

Anthem, Inc. to Acquire MMM Holdings, LLC and Affiliates From InnovaCare Health, L.P. | Anthem, Inc.

Move expands Insurer's presence in Medicare and Medicaid with acquisition of vertically integrated health plan

INDIANAPOLIS--(BUSINESS WIRE)--Feb. 2, 2021-- Anthem, Inc. (NYSE:ANTM) today announced that the company has entered into an agreement with InnovaCare Health, L.P., to acquire its Puerto Rico-based subsidiaries, including MMM Holdings, LLC (“MMM”) and its Medicare Advantage (MA) plan MMM Healthcare, LLC as well as affiliated companies and Medicaid plan.

“We are pleased to expand Anthem’s commitment to serve Medicare and Medicaid-eligible individuals and consumers to Puerto Rico. We remain focused on providing services that drive greater value while giving members access to care and services that meet their diverse needs, enhance their experience, and help them lead healthier lives,” said Gail K. Boudreaux, President and CEO, Anthem, Inc.

MMM is Puerto Rico’s largest MA plan and one of the fastest-growing vertically integrated healthcare organizations in the United States. With more than 267,000 MA members and over 305,000 Medicaid members, MMM represents the ninth-largest MA plan in the country and second-largest Medicaid plan on the island of Puerto Rico. MMM seeks to provide its members with a whole-health experience through its network of specialized clinics and wholly owned independent physician associations (IPAs) Castellana Physicians Services and PHM as well as independent IPAs; together the MMM network includes more than 10,000 healthcare providers and more than a dozen offices across Puerto Rico. MMM holds the only 4.5 Stars MA contract in Puerto Rico from the Centers for Medicare and Medicaid Services (CMS).

“This transaction aligns with Anthem’s vision to be an innovative, valuable and inclusive healthcare partner by providing care management programs that improve the lives of the people we serve,” said Felicia Norwood, EVP and President, Government Business Division for Anthem, Inc. “Our approach to the whole-health needs of our members and a focus on addressing the social drivers of health will enable us to make a positive difference in the health of our communities.”

Anthem is acquiring MMM from InnovaCare Health, L.P. a leading integrated, value-based payor and provider service organization and a portfolio company of global growth equity investor Summit Partners. Financial terms of the transaction were not disclosed. The acquisition is expected to close by the second quarter of 2021 and is subject to approval by the Commonwealth of Puerto Rico regulatory authorities, standard closing conditions and customary approvals required under the Hart-Scott-Rodino Antitrust Improvements Act. The company’s 2021 EPS guidance remains unchanged as a result of this acquisition.

Anthem’s legal advisors are White & Case LLP and Faegre Drinker Biddle & Reath LLP. Credit Suisse is acting as lead financial advisor and J.P. Morgan Securities LLC is also

acting as financial advisor for InnovaCare. Kirkland & Ellis LLP and Epstein Becker & Green, P.C. are acting as legal advisors for InnovaCare.

About Anthem, Inc.

Anthem is a leading health benefits company dedicated to improving lives and communities, and making healthcare simpler. Through its affiliated companies, Anthem serves more than 107 million people, including approximately 43 million within its family of health plans. We aim to be the most innovative, valuable and inclusive partner. For more information, please visit www.antheminc.com or follow @AnthemInc on Twitter.

About InnovaCare Health

Based in White Plains, N.Y., InnovaCare Health improves the lives of members and physicians through innovative solutions for value-based healthcare. Through an integrated portfolio of health plans, medical service organizations, clinical networks and more, the company manages more than 500,000 lives, including more than 150,000 dual-eligible beneficiaries. InnovaCare's Medicare Advantage plans have received NCQA accreditation and 4.5-star quality ratings from the Centers for Medicare and Medicaid Services (CMS). For more information, please visit innovacarehealth.com or follow us on [Facebook](#) or [LinkedIn](#).

Forward-Looking Statements

This document contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our views about future events and financial performance and are generally not historical facts. Words such as “expect,” “feel,” “believe,” “will,” “may,” “should,” “anticipate,” “intend,” “estimate,” “project,” “forecast,” “plan” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to: financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. You are also urged to carefully review and consider the various risks and other disclosures discussed in our reports filed with the U.S. Securities and Exchange Commission from time to time, which attempt to advise interested parties of the factors that affect our business. Except to the extent otherwise required by federal securities laws, we do not undertake any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof. These risks and uncertainties include, but are not limited to: the impact of large scale medical emergencies, such as public health epidemics and pandemics, including COVID-19, and catastrophes; trends in healthcare costs and utilization rates; our ability to secure sufficient premium rates, including regulatory approval for and implementation of such rates; the impact of federal and state regulation, including ongoing changes in the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended (collectively, the “ACA”) and the ultimate outcome of legal challenges to the ACA; changes in economic and market

conditions, as well as regulations that may negatively affect our liquidity and investment portfolios; our ability to contract with providers on cost-effective and competitive terms; competitive pressures and our ability to adapt to changes in the industry and develop and implement strategic growth opportunities; reduced enrollment; unauthorized disclosure of member or employee sensitive or confidential information, including the impact and outcome of any investigations, inquiries, claims and litigation related thereto; risks and uncertainties regarding Medicare and Medicaid programs, including those related to non-compliance with the complex regulations imposed thereon; our ability to maintain and achieve improvement in Centers for Medicare and Medicaid Services, or CMS Star ratings and other quality scores and funding risks with respect to revenue received from participation therein; a negative change in our healthcare product mix; costs and other liabilities associated with litigation, government investigations, audits or reviews; the ultimate outcome of litigation between Cigna Corporation and us related to the merger agreement between the parties and the potential for such litigation to cause us to incur substantial additional costs, including potential settlement and judgment costs; risks and uncertainties related to our pharmacy benefit management (“PBM”) business including non-compliance by any party with the PBM services agreement between us and CaremarkPCS Health, L.L.C.; medical malpractice or professional liability claims or other risks related to healthcare and PBM services provided by our subsidiaries; general risks associated with mergers, acquisitions, joint ventures and strategic alliances; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and other intangible assets; possible restrictions in the payment of dividends from our subsidiaries and increases in required minimum levels of capital; our ability to repurchase shares of our common stock and pay dividends on our common stock due to the adequacy of our cash flow and earnings and other considerations; the potential negative effect from our substantial amount of outstanding indebtedness; a downgrade in our financial strength ratings; the effects of any negative publicity related to the health benefits industry in general or us in particular; failure to effectively maintain and modernize our information systems; events that may negatively affect our licenses with the Blue Cross and Blue Shield Association; the impact of international laws and regulations; changes in U.S. tax laws; intense competition to attract and retain employees; and various laws and provisions in our governing documents that may prevent or discourage takeovers and business combinations.

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