

**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

**IN RE: Proposed acquisition of )  
)  
COVENTRY HEALTH AND )  
LIFE INSURANCE COMPANY, )  
COVENTRY HEALTH CARE OF )  
MISSOURI, INC., and AETNA )  
BETTER HEALTH OF )  
MISSOURI LLC, subsidiaries of )  
AETNA INC., )  
)  
by )  
)  
CVS HEALTH CORPORATION. )**

**Case No. 180117077C**

**APPROVAL WITH CONDITIONS**

Based on competent and substantial evidence in the whole record of proceedings, I, Chlora Lindley-Myers, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereby issue the following findings of fact, conclusions of law, and order:

**FINDINGS OF FACT**

1. On or about January 8, 2018, CVS Health Corporation, a Delaware corporation (“CVS Health”), filed a statement regarding its plan for proposed mergers that would result in its gaining control over several insurance business entities, including Missouri-domiciled Coventry

Health of Missouri LLC (collectively, “Domestic Insurers”).

2. Specifically, pursuant to a December 3, 2017 Agreement and Plan of Merger among CVS Health, Aetna Inc., a Pennsylvania corporation (“Aetna”), and Hudson Merger Sub Corp., another Pennsylvania corporation created for the express purpose of merging with Aetna, CVS Health would acquire Aetna, including its Domestic Insurer subsidiaries, through a stock purchase.

3. Additionally and contingent upon the consummation of CVS Health’s acquisition of Aetna, on September 26, 2018, Aetna agreed to later sell its Medicare Part D prescription drug plan business to WellCare Health Plans, Inc., a Delaware corporation.

4. On October 19, 2018, the Division of Insurance Company Regulation (“Division”), within the Missouri Department of Insurance, Financial Institutions and Professional Registration, entered a Stipulation with CVS Health attached hereto (“Stipulation”) and hereby fully incorporated.

#### CONCLUSIONS OF LAW

5. Section 382.040.1, RSMo<sup>1</sup> provides:

No person other than the issuer shall commence a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities for, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, he or she would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of the insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer unless, at the time the offer, request, or invitation is commenced or the agreement is entered into, or prior to the acquisition of the securities if no offer or agreement is involved, he or she has filed with the director and has sent to the insurer a statement containing the information required by section 382.050 and the offer, request, invitation, agreement or acquisition has been approved by the director in the manner prescribed by sections 382.010 to 382.300.

6. Section 382.060 provides, in relevant part, that “[t]he director shall approve any

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<sup>1</sup> All statutory references are to the 2016 Missouri Revised Statutes.

merger or other acquisition of control referred to in section 382.040 unless after a public hearing the director” finds certain adverse conditions or consequences related to a merger or acquisition.

7. The Director has not found, after a public hearing, that:
  - a. after the proposed acquisition, any of the Domestic Insurers would not be able to satisfy the requirements for issuance of a license to write the line or lines of insurance for which it is presently licensed;
  - b. the effect of the acquisition would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein;
  - c. the financial condition of CVS Health is such as might jeopardize the financial stability of any of the Domestic Insurers or prejudice the interests of their policyholders;
  - d. any plans or proposals by CVS Health to liquidate any of the Domestic Insurers, sell any of their assets, consolidate or merge any of them with any other person, or make any other material change in the business or corporate structure or management of the Domestic Insurers are unfair and unreasonable to their policyholders and contrary to the public interest;
  - e. the competence, experience, or integrity of the persons who would control or manage the Domestic Insurers post-acquisition are such that it would be contrary to the interest of policyholders and the general public to permit the acquisition; or
  - f. the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.
8. The Division is a “party” to this proceeding pursuant to 20 CSR 800-3.010(2)(D).
9. The parties’ Stipulation is “controlling and conclusive, and [the Director] is bound

9. The parties' Stipulation is "controlling and conclusive, and [the Director] is bound to enforce" it. *Sutton v. Director of Revenue*, 20 S.W.3d 918, 922 (Mo. App. S.D. 2000) (internal citations and quotation omitted); *Cox v. McNeal*, 577 S.W.2d 881 (Mo. App. E.D. 1979) (recognizing stipulation in context of the Missouri Administrative Procedures Act, Ch. 536, RSMo).

**ORDER**

IT IS THEREFORE ORDERED that CVS Health will abide by the terms of the Stipulation if it consummates Acquisition of Aetna as described by its § 382.040 statement.

IT IS FURTHER ORDERED based on the foregoing findings and conclusions, and in accordance with the findings of the Pennsylvania Insurance Commissioner, the Connecticut Insurance Commissioner, and the United States Department of Justice, that the proposed acquisition of control of Coventry Health and Life Insurance Company, Coventry Health Care of Missouri, Inc., and Aetna Better Health of Missouri LLC by CVS Health Corporation is hereby **APPROVED WITH CONDITIONS**, as set forth in the Stipulation.

**SO ORDERED, SIGNED, AND OFFICIAL SEAL AFFIXED THIS 30<sup>th</sup> DAY OF OCTOBER, 2018.**



*Chlora Lindley-Myers*  
**CHLORA LINDLEY-MYERS, Director**  
Missouri Department of Insurance, Financial  
Institutions and Professional Registration

**BEFORE THE DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION  
STATE OF MISSOURI**

**IN RE: Proposed acquisition of )  
)  
COVENTRY HEALTH AND )  
LIFE INSURANCE COMPANY, )  
COVENTRY HEALTH CARE OF )  
MISSOURI, INC., and AETNA )  
BETTER HEALTH OF )  
MISSOURI LLC, subsidiaries of )  
AETNA INC., )  
)  
by )  
)  
CVS HEALTH CORPORATION, )  
a Delaware corporation. )**

**Case No. 180117077C**

**STIPULATION**

It is hereby stipulated and agreed by the Division of Insurance Company Regulation (“Division”) and CVS Health Corporation, a Delaware corporation (“CVS Health”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (“Department”), an agency of the State of Missouri, created and established for administering and enforcing relevant law in relation to insurance companies doing business in the State of Missouri; and

WHEREAS, CVS Health is a Delaware corporation; and

WHEREAS, CVS Health filed a Form A statement pursuant to § 382.040, RSMo<sup>1</sup> on or about January 8, 2018, seeking approval from the Director to acquire control of certain Missouri-domiciled entities, Coventry Health and Life Insurance Company, Coventry Health Care of Missouri, Inc., and Aetna Better Health of Missouri LLC (collectively, “Domestic Insurers”); and

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<sup>1</sup> All statutory references are to the 2016 Missouri Revised Statutes.

WHEREAS, on or about September 26, 2018, Aetna Inc. entered into an agreement to sell its Medicare Part D prescription drug plan business to WellCare Health Plans, Inc., a Delaware corporation (“WellCare”); and

WHEREAS, the Division and CVS Health desire to protect the interests of current and future policyholders in Missouri; and

WHEREAS, CVS Health admits, for the purposes of this Stipulation, there is competent and substantial evidence that facts and circumstances exist which would fall within the standards of § 382.060.1(3) & (6);

NOW THEREFORE, the Division and CVS Health agree upon the following additional terms and conditions to the consummation of CVS Health’s acquisition of the Domestic Insurers, and consent to the Director of the Department incorporating such terms and conditions in any order approving the acquisition:

1. This Stipulation reflects the entire assent and understanding of the signatories hereto with respect to this Department regulatory proceeding. By signing, all signatories declare and represent that:

- a. no other promise, inducement, or agreement has been made between them regarding this proceeding;
- b. they have had adequate opportunity to consult legal counsel with respect to this Stipulation; and
- c. the contents of this Stipulation resulted from good-faith, bilateral negotiations and drafting.

2. This Stipulation shall not become binding upon any signatory, nor have any legal force or effect, unless and until it is incorporated into an administrative order issued by

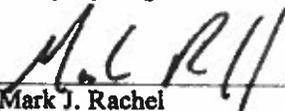
the Director of the Department.

3. For three (3) years after closing, CVS Health will not cause any of the Domestic Insurers, or any successor entities thereof, to pay any dividend without first receiving the written approval of the Director of the Department or the Director's designee.

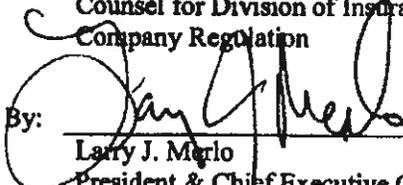
4. For contract year 2020, prior to 1 June 2019, CVS Health and the Domestic Insurers, and all successor entities thereof, will fully cooperate with the United States Department of Health and Human Services, Centers for Medicare & Medicaid Services, to provide such timely notice as would be required if the provisions of § 375.002 applied to Missouri policyholders regarding the transition of their coverage to WellCare.

By:   
John Rehagen  
Director, Division of Insurance  
Company Regulation

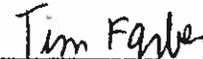
Dated: 19 OCTOBER 2018

By:   
Mark J. Rachel  
Counsel for Division of Insurance  
Company Regulation

Dated: 19 October 2018

By:   
Larry J. Merlo  
President & Chief Executive Officer,  
CVS Health Corporation

Dated: 19 October 2018

By:   
Tim Farber  
Counsel for CVS Health Corporation

Dated: 19 OCTOBER 2018