

WELLPOINT, INC
Form 10-Q
July 27, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended **June 30, 2011**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-16751

WELLPOINT, INC.

(Exact name of registrant as specified in its charter)

INDIANA

(State or other jurisdiction of

incorporation or organization)

120 MONUMENT CIRCLE;

INDIANAPOLIS, INDIANA

(Address of principal executive offices)

Registrant's telephone number, including area code: (317) 488-6000

35-2145715

(I.R.S. Employer

Identification Number)

46204-4903

(Zip Code)

Not Applicable

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(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

| Title of Each Class | Outstanding at July 15, 2011 |
|--------------------------------|-------------------------------------|
| Common Stock, \$0.01 par value | 360,660,278 shares |

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For the Period Ended June 30, 2011
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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****WellPoint, Inc.****Consolidated Balance Sheets**

| <i>(In millions, except share data)</i> | June 30, 2011 (Unaudited) | December 31, 2010 |
|---|--|------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,699.8 | \$ 1,788.8 |
| Investments available-for-sale, at fair value: | | |
| Fixed maturity securities (amortized cost of \$15,840.9 and \$15,545.4) | 16,462.7 | 16,069.5 |
| Equity securities (cost of \$941.8 and \$861.4) | 1,375.5 | 1,236.2 |
| Other invested assets, current | 20.8 | 21.1 |
| Accrued investment income | 179.7 | 177.4 |
| Premium and self-funded receivables | 3,100.9 | 3,041.6 |
| Other receivables | 909.5 | 878.6 |
| Income taxes receivable | 248.8 | 32.3 |
| Securities lending collateral | 810.3 | 900.3 |
| Deferred tax assets, net | 347.3 | 460.9 |
| Other current assets | 1,601.5 | 1,534.1 |
| Total current assets | 26,756.8 | 26,140.8 |
| Long-term investments available-for-sale, at fair value: | | |
| Fixed maturity securities (amortized cost of \$217.1 and \$215.8) | 223.0 | 221.8 |
| Equity securities (cost of \$32.2 and \$32.8) | 34.4 | 33.4 |
| Other invested assets, long-term | 945.7 | 865.4 |
| Property and equipment, net | 1,212.9 | 1,155.5 |
| Goodwill | 13,263.7 | 13,264.9 |
| Other intangible assets | 7,883.4 | 7,996.8 |
| Other noncurrent assets | 557.3 | 488.3 |
| Total assets | \$ 50,877.2 | \$ 50,166.9 |
| Liabilities and shareholders equity | | |
| Liabilities | | |
| Current liabilities: | | |
| Policy liabilities: | | |
| Medical claims payable | \$ 5,341.6 | \$ 4,852.4 |
| Reserves for future policy benefits | 56.0 | 56.4 |
| Other policyholder liabilities | 1,955.6 | 1,909.1 |
| Total policy liabilities | 7,353.2 | 6,817.9 |
| Unearned income | 1,038.1 | 891.4 |
| Accounts payable and accrued expenses | 2,599.7 | 2,942.2 |
| Security trades pending payable | 108.2 | 33.3 |
| Securities lending payable | 811.8 | 901.5 |
| Short-term borrowings | 100.0 | 100.0 |
| Current portion of long-term debt | 456.3 | 705.9 |
| Other current liabilities | 1,640.0 | 1,617.3 |
| Total current liabilities | 14,107.3 | 14,009.5 |
| Long-term debt, less current portion | 8,292.1 | 8,147.8 |
| Reserves for future policy benefits, noncurrent | 638.0 | 646.7 |
| Deferred tax liabilities, net | 2,639.3 | 2,586.9 |
| Other noncurrent liabilities | 1,019.2 | 963.4 |

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| | | |
|---|--------------------|-------------|
| Total liabilities | 26,695.9 | 26,354.3 |
| Commitments and contingencies Note 9 | | |
| Shareholders' equity | | |
| Preferred stock, without par value, shares authorized 100,000,000; shares issued and outstanding none | | |
| Common stock, par value \$0.01, shares authorized 900,000,000; shares issued and outstanding: 362,223,698 and 377,736,929 | 3.6 | 3.8 |
| Additional paid-in capital | 12,415.9 | 12,862.6 |
| Retained earnings | 11,418.1 | 10,721.6 |
| Accumulated other comprehensive income | 343.7 | 224.6 |
| Total shareholders' equity | 24,181.3 | 23,812.6 |
| Total liabilities and shareholders' equity | \$ 50,877.2 | \$ 50,166.9 |

See accompanying notes.

Table of Contents**WellPoint, Inc.****Consolidated Statements of Income****(Unaudited)**

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|--|---------------------------------------|-----------------|-------------------------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 |
| <i>(In millions, except per share data)</i> | | | | |
| Revenues | | | | |
| Premiums | \$ 13,913.6 | \$ 13,257.1 | \$ 27,597.7 | \$ 27,167.0 |
| Administrative fees | 957.7 | 923.2 | 1,919.7 | 1,850.5 |
| Other revenue | 8.5 | 18.3 | 17.2 | 24.2 |
| Total operating revenue | 14,879.8 | 14,198.6 | 29,534.6 | 29,041.7 |
| Net investment income | 187.8 | 202.3 | 372.6 | 403.4 |
| Net realized gains on investments | 41.5 | 36.5 | 98.6 | 84.9 |
| Other-than-temporary impairment losses on investments: | | | | |
| Total other-than-temporary impairment losses on investments | (11.1) | (14.9) | (15.9) | (42.8) |
| Portion of other-than-temporary impairment losses recognized in other comprehensive income | 2.7 | 8.8 | 5.1 | 17.0 |
| Other-than-temporary impairment losses recognized in income | (8.4) | (6.1) | (10.8) | (25.8) |
| Total revenues | 15,100.7 | 14,431.3 | 29,995.0 | 29,504.2 |
| Expenses | | | | |
| Benefit expense | 11,922.0 | 10,985.9 | 23,150.0 | 22,368.2 |
| Selling, general and administrative expense: | | | | |
| Selling expense | 405.6 | 403.1 | 802.6 | 805.5 |
| General and administrative expense | 1,605.5 | 1,751.6 | 3,285.0 | 3,523.3 |
| Total selling, general and administrative expense | 2,011.1 | 2,154.7 | 4,087.6 | 4,328.8 |
| Interest expense | 103.6 | 100.2 | 209.5 | 199.6 |
| Amortization of other intangible assets | 56.6 | 60.9 | 113.4 | 121.6 |
| Impairment of other intangible assets | | | | 21.1 |
| Total expenses | 14,093.3 | 13,301.7 | 27,560.5 | 27,039.3 |
| Income before income tax expense | 1,007.4 | 1,129.6 | 2,434.5 | 2,464.9 |
| Income tax expense | 305.8 | 407.2 | 806.3 | 865.7 |
| Net income | \$ 701.6 | \$ 722.4 | \$ 1,628.2 | \$ 1,599.2 |
| Net income per share | | | | |
| Basic | \$ 1.92 | \$ 1.73 | \$ 4.40 | \$ 3.73 |
| Diluted | \$ 1.89 | \$ 1.71 | \$ 4.34 | \$ 3.68 |