



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

July 17, 2018

Via email: (tfarber@lockelord.com)

Tim Farber, Esq.
Locke Lord, LLP
111 South Wacker Drive
Chicago, IL 60606

**Re: Proposed Acquisition of Control of Aetna Life Insurance Company, Aetna Insurance Company of Connecticut, Aetna Health and Life Insurance Company, Aetna Health Inc. (a Connecticut corporation) and Aetna Better Health Inc. (a Connecticut corporation) Subsidiaries of Aetna Inc. (the "Domestic Insurers") by CVS Health Corporation
Docket # EX 18-03**

Dear Attorney Farber:

The Connecticut Insurance Department ("Department") has completed its review of your responses to the Department's letter of June 18, 2018 concerning the proposed acquisition of control referenced above, which was received on July 3, 2018. We thank you for the completeness of your responses and have a few additional items for which we are requesting information or clarification, as set forth below, to complete the filing. Please provide in hard copy and on a thumb drive amended and restated clean and black lined versions of the Form A rather than standalone amendments. This should include any new exhibits resulting from the amendments and restatements. You should also reflect any amendments to the Application resulting from any discussions with the Department which you may have subsequent to this letter being issued.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

1. Please provide documentation of anticipated cash demands including a debt payment schedule over the next 5 years with the amounts broken down by source. Please detail such source including, but not limited to, cash, use of contingent capital facilities and commercial paper, etc.
2. On page 2 of your responses you state that "rating agencies do not comment regarding their potential actions if CVS Health were to not achieve its deleveraging goals." Please provide group implications if CVS Health were to receive a 1 notch downgrade from any rating agency. Please include an analysis of contract triggers along with the potential loss of client(s) (i.e., any issues with reinsurers or clients that may be lost from a PBM perspective).

ITEM 5. FUTURE PLANS OF INSURER

1. You were asked to provide details regarding CVS Health's intentions around changes to a number of areas including Enterprise Risk Management and Corporate Governance Structure.

On page 3 of your responses, with regard to ERM, you stated "[w]e do not intend to make changes to the ERM process. This will be expanded to include the entire enterprise post-closing." Please clarify on what the expanded ERM will encompass and look like post-closing.

Also on page 3, with regard to Corporate Governance, please provide a more detailed response to the question asked. As a result of the proposed acquisition it is evident that there will be a change to the corporate structure. Please elaborate on your response that "[t]here are no anticipated changes to the corporate governance structure."

2. In your prior responses dated May 14, 2018, under Item 5, question #14, you were asked to provide or explain the "proposed operating model for the combined company" mentioned in Exhibit 17 of the Form A filing. As part of your response you stated that "[t]his platform is based on the principles of greater convenience, lower cost, and the ability of consumers to interact with health care experts they know and trust in communities all across the country." With regard to the mention of "lower cost," please provide an estimate or expected range concerning the beneficial impact on health premiums for consumers in both the short and longer term.

If you have any questions, or would like to discuss, please let me know.

Sincerely,



Jared T. Kosky
Counsel, Connecticut Insurance Department

cc: Kathy Belfi, CID
Lynn Hein, CID
Paul Lombardo, CID