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ANTM.N - Q3 2020 Anthem Inc Earnings Call

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OVERVIEW:

Co. reported 3Q20 operating revenue of \$30.6b and GAAP EPS of \$0.87. Expects full-year 2020 adjusted EPS to be greater than \$22.30.

CORPORATE PARTICIPANTS

Chris Rigg *Anthem, Inc. - VP of IR*

Felicia Farr Norwood *Anthem, Inc. - Executive VP & President of Government Business Division*

Gail Koziara Boudreaux *Anthem, Inc. - President, CEO & Director*

John Edward Gallina *Anthem, Inc. - Executive VP & CFO*

Peter David Haytaian *Anthem, Inc. - Executive VP and President of Commercial & Specialty Business Division*

CONFERENCE CALL PARTICIPANTS

Albert J. William Rice *Crédit Suisse AG, Research Division - Research Analyst*

Benjamin Whitman Mayo *UBS Investment Bank, Research Division - MD of Equity Research and Equity Research Analyst of Healthcare Facilities & Managed Care*

David Anthony Styblo *Jefferies LLC, Research Division - Equity Analyst*

Frank George Morgan *RBC Capital Markets, Research Division - MD of Healthcare Services Equity Research & Analyst*

Gary Paul Taylor *JPMorgan Chase & Co, Research Division - Analyst*

George Robert Hill *Deutsche Bank AG, Research Division - MD & Equity Research Analyst*

Joshua Richard Raskin *Nephron Research LLC - Research Analyst*

Justin Lake *Wolfe Research, LLC - MD & Senior Healthcare Services Analyst*

Kevin Mark Fischbeck *BofA Merrill Lynch, Research Division - MD in Equity Research*

Lance Arthur Wilkes *Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst*

Ralph Giacobbe *Citigroup Inc. Exchange Research - Research Analyst*

Rivka Regina Goldwasser *Morgan Stanley, Research Division - MD*

Robert Patrick Jones *Goldman Sachs Group, Inc., Research Division - VP*

Sarah Elizabeth James *Piper Sandler & Co., Research Division - Director & Senior Research Analyst*

Scott J. Fidel *Crédit Suisse AG, Research Division - Former Director and Senior Analyst*

Stephen Barr Willoughby *Cleveland Research Company - Senior Research Analyst*

Stephen Vartan Tanal *SVB Leerink LLC, Research Division - MD & Senior Research Analyst*

Steven James Valiquette *Barclays Bank PLC, Research Division - Research Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to Anthem's Third Quarter Earnings Conference Call. (Operator Instructions) These instructions will be repeated prior to the question-and-answer portion of this call. As a reminder, today's conference is being recorded. I would now like to turn the conference over to the company's management. Please go ahead.

Chris Rigg - Anthem, Inc. - VP of IR

Good morning, and welcome to Anthem's Third Quarter 2020 Earnings Call. This is Chris Rigg, Vice President of Investor Relations. And with us this morning are Gail Boudreaux, President and CEO; John Gallina, our CFO; Pete Haytaian, President of our Commercial & Specialty Business Division; and Felicia Norwood, President of our Government Business Division.

During the call, we will reference certain non-GAAP measures. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are available on our website, antheminc.com. We will also be making some forward-looking statements on this call.

Listeners are cautioned that these statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of Anthem. These risks and uncertainties can cause actual results to differ materially from our current expectations. We advise listeners to carefully review the risk factors discussed in today's press release and in our quarterly filings with the SEC.

I will now turn the call over to Gail.

Gail Koziara Boudreaux - Anthem, Inc. - President, CEO & Director

Good morning, and thank you for joining us for Anthem's Third Quarter 2020 Earnings Call. Today, we will discuss our third quarter results and expectations for the remainder of the year against the backdrop of the ongoing COVID-19 pandemic. We'll also provide our preliminary view of the headwinds and tailwinds we project heading into 2021.

This morning, Anthem reported third quarter 2020 GAAP earnings per share of \$0.87 and adjusted earnings per share of \$4.20, down 14% over the prior year quarter. Our results in the quarter reflect the impacts of ongoing COVID-19 treatment costs, the continued return of a more traditional utilization environment as well as our ongoing commitment to address financial imbalances for our customers and members.

Since the onset of the health crisis, I've been incredibly proud of the way Anthem has continued to respond as a trusted health partner. Beginning with the earliest days of the crisis, we pivoted quickly and look for opportunities to serve in new ways, to address the evolving needs of our customers and members and to make a positive difference in the lives we serve. Armed with our purpose of improving the health of humanity, Anthem has continued to leverage our insights, innovations and partnerships to improve lives and deliver a simpler, more affordable and more effective healthcare experience.

The heart of Anthem is our local legacy and long-standing focus on the communities where we live and work. Today, those communities are struggling with issues around food and security and health disparity, social unrest and economic challenges. Our focus on community health, fueled by our \$50 million commitment, seeks to eliminate health disparities and racial inequity. Our passion for this work is driven by our strong track record of addressing true all-person care to the social drivers of health.

Throughout the pandemic, we have been connecting with our high-risk members, screening for key health factors around housing, food and transportation as well as ensuring that they have access to safety necessities, such as face masks, hand sanitizers and cleaning supply. Food insecurity is not a new issue in America. But the pandemic has only intensified the problem. We know food insecurity is directly linked to the whole health of the individuals, families, communities and businesses. Together with our partner, Feeding America, we are calling on leaders across the country to join together to fight hunger and improve the health of our nation.

Here in Indianapolis, we've committed with our partner to provide 10 million meals to local residents in need through Mobile Food Bank and Program Outreach. Anthem has also partnered with Aunt Bertha, a leading social care network to help connect individuals and families to free and reduced cost social services in their communities. These programs include COVID-19 specific assistance with food, transportation, job training and more in every ZIP code across the country. Supporting efforts to create a more just society is an ongoing priority at Anthem. In light of the health disparities and racial inequities laid there by the pandemic, our work in this area has only accelerated.

For our associates, we continue to reinforce our strong culture and drive an inclusive environment for everyone. And in the city of Indianapolis, we're lending our voice and commitment to Indy Racial Equity Pledge. This pledge spotlights our joint commitment with the local business and civic community to take meaningful action to address the issues of health and racial equity towards the goal of a more just community for everyone.

We were also pleased to recently be named to Forbes' Annual List of the Most Just Company, ranking #1 in the health care sector, the second year in a row. We know this year's flu season is going to be particularly challenging for our communities, in combination with the rising spread of COVID-19. In response, Anthem has launched our fall flu campaign, partnering with over 100 community-based organizations across our market to stand up more than 500 pop-up and drive thru pop-up and drive-through clinics, providing free flu shots in underserved neighborhoods.

Anthem is continuing to lead and shape our industry for the digital future. And our experiences with COVID-19 have only accelerated our innovative efforts in this space. Our Sydney health application, with more than 2 million unique downloads, is helping ensure our members get the care they need, where and when they need it. Sydney is delivering personalized engagement and real-time access to health information, telehealth services and AI symptom-based triage.

Psych hub is providing a range of mental health resources designed to help consumers and their families cope with the pandemic-related stress brought on by social isolation, job loss and other challenges. This resource hub is a collaboration among several national leaders in the mental health community. Telehealth usage has been strong, and we see that trend continuing, particularly for behavioral health services. Since the onset of the health crisis, telehealth now comprises 40% to 50% of all behavioral health services compared to low single-digit utilization pre-COVID.

At Investor Day last year, we shared our vision for modernizing our business by consolidating our systems platform, automating and reimagining processes and embedding digital and AI across the enterprise to simplify and improve the customer experience. The charge this quarter enables us to enhance our speed to market as an enterprise, streamline our operations, accelerate our digital journey and ultimately deliver a better experience for those we serve. Our experience through the last several months of the pandemic saw us pivot quickly to operate virtually and challenge our ways of working. With the insights from this experience, we are reimagining our workplace with a reduced real estate footprint, more flexible work practices and evolving our offices to serve as collaboration spaces when safely able to do so.

Membership trends in the quarter were strong despite the challenging economic environment. Medical membership totaled 42.6 million members, an increase of 172,000 lives sequentially, driven by continued robust organic growth and market share gains in Medicaid and Medicare. This was partially offset by attrition in our Commercial business as a result of the prevailing economic environment. The risk of a more significant deterioration in our membership is real. But thus far, our overall membership trends are outperforming internal expectations. Our commercial membership declined 0.9% sequentially, which beat expectations in both our risk and fee-based businesses.

New account sales, supported by new virtual strategies and tools, outpaced lapses for the second consecutive quarter despite the challenging environment. In the large group segment, net new large group risk sales have exceeded lapses in 11 of the last 13 months. Importantly, we remain disciplined in our pricing and go-to-market strategy, keeping an eye on long-term customer retention. While we expect to face a headwind from in-group changes over the next several quarters, our focus on sales effectiveness, affordability and offering a portfolio of product options to meet customers where they are continues to pay off. While the 2021 selling season looks different than most, our results year-to-date increase our confidence for sustained momentum in new sales growth, powered by our focus on whole person health. Our Medicaid membership grew by nearly 390,000 lives in the quarter and is up nearly 18% year-to-date, due primarily to the pause on reverification.

The financial performance of our Medicaid business in the quarter was significantly impacted by retroactive prior-period rate adjustments that totaled nearly \$300 million. As we previously shared, our second quarter results were impacted by the broad-based deferral of normal health care utilization, while our experience in the third quarter reflects the considerable increase in COVID-related costs, which we expect to persist through the balance of the year, more than offsetting the impact of deferred utilization.

We continue to work with our state partners to achieve reimbursement levels that are actuarially sound, while earning a reasonable return on capital and margins in the 2% to 4% range.

Turning to the Medicare business. Our growth of more than 16% year-to-date is outperforming the market average, and we expect another year of mid-double-digit growth in 2021. The recently released Star scores for payment year 2022, however, are disappointing. Our pharmacy scores remain the single largest driver of our underperformance.

As a reminder, our Medicare Advantage members transitioned to IngenioRx on January 1, 2020, which limited our ability to improve our pharmacy scores in the latest measurement period. We are intensely focused on our Star ratings with significant improvement expected over the next year. We're seeing a strong start to the annual enrollment period, demonstrating that our multichannel approach is delivering results. Digital platforms have long been an area of focus, even prior to the pandemic. And this year, we expect to gain a significant percentage of our sales through digital channels. The development of our Medicare Care Guide is just one way we are enhancing our members' onboarding experience, with proactive outreach to help them understand their benefits and enhance the onboarding process and overall new member experience.

Our 2021 offering reflect our industry-leading supplemental benefits, which include the popular over-the-counter offering, transportation, dental and vision benefits as well as benefits to address social drivers of health, such as food delivery and service animal care, positioning us for another year of above-market growth in Medicare Advantage. Importantly, we expect to see nearly 90% of our members in \$0 premium plans for 2021. As we continue through the fourth quarter, our compassion and commitment to making a positive difference for all of our stakeholders will continue.

With that, I will now turn the call over to John for a more detailed review of our third quarter financial performance and our preliminary review of the headwinds and tailwinds we project heading into 2021. John?

John Edward Gallina - Anthem, Inc. - Executive VP & CFO

Thank you, Gail, and good morning. As Gail mentioned earlier, we reported third quarter adjusted earnings per share of \$4.20, a decline of 14% year-over-year. While our GAAP quarterly results included a few significant charges, our adjusted earnings were otherwise relatively consistent with our overall expectations. Our results reflect the departure from normal seasonality trends due to the continued impact of COVID-19 utilization as well as the actions we voluntarily took to support our members, customers, communities and care provisions. We continue to offer expanded benefit policy changes such as cost share waivers for COVID-19 treatment test, access to 24/7 telehealth at OCON, provider grants and support for our community, to name a few.

Our adjusted third quarter results exclude our expected share of the impending Blue Cross Blue Shield litigation settlement as well as the charges related to the business optimization efforts that Gail referenced earlier. The impending Blue Cross Blue Shield litigation settlement removes an uncertainty, while the business optimization charges are the latest milestone in our journey of delivering on our commitment to achieving an SG&A ratio of 11% to 12% by 2023. These initiatives are aligned with our enterprise strategy and represent a reallocation of resources for high-growth and high-impact areas, such as AI and digital.

After transitioning the majority of our associates to work-from-home in response to the COVID-19 pandemic, we were able to reassess and further optimize our real estate footprint as we gained a better understanding of our organization's capacity to work remotely.

Anthem's third quarter operating gain was \$201 million, a decline of \$1.3 billion in the prior year. Absent the aforementioned major adjustment items, operating gain in the quarter declined 8% or \$126 million. Our underlying results reflect elevated COVID-19-related costs across our commercial and government lines of business and retroactive Medicaid rate adjustments, partially offset by deferred health care utilization and strong performance in IngenioRx.

Medical membership was 42.6 million members at the end of September, growth of more than 1.6 million lives year-to-date. This growth is further evidence that Anthem has the most balanced and resilient membership mix in the sector. Time and time again, we have shown the ability to grow in a strong economy, which was illustrated by our industry-leading organic membership growth in 2019 as well as during periods of economic uncertainty as we have continued to grow membership throughout 2020. Since the end of the first quarter, enrollment in Medicaid has grown by more than double the decline in our employer group businesses, excluding BlueCard.

As a matter of fact, our Medicaid membership growth is approximately 10x the decline in our commercial risk-based members. And of course, this is going on while we continue to exhibit double-digit growth year-over-year in our Medicare Advantage.

Operating revenue in the third quarter of 2020 was \$30.6 billion, an increase of approximately 16% versus the prior year quarter and nearly 15% on a HIF-adjusted basis. The increase was primarily driven by higher premium revenue from solid growth in our Medicare and Medicaid businesses, pharmacy revenue related to the launch of IngenioRx and the return of the health insurer fee. The increase was partially offset by risk-based enrollment declines in our Commercial & Specialty business, driven by a higher unemployment.

The medical loss ratio in the third quarter was 86.8%, a decrease of 40 basis points year-over-year. On a HIF-adjusted basis, MLR in the quarter increased 80 basis points, primarily driven by increased costs related to COVID-19, including actions to support our members, customers and providers, in addition to the retroactive Medicaid rate adjustment. Non-COVID utilization in the third quarter largely returned to normal levels or roughly 95% of historical baseline. And when coupled with the cost of COVID-19 care, overall utilization was above baseline.

As discussed on our second quarter call, we continue to expect the second half mix-adjusted MLR to come in a couple hundred basis points higher than normal seasonality trends would suggest, driven by COVID-19 costs and the continued recovery in non-COVID utilization throughout the remainder of the year.

Our third quarter SG&A ratio was 17.3%, an increase of 440 basis points compared to the prior year quarter. However, excluding major adjustment items, SG&A in the quarter was 13.4%, reflecting an increase of 50 basis points. The increase was primarily due to expenses associated with the return of the health insurer fee and increased spend to support growth, partially offset by growth in operating income. We experienced an operating cash outflow of \$1.2 billion in the quarter, a decrease of \$2.8 billion year-over-year. The decrease was primarily driven by the payment of the health insurer fee for the full year as well as the timing of 2 additional federal tax payments that were previously deferred as permitted by the IRS.

For the first 9 months of the year, operating cash flow was \$6.9 billion or 1.7x net income. Excluding the impact to net income from the major adjustment items in the quarter, our multiple of cash flow to net income year-to-date would have been 1.4x.

Turning to the balance sheet. Our debt-to-cap ratio was 39.2% at the end of the third quarter, which is consistent with our target range. Days in claims payable was 41.1 days, down from 46 days at the end of the second quarter, but up 1.3 days year-over-year, with the medical claims liability increasing 14% versus growth in premium revenue of 11% over the same period, evident of our solid reserve. In the quarter, we repurchased 2.9 million shares at a weighted average price, \$265.73 for a total cost of \$759 million. Year-to-date, we have purchased 5 million shares at an average price of \$269.15 or \$1.3 billion in total cost.

2020 has been unprecedented in many ways with much still unclear on the future course of the pandemic and the macro economy. However, we are proud of our organization's ability to adapt, providing care for those we serve and delivering relief and support to our stakeholders. At this time, we remain committed to our 2020 adjusted earnings guidance of greater than \$22.30. As you have heard this morning, we have consistently demonstrated strong performance despite operating in an environment characterized by uncertainty. While COVID-19 has certainly introduced many challenges, our long-term growth plan remains firmly intact as we seek to gain share in the Medicare Advantage market, leverage and grow the diversified business growth, increase the profitability of our fee-based business and modestly grow share in the commercial risk-based business.

Importantly, we invite you to attend our Virtual 2021 Investor Day meeting on March 3, where we will discuss our long-term strategy in greater detail. As it relates to 2021 guidance, we will provide a more detailed outlook on our fourth quarter earnings call. Further, as you contemplate the headwinds and tailwinds we see for next year, please keep in mind, there is much more uncertainty than normal, given the unknowns related to COVID, such as the timing and efficacy of a vaccine or if we could see another round of deferred utilization.

With that as background, our initial view of 2021 contemplates the following tailwinds. (inaudible) the permanent repeal of the health insurer fee, which will be used to partially offset investment in our Medicare business to improve our Star scores; accretion from the 2020 M&A activity and share repurchases; IngenioRx growth and the continued progress on our commercial 5:1 to 3:1 strategy; and Medicare Advantage membership group.

These will be partially offset by Medicaid reverification and rate actions in the context of a return to a normal operating environment, commercial enrollment pressure, primarily in group change as a result of broader economic challenges and higher investment spending to support long-term growth.

At this early stage, our view of 2021 would affirm our long-term EPS growth rate of 12% to 15%, albeit skewed to the lower half, given the unusual risk and challenges presented by the ongoing pandemic.

And with that, operator, we will now open the call for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question will go to the line of Stephen Valiquette of Barclays.

Steven James Valiquette - *Barclays Bank PLC, Research Division - Research Analyst*

So just on those comments on the tailwinds and headwinds, that was certainly helpful. The one I was curious to hear more about was the higher investment spending. Can you just give a little more color maybe on that piece, in particular, as you're thinking about trends for that for next year versus what you're spending voluntarily this year?

John Edward Gallina - *Anthem, Inc. - Executive VP & CFO*

Yes. Thank you, Steve. Appreciate the question. And the higher investment spending really is putting more and more money into our AI and digital capabilities, investing more Stars in order to ensure that we improve our number of members covered by 4-star plans in the next rating period and beyond. And really, the way that care is going to be accessed here in the future is slightly different than how it's been accessed in the past and really investing in the various networks and capabilities to meet the customers where they need to be met. So we'll provide a lot more specificity on that at Investor Day.

In terms of automating and reimagining processes and embedding digital and AI across the enterprise, it's all about simplifying and improving the customer experience. So hopefully, that can provide you a little bit of context here in the meantime.

Gail Koziara Boudreaux - *Anthem, Inc. - President, CEO & Director*

Yes. Thanks, Steve. I'll just also reiterate what John just said, which is we have been investing, what we found is that there's an opportunity to accelerate those investments as a result of the increased adoption that we've seen over the course of the pandemic, particularly in our digital assets, where we've made significant commitments around our Sydney and our site hub and other things where we are seeing our consumers more actively engaged with those assets. And then Star is obviously a huge priority for us, and we continue to build the team there as well as invest in ensuring that we can pull-through what we're doing on our pharmacy now that we have it under IngenioRx.

Operator

Next, we'll go to the line of A.J. Rice with Crédit Suisse.

Albert J. William Rice - *Crédit Suisse AG, Research Division - Research Analyst*

Just one point of clarification and then a question. The 2021 outlook growth rate, is that using 20 to 30 jumping off point as the base? Or is there any adjustments we should make in thinking about what's the base is for this year? And then my broader question is, you mentioned the puts and takes you have to deal with in thinking about the outlook for next year and developing thoughts around medical cost trends. Can you just maybe flush out a little bit more of what are you thinking next year for medical cost trend? And what are some of the major unknown variables or variables you're having to wrestle with as you think about that cost trend expectation for next year, particularly like in the commercial risk business?

Gail Koziara Boudreaux - *Anthem, Inc. - President, CEO & Director*

Great. Thank you. Thank you very much. A.J., let me start, and then I'll have John provide a little bit more color. As you said, at this early stage, our view of 2021 would affirm our long-term EPS growth rate of 12% to 15% off the guidance of 20% to 30%, as you mentioned. Although, as John commented in his prepared remarks, skewed towards the lower half of the range, just given the unusual risks and challenges presented by the ongoing pandemic. So with that, let me have John give you a little bit more color on some of the other specifics that you asked in your question. John?

John Edward Gallina - *Anthem, Inc. - Executive VP & CFO*

Yes. Thank you, Gail. And A.J., our 2021 trend expectations and really, I think you may be pointing to commercial pricing actions, very important. Obviously many variables are considered as part of our trend in our pricing assumptions. And I'll just be clear for everyone on the call here for competitive reasons, we're not going to provide a specific point estimate of where we see trend coming or what our pricing assumptions are at this point in time. But I do think it would be instructive to highlight some of the things that were considered.

First of all, there is the permanent repeal of the health insurer fee. And that repeal actually is going to save and from customers approximately \$2 billion in 2021. And certainly, removing this burden helps mitigate the impact of cost. But also really looking closely at how will care be accessed in 2021. For instance, telehealth, ER visits, stand-alone surgery centers, other site of service changes, how are they going to evolve before and after a vaccine is available?

And will overall utilization be impacted or just the way that care is accessed? Certainly, we're trying to assess the ongoing impact of COVID-19 testing and treatment, assessing how much pent-up demand still exist versus the permanent cancellation of procedures and then how has deferred utilization impacted underlying acuity. And list those out, those are all just variables that are incremental and on top of the normal variables that exist each and every year when we test trend.

So one thing I'll say with all of that, though, is that we are being very disciplined in our approach. We're being very disciplined in our pricing. Our pricing covers forward trend. We have committed that we will price to cover forward trend, and we'll continue to do so. So we'll provide more insights into this and other 2021 questions on our fourth quarter call next January. And of course, as I stated, on March 3 during our virtual Investor Day, provide a lot more insight. But these are many of the variables that we're really working our way through right now as we finalize our 2020 year.

Operator

Next, we'll go to the line of Justin Lake with Wolfe Research.

Justin Lake - *Wolfe Research, LLC - MD & Senior Healthcare Services Analyst*

One quick number question that I wanted to ask about Medicaid. So on numbers, can you share with us the net HIF tailwind, John, that you talked that you're thinking about for 2021? I know you said there's offset by some reinvestment in Stars. I wonder if I can get that net number from you. And then can you talk to your views on Medicaid rate actions for 2021 being assumed? I remember you expected to end this year at 3% margins

in Medicaid. Can you talk about that within the expectation for next year in terms of do you expect to be at that 3% target for 2021? Or is there some moderation in our conservatism assumed within that 2021 guidance?

John Edward Gallina - *Anthem, Inc. - Executive VP & CFO*

Justin, I apologize. Can you repeat the first half of your 2-part question? I'm not sure I understood everything you said.

Justin Lake - *Wolfe Research, LLC - MD & Senior Healthcare Services Analyst*

Sure. Just first, looking for the net HIF tailwind for 2021? And then Medicaid margins for next year?

John Edward Gallina - *Anthem, Inc. - Executive VP & CFO*

Oh, the net HIF tailwinds, yes. The HIF, as I said, that was part of the overall headwinds and tailwinds that we had. And in response to A.J.'s question, we've certainly tried to factor everything into our headwinds and tailwinds, part of reaffirming our long-term growth rate. And I really don't want to get into cherry-picking certain items as to why something is part of a starting point and why something else is not.

But on HIF, in and of itself, yes, we're looking at \$0.60, \$0.80 of a tailwind in 2021 associated with the permanent repeal of that law, related to -- and as we said, part of it is going to be used to help fund some of the investments in Medicare to improve Star ratings and other things. So yes, there's certainly a lot of fungibility associated with any number of headwinds and tailwinds. But \$0.60 to \$0.80, I think, is the dollarized impact of the question.

Related to 2021 and the Medicaid rate environment. Obviously we're working very closely with the state to ensure that we get actuarially appropriate rates working through, whether it be the collars or the corridors and how those things are impacting the methodology. I mean we all advise very wide open in terms of that. And as I said, conversations with our state partners regarding the need to have sound rates as we quickly return to a normal operating environment. So our expectation is, is that we'll be able to achieve an appropriate return on capital and operate well within the target margin range in Medicaid in 2021 and are actually focused on being relatively close to the midpoint of that range.

Operator

Next, we'll go to the line of Ricky Goldwasser with Morgan Stanley.

Rivka Regina Goldwasser - *Morgan Stanley, Research Division - MD*

My question is on the utilization trends that you're seeing. Obviously you're saying that we're returning back to normal, but maybe you can give a little bit more color about the difference between the different books? And what type of procedures you're seeing coming back? And especially as we think about this is as looking ahead to 2021, John, you talked about the difference in the type of procedures coming back. So if you think about ER visits, if you're seeing less utilization there. Does this mean that it's less likely to expect that these type of utilization will be back in 2021? And how is that shaping your thoughts to next year?

John Edward Gallina - *Anthem, Inc. - Executive VP & CFO*

Sure. Thank you, Ricky, for that question. And maybe I'll provide some context that might answer other questions that are in the queue as well in terms of your question. Yes. So if you look at the underlying claims that we're seeing, as I stated in my prepared comments that the -- they are -- excluding COVID, would be below baseline levels. But then when you add COVID cost back in, we are exiting the third quarter at greater than

baseline. So we started the third quarter with the combination of both underlying procedures and COVID costs being below baseline, and we ended the quarter with the combination to being above baseline.

But we fully expect that the fourth quarter will be above baseline for the entire quarter, given the recent surge in COVID as well as all the other trends that we're seeing. Associated with where we've seen some of the rebound, outpatient surgery has recovered the fastest pre-COVID and is actually even trending above baseline in some instances. Some of the more costly procedures such as joint replacement surgeries have come back faster. And a lot of that was anticipated. And the actions we took to intentionally redirect care to the outpatient setting to ensure continuity of care are coming through. And to that end, we are focused on ensuring our members are getting the care they need in a timely manner, whether it be through telehealth or by redirecting certain procedures to outpatient setting.

The ER utilization is still below baseline at this point in time, and we expect that to continue for a while as well. So we're clearly taking all these things into consideration as we look at 2021 trends. And as I stated, for competitive reasons, we're not going to be able to provide a point estimate on this call. But there is a natural system capacity constraint that will cause some utilization to carry into 2021, and we're certainly factoring that for an off process. Thank you for the question.

Operator

Next, we'll go to the line of Stephen Tanal from SVB Leerink.

Stephen Vartan Tanal - SVB Leerink LLC, Research Division - MD & Senior Research Analyst

I guess I'll go for Medicaid 2 -- maybe 2-part question on this. So Medicaid enrollment obviously has been really strong. It looks like redetermination will be suspended at least through year-end based on the last (inaudible) public health emergency. So wondering if you guys have a view on when enrollment might peak. And then sort of related on that business, more of a follow-up, sounds like pretty decent outlook for margins. I guess, more importantly on the rate cuts and other corridor and color-type actions states are taking, you're seeking, can you give us a sense for what that all-in (inaudible) will look like in '20? I think you said it was almost \$300 million in the quarter. And then how do you think '21 looks versus '20? That would be helpful.

Gail Koziara Boudreaux - Anthem, Inc. - President, CEO & Director

Sure. Thanks for the question. I'm going to ask Felicia Norwood to address some of your specific questions about reverification and timing of rates. But in terms of your very specific question about the all-in, what we expect that to be, as I said in my prepared remarks, \$300 million was what we had in the quarter, and we're expecting. Obviously given where utilization goes, things that could move a little, but around \$500 million would be that number.

With that, let me ask Felicia speak to the other questions you had. Felicia?

Felicia Farr Norwood - Anthem, Inc. - Executive VP & President of Government Business Division

Yes, Stephen, and thanks for the question. As you mentioned, Medicaid growth has certainly been accelerated during this period. We're up 4.8% quarter-over-quarter and almost \$389,000 over second quarter. And at this point, I don't know if we would expect to safe wins that peak is going to happen. When you take a look at where we are today, states have to spend at their reverification at least through the end of the public health emergency, that public health emergency right now will go through January 21 of next year. But in addition to the public health emergency, states are also receiving enhanced FMAP. So we would expect that states will continue to suspend reverifications through the period of the enhanced FMAP. So that could be certainly through the end of January next year as we head into February.

We've been in constant conversations with our state partners with respect to continuity of care for our members, particularly during this time of a pandemic, and continuity of care is very important. So we've worked with our state partners, trying to make sure that we're working closely around averting any type of clip event. So I'm not sure at this point when things are going to peak. Certainly, as long as you have the continuation of the public health emergency and the enhanced FMAP that states are currently receiving.

Operator

Next, we'll go to the line of Ralph Giacobbe from Citi.

Ralph Giacobbe - *Citigroup Inc. Exchange Research - Research Analyst*

Just want to, first, just clarify quickly. On the Medicaid side, I think you mentioned target margin to get to 3% by 2021. I was hoping you could give us a sense of where you think it'll shake out for 2020. And then just wanted to ask about -- membership was obviously held in better than our expectations and it sounds like your expectations as well. But the overall performance seems generally in line and guidance maintained. So if you could help on what that delta is? Is it just cost coming back faster than you thought? Is it higher COVID or something else?

John Edward Gallina - *Anthem, Inc. - Executive VP & CFO*

Yes. Ralph, thank you for the questions. In terms of target margins associated with Medicaid, we -- as you know, we have well over half of our states are January 1 renewals, and we're working very closely with them on rate actions. And the trend information that's utilized for January 1 renewals is typically the 2 prior years. So 2018 and 2019 are the -- really the actuarially sound rate information we have associated with that. So we feel very good about how those conversations are going and where those rates are coming out.

In terms of 2020, it's an interesting dynamic with all of the deferred utilization, the increase in COVID costs, some of the clawbacks of premiums. All in, we are -- as you know, we've got a \$22.30 EPS guidance that we've reaffirmed. The overall margins within Medicaid are coming out within the target margin range, but there's a lot of variables and a lot of hard work to get there. But clearly, we are trending in the right direction during this period of uncertainty.

Associated with the membership, as you know, we feel very good about our membership. We think we have the most resilient membership mix in the business. We grow in periods of strong economic times. We grow in periods of economic uncertainty. And we made a cognizant decision here in 2020 that we would help address the imbalances and inequities in the system created by the pandemic.

So as our membership continues to get stronger and stronger, we're helping give it back to maintain our guidance. And then lastly, in terms of the fourth quarter, we do expect the fourth quarter to have an elevated medical loss ratio. And that's because the underlying cost of services plus the pent-up demand that is partially coming through, plus the COVID costs that we are covering on top of all of that, we expect to be above baseline. And so we're easily looking at a 300 to 350 basis point MLR in the fourth quarter, higher than what normal seasonality would we get. Thank you for those questions.

Operator

Next, we will go to the line of Sarah James from Piper Sandler.

Sarah Elizabeth James - *Piper Sandler & Co., Research Division - Director & Senior Research Analyst*

Can you speak to what is in federal versus the individual state control of when redetermination for Medicaid turns back on? Wondering if we could end up with different states turning on at different times. And then when it does turn on, how long does it take for the state to catch up on the valuations and fully phase out the benefit?

Gail Koziara Boudreaux - Anthem, Inc. - President, CEO & Director

Felicia?

Felicia Farr Norwood - Anthem, Inc. - Executive VP & President of Government Business Division

Sarah, thanks for the question. As I said, I would expect that state would suspend the verifications at least through the public health emergency and the enhanced FMAP. Once that happens, that have the ability to control when they return to reverifications with respect to membership. What the federal government requires is that Medicaid members have their eligibility redetermined at least once every 12 months. States can decide whether or not they want to then execute upon that, beginning in the next quarter or thereafter, but you generally get through your entire Medicaid book of business over a 12-month period.

So as we take a look at our portfolio, which, as you know, is 23 states, all of those states will make determinations around when they commit reverifications at varying different intervals. We're working very closely with our state partners, and they've been very collaborative with us around helping us to educate members around the reverification process and what's necessary, once that reverification process commences. But the return to reverification, the timing, the cadence around when that happens with respect to membership is certainly left with the state partners in terms of when that happens.

Operator

Next question will go to the line of Kevin Fischbeck with Bank of America.

Kevin Mark Fischbeck - BofA Merrill Lynch, Research Division - MD in Equity Research

I was wondering, I guess you guys quantified the financial impact of the settlement on the Blue Cross Blue Shield dynamic. I just wanted to see if there's obviously other aspects to that settlement beyond just the financial payment. I was wondering if you could provide some color on if that settlement, in any way, would impact your view on 12% to 15% long-term growth and/or change the way in which you'd get to that 12% to 15% growth number.

Gail Koziara Boudreaux - Anthem, Inc. - President, CEO & Director

Well, thanks for the question, Kevin. In terms of the settlement that we announced today and the financial component of it, we will be including in our 10-Q a much more fulsome discussion. But just to give you a perspective of that, which will be filed this morning, BCBSA and the Blue plans have approved the settlement agreement and release for the subscriber settlement as part of the case. If approved, which the court still has to review, it requires us to make the monetary settlement, which we took our portion of as part of the third quarter charge.

But also, there are a couple of nonmonetary terms, one, eliminating the national best efforts rule in our license agreement. On the second is allowing for some large national employers with self-funded benefits to be able to request a bid for insurance coverage from a second Blue plan in addition to local Blue plan. As you know, we fully accrued our estimated liability in the third quarter of 2020. In terms of the impact of that, we view our strategy as being very consistent and don't really see any changes in our overall strategy.

Operator

Next, we'll go to the line of Joshua Raskin with Nephron Research.

Joshua Richard Raskin - *Nephron Research LLC - Research Analyst*

I guess just back on the commercial membership holding up a little bit better. I'm curious if you're seeing any recent signs of furloughs becoming more permanent. If you guys have a better view on sort of what percentage of your membership is currently in furlough, meaning not getting salary, but still getting their benefits? And then maybe any geographic areas or segments that are seeing different trends from the overall book?

Gail Koziara Boudreaux - *Anthem, Inc. - President, CEO & Director*

Yes. Thanks for the question, Josh. I'm going to have Pete Haytaian respond to that around the commercial business.

Peter David Haytaian - *Anthem, Inc. - Executive VP and President of Commercial & Specialty Business Division*

Yes. Thanks for the question, Josh. And yes, definitely, commercial membership and enrollment activity continue to perform better than we expected. You noted furloughs. We don't have specific information on the volume of furlough. We obviously stay in close contact with our employer and broker partners regarding this, and we've done a lot to make sure that we protect the membership and provide them with a lot of options in that regard. I'd say that furloughs as well as the fact that we have a disproportionate share of our membership in less risky segments, which has certainly helped us.

And then as I think you alluded to, the unemployment rate is certainly lower than we had originally expected. I'd say, but most importantly, from an execution perspective in terms of what we can control, I'm really pleased with the team's performance. Our sales exceeded our lapses again, as we have for the last several quarters. One important point to note, our fully insured membership in commercial actually only declined 27,000 members in the quarter. So the overall net negativity that you're seeing in our membership is really caused by buying group change.

And then as we look forward, to your point about the future, we are modeling continued declines in the commercial market. We aren't necessarily seeing great variation by market. It's really hard to predict that with precision, but we are expecting continued declines. I would say that our early read on October is a continuation of what we saw in Q3. So nothing that fundamentally changes that.

And then finally, I'd just say, I think we're really well-positioned. I'm very pleased with the team. The last couple of years, we've spent a lot of time on investing in a product portfolio and having product options to meet customers where they are. And as the economy improves, I'm confident that we'll have a solution for them.

Operator

Next, we'll go to the line of Lance Wilkes from Bernstein.

Lance Arthur Wilkes - *Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst*

Yes. I wanted to ask a little further on '21 with respect to the employer business. And in particular, interested in your outlook for kind of wins, losses, so not the in-group aspect of it. And then cross-sales and Ingenio penetration, how is that looking as you're kind of getting through the selling season here?

Gail Koziara Boudreaux - *Anthem, Inc. - President, CEO & Director*

Yes. Thanks for the question. I'll have Pete add additional more color. But as I shared in our opening remarks, we feel really good about our ability to increase our sales relative to our lapses. And so while this is a very unusual year, we are still seeing, particularly in the mid- and lower -- our small group business, we're seeing really strong results because of our sales effectiveness. But I'll have Pete give you a bit more because I think the work that his team has done over the last few years is really showing results this year.

Peter David Haytaian - Anthem, Inc. - Executive VP and President of Commercial & Specialty Business Division

Yes. Thanks. Thanks a lot for the question, Lance. In the areas that we've closed out selling, so for example, national accounts and group retiree, we're very pleased, as Gail said, with our execution and how we've done.

The activity in '20 for '21, at least in national, for example, in-group retiree was active. As you'd expect, some of the larger jumbo accounts, they did defer. And you'd expect that in light of what's going on associated with COVID. But as Gail said, downmarket, smaller accounts, we're seeing a lot of really good activity. Our value proposition is really resonating in the marketplace. Our focus on advocacy with solutions like Gail mentioned in her prepared remarks, the Sydney technology, our consumer engagement platform, innovative programs like Total Health, Total You, et cetera, are really playing well in the market. We launched, as you probably have heard, high-performing networks with our Blue Sister plans across the country, covering 55 MSAs. So all these things are playing into our growth into 2021. And we feel good about that.

Obviously in-group change and the economy remains a big variable as it relates to the ultimate impact. As it relates to the second part of your question, Ingenio and upselling, our approach 5:1 to 3:1, as it relates to what we control, I feel really good about our progress and future prospects getting to the 3:1. Prior to COVID, this year, we were solidly on track to get to 4:1. COVID definitely did set us back a little bit, as you'd expect. But even with COVID, we're seeing really good activity across all the component parts that generate growth in our strategy 5:1, 3:1.

Our penetration rates and upselling rates around specialty products continues to improve. Obviously with affordability being a big focal point, upselling the total value proposition across medical, specialty and pharmacy really seems to be playing well. Our Anthem whole health connections is really resonating. Similarly, with all our clinical programs, we've actually pushed really good programs like Total Health, Total You down into the local market.

And then as it relates to IngenioRx. We do feel really good about the future opportunities. Again, very similar as it relates to big jumbo opportunities, there was a little slowing in that regard and people potentially deferring into the future. But as we head into 2021, we have some sales already. We feel really good about the upsell opportunity of pharmacy into our medical and selling that total value proposition. I look forward to working with my new colleague, Jeff Alter, and the Ingenio team on that.

Operator

Next, we'll go to the line of Frank Morgan with RBC Capital Markets.

Frank George Morgan - RBC Capital Markets, Research Division - MD of Healthcare Services Equity Research & Analyst

I appreciate your updated color around the mid-double-digit growth in the MA side of the business. And I think in the past, you talked about the growth in telephonic sales, but I think I heard you today say, expectations around higher growth in the digital channel. So just any incremental color around that versus the telephonic channel. And given COVID, do you have any thoughts or expectations around the level of plan switching within MA plans, this AEP?

Gail Koziara Boudreaux - Anthem, Inc. - President, CEO & Director

Well, thank you very much for the question. Just real quickly, let me start with the plan switching. We do expect less switching this year as people are shopping less. We've had a strong and growing amount of sales from our digital channels, and we do think that, that is going to be particularly strong. Early returns are showing that already. Obviously face-to-face during the time of COVID is a little more difficult. So again, we're expecting a very strong results, as I shared in our opening comments around Medicare Advantage, and digital will be a very big part of that.

Operator

Next, we'll go to the line of Robert Jones with Goldman Sachs.

Robert Patrick Jones - *Goldman Sachs Group, Inc., Research Division - VP*

I just wanted to go back to the investment comments and just get a better sense about the investments, not only for this year, but you highlighted a headwind from investments next year. So I guess, maybe this year, just the \$600 million in the business optimization charge that you had in the quarter. I know you cited areas like speed-to-market, streamlining operations and then some of the digital initiatives, it sounded like. So maybe just a little bit more on those investments.

And then in 2021, how, I guess, are those investments potentially different? What areas would they be focused in? And anything around the size of those investments as you sit here today and think about next year would be really helpful.

Gail Koziara Boudreaux - *Anthem, Inc. - President, CEO & Director*

Yes. So I think there's 2 areas of the charge that I just want to make sure. One is around the reduction in the footprint because we are reimagining our office space. And again, we're going to still be an office-based company, and we will still have a presence in all of the states where we do business. But what we've learned as part of the pandemic is that we're really going to change the nature of those spaces and consolidate the number of them we have in each of the places that we work.

In terms of the investments we made, those are all very consistent with what we discussed back in our Investor Day last year. And again, this -- what we've learned as part of the pandemic is an acceleration of both our ability to implement. So acceleration of digital that we've been building. Sydney is a great example, PsychHub is another one, telehealth. All of those things, we've seen consumers much more readily adapt and use it than we had even predicted.

And so part of that is accelerating that and how our workflows and business processes. As part of what we've been doing, we embarked on an initiative to really simplify our operating environment to improve experiences for consumers. So take out redundant steps, improve how we reach out to consumers, use AI-enabled claim adjudication. So things along that nature, very consistent, but it's an -- again, an acceleration that we've seen usage pick up dramatically. So we've been able to accelerate the work that we're doing. Thanks for the question.

Operator

Next, we'll go to the line of George Hill from Deutsche Bank.

George Robert Hill - *Deutsche Bank AG, Research Division - MD & Equity Research Analyst*

I guess, John, not a numbers question, but just interested in how you guys think about how -- if utilization mix continues to change, I guess, can you talk about how you guys think that reflects in pricing for '21? And you -- have you guys looked at current utilization and kind of model that into the pricing for '21? And then just kind of a nitpicking question. When you talked about the lower end of the range for '21, was it your intention to basically tighten the range to 12% to 13% growth, so we'll see a tighter EPS guidance range for next range -- for next year as opposed to a wider range, which could be 12% to 15%?

John Edward Gallina - *Anthem, Inc. - Executive VP & CFO*

Thank you for the questions, George. I'll start with your last question first. Our long-term stated growth rate is still 12% to 15%. There's no intention of tightening that. And we do believe that the 12% to 15% range is a sustainable range that we can deliver on for quite some time.

The comment about being to the lower end was just really due to an overabundance of caution given the uncertainties related to the entire pandemic and COVID situation.

Yes, related to the utilization question at the beginning, we have done really a lot of sophisticated modeling. Our various scenarios that we modeled since the beginning of the crisis have been going on. We normally constantly update it and incorporate new learnings into the model as the pandemic is involved. The recovery and utilization may be lumpy. We do believe our assumptions are very sound.

As I stated, I think in an answer to an earlier question, there will be some natural system capacity constraints that we do believe will cause some utilization to naturally carry over into 2021. And just to be clear, yes, we have tried to think through all of those and incorporate all of those variables into our 2021 thought process. And then as I stated before, we are pricing to cover forward trends. And so our expectation is, is that we will cover forward trends in terms of our pricing and our revenue associated with 2020, so thank you.

Operator

Next, we'll go to the line of Whit Mayo with UBS.

Benjamin Whitman Mayo - *UBS Investment Bank, Research Division - MD of Equity Research and Equity Research Analyst of Healthcare Facilities & Managed Care*

What are you guys thinking about cost sharing support across all your lines of business this year? So maybe instead of asking you if you suspend this, what are the sign posts you're looking for to perhaps shift that policy into next year?

Gail Koziara Boudreaux - *Anthem, Inc. - President, CEO & Director*

Well, thanks for the question, Whit. As we think about policies, obviously in our government business, that continues to be. And I think part of the guideposts really are around where we are in the pandemic and access to care. Right now, we are seeing offices open, and we've seen individuals who have access to care clearly as long as there is a serious issue on COVID and the pandemic, and we are seeing rising cases.

It's something that we continue to evaluate. There's a lot of uncertainties right now and a lot of questions, timing of the vaccine, expanded testing, which we continue to model pent-up demand. We are seeing, as we mentioned, that going above the baseline. So we are seeing people access care, which is important.

And remember, our goal is also we're reaching out to make sure that people have the right access to care, particularly those we know who have multiple chronic conditions across our book of business. So in terms of that, we continue to model it. We continue to look at it, and our goal is to ensure that we have appropriate access to care and that we are learning a lot more about each of the events that are happening with COVID.

Operator

Next, we'll go to the line of Dave Styblo with Jefferies.

David Anthony Styblo - *Jefferies LLC, Research Division - Equity Analyst*

Just a quick clarification. John, when you talked about the 4Q MLR being 300 to 350 basis points above normal, is it sort of a fourth quarter of '18 a reasonable proxy to think about as a point of clarification? And then second -- the other question really is on Medicare Advantage. I know you guys are talking about double-digit growth, again, more strong momentum. I guess, in past years, the geographic expansion of your footprint has certainly helped that. As we looked at the MA landscape files this year, it looks like you're only expanding by 1% or 2% of the senior population. So I'm just wondering what gives you confidence that you can sustain that momentum in terms of taking share from peers?

John Edward Gallina - Anthem, Inc. - Executive VP & CFO

Thank you, Dave. I'll answer the first half of the question associated with the MLR. Yes, the fourth quarter of 2018, of course, doesn't need to be mix adjusted a bit for the fact that our membership mix has changed, but the fourth quarter of '18 is that -- is as good of a starting point as any from a comparative basis to look at that 300 to 350 basis point increase that I referenced.

Gail Koziara Boudreaux - Anthem, Inc. - President, CEO & Director

Yes. In terms of the second question, why do we feel confident about our growth projections. There are a few things. One, I shared in my opening comments, which is really very strong product offering. We expect 90-plus percent of our members to be in or have access to 0 premium plans. Our supplemental benefits continue to be some of the strongest offerings in the space. And then third, we believe that there is still significant opportunity in our state to expand.

I mean, right now, we don't have #1 market share in many of those states, and there's growth. We do have a #1 market share in the commercial space, and our Blue brand is incredibly strong in those states. And in states where we're selling outside of our Blue brand, we also are seeing some really nice momentum. We have partnerships and joint ventures with our Blue brethren. And so again, we're seeing a lot of momentum.

Our brand resonates well. Our digital channels are also resonating very well in terms of the sales in the marketplace. So overall, while we don't have a significant -- we have some expansion, we expect to gain market share in our states, and we do think that our 85 new counties that we've entered will also help us. But again, we feel our offerings are very strong and are resonating quite well.

Operator

Next, we'll go to the line of Steve Willoughby with Cleveland Research.

Stephen Barr Willoughby - Cleveland Research Company - Senior Research Analyst

Just a quick question. I was wondering how you guys are thinking about the cost of vaccines and therapies for COVID in 2021, in terms of essentially who's going to be paying for them and how much?

Gail Koziara Boudreaux - Anthem, Inc. - President, CEO & Director

Well, thanks for the question. I think while you focus on vaccines, first, no one really has the ultimate answers at this stage. We are watching the situation very closely and learning about the potential. We've modeled a lot of scenarios into our pricing. There's a number of variables obviously around vaccines, including when they'll be available from as early as January to the summer of 2021. Clearly, dosing requirements, vaccination rates, storage, transportation, a whole lot of things. I mean, that obviously goes to say that there's a ton of variables.

But remember, vaccines are only one cost of COVID in total. We are looking at the total cost of COVID, and I wouldn't look at this in just isolation. Our goal obviously is to advocate to protect our highest risk members first. So again, that gets to the timing. But we also understand that CMS is going to be providing guidance at some point, and we'll obviously look to follow their lead accordingly.

Operator

Next, we'll go to the line of Charles Rhyee with Cowen.

I apologize. Next, we'll go to the line of Gary Taylor with JPMorgan.

Gary Paul Taylor - *JPMorgan Chase & Co, Research Division - Analyst*

Two-part question. Given the business optimization benefits are a fairly material number, would you anticipate also excluding those from adjusted earnings guidance in 2021? And the second part of the question, just wondering, we looked the last 4 years, share repurchases run between about \$1.7 billion and \$2 billion annualized. And on an annualized basis, you'd be in that range again this year. Anything extraordinary contemplated there for either 4Q or '21 in that '21 outlook?

John Edward Gallina - *Anthem, Inc. - Executive VP & CFO*

Gary, and thank you for the questions. First of all, on the business optimization, we did certainly exclude the charge here in the third quarter. And the benefits associated with that will certainly come through over a period of years and become part of our run rate cost savings associated with the administrative structure of this company. And as we had talked about, we've got a plan to get to 11% to 12% SG&A ratio by 2023 that we had referenced at our Investor Day, and this is certainly one step to get there.

The other part of the question or the answer, I would say, is that, yes, we've also talked about incrementally investing really putting more money into the digital and AI, putting more money into the Stars type of investments. And we're obviously not going to exclude any of those costs from our numbers. So yes, 2021, we think, should be fairly clean from that perspective that we'll have some savings and more have some reinvestment opportunities to really help position the company much, much better for the future.

Gail Koziara Boudreaux - *Anthem, Inc. - President, CEO & Director*

Yes. And I'd just like to reiterate, too, it's a onetime charge. So just so we're clear about that.

John Edward Gallina - *Anthem, Inc. - Executive VP & CFO*

Yes, this year, yes. Thank you. And then on the share repurchase. Yes, we repurchased approximately \$1.3 billion through the end of September. We have increased the share repurchase pace a bit here in the third quarter, especially when our stock price was really down. We thought far greater than what it could or should have been, based on a (inaudible) perspective. We're obviously going to be opportunistic and watchful of market conditions.

Our stated goal is to reinvest about 50% of our free cash flow into either M&A or back into the business, 30% in the share buyback and 20% in the dividends. As I've stated, I do believe that those buckets are going to be appropriate over a 5-year period of time. They will never be exactly correct in any one quarter and probably not even exactly correct in any one full year.

But I would expect that we would continue our share buyback here in the fourth quarter and may end the year a little bit higher than what we've been in the last couple of years, just given the weakness in the stock price that we saw and then head into 2021 from there. But at the end of the day, we need to be opportunistic with our capital and ensure that it's being allocated appropriately. Thank you, Gary.

Operator

And our final question comes from Scott Fidel with Stephens.

Scott J. Fidel - *Crédit Suisse AG, Research Division - Former Director and Senior Analyst*

Question, I just wanted to circle back just on the Blue's settlement. And I know it's early here in terms of how this ultimately may affect the broader Blue's landscape. But just interested, Gail, I guess, 2 parts. One, do you think that ultimately, this could lead to a renewal over time of the Blue's

consolidation theme, which obviously has been dormant for the last 15 years or so? And then also just from a strategy perspective, for Anthem, whether the elimination of the Blue's rules would lead you to think about doing larger non-Blue's acquisitions over time?

Gail Koziara Boudreaux - Anthem, Inc. - President, CEO & Director

Well, thanks for the question, Scott. And as I said before, our strategy, which we laid out at Investor Day, has to remain incredibly consistent. And so we don't see this changing our strategy. We have significant opportunities to partner with Blue. As part of our diversified business group, we've been very successful in selling in services, and IngenioRx offers other opportunities. And as you know, from our Medicaid and Medicare business, we've done a number of partnerships with them well and recently and just announced actually a partnership in our group Medicare.

So I think from our perspective, as I said before, I see -- I really don't see this changing our stated strategy. And I think that we're very excited about the growth prospects we have across Anthem. So thanks very much for that question.

With that, I want to thank everyone for joining us on the call this morning. As we've shared today, Anthem is on a bold path for growth across our enterprise, driven by our commitment to deliver a simpler, more affordable and more effective health care experience for those that we're privileged to serve. As always, I want to express my gratitude to our associates for their unwavering commitment to our customers, members and communities during this most challenging time for our country. As you can see, we remain committed to delivering a simpler, more affordable and personalized experience for those we serve, and I look forward to building on our momentum throughout 2020. Thank you for your time and your continued interest in Anthem.

Operator

Ladies and gentlemen, a recording of this conference will be available for replay after 11 a.m. today through November 27, 2020. You may access the replay system at any time by dialing (888) 566-0406 and entering the access code 8850. International participants can dial (402) 998-0591.

This concludes our conference for today. Thank you for your participation and for using Verizon Conferencing. You may now disconnect.

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