

CIGNA CORP
Form 8-K
January 24, 2013

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) January 24, 2013

Cigna Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

1-08323
(Commission File Number)

06-1059331
(IRS Employer
Identification No.)

900 Cottage Grove Road
Bloomfield, Connecticut 06002
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:

(860) 226-6000

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Basis of Presentation:

All dollar amounts are in millions, unless otherwise noted. Certain reclassifications have been made to conform prior period results to the current presentation.

Cigna measures the financial results of its segments using "segment earnings (loss)," which is defined as shareholders' income (loss) before net realized investment gains (losses). Adjusted income (loss) from operations is defined as segment earnings excluding special items and results of Cigna's guaranteed minimum income benefit business. Adjusted income (loss) from operations is a measure of profitability used by Cigna's management because it presents the underlying results of operations of Cigna's businesses and permits trend analysis. These measures are not determined in accordance with generally accepted accounting principles (GAAP) and should not be viewed as a

substitute for shareholders' net income determined in accordance with GAAP.

ITEM 7.01 Regulation FD Disclosure.

Cigna is a global health services organization that provides medical, dental, disability, life and accident insurance and related products and services to customers in the United States and selected international markets. This Current Report on Form 8-K (“Form 8-K”) announces certain changes to the Company’s reporting segments, commencing with the earnings release for the fourth quarter of 2012 that is scheduled to be issued on February 7, 2013. The information contained in this Form 8-K is being furnished to assist investors in understanding how Cigna’s business segment results would have been presented in previously filed reports had such results been reported to reflect the realignment described below.

The primary segment reporting change is that the two businesses that comprised the former International segment (international health care and supplemental health, life and accident) are now reported as follows:

- substantially all of the international health care business (comprised primarily of the global health benefits business) is now combined with the former Health Care segment and renamed Global Health Care; and
- the supplemental health, life and accident business becomes a separate reporting segment named Global Supplemental Benefits.

The segment reporting changes reflect the Company’s realignment of its businesses to better leverage distribution and service delivery capabilities for the benefit of our global clients and customers. Management believes the realignment of its businesses will enable the Company to more effectively address global health services challenges by leveraging best practices across geographies to improve the health, well being and sense of security of the global customers that the Company serves. The changes in the Company’s internal financial reporting structure to support this realignment took effect on December 31, 2012 and result in changes to our external reporting segments. The Company’s results are now aggregated based on the nature of the Company’s products and services, rather than its geographies.

While reclassifications within certain captions in the consolidated statements of income and consolidated balance sheets have occurred primarily as a result of these segment changes, there is no change to historically reported consolidated shareholders’ net income, earnings per share, adjusted income from operations or shareholders’ equity. Beginning with the fourth quarter of 2012, the Company will report its results in the reporting segments as described below.

Global Health Care includes the aggregation of the following two operating segments:

- The Commercial operating segment offers insured and self-insured medical, dental, behavioral health, vision, and prescription drug benefit plans, health advocacy programs and other products and services that may be integrated to provide comprehensive global health care benefit programs to employers and their employees, including expatriates and other globally mobile individuals. Cigna offers these products and services in all 50 states, the District of Columbia, the U.S. Virgin Islands, Canada, Europe, the Middle East, and Asia. Cigna services its expatriate and globally mobile customers virtually everywhere in the world.
- The Government operating segment primarily offers Medicare Advantage plans to seniors in 13 states and the District of Columbia, Medicare Part D plans in all 50 states and the District of Columbia and Medicaid plans and includes the business associated with the January 2012 acquisition of HealthSpring, Inc.

Global Supplemental Benefits includes supplemental health, life and accident insurance products offered in the U.S. and foreign markets, primarily in Asia as well as Medicare supplemental coverage following the 2012 acquisition of Great American Supplemental Benefits.

Group Disability and Life represents group disability, life and accident insurance products, including certain disability and life insurance business previously reported in the former Health Care segment.

In addition, the Company continues to report results in three other categories (Run-off Reinsurance, Other Operations and Corporate) that were not impacted by the segment reporting changes described above.

For those segments impacted by these changes, prior period results for the first three quarters and nine months of 2012, the four quarters and full year 2011, and full year 2010 are presented on the old and new segment basis in the following tables.

Cigna's Investor Relations Department will be hosting a conference call this morning, beginning at 9:00 a.m. ET to describe the segment reporting changes and answer questions on this topic. The call-in numbers for the conference call are as follows:

Live Call: Toll Free Dial-In 1-800-619-9569
Number:

Toll Dial-In Number: 1-517-623-4948

Participant Passcode: 999363

Replay: Toll Free Number: 1-866-418-8382

Toll Dial-In Number: 1-203-369-0752

It is strongly suggested you dial in to the conference call by 8:45 a.m. ET. The operator will periodically provide instructions regarding the call.

Cigna Corporation
 Segment results - Global Health Care and Global Supplemental Benefits
 Years Ended December 31, 2011 and 2010
 (unaudited)

Global Health Care, compared with Amounts previously reported in Health Care (Dollars in millions)	Years Ended			
	December 31, 2011		December 31, 2010	
	Health Care As previously Reported	Global Health Care	Health Care As previously Reported	Global Health Care
Revenues:				
Premiums and fees	\$ 13,181	\$ 14,443	\$ 13,319	\$ 14,134
Net investment income	274	263	243	230
Mail order pharmacy revenues	1,447	1,447	1,420	1,420
Other revenues	234	236	266	269
Segment revenues	15,136	16,389	15,248	16,053
Benefits and Expenses:				
Global Health Care medical claims expense	8,182	9,125	8,570	9,222
Other benefit expenses	83	-	100	-
Mail order pharmacy cost of goods sold	1,203	1,203	1,169	1,169
Operating expenses	4,121	4,340	4,072	4,202
Benefits and expenses	13,589	14,668	13,911	14,593
Income before income taxes	1,547	1,721	1,337	1,460
Income taxes	556	616	476	520
Segment earnings	991	1,105	861	940
Less: Special item(s), after-tax	1	1	-	-
Adjusted income from operations	\$ 990	\$ 1,104	\$ 861	\$ 940

Global Supplemental Benefits, compared with Amounts previously reported in International (Dollars in millions)	Years Ended			
	December 31, 2011		December 31, 2010	
	International As previously Reported	Global Supplemental Benefits	International As previously Reported	Global Supplemental Benefits
Revenues:				
Premiums and fees	\$ 2,990	\$ 1,528	\$ 2,268	\$ 1,231
Net investment income	96	83	82	69
Other revenues	17	15	25	22
Segment revenues	3,103	1,626	2,375	1,322
Benefits and Expenses:				
Other benefit expenses	1,697	754	1,255	603

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Operating expenses excluding special item(s)	1,082	734	846	589
Special item(s)	4	4	-	-
Benefits and expenses	2,783	1,492	2,101	1,192
Income before income taxes	320	134	274	130
Income taxes	100	36	93	42
Income attributable to noncontrolling interest	1	1	4	4
Segment earnings	219	97	177	84
Less: Special item(s), after-tax	(3)	(3)	-	-
Adjusted income from operations	\$ 222	\$ 100	\$ 177	\$ 84

Cigna Corporation
Segment results - Group Disability and Life, and Updated Consolidated Income Statement
Years Ended December 31, 2011 and 2010
(unaudited)

Group Disability and Life (Dollars in millions)	Years Ended			
	December 31, 2011		December 31, 2010	
	As Previously Reported	As revised	As Previously Reported	As revised
Revenues:				
Premiums and fees	\$ 2,780	\$ 2,857	\$ 2,667	\$ 2,770
Net investment income	267	291	261	287
Other revenues	-	-	123	123
Segment revenues	3,047	3,148	3,051	3,180
Benefits and Expenses:				
Other benefit expenses	2,003	2,086	1,935	2,035
Operating expenses	648	654	705	713
Benefits and expenses	2,651	2,740	2,640	2,748
Income before income taxes	396	408	411	432
Income taxes	109	113	120	127
Segment earnings	287	295	291	305
Less: Special item(s), after-tax	5	5	-	-
Adjusted income from operations	\$ 282	\$ 290	\$ 291	\$ 305

Consolidated (Dollars in millions)	Years Ended			
	December 31, 2011		December 31, 2010	
	As Previously Reported	As revised	As Previously Reported	As revised
Revenues:				
Premiums and fees	\$ 19,089	\$ 18,966	\$ 18,393	\$ 18,274
Net investment income	1,146	1,146	1,105	1,105
Mail order pharmacy revenues	1,447	1,447	1,420	1,420
Other revenues, including run-off reinsurance hedge results	244	244	254	254
Net realized investment gains	62	62	75	75
Total revenues	21,988	21,865	21,247	21,128
Benefits and Expenses:				
Global Health Care medical claims expense	8,182	9,125	8,570	9,222
Other benefit expenses	4,308	3,365	3,663	3,011
Mail order pharmacy cost of goods sold	1,203	1,203	1,169	1,169

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Guaranteed minimum income benefits (income) expense	234	234	55	55
Operating expenses excluding special item(s)	6,137	6,014	5,898	5,779
Special item(s)	48	48	90	90
Benefits and expenses	20,112	19,989	19,445	19,326
Income before income taxes	1,876	1,876	1,802	1,802
Income taxes	615	615	519	519
Net income	1,261	1,261	1,283	1,283
Less: Income attributable to noncontrolling interest	1	1	4	4
Shareholders' net income	\$ 1,260	\$ 1,260	\$ 1,279	\$ 1,279

Cigna Corporation
Segment results - Global Health Care
First Three Quarters and Nine Months Ended September 30, 2012
(unaudited)

Global Health Care, compared with Amounts previously reported in Health Care (Dollars in millions)	Three Months Ended			
	March 31, 2012		June 30, 2012	
	Health Care As previously Reported	Global Health Care	Health Care As previously Reported	Global Health Care
Revenues:				
Premiums and fees	\$ 4,501	\$ 4,869	\$ 5,008	\$ 5,398
Net investment income	68	66	63	61
Mail order pharmacy revenues	386	386	402	402
Other revenues	50	51	56	59
Segment revenues	5,005	5,372	5,529	5,920
Benefits and Expenses:				
Global Health Care medical claims expense	3,037	3,316	3,405	3,707
Other benefit expenses	19	-	17	-
Mail order pharmacy cost of goods sold	321	321	330	330
Operating expenses excluding special item(s)	1,216	1,271	1,252	1,302
Special item(s)	31	31		
Benefits and expenses	4,624	4,939	5,004	5,339
Income before income taxes	381	433	525	581
Income taxes	139	157	193	213
Segment earnings	242	276	332	368
Less: Special item(s), after-tax	(20)	(20)	-	-
Adjusted income from operations	\$ 262	\$ 296	\$ 332	\$ 368

Global Health Care, compared with Amounts previously reported in Health Care (Dollars in millions)	Three Months Ended September 30, 2012			
	Health Care As previously Reported	Global Health Care	Health Care As previously Reported	Global Health Care
Revenues:				
Premiums and fees	\$ 4,922	\$ 5,307	\$ 14,431	\$ 15,574
Net investment income	66	64	197	191
Mail order pharmacy revenues	401	401	1,189	1,189
Other revenues	62	63	168	173
Segment revenues	5,451	5,835	15,985	17,127
Benefits and Expenses:				

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Global Health Care medical claims expense	3,269	3,561	9,711	10,584
Other benefit expenses	15	-	51	-
Mail order pharmacy cost of goods sold	324	324	975	975
Operating expenses excluding special item(s)	1,245	1,298	3,713	3,871
Special item(s)	60	65	91	96
Benefits and expenses	4,913	5,248	14,541	15,526
Income before income taxes	538	587	1,444	1,601
Income taxes	193	210	525	580
Segment earnings	345	377	919	1,021
Less: Special item(s), after-tax	(39)	(42)	(59)	(62)
Adjusted income from operations	\$ 384	\$ 419	\$ 978	\$ 1,083

Cigna Corporation
 Segment results - Global Health Care
 Four Quarters of 2011
 (unaudited)

Global Health Care, compared with Amounts previously reported in Health Care (Dollars in millions)	Three Months Ended			
	March 31, 2011		June 30, 2011	
	Health Care As previously Reported	Global Health Care	Health Care As previously Reported	Global Health Care
Revenues:				
Premiums and fees	\$ 3,311	\$ 3,614	\$ 3,295	\$ 3,613
Net investment income	67	63	67	65
Mail order pharmacy revenues	339	339	349	349
Other revenues	69	70	67	66
Segment revenues	3,786	4,086	3,778	4,093
Benefits and Expenses:				
Global Health Care medical claims expense	2,077	2,301	2,034	2,269
Other benefit expenses	24	-	21	-
Mail order pharmacy cost of goods sold	276	276	289	289
Operating expenses	1,025	1,081	996	1,050
Benefits and expenses	3,402	3,658	3,340	3,608
Income before income taxes	384	428	438	485
Income taxes	137	152	158	175
Segment earnings	247	276	280	310
Less: Special item(s), after-tax	1	1	-	-
Adjusted income from operations	\$ 246	\$ 275	\$ 280	\$ 310

Global Health Care, compared with Amounts previously reported in Health Care (Dollars in millions)	Three Months Ended			
	September 30, 2011		December 31, 2011	
	Health Care As previously Reported	Global Health Care	Health Care As previously Reported	Global Health Care
Revenues:				
Premiums and fees	\$ 3,255	\$ 3,571	\$ 3,320	\$ 3,645
Net investment income	74	71	66	64
Mail order pharmacy revenues	368	368	391	391
Other revenues	48	47	50	53
Segment revenues	3,745	4,057	3,827	4,153
Benefits and Expenses:				
Global Health Care medical claims expense	2,014	2,254	2,057	2,301
Other benefit expenses	18	-	20	-
Mail order pharmacy cost of goods sold	309	309	329	329
Operating expenses	1,020	1,064	1,080	1,145

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Benefits and expenses	3,361	3,627	3,486	3,775
Income before income taxes	384	430	341	378
Income taxes	136	151	125	138
Segment earnings	248	279	216	240
Adjusted income from operations	\$ 248	\$ 279	\$ 216	\$ 240

Cigna Corporation
Segment results - Global Supplemental Benefits
First Three Quarters and Nine Months Ended September 30, 2012
(unaudited)

Global Supplemental Benefits, compared with Amounts previously reported in International (Dollars in millions)	Three Months Ended			
	March 31, 2012		June 30, 2012	
	International As previously Reported	Global Supplemental Benefits	International As previously Reported	Global Supplemental Benefits
Revenues:				
Premiums and fees	\$ 866	\$ 444	\$ 898	\$ 455
Net investment income	25	21	25	22
Other revenues	9	8	6	3
Segment revenues	900	473	929	480
Benefits and Expenses:				
Other benefit expenses	497	218	532	230
Operating expenses excluding special item(s)	300	209	300	212
Benefits and expenses	797	427	832	442
Income before income taxes	103	46	97	38
Income taxes	23	3	32	11
Segment earnings	80	43	65	27
Adjusted income from operations	\$ 80	\$ 43	\$ 65	\$ 27

Global Supplemental Benefits, compared with Amounts previously reported in International (Dollars in millions)	Three Months Ended September 30, 2012				Nine Months Ended September 30, 2012			
	International As previously Reported	Global Supplemental Benefits	International As previously Reported	Global Supplemental Benefits	International As previously Reported	Global Supplemental Benefits	International As previously Reported	Global Supplemental Benefits
Revenues:								
Premiums and fees	\$ 930	\$ 493	\$ 2,694	\$ 1,392	\$ 2,694	\$ 1,392	\$ 2,694	\$ 1,392
Net investment income	25	22	75	65	75	65	75	65
Other revenues	8	7	23	18	23	18	23	18
Segment revenues	963	522	2,792	1,475	2,792	1,475	2,792	1,475
Benefits and Expenses:								
Other benefit expenses	543	251	1,572	699	1,572	699	1,572	699
Operating expenses excluding special item(s)	306	217	906	638	906	638	906	638
Special item(s)	14	9	14	9	14	9	14	9
Benefits and expenses	863	477	2,492	1,346	2,492	1,346	2,492	1,346
Income before income taxes	100	45	300	129	300	129	300	129
Income taxes	30	11	85	25	85	25	85	25

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Segment earnings	70	34	215	104
Less: Special item(s), after-tax	(9)	(6)	(9)	(6)
Adjusted income from operations	\$ 79	\$ 40	\$ 224	\$ 110

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Cigna Corporation
Segment results - Global Supplemental Benefits
Four Quarters of 2011
(unaudited)

	Three Months Ended			
	March 31, 2011		June 30, 2011	
Global Supplemental Benefits, compared with Amounts previously reported in International (Dollars in millions)	International As previously Reported	Global Supplemental Benefits	International As previously Reported	Global Supplemental Benefits
Revenues:				
Premiums and fees	\$ 698	\$ 351	\$ 737	\$ 375
Net investment income	23	20	24	20
Other revenues	6	5	3	4
Segment revenues	727	376	764	399
Benefits and Expenses:				
Other benefit expenses	397	173	420	185
Operating expenses excluding special item(s)	243	162	262	178
Benefits and expenses	640	335	682	363
Income before income taxes	87	41	82	36
Income taxes	25	9	25	9
Income attributable to noncontrolling interest	1	1	-	-
Segment earnings	61	31	57	27
Less: Special item(s), after-tax	-	-	-	-
Adjusted income from operations	\$ 61	\$ 31	\$ 57	\$ 27

	Three Months Ended			
	September 30, 2011		December 31, 2011	
Global Supplemental Benefits, compared with Amounts previously reported in International (Dollars in millions)	International As previously Reported	Global Supplemental Benefits	International As previously Reported	Global Supplemental Benefits
Revenues:				
Premiums and fees	\$ 765	\$ 392	\$ 790	\$ 410
Net investment income	24	21	25	22
Other revenues	3	4	5	2
Segment revenues	792	417	820	434
Benefits and Expenses:				
Other benefit expenses	435	195	445	201
Operating expenses excluding special item(s)	271	188	306	206

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Special item(s)	-	-	4	4
Benefits and expenses	706	383	755	411
Income before income taxes	86	34	65	23
Income taxes	24	7	26	11
Segment earnings	62	27	39	12
Less: Special item(s), after-tax	-	-	(3)	(3)
Adjusted income from operations	\$ 62	\$ 27	\$ 42	\$ 15

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Cigna Corporation
 Segment results - Group Disability and Life
 First Three Quarters and Nine Months Ended September 30, 2012
 (unaudited)

Group Disability and Life (Dollars in millions)	Three Months Ended			
	March 31, 2012		June 30, 2012	
	As Previously Reported	As revised	As Previously Reported	As revised
Revenues:				
Premiums and fees	\$ 743	\$ 763	\$ 749	\$ 767
Net investment income	70	76	68	73
Segment revenues	813	839	817	840
Benefits and Expenses:				
Other benefit expenses	546	565	512	529
Operating expenses excluding special item(s)	175	177	179	182
Benefits and expenses	721	742	691	711
Income before income taxes	92	97	126	129
Income taxes	27	29	37	38
Segment earnings	65	68	89	91
Adjusted income from operations	\$ 65	\$ 68	\$ 89	\$ 91

Group Disability and Life	Three Months Ended		Nine Months Ended	
	September 30, 2012		September 30, 2012	
	As Previously		As	