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

May 2, 2018
Welcome and Introductions

Mary Watanabe
Deputy Director, Health Policy & Stakeholder Relations
California Department of Managed Health Care
Agenda

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

The California Department of Managed Health Care protects consumers’ health care rights and ensures a stable health care delivery system.
Director’s Remarks

Shelley Rouillard
Director
California Department of Managed Health Care
DMHC’s Jurisdiction and Authority

John Lai
Attorney, Office of Plan Licensing
California Department of Managed Health Care
Aetna, Inc.

- Fortune 500 company
- National Insurer based in Connecticut
- Third largest health insurance payer in the United States
Aetna’s California Health Plans

Aetna, Inc. owns:

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

- CVS Health Corporation
  - Pharmacy benefits management services
  - Retail pharmacies
  - Walk-in health care clinics
  - Specialty pharmacies
  - Infusion services
  - Long-term care pharmacies

- CVS Pharmacy, Inc.
  - Over 9,700 pharmacy locations nationwide
Proposed Transaction

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

The DMHC’s licensing review includes looking at:

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

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Financial Review Process

DMHC’s review includes the following:

- Financial projections from Aetna
- Likely impact on Aetna’s:
  - finances
  - staffing, services performed, and organizational structure and
  - assigned enrollment
Remarks from
CVS Health Corporation

Thomas M. Moriarty
Executive Vice President
CVS Health

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Remarks from Aetna, Inc.

Kristen Miranda
President of California Aetna, Inc.
Public Comment

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

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

Consumer Participation Program

- Submit a “Petition to Participate in a Proceeding” by May 16, 2018.
- Issue: “Material Modification concerning the acquisition of Aetna by CVS”
- [https://www.dmhc.ca.gov/LawsRegulations/OpportunitiesToParticipate.aspx#.VXWzja3JBDg](https://www.dmhc.ca.gov/LawsRegulations/OpportunitiesToParticipate.aspx#.VXWzja3JBDg)