

DEPARTMENT OF INSURANCE

Date: May 29, 2018

**NOTICE OF INVESTIGATORY HEARING PURSUANT TO CALIFORNIA INSURANCE
CODE SECTION 12924 REGARDING THE PROPOSED MERGER
OF AETNA INC. INTO CVS HEALTH CORPORATION**

NOTICE IS HEREBY GIVEN that an investigatory hearing will be held regarding the proposed acquisition of Aetna Inc., a Connecticut Corporation ("Aetna") by CVS Pharmacy, Inc., a direct, wholly-owned subsidiary of CVS Health Corporation ("CVS"), in a reverse subsidiary merger. The hearing will be held as follows:

DATE: Tuesday, June 19, 2018
TIME: 10:30 a.m.
PLACE: California Department of Insurance
Hearing Room, 22nd Floor
45 Fremont Street
San Francisco, California 94105

By virtue of the merger, CVS will acquire control and ownership of Aetna and 100% of its stock. Aetna Life Insurance Company, an Aetna subsidiary, is licensed to sell health insurance in California, and provides coverage to more than a million Californians.

The purpose of this hearing is to elicit testimony and comments regarding the possible implications of the proposed merger. Topics to be covered at the hearing include, but are not limited to, the following:

- 1) The effect of the proposed merger on competition in the California health coverage market;
- 2) The effect of the proposed merger on consumer premiums and out-of-pocket health care costs;
- 3) The effect of the proposed merger on provider and facility network contracting and on consumer choice of, and access to, providers;
- 4) The effect of the proposed merger on network design, including on the ability of consumers to continue to receive care from their current providers on an in-network basis;
- 5) The efficiencies, if any, expected from the proposed merger, and their implications for the cost and quality of care delivered to consumers; and

- 6) The competitive effects of a vertical merger in the health insurance, retail pharmacy, and Pharmacy Benefit Manager (PBM) markets, including barriers to entry by competitors, elimination of Aetna as a potential PBM competitor, and effects on network and PBM service contracting by competitors, on competitor PBM data utilization, and on pharmaceutical costs borne by insurance consumers.

The Commissioner wishes to hear testimony from the parties to the acquisition, medical providers, consumers and other interested persons regarding the proposed merger. The hearing will be structured with priority given to witnesses who have made advance arrangements with, or who have been invited by, the Department to testify. Members of the public and other interested persons are encouraged to testify.

All written materials, written testimony and written comments, unless submitted at the hearing, must be **received** by the Insurance Commissioner no later than 5:00 p.m. on Friday, June 22, 2018. Written comments can be submitted one of two ways:

By regular mail: You may mail written comments to the following address: Insurance Commissioner, c/o Bruce Hinze, Attorney IV, California Department of Insurance, 45 Fremont Street, 23rd Floor, San Francisco, California, 94105.

Email: You may submit comments by email to mergercomments@insurance.ca.gov. Please include "Aetna-CVS" in the subject line.

The facility to be used for the public hearing is accessible to persons with mobility impairments. Persons with sight or hearing impairments are also requested to contact Bruce Hinze at Bruce.Hinze@insurance.ca.gov or (415) 538-4392 regarding appropriate accommodations, if needed.

If you wish to testify at the hearing, please notify Bruce Hinze at Bruce.Hinze@insurance.ca.gov. Other inquiries regarding the hearing may also be directed to him at that email address.

Dated: May 29, 2018

DAVE JONES
Insurance Commissioner

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