

Anthem, Inc.
Form 10-Q
October 31, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2018

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number: 001-16751

ANTHEM, INC.

(Exact name of registrant as specified in its charter)

INDIANA 35-2145715
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

120 MONUMENT CIRCLE 46204-4903
INDIANAPOLIS, INDIANA (Zip Code)

(Address of principal executive offices)
Registrant's telephone number, including area code: (800) 331-1476

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

| | |
|--------------------------------|---------------------------------|
| Title of Each Class | Outstanding at October 18, 2018 |
| Common Stock, \$0.01 par value | 258,642,095 shares |

Anthem, Inc.
 Quarterly Report on Form 10-Q
 For the Period Ended September 30, 2018
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Anthem, Inc.

Consolidated Balance Sheets

| | September 30, 2018 | December 31, 2017 |
|------------------------------------------------------------------------------|-----------------------|----------------------|
| | (Unaudited) | |
| (In millions, except share data) | | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,260 | \$ 3,609 |
| Fixed maturity securities, current (amortized cost of \$17,504 and \$17,055) | 17,390 | 17,377 |
| Equity securities, current | 2,272 | 3,599 |
| Other invested assets, current | 21 | 17 |
| Accrued investment income | 163 | 163 |
| Premium receivables | 4,312 | 3,605 |
| Self-funded receivables | 2,631 | 2,580 |
| Other receivables | 2,374 | 2,267 |
| Income taxes receivable | 69 | 342 |
| Securities lending collateral | 741 | 455 |
| Other current assets | 2,875 | 2,249 |
| Total current assets | 37,108 | 36,263 |
| Long-term investments: | | |
| Fixed maturity securities (amortized cost of \$501 and \$555) | 496 | 561 |
| Equity securities | 34 | 33 |
| Other invested assets | 3,572 | 3,344 |
| Property and equipment, net | 2,592 | 2,175 |
| Goodwill | 20,468 | 19,231 |
| Other intangible assets | 9,101 | 8,368 |
| Other noncurrent assets | 1,074 | 565 |
| Total assets | \$ 74,445 | \$ 70,540 |
| Liabilities and shareholders' equity | | |
| Liabilities | | |
| Current liabilities: | | |
| Policy liabilities: | | |
| Medical claims payable | \$ 7,658 | \$ 7,992 |
| Reserves for future policy benefits | 71 | 70 |
| Other policyholder liabilities | 2,929 | 2,950 |
| Total policy liabilities | 10,658 | 11,012 |
| Unearned income | 896 | 860 |
| Accounts payable and accrued expenses | 6,286 | 5,024 |
| Security trades pending payable | 168 | 113 |
| Securities lending payable | 741 | 454 |
| Short-term borrowings | 1,270 | 1,275 |
| Current portion of long-term debt | 849 | 1,275 |
| Other current liabilities | 3,306 | 3,343 |
| Total current liabilities | 24,174 | 23,356 |
| Long-term debt, less current portion | 17,300 | 17,382 |
| Reserves for future policy benefits, noncurrent | 669 | 647 |

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| | | |
|------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Deferred tax liabilities, net | 2,063 | 1,727 |
| Other noncurrent liabilities | 1,145 | 925 |
| Total liabilities | 45,351 | 44,037 |
| Commitment and contingencies – Note 11 | | |
| Shareholders' equity | | |
| Preferred stock, without par value, shares authorized – 100,000,000; shares issued and outstanding – none | — | — |
| Common stock, par value \$0.01, shares authorized – 900,000,000; shares issued and outstanding – 258,931,814 and 256,084,913 | 3 | 3 |
| Additional paid-in capital | 9,720 | 8,547 |
| Retained earnings | 20,182 | 18,054 |
| Accumulated other comprehensive loss | (811 |) (101) |
| Total shareholders' equity | 29,094 | 26,503 |
| Total liabilities and shareholders' equity | \$ 74,445 | \$ 70,540 |
| See accompanying notes. | | |

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Anthem, Inc.
 Consolidated Statements of Income
 (Unaudited)

| | Three Months | | Nine Months | |
|---------------------------------------|--------------|--------------|--------------|--------------|
| | Ended | | Ended | |
| (In millions, except per share data) | September 30 | September 30 | September 30 | September 30 |
| | 2018 | 2017 | 2018 | 2017 |
| Revenues | | | | |
| Premiums | \$21,451 | \$20,797 | \$63,602 | \$62,561 |
| Administrative fees and other revenue | 1,529 | 1,300 | | |