Anthem, Inc.
Form DEF 14A
March 29, 2019
Table of Contents

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for use of the Commission Only (as permitted by Rule 14a 6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a 12

Anthem, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a 6(i)(1) and 0 11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0 11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0 11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

2019 PROXY STATEMENT

Annual Meeting of Shareholders

Indianapolis, IN

May 15, 2019

Table of Contents

About Anthem, Inc.

Anthem is a leading health benefits company dedicated to improving lives and communities, and making healthcare simpler. Through our affiliated companies, we serve more than 74 million people, including nearly 40 million within our family of health plans. We aim to be the most innovative, valuable and inclusive partner. We are an independent licensee of the Blue Cross and Blue Shield Association. We serve our members as the Blue Cross licensee for California and as the Blue Cross and Blue Shield licensee for Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, New York (in the New York City metropolitan area and upstate New York), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.) and Wisconsin. In a majority of these service areas, we do business as Anthem Blue Cross, Anthem Blue Cross and Blue Shield, Blue Cross and Blue Shield of Georgia and Empire Blue Cross Blue Shield or Empire Blue Cross. We also conduct business through arrangements with other Blue Cross and Blue Shield licensees in Louisiana, South Carolina and western New York. Through our subsidiaries, we also serve customers in over 25 states across the country as America’s 1st Choice, Amerigroup, Aspire Health, CareMore, Freedom Health, HealthLink, HealthSun, Optimum HealthCare, Simply Healthcare, and/or UniCare. We are licensed to conduct insurance operations in all 50 states and the District of Columbia through our subsidiaries. To find out more about us, go to antheminc.com.

Table of Contents

March 29, 2019

Dear Fellow Shareholders,

We look forward to welcoming you to our 2019 Annual Meeting, to be held at Anthem's headquarters, 220 Virginia Avenue, Indianapolis, Indiana 46204 on May 15, 2019 at 8 a.m. Eastern Daylight Time.

Our Annual Meeting is an opportunity to review our 2018 accomplishments, as well as our plans to build on the positive momentum from the past year as we look ahead to 2019 and beyond.

In 2018, Anthem delivered strong performance with income before income tax expense increasing by almost 28% year-over-year to $5.1 billion, and operating gain growing by 30% year-over-year to $5.4 billion. We made significant progress re-orienting Anthem for growth and improving the overall execution of the enterprise. We understand that we play an important societal role. Our mission – improving lives and communities, simplifying healthcare, and expecting more – drives our aspirations. Corporate responsibility is integral to our success as a company, and as such, we were proud to be named to the 2018 Dow Jones Sustainability Index North America for our work to empower communities, improve the sustainability of our business, operate with integrity and advance an inclusive workplace.

Looking ahead, we intend to accelerate investment in strategically important capabilities – AI, digital, clinical integration and provider collaboration – simplifying healthcare for those we serve and strengthening the impact we have on the healthcare ecosystem. Our culture – with our mission, vision and values – provides the foundation we need to deliver the next generation of growth and earnings.

Details for attending the Annual Meeting are included in this proxy statement. Please note that you must submit your request to attend the Annual Meeting on or before May 6, 2019. Also enclosed are details for how and when to vote. Your vote is very important to us so, if you are unable to attend the meeting, please vote in advance of the Annual Meeting, either online, by mail or by telephone, to ensure your shares are represented at the meeting.

Thank you for your continued investment in our Company. We appreciate your confidence in our leadership and we hope to see you in Indianapolis.

Gail K. Boudreaux
President and Chief Executive Officer

Table of Contents

Letter from Independent Chair of the Board

March 29, 2019

Dear Fellow Shareholders,

As your Board of Directors, we take our responsibilities very seriously and are committed to representing your interests in the long-term. We believe our shareholders are best served when the Company achieves sustainable results in a responsible manner. We are pleased with the Company's performance and are happy to share specific actions that the Board has taken in the past year.

Purpose & Culture. The Board worked collaboratively with Gail Boudreaux in 2018, her first full year as President and CEO, to update the Company's mission, vision and values. As part of our strategic oversight, we ensure that the Company's mission of improving lives and communities and simplifying healthcare is embedded in the Company's strategy and business plans. We have a special meeting each year dedicated to strategic oversight, as well as regular strategy discussions throughout the year.

The Board considers itself the guardian of the Company's culture, and recognizes the importance of culture in achieving long-term success. We are proud that the Company was recognized in 2018 as one of the World's Most Ethical Companies by Ethisphere.

Board Skills, Diversity & Refreshment. Board succession planning is also essential to the Company's success. As Chair, I have the privilege to work with a highly qualified and diverse group of board colleagues who bring thought leadership, perspective and accountability to their roles in overseeing the talented executive team at Anthem. Your Board is highly diverse in terms of background, expertise, ethnicity and gender, including four women directors and four directors from diverse ethnicities. Diverse directors hold the key leadership positions of Chair of the Board, Chair of the Audit Committee, Chair of the Governance Committee and President and CEO.

Refreshing your Board with new perspectives and ideas is critical to ensuring that it remains strategic, inclusive and forward-looking. Each year, we conduct a rigorous evaluation process, including board and individual director evaluations facilitated by an external party. Over the past couple of years, three new directors have joined the Board and two directors have retired. In addition, George Schaefer will be retiring at the Annual Meeting. The Board would like to recognize George for his significant contributions to the Company's success and his exemplary service to the Board in many roles over the years, including Independent Chair of the Board, Lead Director and Chair of the Audit Committee.

Environmental, Social & Governance (ES&G). We believe our ES&G practices promote the long-term interests of our shareholders and strengthen Board and management accountability. The Board's Governance Committee is responsible for establishing the Company's corporate governance practices, as well as monitoring the Company's social responsibility and environmental sustainability initiatives. As part of the Committee's ongoing review of our corporate governance practices, the Company's governing documents were amended last year to give shareholders the right to call a special meeting. We are proud that the Company was named to the 2018 Dow Jones Sustainability Index North America in recognition of our ES&G practices.

On behalf of the Board, thank you for investing in Anthem. We hope to see you at the Annual Meeting.

Elizabeth E. Tallett
Independent Chair of the Board

Table of Contents

Notice of Annual Meeting of Shareholders

Date and Time:	Wednesday, May 15, 2019 at 8:00 a.m. Eastern Daylight Time
Location:	Anthem, Inc. 220 Virginia Avenue Indianapolis, Indiana 46204
Items of Business:	To elect the two members of the Board of Directors identified in the accompanying proxy statement. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2019. To hold an advisory vote to approve the compensation of our named executive officers. To approve proposed amendments to our Articles of Incorporation to eliminate the classified board structure when permitted under our contractual obligations with the Blue Cross and Blue Shield Association. If properly presented at the Annual Meeting, to vote on the shareholder proposal set forth in the accompanying proxy statement. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement.
Record Date:	You can vote if you are a shareholder of record on March 8, 2019.

It is important that your shares be represented and voted at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares as described below and in the accompanying materials.

By Order of the Board of Directors,

Kathleen S. Kiefer

Corporate Secretary

You can vote in any of the following ways:

Scan the QR code that is located on your proxy card, E-Proxy Notice or voting instruction form to vote with your smartphone

Visit the website listed on your proxy card, E-Proxy Notice or voting instruction form to vote VIA THE INTERNET

Call the telephone number on your proxy card or voting instruction form to vote BY TELEPHONE

If you received printed proxy materials, sign, date and return your proxy card or voting instruction form in the envelope provided to vote BY MAIL

Attend the Annual Meeting to vote IN PERSON

Table of Contents

2019 Proxy Summary

The following is a summary of certain key disclosures in this proxy statement. This is only a summary, and it may not contain all of the information that is important to you. For more complete information, please review the entire proxy statement as well as our 2018 Annual Report on Form 10 K.

Annual Meeting of Shareholders

Wednesday, May 15, 2019 at 8:00 a.m., EDT Record Date: March 8, 2019

Anthem, Inc.

220 Virginia Avenue

Indianapolis, Indiana 46204

Proposals to be Voted on and Board Voting Recommendations

Proposals	Recommendations
Election of the following persons as directors:	FOR EACH NOMINEE
Bahija Jallal	FOR
Elizabeth E. Tallett	FOR
Ratification of Ernst & Young LLP as Auditors for 2019	FOR
Advisory vote to approve the compensation of our Named Executive Officers	FOR
Approval of proposed amendments to our Articles of Incorporation to eliminate the classified board structure when permitted under our contractual obligations with the Blue Cross and Blue Shield Association	FOR
Shareholder proposal to elect each director annually	NO RECOMMENDATION

2018 Business Highlights

*Please refer to the GAAP Reconciliation table in Annex B for information on Adjusted Net Income and Adjusted Net Income Per Diluted Share ("Adjusted EPS").

Other highlights include:

- Income before income tax expense increased by almost 28% to approximately $5.1 billion for 2018, as compared to approximately $4.0 billion for 2017, while operating gain increased by 30% to approximately $5.4 billion for 2018, as compared to approximately $4.2 billion for 2017. Please refer to the GAAP Reconciliation table in Annex B for information on operating gain.
- Our closing stock price increased by approximately 17% from $225.01 on December 29, 2017, the last trading day of 2017, to $262.63 on December 31, 2018. Additionally, the Company paid cash dividends totaling $3.00 per share in 2018.
- Medical membership was steady at approximately 40 million members.

Table of Contents

2019 Proxy Summary (continued)

- Anthem was named to the 2018 Dow Jones Sustainability Index North America.
- Anthem was recognized in 2018 by Ethisphere as one of the World's Most Ethical Companies.
- Anthem was included in the FTSE4Good Developed 100 Index for 2018.
- Our strong performance is reflected in the compensation that our Named Executive Officers earned for 2018.

Our Vision, Mission and Values

Compensation Highlights

- Pay-for-performance - To align the interests and rewards of our Named Executive Officers ("NEOs") with the long-term interests of our shareholders and drive the achievement of our vision and mission, while operating within our values, our Total Rewards program emphasizes performance-based compensation in the form of our Annual Incentive Plan ("AIP") and equity grant programs under our Incentive Compensation Plan ("Incentive Plan" or "LTIP"). In 2018, we exceeded our Incentive Plan financial metrics and met some, but not all, of our operational metrics, resulting in an AIP funding slightly below target at 98.7% and a funding of the 2016-2018 performance stock units of 106.9%.
- Balanced mix of financial and operational metrics - The Compensation Committee used a balanced scorecard for the AIP for our executive officers, with an 80% weighting for Operating Gain and a total of 20% weightings for operational performance metrics, namely, provider collaboration (5%), quality – Medicare and Medicaid (10%) and service excellence (5%). Our performance stock units granted under the Incentive Plan in 2018 use Operating Revenue and Adjusted Net Income as performance metrics. Please refer to the GAAP Reconciliation table in Annex B for information on Operating Gain and Adjusted Net Income.
- Reward long-term growth and sustained success – The majority of our executive officers' compensation is in equity awards, which encourages long-term growth and sustained success.

Primary Components of 2018 Target Compensation

(Data for Other NEOs is an Average for Other NEOs Still Serving as of December 31, 2018)

AIP and LTIP percentages are based on achievement of an award equal to 100% of target.

Table of Contents

2019 Proxy Summary (continued)

Corporate Governance Highlights

Our corporate governance policies and practices reflect our commitment to effective corporate governance and high ethical standards:

Board Independence	Independent Chair of the Board Nine out of ten directors are independent Only independent directors serve on the Audit, Compensation and Governance Committees
Board Diversity	Four out of ten directors are women Four out of ten directors are ethnically diverse Balanced director tenure, with the average tenure being approximately 7 years Board composition is also diverse in age, geographic location, skills and experiences
Shareholder Rights	Proxy access for shareholder-nominated director nominees Majority voting for uncontested director elections Shareholders have the right to call a special meeting of shareholders Shareholders can amend our Bylaws, with certain exceptions
Compensation Practices	Long-standing practice of shareholder engagement on governance, compensation and sustainability issues Rigorous establishment and oversight of incentive metrics, goals and pay/performance relationship Say-on-pay advisory vote conducted annually Significant director and executive officer stock ownership requirements Limited executive perquisites Clawback policy for executive officers’ incentive compensation Double-trigger change-in-control provisions No excise tax gross-ups

	No short sales, hedging or pledging of our stock is permitted by our officers or directors
	No compensation plans which encourage excessive risk taking
	Annual Board, committee and individual director performance evaluations, including evaluations led by an external party
	Board oversees director refreshment and succession planning and executive officer succession planning
	Directors are not eligible for election if 72 years of age or older
	Directors may serve on no more than three other public company boards
	Our CEO may serve on no more than one other public company board
Other Leading Governance Practices	Executive sessions of independent directors are held at each in-person Board meeting
	Board and committee oversight of risk, including risks relating to financial reporting, compensation practices and cybersecurity
	Governance Committee monitors our corporate social responsibility and environmental sustainability initiatives
	Our Annual Report on Political Contributions and Related Activities is available on our website
	Our Corporate Responsibility Report is prepared in accordance with the Global Reporting Initiative (GRI) Core Reporting Guidelines and is available at www.anthemcorporateresponsibility.com

Table of Contents

2019 Proxy Summary (continued)

Director Skills, Experiences and Attributes

The following matrix provides summary information about our directors' skills, experiences and attributes. More detailed information is provided under the description of the "Governance Committee" beginning on page 6 and in each director's biography beginning on page 19.

Shareholder Engagement

We believe that building positive relationships with our shareholders is critical to our long-term success. For this reason, we spend significant time meeting with our shareholders, listening to their concerns and responding to their feedback. Through our robust outreach and engagement program in 2018, we engaged with our largest shareholders, representing a majority of our outstanding shares in the aggregate. Topics discussed included corporate governance practices, environmental and social sustainability initiatives, Board composition and refreshment and executive compensation. In addition, our management team regularly meets with shareholders to discuss our strategic plan, consolidated business results and capital structure, and other topics of interest to shareholders. We value our relationship with our shareholders and believe that we strengthen our ability to lead the Company by constructively discussing our business and strategy.

We were pleased that our shareholders overwhelmingly approved the non-binding advisory vote on our executive compensation in 2018, as approximately 94% of votes cast were voted in favor of the proposal. Nevertheless, we continue to examine our executive compensation program to assure alignment between the interests of our executive officers and our shareholders.

Table of Contents

Table of Contents

Table of Contents

Table of Contents (continued)

Table of Contents

Annual Meeting Materials

Purpose of the Meeting and Annual Meeting Materials

You are invited to attend the 2019 Annual Meeting of Shareholders (the "annual meeting") of Anthem, Inc. ("Anthem," the "Company," "we," "us" or "our") to be held at 8:00 a.m., Eastern Daylight Time, on Wednesday, May 15, 2019, at our headquarters, 220 Virginia Avenue, Indianapolis, Indiana 46204, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. You will be able to vote on the proposals described in this proxy statement if you were an Anthem shareholder on the record date for the annual meeting, March 8, 2019. The Board of Directors of Anthem (the "Board") is soliciting proxies to be voted at the annual meeting, including any postponements or adjournments. Shareholders will be admitted to the annual meeting beginning at 7:30 a.m., Eastern Daylight Time. You must have an admission ticket, as well as a form of government-issued photo identification, in order to be admitted to the annual meeting. For instructions on requesting admission tickets, see page 74 of this proxy statement.

This proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Annual Report on Form 10-K") are being made available to shareholders on or about March 29, 2019. On or about March 29, 2019, we mailed a printed copy of our proxy materials to our shareholders who had requested them and mailed a notice of internet availability of proxy materials, which contains instructions on how to access and review these materials and vote online, to all of our other shareholders. If you requested printed versions of our proxy materials by mail, these printed proxy materials also include a proxy card or voting instruction form for the annual meeting.

Governance of the Company

Our business is managed under the direction of the Board. The Board has responsibility for establishing broad corporate policies and for our overall performance. We believe that the only results worth achieving are those achieved with integrity and a commitment to excellence. Accordingly, we have long recognized the importance of, and have always placed a high priority upon, having good corporate governance measures in place.

Board Leadership Structure

The Board has the flexibility to establish a leadership structure that works best for the Company at a particular time and reviews that structure periodically. At times during our past, the positions of Chair of the Board and Chief Executive Officer ("CEO") have been held by two different people and, at other times, the positions have been combined and held by the same person. The Board believes that it is important to implement an effective and efficient leadership structure that provides stability, while maintaining strong oversight of management.

In November 2017, the Board appointed Gail K. Boudreaux as President and CEO. In May 2018, Elizabeth E. Tallett became the independent Chair of the Board. Prior thereto, Joseph R. Swedish was the non-independent Chair of the Board and George A. Schaefer, Jr. was the Lead Director. Given that Ms. Boudreaux has recently joined the Company, the Board believes that having an independent Chair of the Board allows her to concentrate on overseeing the management of our business, while Ms. Tallett oversees the functioning of the Board and our corporate governance.

Our Corporate Governance Guidelines require that our independent directors elect a Lead Director annually when the positions of Chair and CEO are filled by the same person or when the Chair is not an independent director. There is currently no Lead Director since we have an independent Chair. The Board also recognizes the important leadership roles played by the Chair of each of the committees of the Board. The Board evaluates its leadership structure from time to time and changes it as circumstances warrant.

Table of Contents

Governance of the Company (continued)

Board Role in Risk Oversight

Our management is responsible for the day-to-day management of the risks facing the Company, and the Board as a whole has responsibility for risk oversight. We have an Enterprise Risk Council to oversee our enterprise risk management activities. The Enterprise Risk Council is comprised of members of our senior leadership team and the Chief Risk Officer, who serves as the head of the internal enterprise risk management function. Management, together with the Enterprise Risk Council, designs and implements processes by which we assess, monitor and manage our exposure to major risks. The Board oversees these processes to determine whether these processes are functioning as intended and are consistent with our business and strategy. The Board reviews and approves certain risk tolerance levels and action plans regarding major risks. The Board also receives periodic reports from management on various risks, including risks facing our businesses or developments that could affect our risk profile.

The Board delegates to its committees responsibility for assisting in the oversight of categories of risk within their areas of responsibility, as follows:

- The Audit Committee receives quarterly reports from the Chief Risk Officer and reviews and discusses our enterprise risk management framework, processes and governance structure. The Audit Committee reviews and approves the annual audit plan for our internal audit function, with a priority on areas based on their potential risk. The Audit Committee reviews and discusses with management and the independent auditor our accounting, financial reporting and internal audit controls and procedures, our financial statements and the independent audit thereof. The Audit Committee oversees our compliance activities and receives quarterly reports from the Chief Compliance Officer. The Audit Committee also reviews and discusses our major financial risk exposures. The Audit Committee regularly meets privately with representatives from the Company's independent registered public accounting firm, our Chief Risk Officer, our Chief Compliance Officer, our Chief Financial Officer ("CFO") and our General Counsel.
- The Compensation Committee oversees the risks associated with our compensation policies, practices and plans.
- The Governance Committee oversees Board processes and corporate governance-related risk, monitors our corporate social responsibility and environmental sustainability initiatives, reviews, at least annually, our political strategy, contributions and activities, and oversees compliance with our policies and procedures regarding political contributions and activities.

For those areas in which committees have risk oversight responsibilities, the chairs of the committees regularly report to the full Board regarding the significant risks facing the Company, as identified by management, and the measures undertaken by management to monitor, control and mitigate those risks. A description of the enterprise risks facing us is included in Part I, Item 1A "Risk Factors" in our 2018 Annual Report on Form 10 K.

Corporate Governance Policies and Practices

Our corporate governance policies reflect our goal of adopting best practices to promote a high level of performance from the Board and management. We believe our corporate governance practices promote the long-term interests of our shareholders and strengthen Board and management accountability.

Table of Contents

Among the practices we adhere to are the following:

Board Independence	Independent Chair of the Board Nine out of ten directors are independent Only independent directors serve on the Audit, Compensation and Governance Committees
Board Diversity	Four out of ten directors are women Four out of ten directors are ethnically diverse Balanced director tenure, with the average tenure being approximately 7 years Board composition is also diverse in age, geographic location, skills and experiences
Shareholder Rights	Proxy access for shareholder-nominated director nominees Majority voting for uncontested director elections, with directors who fail to receive a majority vote required to tender their resignation for consideration by the Board No supermajority voting requirements in our Articles of Incorporation Opted out of the Indiana Control Share Acquisition Statute Shareholders have the right to call a special meeting of shareholders Shareholders can amend our Bylaws, except for those provisions required by our licenses with the Blue Cross and Blue Shield Association Long-standing practice of shareholder engagement on governance, compensation and sustainability issues
Other Leading Governance Practices	Annual Board, committee and individual director performance evaluations, including evaluations led by an external party Board oversees director refreshment and succession planning and executive officer succession planning, addressing both emergency and long-term succession Directors are not eligible for election if 72 years of age or older Directors may serve on no more than three other public company boards Our CEO may serve on no more than one other public company board Rotation of lead partner of our independent registered public accounting firm at least every five years

The Board and its committees have the authority to engage consultants and advisors at our expense

Executive sessions of independent directors are held at each in-person Board meeting

Strong compensation governance practices as discussed in the Compensation Discussion and Analysis

Board and committee oversight of risk, including risks relating to financial reporting, compensation practices and cybersecurity

Governance Committee monitors our corporate social responsibility and environmental sustainability initiatives, including our Corporate Responsibility Report which is prepared in accordance with the GRI Core Reporting Guidelines

Governance Committee monitors our political strategy, contributions and activities, including our Annual Report on Political Contributions and Related Activities

The Board encourages directors to participate in continuing education programs and reimburses directors for the expense of such participation

Several avenues for shareholders to communicate with the Board and management, including periodic investor days, earnings release conference calls and dedicated email addresses for the Board and for the committee chairs

Due to our existing contractual obligations with the Blue Cross and Blue Shield Association ("BCBSA"), we are required to maintain a classified board structure. However, our Corporate Governance Guidelines provide that, if the BCBSA requirement for a classified board structure is eliminated or is no longer applicable to us, the Board will submit amendments to our Articles of Incorporation ("Articles") recommending approval by the shareholders to eliminate the classified board structure. In addition, we have included in this proxy statement a proposal to amend our Articles to eliminate the classified board structure and phase in the annual election of directors over a three-year period when permitted under our contractual obligations with the BCBSA. If the amendments to our Articles are approved, the Board expects to amend our Bylaws and Corporate Governance Guidelines to include provisions similar to the amended Articles regarding the elimination of our classified board structure. See Proposal No. 4 – Approval of Proposed Amendments to Our Articles of Incorporation to Eliminate the Classified Board Structure When Permitted Under Our Contractual Obligations with the Blue Cross and Blue Shield Association.

Table of Contents

Current versions of the following documents are available on our website at www.antheminc.com:

Governance Documents at www.antheminc.com	Articles of Incorporation Bylaws Corporate Governance Guidelines Standards of Director Independence Standards of Ethical Business Conduct Insider Trading Policy Board Committee Charters Annual Report on Political Contributions and Related Activities

We will continue to assess and refine our corporate governance practices and share them with you.

Environmental and Social Sustainability

We are committed to the future health and well-being of the world around us and are proud of our many sustainability initiatives and recognitions. Our Corporate Responsibility Report provides information on our environmental, social and governance (ES&G) practices and performance related to our governance, our workplace, community health and the environment. It is prepared in accordance with the GRI Core Reporting Guidelines and is available at www.anthemcorporateresponsibility.com. Our Governance Committee monitors our corporate social responsibility and environmental sustainability initiatives and performance.

Highlights of our recent progress and recognitions include:

- Named to the 2018 Dow Jones Sustainability Index North America (the "DJSI"). The DJSI, a highly regarded standard for corporate sustainability, is based on an analysis of corporate economic, environmental and social performance.
- Recognized by Ethisphere as one of the 2018 honorees for the World's Most Ethical Companies award. This prestigious award analyzes an organization's strength in its Ethics and Compliance Program, Culture of Ethics, Corporate Citizenship and Responsibility, Corporate Governance, Leadership, and Innovation and Reputation.
- Included in the 2018 DiversityInc Top 50 Companies for Diversity, which recognizes organizations that hire, retain and promote women, minorities, people with disabilities, LGBTQ+ and veterans.
- Received a 2018 Top 125 award from Training magazine recognizing our talent development model and programs.
- Joined the Science Based Targets initiative and reduced scope I and II greenhouse gas emissions intensity by 23% compared to our baseline year 2013.
- Reduced our water usage by 36% compared to our baseline year 2013.
- Achieved a 2018 recycling rate of approximately 59% for Anthem managed buildings.
- Continued to improve community health with $23 million in new 2018 grants that support the Anthem Foundation's Healthy Generations Program. The Healthy Generations Program addresses social determinants and improves critical health measures by focusing on healthy hearts, cancer prevention, healthy maternal practices, diabetes prevention, active lifestyles, behavioral health and programs that impact individuals with disabilities. The Healthy Generations Program has helped:
  - Train over 10 million people in Hands-only CPR;
  - Connect 4,500 low-income residents to cessation coaching, which will reduce exposure to second-hand smoke for nearly 1.5 million residents; and
  - Engage with 16 million kids through healthy lifestyle programming.

Table of Contents

Board and Committee Membership

As reflected in our Corporate Governance Guidelines, our business, property and affairs are managed under the direction of our Board. Members of our Board stay informed of our business through discussions with our CEO and other officers, by reviewing materials provided to them, by visiting our offices, by participating in meetings of the Board and its committees and through their own industry knowledge and inquiries.

Director Independence

Our Board has adopted standards to assist it in making determinations of independence and whether or not a director or director nominee has a material relationship with us. These standards are available on our website at www.antheminc.com under "Investors — Corporate Governance — Governance & Corporate Documents." Our Board has determined that all of our directors and director nominees, other than Ms. Boudreaux, meet these standards, have no material relationship with us and are "independent" as defined by the New York Stock Exchange ("NYSE") listing standards and the rules of the Securities and Exchange Commission ("SEC").

Meetings and Committees of the Board

During 2018, the Board held eight meetings. The non-employee directors met in executive session without management at all in-person meetings. Our Board committees also conduct executive sessions that are presided over by the Chair of the respective committee. Each current director attended at least 75% of the total meetings of the Board and each committee on which he or she served.

There are three standing committees of the Board. From time to time, the Board, in its discretion, may form other committees. The following table provides membership information for each of the Board standing committees as of March 29, 2019, including each non-executive Chair.

Directors	Audit Committee	Compensation Committee	Governance Committee
Gail K. Boudreaux			
R. Kerry Clark			
Robert L. Dixon, Jr.			
Lewis Hay, III		Chair	
Julie A. Hill			Chair
Bahija Jallal			
Antonio F. Neri			
Ramiro G. Peru	Chair		
George A. Schaefer, Jr.			
Elizabeth E. Tallett			

Set forth below are the primary responsibilities of each of the standing committees as described more fully in their charters, which are available on our website at www.antheminc.com under "Investors — Corporate Governance — Governance & Corporate Documents."

Audit Committee

The Audit Committee met eight times during 2018. The Audit Committee represents and assists the Board in its oversight of our accounting, financial reporting and internal controls over financial reporting. In its oversight of our financial statements and the independent audit thereof, the Audit Committee is responsible for the selection, evaluation and, where deemed appropriate, replacement of the independent registered public accounting firm, and for the evaluation of the independence of the independent registered public accounting firm. The Audit Committee is also directly involved in the selection of the auditor's lead engagement partner.

The Audit Committee is also responsible for the oversight of our compliance program and Standards of Ethical Business Conduct, as well as assisting the Board in overseeing the processes by which we assess, monitor and manage our exposure to major risks. The Chief Compliance Officer facilitates our compliance program and reports independently to the Audit Committee. The Audit Committee regularly receives a detailed report from

Table of Contents

Board and Committee Membership (continued)

the Chief Compliance Officer regarding our compliance program activities. See “Audit Committee Matters — Audit Committee Report” and “Governance of the Company — Board Role in Risk Oversight.”

The Audit Committee met separately at each in-person meeting during 2018 with executive management (including the General Counsel), the head of internal audit, the Chief Risk Officer, the Chief Compliance Officer and the independent registered public accounting firm. The Board has determined that each of the members of the Audit Committee is “independent” as defined by the rules of the SEC and the NYSE listing standards and that each of the members is an “audit committee financial expert” as defined by the SEC’s rules.

Compensation Committee

The Compensation Committee met five times during 2018. The Compensation Committee assists the Board in discharging its responsibilities relating to compensation and benefits provided to our executive officers (which are determined by the Compensation Committee in its sole discretion), including overseeing an assessment of the risks related to our compensation policies and practices. See “Executive Compensation — Assessment of Compensation-Related Risks.” The Compensation Committee sets the compensation level of our CEO and other executive officers based on an evaluation of the executive’s performance in light of our goals and objectives. The Compensation Committee may take into consideration when setting the compensation levels of the executive officers (other than the CEO) any recommendations of the CEO with respect to the other executive officers.

In addition, the Compensation Committee has directly engaged Semler Brossy Consulting Group LLC (“Semler Brossy”), an outside compensation consultant, to assist in the evaluation of CEO and executive officer compensation, as authorized under its charter. Semler Brossy reports directly to the Compensation Committee, participates regularly in Compensation Committee meetings and advises the Compensation Committee with respect to compensation trends and best practices, plan design and the reasonableness of individual compensation awards. Semler Brossy does not provide any other services to the Company. The Compensation Committee assessed the independence of Semler Brossy pursuant to, and based on the factors set forth in, the SEC’s and NYSE’s rules and concluded that no conflict of interest exists that would prevent Semler Brossy from independently advising the Compensation Committee.

All members of the Compensation Committee are “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), “non-employee directors” within the meaning of Section 16b 3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and “independent” within the meaning of the NYSE listing standards. None of the Compensation Committee members is or has been an officer or employee of the Company or was involved in a relationship requiring disclosure as an interlocking director or under Item 404 of Regulation S-K.

Governance Committee

The Governance Committee met four times in 2018. The Governance Committee assists the Board in discharging its responsibilities relating to Board composition and evaluations, non-employee director compensation and corporate governance by identifying and recommending individuals for nomination as members of the Board, recommending to the Board the overall non-employee director compensation policy and developing and recommending to the Board a set of corporate governance guidelines. The Governance Committee also is responsible for reviewing, at least annually, our political strategy, contributions and activities and overseeing compliance with our policies and procedures regarding political contributions and activities. In addition, the Governance Committee monitors the

Company's corporate social responsibility and environmental sustainability initiatives.

The Governance Committee has directly engaged Compensation Advisory Partners LLC ("CAP"), an outside compensation consultant, to assist in the evaluation of director compensation, as authorized under its charter. CAP reports directly to the Governance Committee. During 2018, CAP advised the Committee with respect to director compensation trends and best practices, plan design and the reasonableness of director compensation. CAP does not provide any other services to the Company. The Governance Committee assessed the independence of CAP pursuant to, and based on the factors set forth in, the SEC's and NYSE's rules and concluded that no conflict of interest exists that would prevent CAP from independently advising the Governance Committee.

The Board has determined that each of the members of the Governance Committee is “independent” as defined by the NYSE listing standards.

Shareholder Recommendations of Director Candidates

The Governance Committee considers and recommends candidates for the Board. It reviews all nominations submitted to the Company as described below under “Identifying and Evaluating Nominees for Directors,” including individuals nominated by shareholders to be included in our proxy statement. In evaluating such nominations, the Governance Committee seeks to achieve a balance of skills, qualifications and attributes on the Board and to address the membership criteria set forth below under “Director Qualifications.” Any shareholder recommendations proposed for consideration by the Governance Committee must include the nominee’s name and qualifications for Board membership and must be addressed to our Secretary at Anthem, Inc., 220 Virginia Avenue, Mail No. IN1-4WS-19, Indianapolis, Indiana 46204. Following verification that the persons recommending director candidates are shareholders, recommendations are aggregated and considered by the Governance Committee at a regularly scheduled meeting. If any materials are provided by shareholders in connection with the recommendation of a director candidate, such materials are forwarded to the Governance Committee.

In addition, any shareholder who wishes to nominate a director candidate at our annual meeting or for inclusion in our proxy statement may do so by following the procedures and providing the information set forth in “Shareholder Proposals and Nominations for Next Year’s Annual Meeting” on page 75 and in Sections 1.5, 1.6 and 1.16 of our Bylaws. Our Bylaws are available on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents.” Any materials provided by shareholders in connection with the nomination of a director candidate are forwarded to the Governance Committee. Following verification that the persons recommending director candidates are shareholders, and verification that any other required information has been properly submitted by such persons, nominations are reviewed and discussed by the Governance Committee and the Board at a regularly scheduled meeting.

Identifying and Evaluating Nominees for Directors

The Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Governance Committee assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Governance Committee considers, subject to the restrictions in our Bylaws, whether the vacancy should be filled and if so, various potential candidates for director. Candidates may come to the attention of the Governance Committee through current Board members, management, professional search firms, shareholders or other persons. These candidates are evaluated at regular or special meetings of the Governance Committee and may be considered at any point during the year.

Director Qualifications

The Governance Committee periodically evaluates the size and composition of the Board to assess the skills, qualifications and attributes of Board members, and compares them with those skills, qualifications and attributes that might prove valuable in the future, considering the circumstances of the Company and the then-current Board membership. This assessment enables the Board to consider whether the identified skills, qualifications and attributes continue to be appropriate as the Company’s needs evolve over time. On an ongoing basis, the Governance Committee will evaluate candidates who possess qualifications and attributes that meet our strategic needs and have diverse experiences in key business, financial and other challenges that face a publicly-held health benefits company. We believe that an effective board consists of a diverse group of individuals who bring a variety of complementary skills and a range of tenures.

The Governance Committee developed and maintains a skills matrix to assist it in considering the appropriate balance of skills, qualifications and attributes required of a director and to be represented on the Board as a whole. The skills matrix contains both required characteristics that every member of the Board should meet and desired skills, experiences and attributes to be represented collectively on the Board.

Table of Contents

Board and Committee Membership (continued)

Required Characteristics

The following are the required characteristics that should be satisfied by each director or nominee:

Integrity and Accountability	Risk Oversight Ability
Financial Literacy	Mature Confidence
Informed Judgment	High Performance Standards

Desired Skills, Experiences and Attributes

The following matrix summarizes the desired skills, experiences and attributes to be represented collectively on the Board and the most significant skills, experiences and attributes that each director possesses. Additional information is provided in each director's biography beginning on page 19.

d

Table of Contents

Board and Committee Membership (continued)

Our Corporate Governance Guidelines provide that our Governance Committee is to take into account the overall diversity of the Board when identifying possible nominees for director, including gender, ethnicity, age, tenure, and geographic location. The Governance Committee implements that policy, and assesses its effectiveness, by examining the diversity of all of the directors on the Board when it selects nominees for directors. Currently, the Board has four women directors, one African-American director, one Hispanic director, one Latino director and one North African director. In total, 70% of our directors are diverse based on gender and/or ethnicity. In addition, the diverse directors hold key leadership positions, with each of the Chair of the Board, Chair of the Governance Committee and CEO being a woman, and the Chair of the Audit Committee being Hispanic.

The Governance Committee, in recommending the nominees for election as directors and in concluding that the continuing directors should serve as directors, considered the items set forth above. The Governance Committee believes that each director and director nominee satisfies the required criteria in the skills matrix and brings his or her own particular skills, experiences and attributes, giving the Board, as a whole, competence and experience in a wide variety of areas. Additional biographical and other information concerning the qualifications, skills and experience of the directors and nominees for director can be found under "Proposal No. 1 – Election of Directors – Nominees for Director" and "– Directors Continuing in Office."

Table of Contents

Board and Committee Membership (continued)

Director Evaluation Process

Board, committee and individual director evaluations play a critical role in ensuring the effective functioning of our Board. Each year our Board conducts a rigorous evaluation process, including an evaluation of the full Board, committee evaluations, director self-evaluations and peer evaluations. The evaluation process is multi-faceted and can be summarized as follows:

Communications with the Board

Individuals may communicate with the Board by submitting an email to our Board at this address: boardofdirectors@anthem.com. Communications that are intended specifically for non-management directors or any individual director should be sent to the e-mail address above to the attention of the Board Chair. Individuals may also communicate with the Board by submitting a letter to our Secretary at Anthem, Inc., 220 Virginia Avenue, Mail No. IN1-4WS-19, Indianapolis, Indiana 46204.

In addition, individuals may communicate with the Chair of the following committees by submitting an e-mail to:

- Chair of the Audit Committee: auditchair@anthem.com
- Chair of the Compensation Committee: compensationchair@anthem.com
- Chair of the Governance Committee: governancechair@anthem.com

The process for collecting and organizing communications, as well as similar or related activities, has been approved by our independent directors. Communications are distributed to the Board, or to any individual directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board has requested that certain items which are unrelated to the duties and responsibilities of the Board should be excluded, such as spam, junk mail and mass mailings, medical claims inquiries, new product suggestions, resumes and other forms of job inquiries, surveys, and business solicitations or advertisements.

Table of Contents

In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any such unsuitable communication is made available to any director upon request.

Board Attendance at Annual Meeting of Shareholders

Our policy is that Board members are expected to attend each annual meeting of shareholders. All members of the Board attended our 2018 annual meeting of shareholders.

Table of Contents

Review and Approval of Transactions with Related Persons

Policy

The Board has adopted a written policy and procedures for review, approval and monitoring of transactions involving us and “related persons” (directors and executive officers, shareholders owning five percent or greater of our outstanding common stock, or their immediate family members). The policy covers any transaction in which we are a participant that involves amounts exceeding $120,000 in any calendar year and in which a related person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than ten percent beneficial owner of another entity).

Related person transactions must be approved or ratified by the Governance Committee of the Board. In considering the transaction, the Governance Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction. The policy includes several categories of standing pre-approved transactions, including, but not limited to, transactions involving competitive bids, certain banking-related services and certain transactions involving amounts not in excess of the greater of $1 million or 2% of the other company’s total annual gross revenues. The Governance Committee periodically reviews and assesses ongoing transactions to confirm that the transactions comply with the Governance Committee’s guidelines and remain appropriate.

Current Transactions

Dr. William Long, the brother-in-law of R. Kerry Clark, one of our Directors, is the physician owner of a medical provider that serves our members in New York. Anthem and its subsidiaries paid this provider approximately $389,000 for services provided to individuals covered by Anthem for the year ended December 31, 2018. Mr. Clark has no ownership interest in this provider and is not involved with the provider-payer arrangement between Anthem and the provider. In addition, the amounts paid to this provider are pursuant to a standard fee schedule for all similarly-situated providers in New York. The Governance Committee approved and continues to monitor this arrangement consistent with the above policy.

In the ordinary course of business, we may, from time to time, engage in transactions with other companies whose officers or directors are also our directors. Transactions with such companies are conducted on an arm’s length basis, and in 2018, all of these transactions came within the pre-approval procedures of the Governance Committee consistent with the above policy.

Standards of Ethical Business Conduct

We have adopted Standards of Ethical Business Conduct (the “Code”) for our directors, executive officers and other associates. The purpose of the Code is to focus on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and integrity. The Code is posted on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents.”

Everyone is required to act in accordance with the requirements of the Code. Waivers of the Code for any director, our Chair, our President and CEO, our Chief Financial Officer and our other executive officers may only be made by the Board or by a Board committee composed of independent directors. Any such waiver and any amendment to the Code will be posted on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents” and otherwise disclosed as required by law. During 2018, there were no waivers of the Code for any of our directors, our Chair, our President and CEO, our Chief Financial Officer or any of our other executive officers.

Table of Contents

Director Compensation

2018 Compensation of Non-Employee Directors

The compensation of our non-employee directors is paid in the form of annual retainers for Board members and committee chairs and annual stock awards. An annual retainer is also paid when the Chair of the Board is not an employee or there is an independent Lead Director. In addition, pro-rata stock awards are granted to non-employee directors who join the Board mid-year. Pro-rata stock awards were granted to Mr. Neri and Ms. Jallal upon joining the Board, as indicated in the chart below. Our 2018 compensation for non-employee directors was as follows:

Compensation Element	2018
Annual Retainer - Cash Portion	$ 125,000
Annual Retainer - Company Stock Portion	$ 175,000
Annual Committee Chair Retainers	
• Audit Committee	$ 30,000
• Compensation and Governance Committees	$ 20,000
Annual Retainer for Non-Executive Chair of the Board, if any	$ 225,000
Annual Retainer for Lead Director, if any	$ 35,000

Employee directors, which in 2018 included Ms. Boudreaux and Mr. Swedish, do not receive any compensation for their service as a director. Ms. Boudreaux's compensation for 2018 is shown in the Summary Compensation table on page 49, and Mr. Swedish's compensation for 2018 is discussed below under "Compensation of Employee Director." The compensation actually paid to our non-employee directors for service during 2018 was as follows:

Name	Fees Earned or Paid in Cash ($) (1)		Stock Awards ($)(2)	All Other Compensation ($) (3)	Total ($)
R. Kerry Clark	$ 125,003	(4)	$ 174,997	$ 10,000	$ 310,000
Robert L. Dixon, Jr.	$ 125,003		$ 174,997	$ 35,683	$ 335,683
Lewis Hay, III	$ 145,003		$ 174,997	$ 3,645	$ 323,645
Julie A. Hill	$ 137,503		$ 174,997	$ 35,683	$ 348,183
Bahija Jallal	$ 114,570	(4)	$ 224,759	$ 0	$ 339,329
Antonio F. Neri	$ 134,401		$ 252,063	$ 0	$ 386,464
Ramiro G. Peru	$ 155,003		$ 174,997	$ 25,683	$ 355,683
George A. Schaefer, Jr.	$ 138,031		$ 174,997	$ 35,683	$ 348,711
Elizabeth E. Tallett	$ 273,072	(4)	$ 174,997	$ 6,500	$ 454,569

(1) In addition to annual Board and committee retainer fees, amounts include $2.80 paid in cash to each non-employee director then serving or elected at the 2018 annual meeting of shareholders, which represents cash payments in lieu of issuing fractional shares in connection with the annual grant of phantom shares of our common stock received on the date of our annual meeting of shareholders. Amounts also include $101.29 and $125.78 for Ms. Jallal and Mr. Neri, respectively, for cash payments in lieu of issuing fractional shares in connection with pro-rata annual stock grants upon joining the Board.

(2) The amounts in this column reflect the grant date fair value of stock awards issued to each non-employee director during the year ended December 31, 2018, in accordance with Accounting Standards Codification Topic 718, "Compensation — Stock Compensation" ("ASC Topic 718"). Each non-employee director received 753 deferred shares of our common stock for the annual retainer grant of shares of our common stock on the date of our annual meeting of shareholders (May 16, 2018). The deferred shares will be converted into common stock upon the lapse of the deferral period. See also "Director Compensation — Board Equity Compensation and Stock Ownership Guidelines." The grant date fair value for the 2018 stock awards is calculated by multiplying the closing price of our common stock on the NYSE on the date of grant by the number of shares in the stock award. Amounts include $49,762 and $77,066 for Ms. Jallal and Mr. Neri, respectively, in connection with a pro-rata annual stock grant upon joining the Board. As of December 31, 2018, each non-employee director had the following number of deferred shares under our Board of Directors' Deferred Compensation Plan ("Board Deferred Compensation Plan") for all years of service as a director:

Table of Contents

Director Compensation (continued)

Director	Deferred Shares (as of 12/31/18)
R. Kerry Clark	5,809
Robert L. Dixon, Jr.	5,809
Lewis Hay, III	7,676
Julie A. Hill	33,827
Bahija Jallal	957
Antonio F. Neri	1,094
Ramiro G. Peru	5,809
George A. Schaefer, Jr.	5,809
Elizabeth E. Tallett	7,061

No non-employee directors currently have any stock options outstanding. The deferred shares for each current director are included in the Security Ownership of Certain Beneficial Owners and Management — Stock Held by Directors, Nominees and Executive Officers table on page 17.

(3) Includes: (i) matching charitable contributions made by the Anthem Foundation on behalf of Messrs. Clark, Dixon, Hay and Schaefer, Mses. Hill and Tallett (see "— Matching Gift Program") and (ii) dividend equivalents paid on directors' deferred shares that vested in 2018 of $25,683 each to Messrs. Dixon, Peru and Schaefer and Ms. Hill. This column does not include perquisites received by a director to the extent the amount of all such perquisites received by such director was less than $10,000.

(4) All of Mr. Clark's, Ms. Jallal's and Ms. Tallett's 2018 compensation was deferred by them pursuant to the Board Deferred Compensation Plan, other than amounts paid in cash in lieu of a fractional share.

Compensation of Employee Director

Pursuant to the transition agreement between Mr. Swedish and the Company dated November 5, 2017, Mr. Swedish remained employed by the Company as Executive Chair until May 16, 2018. As Executive Chair, Mr. Swedish received his then-current rate of base salary and remained eligible to earn a prorated bonus for 2018. Commencing on May 16, 2018, Mr. Swedish remained employed by the Company as Senior Advisor to the Chief Executive Officer, a position he will hold until May 1, 2020. As Senior Advisor to the Chief Executive Officer, Mr. Swedish will receive $4,500,000 per year and remain eligible to participate in the Company's employee welfare, retirement and perquisite programs. He was not eligible for an equity award in 2018, but his previously granted equity awards continue to vest. In 2018, Mr. Swedish received total compensation of $4,776,959 in connection with his service as Executive Chair and Senior Advisor to the Chief Executive Officer. Components of his total compensation in 2018 included base salary, a prorated cash bonus and other compensation consisting of tax equalization payments, cash as part of the Anthem Directed Executive Compensation Plan, as described under "Compensation Plans – Anthem Directed Executive Compensation Plan," a Company contribution under the Anthem 401(k) Plan and a Company contribution under the Anthem, Inc. Comprehensive Non-Qualified Deferred Compensation Plan (the "Deferred Compensation Plan"). Mr. Swedish did not receive any compensation for his service as a director in 2018.

Anthem Board of Directors' Deferred Compensation Plan

Cash fees paid to directors may be deferred under the Board Deferred Compensation Plan, which provides a method of deferring payment until a date selected by the director. Deferred cash fees accrue interest at a declared interest rate, which is determined on January 1 of each year and is the average of the 10 year U.S. Treasury Note monthly average rates for the 12 month period ending on September 30 of the previous year, plus 150 basis points, but not to exceed 120% of the applicable federal long-term rate, with compounding. Fees paid to non-employee directors in our common stock may also be deferred under the Board Deferred Compensation Plan for a period longer than the minimum deferral period discussed below, with the cash dividends accruing during the deferral period and paid in cash at the end of the deferral period. Fees paid in stock and deferred under the Board Deferred Compensation Plan are distributed in stock pursuant to their election under the plan.

Table of Contents

Board Equity Compensation and Stock Ownership Guidelines

For 2018, each non-employee director received, subject to the deferral described below, an annual grant, on the date of our annual meeting of shareholders, of the number of shares of our common stock equal to $175,000, with the amount of any fractional share paid in cash. In 2018, each such non-employee director received 753 deferred shares based on the market price of $232.40 per share pursuant to this grant. Each grant of common stock is deferred for a minimum of five years from the date of grant (or in the case of grants made after the annual meeting of shareholders, five years from the date of the annual meeting of shareholders that immediately precedes the date of grant). In connection with their appointment as directors, Mr. Neri also received a pro-rata grant of 341 deferred shares based on the market price of $226.00 on the date of grant, and Ms. Jallal also received a pro-rata grant of 204 deferred shares based on the market price of $243.93 on the date of grant. The shares of common stock, along with the cash dividends accrued thereon, will not be distributed until the earlier of the expiration of such deferral period or the date on which a director ceases to be a member of the Board.

In addition, each non-employee director has an obligation to own at least $625,000 of our common stock by no later than the fifth anniversary of the date such director became a member of the Board. As of December 31, 2018, each non-employee director owned stock in excess of the stock ownership requirements except Mr. Neri and Ms. Jallal, who joined the Board in December 2017 and February 2018, respectively.

Matching Gift Program

Directors are eligible to participate in the Anthem Foundation matching gift program. Under this program, the foundation matches 100% of charitable donations to qualified entities up to a maximum of $10,000 per year for each director.

Table of Contents

Security Ownership of Certain Beneficial Owners and Management

Stock Held by 5% or More Beneficial Owners

The following table and notes provide information about each person known by us to own beneficially more than five percent of our common stock as of February 1, 2019, except as otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc.(1)	23,442,432	9.1%
T. Rowe Price Associates, Inc.(2)	19,736,413	7.6%
The Vanguard Group(3)	19,128,045	7.4%

(1) The amount shown and the following information were provided by BlackRock, Inc. ("BlackRock") pursuant to a Schedule 13G/A filed with the SEC on February 11, 2019, indicating beneficial ownership as of December 31, 2018. In such filing BlackRock lists its address as 55 East 52nd Street, New York, NY 10055. BlackRock is a parent holding company or control person and has (a) sole power to dispose of or direct the disposition of 23,442,432 shares of our common stock; and (b) sole power to vote or direct the vote of 20,803,589 shares of our common stock.

(2) The amount shown and the following information were provided by T. Rowe Price Associates, Inc. ("T. Rowe") pursuant to a Schedule 13G/A filed with the SEC on February 14, 2019, indicating beneficial ownership as of December 31, 2018. In such filing T. Rowe lists its address as 100 E. Pratt Street, Baltimore, MD 21202. T. Rowe is a registered investment advisor and has (a) sole power to dispose of or direct the disposition of 19,736,413 shares of our common stock; and (b) sole power to vote or direct the vote of 6,553,875 shares of our common stock.

(3) The amount shown and the following information were provided by The Vanguard Group ("Vanguard") pursuant to a Schedule 13G/A filed with the SEC on February 11, 2019, indicating beneficial ownership as of December 31, 2018. In such filing Vanguard lists its address as 100 Vanguard Boulevard, Malvern, PA 19355. Vanguard is a registered investment advisor and has (a) sole power to dispose of or direct the disposition of 18,765,205 shares of our common stock; (b) shared power to dispose of or direct the disposition of 362,840 shares of our common stock; (c) sole power to vote or direct the vote of 300,394 shares of our common stock; and (d) shared power to vote or direct the vote of 68,880 shares of our common stock.

Stock Held by Directors, Nominees and Executive Officers

Except as otherwise noted, the following table sets forth the number of shares of our common stock beneficially owned as of February 1, 2019, by:

- each of our directors or nominees,
- each of our CEO, CFO and the three other most highly compensated executive officers during 2018 and any former executive officers required to be disclosed by SEC rules (collectively, the "NEOs"), and
- all current directors and executive officers as a group.

Except as otherwise indicated below, each individual directly owns such shares of common stock and has sole investment and sole voting power. In addition, unless otherwise indicated, the address for each person named below is c/o Anthem, Inc., 220 Virginia Avenue, Indianapolis, IN 46204. The table includes shares that may be purchased pursuant to stock options that are currently exercisable or exercisable within 60 days of February 1, 2019 ("exercisable options") and shares of common stock underlying unvested restricted stock units and unvested performance stock units that will vest within 60 days of February 1, 2019 ("vested restricted stock units" and "vested performance stock units," respectively). As of February 1, 2019, 268,860,098 shares of our common stock were issued and outstanding.

Table of Contents

Security Ownership of Certain Beneficial Owners and Management (continued)

Name	Number of Shares Owned (1)	Number of Shares Supplementally Owned (2)	Total Number of Shares Beneficially Owned	Percent of Class
R. Kerry Clark	0	5,809	5,809	*
Robert L. Dixon, Jr.	3,929	5,809	9,738	*
Lewis Hay, III	0	7,676	7,676	*
Julie A. Hill	0	33,827	33,827	*
Bahija Jallal	0	957	957	*
Antonio F. Neri	0	1,094	1,094	*
Ramiro G. Peru	6,267	5,809	12,076	*
George A. Schaefer, Jr.	33,055	5,809	38,864	*
Elizabeth E. Tallett	0	7,061	7,061	*
Gail K. Boudreaux(3)	15,578	3,681	19,259	*
John E. Gallina	36,445	6,188	42,633	*
Peter D. Haytaian	117,443	16,852	134,295	*
Gloria M. McCarthy	76,615	12,963	89,578	*
Thomas C. Zielinski	31,203	13,865	45,068	*
Brian T. Griffin(4)	53,642	0	53,642	*
Other Executive Officers	0	0	0	*
All current directors and executive officers as a group (17 persons)	320,535	127,400	447,935	*

* Less than 1%

(1) Includes the following exercisable options to purchase shares of our common stock: Ms. Boudreaux — 15,518; Mr. Gallina — 28,621; Mr. Haytaian — 90,191; Ms. McCarthy — 46,202; Mr. Zielinski — 11,890; and 192,422 for all current directors and executive officers as a group.

(2) For directors, other than Ms. Boudreaux, this number represents the number of deferred shares which will be converted into common stock upon the lapse of the deferral period, and are considered owned under our stock ownership guidelines for directors. For executive officers, this number represents the following vested restricted stock units: Ms. Boudreaux — 3,681; Mr. Gallina — 3,248; Mr. Haytaian — 4,686; Ms. McCarthy — 3,838; Mr. Zielinski - 3,727; and 19,180 for all current executive officers as a group; and the following vested performance stock units: Ms. Boudreaux — 0; Mr. Gallina — 2,940; Mr. Haytaian — 12,166; Ms. McCarthy — 9,125; Mr. Zielinski — 10,138; and 34,369 for all current executive officers as a group.

(3) Includes 60 shares held in a revocable trust of which Ms. Boudreaux's spouse is the trustee.

(4) Mr. Griffin resigned effective as of May 10, 2018. Information in the above table is as of May 10, 2018 for Mr. Griffin and includes 20,012 shares held in a grantor retained annuity trust ("GRAT") of which Mr. Griffin is sole trustee and 17,767 shares held in a GRAT of which Mr. Griffin's spouse is sole trustee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who own more than 10% of our common stock to file reports of ownership with the SEC. Such persons also are required to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of copies of such forms received by us, or written representations from certain reporting persons, we believe that during 2018, our executive officers, directors, and greater than 10% shareholders complied with all applicable filing requirements relating to our common stock.

Table of Contents

Proposal No. 1 — Election of Directors

The Board currently consists of ten directors divided into three classes. This classified Board structure is one of the specific requirements imposed by the BCBSA in license agreements with all Blue Cross Blue Shield licensees, including us. The term of one class of directors expires each year. Generally, each director serves until the annual meeting of shareholders held in the year that is three years after such director's election and until such director's successor is elected and has qualified. In addition, directors are no longer eligible for election after reaching 72 years of age.

Our Articles of Incorporation provide that the total number of directors should be divided into three classes with each class containing approximately one-third of the total directors. Currently, the classes of 2019 and 2020 contain three directors each, and the class of 2021 contains four directors.

It is the intention of the persons named in the accompanying form of proxy to vote such proxy for the election to the Board of Bahija Jallal and Elizabeth E. Tallett. Mr. Schaefer is not eligible for election, having reached 72 years of age, so only two directors have been nominated for election to hold office for a term to expire at the 2022 annual meeting. Each of the nominees for director is presently a director and each has consented to being named as a nominee in this proxy statement and has indicated a willingness to serve if elected. However, if any such person is unable or unwilling to accept nomination or election, it is the intention of the persons named in the accompanying form of proxy to nominate such other person as director as they may in their discretion determine, in which event the shares will be voted for such other person.

The election of directors will be determined by the vote of a majority of the votes cast on such election, which means that the number of shares voted "for" a director nominee must exceed the number of shares voted "against" such nominee.

Recommendation

The Board of Directors unanimously recommends a vote FOR Proposal No. 1, the election as directors of Bahija Jallal and Elizabeth E. Tallett.

The biographies of each of the nominees and continuing directors contain information regarding the person's service as a director, business experience, director positions at publicly-held corporations or investment companies registered under the Investment Company Act of 1940 held currently or at any time during the last five years, and the experiences, qualifications, attributes or skills that caused the Governance Committee and the Board to recommend each of the director nominees and to conclude that the continuing directors should serve as members of our Board. Unless otherwise indicated, the principal occupation of each director or nominee has been the same for the last five years. There is no family relationship between any of our directors or executive officers. The ages listed for each director or nominee are as of March 29, 2019.

Table of Contents

Nominees for Director

Three-year Term to Expire at the 2022 Annual Meeting of Shareholders

BAHIJA JALLAL Age: 57 Director since: 2018 Independent	Bahija Jallal has been a director of the Company since February 2018. Ms. Jallal has served as the Chief Executive Officer of Immunocore Limited (T cell receptor biotechnology company) since January 2019. Prior to that, she served as Executive Vice President of AstraZeneca PLC ("AstraZeneca") (pharmaceutical and biopharmaceutical business) and President of MedImmune (biotechnology business), a subsidiary of AstraZeneca, since January 2013. She joined MedImmune in 2006 and held various research and development positions, including Executive Vice President, Research and Development, from 2010 to 2013. Ms. Jallal has been a director of Immunocore Limited since January 2019. She is a member of the Board of Trustees of Johns Hopkins University, a director of Viela Bio and UMB Health Sciences Research Park Corporation and President of the Association for Women in Science.
Member of Audit Committee	Skills and Qualifications
	Ms. Jallal brings extensive healthcare industry experience to the Board gained through her several leadership positions at biopharmaceutical companies that provide new medicines to patients, including her current position of Chief Executive Officer at a multinational biotechnology company. In addition, Ms. Jallal has CEO and finance experience through her current position as CEO of a biotechnology company and her former position of President at a biologic research and development subsidiary of a large public company. Ms. Jallal qualifies as an "audit committee financial expert" under the SEC's rules.

ELIZABETH E. TALLETT Age: 69 Director since: 2013	Elizabeth E. Tallett has been a director of the Company since October 2013 and became independent Chair of the Board in May 2018. She was a principal of Hunter Partners, LLC (healthcare consulting) from 2002 to 2015. Ms. Tallett continues to operate as a consultant to healthcare companies. Previously, Ms. Tallett was President and Chief Executive Officer of Transcell Technologies, Inc. (specialty pharmaceuticals), President of Centocor Pharmaceuticals (biotechnology), member of the Parke-Davis (pharmaceuticals) Executive Committee and Director of Worldwide Strategic Planning for Warner-Lambert Company (pharmaceuticals). Ms. Tallett has served as a director of Meredith Corporation (magazine publisher) since 2008, Principal Financial Group, Inc. (financial services) since 1992 (as lead director since 2007) and Qiagen, N.V. (biotechnology research equipment manufacturing) since 2011. She previously served as a director of Coventry Health Care, Inc. (health insurance) from 1998 to 2013

Independent	(including serving as lead director).
Chair of Board	
Member of Compensation and Governance Committees	Skills and Qualifications Ms. Tallett brings significant CEO, finance, healthcare industry, insurance industry and marketing and consumer insights experience to the Board from her chief executive, other management and board positions in several healthcare, insurance and pharmaceutical organizations. These positions also provided her with regulatory and public policy experience due to the highly-regulated nature of these organizations. She also has environmental, social and governance experience, having served as a lead director and as a member of the governance committees of several public companies.

Table of Contents

Directors Continuing in Office

Terms expiring at the 2020 Annual Meeting of Shareholders

GAIL K. BOUDREAUX Age: 58 Director since: 2017 President and CEO	Gail K. Boudreaux has been a director of the Company since November 2017 when she was appointed our President and Chief Executive Officer. Prior to joining the Company, she served as Chief Executive Officer of GKB Global Health, LLC (healthcare strategy and business advisory firm) from July 2015 to November 2017. Prior thereto, Ms. Boudreaux was Executive Vice President of UnitedHealth Group Incorporated (diversified healthcare company) from May 2008 to February 2015, President of United HealthCare (managed healthcare company), a subsidiary of UnitedHealth Group Incorporated, from May 2008 to January 2011 and Chief Executive Officer of United HealthCare from January 2011 to November 2014. Before joining United HealthCare, she worked at Health Care Services Corporation (“HCSC”) (health insurance company) as Executive Vice President of External Operations from December 2005 to April 2008 and as President of Blue Cross Blue Shield of Illinois from July 2002 to December 2005. Before joining HCSC, Ms. Boudreaux held various positions at Aetna Inc. (managed healthcare company), including Senior Vice President, Group Insurance. Ms. Boudreaux has served as a director of Zimmer Biomet Holdings, Inc. (medical device company) since 2012. She also serves as a director of the BCBSA, the National Institute for Health Care Management, Health Services Foundation, Dartmouth College Board of Trustees, and the Central Indiana Corporate Partnership, and as a member of the Business Roundtable. She previously served as a director of Xcel Energy, Inc. (utility holding company) from 2012 to 2017, Novavax, Inc. (biotechnology company) from 2015 to 2017 and Genzyme Corporation (biotechnology company) from 2004 to 2011.

Skills and Qualifications

Ms. Boudreaux brings significant CEO, healthcare industry, insurance, finance and technology experience to the Board from her chief executive and other executive positions with several healthcare and insurance organizations and participation in numerous associations in the healthcare industry. Ms. Boudreaux’s positions also provided her with regulatory and public policy experience due to the highly-regulated nature of these organizations. She also gained financial and technology experience through her service as a director and as a member of the audit committee and technology operations committee of several public companies, including a medical device company and a biotechnology company.

Table of Contents

R. KERRY CLARK Age: 66 Director since: 2014 Independent Member of Audit Committee	R. Kerry Clark has been a director of the Company since May 2014. Mr. Clark served as Chairman and Chief Executive Officer of Cardinal Health, Inc. (healthcare products and services), until his retirement in 2009. Mr. Clark joined Cardinal Health, Inc. ("Cardinal Health") in 2006 as President and Chief Executive Officer and became Chairman in 2007. Prior to joining Cardinal Health, he held various positions at The Procter & Gamble Company (consumer products), including President of P&G Asia; President, Global Market Development and Business Operations; and Vice Chairman of the Board, President Global Family Health. He has served as a director of Avnet, Inc. (industrial distributors of electronic components, enterprise computer and storage products) since 2012, General Mills, Inc. (consumer food products) since 2009 and Textron, Inc. (aircraft, defense, and industrial products) since 2003. He is also a director of Hauser Private Equity LLC (investment firm) and The Christ Hospital in Cincinnati, Ohio (hospital). Skills and Qualifications Mr. Clark brings to the Board extensive CEO, healthcare industry, marketing and consumer insights, and finance experience through his positions as Chairman and CEO of a major healthcare services organization, and as a senior executive at an international consumer products company, where he served in several positions involving marketing, advertising and product development of healthcare and other consumer products. Also, he has healthcare experience through his service on a hospital's board of directors and environmental, social and governance experience through his roles as lead director and chair of the governance committee of a public company. Mr. Clark qualifies as an "audit committee financial expert" under the SEC's rules.
ROBERT L. DIXON, JR Age: 63 Director since: 2011 Independent Member of Compensation and Governance	Robert L. Dixon, Jr. has been a director of the Company since July 2011. Mr. Dixon has been the owner of The RD Factor, Inc., a digital and information technology consulting business, since 2016. Prior thereto, he served as Global Chief Information Officer and Senior Vice President of PepsiCo, Inc. ("PepsiCo") (food and beverages) from 2007 until April 2016 and as Senior Vice President until December 2016. Before joining PepsiCo, Mr. Dixon held various positions with The Procter & Gamble Company (consumer household products) since 1977, including Vice President of Global Business Services from 2005 until 2007. He has served as a director of Build-A-Bear Workshop, Inc. (specialty retailer) since 2018. At the Georgia Institute of Technology, Mr. Dixon serves on the Engineering Advisory Board, the President's Advisory Board, and the Foundation. He previously served on the CIO Advisory Board for International Business Machines Corporation. Skills and Qualifications

Committees	Mr. Dixon has extensive technology experience through his position as Global Chief Information Officer of a large public company, his ownership of a digital and information technology consulting business, and his service on the CIO advisory board for another large public company. He also has significant marketing and consumer insights experience through his senior positions at two large public companies, both of which have global retail consumer product focus.

Table of Contents

Proposal No. 1 — Election of Directors (continued)

Terms expiring at the 2021 Annual Meeting of Shareholders

LEWIS HAY, III

Age: 63
Director since: 2013
Independent

Chair of Compensation Committee

Member of Compensation and Governance Committees

Lewis Hay, III has been a director of the Company since July 2013. Mr. Hay has served as an operating advisor at Clayton, Dubilier & Rice, LLC (private equity investment firm) since September 2013. Mr. Hay retired as Executive Chairman of NextEra Energy, Inc. ("NextEra Energy") (electricity-related services and renewable energy generator) in December 2013, having served in that position since July 2012. At NextEra Energy, he served as Chief Executive Officer from June 2001 to July 2012, Chairman from January 2002 to July 2012, and President from June 2001 to December 2006. He also served as Chief Executive Officer of Florida Power & Light Company from January 2002 to July 2008. Mr. Hay has served as a director of Capital One Financial Corporation (financial services) since 2003, Harris Corporation (international communications and information technology) since 2002 and PowerTeam Services, LLC (utilities maintenance company) since 2018. Mr. Hay was a director and chairman of both the Institute for Nuclear Power Operations and the Edison Electrical Institute until 2013. He also served on the Board of Business Advisors for the Tepper School of Business at Carnegie Mellon University and on the Advisory Council of Carnegie Mellon University's Scott Institute for Energy Innovation until 2017.

Skills and Qualifications

Mr. Hay brings extensive CEO, finance and regulatory and public policy experience to the Board through his positions as CEO, Chairman and CFO of a large utility company which was subject to significant regulation and oversight. He also has environmental, social and governance experience with his management of the utility's expansion of renewable energy sources. In addition, Mr. Hay has marketing and consumer insights experience from his service as an officer of a large utility company and a director of a financial services company, and technology experience from his service as a director of an information technology company.

JULIE A. HILL

Age: 72
Director since: 2004
Independent

Julie A. Hill has been a director of the Company since November 2004. Ms. Hill served on the former WellPoint Health Networks Inc. ("WHN") board of directors from March 1994 until WHN's merger with us in November 2004. Since 2002, she has been the owner of The Hill Company (real estate company). From 1998 to 2002, Ms. Hill was the President and owner of Hiram-Hill Development Company (residential real estate development firm). Prior thereto, she was the Chairman, President and Chief Executive Officer of Costain Homes, Inc. (home builders), the U.S. division of Costain Group Plc, a London-based company, from 1988 to 1997. Ms. Hill has served as a director of the Lord Abbett Family of Mutual Funds (mutual funds) since 2005 and UNYQ (provider of orthopedic devices) since 2017. She is chair of the University of California at Irvine ("UCI") Board of Trustees and chair emeritus of the UCI Paul Merage School of Business Dean's Advisory Board, and serves as a member of the advisory boards of the Paul Merage School of Business Center for Real Estate, the UC Irvine School of Law Board of Visitors, the School of

Chair of Governance Committee	Social Ecology Dean's Leadership Council, the Susan Samueli Center of Integrative Medicine, and the Paul Merage School of Business Center for Digital Transformation.
Member of Compensation and Governance Committees	Skills and Qualifications
	Ms. Hill brings extensive CEO and finance experience to the Board gained through her ownership and management of several companies. She also has significant marketing and consumer insights experience, having held several positions in sales, marketing, advertising and product development. In addition, Ms. Hill has healthcare industry and environmental, social and governance experience through her many medical school and other university board positions and service with groups promoting environmental, sustainability and other public policy issues.

Table of Contents

Proposal No. 1 — Election of Directors (continued)

ANTONIO F. NERI

Age: 51
Director since: 2017
Independent

Member of Audit Committee

Antonio F. Neri has been a director of the Company since December 2017. Mr. Neri has served as President and Chief Executive Officer of Hewlett Packard Enterprise Company ("Hewlett Packard Enterprise") (technology company) since February 2018. At Hewlett Packard Enterprise, he also served as President from June 2017 to February 2018 and Executive Vice President and General Manager, Enterprise Group from November 2015 to June 2017. Prior to Hewlett Packard Enterprise's spinoff from HP Inc. (technology company), Mr. Neri held a variety of leadership roles at HP Inc. since 1995, including Senior Vice President and General Manager, Enterprise Group from October 2014 to November 2015, Senior Vice President and General Manager, HP Servers from September 2013 to October 2014 and Senior Vice President and General Manager, HP Technology Services from August 2011 to September 2013. Mr. Neri has served as a director of Hewlett Packard Enterprise since 2018. He was a director of H3C Technologies Co., LTD (information technology company), from 2016 to 2017. From 2012 to 2013, Mr. Neri was a director of Mphasis Limited (cloud technology company).

Skills and Qualifications

Mr. Neri has significant technology and marketing and consumer insights experience, having held several leadership positions at firms that provide technology solutions to the business and public sectors, including his current position of President and CEO of a large, multinational enterprise information technology company. In addition, Mr. Neri brings CEO and finance experience to the Board gained through his positions with Hewlett Packard Enterprise. Mr. Neri qualifies as an "audit committee financial expert" under the SEC's rules.

RAMIRO G. PERU

Age: 63
Director since: 2004
Independent

Ramiro G. Peru has been a director of the Company since November 2004. Mr. Peru served on the former WHN board of directors from May 2003 until WHN's merger with us in November 2004. During the second half of 2007, Mr. Peru was Executive Vice President and Chief Financial Officer of Swift Corporation (transportation) and prior thereto was Executive Vice President and Chief Financial Officer of Phelps Dodge Corporation (mining and manufacturing) from 1999 to 2007 ("Phelps Dodge"). Mr. Peru joined Phelps Dodge in 1979 and held various finance and accounting positions with Phelps Dodge and its affiliates. Mr. Peru has served as a director of SM Energy Company (oil and gas exploration and production company) since 2014, UNS Energy Corporation (electric and gas utility holding company) since 2007 and Bluemedia, Inc. (large format printer) since 2018.

Chair of Audit Committee	Skills and Qualifications
Member of Audit Committee	Mr. Peru brings significant finance experience to the Board as a former chief financial officer of two public companies. Mr. Peru's positions also included technology experience as Senior Vice President at Phelps Dodge with responsibility for managing both information systems and technology and human resources. Mr. Peru qualifies as an "audit committee financial expert" under the SEC's rules.

Proposal No. 2 — Ratification of the Appointment of Independent Registered Public Accounting Firm

Appointment

The firm of Ernst & Young LLP ("EY") served as our independent registered public accounting firm for the year ended December 31, 2018. The Audit Committee is responsible for the appointment, compensation and oversight of the Company's external auditor, and has reviewed the quality of the services and the sufficiency of the resources provided by EY during their tenure as our independent registered public accounting firm.

In evaluating the performance and considering the engagement of the Company's external auditor, including whether to rotate audit firms, the Audit Committee considers various factors, including the auditor's capability and expertise in handling the scope and complexity of the audit of our business operations, auditor independence and the appropriateness of fees, together with EY's tenure as the Company's auditor, the current level of service and quality provided by EY and the potential impact of changing auditors. Based on these factors, the Audit Committee believes that the continuance of EY as our independent registered public accounting firm is in the best interests of the Company and the shareholders. As a result, the Audit Committee has selected EY to continue in that capacity for 2019 and is submitting this matter to shareholders for their ratification as a matter of good corporate governance. EY has served as our independent registered public accounting firm since our initial public offering in 2001. In the event this proposal is not approved, the Audit Committee will consider whether to select another independent registered public accounting firm.

A representative of EY is expected to be present at the annual meeting, will be given an opportunity to make a statement if he or she desires and is expected to be available to respond to appropriate questions. Notwithstanding ratification by the shareholders, the Audit Committee reserves the right to replace our independent registered public accounting firm at any time.

The ratification of the appointment of our independent registered public accounting firm will be determined by the vote of a majority of the votes cast on the proposal (excluding abstentions), which means that the number of shares voted "for" the proposal must exceed the number of shares voted "against" the proposal for ratification of the appointment.

Recommendation

The Board of Directors unanimously recommends a vote FOR Proposal No. 2, the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2019.

Table of Contents

Audit Committee Matters

Independent Registered Public Accounting Firm's Fees

The Audit Committee oversees the negotiation of fees associated with our retention of EY. The following table presents fees billed for all professional services provided by EY for the audit of our consolidated financial statements for the years ended December 31, 2018 and 2017, and fees billed for other services rendered by EY during those periods.

	Fiscal Year	
Fee Category	2018	2017
Audit fees(1)	$ 12,779,000	$ 12,033,000
Audit-related fees(2)	2,139,000	1,606,000
Tax fees(3)	337,000	327,000
All other fees(4)	15,000	17,000
Total:	$ 15,270,000	$ 13,983,000

(1) Audit fees consisted principally of fees for audit work performed on our consolidated financial statements, the audit of the effectiveness of our internal control over financial reporting as of each respective year-end, review of the quarterly financial statements, insurance statutory audits, other required audits, comfort letter procedures, review of registration statements and periodic reports filed with the SEC and other accounting and reporting consultation.

(2) Audit-related fees consisted principally of fees for review of service organization controls, regulatory examinations, employee benefit plan audits, due diligence and other audit-related services.

(3) Tax fees consisted principally of fees for tax compliance and tax advice.

(4) All other fees represent fees for advisory services related to certain corporate functions and accounting research tools.

The Audit Committee's Consideration of Independence of Independent Registered Public Accounting Firm

The Audit Committee has reviewed the nature of the non-audit services provided by EY and has concluded that these services are compatible with maintaining the firm's ability to serve as our independent registered public accounting firm. Additionally, as part of the Audit Committee's overall review of EY, it is directly involved in the selection of the auditor's lead engagement partner in conjunction with the periodic, mandated rotation of the lead partner.

Audit Committee Pre-Approval Policy

The Audit Committee of the Board has adopted a policy concerning the pre-approval of audit and non-audit services. Pursuant to this policy, unless a type of service to be provided by the independent registered public accounting firm was approved in connection with the audit engagement letter, such service must be pre-approved by the Audit Committee. In addition, the Audit Committee has delegated its authority to pre-approve engagements of up to $500,000 to the Chair of the Audit Committee. The Chair reports any pre-approval decisions to the Audit Committee at the next regularly scheduled meeting of the Audit Committee. Procedures have been established which require that all requests for pre-approval be submitted to the Audit Committee or Chair by the President and Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or other designated executive. All services performed by EY were approved by the Audit Committee and/or pursuant to the Audit Committee pre-approval policy.

Audit Committee Report

The Audit Committee of the Board is composed of the five members set forth below. The Board has determined that each current member of the Audit Committee is an "independent director" and an "audit committee financial expert" as defined by the SEC's rules. The Audit Committee operates under a written charter adopted by the Board which details the responsibilities of the Audit Committee.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board. The Company's management is responsible for the Company's financial statements and reporting process, including the system of internal controls, and has represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles. The independent registered public accounting firm is responsible for performing an independent audit of the Company's annual consolidated financial statements and expressing an opinion on the conformity of those audited consolidated financial statements with U.S. generally accepted accounting principles, as well as expressing an opinion on the effectiveness of the Company's internal control over financial reporting.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited consolidated financial statements with the Company's management and the independent registered public accounting firm. This review included a discussion of the quality and acceptability of the Company's financial reporting and controls, including the clarity of disclosures in the consolidated financial statements. The Audit Committee reviewed, and discussed with management and the independent registered public accounting firm, management's report and the independent registered public accounting firm's report and audit of the Company's internal control over financial reporting.

The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the applicable rules of the Public Company Accounting Oversight Board ("PCAOB"), including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence from the Company and its management.

The Audit Committee further discussed with the Company's internal auditors and independent registered public accounting firm the overall scope and plans for their respective audits. The Audit Committee meets periodically with the internal auditors and independent registered public accounting firm, with and without management present, to discuss the results of their audits, their evaluations of the Company's internal control over financial reporting and the overall quality of the Company's financial reporting.

Based on the reviews and discussions referred to above, the Audit Committee recommended, and the Board approved, the inclusion of the audited consolidated financial statements in the Company's Annual Report on Form 10 K for the year ended December 31, 2018 as filed with the SEC.

Audit Committee

Ramiro G. Peru, Chair
R. Kerry Clark
Bahija Jallal
Antonio F. Neri
George A. Schaefer, Jr.

Executive Officers of the Company

Executive Officers

The following is biographical information and ages for our executive officers and Chief Accounting Officer as of March 29, 2019:

Name and Position	Age	
Gail K. Boudreaux President and Chief Executive Officer	58	See the biographical information under "Directors Continuing in Office — Terms Expiring at the 2020 Annual Meeting of Shareholders" on page 20.
John E. Gallina EVP and Chief Financial Officer	59	Mr. Gallina has served as our Executive Vice President and Chief Financial Officer since June 2016. Mr. Gallina joined Anthem in 1994 and has held a variety of leadership roles across the organization. Prior to his current role, Mr. Gallina served as Anthem's Chief Financial Officer for the Commercial and Specialty Business Division from December 2015 to June 2016, and as Senior Vice President and Chief Accounting Officer from December 2013 to December 2015. Other leadership positions held during his tenure include Senior Vice President, Chief Accounting Officer and Chief Risk Officer from May 2011 to December 2013, while also holding the title of Controller from May 2011 to August 2013. Before joining the Company, Mr. Gallina spent 12 years with Coopers & Lybrand in various positions, including as an Audit Senior Manager.
Peter D. Haytaian EVP and President, Commercial and Specialty Business Division	49	Mr. Haytaian has served as our Executive Vice President and President of the Commercial and Specialty Business Division since March 2018. From June 2014 until March 2018, Mr. Haytaian served as our Executive Vice President and President of the Government Business Division. Mr. Haytaian joined the Company in December 2012 with our acquisition of Amerigroup Corporation ("Amerigroup") and served as President of our Medicaid business from August 2013 until June 2014. From 2005 to 2013, Mr. Haytaian held several leadership positions with Amerigroup, including serving as Chief Executive Officer of the North Region for Amerigroup's Medicaid business from December 2012 until August 2013. Mr. Haytaian has extensive experience leading Medicare and Medicaid programs with Amerigroup and, prior thereto, with Oxford Health Plans, Inc. (health insurance).
Gloria M. McCarthy EVP and Chief Administrative Officer	66	Ms. McCarthy has served as our Executive Vice President and Chief Administrative Officer since 2013. She also served as Chief Transformation Officer beginning March 2017 and as our Chief of Staff from August 2016 to December 2017. Ms. McCarthy's efforts as Chief Transformation Officer continue in her role as Chief Administrative Officer. She was Executive Vice President of Enterprise Execution and Efficiency from 2012 to 2013. Prior to that appointment, she served as Executive Vice President, Office of the CEO from February 2012 to October 2012, as Senior Vice President for Operational Excellence from

		2008 to February 2012, as Senior Vice President of Service Operations from 2006 to 2008 and as Senior Vice President and Chief Operating Officer of our East Region from 2005 to 2006. Prior to our acquisition of WellChoice, Inc. ("WellChoice") in 2005, Ms. McCarthy served as Executive Vice President and Chief Operating Officer of WellChoice.
Felicia F. Norwood EVP and President, Government Business Division	59	Ms. Norwood has served as our Executive Vice President and President of the Government Business Division since June 2018. Prior to joining us, she was Director of The Department of Healthcare and Family Services for the State of Illinois from January 2015 to June 2018. Prior to that appointment, Ms. Norwood served as President of the Mid-America Region for Aetna, Inc. (health insurance) from January 2010 until May 2013.

Table of Contents

Executive Officers of the Company (continued)

Name and Position	Age	
Prakash Patel, M.D. EVP and President, Diversified Business Group	52	Dr. Patel has served as our Executive Vice President and President, Diversified Business Group since August 2018. Prior to joining us, Dr. Patel was Chief Operating Officer and President, GuideWell Health for GuideWell Mutual Holding Corporation (not-for-profit mutual holding company) from January 2015 to August 2018. Prior to that, Dr. Patel was Chief Executive Officer of Access MediQuip (AMQ) (provider of surgical implant management solutions) from January 2011 to November 2014. From April 2005 to December 2010, Dr. Patel held various positions with Magellan Health Services (healthcare services), the most recent being Chief Corporate Development Officer.
Leah Stark EVP and Chief Human Resources Officer	42	Ms. Stark has served as our Executive Vice President and Chief Human Resources Officer since January 2019. From July 2016 to June 2018, she held the position of Chief Human Resources Officer and Head of Procurement of General Cable Corporation (telecom cable systems company). Prior to that, beginning in March 2006, Ms. Stark held a variety of leadership roles at Whirlpool Corporation (home appliance company), with her most recent role as Senior Director, Global Human Resources from August 2015 until July 2016 and as Head of Human Resources, North Asia & Whirlpool China Co. Ltd from November 2013 until August 2015.
Thomas C. Zielinski EVP and General Counsel	68	Mr. Zielinski has served as our Executive Vice President and General Counsel since June 2014, and as Interim General Counsel from February 2014 to June 2014. Prior to joining us, Mr. Zielinski was a partner in the law firm of Morgan Lewis & Bockius, LLP since 2013. He served as Executive Vice President and General Counsel of Coventry Health Care, Inc. (health insurance) from 2007 to 2013 and as Senior Vice President and General Counsel from 2001 to 2007. Prior to joining Coventry, Mr. Zielinski spent 19 years at the law firm of Cozen & O'Connor, P.C.
Ronald W. Penczek SVP and Chief Accounting Officer	54	Mr. Penczek has served as our Senior Vice President and Controller since November 2015 and as our Chief Accounting Officer since December 2015. He served as our Vice President and Controller from August 2013 to November 2015. Prior to that appointment, Mr. Penczek served as Vice President and Assistant Controller from January 2008 to August 2013 and in various other roles in our finance department from February 2006 until January 2008. Before joining us, Mr. Penczek was a Staff Vice President with CNA Insurance from 2000 to 2005 and had various positions with PricewaterhouseCoopers LLP from 1992 to 2000, including as a Manager.

Table of Contents

Proposal No. 3 — Advisory Vote to Approve the Compensation of Our Named Executive Officers

We are asking our shareholders to indicate their support for our NEOs' compensation as described in this proxy statement and in compliance with Section 14A of the Exchange Act.

Our executive compensation program (the "Total Rewards" program) is designed to attract, engage, motivate and retain a talented team of executive officers and to appropriately reward those executive officers for their contribution to our business, our members and our shareholders. Our Total Rewards program emphasizes performance-based compensation, and the majority of our CEO's and other NEOs' compensation is variable based on both individual and overall Company performance. Our Total Rewards program contains financial and strategic goals, and the value of equity-based awards will depend on our long-term stock price performance. In considering your vote, we invite you to read the "Compensation Discussion and Analysis," along with the tables and narrative discussion, beginning on page 30 for additional details about our executive compensation program, including information about the fiscal year 2018 compensation of our NEOs.

This proposal gives our shareholders the opportunity to express their views on our NEOs' compensation ("Say-on-Pay"). The Say-on-Pay vote is not intended to approve any specific item of compensation but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this proxy statement. Accordingly, we recommend that our shareholders vote "for" the following resolution at the annual meeting:

"RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and the other related disclosures."

The Say-on-Pay vote is advisory, and therefore not binding on the Company, our Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our shareholders and to the extent that there is any significant vote against the NEOs' compensation as disclosed in this proxy statement, we will consider our shareholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Recommendation

The Board of Directors unanimously recommends a vote FOR Proposal No. 3, the advisory vote to approve the compensation of our Named Executive Officers.

Table of Contents

Executive Compensation

Compensation Discussion and Analysis

This Compensation Discussion & Analysis (“CD&A”) highlights our executive compensation philosophy and strategy, provides details around the structure of our compensation program, and provides an overview of the specific compensation-related actions and outcomes that occurred relating to 2018, as well as a preview of our executive compensation structure for 2019.

Our 2018 Named Executive Officers (NEOs)

The term “NEOs” refers to the following executive officers whose compensation is described in this proxy statement, pursuant to the requirements of the Securities and Exchange Commission.

Gail K. Boudreaux	President and Chief Executive Officer (CEO)
John E. Gallina	Executive Vice President and Chief Financial Officer (CFO)
Peter D. Haytaian	Executive Vice President, President of Commercial and Specialty Business Division
Gloria M. McCarthy	Executive Vice President and Chief Administrative Officer
Thomas C. Zielinski	Executive Vice President and General Counsel
Brian T. Griffin(1)	Former Executive Vice President, CEO of IngenioRx

(1) Mr. Griffin resigned from the Company effective as of May 10, 2018.

Executive Summary

2018 Performance Highlights

Notable highlights for 2018 include strong financial and operational performance, as evidenced by the following results:

*Please refer to the GAAP Reconciliation table in Annex B for information on Adjusted Net Income and Adjusted Net Income Per Diluted Share (“Adjusted EPS”).

Table of Contents

Other highlights include:

- Income before income tax expense increased by almost 28% to approximately $5.1 billion for 2018, as compared to approximately $4.0 billion for 2017, while operating gain increased by 30% to approximately $5.4 billion for 2018, as compared to approximately $4.2 billion for 2017. Please refer to the GAAP reconciliation table in Annex B for information on operating gain.
- Our closing stock price increased by approximately 17% from $225.01 on December 29, 2017, the last trading day of 2017, to $262.63 on December 31, 2018. Additionally, the Company paid cash dividends totaling $3.00 per share in 2018.
- Medical membership was steady at approximately 40 million members.
- Anthem was named to the 2018 Dow Jones Sustainability Index North America.
- Anthem was recognized in 2018 by Ethisphere as one of the World's Most Ethical Companies.
- Anthem was included in the FTSE4Good Developed 100 Index for 2018.
- Our strong performance is reflected in the compensation that our NEOs earned for 2018.

Executive Compensation Philosophy and Program Objectives

Our compensation program, which we refer to as our Total Rewards program, is designed to attract, engage, motivate and retain a talented team of executives and to appropriately reward those executives for their contributions to our business, our members and our shareholders. We seek to accomplish this goal in a way that is closely aligned with the long-term interests of our shareholders and the expectations of our members.

In order to achieve these objectives, we structure our compensation program in a manner that emphasizes the long-term performance of the Company by focusing on our vision, mission and strategies, while delivering compensation that is commensurate with Company performance and the individual performance of our executives within the context of the external market.

The Compensation Committee of our Board of Directors (the "Committee") oversees our Total Rewards compensation program for our executives, including the persons identified in the Summary Compensation Table as NEOs, and determines their compensation.

Further, these objectives are extended beyond the executive ranks to include all associates and are intended to promote our culture and enhance teamwork and equitable treatment. To achieve these objectives, the Total Rewards program is designed to reward our associates when they create long-term value for our shareholders through sustained growth in our stock price and meeting or exceeding our annual financial plan, and to achieve our vision, mission and strategies while operating within our values.

Our Total Rewards program emphasizes performance-based compensation in the form of our Annual Incentive Plan ("AIP") and equity grant programs under our shareholder-approved incentive compensation plan (our "Incentive Plan"). We design our performance metrics to drive year-over-year improvement to support our growth strategy and to reward performance over both the short-term and the long-term. Ninety percent of Ms. Boudreaux's 2018 target compensation and over 80% of the other NEOs' 2018 target compensation was delivered through performance-based programs. The AIP and equity grants under the Incentive Plan are tied to our business results and stock performance.

Table of Contents

Compensation Governance Practices

The Committee maintains what it believes are leading practices for executive compensation, each of which reinforces the Company's compensation philosophy and objectives. Below is a summary of these practices:

- Rigorous establishment and oversight of incentive metrics, goals and pay/performance relationship
- Say-on-pay advisory vote conducted annually
- Significant director and executive stock ownership requirements
- Pre-established grant dates for equity awards to executive officers
- Limited executive perquisites
- Clawback policy for executive officers' incentive compensation
- Double-trigger change-in-control provisions
- No re-pricing of stock options or stock appreciation rights without shareholder approval
- No excise tax gross-ups
- No short sales, hedging or pledging of our stock is permitted by our officers or directors
- No guaranteed annual salary increases or bonuses
- No compensation plans which encourage excessive risk taking
- Independent compensation consultant

Shareholder Engagement and Recent Say-on-Pay Results

We have a longstanding practice of engaging with our shareholders on executive compensation matters. During 2018 our management engaged with our largest shareholders, representing a majority of our outstanding shares, and offered to discuss a broad range of topics including executive compensation. The Committee considers comments and input provided by shareholders when determining the compensation of our NEOs. Over the past five years, between 94% and 97% of the shares voted on the advisory vote on the compensation of our NEOs, commonly referred to as the "Say-on-Pay" vote, were voted in favor of the proposal.

The Committee annually reviews a report from our independent compensation consultant on (a) market trends relating to the design of our Total Rewards program, (b) outcomes from the recent Say-on-Pay voting results and proxy advisor policy changes, and (c) other trends in executive compensation. The Committee determined to maintain the design of the Total Rewards program for 2018 because the current design supports the needs of the business, aligns with trends in the market, and has strong shareholder support, as determined by our Say-on-Pay voting results.

When determining how often to hold a Say-on-Pay vote, the Board took into account the strong preference for an annual vote expressed by our shareholders at our 2017 annual meeting. Accordingly, the Board determined that we will hold annual Say-on-Pay votes until the next say-on-pay frequency vote, which will be held at our 2023 annual meeting.

Table of Contents

Primary Compensation Elements

The following chart shows the primary compensation elements for our NEOs. Additional detail on these compensation elements can be found in "Elements of Total Rewards" in this CD&A.

Impact of Business Results, Stock Price and Shareholder Returns on Executive Compensation

As indicated in the chart above, the compensation value received by our executives is highly dependent on share price performance and relies on meeting predetermined financial and operational goals approved by the Committee. Consistent with our pay-for-performance philosophy, and based on our financial and operational results in relation to our annual business plan, performance-based variable cash compensation has fluctuated over the years and was paid below target in 2018 and 2015 and above target in 2017, 2016 and 2014.

Our long-term compensation, comprised of performance stock units ("PSUs"), stock options and time-based restricted stock units ("RSUs"), represented 73% and an average of 66% of the 2018 target compensation for Ms. Boudreaux and our other NEOs, respectively. PSUs and RSUs more closely replicate shareholder return, as they gain or lose value as our stock price changes, and earn dividend-equivalents equal to the cash dividend per share amount, which are paid to participants without interest upon vesting and to the extent underlying shares are earned. Stock options gain value when our stock price rises over the grant price.

Elements of Total Rewards

Overview

Our 2018 Total Rewards program for our executives, including the NEOs, is comprised of the following financial elements:

- base salary;
- annual performance-based cash incentive awards under the AIP;
- equity awards in the form of PSUs, time-based RSUs and stock options under the Incentive Plan;

Table of Contents

- broad-based employee benefits; and
- executive benefits and perquisites.

Each year management sets the broad-based employee salary and benefits programs and budgets, and the Committee reviews and approves the executive merit salary increase budget, broad-based AIP design, metrics and scales, equity awards plan, executive perquisites and executive stock ownership guidelines. The Committee bases these decisions on our business needs, best practice information, competitive market data and operating budget constraints.

The Committee reviews the business and individual performance of each executive officer and sets:

- the AIP award payouts for the prior year pursuant to the formulas previously established;
- prospective base salary adjustments;
- prospective adjustments to target AIP award percentages of base salary; and
- the size and type of equity awards granted to each executive officer.

Independent directors engage in a formal review process annually to evaluate the CEO's individual performance on numerous factors, including: leadership, corporate culture and values, strategic planning, getting results, external and internal relations and interaction with the Board. Directors are invited to speak directly with the Chair of the Board and the Chair of the Compensation Committee to provide individual feedback, and executive sessions are held at Board meetings throughout the year in which performance input from Board members is sought. The Committee's 2018 compensation decisions were based on its evaluation of each NEO's performance (including performance assessments by the CEO for the other executive officers), as well as our 2017 and 2018 achievements, all of which reflect the NEOs' individual performance. Such determinations are based on the Committee's assessments after consideration of management recommendations, market-based compensation information and advice of the Committee's independent compensation consultant. The assessments represent the Committee's view of how each NEO's performance contributed to our performance and achievements, as well as other leadership accomplishments.

These decisions are made as part of a unified process so that all components of pay are reviewed in concert with each other, and, as appropriate, decisions about one component can affect decisions regarding the other components of pay. This is intended to ensure that the Total Rewards package for the NEOs fits with our compensation objectives as described above. Additionally, individual performance is rewarded by providing executives with career growth through challenging assignments and, as positions become available, promotional opportunities.

The Committee does not have a specific target for allocating the amount of compensation among the pay elements (base salary, annual incentive and equity grants), but seeks to apply a higher weighting to performance-based variable pay than to fixed pay. In addition, the Committee has weighted the equity grants more heavily toward PSUs than RSUs or stock options. Each NEO's total compensation opportunity is targeted to the level the Committee considers market competitive and reflective of individual performance.

When setting compensation for 2018, the Committee reviewed prior year compensation and compensation actions to compare year-over-year pay actions relative to year-over-year performance and internal equity factors (how the compensation of the particular executive relates to the other executives).

As additional context, when making pay decisions in early 2018, the Committee also reviewed comprehensive tally sheets for each NEO other than Ms. Boudreaux, whose 2018 compensation was established upon her hire in November 2017, which provided an overview of the last five years of compensation actions, realized equity, and outstanding equity holdings (vested and unvested). Although tally sheets provide good background information for the

Committee, the Committee did not base any specific awards for 2018 or any modifications

Table of Contents

Executive Compensation (continued)

to our compensation program on them. The Committee does review unvested compensation in setting future compensation to determine its likely impact on retention of our executives.

Primary Components of 2018 Target Compensation
(Data for Other NEOs is an Average for Other NEOs Still Serving as of December 31, 2018)

AIP and LTIP percentages are based on achievement of an award equal to 100% of target.

Base Salary

Base salary provides competitive annual compensation that reflects the scope and nature of job responsibilities of our NEOs. The Committee grants merit-based salary increases to our NEOs based on the Committee's assessment of an individual's performance, whether the current salary is competitive compared to the median of the market relative to executives in comparable positions at comparator group companies, and our overall merit increase budget for the year. The Committee also grants promotional salary increases to recognize increased job responsibilities.

In March 2018, the Committee approved salary increases for the NEOs ranging from approximately 3.6% to 6.8% to better align their base salaries with competitive market data and to reflect individual performance. The Committee increased salaries for Messrs. Gallina, Haytaian and Griffin by $27,500, for Mr. Zielinski by $30,500 and for Ms. McCarthy by $52,500. The Committee did not increase Ms. Boudreaux's salary since her 2018 salary was set in connection with her appointment as CEO in November 2017.

AIP

2018 Target AIP

The AIP is designed to motivate and reward the successful completion of our annual performance goals. AIP awards are earned to the extent we meet or exceed annual financial targets and business unit and individual performance goals.

Each NEO is eligible for a target award, denominated as a percentage of base salary paid during the year. NEOs may earn from 0% of the target award under the AIP up to a maximum of 200% of the target award. In setting the target award percentages for the NEOs, the Committee considers competitive data in the comparator group studies (as described under "Compensation Decision Making Process" beginning on page 44), individual

Table of Contents

Executive Compensation (continued)

performance evaluations and internal equity factors. After consideration of the factors described above, the Committee decided in March 2018 to retain the target AIP percentages from 2017 for all NEOs, with the exception of Ms. Boudreaux, who did not participate in the AIP in 2017 and whose 2018 target AIP percentage was set in connection with her hiring in November 2017.

The following chart reflects the 2018 year-end base salary, target AIP percentage and corresponding dollar amounts, and total target cash approved by the Committee in March 2018 for the NEOs still serving as of December 31, 2018. Since salary adjustments are effective as of March 2018, base salary actually received and actual target AIP dollars were slightly less than what is reflected in the chart below. See the Summary Compensation Table for actual amounts earned by the NEOs in 2018.

Name	Year-End Salary ($)	Target AIP (%)	Target AIP ($)	Total Target Cash ($)
Gail K. Boudreaux	$ 1,400,000	175 %	$ 2,450,000	$ 3,850,000
John E. Gallina	$ 800,000	100 %	$ 800,000	$ 1,600,000
Peter D. Haytaian	$ 800,000	100 %	$ 800,000	$ 1,600,000
Gloria M. McCarthy	$ 825,000	100 %	$ 825,000	$ 1,650,000
Thomas C. Zielinski	$ 700,000	100 %	$ 700,000	$ 1,400,000

2018 AIP Awards

For 2018, the AIP was funded based on performance against Operating Gain (80% of the total weighting; see Annex B for GAAP reconciliation), Provider Collaboration (5% of the total weighting), Quality – Medicare and Medicaid (10% of the total weighting), and Service Excellence (5% of the total weighting). The Committee believes these metrics strengthen our focus on financial results and align with our business strategy in 2018. In addition, the 2018 AIP provided for a modifier for the Committee to utilize negative discretion to reduce the AIP funding up to 20% if management failed to make significant progress on our top 100 business optimization initiatives. The total potential payment under the AIP ranges from 0% to 200% of target, with amounts interpolated for awards between $0, target and maximum.

Each performance metric has specific quantifiable objectives that the Committee considers and approves for threshold, target and maximum performance. When we complete the acquisition of an entity, the Operating Gain performance metric is adjusted to reflect the modeled financial results of the acquired entity (if not previously included in the metric) so that there is not an undue windfall to participants. Additionally, the Committee defines a set of adjustments to consider when evaluating performance and has the discretion to make adjustments as necessary to reflect management’s core operational performance.

The Company’s performance, computed as discussed above, resulted in a 98.7% outcome based on the following assessment:

- 86.2% weighted payout for Operating Gain performance, as adjusted (actual $5,367M vs. target $5,341M).
- 7.0% weighted payout for Provider Collaboration performance (actual 56.2% vs. target 55.0%). Provider Collaboration measures the percentage of healthcare dollars paid out under value-based provider payment

arrangements.

- 5.0% weighted payout for Quality – Medicare and Medicaid performance (actual Medicare performance was below threshold and actual Medicaid performance was at target, with both performance targets requiring substantially meaningful improvement over prior year performance). Quality measures the percentage of membership in 4-STAR or better plans (Medicare) and the percentage of at-risk quality incentives recouped (Medicaid).
- 0.5% weighted payout for Service Excellence performance (actual performance was below the target performance, which required substantially meaningful improvement over prior year performance). Service Excellence measures the percentage of first call resolution achieved and the percentage of consumers who would rate us easy or very easy to do business with.

The Committee then assessed performance relating to the progress of the top 100 business optimization initiatives, in the aggregate. Given management's significant progress with regard to the pace of investment activity and execution of these initiatives, the Committee determined not to make any negative adjustment to the funding level based on the business optimization modifier.

After setting the total AIP funding pool, the Committee sets actual AIP amounts for each NEO after reviewing their individual performance.

2018 AIP Metric Rationale

Operating gain was selected because it is a primary metric used by our shareholders to understand and analyze our core operating results and compare them among periods. This metric excludes below the line items such as taxes, interest and financing items. Operating gain is calculated as total operating revenue, less benefit expense and selling, general and administrative expense. We define operating revenue as the total of premiums, administrative fees and other revenues ("Operating Revenue"). In addition, earnings-based metrics are the most prevalent performance metrics used by our direct peers.

Provider Collaboration is a focus on our relationship with providers to promote value, quality and accountability in the healthcare system. Engaging providers in value-based payment arrangements such as shared savings and risk models creates partnerships where incentives are aligned for Anthem to offer technical support and ease administrative burdens for providers, which allows providers to perform better in improving outcomes. The primary measure of our provider collaboration efforts is the percentage of healthcare dollars paid out under value-based provider payment arrangements.

Quality for both Medicare and Medicaid is important because it focuses on a broad set of metrics such as clinical, operational and member satisfaction that could ultimately improve clinical outcomes and lower cost. The Center for Medicare and Medicaid Services (CMS) and many of our state customers utilize these quality and related measurement systems to determine the quality-related component of our revenue as well as preferential assignment of members. Many of these ratings are also publicly displayed, which could be utilized by members during the plan selection process. Funding under the quality metric of the AIP is based on the percentage of our Medicare members in 4-STAR or better plans, as well as the percentage of Medicaid at-risk quality incentives we recoup.

Service Excellence is a focus on the consumer. We want to deliver a consumer experience that is caring, simple, intuitive and gives consumers confidence in their healthcare benefits and us. We also want to reduce the amount of effort that our consumers feel and experience throughout their healthcare journey. One way we deliver on this commitment is by targeting resolution of a high percentage of issues on the first call to us. First call resolution is calculated based on a post-call survey where consumers are asked "Was your question or issue resolved in this call? How many times have you called Anthem about this specific question or issue?" Reducing the amount of effort required by consumers is also important, and we measure this via our consumer effort target. Through this metric we want to see significant improvement in the number of consumers who rate us as "easy" or "very easy" to do business with.

Table of Contents

Executive Compensation (continued)

The amounts paid to our NEOs for 2018 performance were approved by the Committee in March 2019, based on base salary actually paid, and are set forth in the Summary Compensation Table on page 49 and in the chart below.

Name	Target AIP (%)	2018 Target AIP Award ($)	Actual AIP ($)	Payout Award (% of Target)
Gail K. Boudreaux	175 %	$ 2,450,000	$ 2,418,150	98.7 %
John E. Gallina	100 %	$ 794,712	$ 993,390	125.0 %
Peter D. Haytaian	100 %	$ 794,712	$ 784,381	98.7 %
Gloria M. McCarthy	100 %	$ 814,904	$ 1,018,630	125.0 %
Thomas C. Zielinski	100 %	$ 694,135	$ 685,111	98.7 %

Based on the Committee's review of the NEOs' individual performance, Mr. Gallina was awarded a payout of 125% of target in recognition of his leadership in driving strong financial results, assuming oversight responsibility of our clinical and network organization, and effective investor engagement. In addition, Ms. McCarthy was awarded a payout of 125% of target in recognition of her leadership of IngenioRx, her interim oversight of our Medicaid business and driving strong business optimization and other administrative cost management discipline results. Mr. Griffin was not eligible for an AIP award since he resigned effective as of May 10, 2018. AIP awards earned by NEOs as a percent of target from 2014 to 2018 have ranged from 86% to 175%, with an average payout of 120% over this same period.

2019 AIP

For our 2019 AIP, the Committee retained the framework of an 80% weighting on an operating gain metric supplemented by strategic metrics that assess the delivery of care and service to our customers. For 2019, the Committee approved the addition of a relative performance modifier to our AIP. The modifier will be based on revenue growth and operating gain growth relative to our direct peer comparator group set forth under "Compensation Decision Making Process" below. The relative performance modifier is being added to assess the degree to which our service offerings are compelling to customers and translate into stable or increased market share and financial performance. The modifier will allow the Committee to adjust AIP funding by +/- 20%.

Long-Term Incentive ("LTIP") Equity Awards

2018 Target LTIP Grant

The Committee granted regular equity awards, consisting of time-based RSUs, stock options and PSUs, on March 1, 2018 to the NEOs. The grant date of the awards is set in advance and is the first business day of March every year. All of these awards were granted to encourage retention, reward performance, promote a long-term business focus and align the interests of associates and shareholders. In addition, Mr. Haytaian received an additional grant of RSUs on March 1, 2018 that vests in full on March 1, 2021 in connection with his transition to Executive Vice President and President of the Commercial and Specialty Business Division. Mr. Griffin received an additional grant of PSUs on March 1, 2018 in connection with his transition to CEO of IngenioRx. This PSU grant had different performance metrics and different payout parameters than the regular PSU grants made in 2018, and was forfeited upon his resignation. The total value of LTIP awards granted in 2018 to each NEO is shown in the following table and reflects the grant date fair value of the stock options and RSUs granted, plus the grant date fair value of the PSUs granted at the target level of performance:

Table of Contents

Executive Compensation (continued)

	Grant Date Fair Value Of Annual LTIP Award for 2018	Grant Date Fair Value Of Additional Grant On March 1, 2018 In Connection With New Position	Total Grant Date Fair Value of LTIP Awards Granted in 2018 ($)
Gail K. Boudreaux	$ 10,250,049		$ 10,250,049
John E. Gallina	$ 3,250,025		$ 3,250,025
Peter D. Haytaian	$ 3,250,025	$ 1,000,092	$ 4,250,117
Gloria M. McCarthy	$ 3,250,025		$ 3,250,025
Thomas C. Zielinski	$ 2,500,039		$ 2,500,039
Brian T. Griffin	$ 3,250,025	$ 2,500,231	$ 5,750,256

Aggregate and Individual Grant Sizes

When determining the aggregate size of our equity awards, the Committee considers the impact of stock-based compensation expense and the share dilution run rate in order to strike a balance between promoting our cost competitiveness and maintaining employee incentives at market-competitive levels. The size or amount of equity awards granted to each NEO is based upon position and job level, Company and individual performance, the importance of retaining the services of the executive and the potential for his or her performance to help us attain our long-term goals.

For 2018, the Committee retained the equity award structure mix for our executives, including our NEOs. One half of the total award continues to be structured as PSUs, and one-quarter of the total awards are delivered in each of stock options and time-based RSUs.

2018 Time-Based Restricted Stock Units - Vesting Schedule and Dividend Equivalents

The RSUs granted are subject to time-based vesting, and vest in three equal annual installments, beginning on the first anniversary of the grant date.

Restricted stock units accrue cash dividend equivalents equal to the cash dividends paid to shareholders during the vesting period. These cash payments are distributed with the underlying shares to the participants upon vesting, and are cancelled if the underlying units do not vest.

To formalize past practice in relation to equity award vesting, effective January 1, 2018, the Incentive Plan was amended to require a minimum vesting schedule of one (1) year for restricted stock awards granted on or after January 1, 2018.

2018 Stock Options

The stock option exercise price is the closing price of our common stock on the NYSE on each grant date. Stock options gain value when our stock price rises over the exercise price. The term of all stock options granted to the NEOs during 2018 was ten years, with vesting in six equal semi-annual installments over the first three years.

To formalize past practice in relation to equity award vesting, effective January 1, 2018, the Incentive Plan was amended to require a minimum vesting schedule of six (6) months for options granted on or after January 1,

2018. Effective July 1, 2018, the Incentive Plan was further amended to require a minimum vesting schedule of one (1) year for options granted on or after July 1, 2018 to conform to competitive practices.

2018 Performance Stock Units — Metrics, Vesting Schedule and Dividend Equivalents

Prior to 2017, we granted PSUs that provided an opportunity to earn from 0% to 200% of target based on pre-defined three-year cumulative Operating Revenue and Adjusted EPS targets. The threshold, target, and maximum goals in the program were anchored on the Company's long-term strategic plan (the "baseline performance goals").

Historical Pay and Performance Schedule

(see next section on actual results for the 2016-2018 PSU Cycle):

Performance Metric	Weighting	Threshold	Target	Maximum
Three-year Cumulative Operating Revenue	25%	0%	100%	200%
Three-year Cumulative Adjusted EPS	75%	0%	100%	200%

In 2017 we embarked on a multi-year business optimization initiative designed to create meaningful new revenue opportunities, increase membership revenue through more competitive products, streamline customer service, improve the customer experience, substantially modernize our systems, and achieve cost efficiency.

We identified multiple work streams as part of the process to optimize performance, and while a number of employees have been dedicated to these work streams full-time, many continue to have day-to-day responsibilities in addition to the effort required to produce optimal results. Importantly, the NEOs are responsible for leading the organization and ensuring a successful result by spending substantial time on this intensive initiative and increasing accountability beyond the long-term planning and execution of near term objectives.

Beginning in 2017, the Committee sought to recognize the NEOs' efforts, and tie this recognition to the success of this business optimization initiative, through adjustments to the PSU cycles that together will span a four-year period (2017 through the end of 2020). The nature and mechanics of the 2018 PSU grants are largely consistent with PSU grants awarded in 2015 and 2016, but, similar to the PSUs granted in 2017, the Committee modified the risk and reward profile for 2018 to align with the results across the multi-year business optimization period. More specifically, the Committee lowered the payout for meeting baseline performance goals, but provided an increased upside opportunity to 400% of target for meeting significant and meaningful business optimization goals.

The Committee believes this approach is reasonable given that the business optimization efforts aim to deliver accretive and incremental revenues, grow the core business through stronger customer satisfaction and improved retention rates, and create a more productive organization to drive sustained profits. In the aggregate, we believe that achieving these outcomes can change the growth and profit profile for the Company and create substantial shareholder value. The 2018 PSU grants will track and measure performance against these goals through the end of 2020.

For the 2018 PSU grants, in February 2018 the Committee reviewed the baseline performance goals. Consistent with the approach to increase the risk and reward profile, the Committee then reduced (i) the payout opportunity to 75% of target for achieving target performance against the baseline performance goals (vs. 100% of target in years prior to 2017) and (ii) the maximum payout opportunity to 150% of target for achieving maximum performance (vs. 200% of target in years prior to 2017). The rationale for this adjustment was to create balance between the expected baseline performance goals and the increased upside. More clearly, this adjustment will result in lower payouts for the NEOs if we do not meet any business optimization goals but meet our baseline performance goals. This process undertaken in 2018 was the same as the process used for the PSUs granted to the NEOs in 2017.

Table of Contents

Executive Compensation (continued)

Payout and Performance Schedule for 2018 PSUs (2018 to 2020 Performance):

Performance Metric	Weighting	Threshold	Target	Maximum
Three-year Cumulative Operating Revenue	25%	0%	75%	150%
Three-year Cumulative Adjusted Net Income	75%	0%	75%	150%

Next, the Committee established an Adjusted Net Income performance gate before any incremental upside opportunity is available. If we do not deliver maximum performance on the Adjusted Net Income baseline performance goals, then no incremental upside opportunity will be earned. Only if we generate incremental performance above maximum Adjusted Net Income baseline performance goals will a business optimization payout opportunity become possible.

Upside Opportunity for Optimal Performance (only if Adjusted Net Income maximum goals are met):

Performance Metric	Weighting	No Business Optimization	Significant Business Optimization
Three-year Cumulative Adjusted Net Income	100%	+0%	+250%

The Committee reviewed several factors when assessing the performance requirement for the additional +250% upside opportunity (for a total maximum opportunity of 400%), including, but not limited to: (1) the relative earnings growth run rate compared to the historical and forward looking expectations of top quartile performance against the S&P100 and our general industry peer group, (2) the potential share price and value creation for shareholders with the underlying incremental earnings with the potential for an expanding multiple, and (3) improvements in the overall cost of care and customer experience. The Committee retains discretion to adjust payouts downward if core strategic business metrics, including overall cost of care and customer experience, are not met.

	Grant Date Fair Value of Target	Target Number Of Shares Granted

Name	PSU Award Granted March 1, 2018	($232.04)
Gail K. Boudreaux	$ 5,125,067	22,087
John E. Gallina	$ 1,624,976	7,003
Peter D. Haytaian	$ 1,624,976	7,003
Gloria M. McCarthy	$ 1,624,976	7,003
Thomas C. Zielinski	$ 1,249,999	5,387
Brian T. Griffin	$ 1,624,976	7,003

The chart above reflects only the annual grant of PSUs, and not the additional PSU grant to Mr. Griffin described previously, both of which were forfeited upon his resignation.

To formalize past practice in relation to equity award vesting, effective January 1, 2018, the Incentive Plan was amended to require a minimum vesting schedule of one (1) year for PSU awards granted on or after January 1, 2018.

Payout of the 2016-2018 PSU Cycle

Prior to 2015, our PSU awards were based on one year's performance and paid over three years. In 2015, the Committee changed the PSU awards to be based on three-year cumulative Adjusted EPS and three-year cumulative Operating Revenue. The purpose of this change was to better align rewards with our stated long-term strategy, and to balance compensation based upon both short-term and long-term results. Operating

Table of Contents

Executive Compensation (continued)

Revenue was selected as a measure of growth and success in the marketplace. Adjusted EPS was selected because it demonstrates whether the top-line growth was profitable and is a primary metric considered by many of our shareholders in assessing our ongoing performance. In addition, earnings-based metrics are the most prevalent performance metrics used by our direct peers.

The payout scale for each metric detailed below provided for a minimum award of 0% of the units granted and a maximum award of 200% of the units granted. The targets for each of these metrics were developed based on our 2014-2018 long-term plan, which was communicated to the investment community during March 2014.

Our long-term growth plan includes organic growth and the use of free operating cash flow for financing activities, dividends, and acquisitions. Consequently, the impact of acquisitions to Operating Revenue and Adjusted EPS is included unless the Committee determines that this would result in an undue windfall to participants. The Committee defines a set of adjustments to consider when evaluating performance and has the discretion to make adjustments as necessary to reflect management's core operational performance.

Due to the timing of the tax reform changes in late 2017 and early 2018 as a result of the U.S. Tax Cuts and Jobs Act, the Committee determined that it was appropriate to retain the original performance goals for the PSUs granted in 2016 on a pre-tax reform basis and apply negative discretion at the end of the performance cycle to mitigate the incremental benefits of tax reform on our 2018 results. In addition, the changes in the individual Affordable Care Act ("ACA") marketplace resulting from the elimination of the claims stabilization reserve payments caused our management to assess the viability of staying in those markets. Our management and the Board determined it was more appropriate and strategically important to exit these unprofitable markets, which negatively impacted our planned operating results for 2018. As a result, the Committee took into consideration the negative impact this had on our Operating Revenue, but no adjustment was made with respect to the Adjusted EPS performance metric. After reviewing the impact of the tax reform changes and the changes in the individual ACA marketplace, the Committee applied net negative discretion of 55.5 percentage points to reduce the payout percentage for the PSUs granted in 2016 from 162.4% to 106.9% of target.

	Payout Range			Performance Goals			Actual	Metric	Total
Performance Metric	Threshold	Target	Maximum	Threshold	Target	Maximum	Performance	Weighting	Payout
Adjusted EPS 2016-2018 Cumulative Adjusted EPS (1)	0%	75%	150%	$ 35.22	$ 36.56	$ 37.87	$ 38.93	75%	150.0%
Operating Revenue ($ in billions) 2016-2018 Cumulative Operating Revenue	0%	25%	50%	$ 259.87	$ 269.37	$ 278.97	$ 264.60	25%	12.4%
Calculated Award									162.40%
Negative Discretion as Described Above									(55.5%)
Total Award	0%	100%	200%						106.9%

(1) See the GAAP Reconciliation table in Annex B for information on Adjusted EPS for the years ended December 31, 2018, 2017 and 2016.

2019 LTIP Grant

For the 2019 LTIP grant, the Committee retained the equity award mix (50% PSUs, 25% RSUs and 25% stock options) and retained the same performance metrics (three-year cumulative Adjusted Net Income and Operating Revenue) as were used in 2018. The PSUs granted in 2019 revert to a payout opportunity of 0% to 200% of the target number of units granted, similar to PSUs granted prior to 2017 and consistent with the Committee's intent to provide an alternate payout opportunity only for the 2017 and 2018 PSU grants in connection with our business optimization initiatives. See the GAAP Reconciliation table in Annex B for information on Adjusted Net Income.

Table of Contents

Benefits and Perquisites

Broad-Based Employee Benefits

Our NEOs generally participate in the broad-based employee benefits programs under the same terms and conditions as other associates. These benefit offerings include a medical plan with higher associate contributions for more highly compensated associates such that in 2018, NEOs paid in excess of 50% of the cost of the coverage, as compared with entry level associates who generally paid between 7% and 20% of the cost of their coverage. Other broad-based employee benefits include a dental and vision plan, disability benefits, wellness benefits, life and accidental death and dismemberment insurance, business travel accident insurance, the Anthem 401(k) Plan (the "401(k) Plan"), adoption assistance benefits and paid time off for holidays, vacations, illnesses, bereavement leave, jury duty and military service. Although no longer offered to new associates, company-subsidized retiree healthcare benefits exist for associates who met age and service criteria at the time they were discontinued. A cash balance pension plan was also offered and has been frozen to new participants since December 31, 2005 and to future accruals for all participants as of December 31, 2018. Both Mr. Gallina and Ms. McCarthy have vested benefits in the cash balance pension plan and have vested retiree healthcare benefits.

Executive Benefits

Executives, including the NEOs, participate in a deferred compensation program that is subject to Section 409A of the Tax Code. Under this program, described on page 61, a participant may defer receipt of salary and AIP and continue to receive pension and 401(k) Plan credits for compensation above Tax Code earnings limits. We offer this program to provide executives with the same Company-paid retirement savings opportunities, denominated as a percent of eligible earnings, as the rest of the workforce, and under the same terms and conditions as the underlying all-associate plans. Participants choose among a subset of the market-based investments provided to all associates in the 401(k) Plan, and their account balances increase or decrease in accordance with the performance of the selected investments.

Severance and Change in Control Arrangements

All of our NEOs are eligible for severance benefits pursuant to the Executive Agreement Plan as described beginning on page 63. We believe that a severance program is needed to attract and retain the executives that we need to achieve our business goals. In connection with Ms. Boudreaux's employment, she received sign-on PSUs which would continue to vest in the event she is terminated without cause or resigns for good reason.

To be eligible for these benefits, executives generally agree to restrictive covenants including non-competition, non-solicitation of associates or customers, non-disparagement and confidentiality provisions, which protect us from the competitive disadvantage that would result from losing executive talent to competitors. Additionally, in order to receive benefits, executives are generally required to release any prior claims against us.

Change in control severance benefits are subject to a double-trigger, which means that to receive such benefits there must be both: (1) a qualifying termination of employment and (2) termination occurring when a change of control is imminent or has occurred as detailed in the Executive Agreement Plan described below and in "Compensation Plans — Executive Severance Arrangements." The Executive Agreement Plan does not provide for tax gross-up of any regular or excise taxes imposed on severance payments in connection with a change in control pursuant to

Section 4999 of the Tax Code.

Perquisites

Executive perquisites are a small part of our competitive executive compensation package. The Committee believes that our perquisite program enables our executive officers to focus on our business with minimal disruption. As described on page 50 in this proxy statement, we offer a limited set of perquisites to all NEOs.

Compensation Decision Making Process

Role of the Compensation Consultant

The Committee has selected Semler Brossy Consulting Group LLC ("Semler Brossy") to act as its independent compensation consultant since 2010. The consultant reports directly to the Committee. The consultant reviews information provided to the Committee by management, develops its own recommendations with respect to CEO compensation decisions and provides advice to the Committee on the compensation decisions affecting all executives, including the NEOs. The consultant regularly attends and participates in Committee meetings and reports on compensation trends and best practices, plan design and the reasonableness of individual compensation awards. The consultant meets with the Committee and/or its members without management present. The consultant also has informal conversations with members of the Committee to determine compensation objectives. The consultant provides expert advice and guidance on the design and implementation of performance-based compensation programs that align with Company strategy, business and market characteristics, talent requirements, culture, management style and performance and Total Rewards strategies. The Committee uses the consultant's recommendations as one of several factors in designing our executive compensation programs, reviewing and approving annual and long-term incentive plans and metrics, and making the compensation decisions affecting the CEO and other NEOs.

Compensation Consultant Independence

Semler Brossy does not provide any services to us other than those detailed above. At our February 2018 and February 2019 meetings, the Committee determined that no conflicts of interest exist with respect to Semler Brossy continuing to serve as an advisor to the Committee. In making this determination, the Committee considered various factors, including those set forth in the SEC's and NYSE's rules. Among other items, the Committee reviewed Semler Brossy's policy on Consultant Independence, and certifications made by each of our executive officers and directors that he or she did not have a business or personal relationship with Semler Brossy or any of the individuals at Semler Brossy working on our engagement.

Role of Management

In general, the Committee meets with our CEO at the beginning of each year to agree upon the CEO's performance objectives (both individual and Company) for the year. The Board also reviews these performance objectives. At the beginning of the following year, the CEO provides to the Committee a self-assessment, and the Committee evaluates the CEO's performance based on this self-assessment and performance updates. The Committee meets in executive session to review the performance of the CEO based on achievement of the agreed-upon objectives, contribution to our performance and other leadership accomplishments. The results of the evaluation by the Committee are an important metric in evaluating CEO performance. This evaluation is shared with the CEO and the compensation consultant and is used by the Committee in setting the CEO's compensation.

Our CEO and our other executive officers do not set their own compensation nor are they present when the Committee sets their specific individual compensation. Our CEO collects specific feedback from the Board with respect to the performance of our other executive officers, including our NEOs, provides his or her own evaluation of each executive officer's performance to the Committee, and makes recommendations with respect to base salary and target AIP adjustments, AIP awards and equity awards for each executive officer. This recommendation is considered by the Committee, which makes its own ultimate determinations.

All NEOs participate in the annual and long-term business planning processes and our CEO recommends to the Committee the AIP and performance stock unit metrics and targets that result from these processes. These metrics and targets impact the compensation of the associates who participate in our AIP and who are granted PSUs.

Pay Positioning and Comparator Groups

The Committee has designed our executive compensation program to target total compensation (salary plus target AIP award plus long-term equity grant cost on the date of grant) at the median for comparable positions in our comparator groups, and total compensation is generally aligned with our comparator groups. Individuals

Table of Contents

new to their roles may be paid below median. High performing individuals who demonstrate superior performance over a long period of time may have pay positioned above the median of the compensation paid by the companies in the comparator groups.

In setting compensation, the Committee compares base salary, annual incentive opportunities and long-term compensation, in addition to target total compensation, for the NEOs to two distinct comparator groups. The first group includes our five largest direct health insurance competitors. The second group represents a sample of 42 similarly-sized companies from general industry based on earnings before income tax ("General Industry Group"), with a filter for market capitalization, and giving consideration to whether they compete with us in the executive labor market. The Committee selects earnings before income tax as a key operating parameter in selecting peer group companies because revenue may overstate our scale and complexity when compared to the general industry. The Committee uses two groups, as there are a limited number of direct industry competitors and many are substantially smaller than us. The Committee determines which companies should be in the comparator groups with the assistance of Semler Brossy. The comparator groups for 2018 were as follows:

(1) Our five largest direct health insurance peers:

Aetna Inc.	Humana Inc.
Cigna Corporation	UnitedHealth Group Incorporated
Centene Corporation	

(2) General Industry Group:

Accenture Plc	Lowe's Companies, Inc.
Aetna Inc.	LyondellBasell Industries N.V.
Aflac Incorporated	MetLife, Inc.
American Airlines Group Inc.	Morgan Stanley
American Express Company	Nike, Inc.
American International Group, Inc.	Prudential Financial, Inc.
BlackRock, Inc.	QUALCOMM Incorporated
Capital One Financial Corporation	Target Corporation
Chubb Limited	Texas Instruments Incorporated
CVS Health Corporation	The Bank of New York Mellon Corporation
Delta Air Lines, Inc.	The Goldman Sachs Group, Inc.
DowDuPont Inc.	The PNC Financial Services Group, Inc.
Duke Energy Corporation	The Southern Company
Express Scripts Holding Company	The Travelers Companies, Inc.
Ford Motor Company	Time Warner Inc.
General Dynamics Corporation	Twenty-First Century Fox, Inc.
General Motors Company	Union Pacific Corporation
Gilead Sciences, Inc.	U.S. Bancorp
HCA Healthcare, Inc.	Valero Energy Corporation
HP Inc.	United Continental Holdings, Inc.
Lockheed Martin Corporation	Walgreens Boots Alliance, Inc.

In setting 2018 compensation, the Committee reviewed the available competitive market data from each of these comparator groups to better understand the pay practices and levels of companies in our size category and our direct peers. Where possible, the data that was used to make compensation decisions in March 2018 was taken from surveys of 2017 compensation of our comparator groups prepared by third-party survey companies and from the latest annual proxy statements and other public filings of these companies. In instances where a company listed above did not participate in the surveys or pay data was not available for a comparable position, the company was not included in the comparator group data for that position. In instances where our positions are structured in ways that do not match well with survey positions, the Committee compares based on target annual compensation pay rank, instead of role, as reported in the surveys.

Table of Contents

Executive Compensation (continued)

Competitive market data is only one of several resources made available to the Committee to assist it in setting executive compensation levels. The Committee's consultant either reviews or develops the competitive market data for the benefit of the Committee. The Committee does not use the median described above as a formula to determine compensation or as a fixed target.

The Committee establishes an individual target opportunity for each NEO based on the Committee's evaluation of the executive's experience, level and scope of responsibility and individual performance. Actual cash compensation may be more or less than the target opportunity as a result of performance under the AIP. Realized compensation from our equity-based awards may be more or less than the target opportunity as a result of our performance relative to the PSU metrics and our stock price performance.

The Committee reviews actual base salaries, as well as target and actual prior year annual incentive awards to compare total target and actual cash compensation. The Committee also reviews actual ASC Topic 718 expense of the equity grants as the metric comparing long-term compensation with comparable positions, as well as the value of unvested equity awards held by the NEOs.

Benefits and perquisites represent a small proportion of the Total Rewards program for our NEOs.

Additional Compensation Policies

Stock Ownership Guidelines and Holding Requirements

We have stock ownership guidelines for all executive officers, including the NEOs, which is a multiple of the executive's base salary. An executive has five years to meet the guideline, and the sale of our stock is restricted for executives who have not met their ownership requirements. The stock ownership guideline is six times base salary for the CEO, and three times base salary for the other NEOs. For the purposes of this program, all shares directly owned and unvested RSUs are included in the calculation. Unexercised stock options and unvested PSUs are not included in the calculation. The Committee reviews the extent to which our executive officers have complied with the guidelines. With the exception of Ms. Boudreaux, who was hired during 2017 and has five years to meet the guideline, our NEOs still serving as of December 31, 2018 each owned sufficient shares to meet his or her ownership guidelines as of year-end, based on the average closing stock price of $250.31 during 2018.

Named Executive Officer	Number of Shares Beneficially Owned	Value of Shares Beneficially Owned	Year-End Salary	Required Holding	Excess Holding	Actual Ownership as a Multiple of Base Salary
Ms. Boudreaux	11,104	$ 2,779,442	$ 1,400,000	$ 8,400,000	—	2.0
Mr. Gallina	15,659	$ 3,919,604	$ 800,000	$ 2,400,000	$ 1,519,604	4.9
Mr. Haytaian	40,206	$ 10,063,964	$ 800,000	$ 2,400,000	$ 7,663,964	12.6
Ms. McCarthy	38,756	$ 9,701,014	$ 825,000	$ 2,475,000	$ 7,226,014	11.8
Mr. Zielinski	26,084	$ 6,529,086	$ 700,000	$ 2,100,000	$ 4,429,086	9.3

See “Director Compensation — Board Equity Compensation and Stock Ownership Guidelines” on page 15 for a discussion of our directors’ stock ownership requirements.

Hedging and Pledging Restrictions and Trading Windows

All associates, including our NEOs, are prohibited from conducting any transactions that would permit the individual to continue to own our stock without the full risks and rewards of ownership. Prohibited transactions include short sales, publicly traded options transactions, hedging transactions, including zero cost collars and prepaid forward contracts, and margin accounts and pledges involving our stock. Designated associates, including all NEOs, are also prohibited from engaging in transactions in our stock during the quarterly period commencing on the fifteenth day of the last month of each calendar quarter and ending one full business day after the release of quarterly earnings.

Table of Contents

Recoupment Policy

We operate under a clawback/recoupment policy for incentive compensation. This policy provides that if we are required to restate our financial statements as a result of material noncompliance with a financial reporting requirement due to misconduct, the CEO, CFO and all other Section 16 officers (our executive officers and the Chief Accounting Officer) must repay any bonus or other incentive-based or equity-based compensation received during the 12 months after the inaccurate reporting, and any profits realized from the sale of stock during that 12 month period. In 2018, the policy was amended to provide for the recoupment of any incentive-based compensation received in the prior 12 months if any officer who is subject to the reporting obligations of Section 16 of the Exchange Act violates a restrictive covenant (e.g., confidentiality, non-competition, non-solicitation and/or non-disparagement.) The Board of Directors will determine, on a case by case basis, if it is in the best interest of the Company and our shareholders to pursue recoupment in individual cases.

Tax Treatment of Compensation

The Patient Protection and Affordable Care Act amended the Tax Code to add Section 162(m)(6), which limits the amount that certain healthcare insurers, including the Company, may deduct for tax years starting after 2012. Section 162(m)(6) limits the tax deduction to $500,000 per individual, and makes no exception for performance-based compensation or commissions. In addition, the limit applies to compensation, including deferred compensation, paid to all current and former employees and most independent contractors, not just to compensation paid to a narrow group of current top executives. The rule became effective for employer tax years beginning after December 31, 2012. Consequently, the Company is limited to a $500,000 deduction for compensation paid to each NEO in 2018.

Section 409A of the Tax Code provides certain requirements for deferred compensation arrangements. Those requirements, among other things, limit flexibility with respect to the time and form of payment of deferred compensation. If a payment or award constitutes deferred compensation subject to Section 409A and the applicable requirements are not satisfied, the recipient could be subject to tax on the award and all other deferred compensation of the same type, and an additional 20% tax and interest at the underpayment rate plus 1%, at the time the legally binding right to the payment or award arises or, if later, when that right ceases to be subject to a substantial risk of forfeiture. Payments or awards under our plans and arrangements either are intended to not constitute “deferred compensation” for Section 409A purposes (and would thereby be exempt from Section 409A’s requirements) or, if they constitute “deferred compensation,” are intended to comply with the Section 409A statutory provisions and final regulations.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on the review and discussions with management, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and in the Company’s Annual Report on Form 10 K for the year ended December 31, 2018.

Compensation Committee

Lewis Hay, III, Chair
Robert L. Dixon, Jr.

Julie A. Hill
Elizabeth E. Tallett

Assessment of Compensation-Related Risks

In January 2019, several members of our management team, including our Chief Accounting Officer and our Chief Risk Officer, conducted an assessment of the risks related to or arising from our compensation policies and practices, assisted by human resources personnel. The management team reviewed and discussed the various incentive designs, plan governance and associated behaviors, together with the performance metrics of our Company-wide compensation policies and programs. This group also reviewed the approval mechanisms of all Total Rewards programs for all associates, including salaries, incentive plans, sales incentives, stock options, performance stock units and restricted stock units. In its review and assessment, the team took into consideration the elements of our Total Rewards program for our senior executives, including the performance metrics used for the AIP, performance stock unit awards and other incentive compensation arrangements, and the elements of our compensation programs for our other employees.

In February 2019, the Compensation Committee reviewed and discussed the management team's risk assessment. As part of its review, the Compensation Committee also noted the following factors that reduce the likelihood of excessive risk-taking by executives:

- Our overall compensation levels are competitive with the market.
- Our compensation mix is balanced among (i) fixed components like salary and benefits, (ii) annual incentives that reward total Company financial performance and individual performance, and (iii) a portfolio approach for stock awards with a balance among stock options, performance stock units and time-based restricted stock units.
- We retained the three-year measurement period for our performance stock unit awards to balance compensation based on short- and long-term results. Having a mix of short- and long-term goals allows us to better align our compensation program with the interests of our shareholders.
- A significant portion of our executive compensation is tied to how our stock price performs over a period of multiple years. Equity-based awards generally vest over three years and stock options have terms of ten years starting in 2015. This minimizes the benefit of a temporary spike in stock price.
- Our recoupment policy covers all of our executive officers subject to Section 16 of the Exchange Act.
- The Compensation Committee has discretion to reduce performance-based awards when it determines that such adjustments would be appropriate based on our interests and the interests of our shareholders.
- Incentive programs use financial metrics with sliding scales, with amounts interpolated for awards between $0, target and maximum. Awards are capped for all annual incentives and performance stock units.
- Funding, if applicable, for the AIP and performance stock units are based on results audited by the Internal Audit department.
- Executive officers are subject to Stock Ownership Guidelines, holding requirements and our prohibition on hedging, pledging stock and short sales.

Based on its review and discussion of the assessment, the Compensation Committee determined that any risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on the Company.

Table of Contents

Executive Compensation (continued)

Summary Compensation Table

The following table sets forth the compensation paid to or earned by each of our NEOs for the years ended December 31, 2018 and, where applicable, December 31, 2017 and December 31, 2016.

ame & Principal Position	Year	Salary ($)	Stock Awards ($) (1)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Pension Value & Non-qualified Deferred Compensation Earnings ($) (4)	All Other Compensation ($) (5)	Total ($)
ail K. Boudreaux	2018	$ 1,400,000	$ 7,687,717	$ 2,562,332	$ 2,418,150	$ 0	$ 116,077	$ 14,184,27
esident and	2017	$ 161,538	$ 2,000,215	$ 0	$ 0	$ 0	$ 4,500	$ 2,166,253
hief Executive Officer								
hn E. Gallina	2018	$ 794,712						