

WSJ article, by Anna White Mathews, for June 15 says in all relevant part:

Centene Corp. said it settled claims from Ohio and Mississippi related to its pharmacy-benefit billing practices and it is setting aside \$1.1 billion to resolve similar issues with other states.... [i]t would pay about \$88 million to Ohio and \$55 million to Mississippi....Centene said it was negotiating with two law firms ... to bring final resolution to these concerns.... [i]ts new \$1.1 billion reserve is related to those talks.

How much cash has Centene set aside to deal with these pharmacy-benefit billing issues, in addition to the \$143 million it will pay to Ohio and Mississippi?

- a. Approximately zero.
- b. Approximately \$1.1 billion.
- c. Some number between approximately zero and approximately \$1.1 billion, with no number in that range a better estimate than any other.
- d. Given the way companies use financial terminology, there is no realistic way to choose between the three choices above.

Aside from your answer to the multiple-choice question above, how likely do you think it is that the reporter who wrote this article can answer the question?

Answer on next page.

Here is answer. There is no doubt given financial terminology as currently used, that the right answer is a. If you have any doubt about this answer, then you will benefit from Roman's course, which will explain the jargon at work here and why almost everyone, including the reporter who wrote the article, likely gets this wrong.