



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

## Plaintiffs' Opening Statement Phase II

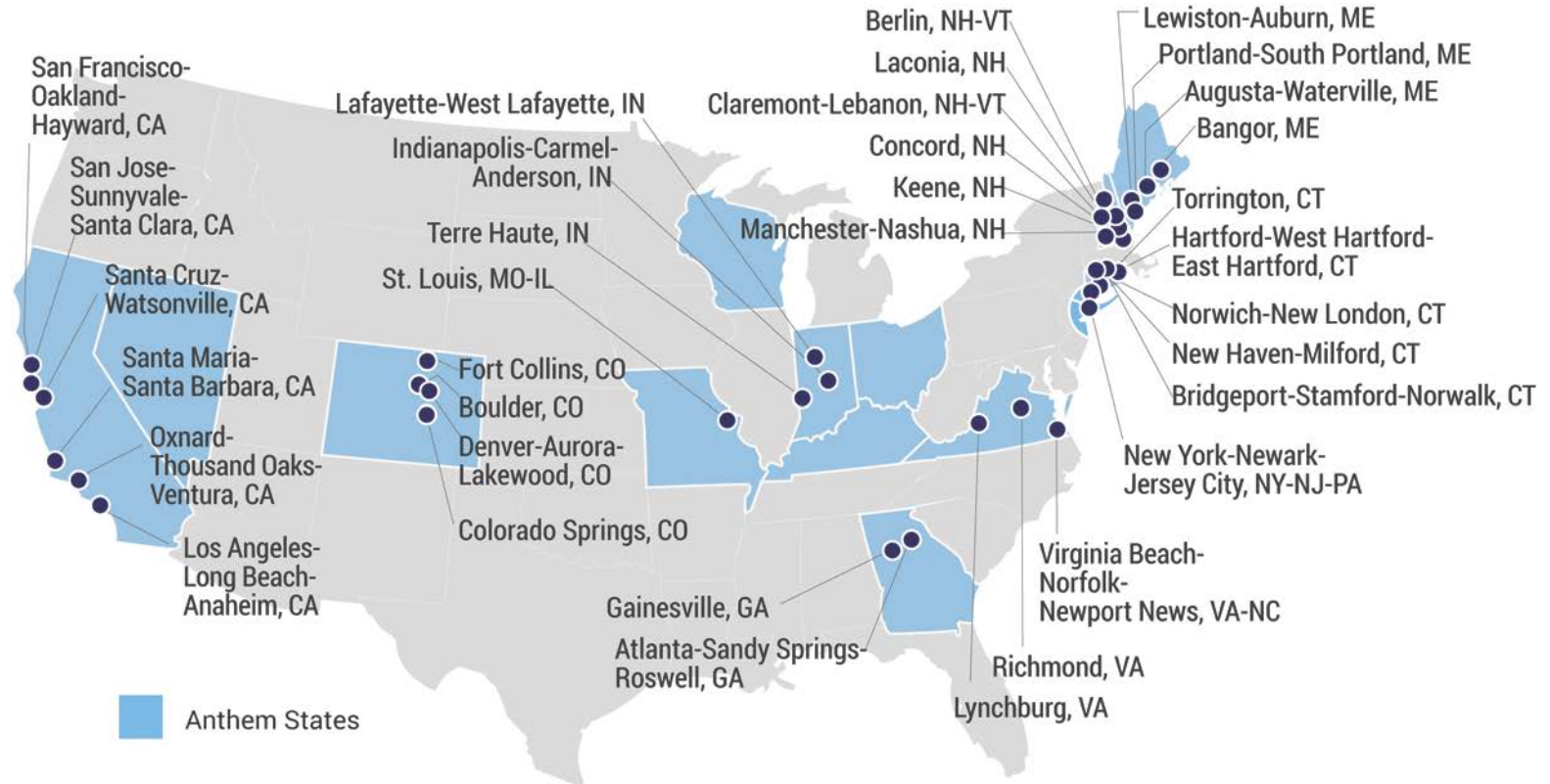
(Public, Redacted Version)

**PLAINTIFFS'  
EXHIBIT**

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

**PDX028**

# 35 Relevant Markets



# The Local Case

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①

Sale of commercial health insurance  
to large-group employers

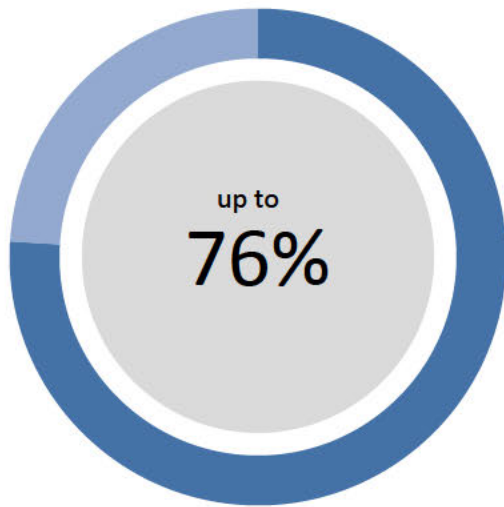
②

Purchase of healthcare services  
by commercial health insurers

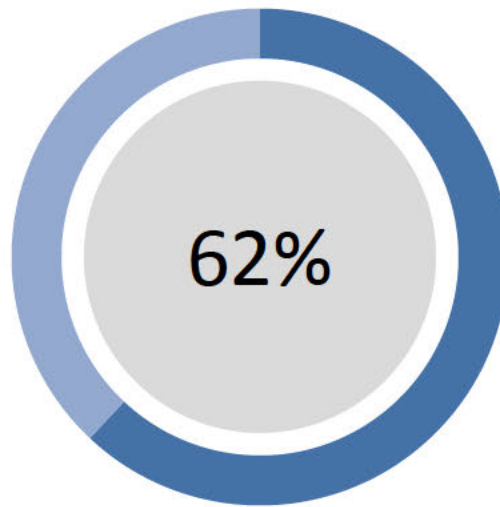
# In some local markets, the Blues' shares will be even higher

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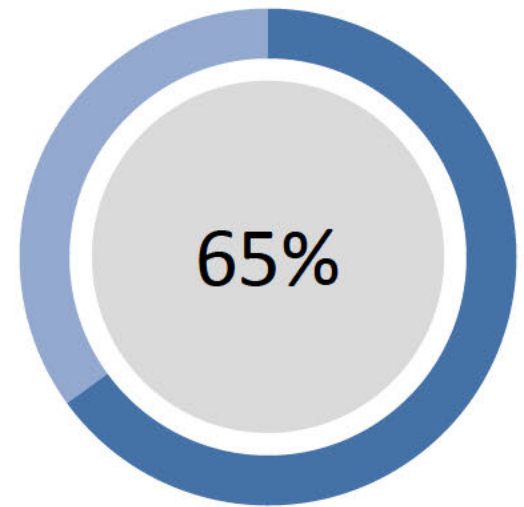
New Hampshire markets



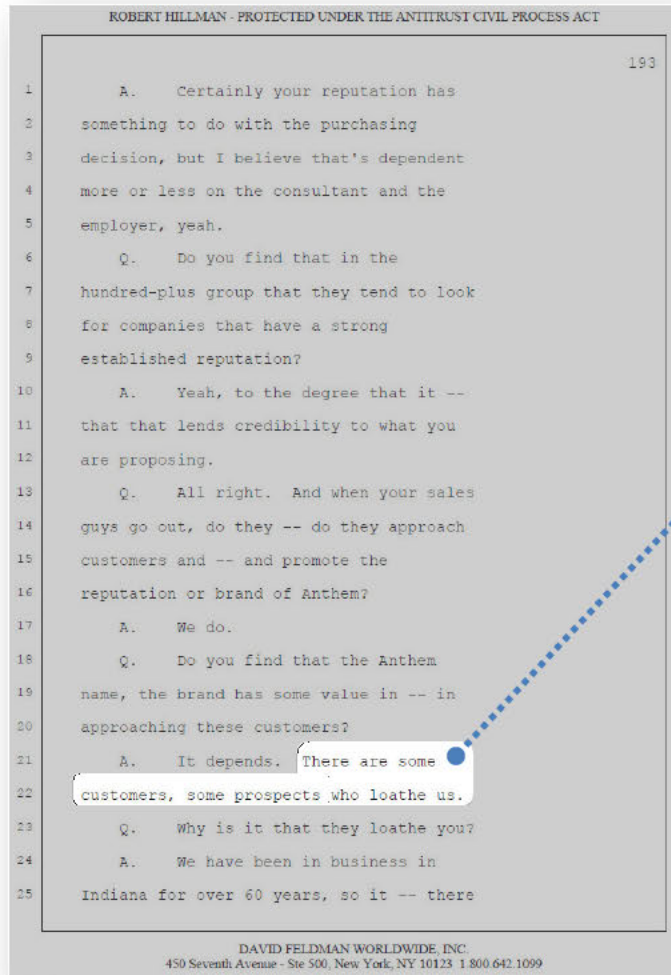
Portland, Maine



Indianapolis, Indiana



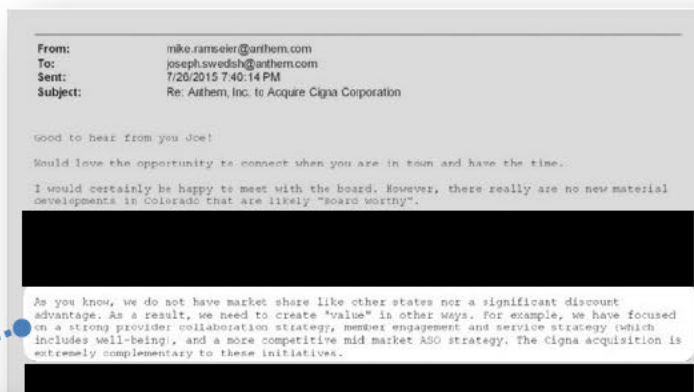
# Where Anthem has higher market shares, it is less responsive to customers and providers



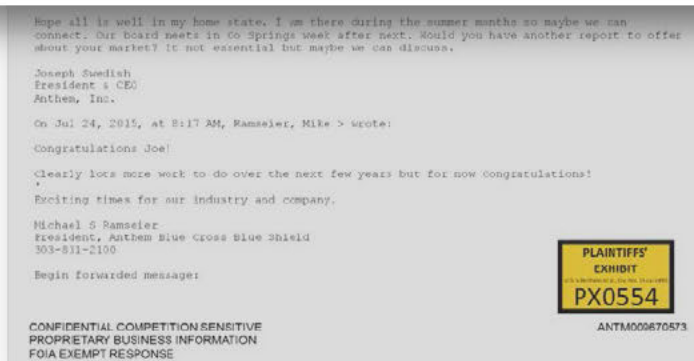
“There are  
some customers,  
some prospects  
who loathe us.”

—Robert Hillman  
Plan president of Indiana, Anthem

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



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.



—Mike Ramseier  
Plan president of Colorado, Anthem

PLAINTIFFS'  
EXHIBIT  
PX0554

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With less market share, Cigna must approach  
provider relationships differently

# Large group

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# Product market

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Small group

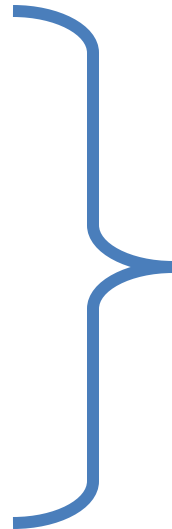
Large group

# Geographic market

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**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

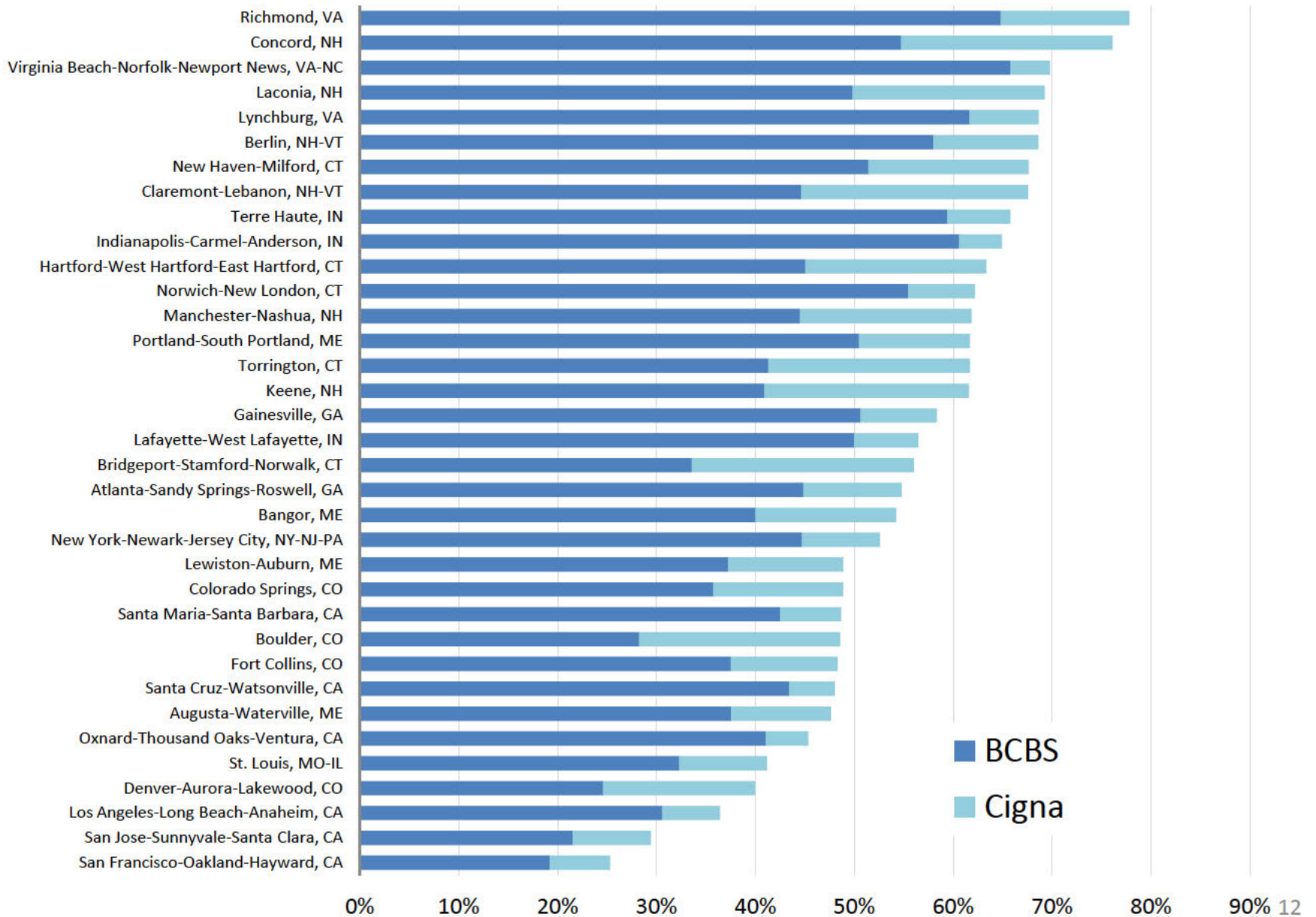
23 client's request. But most commonly it's done by MSA.

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

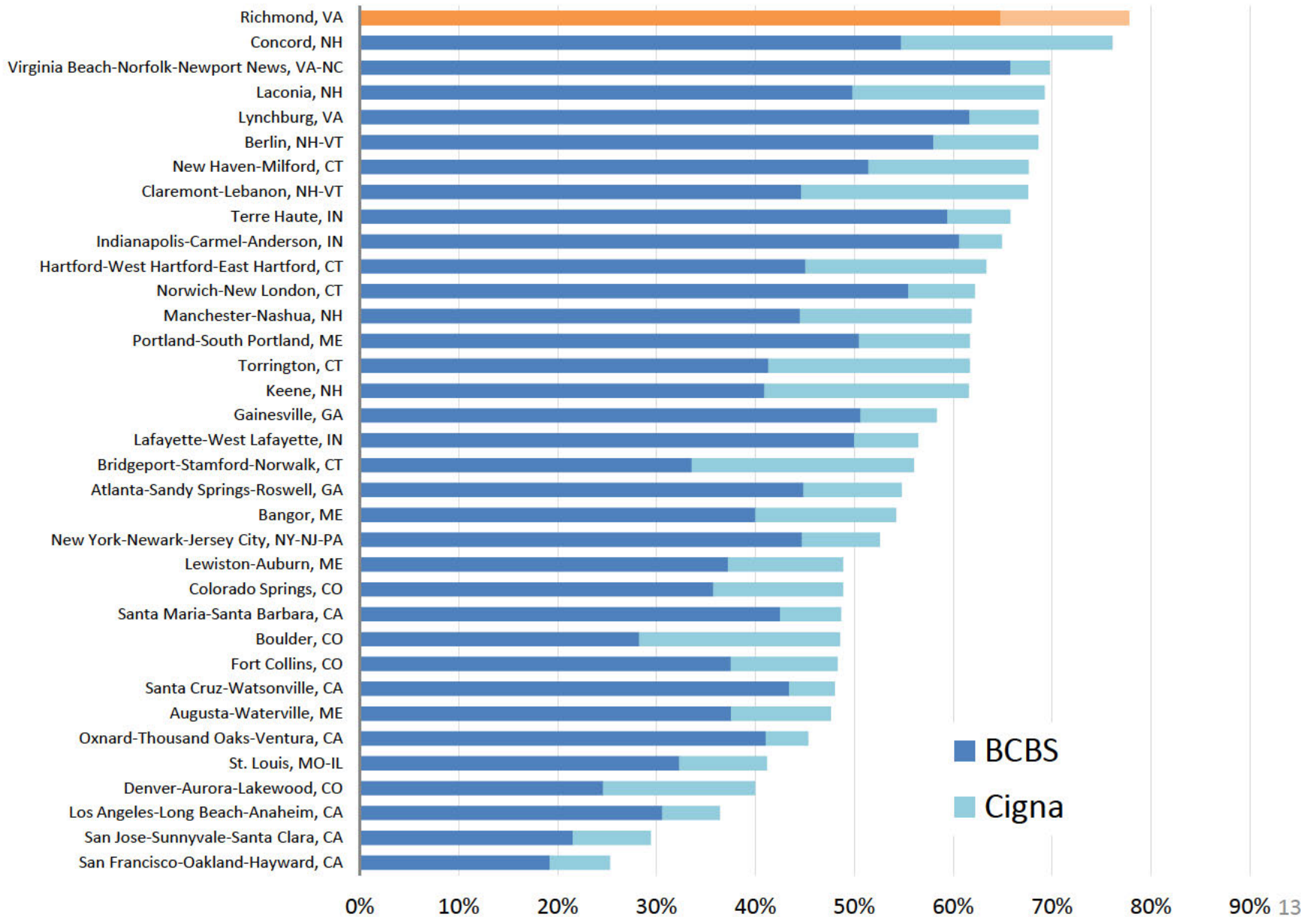
25 column.

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

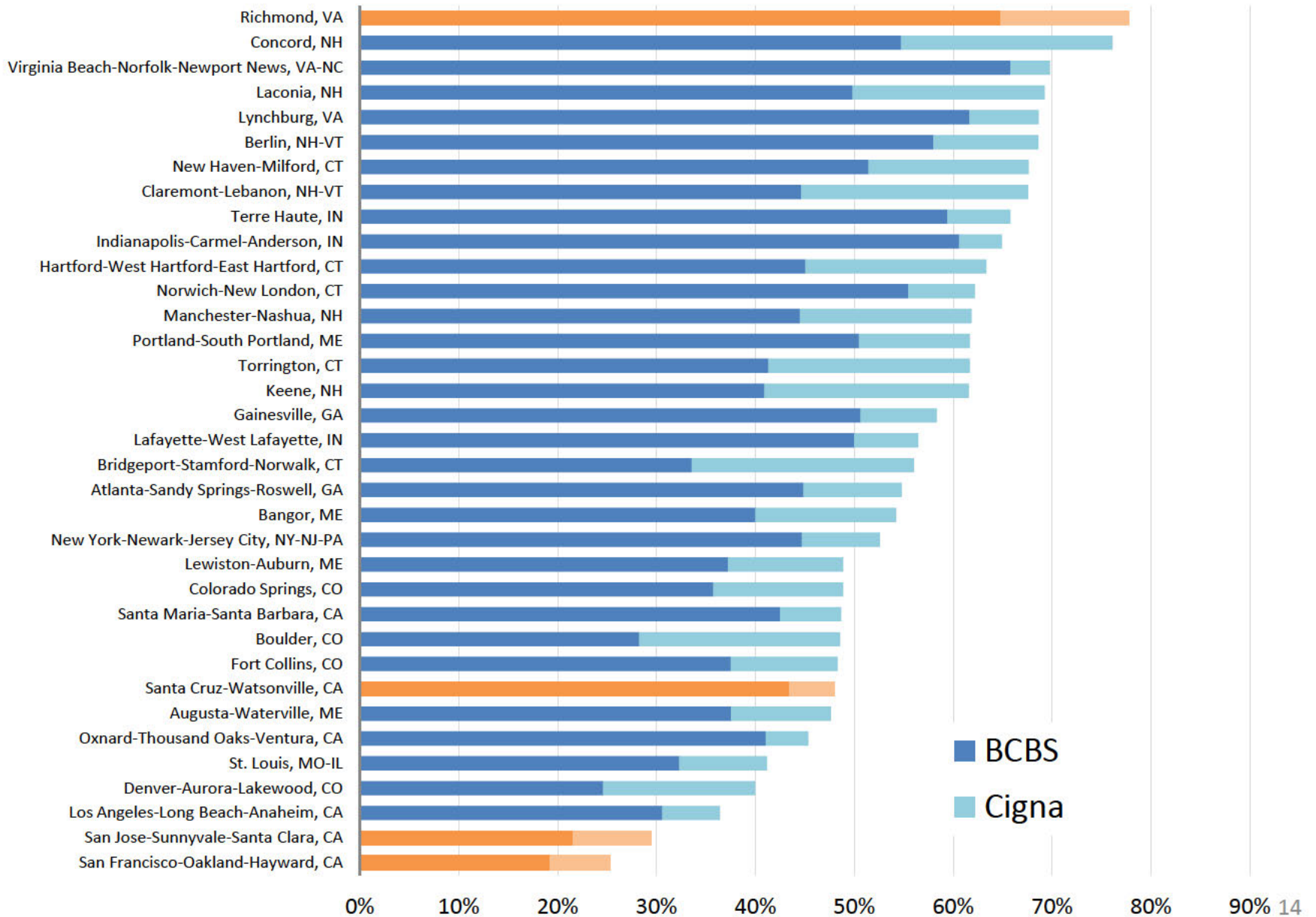
# Large-Group Market Shares



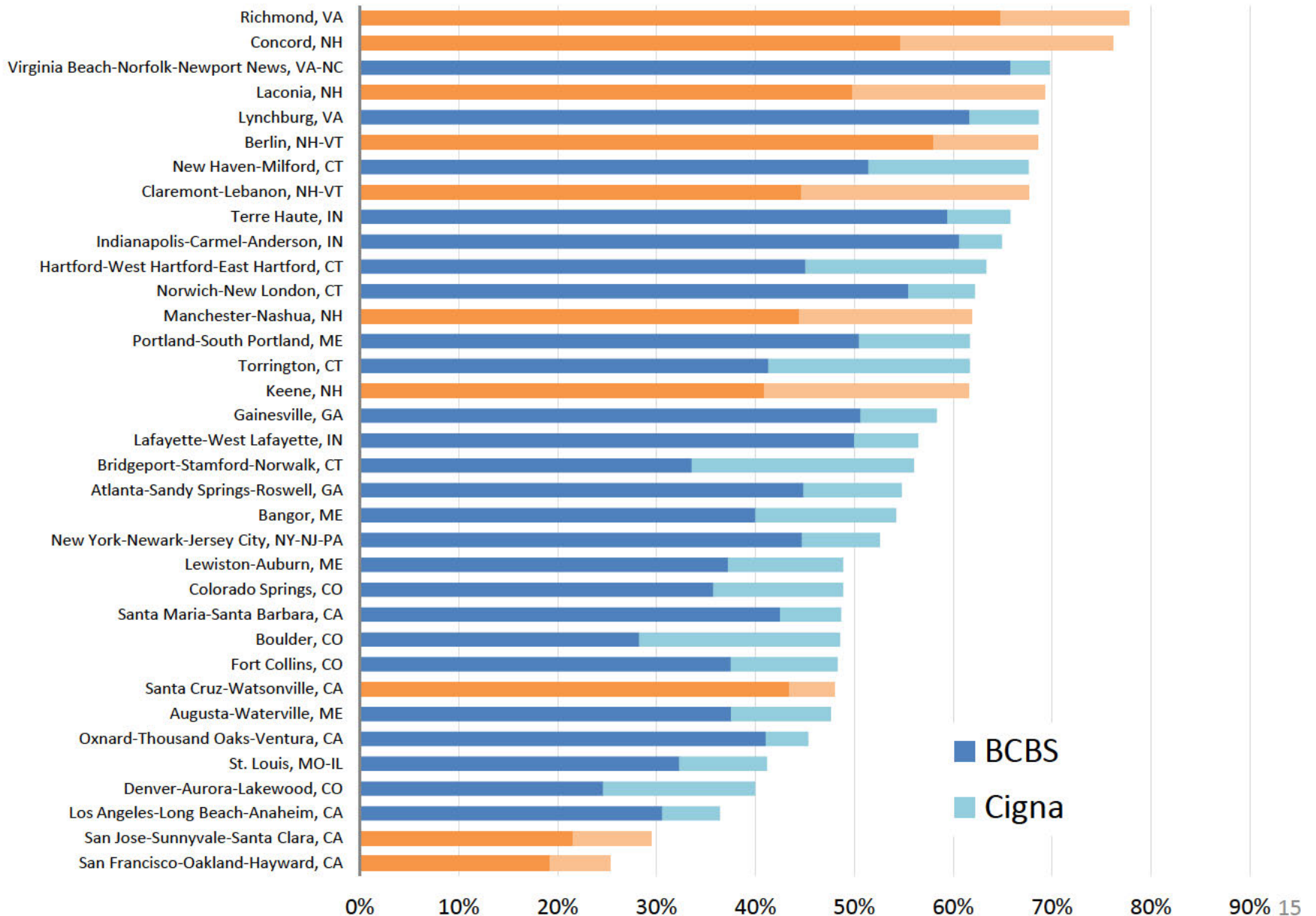
# Large-Group Market Shares



# Large-Group Market Shares

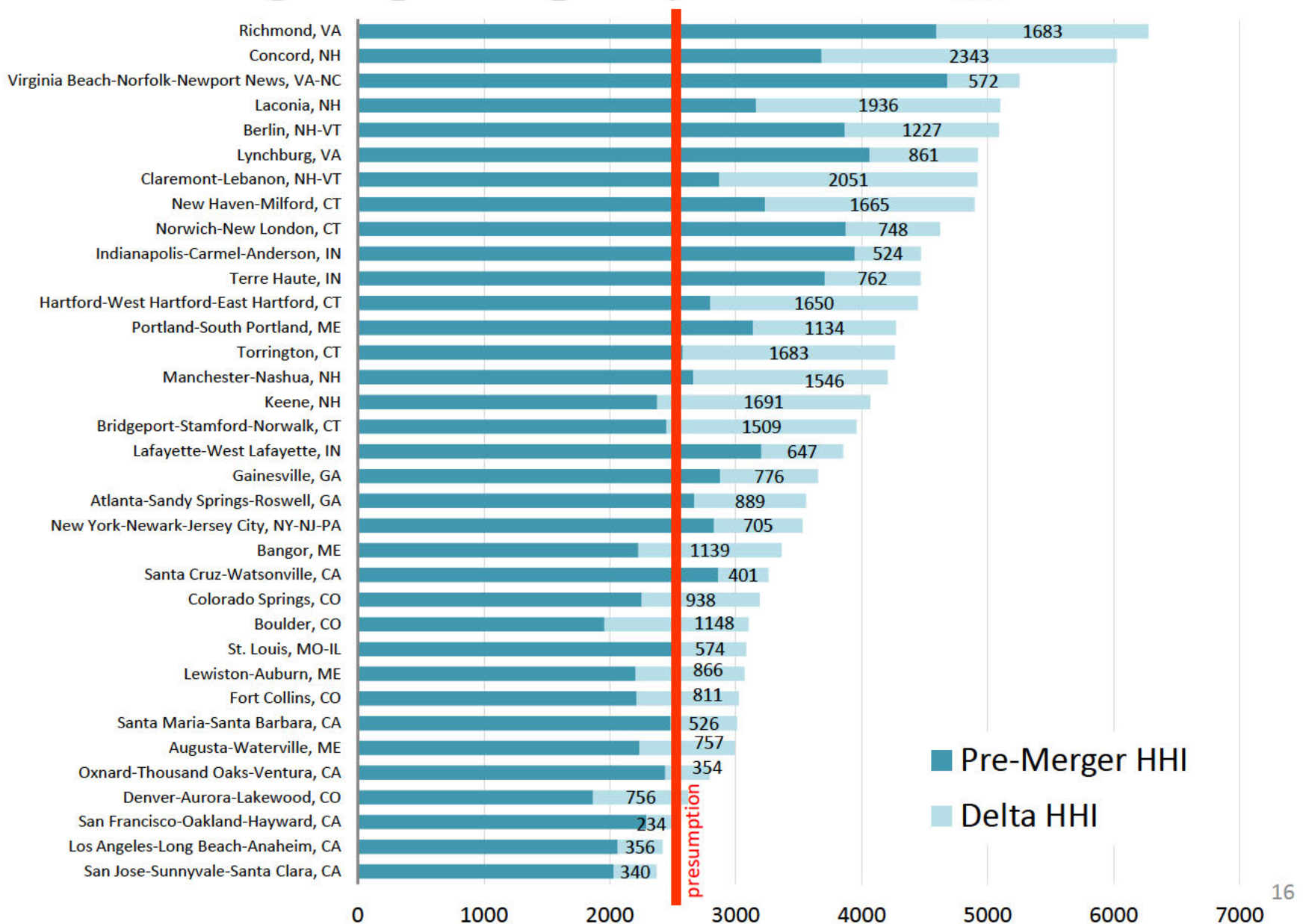


# Large-Group Market Shares

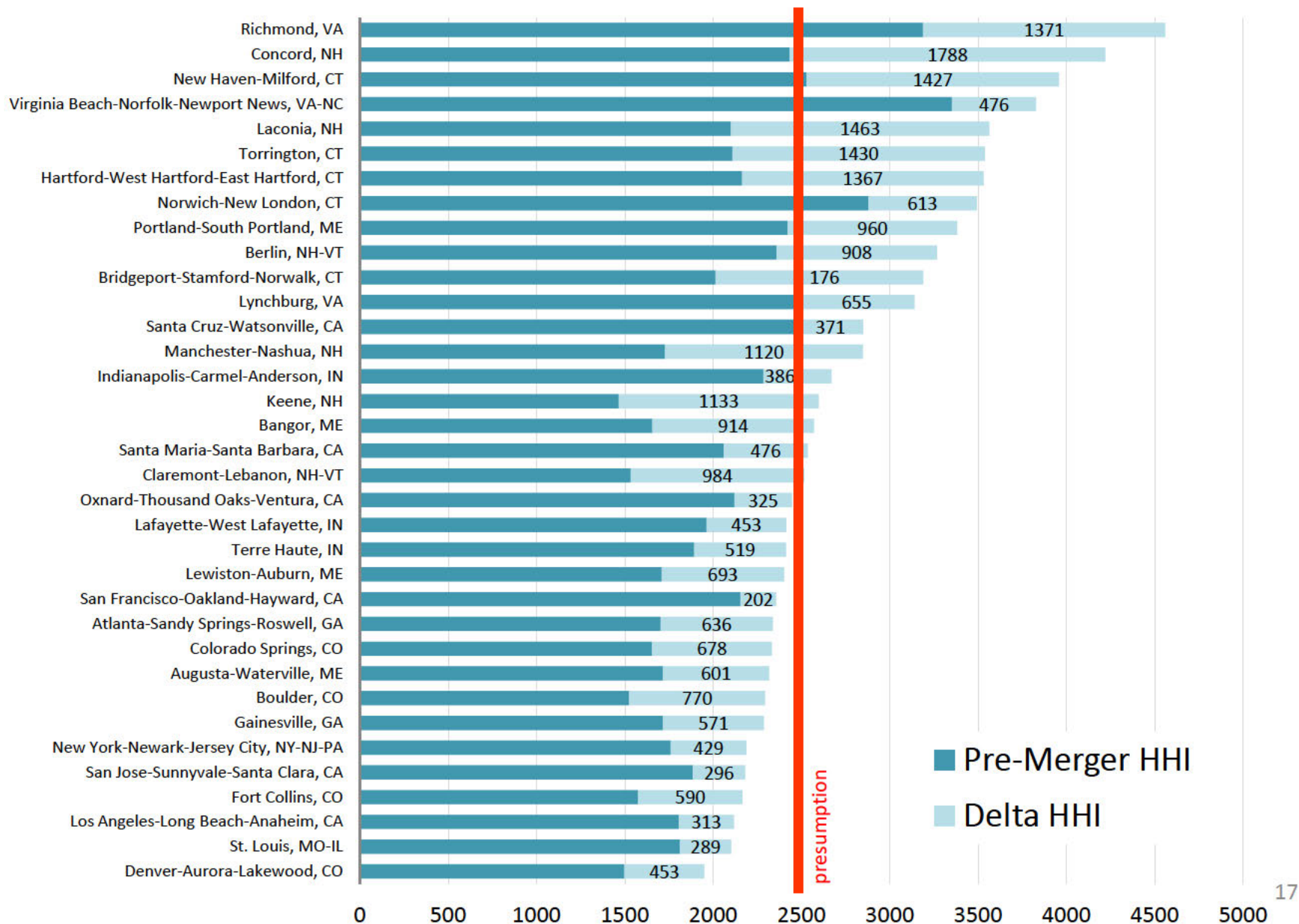




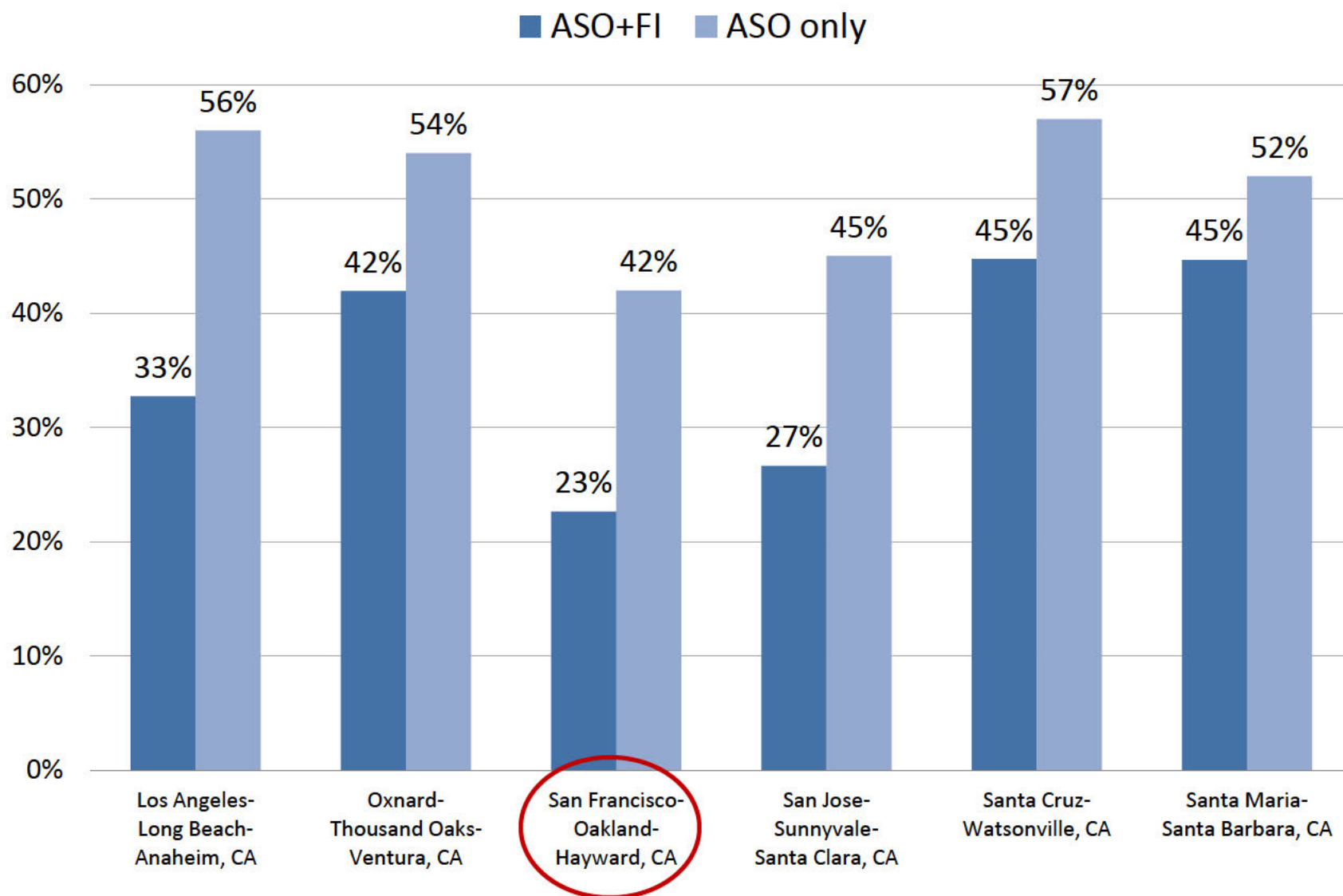
# Large group employers: The merger is presumptively unlawful in 33 markets



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



## Combined Party Shares in California Markets

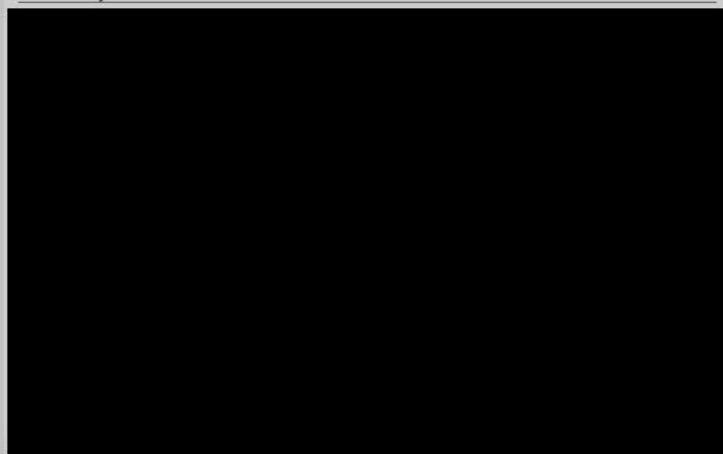


# In Richmond, Cigna is Anthem's top competitor for groups over 1,000

## 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.

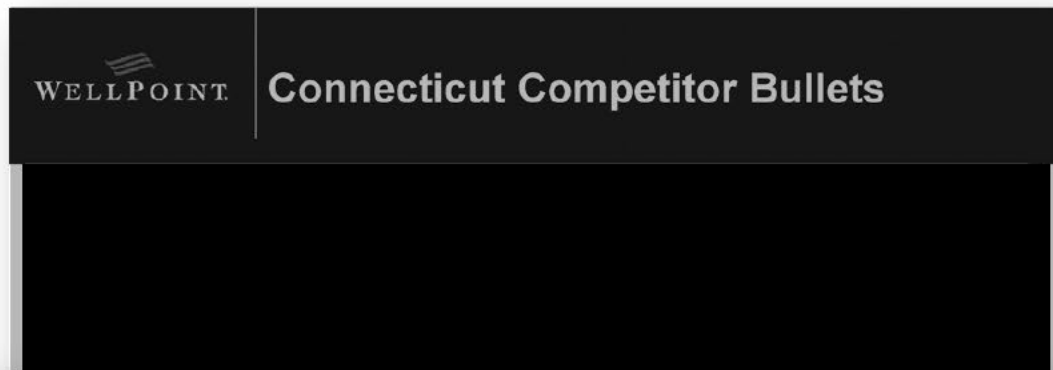
FOR BURKE:

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.)

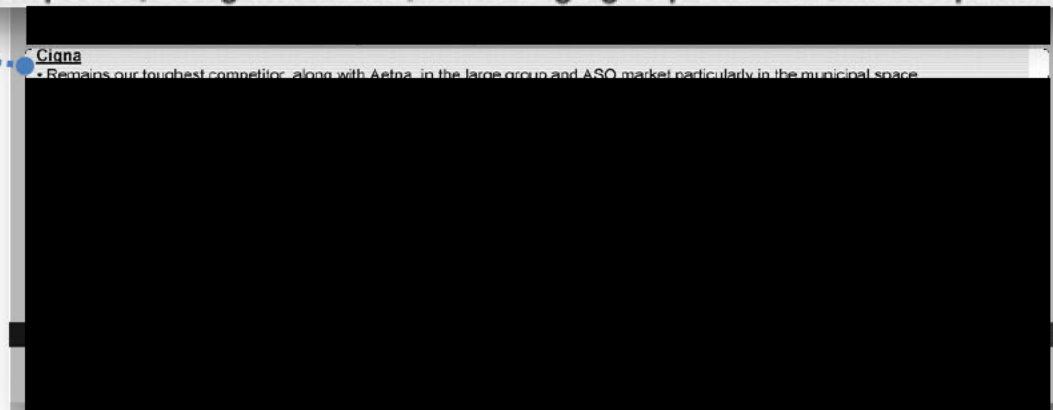


In Connecticut, Cigna and Aetna are Anthem's "toughest" competitors in large group, particularly in the municipal space



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

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Human Resources Director

New Hampshire



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

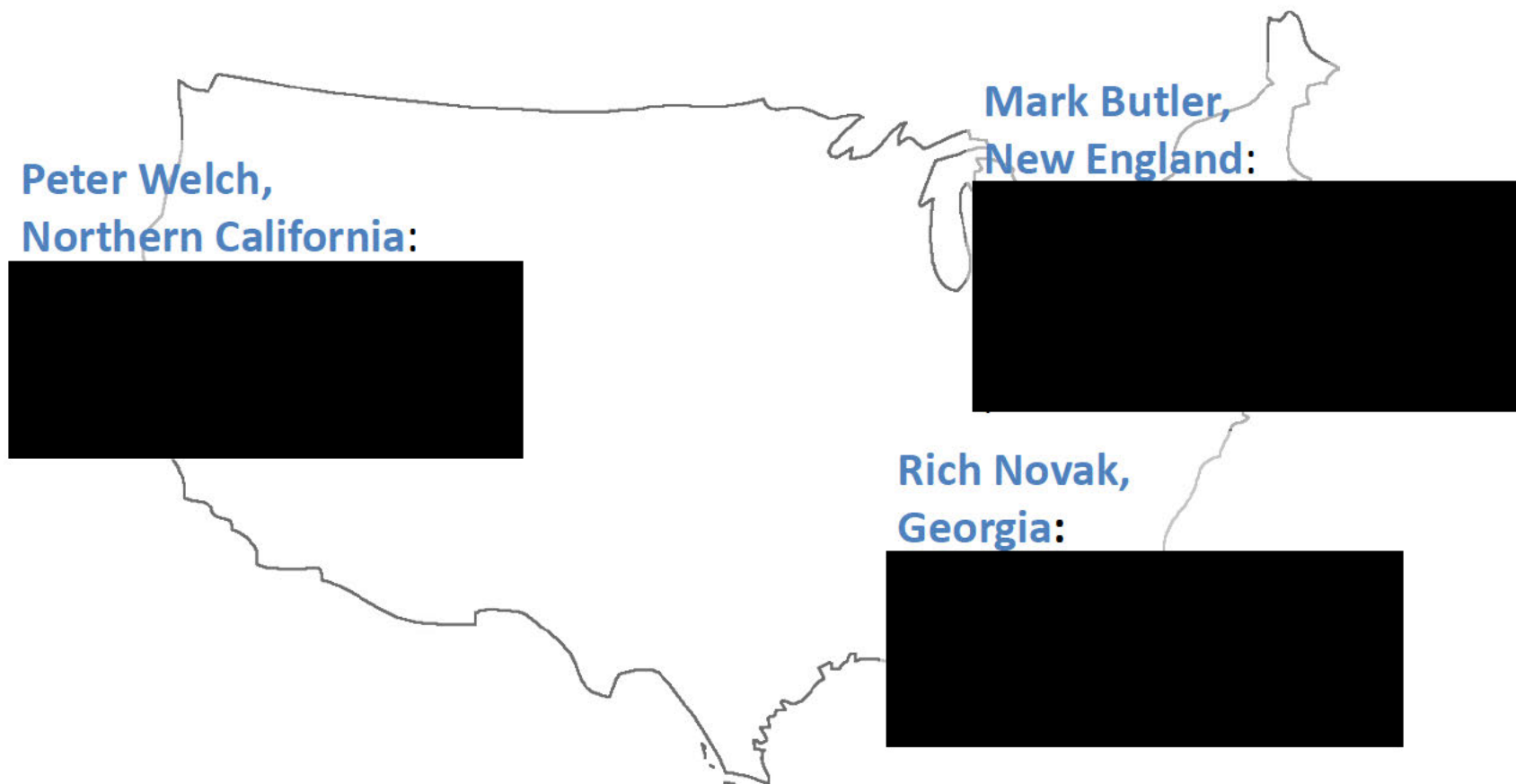
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# Cigna executives view Anthem as a close competitor

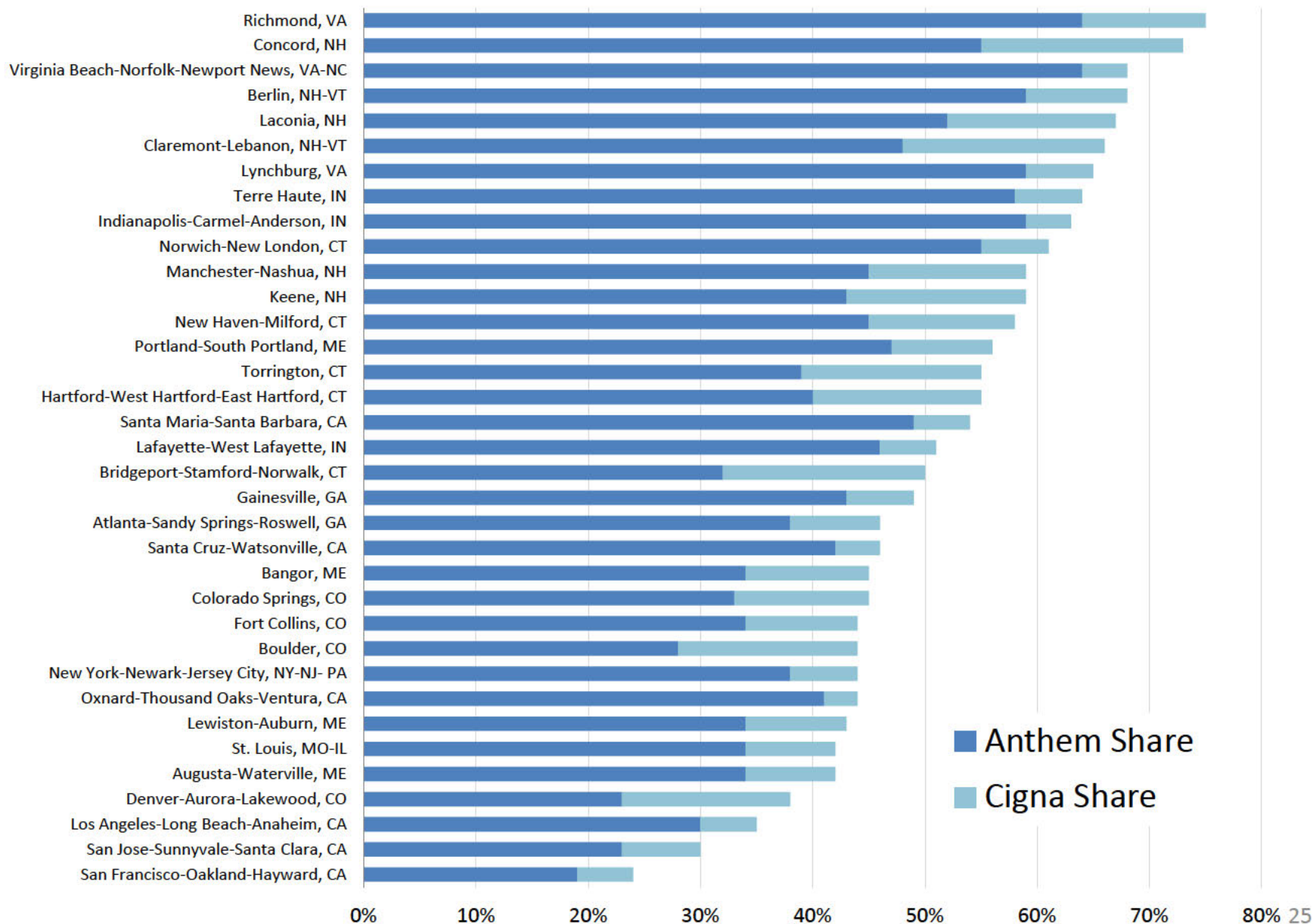
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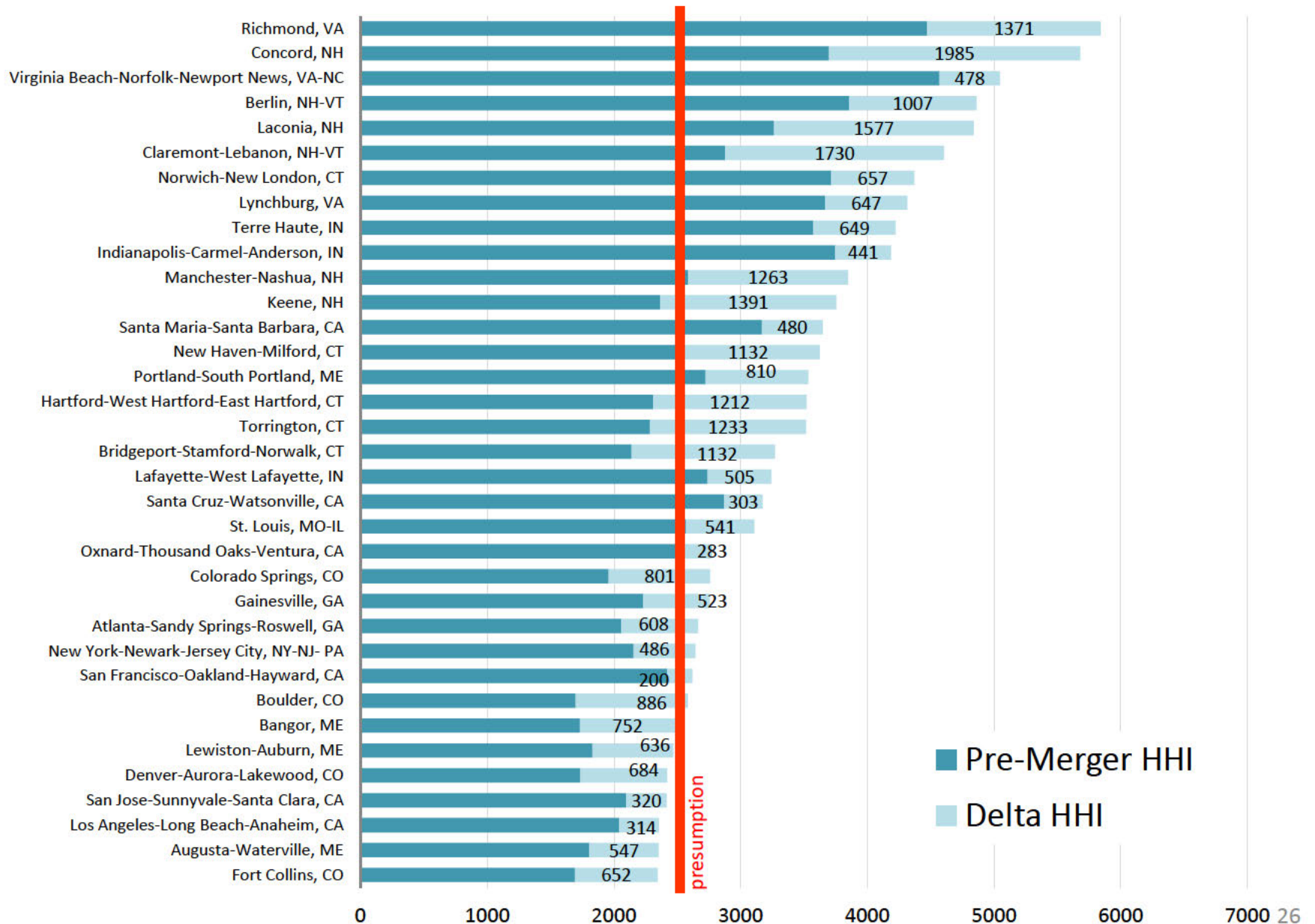
# Buy-Side

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# Buy-Side Market Shares



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



# Anthem's reimbursement cuts could harm patient care

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

# Reimbursement cuts can affect care

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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.

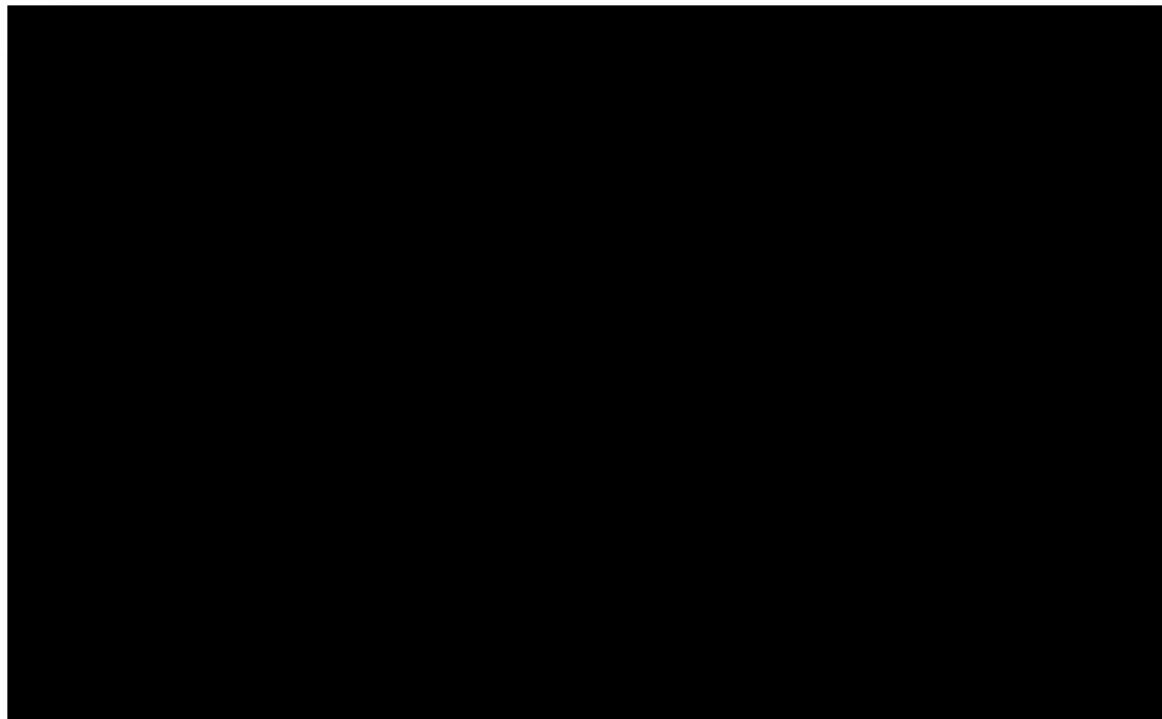
A. My practice -- and this is not a secret. Every practice in the United States has pretty much had to do this. So, again, it's -- we're running faster trying to make it up on volume. You can do that on the short run. You're cutting corners. You're not engaging the patients.

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

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[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*