

HIGHLY CONFIDENTIAL – COMPETITION SENSITIVE
PROPRIETARY BUSINESS INFORMATION

August 1, 2024

White & Case LLP
701 Thirteenth Street, NW
Washington, DC 20005-3807
T +1 202 626 3600

whitecase.com

VIA E-MAIL

Sarah Bartelmann
Health Care Market Oversight Program Manager
Oregon Health Authority
421 SW Oak Street
Portland, OR 97204
sarah.e.bartelmann@oha.oregon.gov

Re: Elevance Health, Inc./The Kroger Co. – Responses to Supplemental Information Requests
Issued to Elevance Health, Inc. on June 7, 2024

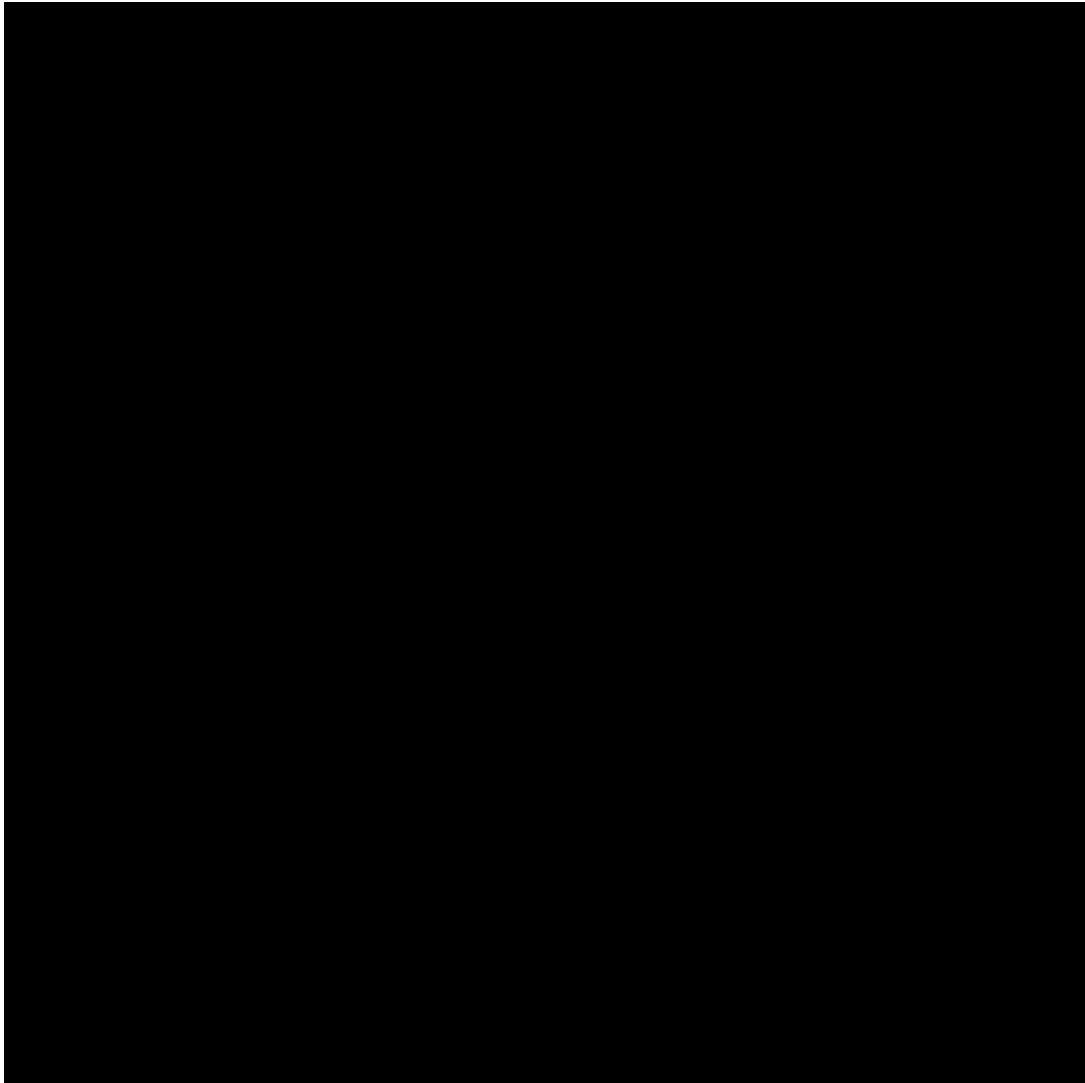
Dear Ms. Bartelmann,

We write with responses to supplemental information requests issued by the Oregon Health Authority (“OHA”) to Elevance Health, Inc. (“Elevance Health”) on June 7, 2024.

RFI #1: Provide a chart or diagram showing the post-transaction organizational structure of Elevance Health, including where Kroger Specialty Pharmacy will sit within Elevance’s structure.

Response:

The post-transaction organizational structure of Elevance Health will be the same as depicted in Appendix C to the updated Notice of Material Change Transaction Form and related appendices (the “Notice”) in connection with Elevance Health, Inc.’s proposed acquisition of Kroger Specialty Pharmacy Holdings, Inc. (together, the “Parties”) submitted on July 16, 2024. As described in Appendix A to the Notice, after the proposed transaction, Kroger Specialty Pharmacy will sit below ATH Holding Company, LLC (“ATH”), an entity ultimately controlled by Elevance Health as depicted in the below diagram:



RFI #2: Describe the negotiation or transaction process that resulted in the entities entering into an agreement. Include a description of:

- a. How the entities were identified (e.g. did one party approach the other, did one party engage in a bid/auction process, etc.)**
- b. Any due diligence performed by any of the parties to the transaction. Provide any products, reports, or analyses resulting from due diligence processes.**

Response:



[REDACTED]

RFI #3: Describe all mergers, acquisitions, and joint ventures that closed in the last 10 years prior to filing this notice of material change transaction involving any entities party to the current transaction, the same or similar services, and any health care entities. For each previous transaction, include:

- a. Legal names of all entities party to the transaction
- b. Type of transaction
- c. Description of the transaction
- d. Date the transaction closed

Elevance Health Response:

1. BioPlus Transaction

a. Legal names of all entities party to the transaction: Elevance Health, Inc. (acquiring ultimate parent entity (“UPE”)), ATH Holding Company, LLC (acquiring entity), [REDACTED], and BioPlus Parent, LLC (acquired entity).

b. Type of transaction: Acquisition of non-corporate interests.

c. Description of the transaction: Elevance Health acquired all the non-corporate interests of BioPlus Parent, LLC from [REDACTED] an entity ultimately controlled by [REDACTED] for a consideration of approximately [REDACTED]. BioPlus Parent, LLC is a mail order specialty pharmacy and provider of specialty medications for complex and chronic health conditions. Elevance Health offers specialty pharmacy services in Oregon via BioPlus. BioPlus does not have any physical locations or employees in Oregon. In the state of Oregon specifically, in 2023, BioPlus had total sales of approximately [REDACTED] from a total of [REDACTED] and served [REDACTED].

d. Date the transaction closed: February 15, 2023.

2. Paragon Transaction

a. Legal names of all entities party to the transaction: Elevance Health, Inc. (acquiring UPE), ATH Holding Company, LLC (acquiring entity), [REDACTED], and PHI Parent LLC (acquired entity).

b. Type of transaction: Acquisition of non-corporate interests.

c. Description of the transaction: Elevance Health acquired all the non-corporate interests of [REDACTED] from [REDACTED], an entity ultimately controlled by [REDACTED] for a consideration of approximately [REDACTED]. PHI Parent LLC is a provider of life-saving infusible and injectable therapies used to treat people with a wide range of diseases and conditions. Elevance Health has a non-resident pharmacy license in the state of Oregon as a result of this transaction, but [REDACTED].

d. Date the transaction closed: March 11, 2024.

The Kroger Co. Response:

1. Modern HC Transaction

a. Legal names of all entities party to the transaction: Axiom Pharmacy Holdings, Inc. and Modern HC Holdings, Inc.

b. Type of transaction: Stock Acquisition.

c. Description of the transaction: Axiom Pharmacy Holdings, Inc. (a wholly-owned sub of The Kroger Co.) acquired all the outstanding stock of Modern HC Holdings, Inc. The transaction is described in a public press release here: <https://krogerspecialtypharmacy.com/news-post/kroger-announces-merger>.

d. Date the transaction closed: September 2, 2016.

RFI #4: Provide a list of all Elevance Health's business entities currently licensed to operate in Oregon. This request both expands the information requested for providers on the NPI list and requests information for any and all business entities operating in Oregon not otherwise provided on the NPI list. For each business entity, provide the following:

- a. Legal name and d/b/a name**
- b. Ownership type (corporation, partnership, limited liability corporation, etc.)**
- c. License type**
- d. Licensing board or agency**
- e. License number**
- f. Date licensed**
- g. Physical address**
- h. Federal Tax ID**

Elevance Health Response:

As described in Appendix A of the Notice, Elevance Health does not currently have any physical operations within the state of Oregon. Elevance Health currently has three regulated insurance subsidiaries licensed to conduct business within Oregon, but none offered services in Oregon in 2023. These companies are Anthem Insurance Companies, Inc., WellPoint Life & Health Insurance Company, and WellPoint Insurance Company f/k/a Amerigroup Insurance Company.

	Anthem Insurance Companies, Inc.	Wellpoint Insurance Company	Wellpoint Life and Health Insurance Company
(a) Legal Name, and any DBA Name	Anthem Insurance Companies, Inc. DBA Anthem Insurance Company	Wellpoint Insurance Company	Wellpoint Life and Health Insurance Company
(b) Organization Type (Corporation, Partnership, LLC, etc.)	Corporation	Corporation	Corporation
(c) License Type	Property / Casualty (Excluding Workers' Compensation) / Health Insurance	Health Insurance	Life / Health Insurance
(d) Licensing Agency or Board	State of Oregon Department of Consumer and Business Services	State of Oregon Department of Consumer and Business Services	State of Oregon Department of Consumer and Business Services
	Certificate No. 2963	Certificate No. 505159671	Certificate No. 2290

(e) License Number¹			
(f) Date Licensed	Sept. 16, 1994 (amended Mar. 28, 1996)	Aug. 10, 2018 (amended Aug. 9, 2023)	Aug. 15, 1980 (amended Sept. 11, 2023)
(g) Physical Address	220 Virginia Ave. IN0202-B560, Indianapolis, IN 46204	2505 N. Hwy 360 Ste 300, Grand Prairie, TX 75050	220 Virginia Ave. IN0202-B560, Indianapolis, IN 46204
(h) Federal Tax ID Number	35-0781558	45-2485907	52-0913817

RFI #5: Provide data, analyses, or documentation to demonstrate that the transaction will improve health outcomes for Oregon state residents.

Response:

Elevance Health continues to evolve from a traditional health insurance company into a diversified healthcare services organization serving the physical, behavioral, social, and pharmacy needs of U.S. customers, including Oregon state residents. The transaction with Kroger Specialty Pharmacy will help to further advance Elevance Health’s whole-health approach and its commitment to improving equitable access to personalized care, coordinating services for complex needs, and raising the value and quality of care.

Elevance Health plans to integrate Kroger Specialty Pharmacy into Elevance Health to better manage medical and pharmacy data for customers of Elevance Health’s subsidiaries to deliver proactive, whole health insights. Elevance Health expects that the proposed transaction will allow Elevance Health to overall offer more comprehensive care for members that will improve health outcomes, including for Oregon state residents. Like all customers across the United States, Elevance Health’s existing Oregon state customers are expected to benefit from improved access to medications, will be able to fill previously rejected prescriptions, and will have more comprehensive care services, such as patient counseling and financial assistance. Overall, this acquisition will help Elevance Health improve its provision of specialty drugs to its customers, including Oregon state residents, supported by integrated services and tailored programs of a

¹ Certificate number also is the State Based System (SBS) Number for Oregon available at www.statebasedsystems.com. See also <https://dfr.oregon.gov/business/licensing/insurance/pages/helpful-hints.aspx>.

combined Elevance Health and Kroger Specialty Pharmacy. The combined company will strive to optimize patient outcomes by blending a high-touch, caring patient experience with specialized clinical knowledge, personalized total life care programs, and administrative expertise. [REDACTED]

RFI #6: Provide data, analyses, or documentation to demonstrate that savings from efficiencies and process improvement will result in benefits and savings for customers.

Response:

Integration planning is ongoing, but Elevance Health anticipates that the transaction will allow Elevance Health to better manage medical and pharmacy data for its customers. Elevance Health expects the transaction and the combination of the parties' resources and expertise to increase access, affordability, and quality of specialty pharmacy services for specialty pharmacy patients. Ongoing integration planning will identify areas of unmet need and identify opportunities in the future.

With the acquisition of Kroger Specialty Pharmacy, Elevance Health aims to achieve lower costs-to-fill and improvements in patient services. [REDACTED]

[REDACTED] Kroger Specialty Pharmacy will have the opportunity to implement new technology and automation processes that Elevance Health already uses to optimize its cost structure. Other improvements for patient communications and services are also anticipated to be introduced to Kroger Specialty Pharmacy patients, such as two-way texting and a digital portal for patients and potential patients as soon as day one. These improved patient services not only provide a superior patient experience but provide an opportunity for better patient retention and cost savings. Two-way texting and the digital portal will make it easier and faster for Kroger Specialty Pharmacy patients to schedule deliveries and fill out assessments, capabilities that today help BioPlus communicate and fill prescriptions faster than Kroger Specialty Pharmacy. Further, the transaction also is expected to improve the utilization of Kroger Specialty Pharmacy's fulfillment centers, further resulting in significant cost savings for the combined company. Elevance Health expects that these process improvements will lead to efficiencies and cost savings that will improve patient services, savings for consumers, lower costs, and improve access for patients. Until closing, the parties continue to operate as business as usual which makes it difficult to produce data, analyses, or documentation to demonstrate savings from the expected efficiencies and process improvements from the transaction until after closing. [REDACTED]

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Supplemental Response
August 1, 2024

The Parties designate the Confidential Information as exempt from public disclosure pursuant to Or. Rev. Stat. § 192.345(2) and all other applicable federal and state laws. Accordingly, we request that such material be kept confidential and not be disclosed to any person who is not an employee of the Oregon Health Authority (“OHA”). We further request that should any person (including any other government employee or agency) who is not an employee of OHA request an opportunity to inspect or copy any of the enclosures or any material relating to the Confidential Information contained in the Supplemental Response, we be immediately notified of such request, be furnished with a copy of all written materials pertaining to it (including the request itself and any determination with respect to it) and be given sufficient advance notice of any intended release of materials relating to the Confidential Information described in the Supplemental Response by OHA, so that the Parties may, if deemed necessary or appropriate, pursue any remedies available.

Best regards,

A handwritten signature in black ink, appearing to read "G Paul", written in a cursive style.

George Paul