## CHRO Conversation

**Cigna Corporation – John Murabito, Executive VP, HR and Services**

**Video Length 28:49**

[https://www.youtube.com/watch?v=lTH9omUDeKg&t=31s](https://www.youtube.com/watch?v=lTH9omUDeKg&t=31s)

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<td>What do you see as trends in the healthcare industry?</td>
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<td>● What leadership cares about is quality, cost, and accessibility.</td>
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<td>● Healthcare companies are figuring out how they can help lower costs while at the same time provide quality care.</td>
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<td>With recent industry trends calming a little bit, do you see hope in healthcare industry trends?</td>
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<td>● Yes! We’ve had the lowest rise in cost of care for customers and clients for the past 3 years.</td>
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<td>● Express Scripts, who will be joining with Cigna soon, has had the lowest rise in cost of care on the Pharmaceutical side. Great opportunity to work together to drive costs down for customers.</td>
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<td>What are some things that Cigna does that makes you more successful at lowering costs than others?</td>
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<td>● Relationships with providers are key. We have over 500 partnerships with physicians and physician groups to work for better cost-outcomes for customers.</td>
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<td>What about relationships helps make you more successful?</td>
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<td>● There is a lot of information available to know which care works and which care doesn’t. We ensure that doctors and physicians are aware of this information and make sure the data is available and used.</td>
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<td>● Data analytics provides insights on the cost-curve of care.</td>
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<td>● Financial arrangements with providers help find the right level of cost of care that is beneficial to the provider and optimal for the customer.</td>
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<td>You’ve been at CIGNA going on 16 years and have had success at other stops, any advice for future HR students?</td>
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<td>● Don’t obsess over your career. Take a job with a high integrity, high values company that values HR as a contributor to the organization.</td>
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<td>● Your career will take you down several different paths. You are likely to change companies, change jobs, and might even change careers entirely.</td>
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<td>● Work hard, be happy, and work at good companies. You will have opportunities put in front of you to ultimately get to a CHRO position if that’s what you want to do.</td>
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You’ve been remarkably stable in your position, but you had to take several moves early in your career to get to where you are. Would you recommend students take a similar approach?

- Relocation isn’t as necessary as it used to be because of virtual work and ease of travel.
- If you have opportunities early in your career to take new jobs, build new skills, you should take them. When you get to more senior jobs, those competencies and experiences you’ve built are taken into consideration.
- I’d advise people to take different experiences and it’s easier to get those experiences early in your career.
- Through changing jobs, there are added benefits of figuring out what you like and don’t like as well as a chance to build your network.

Recently, you almost went through a large-scale merger with Anthem, what was it like managing the uncertainty from a HR perspective?

- We knew there would be synergies taking place that would impact all parts of the business. Employees also worried what would happen to the Cigna culture.
- Be sure to communicate and stay as close as possible to your workforce, especially your top performers. Be honest and authentic and talk about the advantages of the merger.
- Turnover was lower going through the transition versus the 2 years prior to the move. Increased focus on communication, staying close to leaders, and establishing change management practices enabled us to answer questions at all levels of the organization.

What is HR’s role in mergers & acquisitions?

- HR is intimately involved from the runup to the closing of the M&A.
- Pre-merger: The construction of the merger agreement, ensuring the right structure built-in for integration process, and the deal has the right level of specificity for leadership.
- Post-merger: HR is managing the meshing of cultures, selection of leadership, selection process overall, compensation & benefits governance, and what the structure of the company will look like.
- HR is at least as involved, if not more, than any other function in the M&A process.

How is culture considered both before the merger and after? How do you ensure the right culture is getting disseminated?

- Consider culture as much as possible before the deal but it can be difficult to measure before the merger.
- A bad culture fit could eliminate a deal or cause a merger to fail. Sometimes the strategic and financial value of the deal could be so attractive that it inhibits appropriate consideration given to culture.

Does the Executive Leadership Team (ELT) function as a team or is it more individual based?

- The team is really important. We spend considerable time on team health; ensuring they are working together, have the right decision-
making processes in place, and are giving each other candid feedback.  
• I spend more time with the ELT than I do with my own HR leadership team.

As CHRO, do you have a unique role in helping the ELT act as a team?  
• The CEO looks to me to be the primary driver of ensuring the team is operating in a healthy manner.  
• Must have mechanisms in place to deal with any possible team interventions.

Can you describe your responsibilities as a member of a publicly traded board at Winnebago?  
• I’m the Head of the Compensation Committee and part of the Nominating and Governance Committee.  
• As chair of the Compensation Committee, I ensure the exec compensation is appropriate and succession planning and leadership development is in place.  
• As part of the Nominating and Governance Committee, we ensure we have the right board governance and the right selection in place for new board members.

Is your HR background useful for being a board member?  
• Yes, that’s large part why I’m on the board.  
• The CEO and Chairman of the Board wanted HR expertise on the board. Particularly in areas of executive compensation, leadership, and succession practices.

Do you have suggestion for what boards ought to do to help someone transition into a board position?  
• The person should be comfortable in a board room, understand the purpose of the board, and have a sense of board governance.

Anything surprising for you being on the board versus being the one presenting to the board?  
• I’ve been sitting in boardrooms for almost 20 years. I haven’t seen anything yet as a board member that I haven’t already seen.  
• Being the chair of comp committee helps in my role as CHRO at Cigna. Having the perspective of a director for exec comp and succession planning helps me understand the needs of our own directors at Cigna.

Is the move from being a non-board member to a director on the board similar to the transition into the c-suite?  
• Transitioning to c-suite is a much bigger transition. Going from #2 in HR to becoming the head of HR was a much bigger leap for me.  
• I had some exposure to the board as a #2 but there wasn’t a lot of pressure. As a CHRO I really had to know my stuff when I presented to the board.

What do you think HR’s role is in executive succession?  
• As head of HR, executive succession is important, particularly for the CEO.  
• Responsible for ensuring the right systems are in place for leadership succession.
Discussion Questions:

1) How do industry trends impact business strategy? What role does HR play in setting strategy?
2) What is HR’s role in mergers & acquisitions? How does a company’s culture impact the success or viability of a M&A?
3) What are some key perspectives HR brings to the board of the directors?

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<td>John Murabito</td>
<td>Industry Trends, Mergers &amp; Acquisitions, Role of HR, Board of Directors, Succession Planning, Executive Succession, Compensation, Benefits, Compensation Committee, Nominating and Governance Committee, Executive Leadership Team</td>
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