

WELLPOINT, INC
Form 10-Q
April 25, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

March 31, 2012 For the Quarterly Period ended March 31, 2012

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)

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INDIANA
(State or other jurisdiction of

35-2145715
(I.R.S. Employer

incorporation or organization)

Identification Number)

120 MONUMENT CIRCLE;

INDIANAPOLIS, INDIANA
(Address of principal executive offices)

46204-4903
(Zip Code)

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

Not Applicable

(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 April 12, 2012
Common Stock, \$0.01 par value	330,829,747 shares

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WellPoint, Inc.

Quarterly Report on Form 10-Q

For the Period Ended March 31, 2012

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****WellPoint, Inc.****Consolidated Balance Sheets**

	March 31, 2012	December 31, 2011
	(Unaudited)	
<i>(In millions, except share data)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,279.1	\$ 2,201.6
Investments available-for-sale, at fair value:		
Fixed maturity securities (amortized cost of \$15,449.1 and \$15,233.6)	16,196.5	15,913.1
Equity securities (cost of \$871.0 and \$937.7)	1,224.4	1,188.1
Other invested assets, current	21.6	14.8
Accrued investment income	167.3	172.0
Premium and self-funded receivables	3,722.1	3,402.9
Other receivables	943.2	943.9
Income taxes receivable		105.8
Securities lending collateral	715.5	871.4
Deferred tax assets, net	353.3	424.8
Other current assets	1,920.6	1,859.0
Total current assets	27,543.6	27,097.4
Long-term investments available-for-sale, at fair value:		
Fixed maturity securities (amortized cost of \$240.2 and \$240.8)	245.3	246.8
Equity securities (cost of \$26.8 and \$28.4)	29.3	28.8
Other invested assets, long-term	1,041.3	1,003.7
Property and equipment, net	1,454.6	1,418.1
Goodwill	13,858.6	13,858.7
Other intangible assets	7,878.1	7,931.7
Other noncurrent assets	445.7	433.6
Total assets	\$ 52,496.5	\$ 52,018.8
Liabilities and shareholders equity		
Liabilities		
Current liabilities:		
Policy liabilities:		
Medical claims payable	\$ 5,403.3	\$ 5,489.0
Reserves for future policy benefits	60.8	55.1
Other policyholder liabilities	2,257.6	2,278.2
Total policy liabilities	7,721.7	7,822.3
Unearned income	1,624.1	926.5
Accounts payable and accrued expenses	2,809.9	3,124.1
Income taxes payable	265.8	
Security trades pending payable	146.8	51.7
Securities lending payable	715.9	872.5
Short-term borrowings	100.0	100.0
Current portion of long-term debt	910.8	1,274.5
Other current liabilities	1,660.1	1,654.1
Total current liabilities	15,955.1	15,825.7
Long-term debt, less current portion	8,462.5	8,420.9
Reserves for future policy benefits, noncurrent	752.3	730.7
Deferred tax liabilities, net	2,773.2	2,724.0

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Other noncurrent liabilities	1,025.0	1,029.3
Total liabilities	28,968.1	28,730.6
Commitment and contingencies - Note 8		
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: 331,807,383 and 339,372,680	3.3	3.4
Additional paid-in capital	11,369.0	11,679.2
Retained earnings	11,921.1	11,490.7
Accumulated other comprehensive income	235.0	114.9
Total shareholders' equity	23,528.4	23,288.2
Total liabilities and shareholders' equity	\$ 52,496.5	\$ 52,018.8

See accompanying notes.

Table of Contents**WellPoint, Inc.****Consolidated Statements of Income**

(Unaudited)

	Three Months Ended March 31	
	2012	2011
<i>(In millions, except per share data)</i>		
Revenues		
Premiums	\$ 14,138.5	\$ 13,684.1
Administrative fees	995.8	962.0
Other revenue	15.9	8.7
Total operating revenue	15,150.2	14,654.8
Net investment income	169.0	184.8
Net realized gains on investments	106.9	57.1
Other-than-temporary impairment losses on investments:		
Total other-than-temporary impairment losses on investments	(13.7)	(4.8)
Portion of other-than-temporary impairment losses recognized in other comprehensive income	2.8	2.4
Other-than-temporary impairment losses recognized in income	(10.9)	(2.4)
Total revenues	15,415.2	14,894.3
Expenses		
Benefit expense	11,771.9	11,228.0
Selling, general and administrative expense:		
Selling expense	393.3	397.0
General and administrative expense	1,772.4	1,679.5
Total selling, general and administrative expense	2,165.7	2,076.5
Interest expense	109.1	105.9
Amortization of other intangible assets	58.7	56.8
Total expenses	14,105.4	13,467.2
Income before income tax expense	1,309.8	1,427.1
Income tax expense	453.3	500.5
Net income	\$ 856.5	\$ 926.6
Net income per share		
Basic	\$ 2.56	\$ 2.48
Diluted	\$ 2.53	\$ 2.44
Dividends per share	\$ 0.2875	\$ 0.25

See accompanying notes.

Table of Contents**WellPoint, Inc.****Consolidated Statements of Comprehensive Income**

(Unaudited)

<i>(In millions)</i>	Three Months Ended	
	2012	March 31 2011
Net income	\$ 856.5	\$ 926.6
Other comprehensive income, net of tax:		
Change in net unrealized gains/losses on investments	107.3	12.8
Change in non-credit component of other-than-temporary impairment losses on investments	4.8	4.3
Change in net unrealized gains/losses on cash flow hedges	0.6	0.4
Change in net periodic pension and postretirement costs	6.7	8.3
Foreign currency translation adjustments	0.7	1.0
Other comprehensive income	120.1	26.8
Total comprehensive income	\$ 976.6	\$ 953.4

See accompanying notes.

Table of Contents**WellPoint, Inc.****Consolidated Statements of Cash Flows**

(Unaudited)

<i>(In millions)</i>	Three Months Ended March 31	
	2012	2011
Operating activities		
Net income	\$ 856.5	\$ 926.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized gains on investments	(106.9)	(57.1)
Other-than-temporary impairment losses recognized in income	10.9	2.4
Loss on disposal of assets	0.3	