Subject: Re: Anthem, Inc. to Acquire Cigna Corporation

Good to hear from you Joe!

Would love the opportunity to connect when you are in town and have the time.

I would certainly be happy to meet with the board. However, there really are no new material developments in Colorado that are likely "Board worthy".

As you know, we do not have market share like other states nor a significant discount advantage. As a result, we need to create "value" in other ways. For example, we have focused on a strong provider collaboration strategy, member engagement and service strategy (which includes well-being), and a more competitive mid market ASO strategy. The Cigna acquisition is extremely complementary to these initiatives.

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Hope all is well in my home state. I am there during the summer months so maybe we can connect. Our Board meets in CO Springs next after next. Would you have another report to offer about your market? It not essential but maybe we can discuss.

Joseph Swedish
President & CEO
Anthem, Inc.

On Jul 24, 2015, at 8:17 AM, Ramseyer, Mike > wrote:

Congratulations Joe!

Clearly lots more work to do over the next few years but for now congratulations!

Exciting times for our industry and company.

Michael S Ramseyer
President, Anthem Blue Cross Blue Shield
303-811-2100

Begin forwarded message:

CONFIDENTIAL COMPETITION SENSITIVE
PROPRIETARY BUSINESS INFORMATION
FOIA EXEMPT RESPONSE

PLAINTIFFS'
EXHIBIT
PX0554

ANTM005670573

—Mike Ramseyer
Plan president of Colorado, Anthem

With less market share, Cigna must approach
provider relationships differently

Large group

Product market

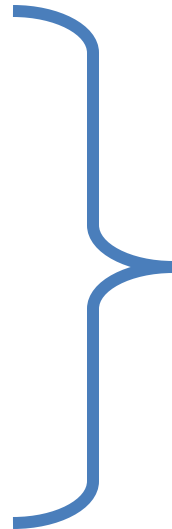
Small group

Large group

Geographic market

MSAs
Metropolitan Statistical Areas

MiSAs
Micropolitan Statistical Areas



CBSAs
Core-Based Statistical Areas

National consultants calculate provider discounts by MSA

107

1 A. Yes.

2 Q. This page is entitled, In Network Discounts by MSA. And

3 what generally does this page show?

Q. When you're evaluating provider discounts, why do you do it using MSAs?

A. It's an agreed-upon geographic basis that is well defined both for employers, for ourselves, and for the health plans.

15 total for each one of the health plans.

16 Q. When you're evaluating provider discounts, why do you do

17 it using MSAs?

18 A. It's an agreed-upon geographic basis that is well

19 defined both for employers, for ourselves, and for the

20 health plans.

21 It doesn't necessarily have to be by MSA. It

22 could be done by different zip code combinations at the

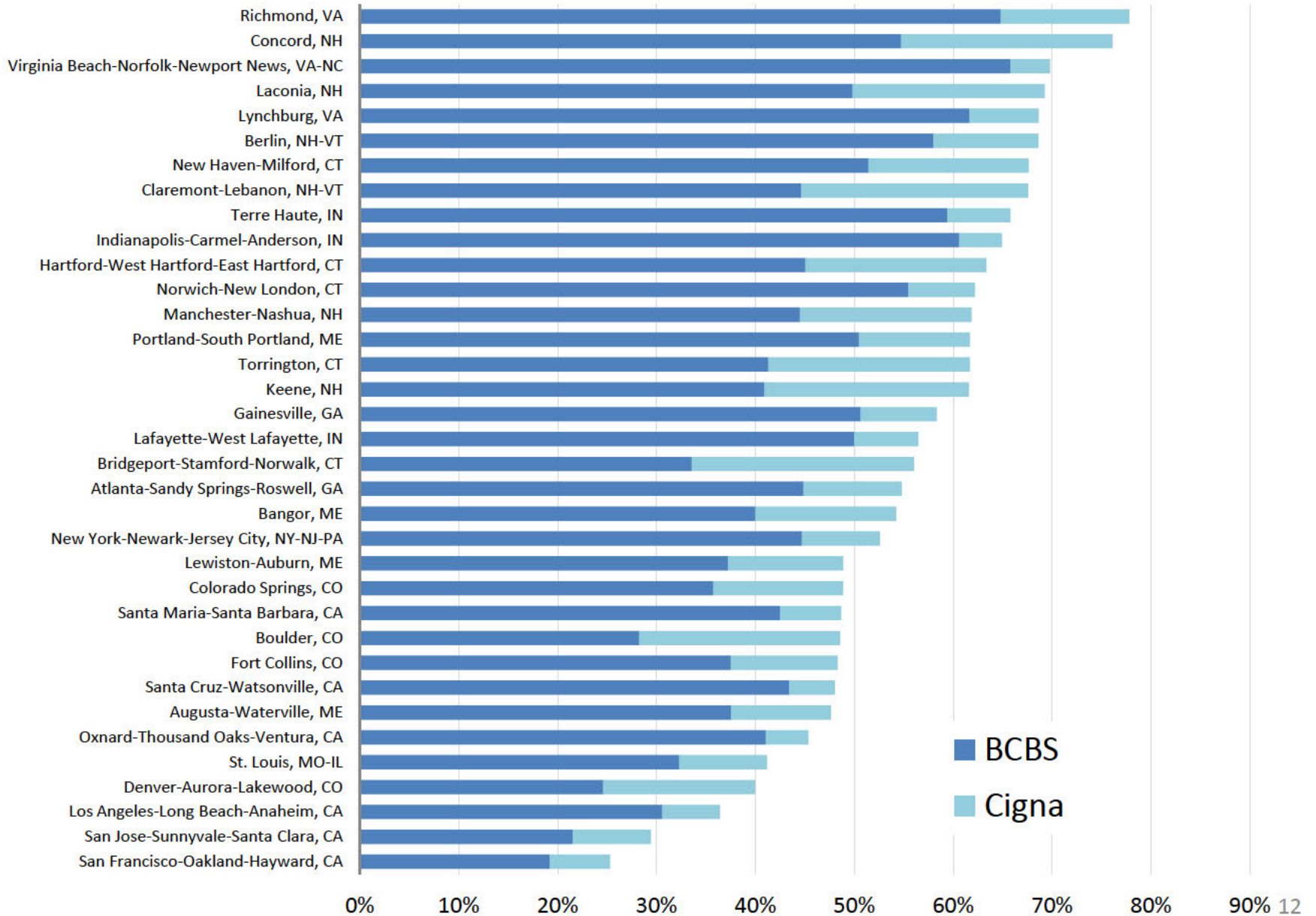
23 client's request. But most commonly it's done by MSA.

24 Q. I'd like to look at some of the numbers in the Anthem

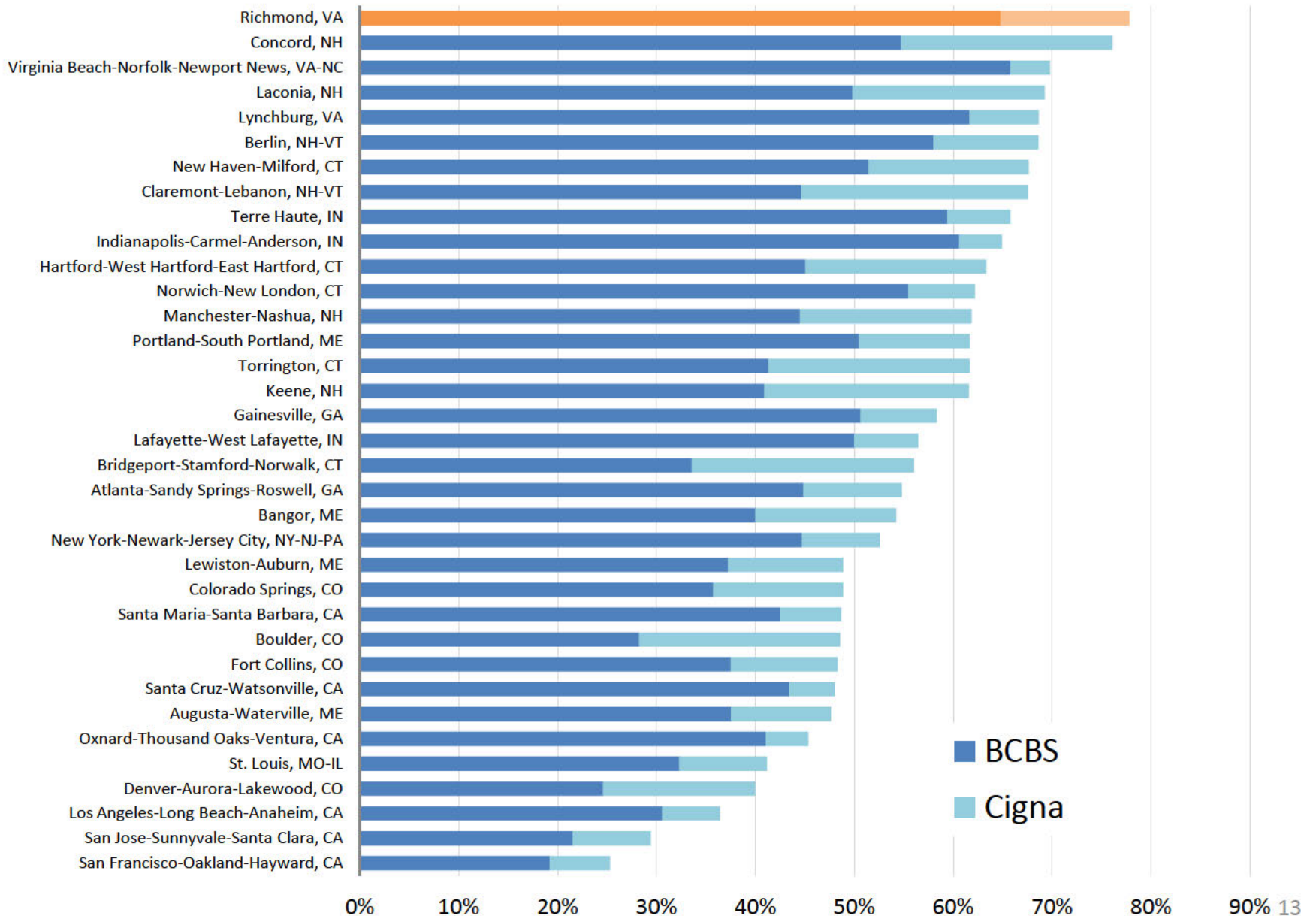
25 column.

—**Randall Abbott**
Senior strategist
Willis Towers Watson

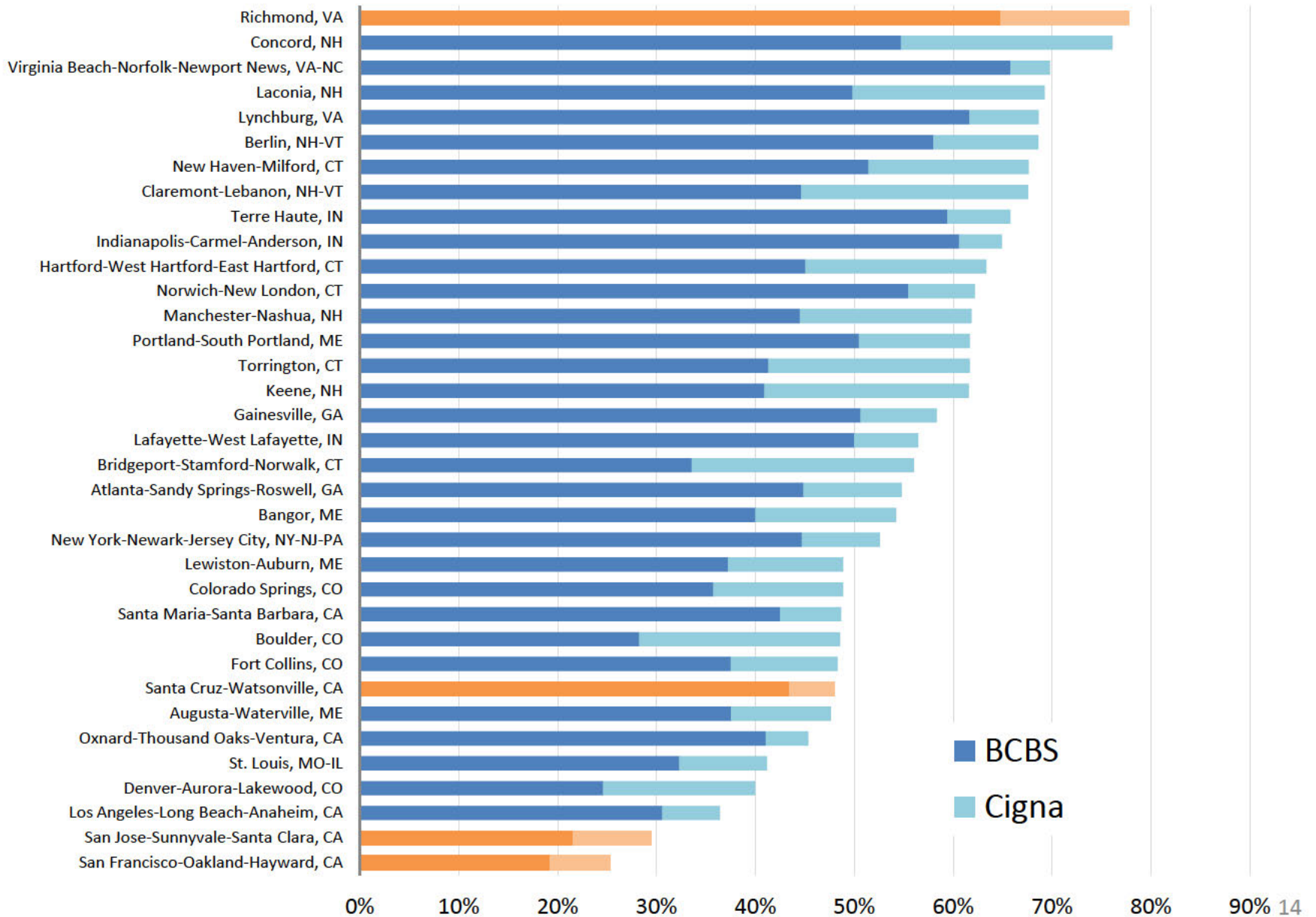
Large-Group Market Shares



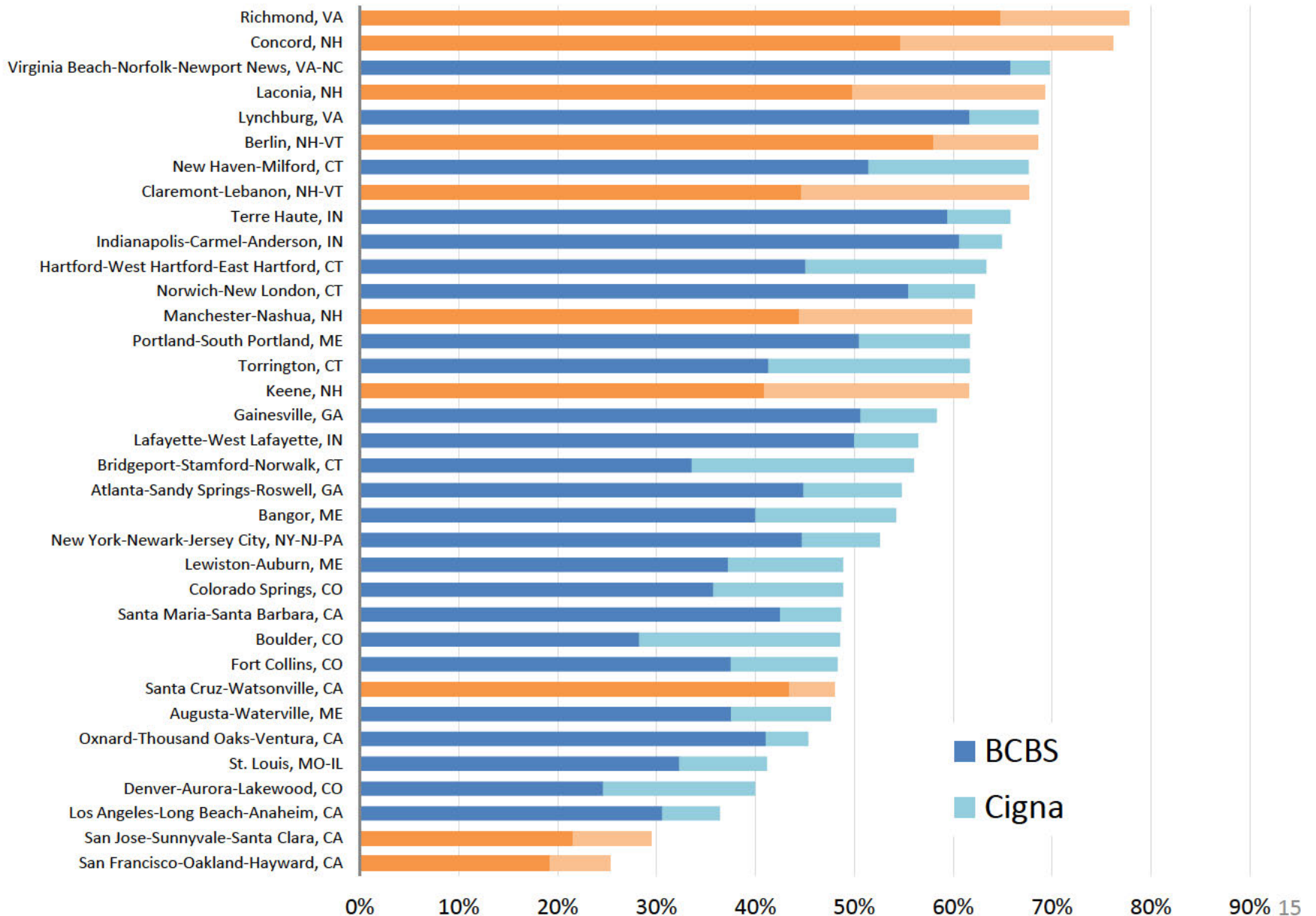
Large-Group Market Shares



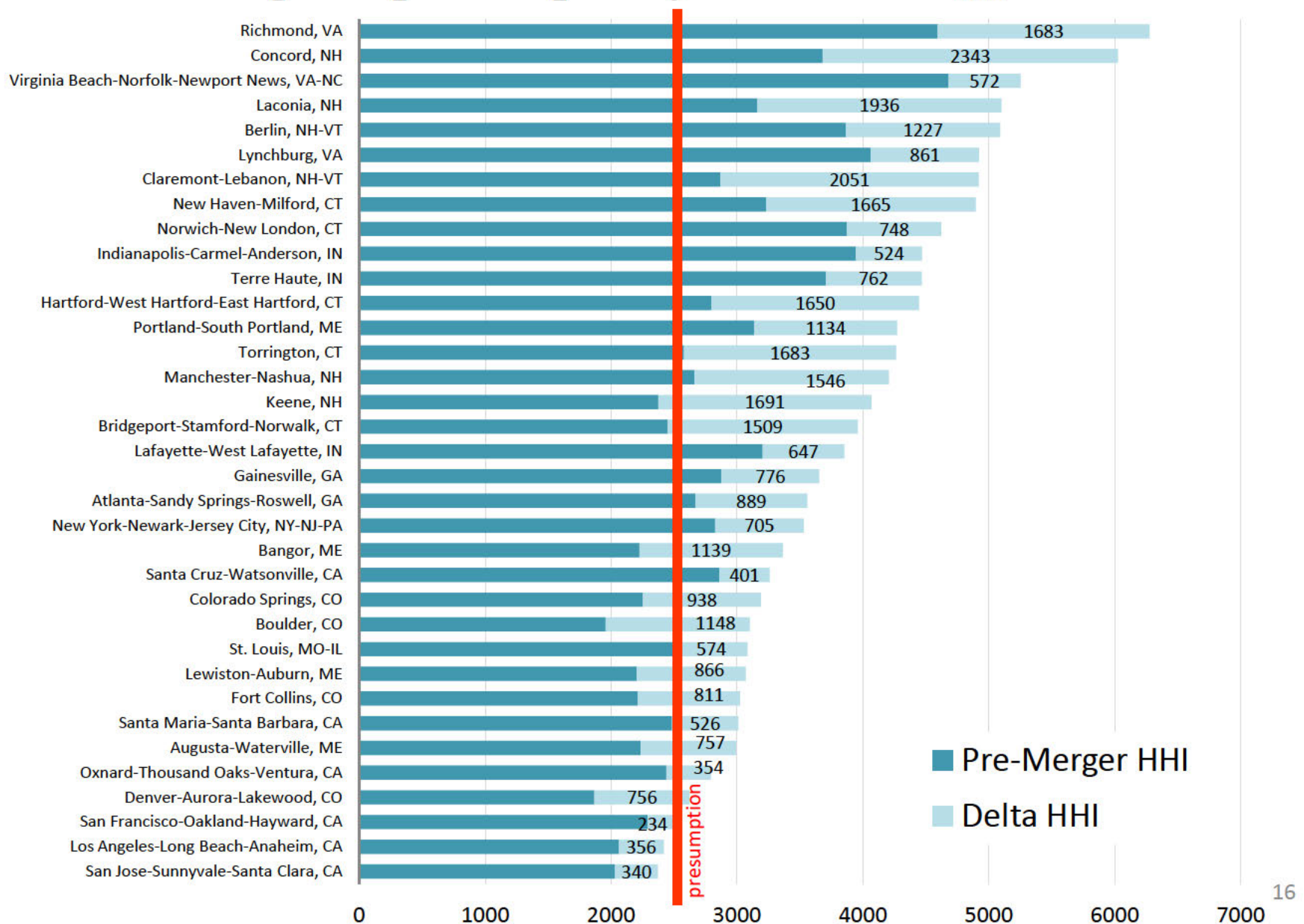
Large-Group Market Shares



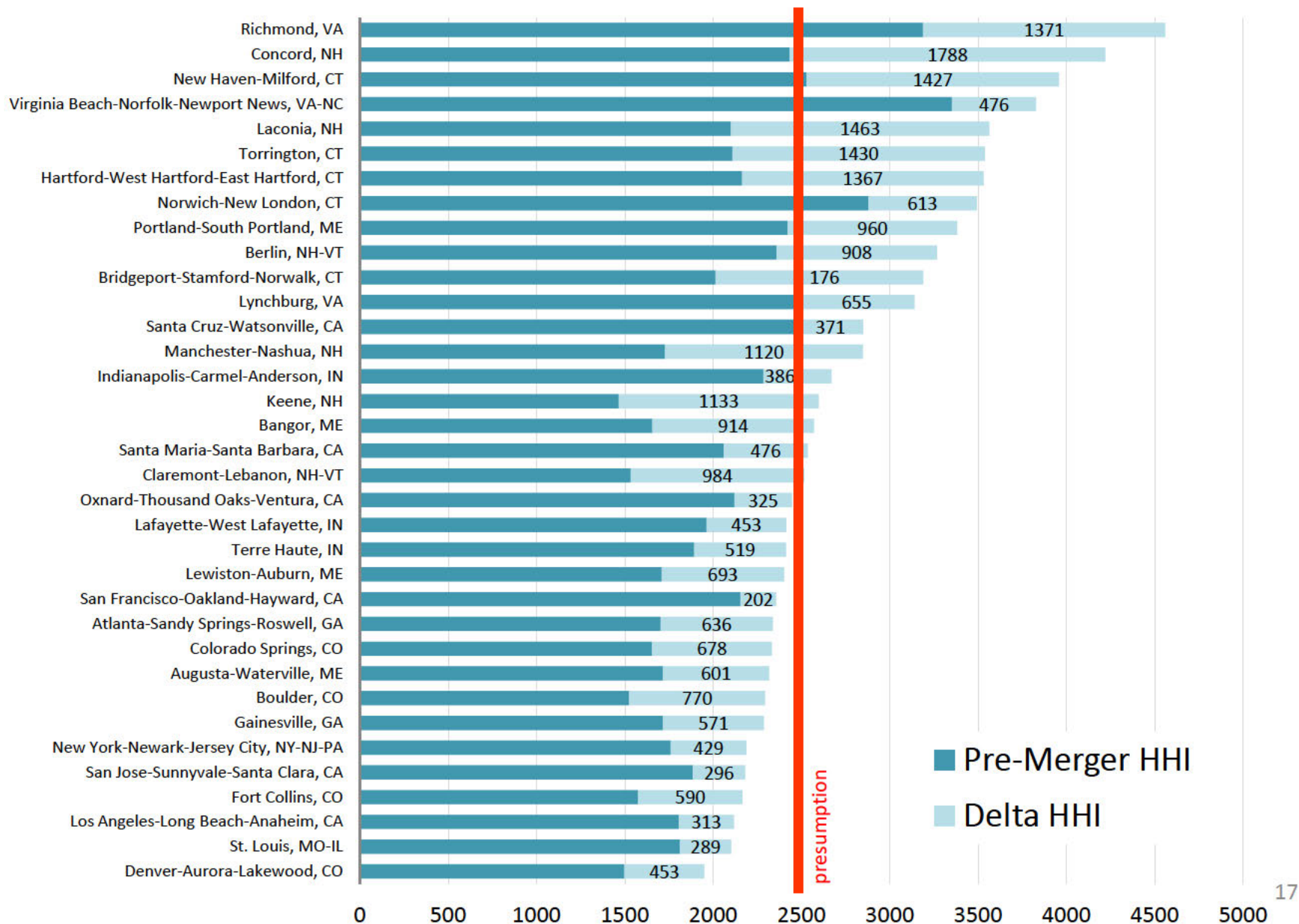
Large-Group Market Shares



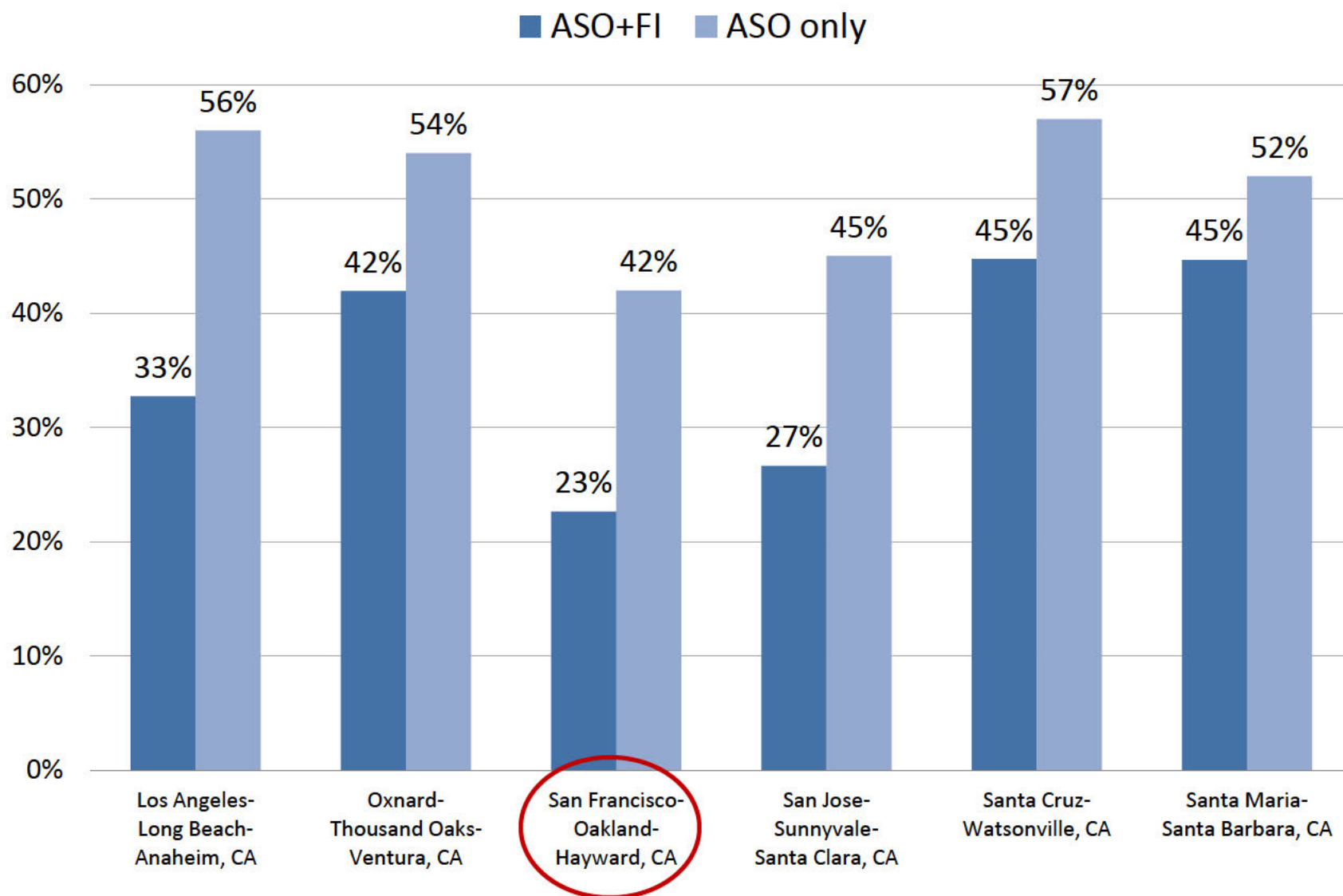
Large group employers: The merger is presumptively unlawful in 33 markets



Without aggregating the Blues, the merger is still presumptively unlawful in 19 markets



Combined Party Shares in California Markets

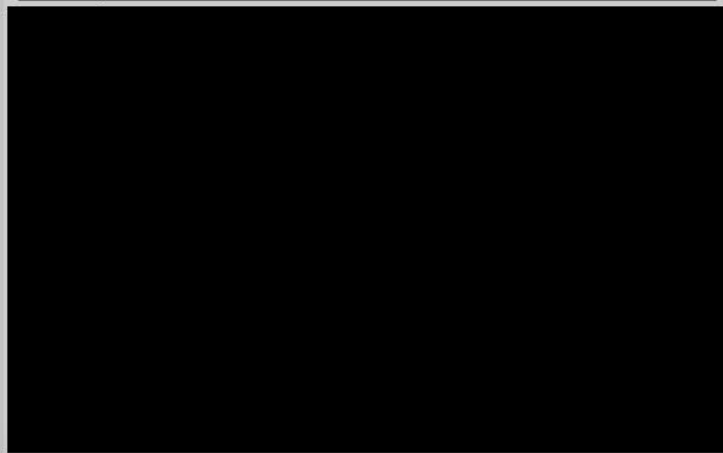


In Richmond, Cigna is Anthem's top competitor for groups over 1,000

ELT MONTHLY REPORT

ELT MEMBER: Ken Goulet, Commercial Business
SVP MEMBER: Doug Widders, Local Group & Individual

Report For: September 2014
Date Submitted: October 2, 2014
Submitted by: Jeff Ricketts

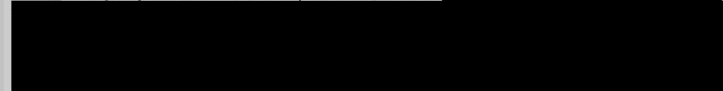


Cigna continues to present a very strong clinical/care management story, coupled with a great deal of financial flexibility. They remain our number one competitor in the 1,000+ arena.

FOR BURKE:

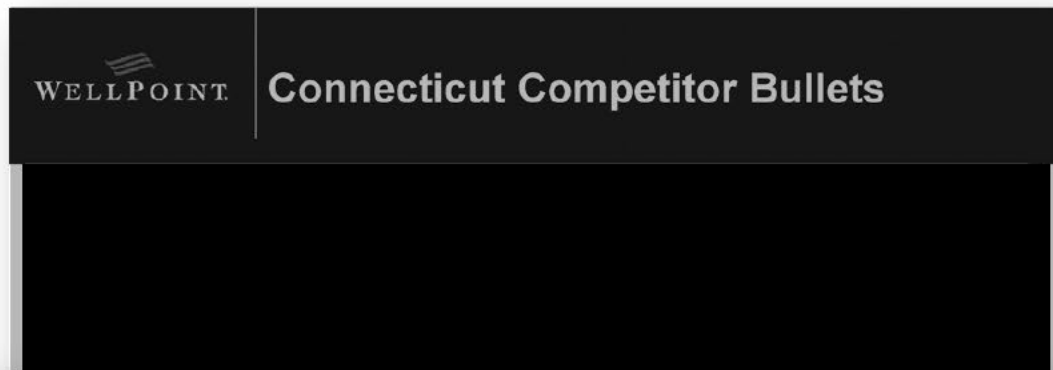
Market Landscape / Competitor Data:

(Cigna continues to present a very strong clinical/care management story, coupled with a great deal of financial flexibility. They remain our number one competitor in the 1,000+ arena.)



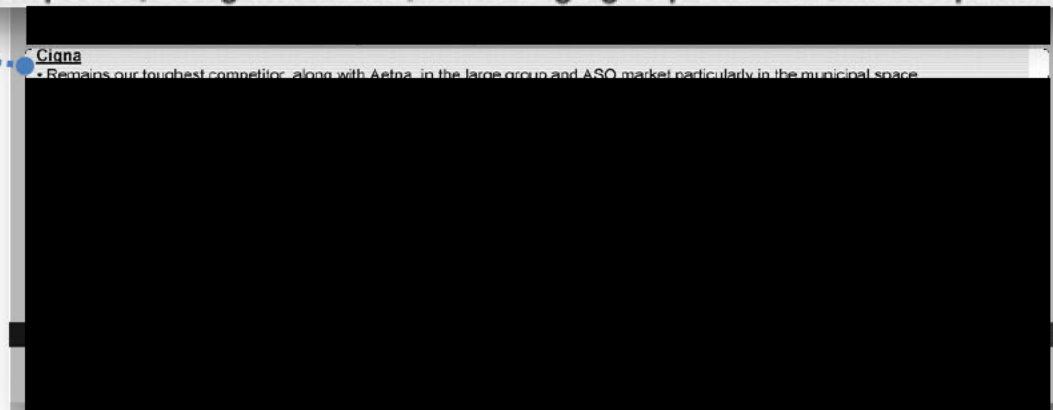
2

In Connecticut, Cigna and Aetna are Anthem's "toughest" competitors in large group, particularly in the municipal space



Cigna

- Remains our toughest competitor, along with Aetna, in the large group and ASO market particularly in the municipal space.



For some employers, Anthem and Cigna are the only competitive options



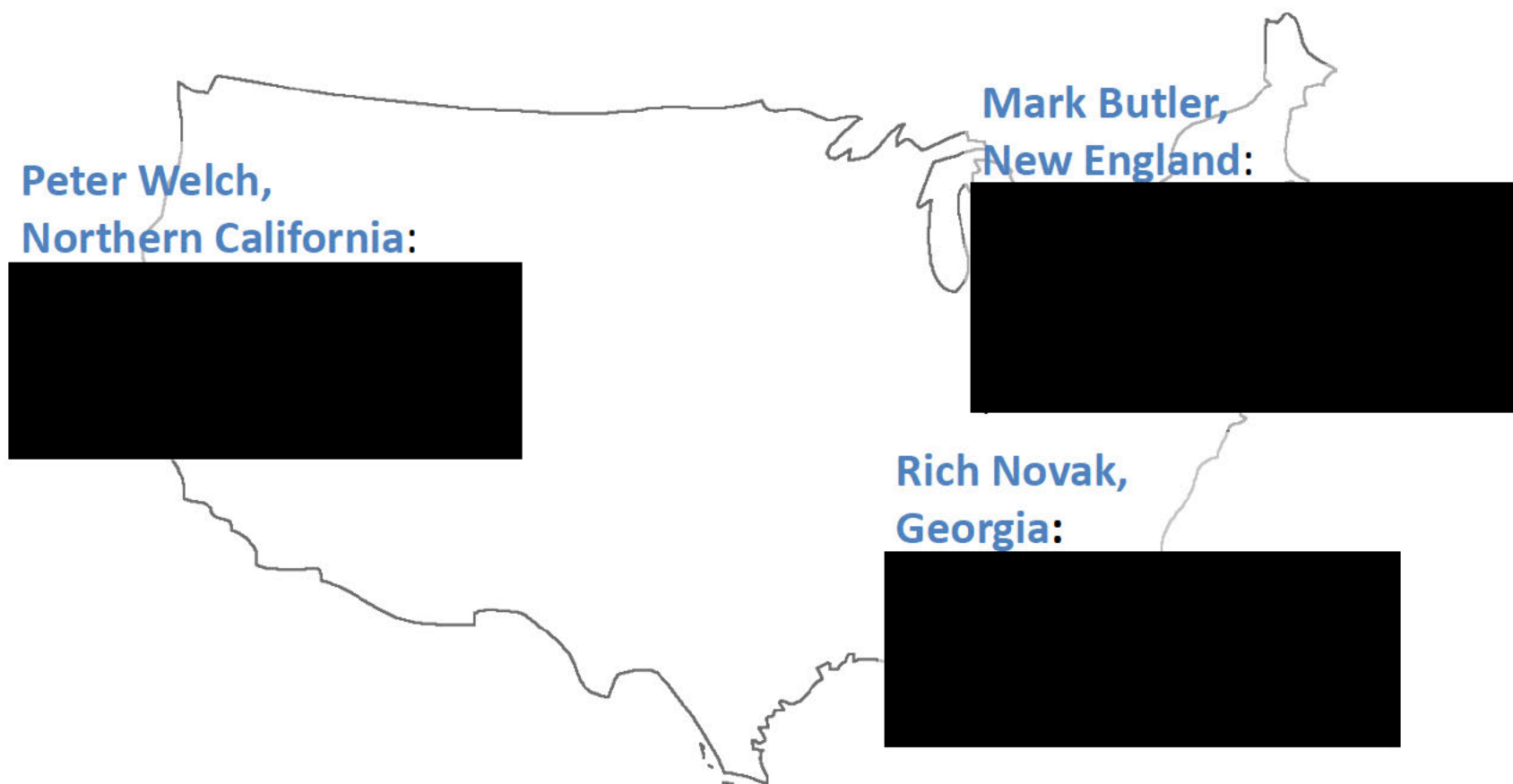
Human Resources Director

New Hampshire

In West, Anthem's "top" strategy is a response to Cigna's alternative-funding products

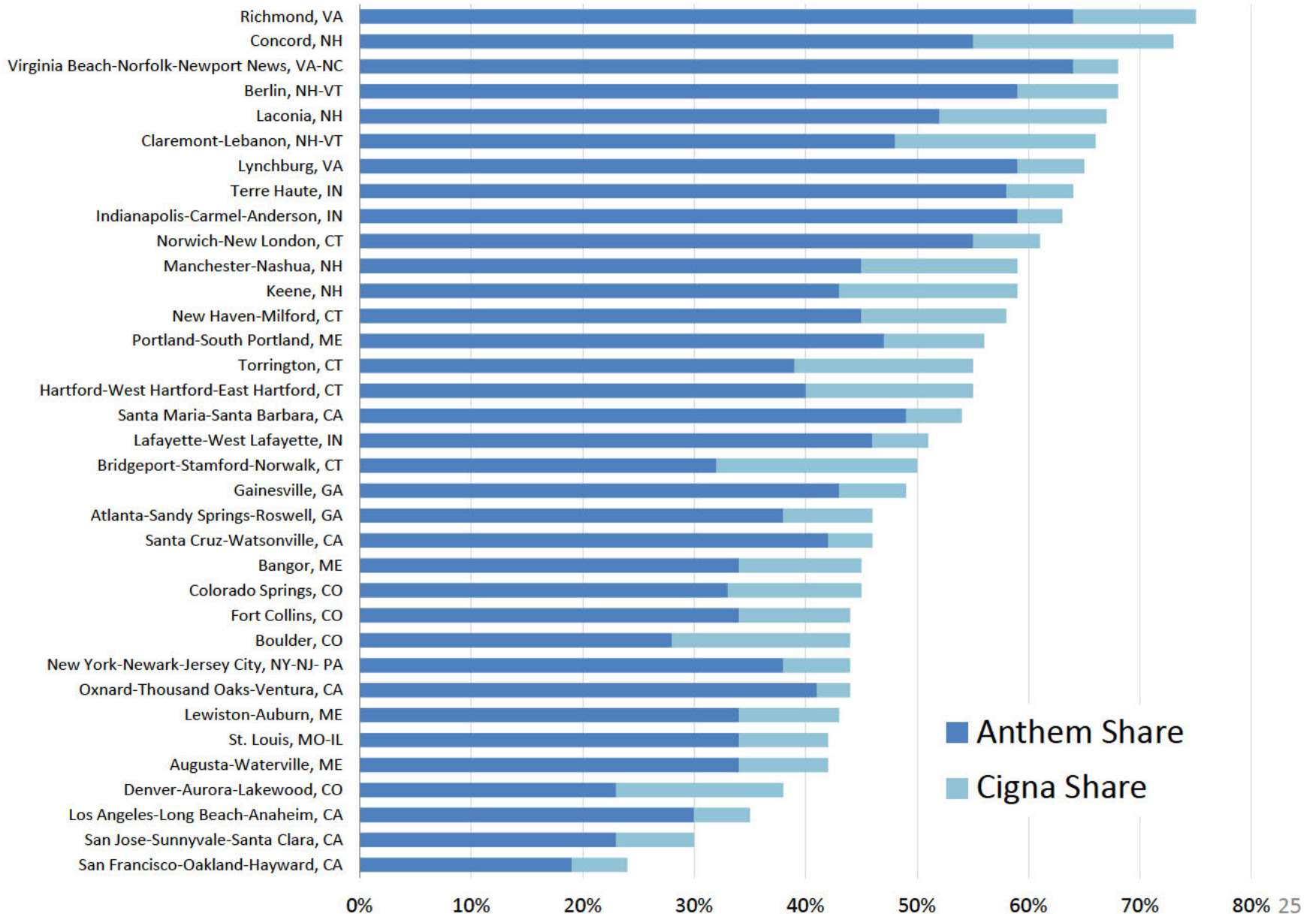


Cigna executives view Anthem as a close competitor

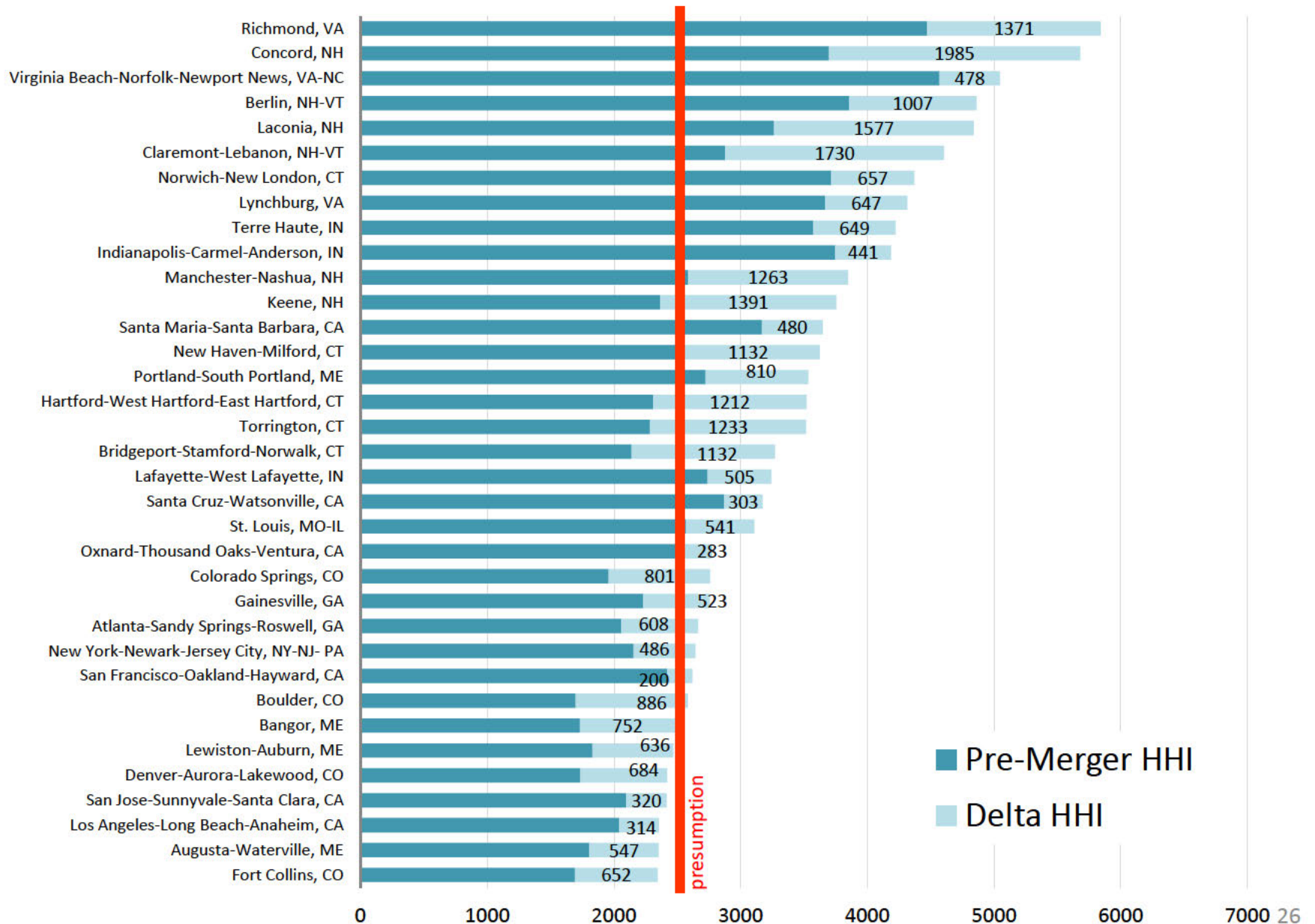


Buy-Side

Buy-Side Market Shares



Buy-Side: The merger is presumptively unlawful in 28 markets



Anthem's reimbursement cuts could harm patient care

- ✓ Fewer investments
- ✓ Reduced quality
- ✓ Restricted access

Reimbursement cuts can affect care

Q. So you mentioned having to see more patients to make up for lower rates. Is that something that your practice has had to do in response to a rate decrease?

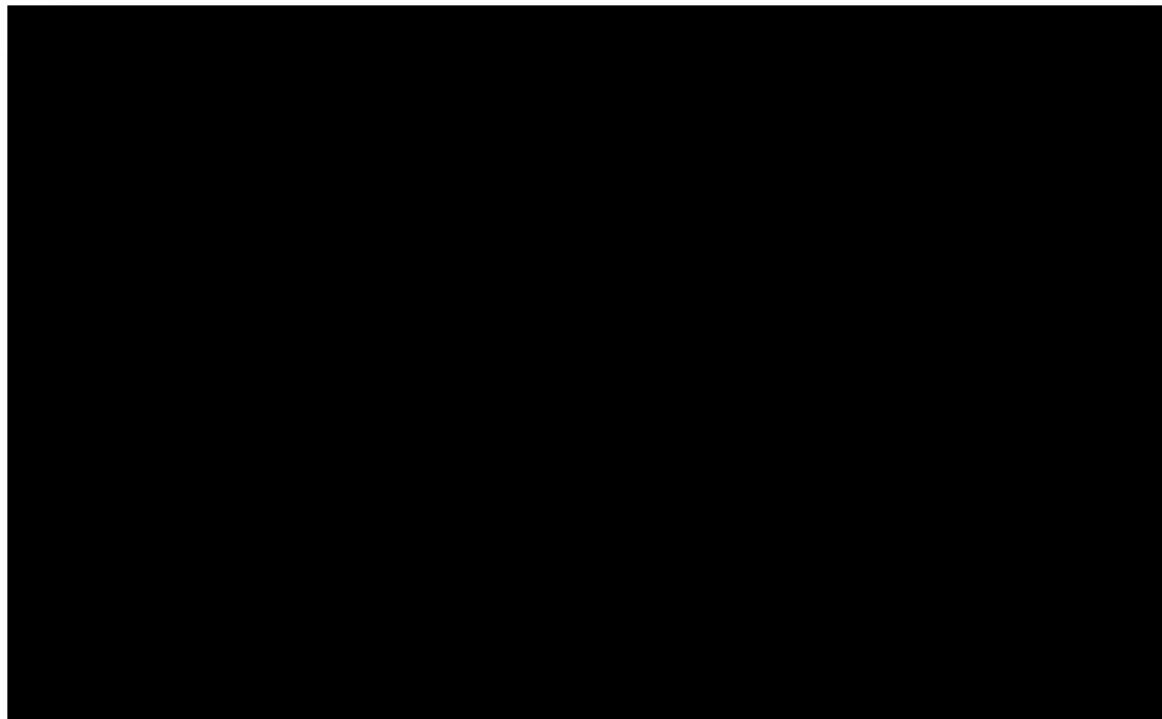
MR. LEE: Objection. Form.

A. My practice -- and this is not a secret. Every practice in the United States has pretty much had to do this. So, again, it's -- we're running faster trying to make it up on volume. You can do that on the short run. You're cutting corners. You're not engaging the patients.

One patient can blow up your schedule. Now you're running behind. And so it's -- there's this ripple effect, and you're trying to hold it together. That's what we're trained to do. We're professionals. We're struggling to do that. But it has a direct bearing on patient care outcomes.

Doctor, Colorado [REDACTED]

Even insurers—like [REDACTED]—recognize
the risk of lowering reimbursements



[REDACTED]
Executive director of national provider contracting,
[REDACTED]

Anthem identified Cigna as its closest competitor for value-based arrangements

Competitive Landscape – Divergent Approaches to Winning the Market

• We lead the market in the depth and breadth of our value-based programming, Cigna is our closest competitor

We lead the market in the depth and breadth of our value-based programming, Cigna is our closest competitor