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CI - Q1 2017 Cigna Corp Earnings Call

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OVERVIEW:

Co. reported 1Q17 consolidated revenue of $10.4b and adjusted income from operations of $719m or $2.77 per share. Expects 2017 consolidated revenue to grow 3-4% over 2016 results and consolidated adjusted income from operations of approx. $2.41-2.53b or $9.25-9.75 per share.

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by for Cigna's First Quarter 2017 Results Review. (Operator Instructions) As a reminder, ladies and gentlemen, this conference, including the Q&A session, is being recorded. We will begin by turning the conference over to Mr. Will McDowell. Please go ahead, Mr. McDowell.

William McDowell

Good morning, everyone, and thank you for joining today's call. I am Will McDowell, Vice President of Investor Relations. With me this morning are David Cordani, our President and Chief Executive Officer; and Tom McCarthy, Cigna's Chief Financial Officer. Joining David and Tom for the Q&A portion of this morning's call is Eric Palmer, Cigna's Deputy Chief Financial Officer. In our remarks today, David and Tom will cover a number of topics, including Cigna's first quarter 2017 financial results as well as an update on our financial outlook for 2017.

As noted in our earnings release, when describing our financial results, Cigna uses certain financial measures which are not determined in accordance with accounting principles generally accepted in the United States, otherwise known as GAAP. Specifically, we use the term labeled adjusted income from operations and earnings per share on this same basis as our principal measures of financial performance. A reconciliation of these measures to the most directly comparable GAAP measure, shareholders' net income, is contained in today's earnings release, which is posted in the Investor Relations section of cigna.com.

In our remarks today, we will be making some forward-looking statements, including statements regarding our outlook for 2017 and future performance. These statements are subject to risks and uncertainties that could cause actual results to differ materially from our current expectations. A description of these risks and uncertainties is contained in the cautionary note to today's earnings release and in our most recent reports filed with the SEC.

Before turning the call over to David, I will cover a few items pertaining to our financial results and disclosures. Regarding our results, I note that in the first quarter, we recorded 2 charges to shareholders' net income, which we reported as special items. The first special item was an after-tax charge of $83 million or $0.32 per share due to a long-term care guaranty fund assessment related to Penn Treaty Network America Insurance Company and its subsidiary, American Network Insurance Company. The second special item was an after-tax charge of $49 million or $0.19 per share for merger-related transaction costs.

As described in today's earnings release, special items are excluded from adjusted income from operations in our discussion of financial results. Also consistent with past practices, when we make any prospective comments on earnings or EPS outlook, we will do so on a basis that excludes the impact of any future capital deployment or prior year development of medical costs.

And with that, I will turn the call over to David.

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Thanks, Will. Good morning, everyone, and thank you for joining our call today. Before we get started, I'd like to take a moment to thank Tom McCarthy for his many years of service with Cigna. As you know, Tom announced his retirement this past February.

Tom has not only been an instrumental leader within our organization for more than 3 decades, with considerable accomplishments and contributions to our growth and success, he's also a good friend to many of us. And we'll miss him on both personal and professional levels. Tom is excited to start his next chapter, and I know you want to join me in wishing him and Linda all the best in his upcoming retirement.

Also, Eric Palmer will be stepping in to our CFO role this summer. Eric is a proven financial leader with a strong track record of accomplishments over his 20 years with our company. And I'm confident in the value he will bring to the role. Eric is looking forward to discussions with you as we look ahead to Cigna's future. And he'll be joining us for the Q&A portion of today's call.

To begin this morning's call, I'll briefly highlight our strong financial results. I'll then discuss how our approach to engaging, incenting and supporting our customers and health care professionals, combined with our ongoing investments in innovative capabilities, continues to fuel our growth and drive differentiated value for our stakeholders. Tom will then address our first quarter financial results in more detail as well as provide more specifics for our increased outlook for 2017 before we take your questions. And after Q&A, I'll wrap up the call with a few closing remarks.

I'll start with some highlights of our results. We started off 2017 with strong momentum and earnings growth across each of Cigna's business segments. For the first quarter of 2017, consolidated revenue increased 5% to more than $10 billion. We achieved 20% earnings growth, with adjusted income from operations for the first quarter of $719 million or $2.77 per share. Our Global Health Care business delivered earnings growth of 12% over the first quarter of 2016, with strong customer growth across all commercial market segments, increased contributions from specialty solutions, well-managed medical costs and effective operating expense management. Revenue growth in our Commercial Employer business continues to be very strong as we retain, expand and add new customer relationships across national accounts, Middle Market, Select and our International market segments.

In the Individual market, we continue to take a measured approach, participating where we can best deliver value and accumulate learnings as that very dynamic environment continues to evolve. And in our Seniors business, we expect to be in a position to participate in the open enrollment cycle this fall. In our Global Supplemental Benefits business, Cigna again has double-digit revenue and earnings growth while continuing to make targeted investments to support future growth. Results from our Group Disability and Life business are benefiting from continued stable results in our Life portfolio and further improvements in our disability performance. Overall, we began 2017 with strong momentum that we expect to carry through the remainder of the year, and as such, have increased our outlook for revenue, medical customer growth and EPS.

Now I'd like to transition to how our ongoing value creation for you, our shareholders, goes hand-in-hand with improving the lives of our customers. As you know, we remain focused on enhancing access to affordable, personalized quality care when and where health care services are consumed, all while we continue to expand peace-of-mind solutions for our customers around the world. We continue to innovate new ways to incentivize, engage and support both customers and providers of health care in a very localized manner, an approach which our experience shows helps to identify health risks earlier while also providing customers with greater value when they do need health services.

Our proven approach begins with active listening to best understand and address the specific evolving needs of our customers and clients. This critical first step fuels our highly consultative solution-oriented actions, where we leverage our broad portfolio of programs and services and our collaborative relationships with health care professionals to deliver high-value personalized solutions at a local level. We also actively engage customers and providers to facilitate the achievement of individual health goals and to strengthen incentive alignment, particularly for our highest-performing health care partners. Further, by leveraging data and insights, we are better positioned to identify health risks at an earlier stage and take actions which allow us to improve the quality of health outcomes at a lower cost.

As for scale and reach, our collaborative arrangements now total approximately 250 physician-based group arrangements. In addition to these partnerships, we also have value-based arrangements in place with more than 125 hospital systems comprised of hundreds of individual hospitals, spanning more than 30 states. We view our continued strength in collaborative accountable care as paramount to accelerating the shared goals of increased value and sustainability across the health care system. Taken together with our innovative clinical programs and broad array of specialty health programs, we continue to deliver industry-leading medical cost trend, which directly benefits our customers and clients, and as such, you, our shareholders.

In addition to our proven partnerships with health care professionals, we are taking our alignment and collaborative approach to pharmaceutical companies. We have created 7 such arrangements in the last 2 years that base reimbursement on the efficacy of the drug, not just the consumption or volume of the drug. Our leadership and innovation in this space was recently recognized by the Pharmacy Benefit Management Institute with their Excellence Award in recognition of Cigna's strategic efforts to change the reimbursement model with drug manufacturers from volume to value as well as our use of outcome-based contracts, which link financial terms to measured improvements in our customers' health and our use of insights to inform future affordability strategies. These accomplishments represent a clear source of sustainable value creation for our business going forward, and as such, shareholder value creation.

Our engagement with communities where we operate further complements our strategic growth initiatives and local focus. Because health is so highly personal and highly local, we believe that taking steps to demonstrably improve the health of the communities we serve is critical to creating a more sustainable health care system, which in turn creates a better environment. We actively use our individual engagement tools to decrease the health risks in the communities we serve. These tools include differentiated partnerships as well as our information and insights and broad clinical programs.

For example, we're working with communities to address the U.S. opioid addiction issue. We started in early 2016 by convening diverse leaders from public and private sectors and local communities across the U.S., from D.C. to L.A. and from Chicago to Houston. And with these leaders, we are taking action to stem addiction before it starts as well as address the needs for those who are addicted. Additionally, Cigna is committed to reducing our customers' opioid use by 25% by 2019 to take us back to pre-crisis levels while still providing the right care at the right time for our customers. To date, more than 150 forward-looking physician groups with nearly 62,000 physicians have signed on to actively honor our shared pledge, which is driving meaningful improvement already. For example, to date, we've already delivered a 12% reduction in our customers' use of opioid pharmaceuticals.

Another example of our focus on communities is the Cigna Health Improvement Tour, a multi-city tour bringing free health screening and health coaching to communities nationwide, so people can learn their numbers before key indicators of chronic health concerns, including blood pressure, blood sugar, cholesterol and BMI. To date, our tour has visited 18 cities and has had interactions with thousands of people. Our approach to partnering with our communities is another pathway towards creating greater access to more affordable, personalized and a more sustainable health care system.

Now as I noted earlier, creating differentiated value for our clients and customers also enables us to deliver differentiated value for you, our shareholders. A part of that value is underscored in our exceptionally strong capital position and strategic financial flexibility at Cigna. We continue to expect to have over $5 billion of deployable capital at the parent company level in 2017, a testament to the strength and capital efficiency of our operating businesses. Given our under-levered balance sheet, as previously discussed, we also expect a significant increase to the degree of capital deployment capacity by returning to more normalized leverage ratios. Consistent with our prior comments, depending on the mix of share repurchase, dividend and M&A, we would expect capital deployment capacity of $7 billion to $14 billion in 2017. We remain very well positioned to deliver attractive shareholder value over the long term through a combination of strong organic revenue and earnings growth and effective capital deployment.

I'll now briefly touch upon the status of our proposed combination with Anthem. As you saw last week, the U.S. Court of Appeals affirmed the decision of the District Court enjoining the merger. This morning, Anthem announced that it has filed a petition with the United States Supreme Court seeking a review of the decision by the Court of Appeals. On May 8, there will be a hearing in the Delaware Chancery Court to determine Cigna's rights to terminate the merger agreement. We will update you when there is additional news to share.

Now before I hand the call over to Tom, I'd like to reiterate a few key points. The momentum we closed 2016 with has continued into 2017. We started the year with strong results, highlighted by double-digit earnings growth and strength in each of our operating business segments. This performance gives us added confidence that we will achieve our increased 2017 earnings outlook, which is now a growth rate of 15% to 20% versus 2016. We are continuing to deliver value with an emphasis on personalization, affordability and being the partner of choice.

Over the last couple of years, we positioned ourselves through ongoing investments and innovative capabilities and programs. We are positioned with outstanding capital strength. And as a global health service company, we are creating significant value for all of our stakeholders, thanks to the passion and dedication of our Cigna colleagues around the world.

And with that, I'll turn the call over to Tom.

Thomas A. McCarthy - *Cigna Corporation - CFO and EVP*

Thanks, David. Good morning, everyone. In my remarks today, I will briefly review key aspects of Cigna's first quarter 2017 results and discuss our outlook for the full year.

Key financial highlights in the quarter are: consolidated revenue growth of 5% to $10.4 billion; consolidated earnings growth of 20% to $719 million, including double-digit earnings growth in each of our business segments; quarterly earnings per share growth of 19% to $2.77 per share; and continued strong free cash flow and financial flexibility. Overall, the strength of our first quarter performance provides us with solid momentum to start the year.

Regarding our business segments, I will first comment on Global Health Care. First quarter premiums and fees in Global Health Care grew to $7.3 billion, driven by strong customer growth and specialty contributions across all commercial market segments, partially offset by the expected contraction in our Seniors enrollment. We ended first quarter 2017 with 15.7 million global medical customers, an organic increase of 537,000 lives year-to-date. First quarter earnings increased 12% to $610 million, reflecting growth in medical customers and specialty relationships, continued effective medical cost management and favorable prior year reserve development.

Turning to our medical care ratios: Our first quarter 2017 total Commercial medical care ratio, or MCR, of 77.6% reflects ongoing strong performance of our Commercial business and favorable prior year reserve development. The increase in the first quarter 2017 MCR relative to the first quarter of 2016 reflects the impact on premium of the health insurance tax moratorium. Our first quarter 2017 total Government MCR of 85.9% reflects continued effective medical cost management from our advanced physician engagement model, quarterly seasonal impacts and favorable prior year development. First quarter 2017 Global Health Care earnings included favorable prior year development of $61 million after tax compared to $14 million after tax in the first quarter of 2016.

Moving to operating expenses. For first quarter 2017, our total Global Health Care operating expense ratio was 20.5%, which reflects the impact of the health insurance tax moratorium, business mix changes and continued effective expense management. Overall, we've had a strong start to 2017 in our Global Health Care business.

Turning to our Global Supplemental Benefits business: Premiums and fees grew to $869 million, an increase of 13%. First quarter 2017 earnings grew 10% to $74 million, reflecting business growth and strong operating expense management. This business has once again delivered double-digit growth as our customers continue to value the affordable and personalized solutions we deliver through an increasingly diverse and innovative set of distribution models.

Our Group Disability and Life first quarter premium and fees were just over $1 billion. First quarter earnings in our group business were $68 million with our life business performing as expected and disability results reflecting a better-than-expected pace of improvement from the claims process modifications made last year. Overall, Cigna's first quarter results reflect strong double-digit earnings growth in each of our business segments. We also continue to generate very strong free cash flow from our businesses and have significant financial flexibility.

Now I will discuss our outlook for 2017. In 2017, we expect to continue to deliver strong financial performance for our shareholders by leveraging our differentiated capabilities to deliver affordable and personalized solutions, continuing to invest in capabilities to better serve our customers and clients and effectively deploying capital. For full year 2017, we now expect consolidated revenues to grow in the range of 3% to 4% over 2016 results, an improvement from our previous expectations, driven by our increased medical customer growth outlook for 2017. Our outlook for full year 2017 consolidated adjusted income from operations is now in the range of approximately $2.41 billion to $2.53 billion or $9.25 to $9.75 per share. This represents an increase of $0.25 per share over previous expectations and represents earnings growth of 15% to 20% over 2016.

I will now discuss the components of our 2017 outlook, starting with Global Health Care. We now expect full year Global Health Care earnings in the range of $2.065 billion to $2.135 billion. The assumptions reflected in our Global Health Care earnings outlook for 2017 include the following: Regarding global medical customers, we now expect growth in the range of 500,000 to 600,000 lives over year-end 2016, an increase over previous expectations, reflecting the strong growth we have seen across our Commercial market segments.

Turning to medical costs: for our total U.S. Commercial book of business, we continue to expect full year medical cost trend to be in the range of 4.5% to 5.5%. We continue to drive greater incentive alignment for our customers, clients and physician partners, resulting in positive health outcomes and better management of total medical costs.

Now turning to our medical care ratio outlook: for our total Commercial book of business, we continue to expect the 2017 MCR to be in the range of 80.5% to 81.5%. For our total Government book of business, we continue to expect the 2017 MCR to be in the range of 85% to 86%. Regarding operating expenses, we continue to expect our 2017 Global Health Care operating expense ratio to be in the range of 20.5% to 21.5%.

For our Global Supplemental Benefits business, we continue to expect strong top line growth and earnings in the range of $295 million to $315 million. Regarding the Group Disability and Life business, we now expect full year 2017 earnings in the range of $230 million to $260 million, an increase of $30 million over previous expectations, reflecting continued operational improvements in our disability business. Regarding our remaining operations, that is Other Operations and Corporate, we continue to expect a loss of $180 million for 2017.

So all in, for full year 2017, we now expect consolidated adjusted income from operations of $2.41 billion to $2.53 billion or $9.25 to $9.75 per share. This represents an increase of $0.25 per share over our previous expectations. I would also remind you that our outlook continues to exclude the impact of additional prior year reserve development or any future capital deployment.

Now moving to our 2017 capital management position and outlook. Overall, we continue to have excellent financial flexibility. Our subsidiaries remain well-capitalized and are generating significant free cash flow to the parent, with a strong return on capital in each of our business segments and we have significant free cash and leverage capacity available at the parent company. Our capital deployment strategy and priorities remain providing the capital necessary to support the growth of our ongoing operations; pursuing M&A activity with a focus on acquiring capabilities and scale to further grow in our targeted areas of focus; and after considering these first 2 items, we would return capital to shareholders primarily through share repurchase.

Regarding free cash flow, we ended the quarter with parent company cash of approximately $2.7 billion. Year-to-date, we repurchased 2.3 million shares of stock for approximately $340 million. During the first quarter, we also deployed $250 million of parent company cash to repay current maturities of long-term debt and made a voluntary contribution to our pension plan of $150 million. After considering all sources and uses of parent company cash, we continue to expect deployable capital to exceed $5 billion in 2017. Through May 4, we have used $340 million of the total $3.7 billion of share repurchase capacity authorized by our board. Our balance sheet and free cash flow outlook remain strong, benefiting from industry-leading margins, returns on capital in our businesses and ahigh-level capital efficiency, particularly from our fee-based business.

Now to recap. Our first quarter 2017 consolidated results reflect strength in our diversified portfolio of global businesses and continued effective execution of our focused strategy. The fundamentals of our business remain strong as evidenced by our first quarter results, which reflected strong revenue and earnings contributions from each of our business segments, industry-leading medical cost trend and high clinical quality and continued strong free cash flow. Overall, we are pleased with our strong start to the year and are confident in our ability to achieve our increased full year 2017 earnings outlook.

On a final note, as David mentioned, I have announced my retirement effective this summer. I appreciate the kind words and would like to express my gratitude to David and all of my talented Cigna colleagues for their partnership and friendship. I believe strongly in Cigna's mission and our continued focus on improving the health, well-being and sense of security of those we serve. And I have enjoyed my many discussions with the investment community and know that you are in good hands with Eric Palmer when he takes over the role of CFO.

With that, we'll turn it over to the operator for the Q&A portion of the call.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Kevin Fischbeck.

Kevin Mark Fischbeck - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Thanks, Tom, for your help over the years. Must be something in the air; it seems like a lot of people are retiring now. But again, thanks for your help. I guess my first question would be the guidance raise. You beat consensus by more than what you raised guidance for, for the year. I was wondering if there's anything that you would highlight as far as timing in the quarter or any increased pressures that you look for in the back half of the year.

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Kevin, it's David. First, just at a macro level, we're quite pleased with the start of the year. And just putting it into context, we set a pretty meaningful earnings growth goal for the organization for 2017 in the 12% to 18% range. And we're quite pleased to start with the strength and raise that outlook to a 15% to 20% range. It's early in the year. We feel really good about the fundamentals from the revenue to the customer life growth, to the foundational aspects within the business and look forward to a very good year. There's nothing beyond, other than a strong start to the year. We feel quite good about raising the outlook. And so it's early in the year, hence we think the raise is appropriate and put forth an appropriate range.

Kevin Mark Fischbeck - *BofA Merrill Lynch, Research Division - MD in Equity Research*

Okay. And then I guess as far as the guidance and trend goes, a lot of favorable development. Maybe you could give a little bit of color about how much was in each business, Commercial versus Government, and then how you're looking at the buckets of trend and how they're shaping up.

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Kevin, I'd just frame it and ask Eric to give you a little bit relative to the way our medical costs more broadly are unfolding. First off, to put it back into context, we're starting the year again quite positive. To put it back into context, 2016, we delivered another very strong year of below 4% medical cost trend. We set an expectation for ourselves in this year of 4.5% to 5.5%. And we're performing well within those constructs. We typically don't break out the prior year development by micro line of business. Eric can give you a little bit of direction there, and then a little bit of color relative to just the core medical cost trend we're seeing within the business by some of the categories. Eric?

Eric Palmer

Kevin, it's Eric. As David noted, for 2016, we did finish the trend at just under 4% and really see the categories within the medical cost trends in 2016 continuing into 2017 in generally the same ranges. Across each of inpatient, outpatient, physician and pharmacy, we're in the kind of low to mid-single digits in each category, nothing that I'd call out as particularly changing through the early part of this year.

Operator

Our next question comes from Josh Raskin with Barclays.

Joshua Richard Raskin - *Barclays PLC, Research Division - MD and Senior Research Analyst*

I guess first question, just on the PBM strategy, I was wondering if you could just give us an update on your thoughts and how you are perceiving the service and what you're getting from Optum. Obviously, you guys have chosen to stick with them through the change of control, et cetera. And so I'm curious just to your perspectives on the PBM.

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Josh, it's David. First, broadly relative to the PBM, our view relative to the services we need to deliver is that the broad-based pharmacy capabilities are one of the most critical capabilities to have an overall effective health service offering. To put your question back in context and be clear, today, we own and fully operate our PBM and continue to. We partner where appropriate and work to actively integrate our capabilities. And we're quite pleased with the outcomes we're delivering for the benefit of our customers, the service, the clinical quality. Eric just made reference to the sustained medical cost trend in the mid-single-digit range, great value for our employer clients. And importantly, our approach to the integrated PBM presents even a further opportunity to integrate the information, the clinical program, the gap in care closure with our health care professionals. So own and operate, partner where appropriate, it's performing well and we're pleased. Lastly, in addition to the trend, I would note we've continued to successfully grow our PBM covered lives, our customer base, pretty meaningfully. And I think that's also a testament to the value we're delivering, so performing very well for us.

Joshua Richard Raskin - *Barclays PLC, Research Division - MD and Senior Research Analyst*

Okay. And then just a quick follow-up on your comments, David. You said you guys were confident you'd be able to participate in the open enrollment period for Medicare in the fall. I know we're still several months away. But the sanctions have taken a little bit of while -- a little bit longer, I guess, than we would have expected. And so I'm curious, what gives you the confidence that, that can get resolved here?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Sure, Josh. Well, first and foremost, as we stepped into this process early on, we set an extremely aggressive push for the organization to attempt to get all the issues resolved before the prior year's open enrollment process, acknowledging that it was an extraordinary, or at least short time frame based on historical standards. Once that window eclipsed, we set our sights toward obviously fully finishing the remediation work, which we're at the final aspects of. Point two is ensuring that we position ourselves to come out of this phase with an even stronger business unit, operating platform and team. And we're literally in the latter chapters of the body of work, ongoing dialogue, interaction with CMS, as we speak. Lastly, just to reinforce, we're pleased with -- while we don't like to shrink, we're pleased with the fact that our retention rates held up quite strongly through this process. And I think that's a further validation and testament to the strength of the physician partnerships and collaboratives, with 85% of all of our MA lives in collaboratives, and our very strong HealthSpring team that wakes up every day to serve our customers. So we're in the final chapter. We're having ongoing interaction and dialogue with CMS. And we're planning for, in all aspects, to be in the fall enrollment cycle.

Operator

Our next question comes from A.J. Rice with UBS.

Albert J. Rice - *UBS Investment Bank, Research Division - MD and Equity Research Analyst, Healthcare Facilities*

Tom, I also add my best wishes to you going forward. You showed 3% -- I think I have 3% enrollment growth in your national accounts business. And we did a quick scan and we may be wrong, but it looks like the first time you've shown growth since 2012 actually. What's happening there? And is there any reason to believe it's the underlying market, your wins? Can you give us some sense of the dynamics? And I think you've traditionally characterized this as a gradually diminishing -- declining market. But any updated thoughts on that?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

A.J., it's David. Thank you for the question. First and foremost, we're quite pleased with our customer growth coming into the year. We set an objective for ourselves to grow in the 300,000 to 500,000 range and we're able to increase that outlook. First, broadly speaking, we've seen strong retention results, good new business adds and good expansion of relationships across all of our Commercial business segments, so quite important. Specific to the U.S. national accounts, and, as you know, we define national accounts as Commercial Employers with 5,000 or more employees that are multistate, the employment base in that market is more stabilized now versus the continued 2% or so attrition broadly speaking. As you look at the marketplace, we've had a great selling season coming into 2017, outstanding retention, good expansion and good new business adds. I would add to the notion of our approach, that consultative approach, is working quite well here in our national account team. Both our sales team, our client management team, aided by our informatics experts and our clinicians have just done an outstanding job. Those employers are benefiting by our superior medical cost trend, and it's working quite well in the market. The only add I would give you, A.J., is that we did see some further contribution to the national account number off of some private exchange growth as well, which is additive to this. I would say it's complementary. But the foundation performed quite well. And then in our target Go Deep markets and geographies, we saw some good growth on private exchange as well. So net-net, strong Commercial performance.

Albert J. Rice - *UBS Investment Bank, Research Division - MD and Equity Research Analyst, Healthcare Facilities*

Okay. And then just as a follow-up, I might ask you about the individual business. You actually almost, I think, doubled the membership, if I got it right, from where you exited last year. Is that in keeping with what you sort of thought? Give us a sense of -- as you look at the demographic profile of those new members, is there anything there that's a surprising? Or is sort of similar to what you've seen before? And any early comment about your thoughts about next year's participation in exchanges and so forth?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

A.J., a bunch of questions there. Let me try to frame the environment as we see it. First, as you know, we've taken a very measured approach since the inception of the exchanges to this marketplace. We've been in a range of 5 to 7 states and 2% to 4% of our enterprise revenue in these programs. We sought to engage here to learn and to evolve the programs we put in place. And we've seen some successful recipes by using our highly performing collaborative models. Specific to your question, our growth is about where we expected it to be. The locations of our growth, the aggregate growth and our performance in the first quarter is about where we expected it to be as well. Relative to 2018, while it's already late in the cycle, unfortunately, it's too early to declare it because as you know, the evolving rules, regs and positioning coming out of Washington is still pretty dynamic. And we're tracking it day-to-day and working with the federal government. So growth in line with our expectations, first quarter performance in line with our expectations, highly focused in 7 states today and highly focused through our collaborative relationships. Stay tuned for more relative to '18 as the final fact set closes relative to the regulatory environment.

Operator

And our next question comes from Ralph Giacobbe with Citi.

Ralph Giacobbe - *Citigroup Inc, Research Division - Director*

Tom, congrats on your retirement and thanks for all your help. I guess, I wanted to also ask on the commercial market. You mentioned -- commercial risk, I guess, more particularly. You mentioned a little bit on the exchanges, but you also had a pop in experience-rated. David, you talked about sort of actively listening to your customer base. Maybe can you flesh out a little bit in terms of your offering and maybe factors driving the counts to perhaps incrementally tick that offer?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Ralph, just framing it from a broad standpoint, our sales and client management team, supported by our underwriters, informatics and clinical team, we attempt to approach the market in terms of a solution orientation. So understand the client needs, understand their health burden, understand their culture and strategy, understand their readiness to change, recommend a series of programs, service design, et cetera, and then engage with them on funding approach with a pretty agnostic orientation relative to ASO, ASO with Stop Loss, experience-rated, guaranteed cost. And that's one of our strengths, and you'll see ebbs and flows over time. Now we had good growth in all of our customer segments for 2017 thus far and good growth in all of our funding mechanisms. I wouldn't call out anything unique relative to experience-rated there. It's a part of our franchise that we've used over quite some time and typically, that hunts well in the middle market. Lastly, as I said to a prior call, we saw a little bit more uptick in the private exchange lives. They were split about 50-50. You can think about that between ASO and guaranteed cost on the national account franchise. So again, nothing to call out other than strong growth and leveraging the broad portfolio of funding mechanisms we have.

Ralph Giacobbe - *Citigroup Inc, Research Division - Director*

Okay, fair enough. And then in the last couple of quarters, you cited some pressure on Medicaid, I think in Texas and Illinois. Is that largely fixed or still a drag? And, I guess, any incremental thoughts on your interest in getting bigger in Medicaid just given relatively low exposure to that?

Eric Palmer

Ralph, it's Eric. I'll remind you that Medicaid is a small business for us, essentially just a dual SNP program in Texas and the demonstration projects in Illinois. And as you noted that, we did report an increase in Medicaid MCR in Texas and Illinois towards the tail end of last year and still a bit elevated in the first quarter of this year. But again, overall small business for us. I would note that we do not plan to participate in the Illinois Medicaid market beyond the end of this year. So the exit of that business is contemplated in our outlook. The last thing, I guess, I'd add on the Medicaid business is that we did see some sequential improvement. Some of the actions we took out of the tail end of last year are starting to have some traction in terms of improving the results. But again, first quarter Medicaid loss ratio a little bit pressured versus first quarter of 2016. David will give some color on the more macro framing.

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Ralph, on the long term, we're looking forward, as we've discussed in the past. One of our M&A capital deployment priorities is to seek opportunities to expand as we say on our capabilities to serve government-based high-risk programs over time. We believe the marketplace will continue to evolve to use more actively managed and collaborative-oriented programs relative to both the state and federal programs that serve the higher-risk population. And over time, we see opportunities in a more localized manner to pursue those as we look to the future.

Operator

Our next question is from Justin Lake with Wolfe Research.

Justin Lake - *Wolfe Research, LLC - MD and Senior Healthcare Services Analyst*

Tom, good luck on your retirement. Well-deserved. So first, it sounds like you're seeing faster improvement in the Disability business. Can you talk about the drivers here relative to expectations? And how should we think about exiting the year? Can we get back to historical margins at the end of 2017, or is that still an '18 event?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Justin, it's David. First and foremost, we're pleased with the performance. We saw a step up in Q3 of last year, Q4. We see strong performance in the first quarter of this year with stable ongoing results on the Life side. The Disability results were a little stronger in the first quarter than even we anticipated, which is good, and we're pleased to take up the outlook for that line of business. As we look forward, to the core of your question, we remain fully focused on completing all the bodies of work that are in front of us relative to stabilizing that business and our express objective is that we step out of 2017 with full strength of that organization as we look to 2018. That's our objective, and we're well on our way relative to that goal.

Justin Lake - *Wolfe Research, LLC - MD and Senior Healthcare Services Analyst*

Great. Then just a question on timing. Without prognosticating on the outcome, can you tell us what your legal team expects in terms of how fast we get a resolution on the TRO post Monday's hearing? And then should it go your way and the deal officially breaks, what would you expect your timing to be in terms of potentially coming back to The Street with more color on capital deployment?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Justin, relative to Monday's court review and decision, not helpful for us to speculate on the outcome or the timing of that. Clearly, we'll be in position to communicate as quickly as possible and recognize the importance relative to that, but not helpful for us to speculate on the timing or the outcome there, but it's on the immediate horizon. To the core of your question, we would challenge ourselves once it is open to clarity to be as comprehensive and timely as possible for our shareholders to communicate next steps for our organization. And I think you'd have confidence that we've always been both transparent and responsive, and we would seek to be highly transparent and responsive as soon as the window opens to have that conversation.

Operator

Our next question is from Gary Taylor, JPMorgan.

Gary Paul Taylor - *JP Morgan Chase & Co, Research Division - Analyst*

I just actually had 3 quick clarifications and then one question. But the quick ones, when you talk about the less than 4% medical cost trend for '16, are you -- I presume you're talking a gross number and not a net number, net of buydown.

David M. Cordani - *Cigna Corporation - CEO, President and Director*

The way we would frame it, I'm not sure how you're applying the net, gross, et cetera. We would view that as the net number that our clients and customers experience. And noting that the vast majority of our business is self-funded, that's the net number of what we're seeing. And of course, you used the term buydowns. Evolution of the benefit programs is obviously factored and contemplated within that.

Gary Paul Taylor - *JP Morgan Chase & Co, Research Division - Analyst*

And on the MA sanctions, I've heard your comments on that. Would you be willing to venture a guess on timing, so open enrollment is, obviously, far away, but is there any way to tighten up when you think you might be able to announce that the issues are resolved?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Gary, David. Not helpful to try to put a pinpoint number on that. Most important piece, we remain fully focused, aligned and prepared for the open enrollment process for the fall cycle. Beyond that, not helpful to expand further.

Gary Paul Taylor - *JP Morgan Chase & Co, Research Division - Analyst*

Got it. And on the EPS guidance for this year, I'm sorry if you said this, but I presume there is no additional repurchase in there beyond what you did in the 1Q?

Eric Palmer

Gary, it's Eric, no additional capital deployment or any expectations about future or prior development in our guidance.

Gary Paul Taylor - *JP Morgan Chase & Co, Research Division - Analyst*

Okay. And then my last question, kind of my real question, following a little bit on Justin. Is there a scenario for Monday where your -- the termination or you've terminated the merger agreement and the judge has enjoined that pending this hearing. Is there is a scenario where that enjoinment could continue and this SCOTUS appeal actually matters in terms of timing? Can you -- I mean or do you expect a definitive answer on Monday?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Gary, it's David. First, I compliment the efficiency of getting 4 questions in. Well done, well done on your part. Specific to Monday, we're not going to expand further in terms of speculating on the outcome relative to the court. We leave it to the courts to draw the conclusion and we will communicate this immediately, as quickly as possible after this clarity in terms of next steps.

Operator

Our next question is from Chris Rigg from Deutsche Bank.

Christian Douglas Rigg - *Deutsche Bank AG, Research Division - Research Analyst*

I just wanted to -- and you talked about this a little bit already, but when I look at the Global Health Care adjusted income guidance, the revision, it's up about $25 million, but you had the PPD of $61 million. So I guess I just want to make sure that it's really just -- you're baking in some conservatism right now and there's no offsetting factor to the PYD?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Chris, it's David. As I indicated to a prior question relative to the outlook, first off, macro, we set a pretty meaningful increase relative to the franchise performance for 2017 as we stepped into the year. We're pleased to actually have such a strong quarter and be able to raise our outlook. There is nothing unique to call out, it's just early in the year, a variety of moving parts, and we look forward to continuing to deliver strength as we look forward. But there's nothing unique to call out relative to moving items within the Global Health Care business.

Christian Douglas Rigg - *Deutsche Bank AG, Research Division - Research Analyst*

Okay, great. And then just on Medicare advantage. Do you think that you're going to see -- is this -- are you troughing the membership and that you should see some growth as we -- later in the year because the sanctions should be lifted mid-year or something like that?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Our organization's orientation is going to be as soon as sanctions are lifted, we're ready to roll. The team is anxious to get back into the marketplace. It's a very capable, prideful, passionate team that have the deep physician partnerships and everybody's ready to move as soon as we're given the greenlight relative to CMS' conclusion. So if that happens prior to the open enrollment cycle, there'll be activation in the current year, et cetera, so we're ready to move.

Operator

Our next question is from Peter Costa with Wells Fargo.

Peter Heinz Costa - *Wells Fargo Securities, LLC, Research Division - MD and Senior Analyst*

Good luck, Tom, and thanks for all the clear disclosure and help over the years. David, nice quarter. I would like to focus back again on the membership growth. Whenever we see big membership growth, we're obviously concerned about things and so we wanted to sort of pick out a few risks and ask you which of the risks you think are the most significant and the ones that are most concerning to you? So if you look at like the individual business that grew very fast and a lot of other competitors had issues there. So is that a bigger risk than, say, the risk of -- on the Anthem merger agreement continuing on and impacting your business overall and causing a slowdown in that membership growth or overall membership growth? And then perhaps the risk of -- a lot of your competitors have talked about alternative funding arrangements and then starting to go into the smaller accounts with that, which was historically one of your key strengths. And I guess, the last one is just maybe the risk of overall pricing relative to the medical cost trend. Do you -- are you confident that your view on trend is the right one considering it's lower than many of your competitors?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Peter, let me try to, I guess, package your -- the framework of your questions together and try to be responsive to all the items you raised. First and foremost, stepping back, most important headline, we're pleased with our outlook. We set an expectation for ourselves to grow 300,000 to 500,000 lives, so we expected to grow across our business. We had expectations to grow the individual business, we had expectation to grow the Commercial business. We understood we would shrink the Seniors business, that was contemplated within that. Within all of our businesses, we're essentially in line with expectations, save for a little bit more strength in the national accounts and a little bit more strength in the regional market. So headline, we expected to grow. We've grown, we've grown across all of our funding mechanisms and by line of business or by segment in line with expectations with a bit more strength in national accounts, which is great, as well as the regional segment. Point two, you identified a bunch of risks and maybe go to the end of your question and work my way back. As I discussed before, our approach has been for quite some time not to be in a position to sell products but rather to try to put in place a framework of solutions. So having the capabilities to do so is one thing, having the talent to do so is another thing and having the information and infrastructure to support that is another thing. While our organization is far from perfect, we're sitting on a decade of investments to be able to deliver that, and our really talented team is able to be consultative in support of our clients and customers in the marketplace today and move the levers that best match those clients' needs relative to benefit design, engagement, incentive, network design, collaborative leverage and then get the right funding mechanism in place. And the kind of proof is in the pudding in terms of multiple years of lowest industry medical cost trend, last year below 4%, target of 4.5% to 5.5% for this year, performing in line with those expectations and moving forward. Now to try to come back to the core of your question, if you had to pin us down in terms of what would be the #1 variable that sits in front of us right now, you'd still have to come back to the individual market just because as an industry, there's variability relative to that. I would remind you it remains less than 5% of overall revenue for our organization. We're focused in 7 states. We exited 3 states coming into 2017, where we couldn't get the recipe we wanted in place and the vast majority of what we're doing right now are aligned to the physician collaboratives and we performed, generally speaking, in line with our expectations for the first quarter. But there would be more variability in that than our other lines of business just because of the nature of that animal, but we're off to a start with the number of lives, the location of lives and the performance of those lives year-to-date already.

Operator

Our next question is from Dave Windley with Jefferies.

David Howard Windley - *Jefferies LLC, Research Division - Equity Analyst*

Tom, best of luck in retirement. At the risk of asking something maybe a little more precisely, but -- that you've generally answered on national accounts and the growth there, we maybe heard some comments around lack of price discipline not from you necessarily, but in the market in general. And, David, you just mentioned kind of selling solutions. I'm wondering if the comments that were made in the prepared remarks about larger specialty contribution and penetration are kind of wrapped up in that solutions answer that you just gave.

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Well, Dave, remember, first and foremost, if you take national accounts, think about that marketplace as traditionally largely self-funded. So let's go back to the base range. Outstanding retention year, so clients who are experiencing the service value proposition, medical cost trend, et, cetera are pleased, therefore, staying with us. We could either drive innovation, changes, et cetera, but it starts with really strong retention. Second is earning the right to expand relationships with our existing corporate clients either through adding new geographies for medical or further expanding the specialty solutions, which is a cornerstone of our strategy and then targeted new business adds. As I noted earlier, we've also been able to perform on some of the private exchanges. There, we orient relative to a very targeted Go Deep orientation on key geographies where we believe we have a differentiated value proposition from collaboratives or otherwise and target some opportunities there. So we feel quite good about the quality of the business that's been put on the books. Important to underscore, though, this all starts with an outstanding retention result. Outstanding retention in national, regional and select, then further expansion, then targeted adds.

David Howard Windley - *Jefferies LLC, Research Division - Equity Analyst*

Got it. Just a quick question on Group Disability and Life. There is -- there are usually reserve studies annually. Wondering if there's anything anticipated coming out of that, that is included in the guidance around Group and Disability for the balance of the year?

Eric Palmer

David, it's Eric. We will complete our Disability reserve study in the second quarter. However, we wouldn't expect any significant impact from reserve studies and nothing is built into the guidance.

Operator

Our next question is from Tom Carroll with Stifel.

Thomas A. Carroll - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD*

So I have a question as well on the Global Supp and Disability and Life business. Are you seeing larger investment income in both of those areas because of the interest rate environment? And then, I guess, as a follow-up to that, I imagine this will eventually benefit the health care business at some point. Maybe, could you remind us of earnings support per 100 basis points of rate change, however you'd like to define that?

Thomas A. McCarthy - *Cigna Corporation - CFO and EVP*

Tom, it's Tom. So we are seeing a little bit of a lift as interest rates go up, but let's just put this into context, right? Most of our investment income relates to longer-tailed reserves and as a result, we have an average maturity of fixed maturities that's long, about 6 years, let's say. And given that any change in interest rates tend to work their way into results over a long period of time as our invested assets mature and they're reinvested over the years. So to your point, 100 basis point increase now. Over the balance of the year probably ends up with a net investment income in the $10 million to $15 million pretax range, so a bit modest.

Operator

Our next question comes from Sarah James with Piper Jaffray.

Sarah Elizabeth James - *Piper Jaffray Companies, Research Division - Senior Research Analyst*

I want to echo the comments to Tom. I wanted to go back to retention, because Cigna has really stood out from peers on retention and I think it feeds into your low cost trend. One of your peers is starting a big retention initiative focusing on Net Promoter Score as the method to boost retention. Is there any efforts under way at Cigna to focus on Net Promoter Score? And how do you think about Commercial Employer retention heading into 2018?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Sarah, it's David. We, obviously -- we've always talked about our growth strategy being oriented around retain, expand, add, because, again, you have to deliver on your promise relative to your existing clients and customers to earn the right to, first off, to keep the relationships, ideally to expand the relationships on a targeted basis, and then new business adds. We talk within our corporation around a culture and an environment of customer-centricity, putting the customer in the center of all we do. I forget how many years ago it was, we started measuring Net Promoter Score on a global basis, multiple years ago, feels like 5 years ago or so. We have it built into the incentive structure of the organization for everybody in the organization, from me on down to anybody who is in a variable reward structure and we think it's an important part. It's not a singular part, but it's an important part of understanding both relational NPS, that's the aggregate relationship, the loyalty factor, et cetera. But then you have the ability to get -- really pinpointed as well in terms of transactional NPS. It helps you actually guide your business during the course of the year as opposed to waiting for the longer-tailed relational. So you want to look at both of those pieces of the equation. And lastly, to further expand this, we carry that orientation beyond our customers through our clients and our key health care professional partners as well, understanding that orientation of -- beyond satisfaction loyalty effect, and where dissatisfiers are versus satisfiers and continuing your innovative evolution around that is mission-critical. So we have been committed to this for a long period of time, and it's one of the mechanisms we use around our customer-centricity focus.

Sarah Elizabeth James - *Piper Jaffray Companies, Research Division - Senior Research Analyst*

That's very helpful. And just one clarification on your earlier comments around building out capabilities for the high-acuity Medicaid. I wanted to get a sense of timing there. Is this a near-term focus, given that we're heading into a more robust LTSS and ABD RFP cycle in the next 12 to 24 months? Or is this more of a long-term goal, so not necessarily in place for this round of contract opportunity, but a long-term focus?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Sarah, we think about intermediate to long term. This is not a 12-month horizon item for us currently.

Operator

Our next question comes from Ana Gupte with Leerink Partners.

Ana Gupte - *Leerink Partners LLC, Research Division - MD, Healthcare Services and Senior Research Analyst*

My question is around the alternate funding on self-insured plus Stop Loss. You're growing really nicely in Stop Loss and still in double digits on Select, low single in middle market. With the passage of repeal and replace with the tax relief for employers, do you see the growth rate likely to sustain? And what kind of communication are you getting from them?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Ana, big picture, no is the answer. We don't see any disruption relative to that. So yes, we expect the growth rate to sustain going forward. And as you step back from it, having the -- our belief set has been having the transparent funding mechanisms to better align ourselves with the employers enables us to have daily, weekly, monthly interaction with the employers as opposed to an annual interaction relative to the performance and then dynamically manage, engage in how the programs are operating. For the smaller side of the employer space, as you move down beyond national into the lower end of middle market and into Select, the Stop Loss component adds a measure of certainty and predictability for the employers, and it augments. We never viewed that the prior law with the tax was an accelerant. We don't view that the current proposed changes will be a decelerating, because we didn't see it. As a buyer, it can push either away. It's an important tool set to have to be consultative and transparent with our employers, and we continue to see good growth there.

Ana Gupte - *Leerink Partners LLC, Research Division - MD, Healthcare Services and Senior Research Analyst*

Okay. Follow up on that, again, on policy. At the state level, post the elections, Republicans did quite well. What is the climate looking like on their support for the 50 to 100 portion of the self-insured plus Stop Loss? Has that improved at all because the focus on trying to stabilize individual and encourage dumping, and I'm not sure if I'm right or wrong on that, but has it gotten any better there?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Ana, to your macro point, it's been a little choppy, right, in terms of narratives and obviously, state level, there's 50 different narratives, 50 different dialogue points. But first, stepping back, putting it back in context, historically, Cigna has not participated in or focused on the under 50 employer segment. Our Select segment is focused on the needs for the under 250 Life employer segment historically and typically, in the 50 to 250 segment. There's a few states that actually moved that line from 50 to 100 and some modification to approaches took place. But our growth hasn't been impacted. More broadly to the core of your question and from a state standpoint, as we interact at both a federal level and state level, we strongly believe that enablement of more choice versus restrictive regulation is critical, including in the small employer market, and enabling access to the innovative programs that are working more broadly in the employer market that have transparency, have the incentive, have the engagement capabilities are good for the employer, the customer and health care professionals. And it varies by state, but we're seeing good understanding and acceptance of that and, very importantly, a lot of activation and support from the employer community itself, wanting to amplify that dialogue because, again, it's their employees, their financing and their needs and they're seeing value there. So a dynamic environment, and it will continue to be and we'll stay engaged, but for our Select segment, we see great growth opportunities looking forward.

Operator

Our next question comes from Mike Newshel with Evercore ISI.

Michael Anthony Newshel - *Evercore ISI, Research Division - Associate*

You mentioned plans to exit the Medicaid business in Illinois. Is that running at a loss currently? And if so, could you actually translate into any noticeable tailwind in 2018?

Eric Palmer

Michael, it's Eric. I think the dimensions around that, I would say, it's kind of near breakeven. I wouldn't characterize it as a major headwind or a tailwind in terms of the impact.

Michael Anthony Newshel - *Evercore ISI, Research Division - Associate*

Got it. And I think you also said the individual commercial performance is tracking in line with expectations. So just to clarify on margins, does that mean they're still negative, but better than last year?

Eric Palmer

Yes. You perfectly summarized, Michael. Yes.

Operator

Our last question comes from Michael Baker with Raymond James.

Michael John Baker - *Raymond James & Associates, Inc., Research Division - Health Care Services Analyst*

David, employers are increasingly asking for tools that help their employees better navigate the health care system balancing cost and quality in light of the increased prevalence of high-deductible plans. Just curious of your thoughts and positioning on that. And any potential timing of new offerings along those lines?

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Michael, so we actually strongly agree with that. So the ability as we talk about to engage, incent and support individual customers is critical to the way we think about our portfolio. I'll give you 2 illustrations, prior set, current set. Aiding our customers with highly transparent, consumer-friendly decision-support tools around cost and quality, quite important to us. We will continue to evolve those tools and capabilities. We've been chosen by Consumer Reports and others as having the industry-leading tools relative to it, not just because of the data that's out there, but the usability and the ability to influence decision making, so that's kind of past current state. 2017, important launch for us in the first quarter of 2017. We launched a new program and service that does exactly what you're describing. It's known as Cigna OneGuide. It's a multi-channel, multimodal engagement capability that allows the direction that you just articulated, but also has a learning dimension that's built into it with smart algorithms to provide next-best decision support, next-best recommendations. It also has the ability to integrate between the consumer, the individual with our service professionals and our clinical professionals and we see the opportunity to integrate that further into our health care collaboratives going forward. So it's quite exciting. But with a magnitude of scale, we're already servicing 1.5 million customers with that platform, it will rapidly ramp to over 5 million customers. So indicative of the journey we're on to the prior conversation relative to the customer NPS, consumer-centricity, these are just 2 examples of investments in customer-oriented capabilities to better engage and support them and, very importantly, where possible, integrate them with the health care professionals so there could be a similar level of insights going forward. So expect to see more from us even on a go-forward basis.

Operator

I would like to turn the call back over to David Cordani for closing remarks.

David M. Cordani - *Cigna Corporation - CEO, President and Director*

Thank you, everyone. So just to wrap up our call, I'd like to highlight a few key points from our discussion. We began 2017 with strong momentum and have increased our outlook for the full year. We reported strong revenue growth with earnings growth across each of our business segments and strong customer growth. We remain committed to achieving our long-term average annual EPS growth rate of 10% to 13%. We're confident in our ability to deliver our increased 2017 outlook of 15% to 20% earnings growth and we're further strengthened by our significant capital position and our capacity for meaningful capital deployment. Our efforts to improve the health and lives of our customers in the communities we work and live in and play in around the world are driven daily by the talented and dedicated Cigna team.

And lastly, we thank you for joining our call today, and we look forward to our future conversations. Have a great day.

Operator

Ladies and gentlemen, this concludes Cigna's quarter -- First Quarter 2017 Results Review. Cigna Investor Relations will be available to respond to additional questions shortly. A recording of this conference will be available for 10 business days following this call. You may access the recorded conference by dialing (866) 370-3634 or (203) 369-0247. Thank you for participating. We will now disconnect.