A COMPARATIVE FINANICAL PERFORMANCE ANALYSIS OF SELECT FIVE HEALTH INSURANCE COMPANIES IN USA

Dissertation Submitted to

The IIHMR University, Jaipur

for the partial fulfillment for the award of the degree of

Master of Business Administration (MBA)

in

Hospital and Health Management

by

Supriya Sen

Under the Supervision and Guidance of

Dr. Anoop Khanna

Academic Year – 2019 - 2021

DECLARATION BY STUDENT

I hereby declare that this dissertation titled “a comparative financial performance analysis of select five health insurance companies in USA” is the bonafide record of my original research work. I declare that it has not been submitted to any other university or institution for the award of any degree or diploma. Information derived from the published or unpublished work of others has been duly acknowledged in the text.

Supriya Sen

Date: 21 June 2021

ExpressRCM

CERTIFICATE

This is to certify that **Supriya Sen** in partial fulfillment of the requirements for the award of the degree of MBA (Hospital and Health Management) from the IIHMR University, Jaipur has successfully completed her internship at **ExpressRCM Private Limited** from March 22, 2021 to June 19, 2021.

Place: Jaipur
Date: 21st June, 2021

Gaurav Mundra
CEO

ExpressRCM Private Limited

5th Floor, 306, 308, 309, Gomes Defence Colony, Vaishali Circle, Vaishali Nagar, Jaipur – 302 021 Rajasthan

CERTIFICATE

This is to certify that dissertation title ***A comparative financial performance analysis of select five health insurance companies in USA*** is a record of the research work undertaken by ***Supriya Sen*** in partial fulfillment of the requirements for the award of the degree of MBA (Hospital and Health Management) from the IIHMR University, Jaipur under my guidance and supervision and his/her approach to the research study has been sincere, scientific, and analytical.

Faculty Guide
IIHMR University, Jaipur

Date

School Dean
IIHMR University, Jaipur

Date

ABSTRACT

Keywords: Health Insurance, Ratio Analysis, Financial Performance, Balance Sheet, Liquidity, Solvency

Introduction: There is an overall shift in the health care landscape, with an acceleration in the transition from traditional fee-for-service (FFS) model to payment models which compensate providers for quality and cost, broadly defined as “value based care arrangements.” The market volatility and instability makes financial analysis a basis for understanding the performance of companies in terms of value for the investors and consumers. Analysis of company’s financial statements helps in developing a comprehensive understanding of the business performance and drawing a comparison among companies will create a baseline for narrowing down their factors impacting the performance.

Objectives: The main objective of the study is to analyze the financial performance of the five selected health insurers in the USA.

a) To determine the liquidity, profitability, solvency, leverage and market value ratio among five selected health insurers in the USA.

b) To assess the relationship of ratios among five selected health insurers in the USA through financial indicators.

c) To evaluate the comparative financial position of five selected health insurers in the USA

Methodology: A Quantitative and Comparative study design has been leveraged wherein secondary data sources have been capitalized to perform financial statement analysis using ratio analysis for the selected five health insurance companies over a period of five fiscal years. A systematic approach was adopted to research key terms related to the study.

Results: The analysis indicated that Centene Corp. has highest revenue CAGR with the largest market share. In 2020, financial condition of Humana Inc. and Anthem Inc. is better than 50% of all companies operating in the activity "Hospital and Medical Service Plans." Humana Inc. and Centene Corp. outperforms the peer group in terms of total asset

management, with outcomes that are higher than the industry averages. United Health Group Inc. & Centene Corp. has expensive shares while Cigna's & Anthem's shares are undervalued. The overall comparative analysis shows that Humana Inc. is better positioned thus, representing a more favorable investment opportunity.

Conclusion: The financial analysis for the study helped create a bigger picture of the companies' approach and financial health. It gave an insight into how companies are trying to maintain their financial stability, attract new business prospects, and deal with the transition towards value-based care.

ACKNOWLEDGEMENT

Carrying out this mammoth task had been neither easy nor ephemeral. No good work can be done bereft of helping hands. Now as this excursion halts to its final destination, the mind envisions, the heart is getting nostalgic with fond remembrance of all those moments and matters that have structured the ebullient path leading to its ultimate goal.

I would like to thank ***Mr. Abhishek Begerhotta***, CEO, 314e Corporation for providing me with this wonderful learning opportunity.

I express my deep sense gratitude to ***Mr. Gaurav Mundra***, Senior Vice President – Revenue Cycle Services, 314e Corporation for his great support and empathy which really kept me going. Without his support this report would not have taken the present shape.

I am ineffably indebted to my esteemed guide ***Dr. Anoop Khanna***, Professor, IIHMR University who has been a constant source of inspiration, with his unsurpassable teaching experience, interest and encouraging sympathetic attitude that my work has acquired the present shape.

I thank ***Dr. Prashant Sharma***, Professor (Finance), IIHMR University for having encouraged me to deliver quality outcomes through his feedback.

I'm blessed to have a wonderful family and a beautiful set of friends who have always brought a smile on my face during difficult and gloomy times. You are the reason why I have the confidence to scale highest and toughest of the mountains.

Above all I thank the Almighty God for being with me in all walks of my life.

Supriya Sen

TABLE OF CONTENTS

Contents

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

- OECD – Organization for Economic Co-operation & Development
- CHIP – Children's Health Insurance Program
- PHI- Personal Health Information
- EPO – Exclusive Provider Organization
- HMO – Health Maintenance Organization
- PPO – Preferred Provider Organization
- PCP – Primary Care Physician
- POS – Point of Service
- ROA – Return on Assets
- ROE – Return on Equity
- CAGR – Compound Annual Growth Rate
- EBIT – Earnings before Interest and Taxes
- CVS – Consumer Value Store
- HCSC – Health Care Service Corporation

Chapter 1: Introduction

The Health insurance industry is influenced by the market trends and political scenario of the country. An example of this is the recent shift towards value based healthcare. The Goal of value based care is to provide quality care at reduced costs. This has led to redesigning of health benefits plan wherein the focus has shifted to preventive care as compared to the traditional "quantity of care approach". Value based healthcare shifts the focus towards population management, incentivizing quality –based performance of the care providers and introducing alternative payment models. The alternative payment model suggests payment for performance and quality of care which will be determined based on the health outcome of the patients. The market volatility and instability makes financial analysis a basis for understanding the performance of companies in terms of value for the investors and consumers. A value based focus would have a more customer centric spending trend which need to necessarily translate into sales and market expenses. Further analysis of company's financial statements helps in developing a comprehensive understanding of the business performance. Drawing a comparison among companies help in creating a baseline for narrowing down their factors impacting performance during analysis.

1.1 The Role of Financial Analysis in Evaluating the Financial Performance

"Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues." This word is also used as an overall assessment of the financial health of a company over a certain time period, and is used to compare companies across the same industry. It involves analyzing and interpreting the financial statements to make a complete diagnosis of the business' profitability and financial soundness. The study of the financial performance identifies the strengths and weaknesses of the company by correctly exhibiting the relation between the components of financial statements.

Financial analysis is a tool which is used to measure the performance of a firm financially. It entails assessing a company's financial health and operating performance, as well as forecasting its future scenario and expected return. Data for analyzing the financial performance may be derived from the annual reports of the firm or the accounting department.

Financial analysis can be used to establish a prospective customer's creditworthiness, to assess a supplier's capacity to uphold the terms of a long-term contract, and to assess competitors' market performance.

The term Financial analysis refers to "a critical study of the financial statements of the entity after reclassifying the appropriate tab for the purpose of analysis, using other necessary data not included in those lists, using the various methods of analysis to clarify the reasons for the results, and track their evolution over successive financial periods, and make a sound comparison between similar enterprises". (Clair, Lambert 1996)

Financial analysis can also be stated as "the process of converting the vast amount of data and historical financial figures recorded in the financial statements to a smaller, clearer and more useful way of making decisions". (Saud, 1992)

Financial statement analysis is a way of reviewing and evaluating a company's financial statements in order to have a better understanding of its financial health and make better decisions.

Financial statement analysis brings out the significant relationships between various items in the financial statements. It evaluates the performance of the organization in terms of Liquidity, solvency, profitability, etc. in the past. It is a process that analyzes and interprets the performance history and the current financial position of the organization, thus resulting in better decision making for the investors. Thus, it is one of the important method to analyze the past performance and predict and plan the future performance.

1.1.1. Objectives of Financial Analysis

The main goal of the analysis of the financial statements is to understand and diagnose the information included in the financial statements to analyze the profitability and financial stability of the enterprise and to predict future prospects of the company. However, to

emphasize the importance of financial statement analysis, the following purposes or objectives may be stated:

- To assess the financial stability of an organization Liquidity position.
- To determine the Profitability position of an Organization.
- To evaluate the cash flows of an organization.
- To determine the short as well as long term solvency position of an organization
- To predict the financial performance and failure of an organization.
- To evaluate the progress of an organization for a time period.
- To determine the overall direction of any project
- To provide useful information to the stakeholders and assess in better decision making process.

1.1.2. Financial Analysis Tools

Financial analysis tools are employed for arriving at logical decisions that sustain economic unity in the pursuit of their goals. The financial analysis tools are of two types:

- **Traditional tools**: In traditional tools, Financial ratios are employed by the analyst to study the financial performance and Charts or diagrams are used to illustrate the results.
- **Modern tools**: In Modern tools, statistical methods such as matrices, regression, correlation, etc. are employed for the analysis. It can also be utilized to create analytical programmes to solve many of the challenges that the economic unit faces. (Mansouri, 1988)

The financial ratios are defined as "expressing the mathematical relationship between the items of the balance sheet together or the income statement items together or between the income statement items and the items of the budget, logically from the analyst's point of view". (Clair, Lambert, 1996)

1.1.3. Techniques of analysis of financial statements:

Financial statement analysis is the opening move in comprehending and deciphering the content of the documents to be used in varied fields, each from the perspective of users and management in lightweight of current economic conditions. In order to stress the

comparative and relative relevance of the data presented and to analyze the firm's position, various strategies are utilized in financial data analysis. Financial analysis comes in a variety of forms. Depending on the aim and the activity being studied, the types of financial analysis are:

i. **Horizontal analysis**: It is a technique for analyzing financial statements that illustrates variations in the amounts of relevant financial statement components over time. Horizontal analysis is the procedure of comparing historical financial data from different reporting periods. The base year and the comparison year is considered in order to determine the growth of a company.

ii. **Vertical analysis**: "Vertical analysis is a method of financial statement analysis in which each line item is listed as a percentage of a base figure within the statement. Vertical analysis clarifies the correlation between individual items on a balance sheet and the bottom line, given as a percentage."

iii. **Trend analysis**: Trend analysis can be performed utilizing previous years' data from a business enterprise to observe percentage changes in selected variables over time. Instead of calculating percentage changes between two years, trend analysis calculates percentage changes over multiple years. Trend analysis is significant because of its long-term perspective; it can reveal fundamental changes in the nature of business. One can determine if a ratio is declining, growing, or holding essentially steady by looking at its trend.

iv. **Ratio analysis**: A good method for expressing the relationship between two numbers is the ratio analysis. A ratio can be calculated using any pair of numbers. A ratio must show a meaningful relationship in order to be useful. Ratios are important in evaluating a company's financial status and operations and comparing them to past years or to other companies.

1.1.4. Forms of Financial Statements

i. Statement of Financial Position

"The statement of financial position, often called the balance sheet, is a financial statement that reports the assets, liabilities, and equity of a company on a given date. In other words, it lists the resources, obligations, and ownership details of a company on a specific day."

- Assets: An asset is a resource that any business or economic body owns or controls. “Assets are resources that the company can use to create goods or provide services and generate revenues.”
- Liabilities: “Liabilities are debt obligations that the company owes other companies, individuals, or institutions.” The future sacrifices of economic gains that the entity is obligated to make to other entities as a result of past transactions or other historical occurrences are defined as a liability.
- Equity: “Equity refers to the ownership of assets that may be accompanied by debts or other liabilities.” For accounting reasons, equity is calculated by deducting liabilities from asset value. This is the capital remaining in the company after all its assets are spent on debt payment.

ii. Income Statement

“An income statement or profit and loss account is one of the financial statements of a company and shows the company's revenues and expenses during a particular period. It indicates how the revenues are transformed into the net income or net profit.” Income & Expenses are the following are the two elements that make up the income statement.

iii. Cash Flow Statement

“A cash flow statement is a financial statement that summarizes the amount of cash and cash equivalents entering and leaving a company. The cash flow statement measures how well a company manages its cash position, meaning how well the company generates cash to pay its debt obligations and fund its operating expenses.”

iv. Statement of Changes in Equity

“The statement of changes in equity is a reconciliation of the beginning and ending balances in a company’s equity during a reporting period.” The following components contribute to the movement in owners' equity:

- Reported Net Profit or loss of a given period
- Share capital issued or repaid
- Dividend payments
- The effects of a change in accounting policy or the rectification of an accounting error

1.1.5. Limitations

The financial statements suffer from the following limitations;

1. They contain quantitative information expressed in monetary terms. They do not supply any qualitative information that could have a stronger influence on decision makers.
2. They simply record and reveal historical dates in nature. They do not incorporate any potential future outcomes.
3. Financial statements are strictly constrained within the boundaries of certain accounting principles. They serve as criteria for recording and reporting financial transactions.
4. Financial statements are simply summaries of a company's financial transactions. In a financial impasse, all detailed details about such a transaction cannot be revealed.
5. Financial statements include information on cost basis, which is the price paid on the date of the transaction. The impact of price changes (inflation) is not reflected in the financial accounts. In other words, the information is not provided in the present value.

1.2 Industry Overview: Health Insurance in USA

"Health insurance is a type of insurance that covers the whole or a part of the risk of a person incurring medical expenses." These costs could be related to hospitalization, medication, or medical consultation of doctors' fees. The spending on healthcare services in the United States is more as compared to any other countries. On an average, United states spend more than twice per person in healthcare as compared to the OECD countries. These costs are financed by a complex combination of government payers (federal, governmental and local governments), private insurers and individual payments. US does not have any nationwide health insurance system. Employers generally provide their employees and dependents with health insurance in the US, with the government programmes confined to aged, crippled and some of the poor.

1.2.1 Health Insurance by Service Provider

1. **Private:** The majority of the population in the United States, 74 percent, is covered by private health insurers. People under 65 years of age and their dependents receive private health insurance through their employers or by they purchase non-group health insurance on their own. Private insurance also gives you more options when it comes to medical treatments. People who purchase private insurance can now pick and choose which services and doctors they want. About 60% of the population in the United States uses private health insurance to cover their medical expenses. PHI usually covers those who aren't covered by any public health programmes, or are just partially insured. Private health insurance can be gained by a government programmes that automatically registers its citizens, or via programmes backed by employers, or must be purchased individually to meet their future health needs.
2. **Public:** Government-sponsored health insurance plans are available to low-income people and families, the elderly, and others who qualify for special subsidies. Medicare, Medicaid, and CHIP are the three major public health programmes in the United States.
    a) **Medicare:** "Medicare is a national health insurance program in the United States, begun in 1965 under the Social Security Administration (SSA) and now administered by the Centers for Medicare and Medicaid Services (CMS). It primarily provides health insurance for Americans aged 65 and older, but also for some younger people with disability status as determined by the SSA, and people with end stage renal disease and amyotrophic lateral sclerosis." It is administered by the federal government i.e. "Board of Trustees of the Federal Hospital Insurance Trust Fund, 1992". Payroll taxes, general federal funds, and premiums are all used to fund the program. Different structures and options of Medicare are:
        1. Traditional Medicare (Part A & Part B) –
            - Traditional indemnity coverage
            - Open panel
            - Little utilization review
            - No gatekeepers
            - High cost sharing

2. Medicare Advantage (Part C) –
    - Medicare contracts with private insurance companies to take medicare enrollees.
    - A strong focus on just the medicare market.
    - Plans offered are often HMO or PPO plan types.
3. Medicare Part D –
    - Coverage for prescription drugs.
    - Purchased as an add-on traditional medicare
    - Often incorporated as Medicare Advantage Plans.

b) **Medicaid** – "Medicaid in the United States is a federal and state program that helps with healthcare costs for some people with limited income and resources. It offers preventative, acute, and long-term care services, for 25 million people, or 10% of the population."

Medicaid offered in two main forms:

- Traditional Medicaid – Original offering, generally traditional indemnity style coverage.
- Medicaid Managed Care – More commonly found, HMOs or other managed care plans for Medicaid recipient.

Important challenge for Medicaid is limited funding and that the limits for eligibility vary from one state to another.

c) CHIP – "The Children's Health Insurance Program – formerly known as the State Children's Health Insurance Program – is a program administered by the United States Department of Health and Human Services that provides matching funds to states for health insurance to families with children."

1.2.2 By Network Provider

- **Exclusive Provider Organization (EPO): "**An Exclusive Provider Organization (EPO) is a health plan that offers a large, national network of doctors and hospitals for you to choose from. However, if you choose out-of-network health care providers, it usually will not be covered." It is like a hybrid of an HMO & PPO.

EPOs are usually a bit more flexible than an HMO and usually less expensive than a PPO.

- **Health Maintenance Organization (HMO):** "A health maintenance organization (HMO) is a network or organization that provides health insurance coverage for a monthly or annual fee." Out-of-network care is not usually covered except in an emergency. It is a network or organization providing monthly or annual health insurance coverage. It is composed of a group of health insurance providers who limit the coverage to healthcare supplied by doctors and other HMO providers. These contracts provide for lower premiums— as healthcare professionals have the benefit to address patients — but also put extra constraints to members of the HMO. HMO plans call for first-time medical treatments from a designated provider known as a primary care physician (PCP).
- **Point of Service (POS):** "A point of service plan is a type of managed care health insurance plan in the United States. It combines characteristics of the health maintenance organization and the preferred provider organization. The POS is based on a managed care foundation—lower medical costs in exchange for more limited choice."
- **Preferred Provider Organization (PPO):** "In health insurance in the United States, a preferred provider organization (PPO), sometimes referred to as a participating provider organization or preferred provider option, is a managed care organization of medical doctors, hospitals, and other health care providers who have agreed with an insurer or a third-party administrator to provide health care at reduced rates to the top insurer's or administrator's clients." PPO plans are more extensive in coverage and provide access to a wider network of providers than HMO plans, but they are more expensive. For the ease, accessibility, and independence that PPOs provide, such as a greater choice of hospitals and doctors, PPO prices are greater than HMO premiums. Premiums are higher for plans with the lowest/fewest out-of-pocket expenses, such as those with low deductibles and co-payments. The higher premium is due to the insurer bearing a greater share of the associated expenditures.

1.3 Rationale

The five companies (United Healthcare, Cigna Corp., Humana Inc., Anthem Inc., Centene Corp.) have been selected as they have consistently maintained their position among the top 10 health insurance companies in the recent past. They have been pitted as competitors against each other. Hence this study aims at analyzing the financial statements of these leading health insurance companies in USA to trace their business performance over the last five years and to understand factors influencing their performance. It also aims to analyze the initiatives taken by them to adapt to the shifting focus of the health insurance industry.

The ratio for analysis have been selected according to the aim of narrowing down on the business strategy that has proved to be the most beneficial for the organization in terms of revenue and customer engagement.

1.4. Research Question

1) What are the comparative liquidity, profitability, solvency, leverage and market value ratio among five selected health insurers in the USA?

2) What is the relationship of ratios among five selected health insurers in the USA through financial indicators?

3) What is the comparative financial position of five selected health insurers in the USA?

1.5 Objective of the Study

The main objective of the study is to analyze the financial performance of the five selected health insurers in the USA.

a) To determine the liquidity, profitability, solvency, leverage and market value ratio among five selected health insurers in the USA.

b) To assess the relationship of ratios among five selected health insurers in the USA through financial indicators.

c) To evaluate the comparative financial position of five selected health insurers in the USA

1.6 Scope of the Study

The present study covers the liquidity, solvency, leverage and profitability of select private health insurance companies in USA for the five financial years from 2016 to 2020 have been taken for the analysis. Ratio analysis, Trend analysis, and Comparative statements are used to analyze the firm's financial performance in this study. Financial statements assist management in determining profit, solvency, liquidity, and efficiency, among other things. This analysis will provide a complete picture of the business. This study will also aid management in making decisions and to understand new possibilities. The research aids in conducting further financial research and in making financial decisions in personal life.

Chapter 2: Review of Literature

2.1 Theoretical Literature

2.1.1 Financial Ratio Analysis

Proper information analysis and interpretation are critical components of excellent business analysis. This is what financial statement analysis is for. It will assist an analyst in comprehending and evaluating both qualitative and quantitative financial data, allowing them to draw reliable judgments about the company's prospects and risks. (Abiola, 2013)

The most essential and oldest approach of analyzing company’s performance is financial performance analysis using ratio analysis. It has long been used to assess the financial and credit standing of organizations as well as the outcomes of their efforts. However, while a number is included in a financial report, it does not imply whether this figure is significant and does not provide us with helpful information. (Almumani & Abdelkarim, 2014).

Financial ratios show the necessity of successful management of an organization, and there is a considerable relationship between ratio analysis and organizational performance. Financial ratios should be calculated on a regular basis to indicate areas of strength and weakness, and ratio analysis should be used to gauge profitability.

When examining an organization's credit and financial condition, a wide range of standards and financial ratios can be employed. The ratios employed are determined by the organization's activities and the objective of the analysis. (Brigham, 2010).

2.1.2 The benefits and limitations of financial ratios analysis

Financial ratios are a significant and well known financial analysis approach. The advantages of financial ratios analysis are as follows:

According to Caddy (2010) Firstly, they can be used to assess and set performance standards. Secondly, they can be deployed to identify areas that need to be improved or places with the most future potential and Lastly, they allow third parties to analyze an organization's creditworthiness and profitability.

Although the usage of financial ratios is ubiquitous, they do have certain limits, which can be stated as follows:

According to Abdulrahman (2011), There is a lot of subjectivity here because no one knows what the appropriate number for each ratio should be. Due to a variety of reasons such as various accounting practices and different financial years, ratios may not be exactly comparable between organizations. Ratios are calculated using financial data that only reflect the past and do not predict the future.

2.1.3 Financial Statement as Source of Ratios analysis

The financial statements comprise of the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows. (Ali & Akram, 2011)

The balance sheet shows the company's financial situation by showing what it owns and owes as of the report date. The balance sheet can be thought of as a snapshot of the company's financial situation at a specific point in time. Balance sheets usually show the current period as well as a previous period so that financial statement readers can immediately see significant changes. The income statement is more akin to a silver screen in that it shows how a company performed over the course of the specified period(s) and whether it made a profit or loss. An income statement is a financial statement that shows a company's operating results over the course of a fiscal year. It also serves as a handy tool for forecasting the company's future performance. (Lynch, 2000)

Technical profit and loss that raise or reduce owners' equity but are not shown in the income statement can be found in the “statement of changes in shareholders' equity”. It matches up the beginning and closing balances of equity accounts. The cash flow statement outlines the company's cash movements over time and classifies them as operating, investing, or financing. The statement of cash flows shows how company operations affect cash flow.

2.2 Empirical literature

Chen et al (2009) examined the determinants of profitability of insurance companies of Japan from 2003 to 2008.The findings revealed that with an increase in the equity ratio, the profitability of the insurance company decreases. He also stated that insurance firms must diversify their investments and employ efficient hedging procedures in order to generate more financial earnings.

Gour & Gupta (2012), determined the solvency ratio of Indian life insurance firms. It examined whether the performance of different companies was comparable or whether there was a substantial difference. Ranks were allocated to different firms based on solvency ratio, which revealed that ICICI was the best among selected industry companies, followed by Birla Sun Life, SBI, HDFC, and LIC. The solvency of life insurers is also dependent on the profits received from total investible funds and the interest rate.

Teresa (2013) noticed that the size of the company was the most important factor of ROA (return on assets) for insurance companies. She used financial data from 2010 to regress capital volume, liquidity, company size, and underwriting risk on ROA.

McDermott et al (2021) analyzed annual financial data of insurance companies to examine the performance of insurance markets in 2020 due to the emerging and progressing pandemic. During the pandemic, health insurers appeared to have become more profitable in majority of the markets. Gross margins were greater and medical loss ratios were lower in 2020 than in 2019.

Shiu (2004) used three important variables i.e. Investment yield, % change in shareholder’s funds and returns on shareholder’s funds to examine the factors of the performance of UK general insurance businesses from 1986 to1999. The author has empirically evaluated 12

explicative variables on the basis of a set of panel data and has shown that the performance of insurers is positively linked to interest rate, equity income, solvency margin and liquidity and negative inflation-dependency correlation.

Hagel, Brown and Davison (2010) claimed that most economists and investors use return on equity as their major metric for evaluating a company's performance. The return on equity (ROE) focuses on the company's shareholders.

Elango, Luenma & Pope (2008) proposed that if we concentrated on geographical divergence and product integration, there was a complex connection between the company's return on performance and its diversification profile. If geographical and product diversification were modest, the company performance would be outstanding.

Batool A. Sahi C A. (2019). Internal characteristics such as company size, debt, and asset turnover are positively correlated with profitability metrics such as ROA and ROE in the United States insurance business. The internal factor liquidity, on the other hand, has insignificant association with the profitability indices ROA and ROE.

2.3 Literature Gap

There are very few research articles on performance in the insurance industry, and most publications on financial performance are centered on banks. Following a thorough examination of the literature, it has been determined that no comprehensive analysis of the performance of the health insurance sector using financial ratios has been conducted. Financial ratios are used to examine the company's financial performance in a comprehensive manner, and to measure the performance of the company in relation to its competitors in the sector. Although, there has been some research on financial performance analysis in other foreign countries but there is not much study related to the US Health Insurance Industry.

Chapter 3: Research Methodology

Study Design: A Quantitative and Comparative study design has been leveraged wherein secondary data sources have been capitalized to perform financial statement analysis using

ratio analysis for the selected five health insurance companies over a period of five fiscal years.

Data Collection:
Secondary Data - The data for the present study has been collected from secondary sources. A systematic approach was adopted to research on key terms related to the study. A ratio analysis deep dive was done by using search strings that included "Ratio analysis for health insurance", "Financial statement analysis + Health insurance + USA".

The searches were mainly carried through the medium of databases, authentic financial analytic platforms, articles, journals, trade platforms, analyst reports with a filter of time period for the past five years.

Sampling Design: Judgement sampling technique has been applied to select health insurance companies from the top 10 health insurers in the USA. The parameters considered for selection include revenue and membership.

Duration of Study: 23 March 2021 to 19 June 2021 (3 Months)

Data Tools:
The data tools that have been leveraged to derive relevant information that will aid in financial performance analysis and calculation of financial ratios of FY2016 to FY2020 for the selected health insurance companies have been listed below:

- Balance Sheet
- Income Statement
- Annual Transcripts
- Analyst Reports

Sources of Secondary Data

- Annual Report, 10k filling
- Insurance Company Website
- Journals/Magazines

Formulae Used for Calculations:

1. **CAGR (Compound Annual Growth Rate)**: "Compound annual growth rate (CAGR) is a metric that smoothes annual gains in revenue, returns, customers, etc.,

over a specified number of years as if the growth had happened steadily each year over that time period." The compound annual growth rate (CAGR) represents a variable's cumulative performance over a long period of time and is used to assess a company's relative profitability. CAGR is frequently related with certain characteristics that reflect a company's performance over a set period of time, such as sales, revenue, profitability, and so on.

CAGR = (End value/ Beginning value) ^1/years -1

2. **Liquidity Ratio**:
   - **Current Ratio**: "The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year." It incorporates all current assets and current liabilities.

     Current Ratio = Current liabilities/Current assets
3. **Solvency Ratio**: "A solvency ratio is a key metric used to measure an enterprise's ability to meet its long-term debt obligations and is used often by prospective business lenders." A solvency ratio is a measure of a company's financial health that determines if its cash flow is sufficient to cover its long-term liabilities.
   The main solvency ratios are:

   - Interest Coverage Ratio: EBIT / Interest Expenses
   - Debt to Asset Ratio: Debt / Assets
   - Equity Ratio: Total Shareholder Equity / Total Assets
   - Debt/Equity Ratio: Debt Outstanding / Equity
4. **Efficiency Ratio**: Efficiency Ratio measures the ability of the company to use its assets and manage its liabilities in the short term or current period.
   - **Asset Turnover Ratio**: "Asset turnover ratio measures the use of assets by the company management." It assesses the assets' ability to generate revenue efficiently.

     Asset Turnover Ratio: Company's Revenue / Total Assets

5. **Price – to – earnings Ratio** – "The price-earnings ratio (P/E ratio) relates a company's share price to its earnings per share." A high P/E ratio could indicate that a company's stock is overvalued, or that investors anticipate strong future growth rates.

Price-to-earnings Ratio: Market Value per share/Earnings per share

6. **Profitability Ratio** – It is used to a measure a company's capability to produce income in relation to the expenses and other costs associated.
   - **ROA** - The return on assets (ROA) displays what proportion of a company's assets are profitable in terms of revenue generation.

     ROA = Net income/ Total assets
   - **ROE** – The return on equity (ROE) is a profitability measure of a company which indicates how well a company has managed the invested capital by shareholders.

     ROE = Net income/ Average shareholder's equity

Chapter 4: Data Analysis

Comparative analysis – Criteria for selecting organizations

Organization	**Revenue**	**No. of Subscribers**
United Healthcare	US $257.141 billion	45 million
Centene	US $111.11 billion	25 million
Anthem	US $121.9 billion	41 million
Humana	US $77.155 billion	20 million
Cigna	US $160.401 billion	22 million
CVS (Aetna)	US $75.467 billion	23.4 million
Wellcare	US$17.007 billion	6.3 million
Molina Healthcare, Inc.	US $19.4 billion	3.6 million
HCSC	US $47.3 billion	17 million
Kaiser Foundation	US $88 billion	12.4 million

Table 1: *Comparison of Top 10 Health insurers in USA based on Revenue and Membership (Source: Annual Reports & Company Profile)*

The top 10 health insurance companies are compared based on the Revenue and Number of Subscribers. Judgement sampling is applied and 5 health insurance companies i.e. United Health Group Inc., Anthem Inc., Centene Corp., Humana Inc., and Cigna Inc. are selected for the financial performance analysis.

1. **Revenue: 5 year CAGR**

Figure 1: *5-year Revenue CAGR of selected five health insurers in USA.*

Interpretation: The first indicator considered for analysis is Revenue CAGR of the five selected health insurance companies over a period of five financial years. The health of the company is determined by the CAGR.

Figure 1 shows the comparison of growth rate in terms of revenue CAGR. 5 year CAGR of the respective companies to help interpret if the strategy adopted was on the basis of value based approach or a volume based approach. A distinctive finding in the data is Centene Corp. which has the highest 5 year CAGR and Since 2002, it has been noticed that Centene Corp. has a consistent and significant revenue growth. Recently, Wellcare is acquired by Centene Corp. which now has resulted into diversification.

It can be seen that Humana Inc. has comparatively the lowest 5 year CAGR. On further research the attributable loss in the performance is due to a mounting loss in the Individual Commercial segment of Humana which in turn affects the companies' top and bottom line. Enrollment in this business has been declining significantly and the rising expenses is severely affecting the bottom line.

2. **Liquidity Ratio**

    i. **Current Ratio**

Figure 2: *5-year Trend analysis of Current Ratio of selected five health insurers in USA*

Interpretation: Figure 2 shows that Humana Inc. has the highest Current Ratio followed by Anthem Inc. indicating towards adequate amount of working capital and a good choice for investment. From the customer point of view, it can be deduced that the company would

find it easier to translate claims expenses if it exceeded the premium earnings considering the availability of working capital at hand.

UnitedHealth Group has a current ratio of 0.74. It suggests that the corporation may be having trouble completing its current obligations. Low results, on the other hand, do not necessarily indicate a serious concern.

Further analysis of Cigna's balance sheet revealed high cash coverage and appropriate debt levels which indicates towards efficient management of borrowings, however low liquidity could raise concerns over asset management from investment point of view.

Apart from United Health Group Inc. & Cigna, all others are within the comfortable range of current ratio.

Figure 2 shows the 5-year trend analysis of current ratio of the selected health insurance companies. A consistent increase in current ratio from 2016 to 2020 has been seen in United Health Group Inc. & Cigna. On the other hand, a decline in current ratio has been observed in Humana Inc. In 2019, Centene Corp. had the highest current ratio in 5 years.

Comparing to the industry's average, Centene Corp., Cigna Inc., & United Health Group Inc. has low current ratio indicating a higher risk of distress. These companies have a relatively lower liquidity position than its competitors.

3. Solvency Ratio

i. Debt-to-Equity Ratio

Figure 3: *5-year Trend analysis of Debt-to-Equity Ratio of selected five health insurers in USA*

Interpretation: From Figure 3, it can be observed that while all the companies are at comfortable levels of solvency ratio, in 2020 United Health Group Inc. has the highest Debt/Equity ratio. The highest Debt/Equity ratio in these five years (2016 – 2020) has been observed in Cigna among all. This can be attributed to the merger between Cigna Inc. and Express Scripts, a pharmacy benefit manager in a $67bn deal. Centene also showed high Debt/Equity ratio than the industry average. This increase was primarily due to the acquisition of Fidelis Care, in the Health Insurance Business Marketplace.

It can be seen that the debt-to-equity ratio of all the selected health insurance companies has slightly decreased in 2020 as compared to 2019. This is due to the impact of covid-19 and volatile financial markets on the assets as well as liabilities. But the decrease in solvency ratio doesn't really mean that the health insurance sector has a big problem.

A further trend analysis pointed out towards a consistency in the performance of Anthem Inc. & Humana Inc. throughout the five years but it is under the industry average. Cigna Inc. has shown a decrease in the ratio over the past three years there by strengthening in equity financing.

4. **Efficiency Ratio**

    i. **Asset Turnover Ratio**

Figure 4: *5-year Trend analysis of Asset Turnover Ratio of selected five health insurers in USA*

Interpretation: As a standard interpretation, Higher the Asset turnover ratio more efficient is the management of assets in relation to net sales or revenue. Among the companies analyzed, Humana Inc. has the most efficient management as it reports an average ratio of 2.16. This means for every dollar invested the company is generating a revenue of 2X times. Apart from Humana Inc., Centene Corp. reported a ratio higher than the industry's average of 1.57. Cigna's low performance can be associated with the prior ratio of solvency wherein the financial obligations ability also stood low among the competitors, thereby indicating towards a management intervention for better optimization of resources and finances.

A consistent performance has been observed in United Health Group Inc. & Anthem Inc. in 5 Years (Figure 4). While Centene Corp. reported a constant decrease in efficiency since 2016, indicating inefficient usage of its assets efficiently to generate sales. Cigna Inc. and Humana Inc. has shown an increase in asset turnover ratio since 2018 indicating more efficient use of its assets.

Comparing to the industry average, Centene Corp., & Humana Inc. has shown a consistent higher Asset Turnover Ratio indicating more efficient utilization of assets.

5. **Market Value Ratio**

i. Price-to-earnings Ratio

Figure 5: *5-year Trend analysis of P/E Ratio of selected five health insurers in USA*

Interpretation: P/E ratio represents the amount which investors are willing to pay for each rupee of the firm's earnings. As per Figure 5, Centene Corp and United Health Group Inc. has greater current P/E Ratio as compared to the industry average, whereas Anthem Inc., Cigna Inc., and Humana Inc., has lower current P/E ratio indicating that regardless of business performance, the stock may be undervalued.

Humana Inc. and Cigna Inc. shows comparable valuation throughout the five years. Centene Corp. has highest P/E ratio as compared to Industry average followed by United Health Group Inc. in the given 5 years (2016 – 2020) highlighting potential opportunity for the investors.

6. Profitability Ratio

i. ROA Ratio

Figure 6: *5-year Trend analysis of ROA Ratio of selected five health insurers in USA*

Interpretation: As per the Figure. ROA of United Health Group Inc. & Humana Inc. has high ROA which indicates highest return are generated from better utilization of assets by these companies. Anthem Inc. has comparable ROA to the industry average whereas Cigna Inc. & Centene Corp. has low ROA than the industry average.

Between 2016 and 2020, United Health Group Inc. increased its return on assets by 2.2% points, owing to an increase in profits while maintaining roughly the same total assets. When it comes to Humana Inc. an increase in 6.9% can be seen. A decrease in 0.2% can be seen in Centene Corp. in 5 years. Large changes, on the other hand, are not visible in Anthem Inc. and Cigna Inc. which have remained relatively consistent over the five years under consideration.

ii. ROE Ratio

Figure 7: *5-year Trend analysis of ROE Ratio of selected five health insurers in USA*

Interpretation: As per Figure 7, United Health Group Inc. & Humana Inc. has high ROE than the industry average indicating high returns available to equity shareholders. This can enhance the growth of the companies while Centene Corp., Cigna Inc., & Anthem Inc. has low ROE than the industry average indicating no returns available to equity shareholders. And it shows the companies are at financial distress.

Chapter 5: Conclusion

The goal of the study was to look at the financial performance of US health insurance businesses by looking at their financial statements. Measuring Insurance Companies' performance has gained significance, as they not only provide a savings and risk transfer mechanism, but also help channel funds from the economic excess units into deficit economic units in a suitable manner in order to support investment operations in the economy. Company performance can affect the overall economy, and hence empirical analysis is necessary to measure the performance. The financial analysis in terms of business performance has helped in determining the comparability between the five selected health insurance companies. The analysis indicated that Centene Corp. has highest revenue CAGR with the largest market share.

Based on Liquidity Ratio results, it can be said that the financial condition of Humana, Inc. and Anthem Inc. in 2020 is better than the financial condition of half of all companies engaged in the activity "Hospital and Medical Service Plans". These two companies have Liquidity ratio higher than the industry average which indicates that it is less likely to face any financial hardship as compared to its peer group.

Based on solvency ratio analysis, it can be said that all selected five health insurance companies have comparable solvency ratio and in line with the industry average. This shows that these companies are in safe positions and financially strong in relation to their debt and interest payments. It can also be deduced that in 2020 solvency ratio was slightly affected due to Covid -19.

Based on the Efficiency ratio, it can be said that Humana Inc. and Centene Corp. shows better overall asset management than the peer group, having results above than the Industry

averages. Cigna Inc. is not effective in using its assets and does not have a sufficient inventory level.

Based on Market Value ratio, it can be said that all five selected health insurance companies followed similar trend between 2016 to 2020. United Health Group Inc. & Centene Corp. has expensive shares while Cigna's & Anthem's shares are undervalued.

Based on Profitability ratio, United Health Group Inc. & Humana Inc. can be considered more profitable than Anthem Inc., Cigna. Inc., & Centene Corp. United Health Group Inc. & Humana Inc. is generating more sales revenue while still having lower cost of sales. This reflects better cost management than the peer companies.

The overall comparative analysis shows that Humana Inc. is better positioned than the other four selected companies with respect to the return on assets, return on equity, efficiency, and Liquidity ratio. It is then followed by United Health Group with respect to the valuation, return on assets, return on equity and leverage. Meanwhile, Centene Corp. scores higher in terms of 5 year CAGR and leverage. The scale is tilted in favor of Humana, representing a more favorable investment opportunity.

Chapter 6: Limitations & Recommendations

The information gathered for the study is based on publicly available financial statements of the business, which may have some flaws. This study is limited to the comparative study of financial performance of selected five health insurance companies in the USA. This study is based on secondary data that has been reviewed and evaluated throughout the last five years, from 2016 to 2020 (i.e. historical data for five years), and it cannot be repeated in the next five years or afterwards. Only a few financial and statistical tools and approaches are employed in this study, therefore the results from other tools may differ. The study's scope was limited to a small set of variables that measured financial success

without taking into account any overall performance measurement instrument. The research has covered limited tools and techniques for analysis. Thus, to get more accurate result, the further research should cover more analysis techniques. The findings can't be generalized with whole population.

References

1. Abiola, B. (2013). Financial Ratio Analysis of Firms: A Tool for Decision Making. International Journal of Management Sciences, 1(4), 132-137.
2. Almumani, M. & Abdelkarim,A. (2014). A Comparison of Financial Performance of Saudi Banks (2007-2011). Asian Journal of Research in Banking and Finance, 4 (2,),200- 213
3. Elijah Adeyinka Adedeji, "A Tool for Measuring Organization Performance using Ratio Analysis", Research Journal of Finance and Accounting, Vol. 5, No. 19, pp. 1- 14, 2014.

4. Brigham, E. (2010). Financial Management Theory and Practice (13th Edin ed.). Boston(USA): South-Western Cengage Learning.
5. Caddy,E. (2000). Intellectual capital: recognizing both assets and liabilities. Journal of Intellectual Capital, 1(2), 129-146.
6. Abdulrahman, T. (2011). Evaluating Performance of Islamic Banks By Using Financial Analysis Composite: A Comparative Study of the Iraqi Islamic Bank Performance with the Jordan Islamic Bank for the Period (2000-2008). Journal of Kerkuk University for Administrative and Economic Sciences, 2(1), 152-171.
7. Ali,F.& Akram,A. (2011). A Comparison of Financial Performance in Investment Banking Sector in Pakistan. International Journal of Business and Social Science, 2 (9), 17-19.
8. Lynch, M. (2000). How to read a financial report? London: New Brunswick.
9. Hall, M. A., McCue, M. J., & Palazzolo, J. R. (2018). Financial Performance of Health Insurers: State-Run Versus Federal-Run Exchanges. Medical care research and review: MCRR, 75(3), 384–393.
10. Gour, B., Gupta M. C. (2012). A Review on Solvency Margin in Indian Insurance Companies. International Journal of Recent Research and Review, Vol. II, June 2012
11. Teresa, N.O. (2013). Multiple linear regression approach to modeling determinants of profitability of life insurance companies in Kenya.
12. Syed Ali Raza, Syed Tehseen Jawaid and Muhammad Adnan, “A Du Pont Analysis on Insurance Sector of South Asian Region”, Munich Personal RePEc Archive, Paper No. 49289, August 2013.
13. McDermott D., Stoylar L.,Hinton E., Ramirez G., Cox C. (2020) Health Insurer Financial Performance in 2020
14. Schich, S. (2008). ―Challenges related to Financial Guarantee Insurance‖, OECD Financial Market Trends, Volume 2008/1, June, pp. 81-113.
15. Santomero, A. M. &Babbei, D. F. (1997). "Financial Risk by Insurers: An Analysis of the Process": The Journal of Risk and Insurance, 64, 231-270.
16. Hagel, J. Brown, J. S. & Davison, L. (2010). The Best Way to Measure Company Performance. Harvard Business Review. Harvard: Harvard Business Publishing

17. Black, A.P., P. Wright, & J. E. Bachman. (1998). In Search of Shareholder Value: Managing the Drivers of Performance. London: Pitman Publishing.
18. Maina, P. (2003). Risk and return of investment held by insurance companies in Kenya, MBA Thesis. Kenya: University of Nairobi
19. Batool A., Chaudhry A., Sahi I. (2019). Determinants of Financial Performance of Insurance Companies of USA and UK During Global Financial Crisis (2007 -2016). International Journal of Accounting Research. 5. 23-33. 10.35248/2472-114X.19.7.194.
20. Elango, B., Luenma, Y. & Pope, N. (2008). An investigation into the diversification-performance relationship in the U.S. property-liability insurance industry. The journal of risk and Insurance, 75 (3), 567- 591.
21. Shiu, Y. (2004). Determinants of United Kingdom general insurance company performance. British Actuarial Journal, 10 (5), 1079-1110.
22. Annual Reports of Selected Insurance Companies for 2016 – 2020.
23. Financial Statements of Selected Insurance Companies.

Appendix

Cigna Inc. Financial Statements

1. Balance Sheet

In millions of USD per share	2020	2019	2018	2017	2016
Cash & Equivalents	10,182	4,619	3,855	2,972	3,185
Short-Term Investments	1,331	937	2,045	2,136	-
Cash & Cash Equivalents	11,513	5,556	5,900	5,108	3,185
Cash Growth	107.22%	-5.83%	15.51%	60.38%	61.84%
Receivables	17,391	15,816	15,980	8,918	9,555
Inventory	3,165	2,661	2,821	228	-
Other Current Assets	-4,270	5,812	-4,271	-4,943	-
Total Current Assets	27,799	29,845	20,430	9,311	-

Property, Plant & Equipment	4,205	4,417	4,562	1,563	1,536
Long-Term Investments	23,262	21,542	26,929	26,483	-
Goodwill and Intangibles	79,827	81,164	83,508	6,509	5,980
Other Long-Term Assets	20,358	18,806	17,797	17,893	-
Total Long-Term Assets	127,652	125,929	132,796	52,448	-
Total Assets	**155,451**	**155,774**	**153,226**	**61,759**	**59,360**
Accounts Payable	18,825	15,544	15,068	489	8,946
Deferred Revenue	-	-	-	-	634
Current Debt	3,374	5,514	2,955	240	-
Other Current Liabilities	13,823	19,080	13,872	10,280	-
Total Current Liabilities	36,022	40,138	31,895	11,009	-
Long-Term Debt	29,545	31,893	39,523	5,199	-
Other Long-Term Liabilities	39,498	38,364	40,736	31,791	-
Total Long-Term Liabilities	69,043	70,257	80,259	36,990	-
Total Liabilities	**105,065**	**110,395**	**112,154**	**47,999**	**45,575**
Total Debt	32,919	37,407	42,478	5,439	5,032
Debt Growth	-12%	-11.94%	680.99%	8.09%	-2.65%
Common Stock	22,607	26,117	27,651	-1,007	1,250
Retained Earnings	28,575	20,162	15,088	15,800	13,855
Comprehensive Income	-861	-941	-1,711	-1,082	-1,382
Shareholders' Equity	**50,321**	**45,338**	**41,028**	**13,711**	**13,723**
Total Liabilities and Equity	155,386	155,733	153,182	61,710	59,298
Net Cash / Debt	-21,406	-31,851	-36,578	-331	-1,847
Net Cash / Debt Growth	-32.79%	-12.92%	10950.76%	-82.08%	-42.30%
Net Cash Per Share	-59.25	-85.29	-150.2	-1.34	-7.19
Working Capital	-8,223	-10,293	-11,465	-1,698	-
Book Value Per Share	139.29	121.41	168.47	55.61	53.45

2. Income Statement

In millions of USD per share	2020	2019	2018	2017	2016
Revenue	160,401	153,566	48,650	41,806	39,838
Revenue Growth	4.45%	215.65%	16.37%	4.94%	5.18%
Cost of Revenue	136,194	128,487	32,321	27,719	26,809
Gross Profit	24,207	25,079	16,329	14,087	13,029
Selling, General & Admin	14,072	14,053	11,934	10,030	9,790
Other Operating Expenses	1,982	2,949	235	115	151
Operating Expenses	16,054	17,002	12,169	10,145	9,941
Operating Income	8,153	8,077	4,160	3,942	3,088
Interest Expense / Income	1,438	1,682	498	252	278
Other Expense / Income	-4,122	-159	90	79	-193

Pretax Income	10,837	6,554	3,572	3,611	3,003
Income Tax	2,379	1,450	935	1,374	1,136
Net Income	8,458	5,104	2,637	2,237	1,867
Shares Outstanding (Basic)	361	373	244	247	257
Shares Change	-3.26%	53.34%	-1.22%	-3.97%	-0.33%
EPS (Basic)	23.17	13.58	10.69	8.92	7.31
EPS (Diluted)	22.96	13.44	10.54	8.77	7.19
EPS Growth	70.83%	27.51%	20.18%	21.97%	-10.57%
Free Cash Flow Per Share	25.62	22.59	13.31	14.66	13.89
Dividend Per Share	0.04	0.04	0.04	0.04	0.04
Dividend Growth	0%	0%	0%	0%	0%
Gross Margin	15.10%	16.30%	33.60%	33.70%	32.70%
Operating Margin	5.10%	5.30%	8.60%	9.40%	7.80%
Profit Margin	5.30%	3.30%	5.40%	5.40%	4.70%
FCF Margin	5.80%	5.50%	6.70%	8.60%	8.90%
Effective Tax Rate	22.00%	22.10%	26.20%	38.10%	37.80%
EBITDA	15,077	11,887	4,765	4,429	3,891
EBITDA Margin	9.40%	7.70%	9.80%	10.60%	9.80%
EBIT	12,275	8,236	4,070	3,863	3,281
EBIT Margin	7.70%	5.40%	8.40%	9.20%	8.20%

United Health Group Inc. Financial Statements

1. Balance Sheet

In millions of USD per share	2020	2019	2018	2017	2016
Cash & Equivalents	16,921	10,985	10,866	11,981	10,430
Short-Term Investments	6,936	6,336	6,490	6,610	5,950
Cash & Cash Equivalents	23,857	17,321	17,356	18,591	16,380
Cash Growth	37.73%	-0.20%	-6.64%	13.50%	2.96%
Receivables	25,404	21,462	18,250	15,830	15,651
Other Current Assets	4,457	3,851	3,086	2,663	1,848
Total Current Assets	53,718	42,634	38,692	37,084	33,879
Property, Plant & Equipment	8,626	8,704	8,458	7,013	5,901
Long-Term Investments	41,242	37,209	32,510	28,341	23,868
Goodwill and Intangibles	82,193	76,008	68,235	63,045	56,125
Other Long-Term Assets	11,510	9,334	4,326	3,575	3,037

Total Long-Term Assets	143,571	131,255	113,529	101,974	88,931
Total Assets	**197,289**	**173,889**	**152,221**	**139,058**	**122,810**
Accounts Payable	44,367	40,695	36,596	33,051	29,752
Deferred Revenue	2,842	2,622	2,396	2,269	1,968
Current Debt	4,819	3,870	1,973	2,857	7,193
Other Current Liabilities	20,392	14,595	12,244	12,286	10,339
Total Current Liabilities	72,420	61,782	53,209	50,463	49,252
Long-Term Debt	38,648	36,808	34,581	28,835	25,777
Other Long-Term Liabilities	15,682	13,137	8,204	7,738	7,592
Total Long-Term Liabilities	54,330	49,945	42,785	36,573	33,369
Total Liabilities	**126,750**	**111,727**	**95,994**	**87,036**	**82,621**
Total Debt	43,467	40,678	36,554	31,692	32,970
Debt Growth	6.86%	11.28%	15.34%	-3.88%	3.14%
Common Stock	10	16	10	1,713	10
Retained Earnings	69,295	61,178	55,846	48,730	40,945
Comprehensive Income	-3,814	-3,578	-4,160	-2,667	-2,681
Shareholders' Equity	**65,491**	**57,616**	**51,696**	**47,776**	**38,274**
Total Liabilities and Equity	192,241	169,343	147,690	134,812	120,895
Net Cash / Debt	-19,610	-23,357	-19,198	-13,101	-16,590
Net Cash / Debt Growth	-16.04%	21.66%	46.54%	-21.03%	3.33%
Net Cash Per Share	-20.66	-24.56	-19.94	-13.59	-17.43
Working Capital	-18,702	-19,148	-14,517	-13,379	-15,373
Book Value Per Share	69.01	60.59	53.68	49.56	40.2

2. Income Statement

In millions of USD per share	2020	2019	2018	2017	2016
Revenue	257,141	242,155	226,247	201,159	184,840
Revenue Growth	6.19%	7.03%	12.47%	8.83%	17.65%
Cost of Revenue	190,141	184,557	172,401	154,148	141,454
Gross Profit	67,000	57,598	53,846	47,011	43,386
Selling, General & Admin	41,704	35,193	34,074	29,557	28,401
Other Operating Expenses	2,891	2,720	2,428	2,245	2,055
Operating Expenses	44,595	37,913	36,502	31,802	30,456
Operating Income	22,405	19,685	17,344	15,209	12,930
Interest Expense / Income	1,663	1,704	1,400	1,186	1,067
Other Expense / Income	366	400	396	265	56
Pretax Income	20,376	17,581	15,548	13,758	11,807
Income Tax	4,973	3,742	3,562	3,200	4,790
Net Income	15,403	13,839	11,986	10,558	7,017
Shares Outstanding (Basic)	949	951	963	964	952
Shares Outstanding (Diluted)	961	966	983	985	968
Shares Change	-0.21%	-1.25%	-0.10%	1.26%	-0.10%
EPS (Basic)	16.23	14.55	12.45	10.95	7.37

EPS (Diluted)	16.03	14.33	12.19	10.72	7.25
EPS Growth	11.86%	17.56%	13.71%	47.86%	20.63%
Free Cash Flow Per Share	21.2	17.24	14.17	12.01	8.5
Dividend Per Share	4.83	4.14	3.45	2.88	2.38
Dividend Growth	16.67%	20%	20%	21.05%	26.67%
Gross Margin	26.10%	23.80%	23.80%	23.40%	23.50%
Operating Margin	8.70%	8.10%	7.70%	7.60%	7.00%
Profit Margin	6%	5.70%	5.30%	5.20%	3.80%
FCF Margin	7.80%	6.80%	6.00%	5.80%	4.40%
Effective Tax Rate	24.40%	21.30%	22.90%	23.30%	40.60%
EBITDA	24,930	22,005	19,376	17,189	14,929
EBITDA Margin	9.70%	9.10%	8.60%	8.50%	8.10%
EBIT	22,039	19,285	16,948	14,944	12,874
EBIT Margin	8.60%	8.00%	7.50%	7.40%	7.00%

Humana Inc. Financial statements

1. Balance Sheet

In millions of USD per share	2020	2019	2018	2017	2016
Cash & Equivalents	4,673	4,054	2,343	4,042	3,877
Short-Term Investments	12,554	10,972	10,026	9,557	7,595
Cash & Cash Equivalents	17,227	15,026	12,369	13,599	11,472
Cash Growth	14.65%	21.48%	-9.04%	18.54%	16.61%
Receivables	1,138	1,056	1,015	854	1,280
Other Current Assets	5,276	3,806	3,564	2,949	3,438
Total Current Assets	23,641	19,888	16,948	17,402	16,190
Property, Plant & Equipment	2,371	1,955	1,735	1,584	1,505
Long-Term Investments	2,382	1,469	1,458	2,745	2,203
Goodwill and Intangibles	4,447	3,928	3,897	3,281	3,272
Other Long-Term Assets	2,128	1,834	1,375	2,166	2,226
Total Long-Term Assets	11,328	9,186	8,465	9,776	9,206
Total Assets	**34,969**	**29,074**	**25,413**	**27,178**	**25,396**
Accounts Payable	12,156	9,758	8,148	11,660	9,864
Deferred Revenue	318	247	283	378	280
Current Debt	920	924	1,865	291	512
Other Current Liabilities	0	0	-219	-2,923	-2,834
Total Current Liabilities	13,394	10,929	10,077	9,406	7,822
Long-Term Debt	6,060	4,967	4,375	4,770	3,792
Other Long-Term Liabilities	1,787	1,141	800	3,160	3,097
Total Long-Term Liabilities	7,847	6,108	5,175	7,930	6,889
Total Liabilities	**21,241**	**17,037**	**15,252**	**17,336**	**14,711**
Total Debt	6,980	5,891	6,240	5,061	4,304

Debt Growth	18.49%	-5.59%	23.30%	17.59%	-2.05%
Common Stock	-7,180	-5,602	-4,752	-3,847	-703
Retained Earnings	20,517	17,483	15,072	13,670	11,454
Comprehensive Income	391	156	-159	19	-66
Shareholders' Equity	**13,728**	**12,037**	**10,161**	**9,842**	**10,685**
Total Liabilities and Equity	34,969	29,074	25,413	27,178	25,396
Net Cash / Debt	10,247	9,135	6,129	8,538	7,168
Net Cash / Debt Growth	12.17%	49.05%	-28.22%	19.11%	31.67%
Net Cash Per Share	77.43	68.98	44.68	59.76	48.07
Working Capital	10,247	8,959	6,871	7,996	8,368
Book Value Per Share	103.73	90.9	74.07	68.89	71.66

2. Income Statement

In millions of USD per share	2020	2019	2018	2017	2016
Revenue	77,155	64,888	56,912	53,767	54,379
Revenue Growth	18.90%	14.01%	5.85%	-1.13%	0.17%
Cost of Revenue	61,628	53,857	45,882	43,496	45,007
Gross Profit	15,527	11,031	11,030	10,271	9,372
Selling, General & Admin	10,052	7,381	7,525	6,567	7,173
Other Operating Expenses	489	458	405	-558	458
Operating Expenses	10,541	7,839	7,930	6,009	7,631
Operating Income	4,986	3,192	3,100	4,262	1,741
Interest Expense / Income	283	242	218	242	189
Other Expense / Income	29	-520	808	0	0
Pretax Income	4,674	3,470	2,074	4,020	1,552
Income Tax	1,307	763	391	1,572	938
Net Income	3,367	2,707	1,683	2,448	614
Shares Outstanding (Basic)	132	132	137	143	149
Shares Change	-0.06%	-3.47%	-3.97%	-4.19%	0.59%
EPS (Basic)	25.47	20.2	12.24	16.94	4.11
EPS (Diluted)	25.31	20.1	12.16	16.81	4.07
EPS Growth	25.92%	65.30%	-27.66%	313.02%	-51.78%
Free Cash Flow Per Share	35.33	34.34	11.38	24.69	9.45
Dividend Per Share	2.5	2.2	2	1.89	0.87
Dividend Growth	13.64%	10%	5.82%	117.24%	-24.35%
Gross Margin	20.10%	17%	19.40%	19.10%	17.20%
Operating Margin	6.50%	4.90%	5.40%	7.90%	3.20%
Profit Margin	4.40%	4.20%	3%	4.60%	1.10%
FCF Margin	6.10%	7.00%	2.70%	6.60%	2.60%
Effective Tax Rate	28.00%	22.00%	18.90%	39.10%	60.40%
EBITDA	5,573	4,287	2,826	4,747	2,206
EBITDA Margin	7.20%	6.60%	5%	8.80%	4.10%
EBIT	4,957	3,712	2,292	4,262	1,741

EBIT Margin	6.40%	5.70%	4.00%	7.90%	3.20%

Anthem Inc. Financial Statements

1. Balance Sheet

In millions of USD per share	2020	2019	2018	2017	2016
Cash & Equivalents	5,741	4,937	3,934	3,609	4,075
Short-Term Investments	24,992	20,685	18,206	20,993	18,647
Cash & Cash Equivalents	30,733	25,622	22,140	24,602	22,723
Cash Growth	19.95%	15.73%	-10.01%	8.27%	10.87%
Receivables	10,958	10,391	9,301	8,452	8,397
Other Current Assets	4,060	3,020	2,880	3,209	3,195
Total Current Assets	45,751	39,033	34,321	36,263	34,315
Property, Plant & Equipment	3,483	3,133	2,735	2,175	1,978
Long-Term Investments	4,847	4,763	4,246	3,938	2,796
Goodwill and Intangibles	31,096	29,174	29,511	27,599	25,526
Other Long-Term Assets	1,438	1,350	758	565	468
Total Long-Term Assets	40,864	38,420	37,250	34,277	30,768
Total Assets	**86,615**	**77,453**	**71,571**	**70,540**	**65,083**
Accounts Payable	16,852	13,040	13,214	13,583	13,080
Deferred Revenue	1,259	1,017	902	860	972
Current Debt	700	2,298	1,994	2,550	1,368
Other Current Liabilities	10,642	7,177	5,855	6,363	5,874
Total Current Liabilities	29,453	23,532	21,965	23,356	21,294
Long-Term Debt	19,335	17,787	17,217	17,382	14,359
Other Long-Term Liabilities	4,628	4,406	3,848	3,299	4,330
Total Long-Term Liabilities	23,963	22,193	21,065	20,681	18,688
Total Liabilities	**53,416**	**45,725**	**43,030**	**44,037**	**39,983**
Total Debt	20,035	20,085	19,211	19,932	15,727
Debt Growth	-0.25%	4.55%	-3.62%	26.74%	-0.87%
Common Stock	9,247	9,451	9,539	8,550	8,808
Retained Earnings	23,802	22,573	19,988	18,054	16,561
Comprehensive Income	150	-296	-986	-101	-268
Shareholders' Equity	**33,199**	**31,728**	**28,541**	**26,503**	**25,100**
Total Liabilities and Equity	86,615	77,453	71,571	70,540	65,083
Net Cash / Debt	10,698	5,537	2,929	4,670	6,996
Net Cash / Debt Growth	93.21%	89.04%	-37.28%	-33.25%	51.10%
Net Cash Per Share	43.01	21.84	11.32	18.19	26.56
Working Capital	16,298	15,501	12,356	12,907	13,021
Book Value Per Share	133.49	125.13	110.35	103.22	95.28

2. Income Statement

In millions of USD per share	2020	2019	2018	2017	2016
Revenue	121,867	104,213	92,105	90,040	84,863
Revenue Growth	16.94%	13.15%	2.29%	6.10%	7.21%
Cost of Revenue	96,998	83,778	71,895	72,236	66,834
Gross Profit	24,869	20,435	20,210	17,804	18,029
Selling, General & Admin	17,450	13,364	14,020	12,650	12,559
Other Operating Expenses	361	338	358	169	192
Operating Expenses	17,811	13,702	14,378	12,819	12,751
Operating Income	7,058	6,733	5,832	4,985	5,278
Interest Expense / Income	784	746	753	739	723
Other Expense / Income	36	2	11	282	0
Pretax Income	6,238	5,985	5,068	3,964	4,555
Income Tax	1,666	1,178	1,318	121	2,085
Net Income	4,572	4,807	3,750	3,843	2,470
Shares Outstanding (Basic)	249	254	259	257	263
Shares Change	-1.92%	-1.96%	0.73%	-2.53%	0.91%
EPS (Basic)	18.23	18.81	14.53	14.7	9.39
EPS (Diluted)	17.98	18.47	14.19	14.35	9.21
EPS Growth	-2.65%	30.16%	-1.11%	55.81%	-1.81%
Free Cash Flow Per Share	38.87	19.66	10.13	13.22	10.2
Dividend Per Share	3.8	3.2	3	2.7	2.6
Dividend Growth	18.75%	6.67%	11.11%	3.85%	4%
Gross Margin	20.40%	19.60%	21.90%	19.80%	21.20%
Operating Margin	5.80%	6.50%	6.30%	5.50%	6.20%
Profit Margin	3.80%	4.60%	4.10%	4.30%	2.90%
FCF Margin	7.90%	4.80%	2.80%	3.80%	3.20%
Effective Tax Rate	26.70%	19.70%	26.00%	3.10%	45.80%
EBITDA	8,176	7,864	6,953	5,594	6,190
EBITDA Margin	6.70%	7.50%	7.50%	6.20%	7.30%
EBIT	7,022	6,731	5,821	4,703	5,278
EBIT Margin	5.80%	6.50%	6.30%	5.20%	6.20%

Centene Corp. Financial Statements

1. Balance Sheet

In millions of USD per share	2020	2019	2018	2017	2016
Cash & Equivalents	10,800	12,123	5,342	4,072	3,930
Short-Term Investments	1,580	863	722	531	505
Cash & Cash Equivalents	**12,380**	**12,986**	**6,064**	**4,603**	**4,435**
Cash Growth	-4.67%	114.15%	31.74%	3.79%	129.08%
Receivables	9,696	6,247	5,150	3,413	3,215
Other Current Assets	1,317	1,090	784	687	715
Total Current Assets	**23,393**	**20,323**	**11,998**	**8,703**	**8,365**
Property, Plant & Equipment	2,774	2,121	1,706	1,104	797
Long-Term Investments	12,853	7,717	6,861	5,312	4,545
Goodwill and Intangibles	27,040	8,926	9,254	6,147	6,257
Other Long-Term Assets	2,659	1,907	1,082	589	233
Total Long-Term Assets	**45,326**	**20,671**	**18,903**	**13,152**	**11,832**
Total Assets	**68,719**	**40,994**	**30,901**	**21,855**	**20,197**
Accounts Payable	7,069	4,164	4,051	4,165	3,763
Deferred Revenue	523	383	385	328	313
Current Debt	97	88	38	4	4
Other Current Liabilities	13,896	8,297	7,497	4,835	4,543
Total Current Liabilities	**21,585**	**12,932**	**11,971**	**9,332**	**8,623**
Long-Term Debt	16,682	13,638	6,648	4,695	4,651
Other Long-Term Liabilities	4,490	1,732	1,259	952	869
Total Long-Term Liabilities	**21,172**	**15,370**	**7,907**	**5,647**	**5,520**
Total Liabilities	**42,757**	**28,302**	**19,878**	**14,979**	**14,143**
Total Debt	**16,779**	**13,726**	**6,686**	**4,699**	**4,655**
Debt Growth	22.24%	105.29%	42.29%	0.95%	281.24%
Common Stock	18,644	7,433	7,310	4,105	4,011
Retained Earnings	6,792	4,984	3,663	2,748	1,920
Comprehensive Income	337	134	-56	-3	-36
Shareholders' Equity	**25,773**	**12,551**	**10,917**	**6,850**	**5,895**
Total Liabilities and Equity	**68,530**	**40,853**	**30,795**	**21,829**	**20,038**
Net Cash / Debt	-4,399	-740	-622	-96	-220
Net Cash / Debt Growth	494.46%	18.97%	547.92%	-56.36%	-
Net Cash Per Share	-7.71	-1.79	-1.59	-0.28	-0.69
Working Capital	1,808	7,391	27	-629	-258
Book Value Per Share	45.16	30.35	27.98	19.86	18.47

2. Income Statement

In millions of USD per share	2020	2019	2018	2017	2016
Revenue	111,115	74,639	60,116	48,382	40,607
Revenue Growth	48.87%	24.16%	24.25%	19.15%	78.41%
Cost of Revenue	95,899	65,796	51,695	42,581	35,063
Gross Profit	15,216	8,843	8,421	5,801	5,544
Selling, General & Admin	9,867	6,533	6,043	4,446	3,673
Other Operating Expenses	2,267	529	920	156	608
Operating Expenses	12,134	7,062	6,963	4,602	4,281
Operating Income	3,082	1,781	1,458	1,199	1,263
Interest Expense / Income	728	412	343	255	217
Other Expense / Income	-433	-425	-259	-210	-115
Pretax Income	2,787	1,794	1,374	1,154	1,161
Income Tax	979	473	474	326	599
Net Income	1,808	1,321	900	828	562
Shares Outstanding (Basic)	571	413	390	345	319
Shares Outstanding (Diluted)	579	420	399	353	328
Shares Change	38.03%	5.95%	13.16%	8.06%	33.98%
EPS (Basic)	3.17	3.19	2.31	2.4	1.76
EPS (Diluted)	3.12	3.14	2.26	2.34	1.71
EPS Growth	-0.64%	38.94%	-3.42%	36.84%	18.75%
Free Cash Flow Per Share	8.12	1.82	1.43	3.09	4.84
Gross Margin	13.70%	11.80%	14%	12%	13.70%
Operating Margin	2.80%	2.40%	2.40%	2.50%	3.10%
Profit Margin	1.60%	1.80%	1.50%	1.70%	1.40%
FCF Margin	4.20%	1.00%	0.90%	2.20%	3.80%
Effective Tax Rate	35.10%	26.40%	34.50%	28.20%	51.60%
EBITDA	4,774	2,849	2,212	1,770	1,656
EBITDA Margin	4.30%	3.80%	3.70%	3.70%	4.10%
EBIT	3,515	2,206	1,717	1,409	1,378
EBIT Margin	3.20%	3.00%	2.90%	2.90%	3.40%