

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

FILED

In the Matter of:

The Form A and Form E Applications for the
Proposed Acquisition of Control of:

Aetna Better Health of Washington, Inc.,

By

CVS Health Corporation,

Applicant.

Docket No. 18-0029 2018 OCT -4 A 11:59

HEARINGS UNIT
FINAL ORDER APPROVING
ACQUISITION OF CONTROL
INSURANCE COMMISSIONER

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AND TO: Mike Kreidler, Insurance Commissioner
AnnaLisa Gellermann, Chief Deputy Insurance Commissioner
Toni Hood, Deputy Commissioner, Legal Affairs Division
Darryl E. Colman, Attorney Manager, Legal Affairs Division
Doug Hartz, Deputy Commissioner, Company Supervision
Ronald Pastuch, Holding Company Manager, Company Supervision
Office of the Insurance Commissioner
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BACKGROUND

Pursuant to RCW 48.04.010, RCW 48.31B.015, RCW 48.31B.020 and RCW 34.05.434, a public hearing was held on the above-captioned matter. On Thursday, July 12, 2018 at 9:00 a.m. Pacific Time, the public hearing commenced in the Washington State Office of the Insurance Commissioner (the "OIC"), 5000 Capitol Blvd., Tumwater, Washington 98501. All parties in the instant matter, and all members of the public, were given the right to be present at such hearing, either in person or by telephone. Exclusive of documents and information deemed confidential and sealed or redacted pursuant to the Notice of Hearing and Order Regarding Confidentiality issued in this matter on May 16, 2018 (the "Confidentiality Order"), the parties and all members of the public had reasonable opportunity to inspect all documentary evidence, examine witnesses, and present oral and written statements expressing any support or concerns about this proposed acquisition.

Darryl E. Colman, Esq., Attorney Manager in the OIC's Legal Affairs Division, represented the OIC. Steven T. Whitmer, Esq. and Timothy Farber, Esq. of Locke Lord LLP represented CVS Health Corporation ("CVS Health" or "Applicant"). Daniel W. Krane, Esq. of Drinker, Biddle & Reath LLP represented Aetna Inc. ("Aetna") and Aetna Better Health of Washington, Inc. ("Aetna Washington").

At the hearing, Ronald J. Pastuch, Holding Company Manager in the OIC's Company Supervision Division, testified for the OIC. Florence A. Crisp, Vice President and Senior Legal Counsel of CVS Health, testified on behalf of Applicant. Gregory S. Martino, Assistant Vice President, State Government Relations of Aetna, testified on behalf of Aetna and Aetna Washington.

Pursuant to RCW 48.02.100 and WAC 284-02-070(2)(d)(i), the Washington State Insurance Commissioner ("Commissioner") delegated to Presiding Officer William G. Pardee authority to handle all preliminary activities in this adjudicative proceeding prior to the hearing, to preside over the hearing, and to the undersigned the authority to enter a final order whether to approve or disapprove the proposed acquisition in the instant matter based on the entire hearing record and all pleadings and documents on file in this matter.

On January 15, 2018, Applicant filed with the OIC a Form A Statement regarding the Acquisition of Control of or Merger with A Domestic Insurer and attached exhibits ("Form A")¹, requesting

¹ The Form A, with exhibits referenced therein, is Exhibits CVS-1 and CVS-2 in the record of the instant proceeding.

approval of Applicant's proposed acquisition of control of Aetna Washington, a health service contractor domiciled in the State of Washington and an indirect, wholly-owned subsidiary of Aetna, a publicly-traded Pennsylvania holding company for various insurance companies, health maintenance and dental maintenance organizations, and related organizations, in connection with Applicant's acquisition of Aetna (the "Transaction").

This Transaction contemplates that Hudson Merger Sub Corp., a Pennsylvania corporation and indirect, wholly-owned subsidiary of CVS Health and direct subsidiary of CVS Pharmacy, Inc. ("CVS Pharmacy") established specifically for the Transaction ("Merger Sub"), will merge with and into Aetna (the "Merger"). As a result of the Merger, Aetna (the surviving entity of the Merger) will become an indirect, wholly-owned subsidiary of CVS Health.

The terms and conditions governing the Transaction are described in the Agreement and Plan of Merger dated December 3, 2017 (the "Merger Agreement"), which is attached as Exhibit 1 to the Form A. The capital stock of Aetna Washington is not being transferred or otherwise acquired by CVS Health. Instead, Aetna, the current indirect holder of all capital stock of Aetna Washington, will undergo the Merger. Following the Merger, CVS Health will indirectly own one hundred percent of the capital stock of Aetna Washington. Under the terms of the Merger Agreement, following the closing of the Transaction, Applicant will be the ultimate parent company of, and will thus control, Aetna Washington.

Applicant's Form A, and all supplemental documents filed herewith, including orders and written communications to and from the OIC and the OIC Hearings Unit to the parties, were made available to the public at <https://www.insurance.wa.gov/hearings/aetna-better-health-washington-inc-acquisition-cvs-health-corporation> (with the exception of limited documents, or portions thereof, which were deemed to be confidential, and either redacted or sealed pursuant to the Confidentiality Order), remained available to the public through the date of the hearing, and shall remain available to the public on the OIC's foregoing website and also by request to the OIC Hearings Unit for copies of those documents and materials. The documents specified above, and all other documents, information and materials that Applicant was required by statute, or by later request of the OIC or the OIC Hearings Unit, to submit and which were reviewed by the OIC in issuing its recommendation to the undersigned in testimony at hearing, and by the OIC Hearings Unit in issuing the final order herein, are included in the hearing file, were entered into evidence in this proceeding, and, as stated above, have been and will remain available to the public.

Also entered into evidence in this proceeding was Applicant's confidential Pre-Acquisition Notification Form Regarding the Potential Competitive Impact of a Proposed Merger or Acquisition by a Non-Domiciliary Insurer Doing Business in this State or by a Domestic Insurer ("Form E")². Pursuant to the Confidentiality Order, the Form E shall remain confidential and exempt from disclosure.

THE OVERARCHING LEGAL STANDARD GOVERNING

² The Form E is Exhibit CVS-3 in the record of the instant proceeding.

THE OIC'S REVIEW OF BOTH THE FORM A AND FORM E

Pursuant to RCW 48.31B.015(4)(a), the OIC shall approve CVS Health's acquisition of control of Aetna Washington (or the Form A); unless after a public hearing thereon, the OIC concludes that:

(i) After the change of control, the domestic insurer referred to in subsection (1) of this section would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(ii) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein. In applying the competitive standard in this subsection (4)(a)(ii):

(A) The informational requirements of RCW 48.31B.020(3)(a) and the standards of RCW 48.31B.020(4)(b) apply;

(B) The merger or other acquisition may not be disapproved if the commissioner finds that any of the situations meeting the criteria provided by RCW 48.31B.020(4)(c) exist; and

(C) The commissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;

(iii) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders;

(iv) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets, consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest;

(v) The competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

(vi) The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

Pursuant to RCW 48.31B.020(4)(a), the Commissioner may enter an order requiring an involved insurer to cease and desist from doing business in Washington with respect to the line or lines of insurance involved in the violation or denying the application of an acquired or acquiring insurer for a license to do business in Washington if there is substantial evidence that the effect of the acquisition may substantially lessen competition in a line of insurance in Washington or tends to create a monopoly therein, or if the insurer fails to file adequate information in compliance with RCW 48.31B.020(3). In determining whether the Transaction violates this competitive standard, the Commissioner shall consider the criteria in RCW 48.31B.020(4)(b). However, RCW 48.31B.020(4)(c) requires the Commissioner not enter an order requiring an involved insurer to

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cease and desist from doing business in Washington with respect to the line or lines of insurance involved in the violation or denying the application of an acquired or acquiring insurer for a license to do business in Washington if: (1) The Transaction will yield substantial economies of scale or economies in resource that cannot be feasibly achieved in any other way, and the public benefits that would arise from the economies exceed the public benefits that would arise from not lessening competition; or (2) the Transaction will substantially increase the availability of insurance, and the public benefits of the increase exceed the public benefits that would arise from not lessening competition.

At the public hearing in this matter, Presiding Officer William G. Pardee received evidence related to the statutory considerations above.

FINDINGS OF FACT

Having considered the oral and written evidence presented at the public hearing on this matter and the documents on file herein, including the Form A, all contracts, information and materials submitted with the Form A and subsequent to the filing of the Form A at the request of the OIC and/or the OIC Hearings Unit; Applicant's Form E; all written communications between Applicant, Aetna, Aetna Washington, the OIC and the OIC Hearings Unit; and the complete hearing record, including written and oral testimony and argument of the parties and the OIC, the undersigned finds as follows:

1. The Commissioner duly and properly delegated to William G. Pardee the authority to conduct all activities related to this adjudicative proceeding which occurred prior to the public hearing herein and to preside over the public hearing, and to the undersigned the authority to enter the final order whether to approve or disapprove the Transaction. The hearing was duly and properly convened and all substantive and procedural requirements under the laws of the State of Washington have been satisfied.

2. CVS Health is a Delaware holding company whose stock is traded on the New York Stock Exchange under the trading symbol CVS. As a pharmacy health care company, CVS Health enables individuals, businesses, and communities to manage health in more affordable, effective ways through its pharmacy benefits management services and its retail pharmacies, walk-in health care clinics, specialty pharmacies, infusion services, and long-term care pharmacies.

3. Aetna is a Pennsylvania corporation whose stock is traded on the New York Stock Exchange under the trading symbol AET. Aetna is one of the nation's largest medical benefits companies, serving an estimated 46 million people with information and resources to help them make better informed decisions about their health care.

4. Aetna offers a broad range of traditional, voluntary, and consumer-directed health insurance products and related services, including medical, dental, behavioral health, and disability plans. Aetna's customers include employer groups, individuals, health care providers, and federal, state, and local governments.

5. Incorporated on January 13, 2017, Aetna Washington is a Washington-domiciled health care service contractor. Aetna Washington currently has no members in Washington, but

is in the process of finalizing its network and obtaining approval of applicable forms for future RFP opportunities as a Washington Medicaid plan.

6. Pursuant to the Agreement and Plan of Merger, dated December 3, 2017 among CVS Health, Merger Sub and Aetna, CVS Health proposes to acquire Aetna Washington through its acquisition of Aetna, as described above under "Background."

7. As described in the Merger Agreement and CVS Health's Form 8-Ks, in consideration for the Transaction, Aetna shareholders will be entitled to receive, for each Aetna common share they own immediately prior to consummation of the Transaction, \$145.00 per share in cash and 0.8378 of a share of CVS Health common stock. Based on the volume weighted average price of shares of CVS Health common stock during the five-day period ending December 1, 2017, the last trading day prior to public announcement of the execution of the Merger Agreement, the Transaction values Aetna at approximately \$207 per share or approximately \$69 billion in the aggregate. Including the assumption of Aetna's debt, the total value of the Transaction is \$77 billion. Upon closing of the Transaction, Aetna shareholders will own approximately 22% of CVS Health (the combined company) and CVS Health shareholders will own approximately 78% of CVS Health.

8. Through the Transaction, the capital stock of Aetna Washington is not being transferred or otherwise directly acquired by CVS Health. Instead, Aetna, the current indirect holder of all capital stock of Aetna Washington, will undergo the Merger. As a result of the Merger, Aetna (the surviving entity of the Merger) will become an indirect, wholly-owned subsidiary of CVS Health.

9. On January 15, 2018, CVS Health submitted the Form A to the OIC. On January 17, 2018, the OIC received Applicant's Form A.

10. On January 23, 2018, the Commissioner requested a hearing to request a determination of the proposed merger by the Presiding Officer.

11. On January 25, 2018, the OIC received CVS Health's Form E regarding the proposed acquisition of control of Aetna by CVS Health.

12. On January 26, 2018, the Insurance Commissioner posted a public notice of filing on the Insurance Commissioner's website concerning the proposed acquisition of control. The public notice included the Case Management Order 18-0029 dated January 26, 2018, that included acknowledgement of receipt of the Form A filing, adjudicative hearing requirements on the Form A, standards by which the Form A is analyzed, and notice for intervenors in the adjudicative proceeding, standard governing confidentiality, sealing, and redaction of records, where to file service of pleadings and other papers, and instructions for request of accommodation for persons needing assistance during the proceeding.

13. On February 23, 2018, the OIC requested submission of further information from Applicant.

14. On March 5, 2018, the Insurance Commissioner entered an amended Case Management Order 18-0029 that included acknowledgement of receipt of the Form E filing,

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adjudicative hearing requirements on the Form E, standards by which the Form E is analyzed, and notice for intervenors in the adjudicative proceeding, standards governing confidentiality, sealing, and redaction of records, where to file service of pleadings and other papers, and instructions for request of accommodation for persons needing assistance during the proceeding.

15. On April 19, 2018, Applicant submitted the information requested by the OIC's February 23, 2018 letter.

16. On April 24, 2018, the parties filed a Joint Status Report that reported the case status and the issues that remained outstanding. The parties requested that outstanding issues surrounding the confidentiality of information be continued until the May 8, 2018 status conference.

17. On May 5, 2018, pursuant to the amended Case Management Order 18-0029, the Presiding Officer for the Insurance Commissioner held a telephonic status conference to receive an update as to the status of the Insurance Commissioner's review of the Forms A and E filings. Following the status conference, on May 11, 2018, the parties filed a Supplemental Joint Status Report requesting that the confidential treatment of Premium Data be maintained.

18. On May 16, 2018, the Presiding Officer issued the Notice of Hearing and Order Regarding Confidentiality indicating that a public hearing concerning the Transaction would take place on July 12, 2018.

19. On May 16, 2018, and in accordance with RCW 48.31B.015(4)(b), Applicant provided a copy of the Notice of Hearing and Order Regarding Confidentiality to Aetna Washington and Aetna, more than seven days prior to the public hearing.

20. Following the Transaction, Aetna Washington can satisfy the requirements for issuance of a license by the OIC to operate a health care service contractor. According to its financial statement dated March 31, 2018 and filed with the OIC, Aetna Washington has \$3.5 million in admitted assets and \$3.5 million in net worth, and the capital and surplus of Aetna Washington as reported in its Health Annual Statements for December 31, 2017, is approximately \$3,500,555.

21. The effect of the Transaction would not lessen competition in insurance or tend to create a monopoly in the State of Washington.

22. For all four lines of business collectively written by CVS Health and its affiliates (the "CVS Companies") and Aetna Washington and its affiliates (the "Aetna Companies") in Washington,³ there is no competitive overlap between the CVS Companies and Aetna Companies. Those business lines include: [1] Medicare Title XVIII Exempt from State Taxes (Life and A&H

³ This Order does not address additional lines of business reported by the Aetna Companies in Washington because, for those lines: (1) there is no competitive overlap between the CVS Companies and the Aetna Companies, and (2) the CVS Companies are not licensed to write such medical business.

Reporter); [2] Other Health (Health Only Blank); [3] Medicare Supplement (Health Only Blank); and [4] Dental Only (Health Only Blank).

23. The OIC reviewed a market analysis of the Transaction and found no competitive standard issues. The OIC concluded that the combination of CVS Health and Aetna affiliates would not exceed the standards for market impact on the health market in Washington according to RCW 48.31B.020(4).

24. A pre-merger notification statement under the federal Hart-Scott-Rodino Antitrust Improvements Act of 1976 as amended, relating to the Transaction, has been submitted to the United States Department of Justice and the Federal Trade Commission and, to date, is awaiting clearance.

25. The financial condition of Applicant will not jeopardize the financial stability of Aetna Washington or prejudice the interests of its policyholders. Applicant's financial condition will provide further financial stability for Aetna Washington's policyholders.

26. Applicant has no present plans or proposals following the closing of the Transaction to cause Aetna Washington to declare any extraordinary dividend, to liquidate Aetna Washington, to sell any material portion of the assets of Aetna Washington, to merge it with any other person or persons or to make any other material change in Aetna Washington's business, corporate structure, management or general plan of operations that are unfair or unreasonable to Aetna Washington's subscribers and not in the public interest.

27. No replacement of the current directors and executive officers of those persons who would directly control the operation of Aetna Washington is currently planned as part of the Transaction or immediately after the Transaction, other than replacing any of whom resign following the closing of the Transaction.

28. In addition, the current directors and executive officers of CVS Health and CVS Pharmacy are not currently expected to change as a result of the Transaction except that, upon the closing of the Transaction: (i) the number of members of the CVS Health Board of Directors will be increased by three (3) and the vacancies created thereby will be filled by Aetna's Chairman and CEO Mark T. Bertolini and two other individuals who are serving on the Board of Directors of Aetna immediately prior to the closing of the Transaction, who are jointly designated by Aetna and CVS Health and who meet CVS Health's independence criteria in effect as of such time; (ii) Karen S. Lynch, currently President of Aetna Inc., will serve as Executive Vice President of CVS Health and President for the Aetna business unit; and (iii) David M. Denton will resign, and Shawn M. Guertin, currently Executive Vice President, Chief Financial Officer and Chief Enterprise Risk Officer for Aetna Inc., will assume the position of Executive Vice President and Chief Financial Officer for CVS Health.

29. The competence, experience and integrity of those persons who would control the operation of Aetna Washington after the closing of the Transaction are not such that it would not be in the interest of the policyholders of Aetna Washington, or of the public, to approve the Transaction.

30. There are no grounds upon which to find that the acquisition would be hazardous or prejudicial to the insurance-buying public, if the conditions proposed by the OIC are included in the final order approving this transaction.

31. Applicant, Aetna, and Aetna Washington have submitted all necessary documents to the OIC in connection with the proposed acquisition of control (*i.e.*, the Transaction).

32. The OIC's Company Supervision Division ("Company Supervision") is satisfied with the necessary documents meeting the statutory requirements for an acquisition according to RCW 48.31B.015. Company Supervision has recommended to the undersigned that the acquisition of Aetna Washington by Applicant be approved as required by the standards set forth under RCW 48.31B.015, if the following conditions proposed by the OIC are included in the final order approving this transaction:

a. Receipt of approval of all state insurance departments reviewing Form A applications with respect to this transaction;

b. Provide notification of any updates to their filing with the United States Department of Justice in accordance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, within fifteen days of the issuance of a final notice by the United States Department of Justice, a copy of such final notice of either the approval or the non-action thereby causing the expiration or termination of the United States Department of Justice review process pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

c. CVS Health Corporation provide the OIC, if such should arise, within fifteen days of issuance any injunctions or similar actions filed by the Federal Trade Commission or United States Department of Justice.

33. The OIC requires that notice of the Transaction be given to the public via the Internet (on the OIC's website). On May 16, 2018, the OIC posted an electronic notice on the OIC's website concerning the Transaction and information about the OIC's public hearing process. Such notice included information regarding the hearing, via the Notice of Hearing dated May 16, 2018, and announcement posted on the website. The notice remained posted on the website from the date of posting through the date of the hearing.

34. The Notice of Hearing informed and advised all interested persons the hearing would be a public proceeding commencing at 9:00 a.m. Pacific Time on Thursday, July 12, 2018, in the Office of the Insurance Commissioner, 5000 Capitol Blvd., Tumwater, Washington 98501. The Notice of Hearing also stated that interested persons may listen to the hearing by telephone by dialing 1-855-929-3239, followed by access code 802 218 446; and that all interested individuals and entities who have questions or concerns concerning this proceeding should direct them to the Hearings Unit paralegal, Dorothy Seabourne-Taylor, at Hearings Unit, Office of the Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255 and telephone number (360) 725-7002.

35. No communications were received from outside parties by Applicant, Aetna, Aetna Washington, or the OIC concerning the Transaction.

36. Ronald J. Pastuch, Holding Company Manager, Company Supervision, testified on behalf of the OIC as to whether the Transaction met the legal requirements contained in RCW 48.31B.015 and RCW 48.31B.020, and also submitted his written Declaration (Exhibit OIC-1). Mr. Pastuch presented his testimony in a clear, detailed, and credible manner, and exhibited no apparent biases.

37. Florence A. Crisp, Vice President and Senior Legal Counsel of CVS Health, testified on behalf of Applicant as to whether the Transaction met the legal requirements contained in RCW 48.31B.015 and RCW 48.31B.020, and also submitted her written Affidavit (Exhibit CVS-7). Ms. Crisp presented her testimony in a clear, detailed, and credible manner, and exhibited no apparent biases.

38. Gregory S. Martino, Assistant Vice President, State Government Relations of Aetna, testified on behalf of Aetna Washington and Aetna as to whether the Transaction met the legal requirements contained in RCW 48.31B.015, and also submitted his written Affidavit (Exhibit CVS-8). Mr. Martino presented his testimony in a clear, detailed, and credible manner, and exhibited no apparent biases.

CONCLUSIONS OF LAW

Pursuant to RCW Title 48, and specifically RCW Chapter 48.31B, the OIC has jurisdiction over the Transaction, which was the subject of the adjudicative proceeding herein. Further, the Commissioner properly delegated to William G. Pardee the authority to conduct all preliminary activities relative to the adjudicative proceeding in this matter and to preside over the public hearing herein, and to the undersigned the authority to review and consider all documents and evidence filed and request supplemental information as appropriate, and to issue the final order in this matter. Having considered all of the evidence and testimony presented herein, including all information and material presented by the parties and the OIC, and the entire hearing file, based upon the above Findings of Fact the undersigned hereby makes the following Conclusions of Law:

1. Applicant properly filed its Form A, along with the exhibits and supplemental materials filed with and subsequent to the Form A, in a form required by and containing the information required by the OIC and the applicable provisions of RCW Chapter 48.31B, and specifically RCW 48.31B.015 and RCW 48.31B.020. In addition, Applicant properly filed its Form E. Therefore, I conclude that the necessary filings, Form A and Form E, are complete.

2. Based upon the evidence of the content of the Notice of Hearing and the date it was published, reasonable notice of the public hearing in this matter was given.

3. Per RCW 48.31B.015(4)(a)(i), following the Transaction, Aetna Washington will be able to satisfy the requirements for issuance of a license as a health care service contractor.

4. Per RCW 48.31B.015(4)(a)(ii) and RCW 48.31B.020(4)(a), the Transaction will not substantially lessen competition or tend to create a monopoly in the insurance industry in the state of Washington.

5. Pursuant to RCW 48.31B.020(2)(b)(iv)(B), there is no prima facie indication of a potential violation of competitive standards, and Applicant's acquisition of Aetna Washington will

not substantially lessen competition or tend to create a monopoly in Washington for these lines of business.

6. Per RCW 48.31B.015(4)(a)(iii), the financial condition of Applicant does not jeopardize the financial stability of Aetna Washington or prejudice the interests of its policyholders.

7. Per RCW 48.31B.015(4)(a)(iv), Applicant has no present plans or proposals following the closing of the Transaction to cause Aetna Washington to declare any extraordinary dividend, to liquidate Aetna Washington, to sell any material portion of the assets of Aetna Washington, to merge Aetna Washington with any other person or persons, or to make any other material change in Aetna Washington's business, corporate structure, management or general plan of operations that are unfair or unreasonable to Aetna Washington's subscribers and not in the public interest.

8. Per RCW 48.31B.015(4)(a)(v), the competence, experience, and integrity of those persons who would control the operation of Aetna Washington following the Transaction are not such that it would not be in the interest of policyholders of Aetna Washington or of the public to permit the acquisition of control.

9. Per RCW 48.31B.015(4)(a)(vi), CVS Health's acquisition of Aetna Washington is not likely to be hazardous or prejudicial to the insurance-buying public, as contemplated by RCW 48.31B.015(4)(a)(vi).

10. Reasonable notice of this proposed acquisition of control (*i.e.*, the Transaction) was given to the public as contemplated by RCW Chapters 34.05 and 48.31B, and no reasonable or relevant objections exist for denying Applicant's request for approval of the Forms A and E, and the Transaction.

11. The provisions of the Insurance Code of the State of Washington, and specifically RCW Chapter 48.31B and, in particular RCW 48.31B.015 and RCW 48.31B.020, governing approval of proposed acquisition of control, have been met so as to support the approval of the Transaction. Further, pursuant to the above Findings of Fact and Conclusions of Law, there is insufficient basis for denial of the Transaction. For these reasons, Applicant's proposed acquisition of control of Aetna Washington and Aetna, under the terms and conditions described above and as filed in this matter, should be granted.

ORDER

On the basis of the foregoing Findings of Fact and Conclusions of Law, to the effect that the statutory criteria for approval of the Transaction have been met, and that there are not sufficient bases for denial of approval of Applicant CVS Health Corporation's proposed acquisition of control of Aetna Better Health of Washington, Inc. and Applicant CVS Health Corporation's proposed acquisition of control of Aetna Inc., to the effect that approval of Applicant CVS Health Corporation's proposed acquisition of control of Aetna Better Health of Washington, Inc. and Aetna Inc. upon the terms and conditions filed herein, should be granted. NOW THEREFORE;

IT IS HEREBY ORDERED that the Application of CVS Health Corporation for the Commissioner's approval of its acquisition of control of Aetna Better Health of Washington, Inc. (Form A), a Washington domestic health care service contractor, and the Application of CVS Health Corporation for the Commissioner's approval of its acquisition of control of Aetna Inc. (Form E), pursuant to the terms of an Agreement and Plan of Merger dated December 3, 2017 and other documents filed herein which are all included in evidence in this proceeding, is **HEREBY APPROVED effective this 4th day of October, 2018, subject to the following conditions:**

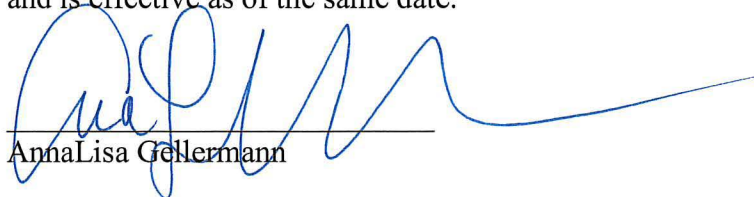
a. CVS Health Corporation and Aetna Better Health of Washington, Inc. shall obtain approval from all state insurance departments reviewing Form A applications with respect to this transaction;

b. CVS Health Corporation shall provide notification of any updates to their filing with the United States Department of Justice in accordance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, within fifteen days of the issuance of a final notice by the United States Department of Justice, a copy of such final notice of either the approval or the non-action thereby causing the expiration or termination of the United States Department of Justice review process pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

c. CVS Health Corporation shall provide the OIC notice and copies of, if such should arise, within fifteen days of issuance, any injunctions or similar actions filed by the Federal Trade Commission or United States Department of Justice.

This Order is entered pursuant to RCW Title 48, and specifically RCW 48.31B.015, RCW 48.31B.020 and RCW 48.04.010; and RCW Title 34, and specifically RCW Chapter 34.05, and regulations applicable thereto.

THIS ORDER IS ENTERED at Tumwater, Washington, this 4th day of October, 2018, and is effective as of the same date.



AnnaLisa Gellermann

CERTIFICATE OF SERVICE

The undersigned certifies under the penalty of perjury under the laws of the state of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the State of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be filed and served the foregoing Final Order Approving Acquisition of Control filed October 4, 2018 on the following people at their addresses listed below:

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P.O. Box 40255
Olympia, WA 98504-0255

DATED this 4th day of October, 2018, in Tumwater, Washington


Kelly A. Cairns