



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

Plaintiffs' Opening Statement

Anthem recognizes national accounts as a separate market

https://antheminc.com/AboutAnthemInc/CustomerSegments/index.htm, as of Oct. 8, 2016

NYSE - ANTM 121.90 ↓ 0.45 (0.37%)
as of 10/8/2016 5:14:42 PM

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About Anthem, Inc.
Purpose, Vision and Values
Company History
Business Strategy
Customer Segments
Products & Services
Leadership
Government Relations

Customer Segments

Anthem, Inc. has long recognized that one size does not fit all. The company's affiliated health and specialty plans are organized around the following customer segments:

| | |
|-------------------|---|
| National Accounts | National Accounts are generally multi-state employer groups primarily headquartered in an Anthem, Inc. service area with 5,000 or more eligible employees, of which at least 5% are located outside of the headquarter state. |
| Local Group | Local Group includes customers with less than 5% of eligible employees located outside of the headquarter state, as well as customers with up to 5,000 eligible employees. |
| Individual | Individual customers under age 65 and their covered dependents. |
| Medicare Programs | Medicare-eligible individual members age 65 and over who have enrolled in Medicare Advantage, a managed care alternative for the Medicare program, or who have purchased Medicare Supplement |

See Also
Press Releases
Frequently Requested Materials
2015 Annual Report
Corporate Responsibility Report

National Accounts

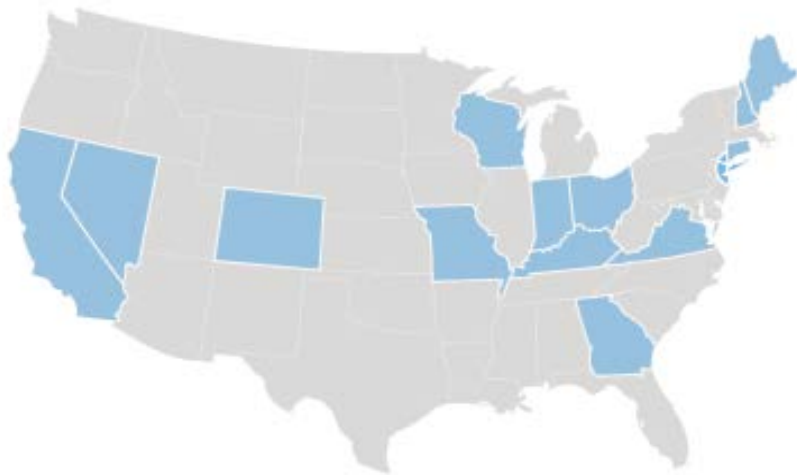
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National Insurers: 4-to-3

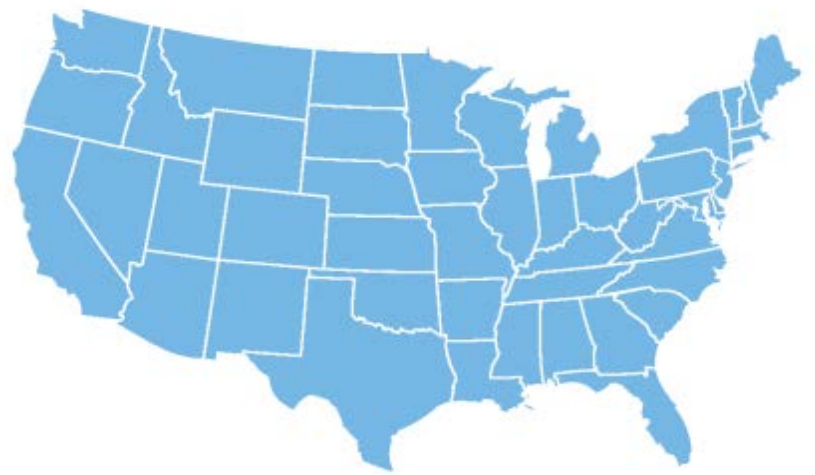


National Accounts: Two Relevant Geographic Markets

14 Anthem States



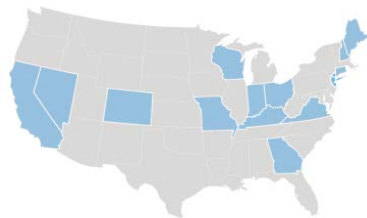
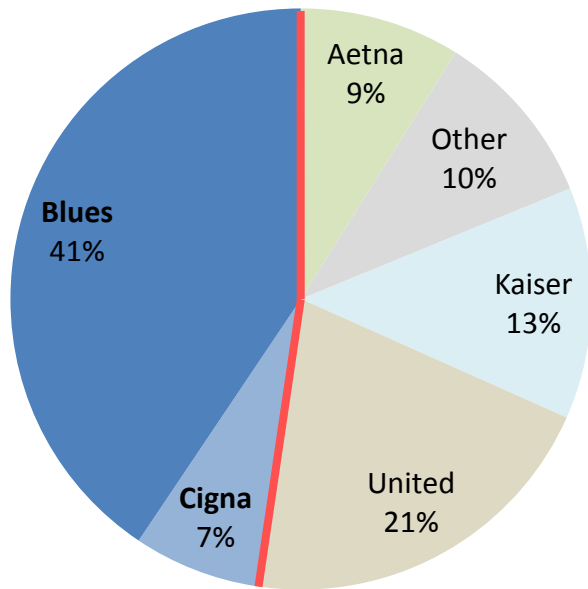
U.S. Market



The merger is presumptively unlawful in the national accounts market

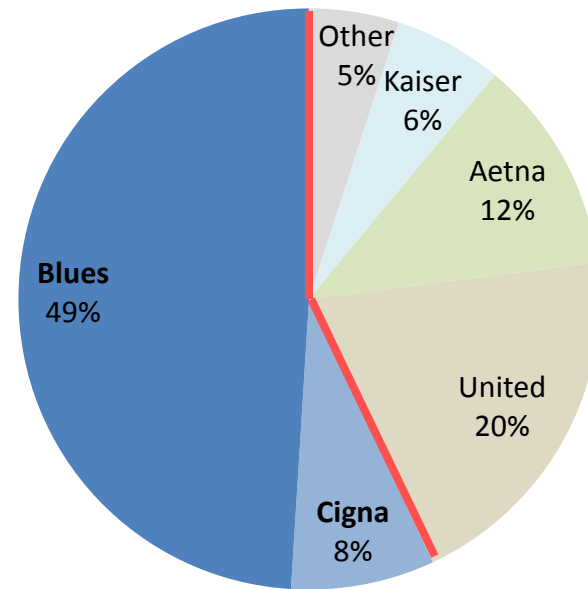
14 Anthem States

Market Share (5,000 or more employees)

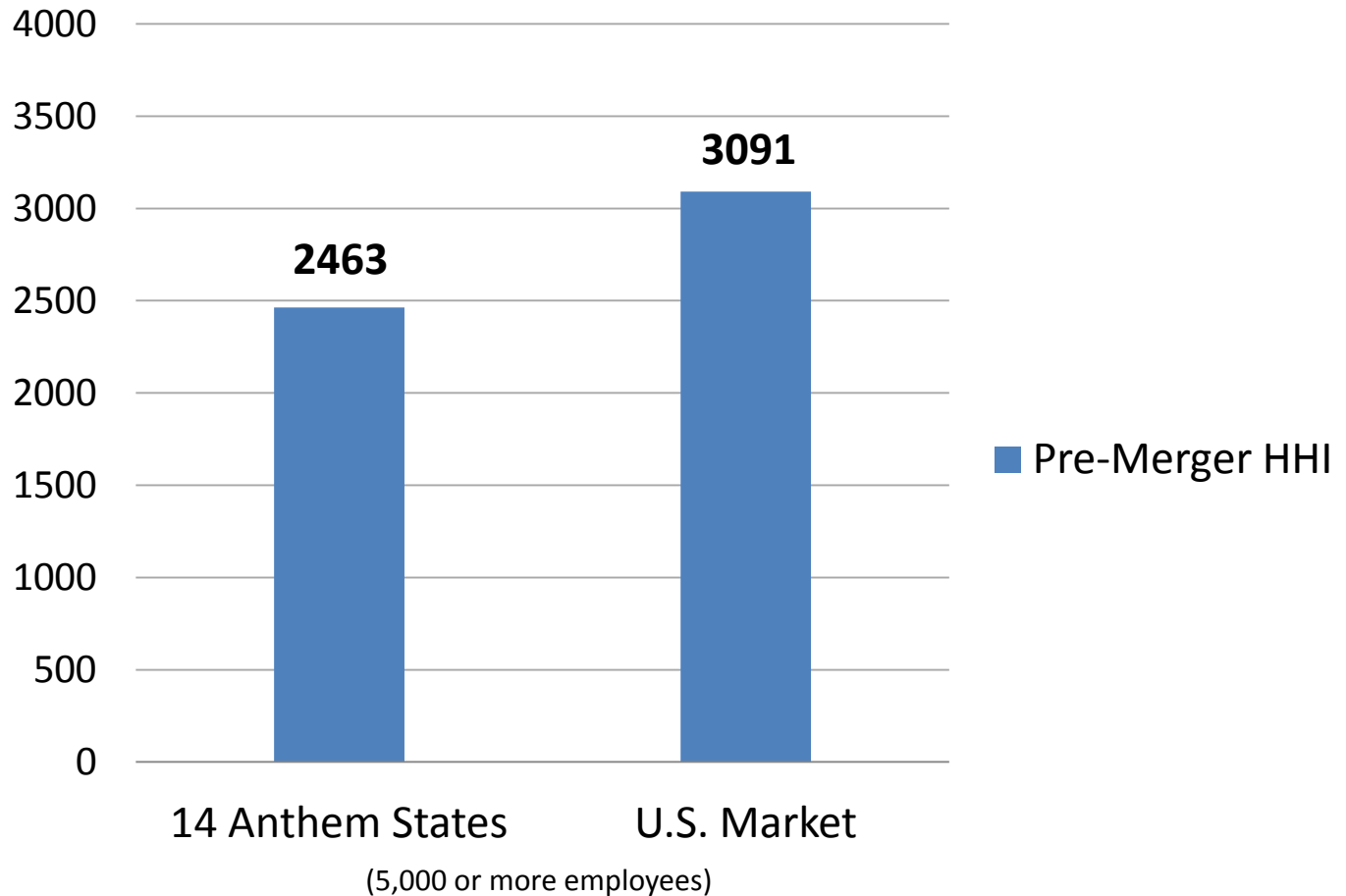


U.S. Market

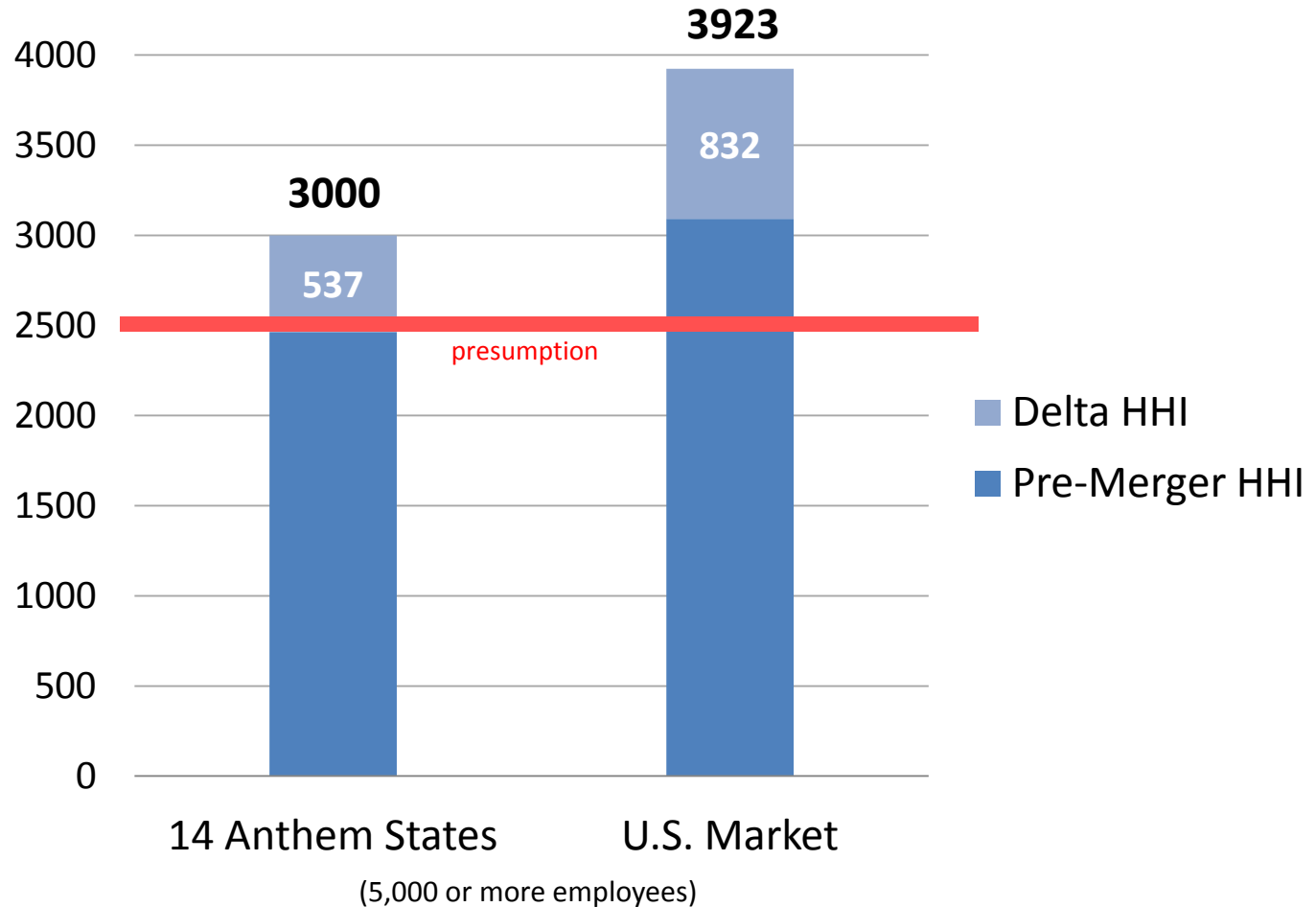
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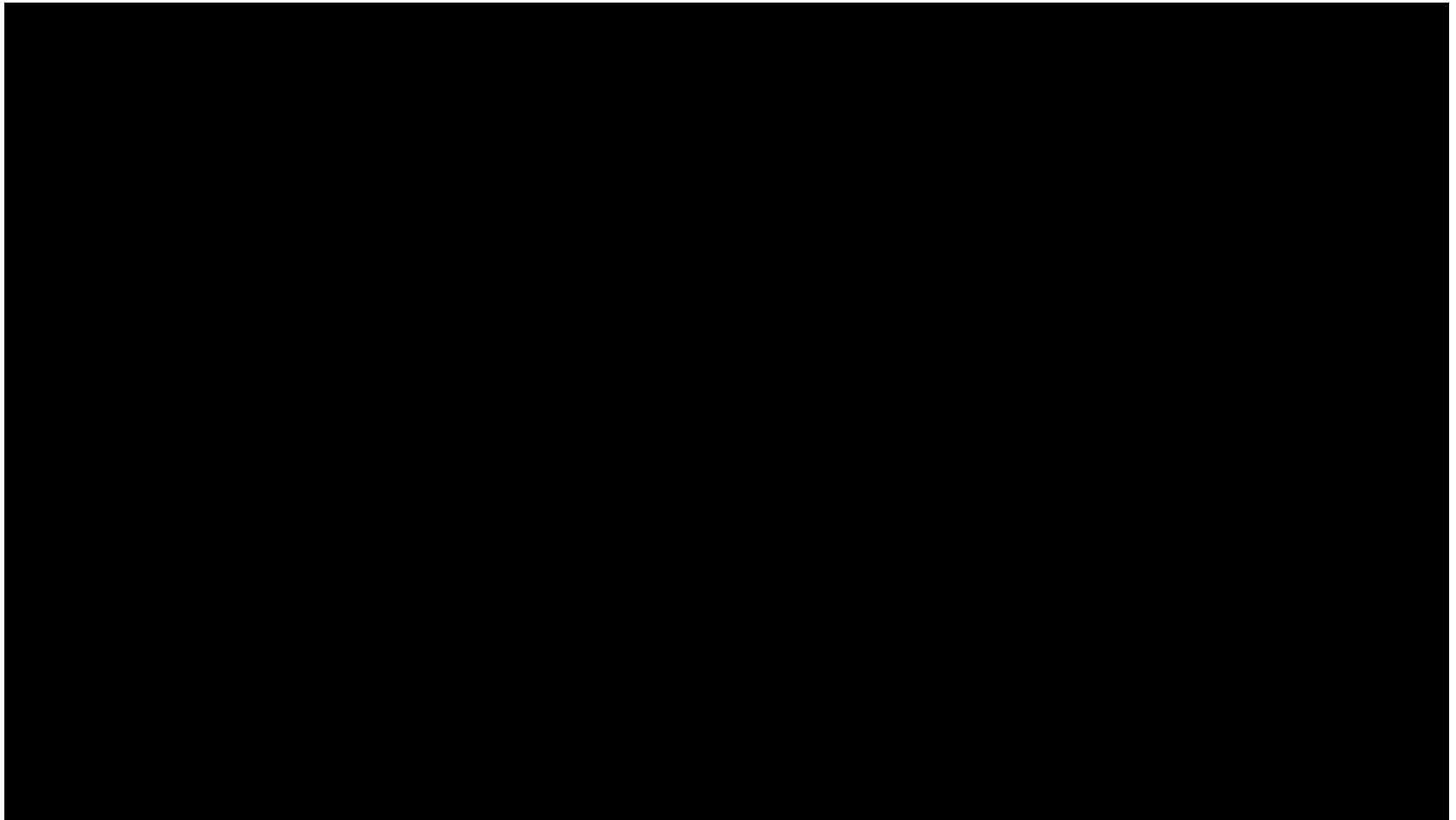
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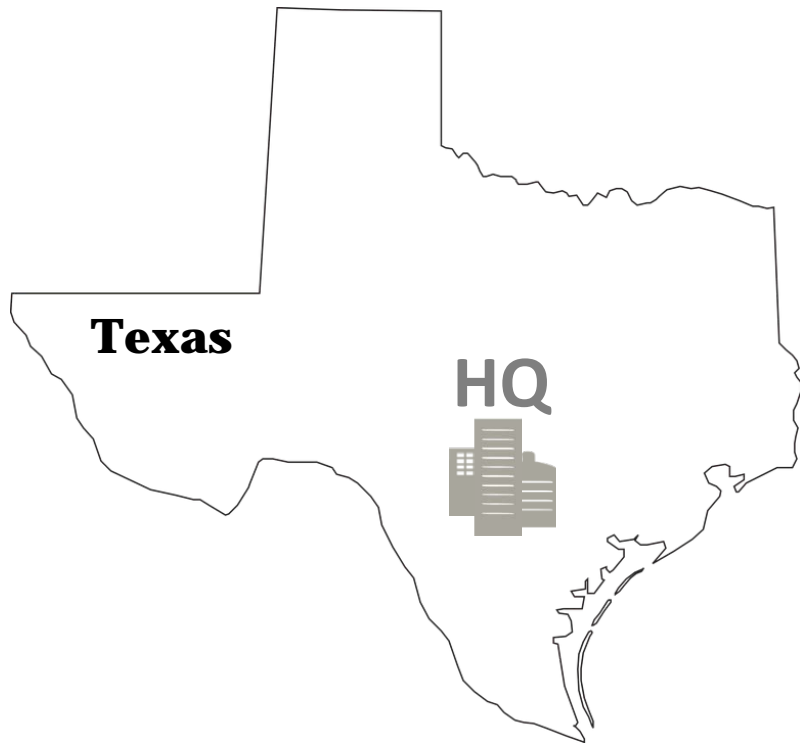
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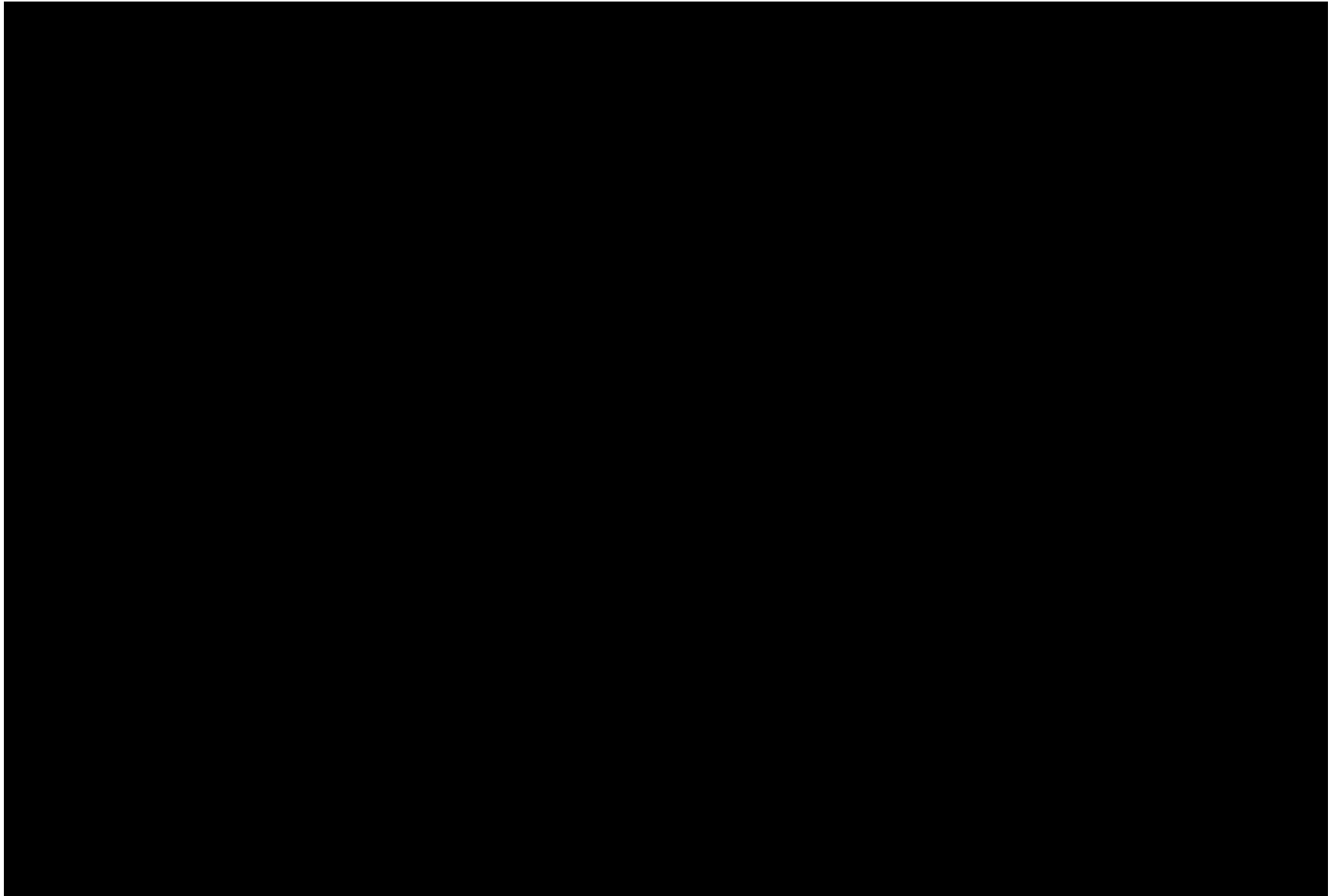
Blue Cross plans are a single competitor



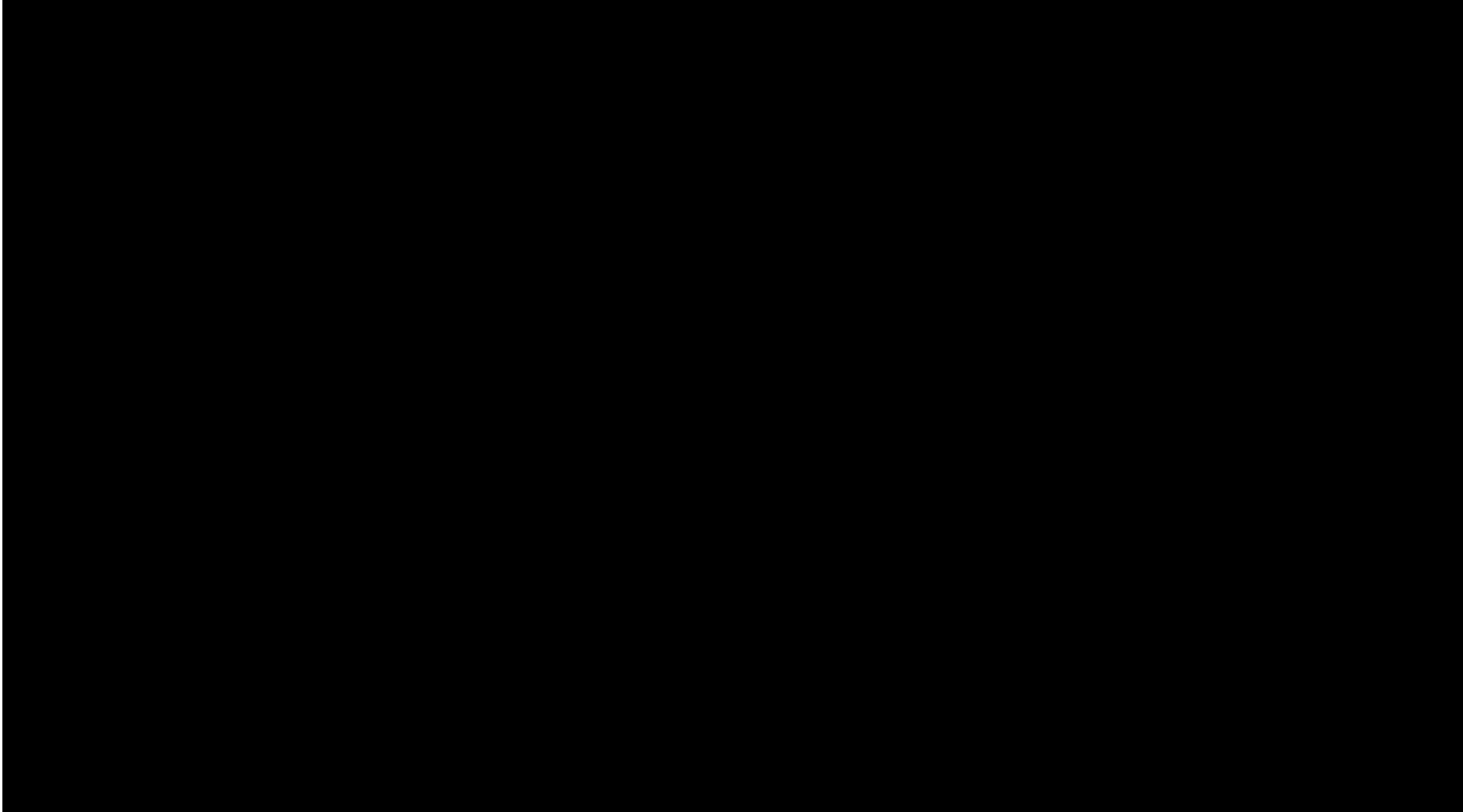
BlueCard or “Host” Fees

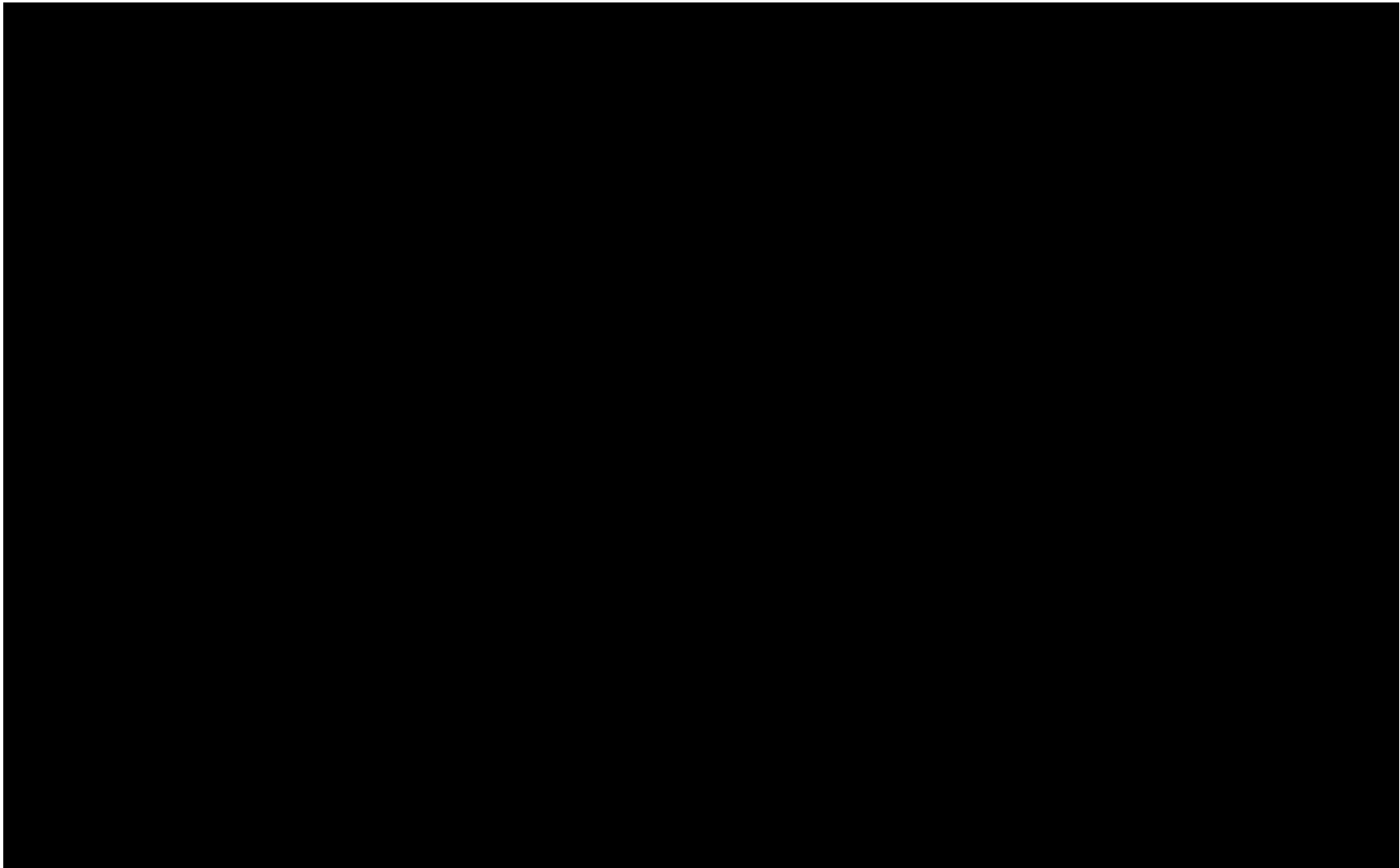


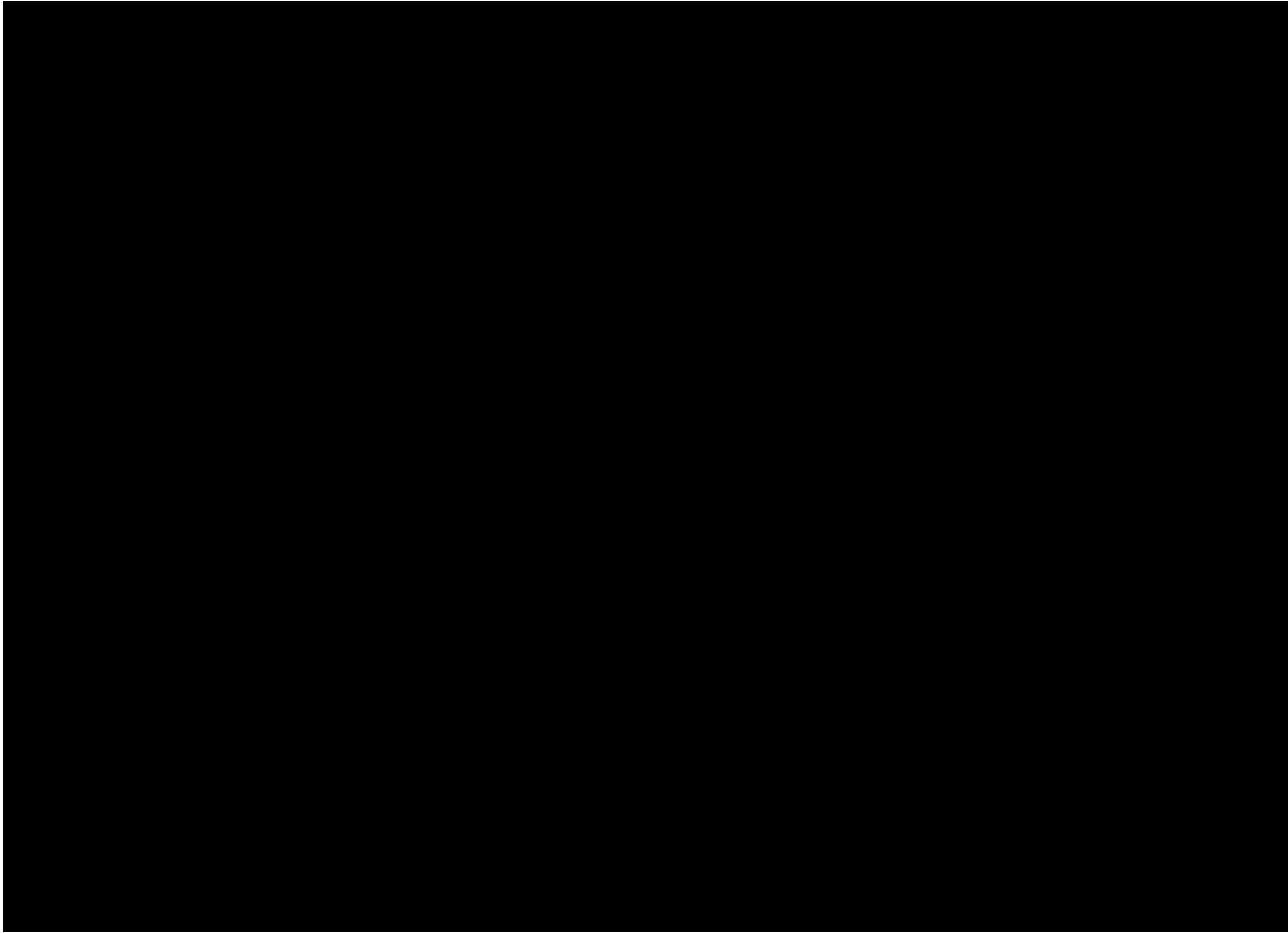
How Anthem views other Blue plans



Anthem and Cigna: Head-to-Head Competition

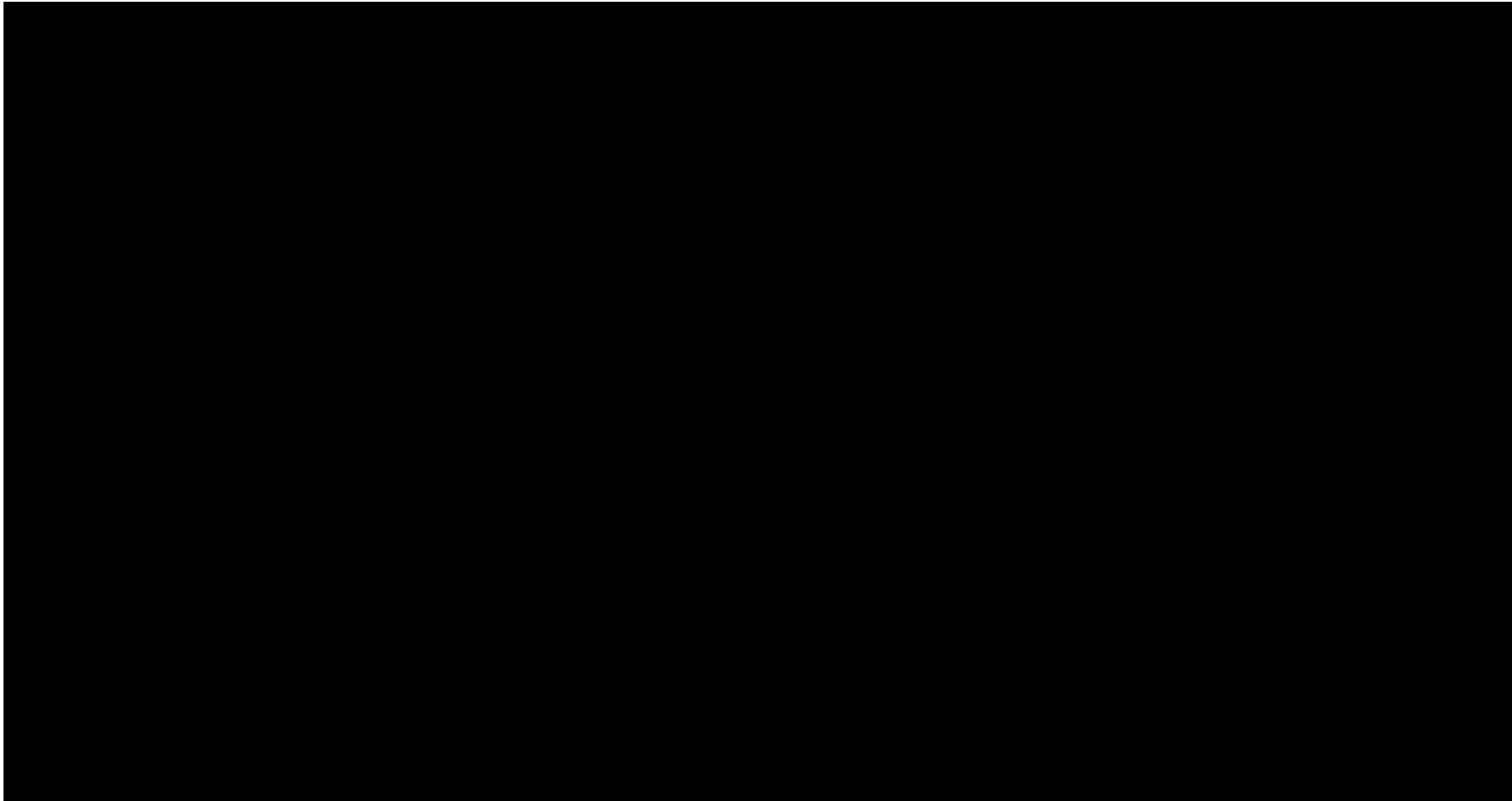
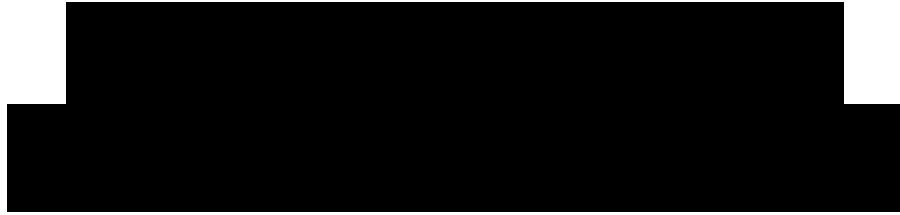






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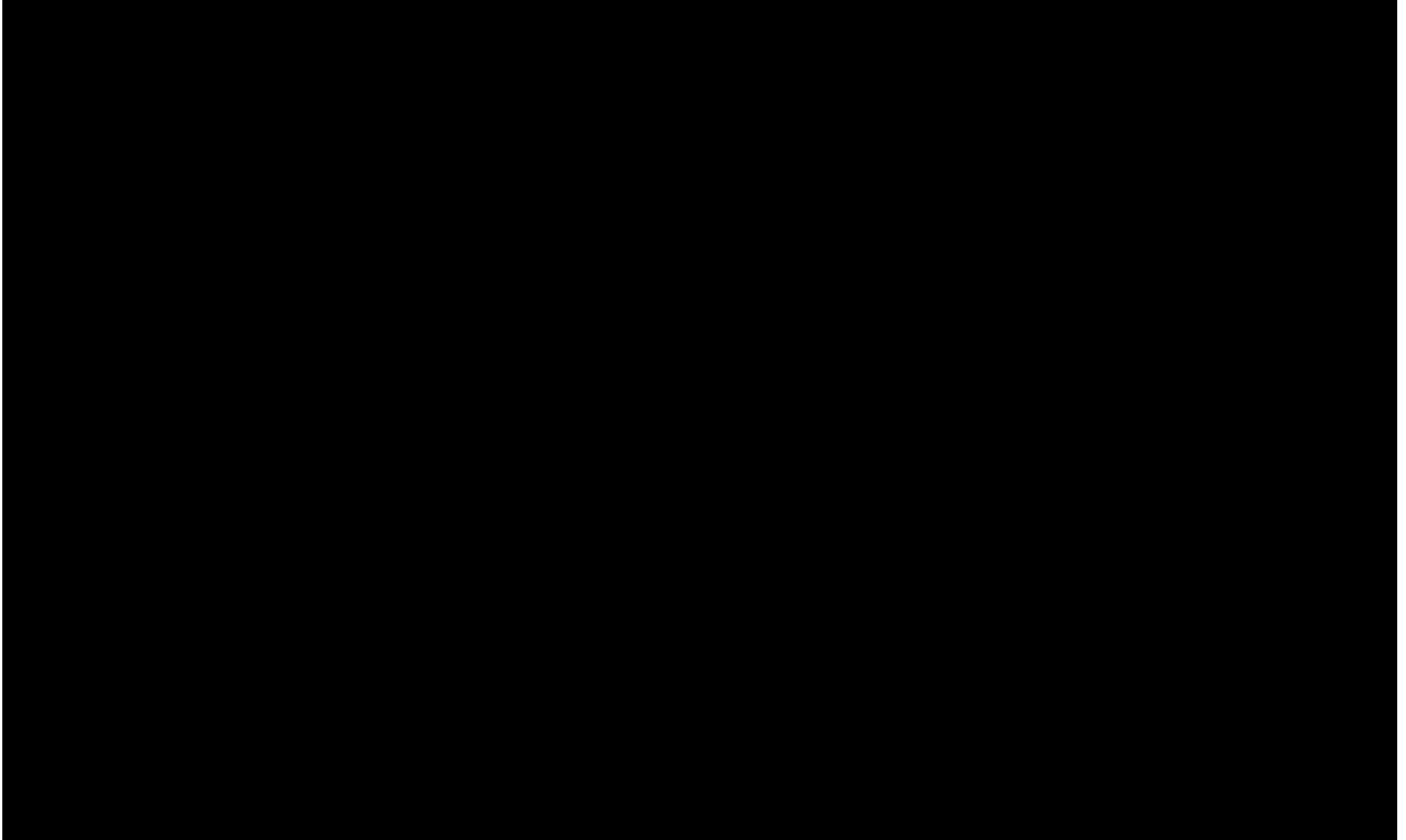


National Best Efforts Rule

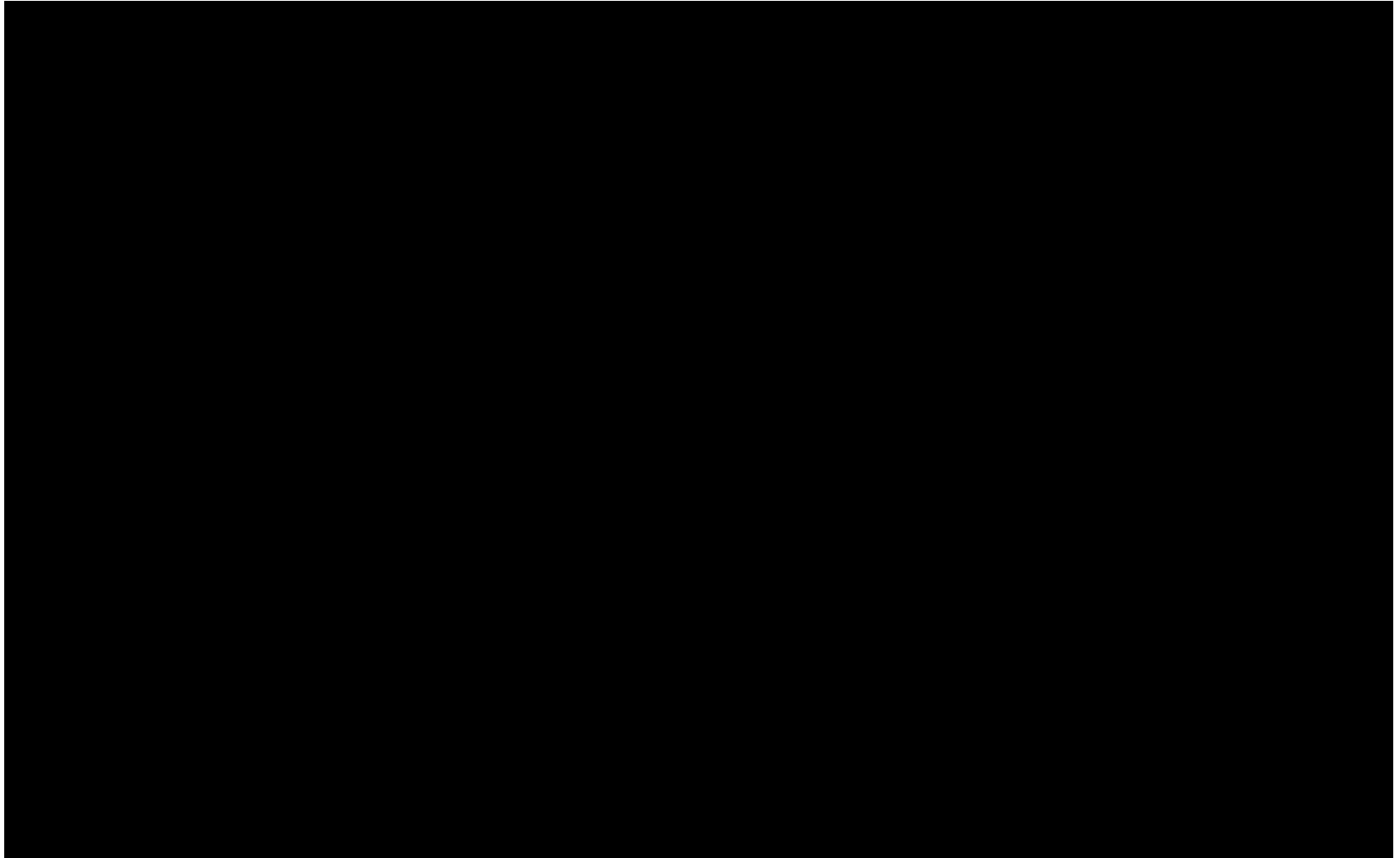
Two-thirds of Anthem's revenue must come from Blue-branded business



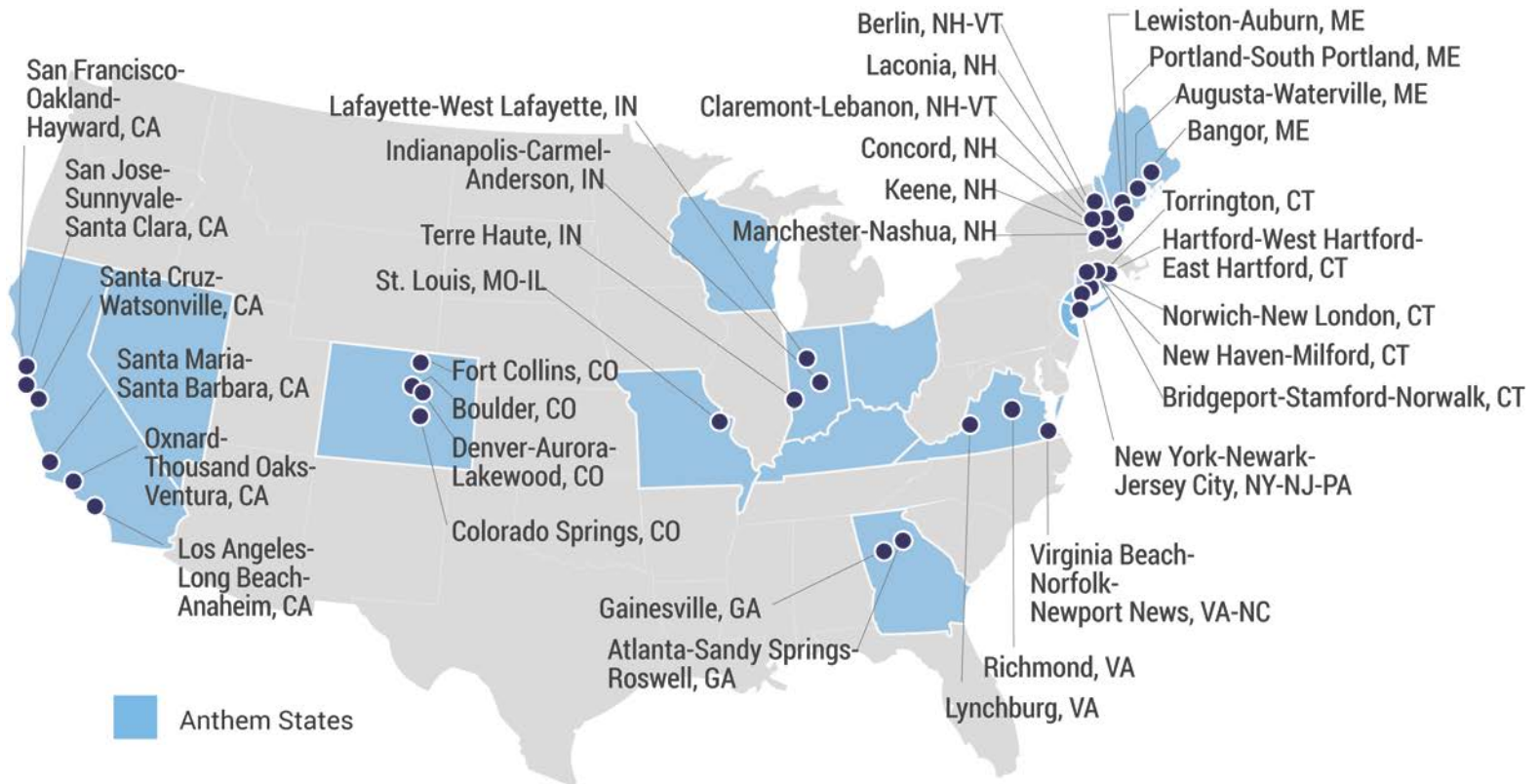
Anthem will rebrand Cigna lives as “Blue”



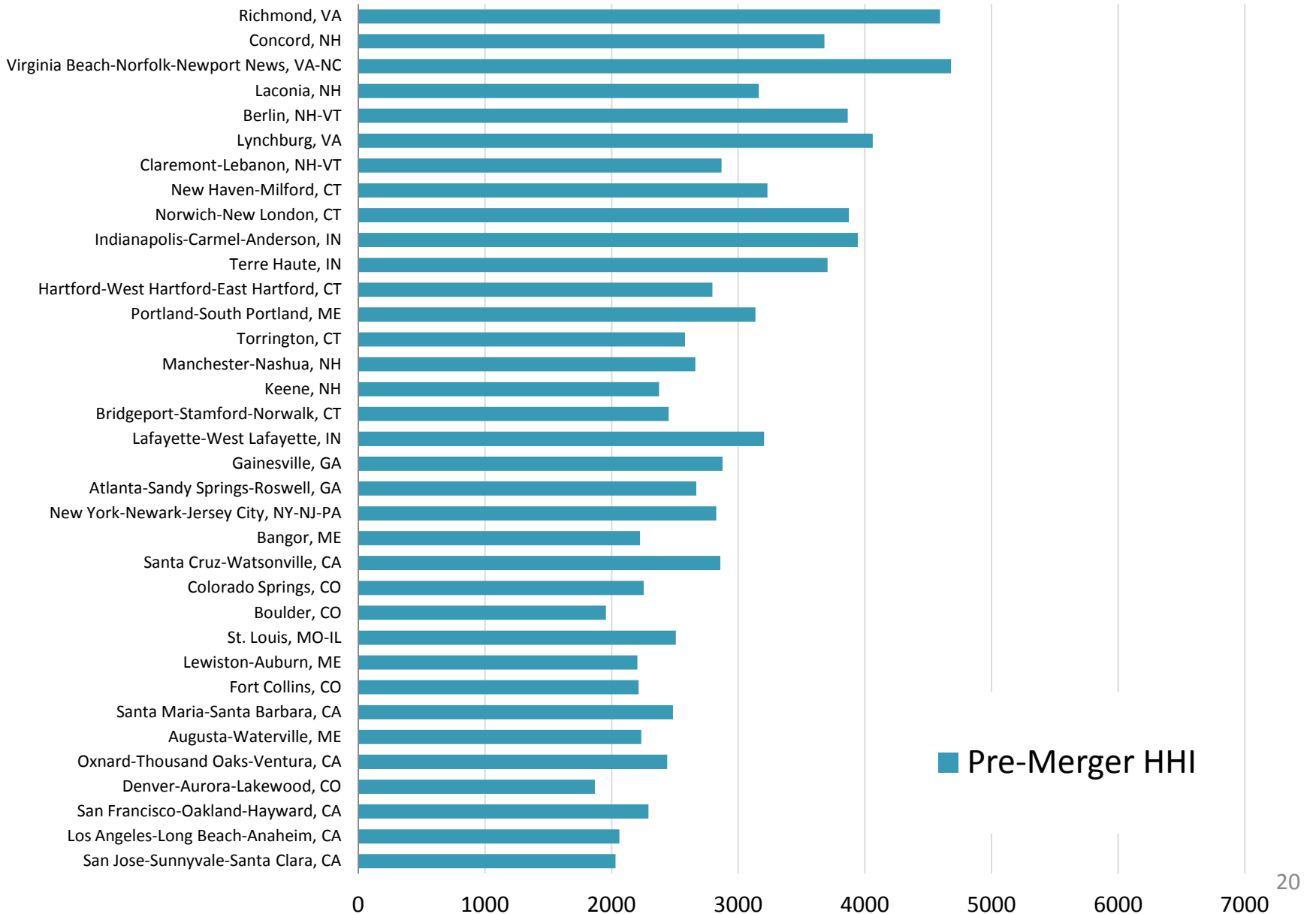
Rebranding: Not Merger Specific



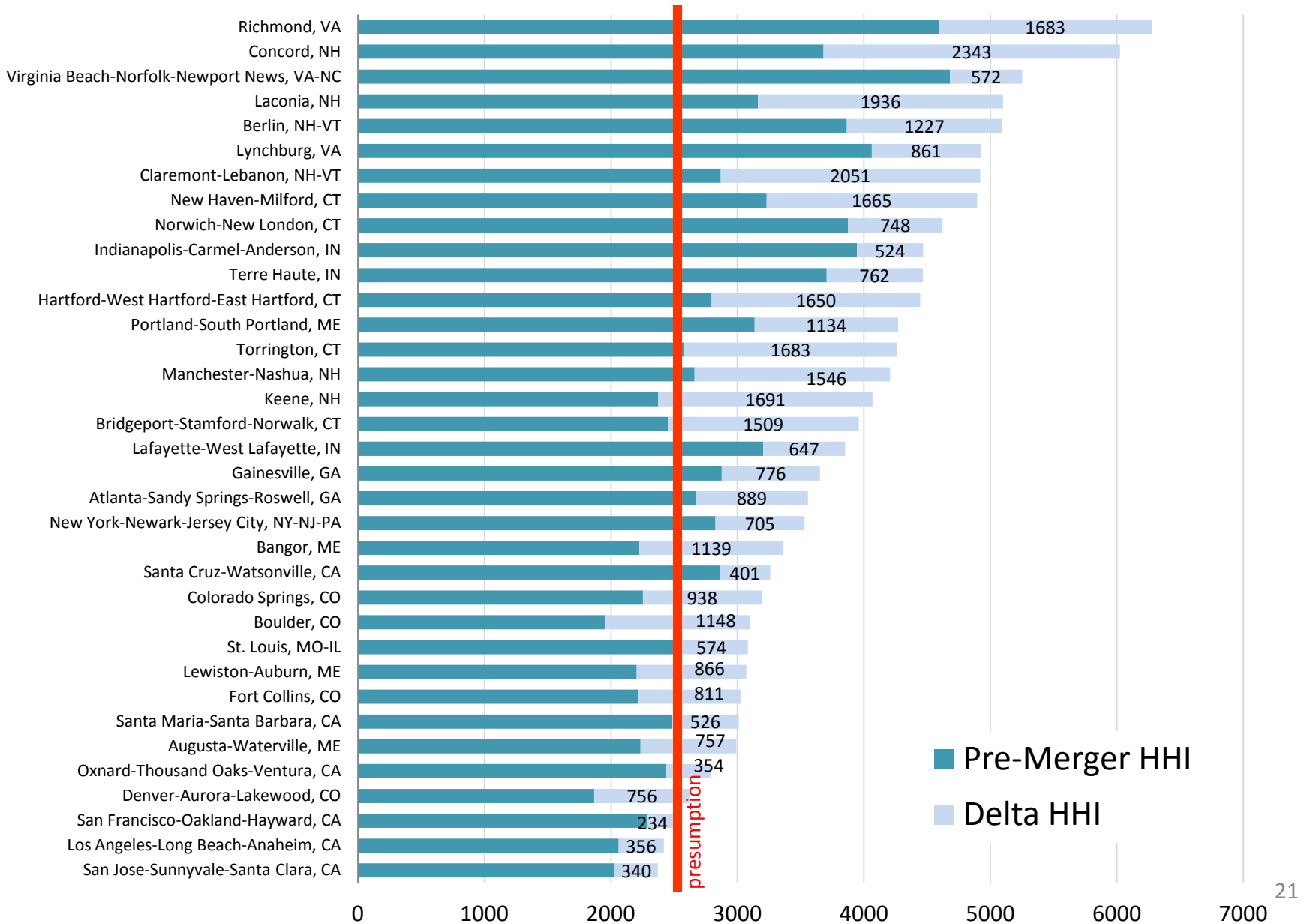
Large-Group Employer Case: 35 Relevant Markets



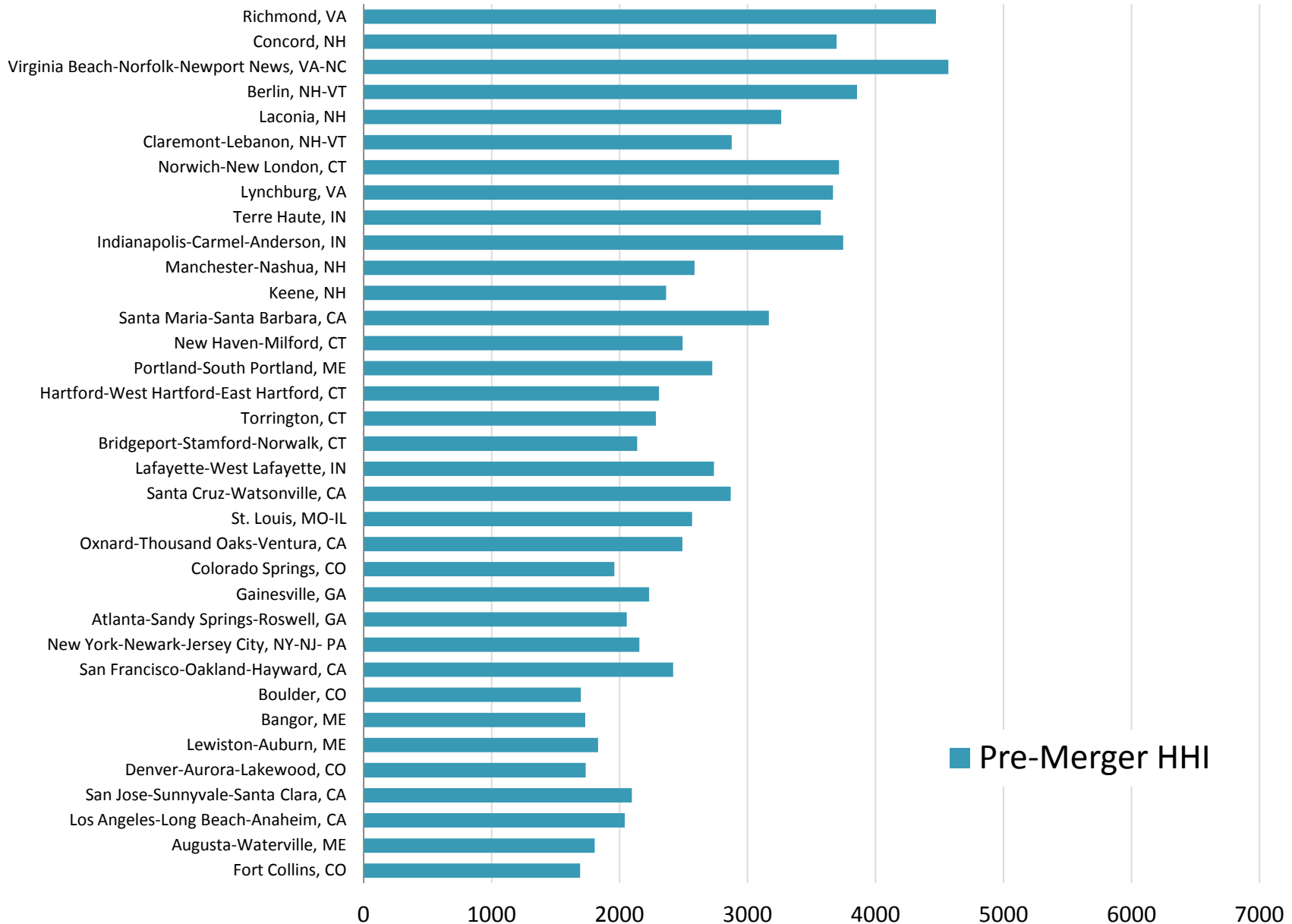
Large-group employers: The merger is presumptively unlawful in 33 markets



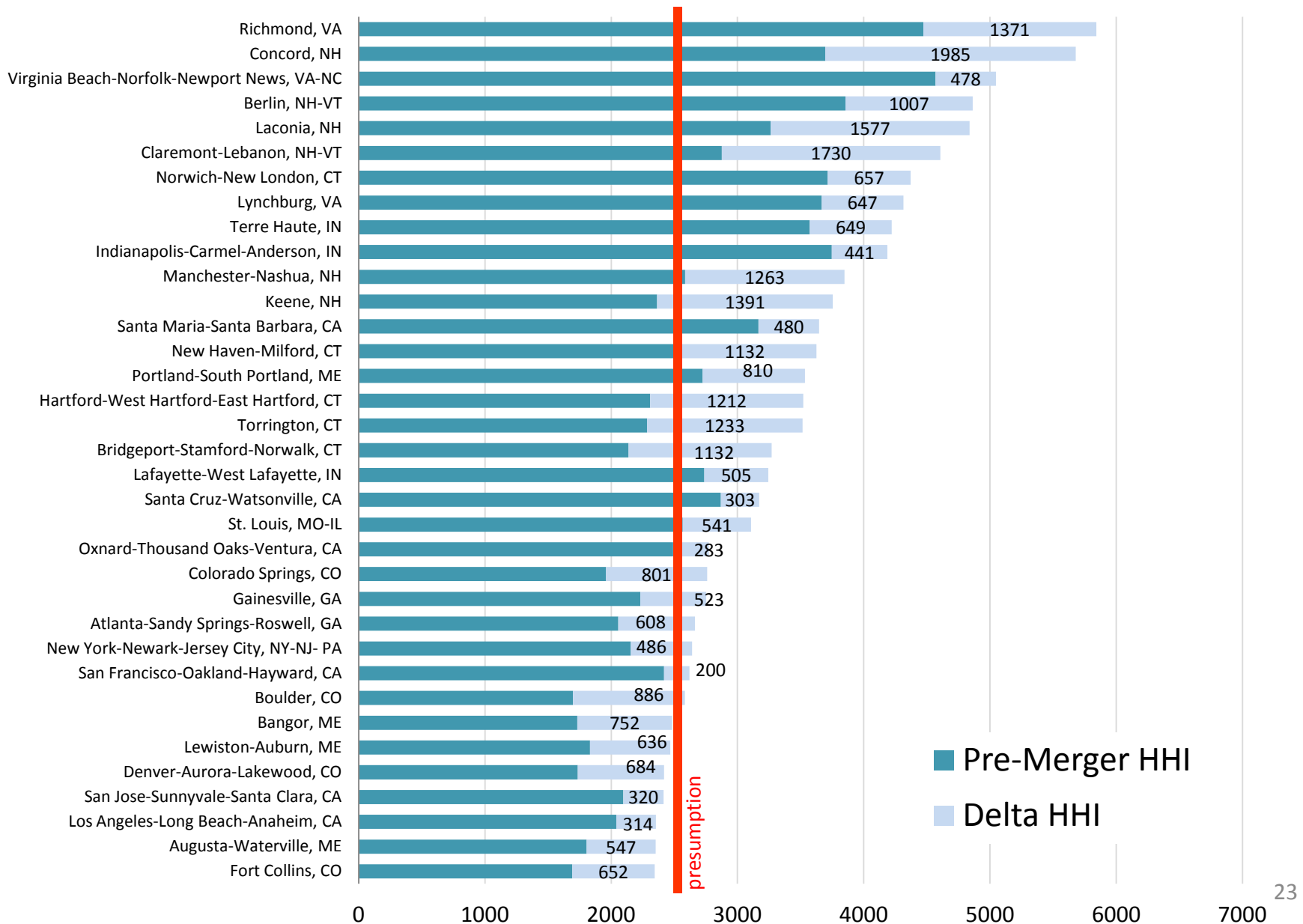
Large-group employers: The merger is presumptively unlawful in 33 markets



Purchase of doctor, hospital services: The merger is presumptively unlawful in 28 markets



Purchase of doctor, hospital services: The merger is presumptively unlawful in 28 markets



What creates innovation?

Competition creates innovation

BY MS. HANE:

Q Do you have an understanding of the size of Cigna's membership in California compared to Anthem?

A Anthem dwarfs them. I couldn't quote you numbers either way, but Anthem's the largest provider next to Kaiser.

Q So in your experience, Anthem's size in California has not given it an advantage in terms of innovating in wellness?

MR. LANCASTER: Objection; form.

THE WITNESS: Well, competition creates innovation. And if you are the wolf at the top of the hill, you know, you don't necessarily need to be the first out of the gate for innovation.

BY MS. HANE:

Q Why is that?

MR. LANCASTER: Objection; form.

THE WITNESS: To quote Arnold Schwarzenegger, "When you want the food, it's there."

When you're on the top of the hill, there's not quite the incentive to innovate.

“ [C]ompetition creates innovation. And if you are the wolf at the top of the hill, [...] you don't necessarily need to be the first out of the gate for innovation. ”

—Bryce Eddy

Broker, Tolman & Wiker Insurance Services
Ventura, California