

Public Meeting on the Acquisition of Aetna, Inc. by CVS Health Corporation

May 2, 2018

Welcome and Introductions

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California Department of Managed Health Care

Agenda

1. Welcome and Introductions
2. Director's Remarks
3. DMHC's Jurisdiction and Authority
4. Remarks from CVS Health Corporation
5. Remarks from Aetna, Inc.
6. Public Comment
7. Closing Remarks

DMHC Mission Statement

The California Department of Managed Health Care
protects consumers' health care rights
and ensures a stable health care delivery system.

Director's Remarks

Shelley Rouillard
Director

California Department of Managed Health Care

DMHC's Jurisdiction and Authority

John Lai

Attorney, Office of Plan Licensing
California Department of Managed Health Care

Aetna, Inc.

- Fortune 500 company
- National Insurer based in Connecticut
- Third largest health insurance payer in the United States

Aetna's California Health Plans

Aetna, Inc. owns:

- Aetna Health of California, Inc. (Full-Service Commercial)
- Aetna Better Health of California Inc. (Medi-Cal)
- Aetna Dental of California, Inc. (Dental)
- Health and Human Resource Center, Inc. (EAP)

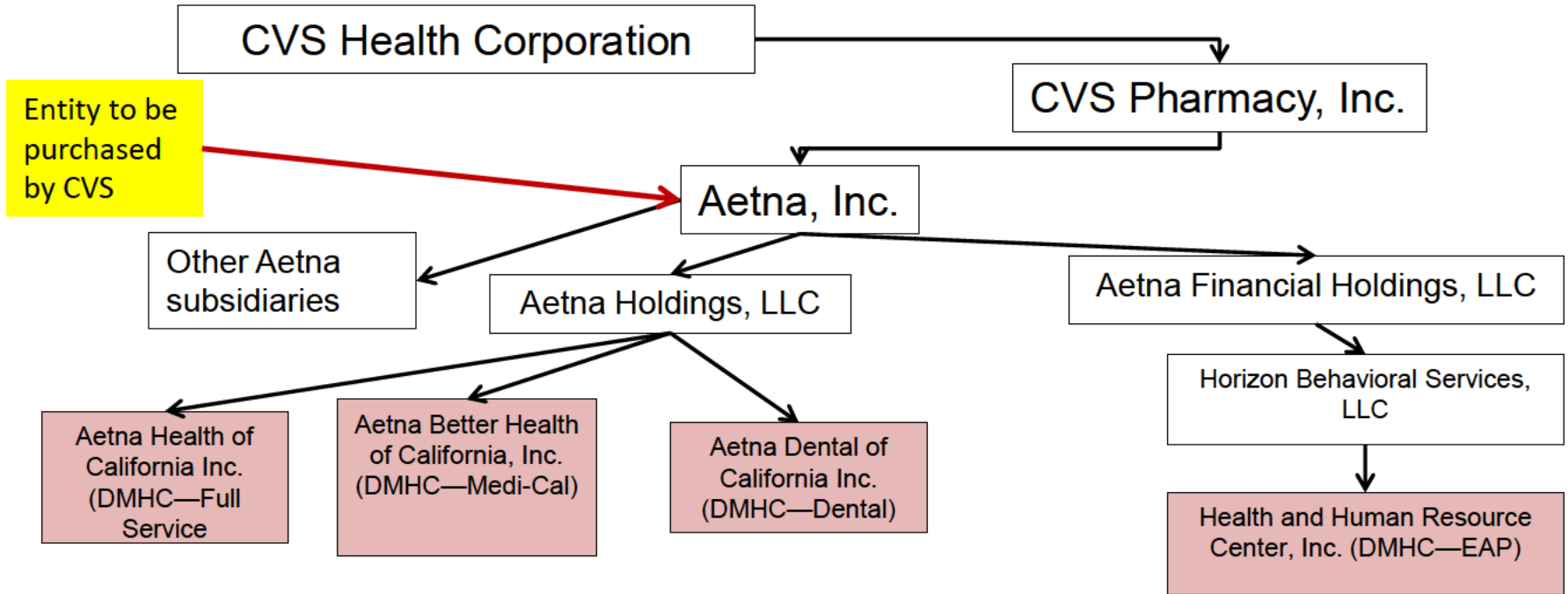
CVS

- **CVS Health Corporation**
 - Pharmacy benefits management services
 - Retail pharmacies
 - Walk-in health care clinics
 - Specialty pharmacies
 - Infusion services
 - Long-term care pharmacies
- **CVS Pharmacy, Inc.**
 - Over 9,700 pharmacy locations nationwide

Proposed Transaction

- CVS Health Corporation to buy Aetna Inc. for \$69 billion.
- California licensed Aetna health plans will have a “change of control” because CVS Health Corporation will become the ultimate controlling parent.

Post Close Organization Chart



Licensing Review Process

The DMHC's licensing review includes looking at:

- Organizational and corporate changes
- Any administrative capacity issues
- Changes to how services will be delivered
- Changes in how the plan contracts with other plans and with providers
- Any other potential impacts to enrollees

Financial Review Process

DMHC's review includes the following:

- Financial projections from Aetna
- Likely impact on Aetna's:
 - finances
 - staffing, services performed, and organizational structure and
 - assigned enrollment

Remarks from CVS Health Corporation

Thomas M. Moriarty
Executive Vice President
CVS Health

Remarks from Aetna, Inc.

Kristen Miranda
President of California
Aetna, Inc.

Public Comment

*Public comment may be submitted until 5:00 pm on
May 16, 2018 to publiccomments@dmhc.ca.gov*

Closing Remarks

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Consumer Participation Program

- Submit a “Petition to Participate in a Proceeding” by May 16, 2018.
- Issue: “Material Modification concerning the acquisition of Aetna by CVS”
- <https://www.dmhc.ca.gov/LawsRegulations/OpportunitiestoParticipate.aspx#.VXWzja3JBdg>