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# EDITED TRANSCRIPT

ANTM - Q1 2020 Anthem Inc Earnings Call

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## OVERVIEW:

Co. reported 1Q20 GAAP EPS of \$5.94. Expects 2020 adjusted EPS to be greater than \$22.30.



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## CORPORATE PARTICIPANTS

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## PRESENTATION

### Operator

Ladies and gentlemen, thank you for standing by, and welcome to Anthem First Quarter Earnings Conference Call. (Operator Instructions) 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.

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

Good morning and welcome to Anthem's First 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 and Specialty Business Division; and Felicia Norwood, President of our Government Business Division.



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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 at [antheminc.com](http://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 expectation. 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.

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

Good morning, and thank you for joining us. Across the globe, and right here at home, we're facing a critical humanitarian crisis. All of us are impacted, and our hearts go out to those struggling. I will focus my comments this morning on the impacts of the COVID-19 global health crisis on our business, along with the actions we've taken to provide support and relief. I will direct you to the earnings release for the financial results for the first quarter.

Let me begin by saying how incredibly grateful I am to the men and women, including many of Anthem's own clinical associates, fighting in the front lines of this health care crisis, from small rural communities to the heart of New York City. I am also incredibly proud of the more than 77,000 Anthem associates who have been providing compassionate and tireless support for our customers, members, care providers and communities each day as we battle this pandemic together.

To ensure the safety and health of our associates, and support the nationwide effort to contain the virus, in March, we began transitioning our employees away from offices, and now have nearly 99% working safely at home. In recognition of these unprecedented times, we are offering our associates up to 80 hours of additional paid leave, providing online workouts, expanding mental health support and have increased our Anthem Care's emergency relief fund to help associates manage through this crisis.

Anthem has long served and met the unique needs of our local communities. Our commitment to improving lives and communities is core to our mission, and we have approached our response to the COVID-19 pandemic with a local and personal lens. Anthem, along with our association of 35 other independent and locally operated Blue Cross and Blue Shield companies, have committed nearly \$3 billion to ensure that more than 100 million Americans, along with care providers and hospitals, have access to the resources and support they need to help improve the health of America.

Because of our strong Blue brand and deep local roots, we were well positioned to work quickly and seamlessly with local, state and federal officials, local care providers, key customers and community partners from day 1 of the pandemic. And our associates are at the forefront of our comprehensive efforts.

Our Anthem culture and values serve as our foundation for giving back in our local communities. Our deeply committed associates have been giving back in various ways, such as online teaching, outreach via phone or mail to those isolated at home, making masks for non-health care industry workers, helping to provide personal care supplies and providing meal delivery to those homebound by the crisis across the country with partners like the American Red Cross, Boys & Girls Club, Feeding America and Americares. Anthem is on the forefront of delivering relief and support to those most impacted.

We know there is great fear and uncertainty among consumers right now, particularly when it comes to safe and affordable access to care. We've removed barriers to care by waiving cost-sharing for treatment of COVID-19, including coverage for testing, treatment and inpatient hospital stays. We've waived prior authorizations for COVID-19 diagnostic tests and related coverage services as well as ensured continuity of care by waiving early prescription refill limits on 30-day maintenance medications and encouraging the use of 90-day mail order benefits, if applicable.



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We've also expanded access to telehealth and nurse lines for both medical and emotional health to meet the growing needs for 24/7 information, support and care. For our most vulnerable consumers in Medicare and Medicaid, we've also reinforced our long-standing focus on social drivers of health to provide support with food, housing, transportation and more.

From outreach to isolated seniors and families, to donating meals and other needed personal care items, we are working to ensure our members' needs are being met, and that they realize they are not alone in this fight against the virus. Our associates, working with these populations, are demonstrating their endless compassion and care during this time as well.

We've seen examples of our team members personally delivering boxes of food and much-needed supply safely for our members in dire need. Their commitment is inspiring, but not surprising. This is how Anthem shows up every day to serve others.

At the core of the crisis, there's been tremendous focus on the need for testing, and no bigger push for that testing than in the crisis epicenter of New York City. There, we've partnered with the Coalition of Asian-American IPA, to provide free mobile testing in the 5 boroughs across the city. We also established the Anthem Medical Associate Volunteer program for associates with professional medical training and licensure to volunteer in hospitals and other clinical settings in a variety of states, including New York, where the needs are so great. Our clinical associates are demonstrating Anthem's strong value and commitment to service as they stand fearlessly on the front lines to deliver critical care.

As Anthem's care provider partners continue their important work in local markets across the country, we have simplified policies designed to help them deliver care to patients more quickly and effectively. Unless otherwise required under specific state and federal mandates, we have suspended prior authorization requirements for patient transfers and the use of medical equipment critical to COVID-19 treatment. Additionally, Anthem is covering respiratory services for acute treatment of COVID-19, along with in-network and out-of-network coverage for COVID-19 laboratory testing. The actions we've taken are ensuring that health care providers are focused where they need to be, with their patients.

Partnerships are foundational to our work in Anthem. Today, we're partnering with XPRIZE and other industry leaders to form a global pandemic alliance to combat COVID-19 and leverage learnings to help prepare for future pandemics. Across the digital landscape, Anthem has been collaborating extensively with various state and federal partners as well as other private sector partners to innovate and help simplify the entire health care system experience through the use of technology.

Anthem's digital-first capabilities are proactively addressing issues with COVID-19 to simplify health care for consumers. Our Sydney Care mobile app and the new coronavirus assessment tool are helping people safely and conveniently assess the risk of having COVID-19, locate testing sites as may be needed and connect directly with a doctor via our virtual care solution.

To date, we've seen more than 170,000 downloads of the app and have witnessed the 250% surge in virtual care engagements via text and video. This crisis had made clear that telehealth and virtual care will continue to be a key component of how and where care is delivered going forward.

Our employer partners are certainly feeling the impacts of the crisis. Anthem is working closely with our customers to ensure not only the safety and well-being of their employees, but to also provide affordable, flexible payment terms as they work through the financial implications of COVID-19.

We recognize this action may add payment risks to our business, but we also know it's the right thing to do. The economic impacts of the crisis may also drive an unprecedented shift in consumers from the employer market into our Medicaid and ACA segments. We are quickly reallocating resources, as may be needed, to meet these potential challenges.

In the small group market, a segment especially vulnerable to disruption, we are proactively identifying groups at risk and providing more affordable product offerings or helping displace members find coverage in the individual marketplace or in Medicaid.

Anthem entered 2020 in a position of strength, ready to achieve our financial objectives and serve as a trusted partner in health. Our first quarter performance was in line with our expectation. And while we know COVID-19 is likely to produce unforeseen challenges, both short and long term, we also see tremendous opportunities to reimagine what's possible for our company and health care more broadly.



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While there is much uncertainty, as you saw in our press release, we are maintaining our 2020 EPS guidance. We view this as the most reasonable posture, given the multitude of offsetting factors across our diversified business. In a moment, John will discuss the financial scenarios underlying our guidance decision in greater detail.

As we look ahead, I am confident that our organization will grow stronger, based on the learnings from the current crisis, more effective and better prepared to deliver on what we are entrusted to do.

As this crisis evolves, we are unwavering in our efforts to support the medical and social needs of our consumers, improve total health and well-being, and we'll be ready to execute on the momentum we had prior to the onset of the pandemic.

I'll now turn it over to John to discuss our financial position. John?

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

Thank you, Gail, and good morning. My objective today is to share with you the actions that we've taken to enhance our liquidity and strengthen our already solid capital position as well as sharing some of the scenarios that form the basis of our outlook. But first, I'll briefly review our first quarter results, which were both strong and largely unaffected by the current crisis.

This morning, we reported first quarter GAAP earnings per share of \$5.94 and adjusted earnings per share of \$6.48. Medical membership totaled 42.1 million members as of the end of the quarter, an increase of 1.3 million lives year-over-year and 1.1 million lives sequentially, in part through the acquisitions of AmeriBen and the Missouri and Nebraska Medicaid plans, but also aided by our strong organic growth.

Medical costs in the quarter were well controlled and slightly better than expectations. As anticipated, our individual business margin began to normalize to more sustainable levels, while our Medicaid business was on track to achieve the midpoint of our 2% to 4% target margin range by year-end. Our MLR for the quarter was 84.2%, exceeding expectations. We had strong cash flow at 1.7x earnings or 1.3x earnings normalized for the health insurer fee, while simultaneously seeing an increase of almost 4 days in the days in claims payable metric sequentially.

Of note, IngenioRx is now a stand-alone reportable segment. In the quarter, operating gain in the segment was \$349 million, which includes approximately \$75 million to \$100 million, that under prior segment reporting, would have resided in the Commercial & Specialty Business Division. That said, IngenioRx's core performance is running slightly ahead of prior expectations.

As the threat of COVID-19 began to accelerate in mid-March, we felt it was prudent to enhance our liquidity by drawing down a total of \$600 million from our various credit facilities and an incremental \$900 million through the commercial paper market. We are well positioned with total undrawn borrowing capacity of an additional \$2.1 billion.

Our total debt-to-capital at the end of the first quarter was 41.7%, slightly more than 150 basis points higher than if we had not taken these proactive steps in March to enhance liquidity. We will continue to closely monitor our capital position and evaluate ways to optimize our debt structure, including accessing capital markets.

We also temporarily suspended our share repurchases beginning in the second half of March. It is clear that COVID-19 is having a profound impact on the global economy and there remains significant uncertainty around the shape and timing of an eventual recovery. We have spent considerable time evaluating various scenarios on how COVID-19 and rapidly rising unemployment will impact our financial results. Key factors we evaluated include, the anticipated infection rate and hospitalization rate associated with members that contract coronavirus as well as estimating the number that need a ventilator or ECMO machine; the intensity and duration of the infection and the impacts on the health care system; unemployment rates; membership mix changes. Thus far, we have seen a slight uptick in the Medicaid enrollment as a result of states temporarily suspending reverification efforts and limited changes in our commercial business. As time goes on, we expect a more significant shift of commercial group members in the Medicaid and the ACA marketplace. Deferred, non-emergent or elective procedures and the eventual timing of a rebound, including assessing the capacity of the system and the ability to address pent-up demand; extended payment terms in the likelihood of higher-than-normal



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bad debt expense; lower interest rates and overall capital market conditions; higher interest expense due to increased borrowing to enhance liquidity; and the impact of our decision to temporarily suspend share repurchases.

Overall, we estimate that approximately 30% to 40% of our annual medical expense is related to deferrable elective procedures. As a result of deferrals, we currently expect the second quarter MLR to be well below of historical levels but expect an elevated MLR in the second half of the year as elective procedures return. We recognize many of you are requesting details on our expected business mix changes and the broader impact of COVID-19 on our business. Unfortunately, the rapidly changing environment prevents us today from sharing the level of specificity you would normally expect from us as a management team. We intend to regularly update the investment community as conditions evolve and visibility improves on key operating metrics.

We are in uncharted territory, and the future may look markedly different from what anyone expects. That said, we recognized our business is more diverse and resilient today than in past periods of economic disruption. In 2008, at the time of the Great Recession, commercial and individual customers comprise nearly 75% of our risk-based membership versus less than 30% today. We, currently, operate Medicaid plans in 23 states and D.C. And in most of our markets, we are first or second in terms of market share. This compares to operating in only 14 states in 2008.

At the same time, our Medicare Advantage business is expanding, and we expect strong growth for the foreseeable future. The diversity of our business today positions Anthem well to mitigate the challenges we see ahead.

While the details and metrics underlying our EPS guidance will undoubtedly look different from previous expectations, based on our balanced business mix, coupled with extensive modeling, factoring various scenarios, we are maintaining our original full year adjusted earnings per share guidance of greater than \$22.30.

Operator, we will now open it up for questions.

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) We'll go to the line of Steven Valiquette with Barclays.

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

Great. Let me commend you and everyone at Anthem on the work you're doing around the pandemic that you highlighted earlier.

And question is just around the medical reserves. I guess I'm curious if you're able to provide a little more color on the actuarial process around medical reserving for all the puts and takes related to COVID-19. And then did any extraordinary reserving impact the reported 1Q '20 MLR at all? I just want to confirm that one way or the other.

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

Thank you, Steve. This is John. I'll just start off by stating that our reserving philosophy is consistent, which is both prudent and reasonably conservative. Reserves are estimated based on the immediate view of how claims are developing. Under GAAP accounting, we cannot reserve now for claims that will be incurred later in the year, which might include accruals for pent-up demand and utilization of elective or discretionary services. So we've been very consistent and conservative with our view.

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The impact of COVID-19 actually is rather minimal on the first quarter results and on our March 31 reserve balances. As GAAP accounting does require to only look at what's been incurred through the end of the reporting period, we do have conservatism factors in to ensure that they're all actuarially justified. But really, COVID-19 has minimal impact on the March 31 reserve balances.

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

Thank you for the question, Steven. Again, I appreciate your comments. We're really proud of the work that all of our associates at Anthem have done to help respond to this incredible humanitarian crisis. And as John said, I just want to reiterate, we've been very consistent in our reserving practices and process.

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**Operator**

We'll go to the line of Ralph Giacobbe with Citi.

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**Ralph Giacobbe** - *Citigroup Inc, Research Division - Director*

If a recovery is slower and costs do remain suppressed, can you give us a sense of how close you are to MLR floors and potential for MLR rebates? And then how that impacts or influences your thoughts around pricing into 2021, just given the timing of all this?

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

Thank you, Ralph. Great questions. First of all, in terms of some of the MLR rebates, as you know, in our individual line of business, we have earned above target margins in both 2018 and 2019, and we expected a normalization of that to occur -- of our margins to occur here in 2020. So obviously, regardless of the length or the recovery of the COVID situation, I think individuals are going to have MLR rebates under any circumstance.

In terms of some of the other lines of business, well, clearly, that does play a role in our modeling and impacting that and impacting, really, how the imbalance or inequities in the system might be handled by us throughout the year in terms of the forward view of trend. We will clearly price to the forward view of trend. But we'll also have to understand the impacts on the providers, on the members, on the customers here in 2020 and make decisions accordingly.

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

Yes. Thanks, Ralph. I'll just follow-up a little bit on John's comments but I think he hit the high points. I mean, we're closely monitoring the situation. And as you know, this is emerging information for us around how the coronavirus will translate over the course of this year. At this stage, we're really in the early, I would say, stages of understanding the cost of treating our patients, including recovering the co-pays and deductibles, et cetera.

But as we think about that, fundamentally, we believe that, as John said, we'll put that into -- we'll think about that and think about the entire cost structure for all of our customers. And at this stage, the majority of our business is 1:1. And that as we get into the course of the year, we'll have much better information to be able to share more of that.

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**Operator**

We'll go to the line of Matthew Borsch.



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**Matthew Richard Borsch** - *BMO Capital Markets Equity Research - Research Analyst*

Yes. I'm just wondering, could you just comment on how you think about trade-off between the commercial and Medicaid membership and/or the Obamacare exchange members in terms of -- well, revenue is maybe more clear, but in terms of the earnings mix? And obviously, that's going to be pretty different for what or I would assume for fully insured versus self-funded commercial members?

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

Thanks for the question, Matt. Let me -- there's a number of things inside of that, so let me sort of give you a perspective. First and foremost, as we think about what's going on, our priority right now has been really to work with our customers to help them navigate this crisis.

In terms of our commercial membership, let me sort of break it into each of the individual pieces. It's pretty early in this process right now. We do expect that we will see, because of the potential high unemployment, some impact -- certainly impact on our commercial enrollment. The early stages have been muted because of what's happening with furloughs.

So thinking about that, we have -- as John mentioned in his comments, we have a much more diversified business than we historically had. Thinking about where that membership would go versus what happened in 2008 in terms of the economic recession then, we've had Medicaid expansion. So we would expect 40% to 50% of those members to potentially go into the Medicaid markets. And in that sense, we're fairly well diversified. All 14 of our markets today have both Medicare -- I'm sorry, Medicaid, commercial and the individual exchanges, plus there are 10 additional markets as the 24 we cover for Medicaid, where we don't have commercial and obviously, have an opportunity to have an impact in those states as well. So again, about -- we think 40% to 50% potentially go into the Medicaid pools. Another probably 30% or so have an opportunity to go into the individual exchanges, where we also have a footprint. And so that's kind of the breakout as we see in terms of enrollment going forward.

Another opportunity, as we work with our commercial clients, I think they're really trying to understand this impact to their overall business. And we have a number of affordable options for them as they think about buy downs and different products. And we are seeing an increase in those opportunities. But again, it's really early for them, and our focus has been on them keeping their employees safe and helping them to manage through this. But that's roughly how we see the breakdown going forward. And we'll know a lot more as we get through this over the next several months because we're pretty early into that process.

**Operator**

We'll go to the line of Ricky Goldwasser with Morgan Stanley.

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

In the prepared remarks, you talked about IngenioRx and the outperformance that the core is performing ahead of your expectations. Can you just kind of like detail what the sources of the outperformance? And what's looking better? And also, the trends in Ingenio as a result of COVID? Obviously, mail 90-day has seen an increase. Do you think that this is sustainable? And how do you think the business evolves throughout the year?

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

Thank you, Ricky, for that question. I appreciate the opportunity to provide a little clarification on the IngenioRx first quarter results. As you know, there are separate SEC reporting segment effective this quarter, and the operating gain earnings associated with Ingenio (sic) [IngenioRx] were \$349 million. So that probably differs from what some folks were thinking about the \$4 billion of savings that we got from moving to the CVS contract, with at least 20% of that dropping to the bottom line.

And just very simplistic math would say that, divided by 4 quarters, that would be about \$200 million per quarter. First of all, it's very important to note that we had transferred ASO PBM business at our commercial lock had been administering for the last few years into IngenioRx effective





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January 1 of this year, and that added about \$75 million to \$100 million to the Ingenio performance, which, obviously, took away \$75 million to \$100 million from the commercial performance on a year-over-year basis.

And then the rest of it was really just stronger performance. There was an impact from COVID-19. We did relax the refill too soon requirements in mid-March, and we saw, really, a spike in scripts being filled during March that actually helped the Ingenio performance as well. So the \$349 million is not run rate. Because as we look at the rest of the year, we do expect our business mix to change with some of the impacts from the economy. Medicaid to grow.

And then the run rate of scripts is obviously different. We have seen a slight drop in new scripts here in April over historical patterns. And so the \$349 million, you cannot just multiply by 4. But those are really the key factors. And we're very, very happy with how Ingenio is performing. And as you know, this is a full year ahead of schedule that we're getting this \$800 million dropping to the bottom line effective in -- for the entirety of 2020. So very happy with the Ingenio performance.

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### Operator

We'll go to the line of A.J. Rice with Crédit Suisse.

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

Best wishes to the entire Anthem team, obviously, in the midst of this as well. But in -- you made the comments in the prepared remarks, Gail, about obviously, telemedicine and telehealth and virtual care is a change that probably persists. I wonder, as you guys are seeing this situation evolve, what -- any other areas? Or maybe you can expand on that a little bit, but other areas where you think there's changes that are happening that will persist long-term? And how this crisis is going to impact long-term health care delivery in the U.S.?

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

Thanks for the question, A.J., and also, thanks for your kind remarks. As we think about this, again, it is an unprecedented time. We did -- our first focus was really to ensure that our consumers and members had access to care, and we pivoted fairly quickly to virtual care. We had -- we've always had capabilities, but what we've seen is a real acceleration, both through the use of our Sydney app online, where people can go, check symptoms, understand where testing sites are. And we've seen a dramatic increase of people using those digital capabilities.

In addition, our care providers have been able to go online and use virtual care. So it's not only just virtual consults, but it's also texting and communication. So as we think about this, there has certainly been an increase. We do think that as we reenter the economy, obviously, and restart it, we have to be incredibly thoughtful, understand what the testing is and the confidence in the economy. So I do think we're going to continue to see use of virtual care, and it will continue to be an important part. It is something we started well before the pandemic, but I think it also has accelerated the opportunity and people have become more comfortable with it.

In addition, sort of physical health, the other area that we think there's significant opportunity is behavioral health. And we've seen a big increase in the use of behavioral telehealth. Again, a capability we had, Beacon, has always had this, and we've expanded it as a result of the acquisition of Beacon Healthcare. 1 in 3 visits right now are being used to a virtual opportunity, and we actually do see that continuing for behavioral and mental health support. So overall, I think that's one of the most interesting. The other opportunity I have is we've been working with our care providers, trying to ensure that they are able to support their patients. We've seen our own teams through CareMore and Aspire reaching out to those patients and ensuring -- one of our concerns is that they do get the appropriate care that they need. So our teams have been working with them both on the social support. So I think that's another area that's really growing.

And as part of our Medicare Advantage plans today, we do offer supplemental benefits that include many of those things. So as I think about this, I think we're going to see much more virtual care. I think the social supports are going to continue to be really important. Behavioral health aspects,

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not only because of loneliness, which we've always known, but also the use of virtual care, is very important in that space. So those are the areas that I think, right now, we're going to see an uptick, and I think we'll see a continued one, as people become much more confident in that usage.

### Operator

We'll go to the line of Justin Lake with Wolfe Research.

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

Just a couple of quick numbers questions for me. First, can you give us an update on your Medicaid margin trajectory toward that 3% target by year-end? And then, would appreciate any comments on your employer customers in terms of what you're seeing in April around premium collectibility, given what's going on in the economy?

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

Great. Thanks, Justin. I'm going to ask Felicia, maybe, to comment on Medicaid, and then I'll go to Pete Haytaian to talk a little bit more about the commercial marketplace. Felicia?

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

Thank you for the question, Justin. When you set aside COVID, our Medicaid business was on track to end the year around 3%, which is consistent with our original outlook. Our rate actions came in as expected during the quarter, and our out-of-period adjustments were actually negligible. So we really had a clean quarter with respect to Medicaid.

When you think about our Medicaid business, over 50% of our Medicaid markets have rate actions that occur in the first half of the year, so we have very good visibility around that performance. And as we look to the end of 2020, we remain confident around ending the year at the midpoint of our target margin range of 2% to 4% for Medicaid.

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

Thanks, Felicia. Pete?

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

Yes. Thanks, Justin. I hope you're well and the family is well. We -- as Gail said, we recognized that this is, obviously, a really challenging time for our employers and for brokers, and we're very focused on creating value for them. We've been in frequent communications with them on providing solutions. As it relates to premium collections, this has been a topic of conversation.

First, for March, March was really in line with normal months. As you'd expect, COVID didn't really hit until the second or third week. So our premium collections as it related to March was generally in line. And as it relates to April, we are seeing a slight uptick in the month for clients that are utilizing grace periods. In a typical month, the percentage of premiums for groups that are basically taking advantage of this is basically 0.5% to 1%. Versus April, we've seen it be around 3%. So a slight uptick. But as Gail said, we continue to work with our clients on options around affordability and certainly providing solutions around premium payments as a part of that.



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

Thanks, Pete. And just another piece of information, Justin. As you think about our overall premium, about 70% of our total insured premiums is part of the government business, and that has been collected in time, and we expect that to continue.

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**Operator**

We'll go to the line of Lance Wilkes with Bernstein.

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

First off, certainly appreciate everything you guys are doing during the crisis. My question is really related to a number of the actions you're taking. And was interested in what do you think the impacts are going to be from a cash flow and a net investment income standpoint, given acceleration of payables, maybe offset by slower claims submissions? And then looking over on the receivables side, kind of at the point of maybe some delays in premium collection? Also just had a quick clarification on your dental ASO business membership and maybe what occurred there as well?

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

Sure, Lance. This is John. Thank you for the question. The investment income and interest expense, it's probably going to be most instructive to view these on a combined basis. So let's just maybe start at the beginning of the year. And what has happened in the meantime is that the markets experienced 150 basis point Fed rate cut that we did not anticipate. And then, we say, what's the impact of that? Well, about 90% of our portfolio is in fixed maturities, and they're all very high-quality with the duration of over 4. And that -- which means that, clearly, any reinvested earnings are going to be down from what our original expectations would have been.

The other 10% of our portfolio, certainly, has been subjected to a lot of volatility, and subject to the same way that the overall market has been subject to a lot of volatility. And it's sort of difficult to predict where that's going to end up by the end of the year at this point in time.

On the debt side, we do have some variable rate debt. So we have a natural hedge against interest rates dropping. And so we'll have a benefit on that side. But maybe more importantly, in order to optimize liquidity, we've accessed more debt and we're carrying really higher levels of short-term cash than normal.

And additionally, we do have some bonds that are going to mature in August and November. Under normal circumstances, we would have refinanced those later in the year. But we're going to, certainly, be opportunistic in terms of timing associated with that and the impacts of carrying net debt. So all in, I would say that we're really looking at the net of investment income and interest expense to be a tailwind -- I'm sorry, a headwind against us for the rest of the year. So we had a slight tailwind with our first quarter actual results. But for the rest of the year, we think it will be a headwind. And we've obviously taken all that into consideration as part of the \$22.30 reaffirmation guidance.

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

And Lance, in terms of your question on the specialty dental, that really is the result of one large client that we knew we were going to lose. It came to us as a result of our acquisition of DeCare, under a contract roughly 10 years ago. And that contract expired in 2019. So overall, our specialty business, when you take that out, actually had a strong quarter, but that was the known loss coming out of this contract expiration as part of an acquisition.

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**Operator**

We'll come to the line of Gary Taylor with JP Morgan.



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

I wanted to just ask a little bit for a little more detail on what you're doing with providers, both hospitals, health systems and your medical groups. I know you alluded to the \$3 billion you've made available to providers. I think that's the broader Blue Cross system. But just wanted a little more detail on, is that just extending liquidity? I'd seen something from Blue Shield that was being done in conjunction with the bank taking the credit risk. I also know you made the \$50 million donation to the foundation. So just wondering a little bit, what are you doing with these fee-for-service physician groups who are seeing really dramatic reductions in revenue and income in the near term?

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

Thanks for your question, Gary. And you're right, first of all, the \$3 billion is part of the entire Blue Cross and Blue Shield system that we have been working really close with. I think part of what makes our affiliation unique here is that just our local and deep roots, and we've been sharing best practices and really trying to make sure that we can respond to the needs that we're seeing in our local communities.

So as part of your direct question on care providers, we've been working really closely with them and have taken several steps to help support them during these challenging times. We've obviously talked a little bit about just the co-pays and things like that. But more importantly, one of our immediate efforts was to work with them and ensure that payments are made to them on a timely basis. So first and foremost, we've been working with each of our provider groups to ensure that their receivables, et cetera, are important. They're reducing their administrative burden as well, taking off pre-authorizations. And really, our focus has been to help them do what they need to do best, which is serve patients in this environment. Proactively, as we think about -- our focus has also been on working closely in our communities. You mentioned our fee-for-service providers in our local markets. That's an area that we have worked on, and each of our communities are a little different in terms of their needs. But our care provider teams are working with them to try to understand how we ensure that we're a good partner to them. As part of our value-based care, many of them are in our value-based care arrangements. So we've been again working with them to support their needs so that they can stay viable during this time as well as enhance their ability to do telehealth and other things to make sure that they can serve their patients.

And on the government side of our business, particularly in Medicaid, we've been working very closely with our state partners to understand those critical providers and that we can provide them the right resources and support across their patient base. So I think as we look at that, one of the things that we also, I think, is important to point out is that, pre-COVID, Anthem and the Blues across the system had some of the lowest days in claim payable in the industry. So we were already a fairly quick payer for these providers. But even in addition to that, we wanted to make sure that any of their receivables, we are working to clean that up and ensure that they had appropriate cash flow. So those have been the areas that we've been predominantly focused on. But again, across the system, we're sharing best practices and really trying to understand how we help and support providers as they really focus on direct delivery of patient care.

**Operator**

We'll go to the line of Sarah James with Piper Sandler.

**Christopher Neamonitis** - *Piper Sandler & Co., Research Division - Research Analyst*

This is Chris Neamonitis on for Sarah. Just a quick question around the commercial book. And how are you pricing for the June 1 renewals? Is there anything you can share kind of around the conversation you're having for those? And I guess, specifically, are you assuming that if we do have a fall COVID peak that will drive some delayed surgeries into '21? So are you just -- any commentary on pricing for that cost trend assumption?

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

Sure. I'm going to ask Pete Haytaian. I think it's pretty consistent with the previous question. But I'll ask Pete maybe to give a little bit more color just about our commercial business. Pete?



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

Yes, sure, Gail. And I think it is consistent. Most of our book, as Gail said, renews January 1. And this is such an unprecedented event. There are so many moving pieces and parts. And so getting our arms around it is something that we're very focused on. But things will evolve over the next few weeks and months that will give us that better visibility into rates and what we do with increases in the back half of the year and towards January 1. We feel like we still have time in that regard. As it relates to the near term rate increases, it's -- we don't have a lot of our book really renewing in the near term. And since COVID wasn't as apparent at that time, it was not as greatly considered.

But as Gail said, most of our book renewing in January 1, we have plenty of time once we see how medical costs and deferred electives occur in the back half of the year.

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

Thank you, Pete. And also just, I think, to reiterate, we said this in the earlier commentary, but I think it's -- we always -- we're going to keep our same consistent and disciplined pricing to our forward view of costs. But we also recognize that this is a unique situation in terms of what's happening. And we will work with our consumers and our customers to ensure that inequities that occur along the way that we are taking that into consideration as we understand the cost patterns of exactly what's happening.

**Operator**

We'll go to the line of Dave Windley with Jefferies.

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

It's Dave Styblo in for Windley. First question was just on -- I was curious about the use of the \$3.2 billion of PBM savings that's not going to shareholders. Is that something, which is, obviously, in your control, that you might use to support some of the EPS headwinds that you guys have disclosed? And then just a quick second one. I'm wondering if you could provide an apples-to-apples commercial operating margin comparison since the commercial ASO pharmacies now out of that for the first quarter of this year?

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

Thank you, Dave, for the questions. So first of all, on the \$3.2 billion that you're referencing, which is the amount that's been provided back to members and consumers to help control health care costs associated with our better PBM deal, the way that we approach that is we really looked at each line of business and looked at it from a competitive marketplace, looked at it from a geographic marketplace, where were we versus the competitors and how close were we to MLR rebates and MLR floors, and went through -- and like in Medicare Advantage, looked at the benefit designs and how we could include or enhance benefit designs and still ensure we achieve target margins. And we went through a very painstaking process, as I said, with every line of business, geography by geography by geography. We ended up doing a little bit better than the 20%, as you can tell by our first quarter operating results. But it's not a lever, in and of itself, that we could just pull and take a large chunk down, take down to the bottom line. We are in a very competitive environment, and we are trying to develop -- or rather, deliver the appropriate value to our members at the appropriate pricing. So we've always aspired to do a bit better. But it's not just a short-term lever that we can pull. It's something that is part of a larger overall strategy in terms of price points, product designs and all the other types of things.

And then the second part of your question associated with just a year-over-year comparison. Really, the most significant issue is to take the commercial operating gain that's shown in the press release and just go ahead and subtract \$75 million to \$100 million out of the op gain from the first quarter of 2019. And then what you'll have is something that's much closer to an apples-to-apples comparison of how the commercial segment actually performed year-over-year.



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**Operator**

We'll go to the line of Scott Fidel with Stephens.

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**Scott J. Fidel** - *Stephens Inc., Research Division - MD & Analyst*

I had a question just on how you're thinking about the exchange strategy in terms of the footprint and participation for next year. I know that you've taken a pretty disciplined approach towards market selection over the last couple of years. But clearly, just given the significant market shifts that will likely occur, how aggressively are you thinking about ramping that up? And then, maybe if you could just remind us at this point across your 14 Blue states, just in terms of what your current footprint is on the exchange market?

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

Great. Thank you for the questions, Scott. I'll start, and then I'll maybe ask Pete to give a little bit more color on it. But I think -- I appreciate your comments, because I think you're right on that we have been, I think, taken an active involvement in the individual market and have stayed in the exchanges, but have been prudent in terms of where we think we have the best opportunities to have an impact, and we've been balanced. So we modestly expanded our footprint within our 14 states in 2020, but we -- as we shared with you on previous calls, we weren't rescaling it, we were really taking a measured, balanced approach.

We actually feel that we have a really good footprint going into this and an opportunity to offer some really compelling products to our members in those 14 states as part of the individual exchange.

So with that, maybe I'll ask Pete to give some commentary just on the thinking, because his team has been really involved in how we think about the exchanges and our opportunities. Pete?

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

Yes. Yes, sure. Thanks, Gail, and thanks, Scott, for the question. Yes. I mean, I am really proud of the team and the approach. We've been very thoughtful over the last couple of years with regard to how we expand. We have been expanding. Our focal point in almost every instance is ensuring that we can partner with the right providers. We look very closely at value-based relationships. We look at where we can partner on critical clinical programs as well as programs like risk adjustment.

And then, obviously, where we can have the most viable and affordable product and choice for membership. And that strategy has really played through over the last couple of years. We haven't fundamentally changed that. And so as we think about what's happening with COVID and the potential recession, we still are following those principles.

But as Gail said, with respect to coverage, we have pretty decent coverage across our 14 states. It certainly does vary. In some states, we are very competitive across most of the counties in the state. In other states, we are much more targeted. And I don't think we're going to fundamentally change that approach. If we can be competitive in many counties in the state, we will be. But if we don't feel like we can, we're going to be disciplined and not necessarily reenter.

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**Operator**

We'll go to the line of Kevin Fischbeck with Bank of America.



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

Great. I wanted to follow up on the comments that John made earlier about -- I think it was about 30% to 40% of the cost that you guys cover are deferrable in some way. I'm just wondering, is that based upon kind of real-time data? I think most of the providers that we've talked to have said that there's been a much bigger drop in elective procedures than they ever would have thought was possible. So just trying to understand if this was your historical view on costs? Or kind of informed by the real term -- real-time drop in utilization that seems more perverse than average? And then just want to get a sense of when you do see drops like this in the past, what percentage goes away versus, ultimately, gets rescheduled? And whether you think that percentage might change this time around?

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

Thank you, Kevin, for the question. In terms of the 30% to 40%, that was based more on a historical view. And it may be closer to the higher end of the range in terms of what we're seeing right now and with real-time utilization. But that's our historical view. And we call it non-emergent care, things you can pick up the phone and schedule.

And -- but it's been pretty consistent for us over the last couple of years when we've done the study and the analysis. In terms of the percent that gets deferred in the pent-up demand, it comes back as increased utilization versus what gets canceled altogether, we've certainly looked into that. And we've studied things like when there were snow days or when there were hurricanes or natural disasters.

But while those are all helpful, I don't know that they're really going to provide us the exact information we need from a modeling perspective, because this is such an unprecedented time and it's just different. The scope and duration of the entire COVID-19 issue is going to be different than anything we've seen.

And so while we do expect a small amount to not come back, it's really too early to provide an estimate or a percentage of what we think will be pent-up demand and the increased utilization in the future. But we know that there will be increased utilization in the future once people are more comfortable going back to the hospital and to the doctor.

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

Yes. And I would also add that we also know and appreciate the patients are avoiding seeking some care in the interim. And so that's an area, with underlying medical conditions, that we are concerned about and that could worsen. So we are closely trying to monitor and help those patients and make sure that they have the right access.

But -- so again, as John shared, this is unlike any of the historical models that we've had. We have certainly done a lot of modeling. But at this stage, I think it's really hard to give any point estimates about where this will end up, and really appreciate your understanding of that.

We're checking to see if we have any more questions in the queue.

**Operator**

Charles Rhyee.

**Charles Rhyee** - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Great. First, a clarification. I think, to an earlier question, I think A.J.'s question on virtual care. Gail, did you mention on sort of what percent of your ASO clients are currently signed up for LiveHealth Online? And is that something that's easily turned on? So if clients wanted to access telehealth, is that something they can get on to for this current period? Or is that something they'd have to look at for next year? And then secondly, John, you're talking about -- we've been talking a lot about sort of deferred costs. And one area where we're looking at, it seems like investment income



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came in higher than we expected. And I think if you were to annualize the amount in the first quarter, we'd be probably above sort of the guidance range for the full year. Yet, we've seen rates fall. Is there something in the 1Q number that we're missing here? And so if we think that number normalizes for where interest rates have kind of fallen to, right, we have less share repo as well, we have higher incremental interest expense. Are you kind of implying that the amount of elective procedures you do expect to come back still, we're going to expect a big drop in second quarter? It's going to come back a little bit in the third and fourth, but net-net, we're still going to be down fairly significantly for the full year? Or are you -- or do you think, at the end of the day, we might net out roughly close as we kind of exceed normal capacity, let's say, in the fourth quarter?

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

Well, thank you for that very thorough question. Now I know we had a gap in the timing. You were accumulating all of those, but appreciate the question, and we will try to address them. Let me start with, first, your question around LiveHealth Online. First and foremost, Sydney Care, which is the app that LiveHealth Online is in, as well as our Engage. We've seen more than a 39% increase since 2019, well ahead of our expectations. And by the way, Sydney Care, as part of COVID-19, we have offered to anyone who wants to use it. So this is not a subscription service. You can essentially sign on, download the application, do the coronavirus symptom checking as well as the testing and that's been very strongly used. So we think it's, obviously, a capability more broadly.

But as you think about LiveHealth Online, it's one of the aspects of virtual care. And again, very strong usage. But also I also think we're going to see more virtual care within our sort of traditional care providers because they have also pivoted to that. So not only are we seeing an increased usage in the virtual part of it, but also texting back and forth in terms of symptom checking and other things. So a lot of strength there continued. We've seen continued growth. We saw an initial surge, certainly, when the shelter-in-place orders were given, but we're continuing to see that week over week. So I think we're going to -- it's going to continue to grow. And again, 39% increase so far, and I would expect it to continue to grow through the course of the year.

With that, I'll ask John, maybe to address your other questions.

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

Thank you, Charles. So in terms of the investment income and interest expense, it's consistent with the question that Lance asked earlier, and that is that we did have a very strong first quarter from that perspective. But given all the comments that I made before, about the 150% basis or 150 basis point Fed rate cuts, the fact that 10% of our portfolio has been subject to some extreme volatility, the fact that we're accumulating cash to really address our liquidity issues and to ensure that we have enough cash and assets to maintain and pay all of our claims and accessing the debt markets maybe a little bit earlier than normal, on a net basis, that will be a headwind for the rest of the year. And we just haven't quantified that at this point, but it's all part of the \$22.30 thought process.

And then the last question on the deferrable procedures, in the 30% to 40%. Right now, we're expecting that the second quarter medical loss ratio and the second earnings per share will be very favorable to historical numbers. And we'll have a very low MLR on a comparable basis here in the second quarter. And then we do expect the pent-up demand to come in. The real question is, what's the duration of the COVID-19 situation before the deferrable procedures really picked back up? And there's a very good chance that many of those deferrable procedures will work their way into 2021. And so when you're looking at 2020 in a vacuum, there's a good chance it will be a net positive. But over the course of a couple of years, people will get their care, and we will have the cost structure associated with it.

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**Operator**

We'll go to the line of George Hill with Deutsche Bank.





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

I guess, just -- we would probably be in the beginning of the PBM and managed care selling season for 2021 right now. And I guess, I was focused on Ingenio with the market traction it had shown recently. I guess, can you say whether or not you've started to see the PBM selling season for 2021 start to move as normal with people working remotely and benefits consultants working remotely? Or you kind of expect the selling season to be a push until the '21 selling season starts? Or I guess, any comments around the selling season as it relates to the virus would be helpful.

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

Sure. Thank you for the question. I'll -- I think we are operating in an incredibly rapidly changing environment. And I think it's still early to really understand the full implications.

With that, the way our sales cycle work, a lot of activity for the beginning of next year really does occur now. And we are seeing a slow down in decisions. I mean, I think employers are particularly focused on ensuring the safety and health of their employees, first and foremost, and also trying to understand the implications to their own businesses.

With that said, we had a really strong pipeline. And what we expect across many of these procurement opportunities that, they'll just -- they'll move out further into next year. And so I think we still have really strong opportunities. But I do think we are going to see some deferred decisions just because of what's happening across this environment and need for employers really to focus on their own business right now and the health and safety of their employees.

With that said, I think we've had a very compelling offering and still feel really strongly about the value proposition, particularly the opportunities inside of our fee-based business and in the commercial business.

**Operator**

We'll go to the line of Josh Raskin with Nephron Research.

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

I wanted to follow up on the commercial membership and understand that March was a "normal" month from an enrollment perspective. But sort of curious on early membership trends in April. And do you get information on furloughs that -- where people actually maintain their benefits? Are you just getting benefit rolls? Or are you actually getting employment rolls? And then sort of the last part of that is just ancillary benefit cross-sell. You guys have talked a lot about that, trying to increase your ASO fee on a PMPM basis. And do you think this sort of slows down the process? You sort of mentioned that in the last question that employers are kind of just making sure everybody is okay first. So a couple of questions there, just on commercial membership.

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

Sure. Thanks, Josh. I'm going to ask Pete Haytaian to answer your questions. Pete?

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

Yes. Thanks, Josh. Yes, with respect to April, it hasn't been fundamentally different than March. As Gail said in her commentary, we are seeing furloughs accelerate. We, obviously had the PPP, the federal relief, and folks taking advantage of that. We've been working closely with our employers and brokers on affordable options. We've been working closely with them on creating relief around premium payments. So all that activity, as it relates to April, we really haven't -- we haven't seen an acceleration yet disenrollment. We're beginning to see signs of that in the last couple of



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weeks of April. We did see in-group change start to accelerate. So employees beginning to fall off the rolls, but not to a very material extent. (inaudible) the numbers more broadly, we are expecting that to accelerate in the next month or so. And again, our focal point has been creating solutions for employers and brokers, buy downs, alternative products, et cetera.

As it relates to furloughs, yes, we do get information from clients. We are very closely connected with our brokers and our employers. We've held multiple webinars. We've had multiple outreaches. We're staying close to them. They're actually asking us for a lot of advice around things like that.

So for example, if they have -- if they're furloughing employees and/or if they're reducing hours of employees, what kind of options exist for them? So I think that is part of the reason why you're not seeing as much activity in April out of the gate.

And then as it relates to our ancillary benefit strategy and our margin improvement in the ASO business, we had a really strong '19 in that regard. We had a strong first quarter in that regard. To Gail's point earlier, with respect to RFPs slowing down, that will inevitably affect us in 2020 as it relates to performing around the 5:1 to 3:1. But I think the other important part to point out around that is we're selling a lot of incremental value as it relates to going from 5:1 to 3:1. And it actually translates into affordability.

So when you think about critical clinical programs and packaging of those programs, when you think of stop-loss, when you think of pharmacy and the integrated value proposition of pharmacy, to the extent that we can sell-through on that and have Anthem be a single-source solution, I think we're enabling more affordability. But that's with eyes wide open and the understanding that some of that may slow down in 2020.

We are, though, once we get out of this, we feel very good about continuing on our path to 3:1. And if not for COVID, Josh, we would stick with what we had said, and that is that we were on a path to definitely get to 4:1 in 2020. So I just -- we might see a slight slow down in that, but it will pick up again.

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

Thanks, Pete. And Josh, just a little bit more color on Pete's commentary and your specifics about how do we know what's happening. As we do the deep analytics on our business, we are looking at it by SIC code, obviously. And just a little bit of color on that, we -- our book does skew a little more towards large municipalities, which are a little more stable as well as essential workers right now. So that's why you wouldn't see as much of that kind of furlough activity early on in our book of business.

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**Operator**

And that question comes from Steve Willoughby with Cleveland Research.

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

Just a quick follow-up on a comment that John was discussing earlier as it relates to utilization coming back in the back half of the year. John, in your prepared remarks, you made a comment about assessing the health care systems capacity. And I was just wondering if you could provide any more color on how you're thinking about that? Once we get on the other side of this virus, how are you guys thinking in terms of the health care system being able to absorb capacity or utilization above normal?

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

Thank you, Steve. That's a great question. And certainly, if there's a couple thousand -- thousands of providers out there, there's probably thousands of answers to that question. But yes, there's only so many surgeons. There's only so many beds. There's only so many access or availability to appropriate points of care. And it's really difficult to give an exact percentage or difficult to provide something that's really specific from a modeling perspective. But as you look at the various facilities that are out there and the information that many of us have available to us from the public



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marketplace. And you look at some of the productivity and capacity percentages at these large public hospitals, you can then make assumptions from there in terms of just how much they can even do. And quite honestly, given the duration of this virus in this situation, once the pent-up demand comes through, I don't think it's possible that it will be able to be handled in a short period of time. I think it's an elongated period of time for the pent-up demand to work its way through the system. And that assumes that everyone is comfortable scheduling their procedures and going back to the hospital and going back to the doctors' offices as well, which is another variable in that. So it's just one of many, many, many variables, but it's a very important variable. But thank you for the question.

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

Thank you, John, and thank you to everyone who joined us this morning. Despite the challenges facing this country with COVID-19, Anthem is well positioned to fulfill our promises to those we serve in this new era for health care.

As we move through this pandemic, we'll continue to lead and lend our voices and perspectives across the health care system to support our members and customers as well as our care provider and other partners. The lives of those we serve, we know have changed. And in that spirit, Anthem is also evolving to create a simpler, more affordable and more effective health care experience in this new context. I'm confident we'll emerge on the other side of this current pandemic even stronger and more nimble as the health care partner of choice, demonstrating the strength of our brand where Blue Cross and Blue Shield currently serves nearly 1 in 3 people in the United States today. We hope you all stay safe and well, and thank you again for joining us.

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### **Operator**

Thank you. And ladies and gentlemen, this conference is available for replay starting at 10:30 a.m. Eastern Time today through May 13 at midnight. You may access the replay system at any time by dialing 1-866-207-1041, and entering the access code 383663. International participants dial 1-402-970-0847.

That does conclude our conference for today. Thank you for your participation and for using AT&T conferencing service. You may now disconnect.

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