OLIVER WYMAN

Consulting Actuaries

HEALTH INSURER FINANCIAL INSIGHTS

VOLUME 2 | FALL 2019/WINTER 2020

We are very excited to present the second edition of our Health Insurer Financial Insights newsletter reflecting our refreshed brand. This newsletter focuses on market profitability and recent MLR rebate activity for public and non-public health insurers. Our aim is to keep you abreast of key market trends and dynamics that impact health insurer financial results and profitability. We hope you enjoy the newsletter and find it informative. Please look for our next edition this spring.

Q3 YTD 2019 Statutory Financials – Individual, Group, Medicare, and Medicaid Markets:
We summarize the profitability trends of carriers with third quarter 2019 year-to-date (Q3 2019 YTD) information. We also summarize the enrollment and loss ratio trends in the individual, group, Medicare, and Medicaid markets. Overall, for all lines combined, pre-tax margins have remained stable in 2019 for the major market segments with the exception of the Non-Public Blues segment which reported slightly increasing loss ratios and a decline in profitability from its peak in 2018.

Individual Market: MLR Rebate Trends
Continuous increases in premium rates for ACA compliant plans in the individual market helped improve insurers loss ratios and margins from 2015 to 2018. However, this trend also increased MLR rebates for 2018 coverage that insurers had to pay back in 2019 rebates. These rebates totaled about 0.8% of earned premiums, or $770 million in rebates to insureds. We look closer at the ACA loss ratios and discuss how MLR rebates will likely continue to impact insurer margins in the next few years.

Public Companies Financial Performance
Public health insurers continue to perform well. We reviewed profitability of their insured blocks of business and noted that margins remained strong, as loss ratios and operating expenses generally improved or remained in check for the 15 quarters from Q1 2016 to Q3 2019.

IN THIS ISSUE

HEALTH INSURERS FINANCIALS BY MARKET

We summarize the profitability trends of carriers with Q3 2019 YTD information. We also summarize enrollment and loss ratio trends in the individual, group, Medicare, and Medicaid markets. Pre-tax margins have remained stable in 2019 with the exception of the Non-Public Blues who reported decreased margins overall and increased loss ratios in the individual, group, and Medicaid markets.

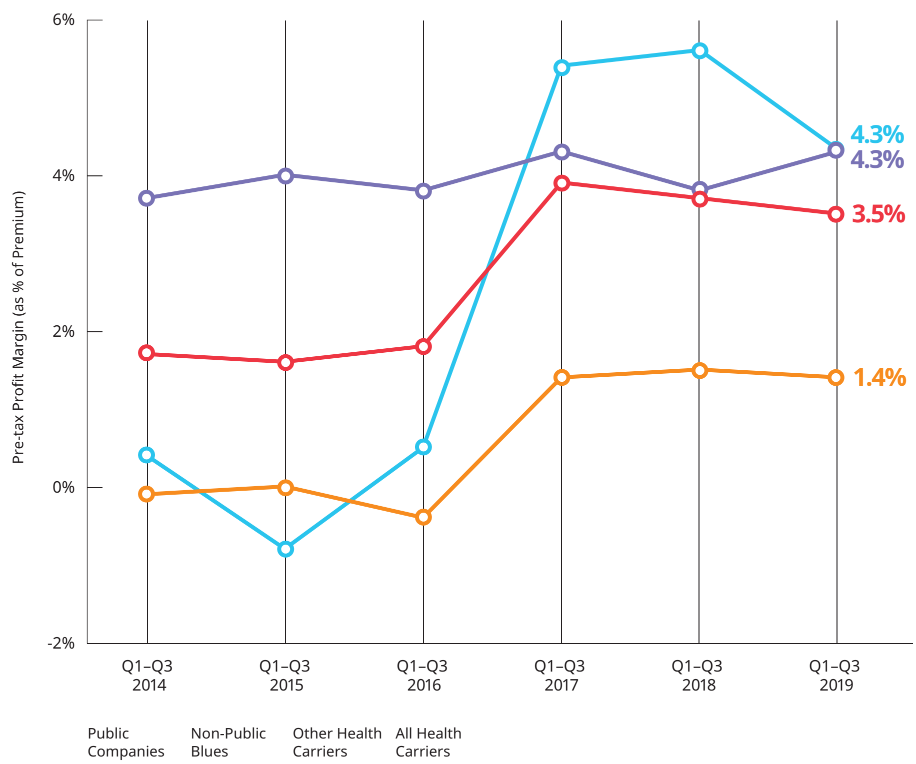
ALL MARKETS (COMMERCIAL, MEDICARE, MEDICAID, AND OTHER)

Profit Margin

Overall, the health insurer profit margins remained strong through Q3 2019 at 3.5%. Margins increased for Public Companies in 2019 by 0.5 percentage points. For Non-Public Blues, the margins decreased by 1.3 percentage points following record profitability in 2018 and for Other Carriers margins were essentially unchanged.

ALL MARKETS PRE-TAX PROFIT MARGINS

Q1–Q3 2014 TO 2019/PUBLIC VS. BLUE VS. OTHER



	Q1–Q3 2014	Q1–Q3 2015	Q1–Q3 2016	Q1–Q3 2017	Q1–Q3 2018		Q1–Q3 2019
Public Companies	3.7%	4.0%	3.8%	4.3%	3.8%	▲ 0.5%	4.3%
Non-Public Blues	0.4%	-0.8%	0.5%	5.4%	5.6%	▼ 1.3%	4.3%
Other Health Carriers	-0.1%	0.0%	-0.4%	1.4%	1.5%	▼ 0.1%	1.4%
All Health Carriers	1.7%	1.6%	1.8%	3.9%	3.7%	▼ 0.2%	3.5%

1. NAIC health blanks only. Excludes NAIC Life/Accident/Health, NAIC P&C, and CA DMHC Filers. Data as of November 2019.

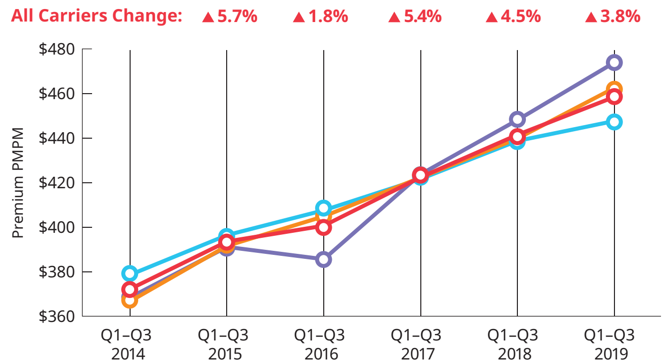
GROUP MARKET

Premiums PMPM

Group premiums PMPM increased in 2019, with average market premiums reaching $458 PMPM for Q1–Q3 2019, an increase of 3.8% from Q1–Q3 2018. The increase is the lowest for Non-Public Blues (2.0%) and highest for Public Companies (5.8%).

Public Companies | Non-Public Blues | Other Health Carriers | All Health Carriers

COMMERCIAL GROUP PREMIUMS PMPM
PUBLIC VS. BLUE VS. OTHER



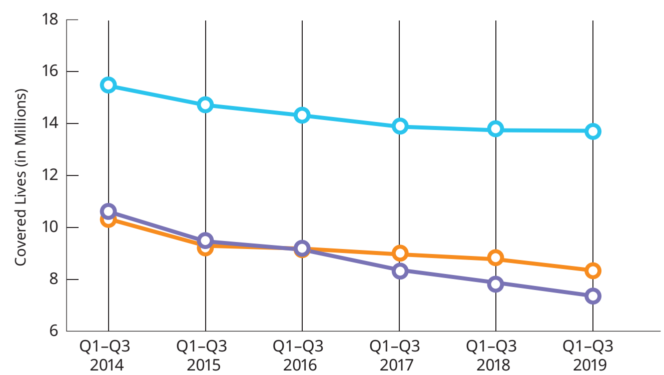
Enrollment[2]

Enrollment in the comprehensive fully insured group market continued to decline in 2019 for Public and Other health insurers. Enrollment remained fairly stable for Non-Public Blues declining by 2.9%.

	Q1–Q3 2014	Q1–Q3 2015	Q1–Q3 2016	Q1–Q3 2017	Q1–Q3 2018	Q1–Q3 2019
Total Enrollment (in Millions)	36.3	33.3	32.5	31.1	30.3	29.4

Public Companies | Non-Public Blues | Other Health Carriers

COMMERCIAL GROUP ENROLLMENT
PUBLIC VS. BLUE VS. OTHER

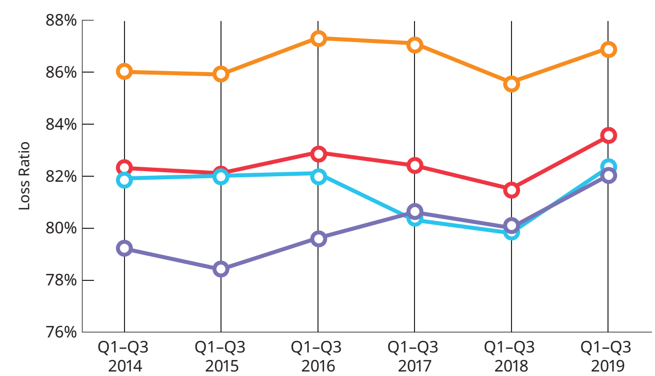


Loss Ratio

Reported loss ratios increased by 2.0 percentage points to 83.5% with the largest increase reported by Non-Public Blues whose Q1–Q3 2019 loss ratios increased by 2.5 percentage points to 82.3%.

Public Companies | Non-Public Blues | Other Health Carriers | All Health Carriers

COMMERCIAL GROUP LOSS RATIO
PUBLIC VS. BLUE VS. OTHER



	Q1–Q3 2014	Q1–Q3 2015	Q1–Q3 2016	Q1–Q3 2017	Q1–Q3 2018		Q1–Q3 2019
Public Companies	79.2%	78.4%	79.6%	80.6%	80.0%	▲2.0%	82.0%
Non-Public Blues	81.9%	82.0%	82.1%	80.3%	79.8%	▲2.5%	82.3%
Other Health Carriers	86.0%	85.9%	87.3%	87.1%	85.6%	▲1.2%	86.9%
All Health Carriers	82.3%	82.1%	82.9%	82.4%	81.5%	▲2.0%	83.5%

1. NAIC health blanks only. Excludes NAIC Life/Accident/Health, NAIC P&C, and CA DMHC Filers. Data as of November 2019.
2. Some of the market enrollment is not included, most notably those insured by Life/Accident/Health statutory filers, which needs to be considered when reviewing this chart and others in this report.

INDIVIDUAL MARKET

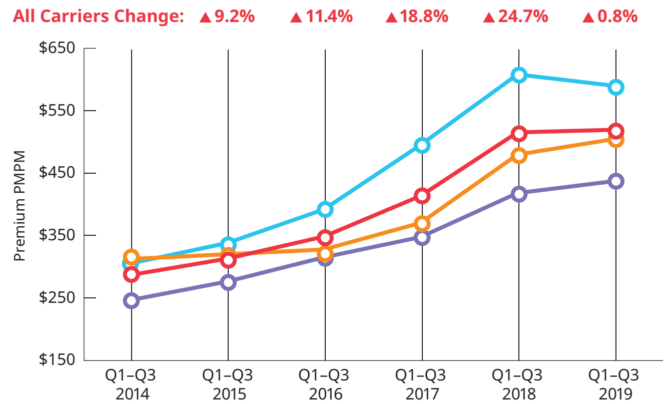
Premiums PMPM

Individual premiums remained fairly flat in 2019 with reported average individual market Q1–Q3 2019 premiums of $519 PMPM, an increase of 0.8% from Q1–Q3 2018. Premium rates stabilized as loss ratios stabilized after several years of large premium rate increases. In some cases in the individual market rates decreased in 2019.

Public Companies | Non-Public Blues | Other Health Carriers | All Health Carriers

COMPREHENSIVE INDIVIDUAL PREMIUMS PMPM

PUBLIC VS. BLUE VS. OTHER



Enrollment[2]

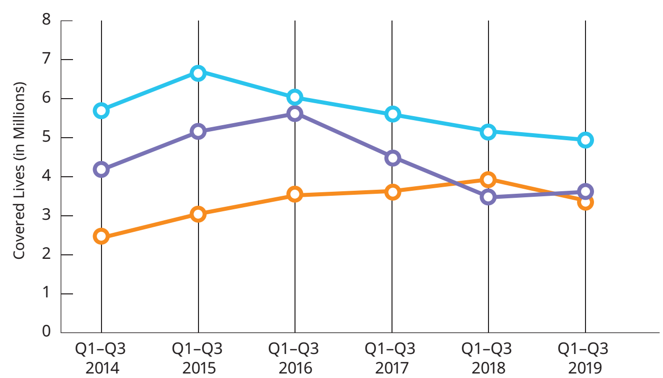
Enrollment continued to decrease in 2019 but Public Companies have actually increased enrollment slightly from Q1–Q3 2018 levels. Public Companies market participation is likely driven by a more stable market and improved financial performance.

	Q1-Q3 2014	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2019
Total Enrollment (in Millions)	12.3	14.9	15.1	13.7	12.5	11.9

Public Companies | Non-Public Blues | Other Health Carriers

COMPREHENSIVE INDIVIDUAL ENROLLMENT

PUBLIC VS. BLUE VS. OTHER



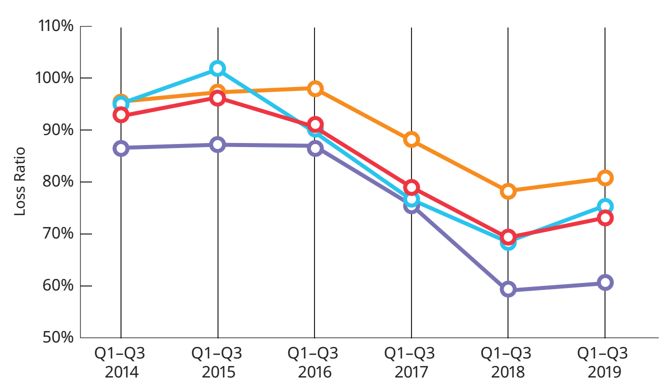
Loss Ratio

Loss ratios started to increase in Q1–Q3 2019 consistent with the lower premium rate increases. The largest loss ratio increase was seen by the Non-Public Blues: 6.9% to 75.2%. For Public Companies, the reported loss ratio remained low for Q1–Q3 2019 at 60.3%.

Public Companies | Non-Public Blues | Other Health Carriers | All Health Carriers

COMPREHENSIVE INDIVIDUAL LOSS RATIO

PUBLIC VS. BLUE VS. OTHER



	Q1-Q3 2014	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2018		Q1-Q3 2019
Public Companies	86.4%	87.0%	86.8%	75.5%	58.9%	▲1.5%	60.3%
Non-Public Blues	94.9%	101.5%	89.5%	76.5%	68.3%	▲6.9%	75.2%
Other Health Carriers	95.3%	97.1%	97.9%	87.9%	78.1%	▲2.3%	80.5%
All Health Carriers	92.5%	96.1%	90.5%	78.9%	69.1%	▲3.8%	72.9%

1. NAIC health blanks only. Excludes NAIC Life/Accident/Health, NAIC P&C, and CA DMHC Filers. Data as of November 2019.
2. Some of the market enrollment is not included, most notably those insured by Life/Accident/Health statutory filers, which needs to be considered when reviewing this chart and others in this report.

MEDICARE ADVANTAGE

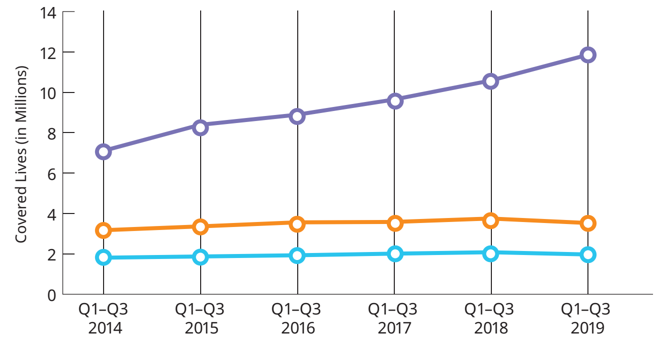
Enrollment[2]

Enrollment growth in the Medicare Advantage (MA) market continued in 2019 with the overall trend of gradual increases driven by population demographics and the continued popularity of MA plans. Almost all of the growth has gone to Public Companies.

	Q1–Q3 2014	Q1–Q3 2015	Q1–Q3 2016	Q1–Q3 2017	Q1–Q3 2018	Q1–Q3 2019
Total Enrollment (in Millions)	12.0	13.6	14.3	15.2	16.4	17.3

Public Companies | Non-Public Blues | Other Health Carriers

MEDICARE ENROLLMENT
PUBLIC VS. BLUE VS. OTHER

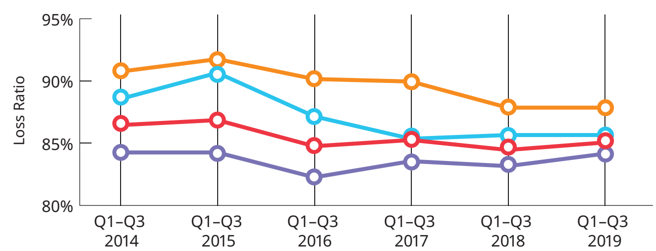


Loss Ratio

Overall financial loss ratios increased slightly to 85.1% for Q1–Q3 2019. Public Companies continue to have the lowest loss ratios in the MA market.

Public Companies | Non-Public Blues | Other Health Carriers | All Health Carriers

MEDICARE LOSS RATIO
PUBLIC VS. BLUE VS. OTHER



MEDICAID MANAGED CARE

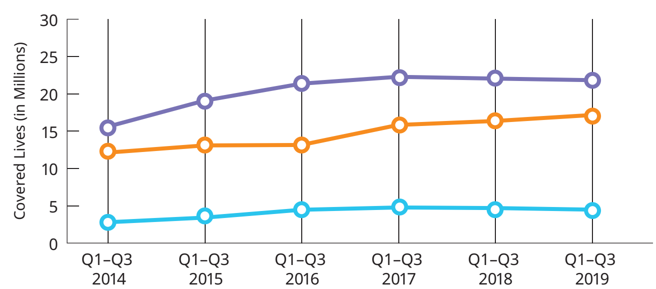
Enrollment[2]

Enrollment remained fairly flat in insured Managed Medicaid programs for 2019. Public and Other Health companies have the largest share of the business.

	Q1–Q3 2014	Q1–Q3 2015	Q1–Q3 2016	Q1–Q3 2017	Q1–Q3 2018	Q1–Q3 2019
Total Enrollment (in Millions)	30.5	35.5	38.9	42.8[3]	43.0	43.4

Public Companies | Non-Public Blues | Other Health Carriers

MEDICAID ENROLLMENT
PUBLIC VS. BLUE VS. OTHER

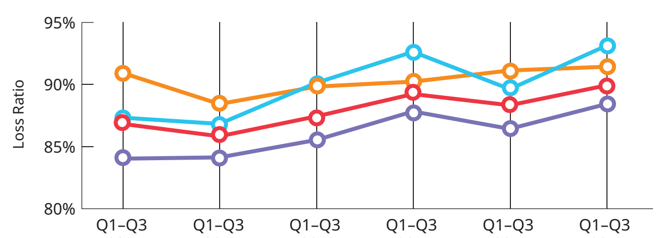


Loss Ratio

The Medicaid market loss ratio increased to 90.0% for Q1–Q3 2019. Non-Public Blues had the largest increase in the loss ratio to 93.2%, with Public Companies also reporting higher loss ratios at 88.5%.

Public Companies | Non-Public Blues | Other Health Carriers | All Health Carriers

MEDICAID LOSS RATIO
PUBLIC VS. BLUE VS. OTHER



1. NAIC health blanks only. Excludes NAIC Life/Accident/Health, NAIC P&C, and CA DMHC Filers. Data as of November 2019.
2. Some of the market enrollment is not included, most notably those insured by Life/Accident/Health statutory filers, which needs to be considered when reviewing this chart and others in this report.
3. 2017 Q3 Other Health Carriers Medicaid enrollment was increased by approximately 3.2 million to adjust for observed missing data.

INDIVIDUAL MARKET: MLR REBATE TRENDS

Premium rate increases for individual ACA plans helped improve insurers' loss ratios and margins from 2015 to 2018. However, this trend also increased the MLR rebates payable in 2019, and insurers had to pay back about 0.8% of earned premiums or $770 million in rebates to insureds. We take a closer look at the ACA MLR experience and rebates and discuss how MLR rebates will likely continue to impact insurers' margins in future years.

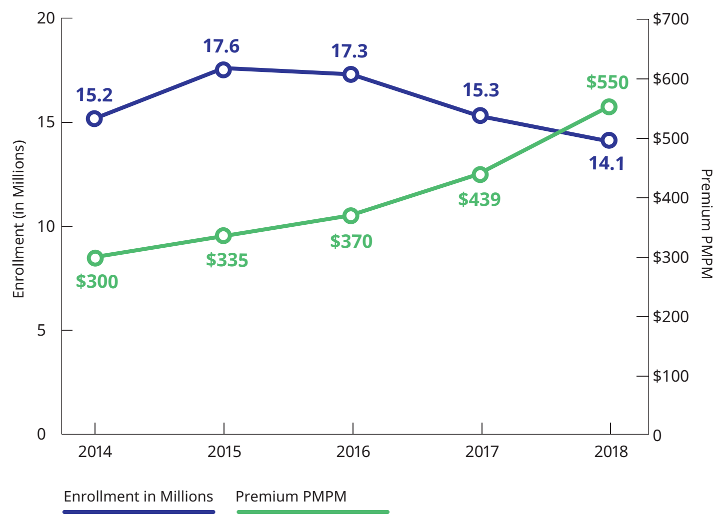
Individual Market Enrollment and Premium Trends

After initially expanding to approximately 17.6 million average monthly enrollees in 2015, enrollment in the individual market declined to about 14.1 million in 2018. The reason for this decline could be linked to increasing premiums as average premiums increased by more than 80% from $300 PMPM in 2014 to $550 PMPM in 2018.

The reason for this significant premium increase is the shift of membership from pre-ACA plans to more comprehensive ACA plans, the end of the federal Transitional Reinsurance program in 2016, the regulatory changes including the end of federal cost-sharing reduction (CSR) payments in 2017, an overall worsening of the morbidity in the individual market risk pool, and ongoing medical trend.

Insurers reported underwriting losses following the introduction of ACA plans in 2014, and thus reacted by increasing ACA plans' premium rates. Individual market enrollment then declined, especially for the population without access to the ACA premium and cost sharing subsidies.[1]

ENROLLMENT AND PREMIUM PMPM – INDIVIDUAL MARKET
2014–2018



AVERAGE ENROLLMENT IN MILLIONS – INDIVIDUAL MARKET
(INCLUDING MA AND VT)

	2014	2015	2016	2017	2018
ACA Subsidized	4.6	7.7	8.5	8.1	8.6
ACA Non-Subsidized	3.7	6.2	6.4	5.1	3.9
Transitional & Grandfathered	6.9	3.7	2.4	2.1	1.6
Total	15.2	17.6	17.3	15.3	14.1

1. https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/Trends-Subsidized-Unsubsidized-Enrollment-BY17-18.pdf

Financial Loss Ratios and Profit Margins

The NAIC health blank carriers have reported decreasing financial loss ratios in the individual market from 101.6% in 2015 to 73.4% in 2018. In the group market, the loss ratios remained stable at 83–84% between 2014 and 2018. Improvement in the experience in the individual market increased commercial market margins from -0.9% in 2015 to 5.4% in 2018.

	2014	2015	2016	2017	2018
Loss Ratio: Individual Market	97.8%	101.6%	95.7%	82.7%	73.4%
Loss Ratio: Group Market	83.7%	83.8%	83.8%	83.4%	83.4%
Profit Margin: Individual and Group Market	0.0%	-0.9%	-0.4%	4.0%	5.4%

ACA Minimum Medical Loss Ratio and Rebates in the Commercial Market

Carriers are subject to the minimum Medical Loss Ratio (MLR) requirements per the ACA. The minimum MLR varies by market: generally 80% in the Individual and Small Group markets, and 85% in the Large Group markets. The Center for Medicare & Medicaid Services (CMS) methodology[1] for the MLR calculation is different than the method used to calculate financial loss ratios.

Financial vs. CMS Loss Ratio Formulas

The CMS MLR calculation allows for adjustments for quality expenses and risk adjustment transfers in the numerator and taxes and fees in the denominator. The CMS MLR also includes a credibility adjustment based on a combination of membership and average plan deductible factors. This adjusted MLR is referred to as the "Credibility-Adjusted MLR."

$$\text{Reported Financial Loss Ratio} = [\text{Reported Incurred Claims}] \div [\text{Reported Earned Premium}]$$

$$\text{Preliminary MLR Per CMS Formula} = [\text{Restated Incurred Claims} + \text{Risk Adjustment Transfers} + \text{Quality Improvement Expenses}] \div [\text{Restated Earned Premium} - \text{Taxes \& Fees}]$$

MLR Rebate Calculation

Issuers subject to the minimum MLR requirements fill out the CMS annual MLR reporting form to calculate outstanding MLR rebates for each state and market. The MLR calculation reflects three years of experience where restated premiums and claims are reported for each calendar year as of March 31of the following year. For example, for 2018 MLR reporting the MLR calculation is based on the cumulative experience for calendar years 2016, 2017, and 2018. Any difference of the Credibility-Adjusted MLR below the minimum MLR is then applied to the earned premium (adjusted by taxes and fees) for the reporting year to estimate the outstanding MLR rebate amount.

Rebates are payable by end of the September following of the reporting year via premium credits or lump-sum reimbursements to individual and group policyholders.

$$\text{2018 Rebate} = [\text{Minimum MLR} - \text{Credibility-Adjusted MLR for calendar years 2016 to 2018}] \times [\text{2018 Adjusted Earned Premium}]$$

1. https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Medical-Loss-Ratio

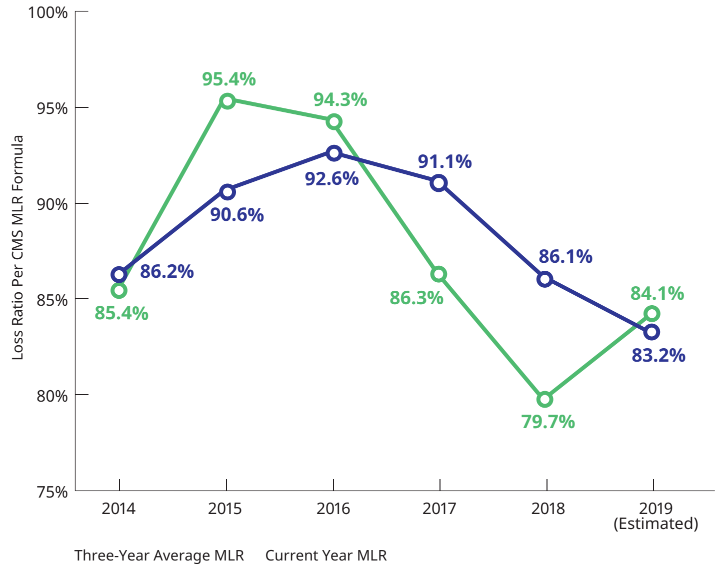
MLR and Rebate Trends

The following analysis of MLR trends in the Individual Market is based on the CMS formula and filings which reflect Preliminary MLR (without credibility adjustment information). We analyze both the "Three-Year Average MLR" (including the current and prior two years of experience) and "Current Year MLR" (includes only experience for the current MLR reporting year). The amounts shown are based on aggregated nationwide MLR data for 50 US states and District of Columbia.[1]

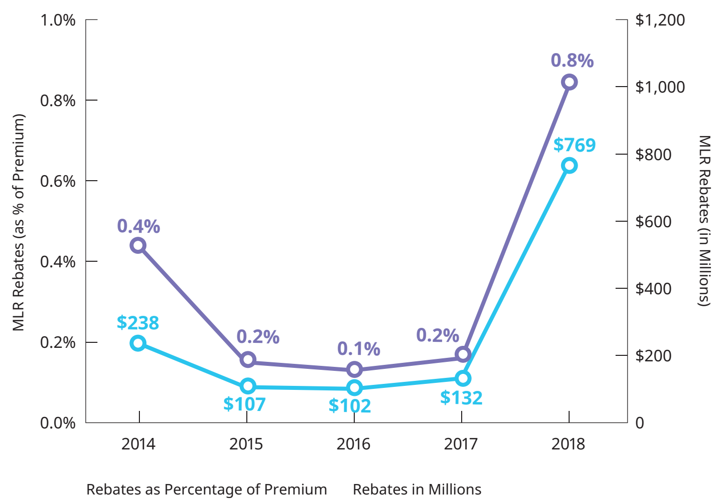
The impact of the improved financial loss ratios in the individual market from 2015 to 2018 is also reflected in the CMS MLR calculations and required rebates. Current Year and Three-Year Average MLRs improved significantly in 2017 and 2018. In 2018 the nationwide Three-Year Average was 86.1% and the Current Year MLR was 79.7% for the individual market.

As shown on page 4 of this newsletter, the reported financial loss ratios increased by 3.8 percentage points for the first nine months of 2019 (72.9%) relative to the first nine months of 2018 (69.1%). Therefore, we estimate the 2019 Current Year MLR (per the CMS formula) to increase to about 84.1%. The resulting estimated Three-Year Average MLR based on experience from 2017 through 2019 would then be around 83.2%. Since the MLR rebates are calculated on state, market, and issuer level, and the Three-Year Average MLRs are expected to decrease from 2018 (86.1%) to 2019 (83.2%), the probability of more issuers not meeting minimum MLR requirements would be higher in 2019 than in 2018 which would increase the MLR rebate payments calculated in 2020.

CURRENT AND THREE-YEAR AVERAGE MLR – INDIVIDUAL MARKET NATIONWIDE AVERAGE
2014–2018



MLR REBATES – INDIVIDUAL MARKET
2014–2018



1. https://www.cms.gov/CCIIO/Resources/Data-Resources/mlr

2019 Rebates by Insurer

The unfavorable early ACA loss experience in the individual market kept the Credibility-Adjusted MLR high through 2017 based on the CMS MLR formula. Therefore, the MLR rebate payments were relatively low through 2017, below $150 million on annual basis which represented less than 0.2% of annual earned premium. In 2018 the MLR rebate payments increased to about $770 million or about 0.8% of the earned premium.

The largest payer of MLR rebates in 2018 was Centene with $242 million with a nationwide average Current Year MLR of 78.7% followed by Sentara Healthcare ($99 million/64.1%) and HCSC ($78 million/78.9%).

Rebates: 2020 and Thereafter

We expect the trend of higher MLR rebates to continue. Average 2020 ACA premium rates have declined by 4%[1] from 2019. However, the Three-Year Average MLR will likely still be declining for many issuers. Companies with current year MLR below the standard in one year which is expected to increase in subsequent years should consider the Optional Rebate Limit Provision provided in the MLR instructions. This provision could limit rebates paid over the course of three years. Notably, this applies mostly to cases where the business is new or rapidly growing.

Company	2019 Rebate Payments in Individual Market (in Millions)	Nationwide MLR Calculated for 2016–2018: Individual Market (w/o Credibility Adjustment)
Centene	$242	78.7%
Sentara Healthcare	$99	64.1%
Health Care Service Corporation (HCSC)	$78	78.9%
Cigna	$56	81.4%
Highmark Health	$51	83.7%
Anthem	$46	85.5%
Tufts Health Plan	$35	83.6%
Aware Integrated	$34	83.0%
BCBS of TN	$21	77.9%
Common Ground Healthcare Coop	$19	76.5%
Other	$87	88.1%
Total	**$769**	**86.1%**

1. https://www.cms.gov/CCIIO/Resources/Data-Resources/Downloads/2020QHPPremiumsChoiceReport.pdf

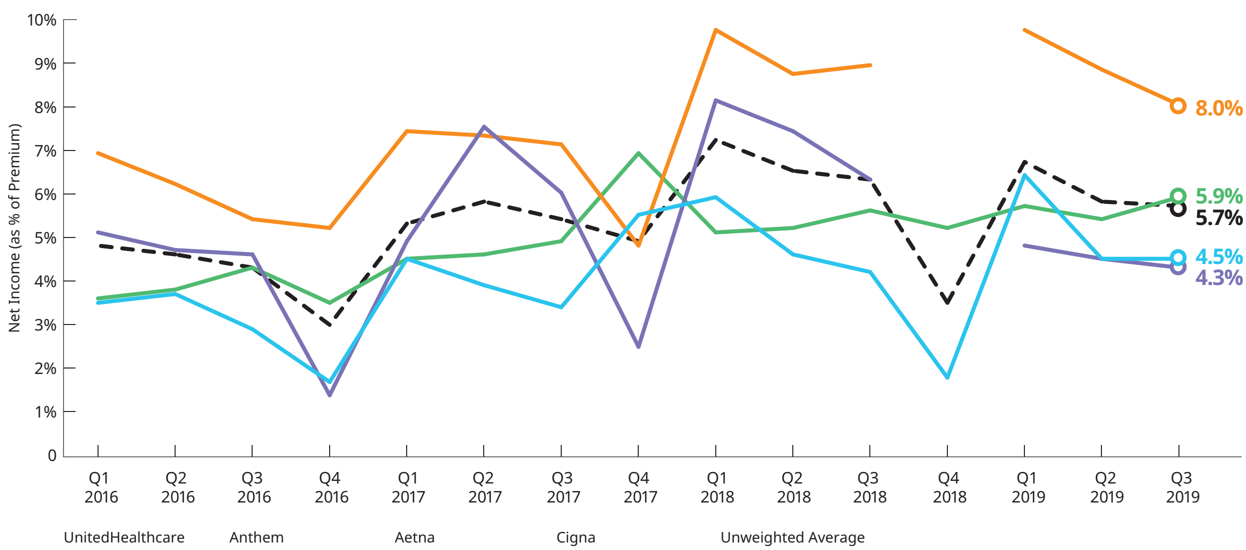
PUBLIC COMPANIES FINANCIAL PERFORMANCE

Public Companies continue to perform well. We reviewed the profitability for their insured blocks of business and noted that margins remained strong, as loss ratios and operating expenses generally improved or remained in check for the 15 quarters from Q1 2016 to Q3 2019.

Net Income Trends – Insured Business[1]

- Companies in this analysis have a positive trend in their reported net income as a percentage of revenue during this timeframe.
- Part of the reason for the improved margins is the reduction in the corporate income tax rate caused by the passage of the Tax Cuts and Jobs Act of 2017.
- The variability in profit margins from Q1 2019 and Q3 2019 for Anthem and Cigna are primarily driven by loss ratio variances. Aetna's and UnitedHealthcare's profit margins were fairly consistent in the first three quarters of 2019.

HEALTH CARE NET INCOME – INSURED BUSINESS (ESTIMATED)
Q1 2016–Q3 2019



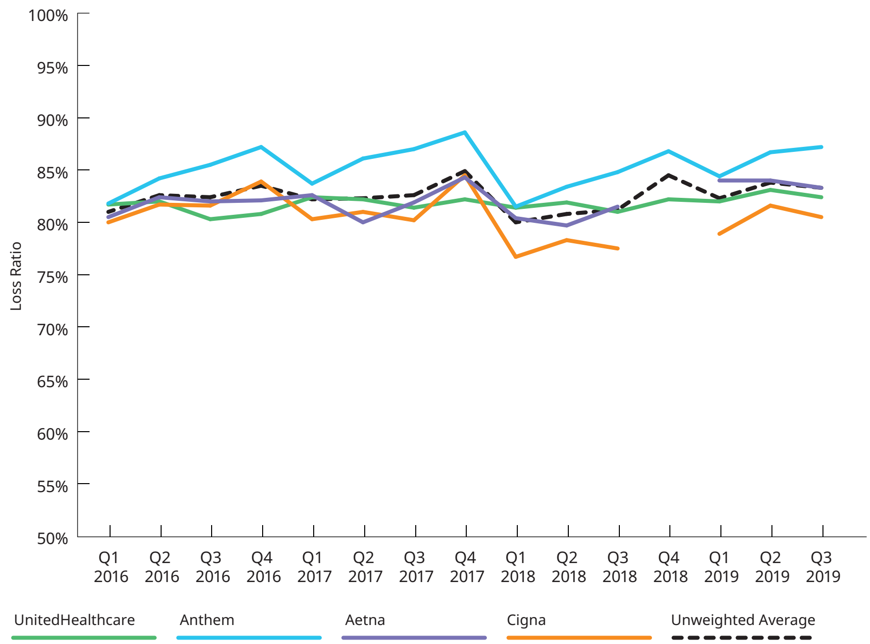
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018[2]	Q1 2019	Q2 2019	Q3 2019	All Q Average
UnitedHealthcare	3.6%	3.8%	4.3%	3.5%	4.5%	4.6%	4.9%	6.9%	5.1%	5.2%	5.6%	5.2%	5.7%	5.4%	5.9%	5.0%
Anthem	3.5%	3.7%	2.9%	1.7%	4.5%	3.9%	3.4%	5.5%	5.9%	4.6%	4.2%	1.8%	6.4%	4.5%	4.5%	4.1%
Aetna[2]	5.1%	4.7%	4.6%	1.4%	4.9%	7.5%	6.0%	2.5%	8.1%	7.4%	6.3%	—	4.8%	4.5%	4.3%	5.2%
Cigna[2]	6.9%	6.2%	5.4%	5.2%	7.4%	7.3%	7.1%	4.8%	9.7%	8.7%	8.9%	—	9.7%	8.8%	8.0%	7.4%
Unweighted Average	4.8%	4.6%	4.3%	3.0%	5.3%	5.8%	5.4%	4.9%	7.2%	6.5%	6.3%	3.5%	6.7%	5.8%	5.7%	5.3%

1. Based on 10Q and 10K segment reporting, and revenue and expense allocation estimates between insured and self-insured business. Results are indicative, but may not tie directly to other internal or external financial reports.
2. Due to a change in 10-K and 10-Q presentation in the wake of changes in their business structure in Q4 2019, Aetna's and Cigna's Q1–Q3 2019 data is not comparable with prior quarters. The change in financial reporting presentation was caused by CVS acquiring Aetna in November 2018 and Cigna acquiring Express Scripts in December 2018. We removed the Q4 2018 data points for those companies.

Medical Loss Ratio[1]

- Reported loss ratios have stayed fairly consistent since 2016 for Anthem and UnitedHealthcare, although the Q1–Q3 2019 reported loss ratios for those companies are slightly higher than those reported in Q1–Q3 2018.
- Anthem has the highest average loss ratio of 86.1% during the first three quarters of 2019. This is 3.5% above the average for the three other companies in this study.
- Cigna has the lowest average loss ratio of 80.3% during the first three quarters of 2019. This is 2.3% lower than the average for the three other companies in this study.

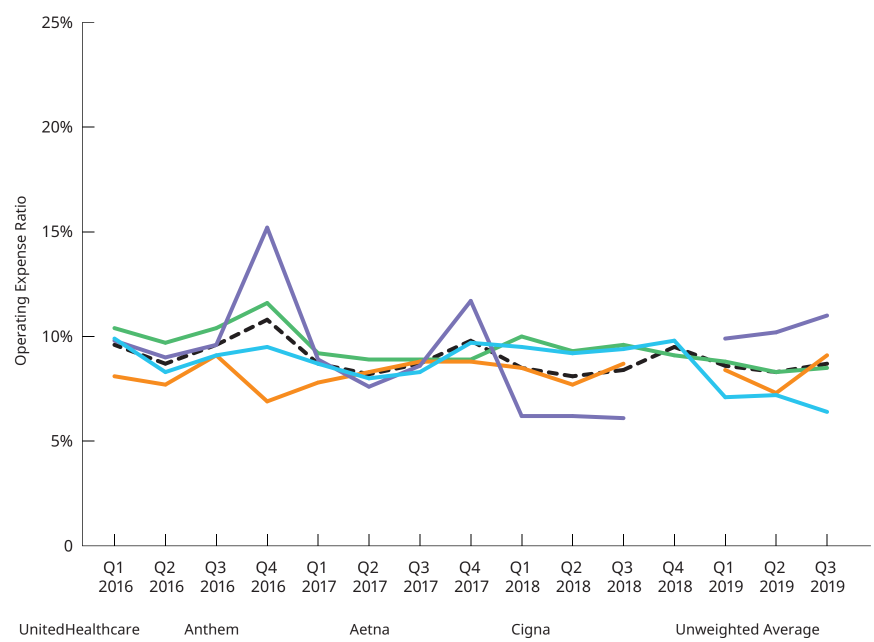
MEDICAL LOSS RATIO
Q1 2016–Q3 2019



Estimated[2] Operating Expense Ratio[1]

Overall, operating expense ratios remained relatively consistent during the first three quarters of 2019 when compared to 2018.

OPERATING EXPENSE RATIO
Q1 2016–Q3 2019



1. Based on 10Q and 10K segment reporting, and revenue and expense allocation estimates between insured and self-insured business. Results are indicative, but may not tie directly to other internal or external financial reports.
2. Anthem Q2 and Q3 2019 estimated operating expense ratio impacted by the creation of the PBM IngenioRx in Q2 2019.

CENTENE/WELLCARE MERGER

Centene Corp. and WellCare Health Plans Inc. first announced their agreement to merge on March 27, 2019. The deal, valued at $17.3 billion, continues the trend of consolidations among major healthcare companies. The transaction has received final approval from the Federal Trade Commission and the US Department of Justice after the companies completed all regulatory requirements as of January 21, 2020.[1]

2020 UPDATE

CENTENE 1/21/2020 PRESS RELEASE: CENTENE AND WELLCARE HAVE NOW SATISFIED ALL REGULATORY APPROVALS FOR ACQUISITION

In their statement dated January 21, 2020, Centene and WellCare have announced that they had received final approval from the U.S Department of Justice to finalize Centene's acquisition of WellCare, which required the divestiture of WellCare's Medicaid and Medicare Advantage plans in Missouri, WellCare's Medicaid plan in Nebraska, and Centene's Medicaid and Medicare Advantage plans in Illinois.

Michael F. Neidorff, Centene's Chairman, President, and Chief Executive Officer is quoted as saying, "We are pleased to achieve this milestone and look forward to closing our acquisition of WellCare and providing more members and communities access to high-quality healthcare. We also look forward to building on our relationships with providers and government partners through the combined company's wide range of affordable health solutions. We have been working diligently on the integration plans to bring our organizations together so that it is seamless for members, providers and employees of both companies."[1]

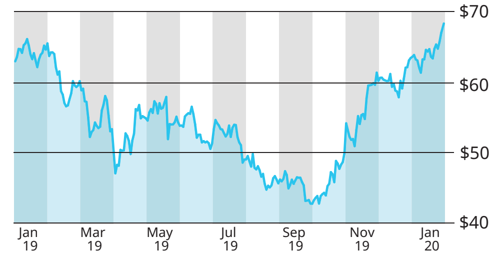
WellCare's investors have seen a boost since the merger was announced. The price of WellCare stock increased 51.3%, from $231.27 to $349.92, since March 26, 2019 – the day before the announcement. Centene's stock price also increased since the news, from $54.85 to $68.02, despite sinking to $42.73 in early October. Centene's share gains (+24.0%) over the period were comparable to market returns for other large public health insurers.

CENTENE CORPORATION (CNC)

$68.02

CLOSE: JANUARY 23, 2020

Mkt cap	$28.12B	52-wk Low	41.62
P/E ratio	21.10	52-wk High	69.25



WELLCARE HEALTH PLANS, INC. (WCG)

$349.92

CLOSE: JANUARY 23, 2020

Mkt cap	$17.61B	52-wk Low	228.56
P/E ratio	28.20	52-wk High	350.17

Price Change[2]	Since 3/26/19
Centene	24.0%
CVS Health	32.7%
UnitedHealthcare	23.0%
Anthem	5.6%
WellCare	51.3%
Cigna	32.3%

1. Press Release: Centene and WellCare Have Now Satisfied All Regulatory Approvals for Acquisition, https://centene-wellcare.com/wp-content/uploads/2020/01/Centene-and-WellCare-Have-Now-Satisfied-All-Regulatory-Approvals-for-Acquisition.pdf
2. Price change as of 1/23/20 per S&P Global Market Intelligence

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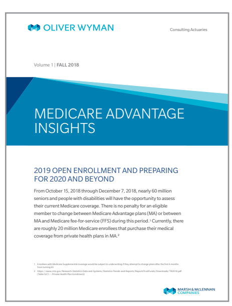

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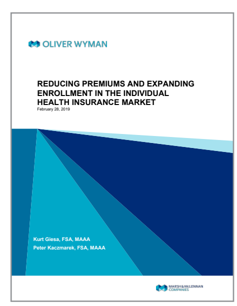
If you would like a copy of our current Carrier Trend Report, please email us at actuaries@oliverwyman.com.



Reducing Premiums And Expanding Enrollment In The Individual Health Insurance Market In 2021

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