

Capital Cost Comments...

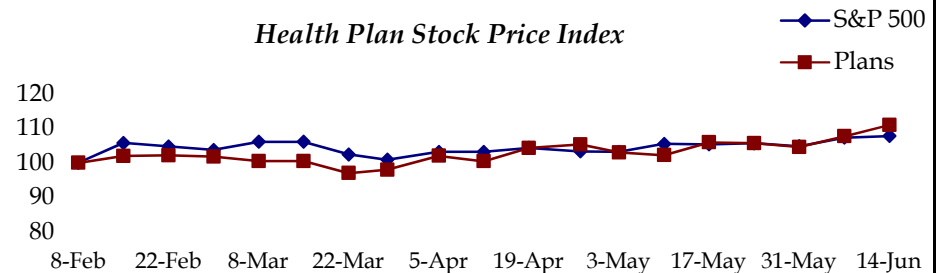
Health plan industry stock prices rose on average 3.9% from June 7th through June 14th and are higher by 17.0% year-to-date. The broader market, measured by the S&P 500, increased by 0.4%, and is up 4.1% for the year. Health plan market capitalization was higher by 3.0% for the week and grew 9.7% since the beginning of the year.

Individual stock price performance among the plans in our universe was broadly higher with eight out of nine plans gaining. Molina gained the most with an increase of 11.0%, followed by Anthem at 5.3%. Aetna was higher by 4.7%, WellCare by 3.9%, and Centene increased by 3.6%. Humana had a gain of 2.7%. This was followed by UnitedHealth at 2.6% and Triple-S at 2.3%. Cigna was lower on the week by 1.0%.

Valuation indicators were all higher on the week continuing the gains of the prior week. Price per Total Member increased 3.8% to \$2,597. Price per Risk Member gained 4.4% to \$4,695. Price-to-Trailing Twelve Months Earnings was higher by 4.0% to 22.4 times, while Price-to-Sales also increased 3.3% to 0.74 times. Price-to-Operating Earnings was higher by 4.4% to 15.1 times, while Price-to-Projected 2018 Earnings increased 4.3% to 22.7 times. Please see the Financial tables on Pages A - D for more data.

Health Plan Dashboard

<i>Capital Cost Indicators</i>	Commercial	Medicaid	All
Equity Capital Costs			
Price-to-Sales	0.92	0.44	0.74
Price per Risk Member	\$6,508	\$2,277	\$4,695
Price per Total Member	\$2,887	\$2,112	\$2,597
Price-to-Operating Earnings	13.9	16.9	15.1
Price / Earnings	19.7	27.6	22.4
Price / 2018 Earnings	20.2	27.7	22.7
Health Plan Industry Beta			0.844
Health Plan Industry Discount Rate			8.76%

*Financial /*

<i>Operational Metrics</i>	Commercial	Medicaid	All
Growth			
Revenue Growth	5.3%	8.1%	6.2%
Price Change	6.2%	9.0%	7.2%
Insured Membership Growth	-0.6%	-0.5%	-0.6%
Profit Margin			
Operating Margin	7.2%	3.5%	6.0%
Health Benefit Ratio	81.2%	83.4%	81.9%
Administrative Exp. to Prem.	11.0%	13.4%	11.8%
Return on Equity			
	16.0%	13.5%	15.1%
Leverage and Solvency			
Debt to Capital	11.4%	15.3%	12.7%
Medical Months of Tangible BV	1.92	0.79	1.54
Days of Claims Payable	78.8	45.1	67.6
Chg. in Days of Claims Payable	14.2	1.6	10.0

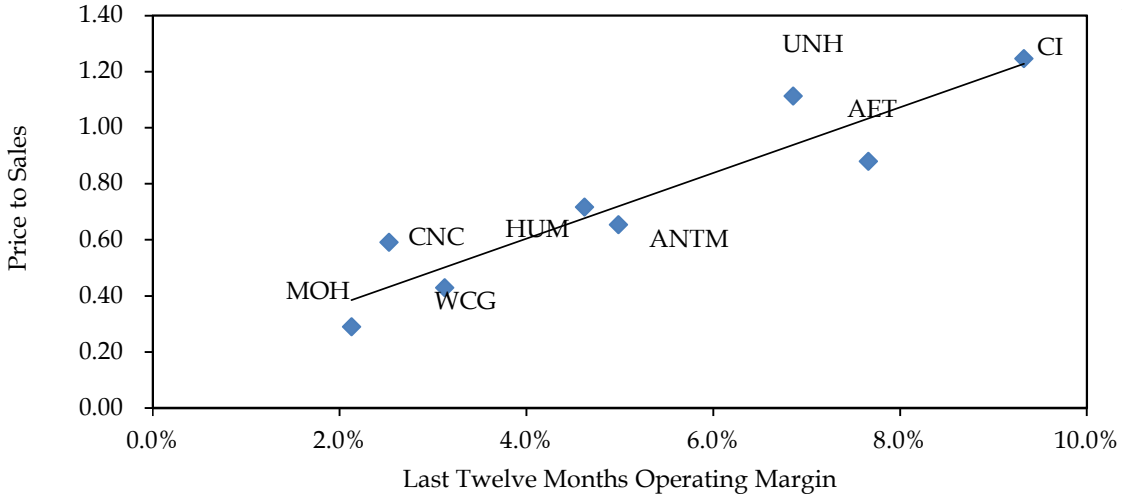
No plans released earnings this week. The changes in equity and valuation metrics likely reflect bullish investor sentiment.

The health plan industry beta was 0.844 and the industry discount rate was 8.76%. *All rates of change are calculated holding the universe of health plans constant.*

Regressions Based on Valuations

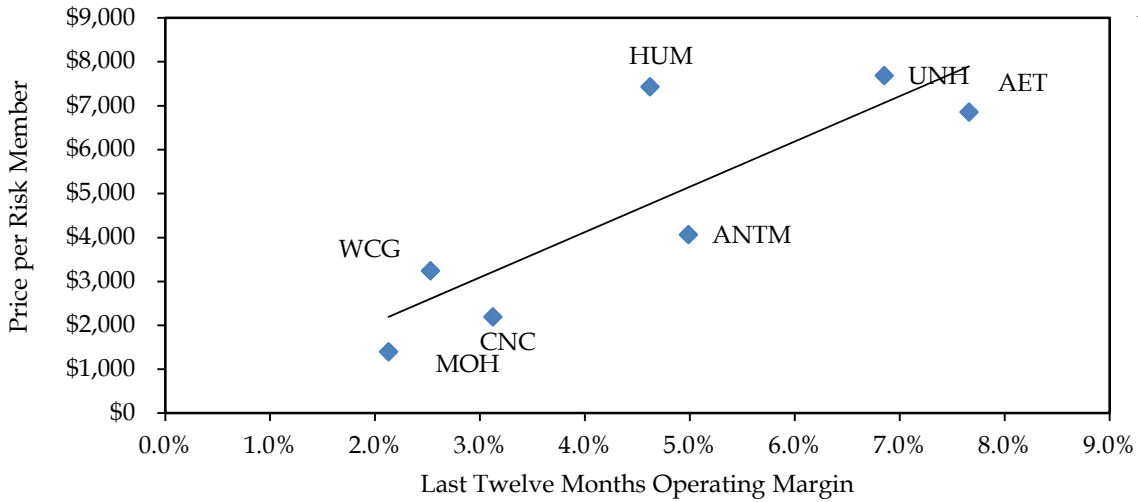
Last Twelve Months Operating Margin vs. Price-to-Sales

R² = 86.7%
P-Value = 0.1%



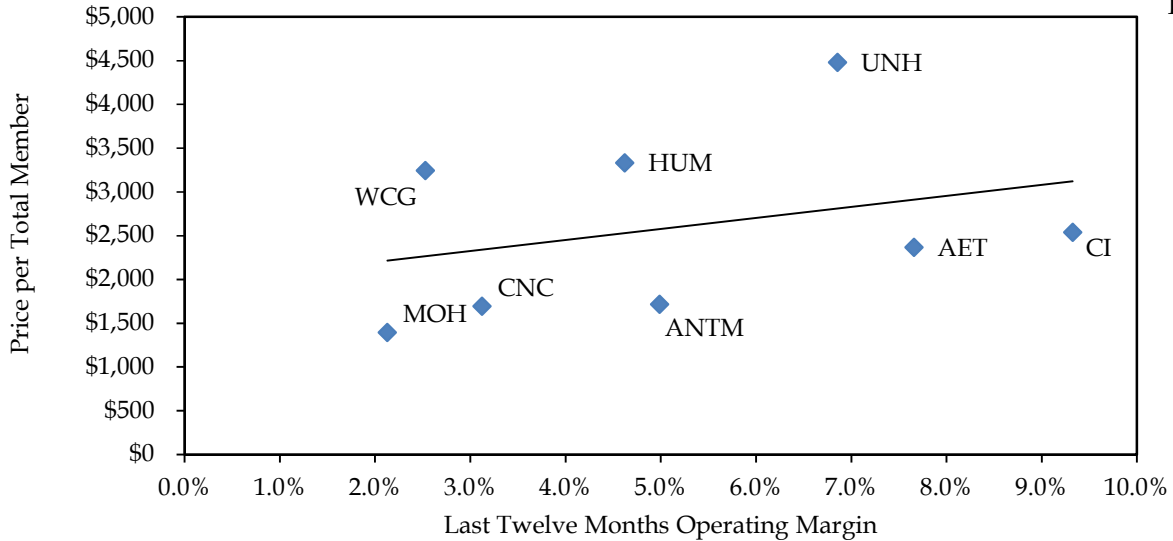
Last Twelve Months Operating Margin vs. Price Per Risk Member

R² = 70.9%
P-Value = 1.7%



Last Twelve Months Operating Margin vs. Price Per Total Member

R² = 48.5%
P-Value = 13.7%

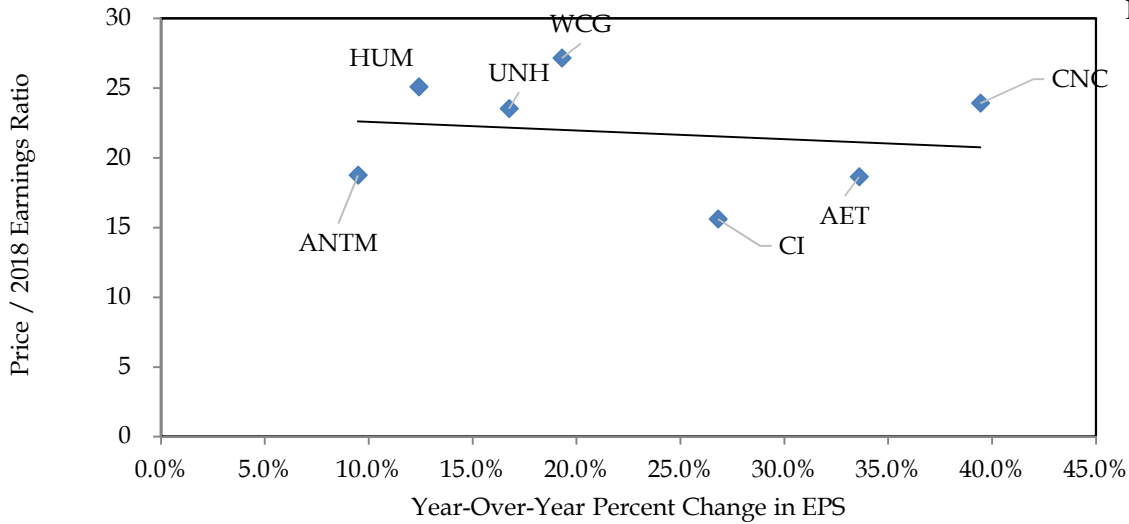


Regressions Based on Valuations, continued.

Last Twelve Months Year-Over-Year Percent Change in EPS vs. Price / 2018 Earnings Ratio

R² = 2.8%

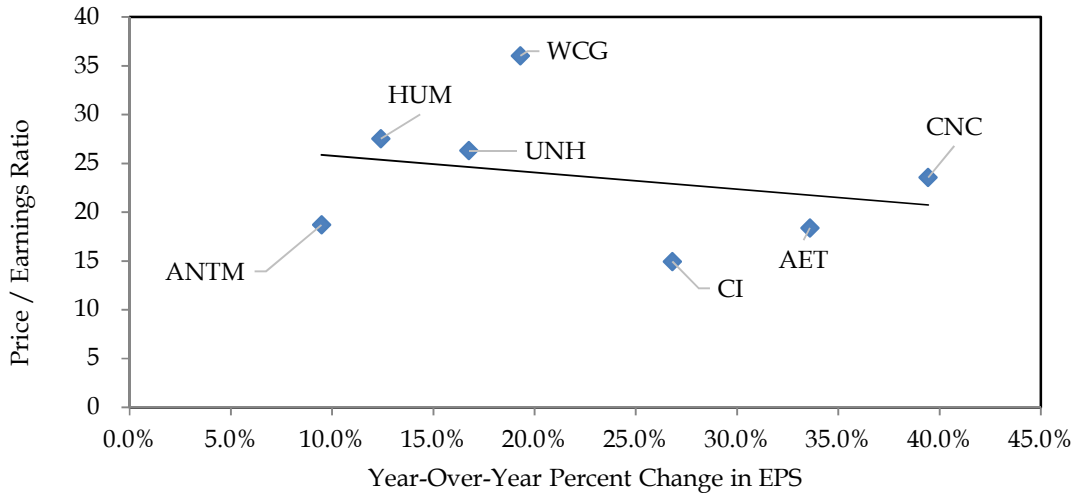
P-Value = 72.1%



Last Twelve Months Year-Over-Year Percent Change in EPS vs. Price / Earnings Ratio

R² = 7.2%

P-Value = 56.1%



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From time to time, Sherlock Company provides performance benchmarking services to firms mentioned in PULSE. PULSE analyses are based exclusively on publicly available information and not on confidential information through our benchmarking services.

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Market Statistics
(000, Except Ratios)

Ticker	Year End Data	Interim Data (Int.)	Stock Price 6/14/18	Shares Outstanding (Int.)	Current Market Cap.	Valuation Ratios (a)										
						Price / Earnings Multiples (P/E)			Price to Op. Income LTM	Price to EBITDA LTM	Price to Sales LTM	Price Per Risk Member	Price per Total Member	Price to Net Worth	Price to Tang. Book	
						Latest Year	Last 12 Mo.	Est. 2018								
Aetna Inc.	AET	12/31/17	3/31/18	\$188.12	329,600	\$62,004,352	31.7	18.4	18.6	11.5	9.9	0.88	\$6,853	\$2,369	3.72	13.2
Anthem, Inc.	ANTM	12/31/17	3/31/18	\$241.73	255,851	\$61,846,862	20.1	18.7	18.7	13.1	10.8	0.65	\$4,068	\$1,715	2.29	(27.5)
CIGNA Corporation	CI	12/31/17	3/31/18	\$175.30	243,250	\$42,641,725	16.2	14.9	15.6	13.4	11.3	1.25	NM	\$2,541	2.99	8.0
Humana Inc.	HUM	12/31/17	3/31/18	\$304.43	138,830	\$42,264,017	25.8	27.5	25.1	15.5	13.4	0.72	\$7,429	\$3,331	4.19	6.7
Triple-S Mgmt. Corporation	GTS	12/31/17	3/31/18	\$36.81	23,395	\$861,170	14.9	12.6	19.6	NM	NM	NM	NM	NM	0.96	1.0
UnitedHealth Group	UNH	12/31/17	3/31/18	\$255.47	987,000	\$252,148,890	28.3	26.3	23.5	16.2	14.0	1.11	\$7,682	\$4,479	4.86	(27.8)
Average or Total Commercial		6				\$461,767,016	22.8 (b)	19.7 (b)	20.2 (b)	13.9 (b)	11.9	0.92	\$6,508 (b)	\$2,887	3.17	(4.4) (b)
Centene Corporation	CNC	12/31/17	3/31/18	\$123.47	176,795	\$21,828,879	29.6	23.5	23.9	13.7	11.0	0.43	\$2,191	\$1,695	2.88	28.5
Molina Healthcare, Inc.	MOH	12/31/17	3/31/18	\$96.24	68,000	\$6,544,320	NM	23.2	31.9	13.6	10.5	0.29	\$1,397	\$1,397	4.21	5.0
WellCare Health Plans, Inc.	WCG	12/31/17	3/31/18	\$239.78	44,753	\$10,730,931	54.9	36.0	27.2	23.4	18.0	0.59	\$3,244	\$3,244	4.29	7.2
Average or Total Medicaid		3				\$39,104,129	42.3	27.6	27.7	16.9	13.2	0.44	\$2,277 (b)	\$2,112	3.79	13.6
Average or Total All		9				\$500,871,145	27.7 (b)	22.4 (b)	22.7 (b)	15.1 (b)	12.4	0.74	\$4,695 (b)	\$2,597	3.38	1.6 (b)

Notes:

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(b) Averages excludes unavailable and outlying data.
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(e) Pro forma.
(f) Previous quarter data.
(g) Annualized Data
(h) Sherlock Company Estimates

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Financial Statistics
(000, Except Ratios)

	Revenue Trends					Price Trends				Membership Trends					
	Annual Trends		Quarterly Trends			PMPM				Insured		Members (000's)			
	Latest Year	Pct. Chg.	Last 12 Months	Interim Quarter	Percent Change	Interim Quarter	Percent Change	Interim Quarter	Percent Change	Interim Quarter	Percent Change	ASO		Total	
Aetna Inc.	\$59,763,000	-3.8%	\$59,535,000	\$14,995,000	-1.5%	\$569	7.0%	\$44.87	29.4%	7,642	-7.7%	14,465	2.1%	22,107	-1.5%
Anthem, Inc.	\$89,061,200	5.8%	\$89,084,000	\$22,342,300	0.1%	\$486 (h)	8.3%	\$23.90 (h)	2.2%	14,329	-7.9%	19,647	1.2%	33,976	-2.9%
CIGNA Corporation	\$32,239,000	4.4%	\$33,107,000	\$8,974,000	9.5%	\$457	4.7%	\$35.09	6.2%	3,637	6.1%	12,597	2.4%	16,234	3.2%
Humana Inc.	\$53,362,000	-1.2%	\$53,849,000	\$14,138,000	3.6%	\$887	3.9%	\$58.92	49.1%	5,191	-0.8%	6,384	80.9%	11,574	32.1%
Triple-S Mgmt. Corporation	\$2,611,600	-2.2%	\$2,656,800	\$691,300	7.0%	\$277	10.0%	\$9.86	-10.7%	826	-2.5%	149	-12.0%	974	-4.1%
UnitedHealth Group	\$200,136,000	8.8%	\$206,525,000	\$54,890,000	13.2%	\$491	3.4%	\$64.00	23.1%	29,900	9.5%	21,375	-2.9%	51,275	5.5%
Average or Total Commercial	\$437,172,800	2.0%		\$116,030,600	5.3%	\$528	6.2%	\$39.44 (b)	16.5%	61,524	-0.6%	74,616	11.9%	136,141	5.4%
Centene Corporation	\$48,382,000	19.7%	\$49,852,000	\$13,194,000	12.5%	\$428	6.3%	NA	NM	9,759	5.4%	2,852	1.7%	12,611	4.5%
Molina Healthcare, Inc.	\$19,813,000	11.8%	\$19,545,000	\$4,622,000	-5.5%	\$368	10.7%	NA	NM	4,061	-14.8%	NA	NA	4,061	-14.8%
WellCare Health Plans, Inc.	\$16,960,300	19.4%	\$17,639,600	\$4,626,300	17.2%	\$453	10.1%	NA	NM	3,211	7.8%	NA	NA	3,211	7.8%
Average or Total Medicaid	\$85,155,300	17.0%		\$22,442,300	8.1%	\$417	9.0%	NM (b)	NM	17,031	-0.5%	2,852	1.7%	19,883	-0.8%
Average or Total All	\$522,328,100	7.0%		\$138,472,900	6.2%	\$491	7.2%	\$39.44 (b)	16.5%	78,555	-0.6%	77,468	10.5%	156,023	3.3%

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P • U • L • S • EFinancial Statistics
(000, Except Ratios)**Earnings Trends**

	Net Income			Operating Income				Op. Margin		Earnings per Share				
	Prev. Year	Latest Year	Pct. Chg.	Last 12 Months	Comp. Quarter	Interim Quarter	Pct. Chg.	Last 12 Months	Comp. Qtr.	Int. Qtr.	Prev. Year	Latest Year	Last 12 Mo.	Est. 2018
Aetna Inc.	\$2,792,979	\$1,992,228	-28.7%	\$3,393,885	\$1,373,000	\$1,383,000	0.7%	\$4,560,000	9.0%	9.2%	\$7.88	\$5.94	\$10.23	\$10.10
	(c)	(c)		(c)	(c)	(c)		(c)			(c)(h)	(c)(h)	(c)(h)	
Anthem, Inc.	\$2,686,497	\$3,214,606	19.7%	\$3,402,323	\$1,897,100	\$1,797,400	-5.3%	\$4,442,000	8.5%	8.0%	\$10.02	\$12.00	\$12.93	\$12.90
	(c)(h)	(c)(h)		(c)(h)	(h)	(c)(h)		(c)(h)			(c)(h)	(c)(h)	(c)(h)	
CIGNA Corporation	\$2,173,000	\$2,752,000	26.6%	\$2,944,000	\$835,000	\$1,017,000	21.8%	\$3,087,000	10.2%	11.3%	\$8.37	\$10.79	\$11.74	\$11.24
	(c)	(c)		(c)		(c)		(c)			(c)	(c)	(c)	
Humana Inc.	\$1,046,411	\$1,717,254	64.1%	\$1,591,065	\$503,000	\$352,000	-30.0%	\$2,488,000	3.7%	2.5%	\$6.93	\$11.80	\$11.06	\$12.14
	(c)	(c)		(c)	(c)	(c)		(c)			(c)	(c)	(c)	
Triple-S Mgmt. Corporation	\$17,519	\$59,516	239.7%	\$70,037	\$11,800	41,900	NA	\$75,813	1.8%	6.1%	\$0.71	\$2.47	\$2.92	\$1.88
	(c)	(c)		(c)							(c)	(c)	(c)	
UnitedHealth Group	\$7,517,661	\$8,887,354	18.2%	\$9,589,824	\$2,986,000	\$3,465,000	16.0%	\$14,155,000	6.2%	6.3%	\$7.77	\$9.02	\$9.72	\$10.86
	(c)	(c)		(c)	(c)	(c)		(c)			(c)	(c)	(c)	
Average or Total Commercial			56.6%			\$8,056,300	0.7%		6.6%	7.2%				
Centene Corporation	\$581,627	\$736,604	26.6%	\$924,220	\$292,000	\$561,000	92.1%	\$1,557,000	2.5%	4.3%	\$3.55	\$4.17	\$5.25	\$5.17
	(c)	(c)		(c)	(c)			(c)			(c)	(c)	(c)	
Molina Healthcare, Inc.	\$70,263	\$76,967	9.5%	\$253,443	\$68,000	\$198,000	191.2%	\$416,000	1.4%	4.3%	\$1.25	\$1.36	\$4.15	\$3.02
		(c)		(c)				(c)				(c)	(c)	
WellCare Health Plans, Inc.	\$277,032	\$196,249	-29.2%	\$299,174	\$27,009	\$89,700	232.1%	\$446,091	0.7%	1.9%	\$6.21	\$4.36	\$6.66	\$8.83
	(c)	(c)		(c)	(c)	(c)		(c)			(c)	(c)	(c)	
Average or Total Medicaid			2.3%			\$848,700	171.8%		1.5%	3.5%				
Average or Total All			38.5%			\$8,905,000	64.8%		4.9%	6.0%				

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(e) Pro forma.
(f) Previous quarter data.
(g) Annualized Data
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Operating Statistics
(000, Except Ratios)

	Operating Ratios			Balance Sheet Data and Ratios (Interim)												
	Health Benefit Ratio		Admin to Prem. Int. Qtr	Long Term Debt(d)	Debt to Capital Ratio	Net Worth	ROE, Last 12 Mo.	Intangi- bles	Tangible Book Value	Net Worth Per Share	Tang. Book Per Share	Med Exp Mos. of Tang. B.V.	Working Capital	Days of Claims Payable		
	Int. Qtr.	Pct. Chg.												Comp.	Int.	Chg.
Aetna Inc.	80.4%	-2.2%	12.3%	\$7,785,000	11.2%	\$16,665,000	20.4%	\$11,956,000	\$4,709,000	\$50.56	\$14.29	3.27	\$17,417,000	121.1	122.1	1.0
			(h)													
Anthem, Inc.	81.5%	-2.2%	10.0%	18,110,100	22.6%	\$27,012,400	12.6%	\$29,261,500	(\$2,249,100)	\$105.58	(\$8.79)	(0.40)	\$21,671,600	41.2	40.9	(0.3)
	(h)		(h)													
CIGNA Corporation	76.9%	-2.4%	9.8%	\$5,191,000	10.9%	\$14,244,000	20.7%	\$8,890,000	\$5,354,000	\$58.56	\$22.01	3.02	\$6,582,000	50.1	50.2	0.1
	(h)		(h)													
Humana Inc.	86.4%	0.2%	7.4%	\$4,772,000	10.1%	\$10,081,000	15.8%	\$3,760,000	\$6,321,000	\$72.61	\$45.53	1.59	\$8,477,000	37.6	37.9	0.3
	(h)		(h)													
Triple-S Mgmt. Corporation	79.7%	-6.6%	14.2%	\$31,275	3.5%	\$895,549	7.8%	\$25,397	\$870,152	\$38.28	\$37.19	4.77	\$498,943	87.5	172.4	84.9
	(h)		(h)													
UnitedHealth Group	82.0%	-0.9%	12.5%	\$28,206,000	10.1%	\$51,926,000	18.5%	\$60,994,000	(\$9,068,000)	\$52.61	(\$9.19)	(0.75)	\$50,678,000	50.0	49.4	(0.6)
	(h)		(h)													
Average or Total Commercial	81.2%	-2.4%	11.0%				16.0%					1.92		64.6	78.8	14.2
Centene Corporation	80.0%	-3.2%	16.4%	\$5,172,000	19.2%	\$7,580,000	12.2%	\$6,814,000	\$766,000	\$42.87	\$4.33	0.23	\$5,621,000	42.0	43.4	1.4
	(h)															
Molina Healthcare, Inc.	82.9%	-3.5%	13.0%	\$1,318,000	16.8%	\$1,553,000	16.3%	\$250,000	\$1,303,000	\$22.84	\$19.16	1.05	\$2,191,000	42.8	42.0	(0.7)
	(h)		(h)													
WellCare Health Plans, Inc.	87.2%	-3.2%	10.9%	\$1,183,000	9.9%	\$2,502,400	12.0%	\$1,019,100	\$1,483,300	\$55.92	\$33.14	1.10	\$1,497,400	45.7	50.0	4.3
	(h)															
Average or Total Medicaid	83.4%	-3.3%	13.4%				15.3%					0.79		43.5	45.1	1.6
Average or Total All	81.9%	-2.7%	11.8%				12.7%					1.54		57.6	67.6	10.0

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