

UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES

**PETITION OF THE STATE OF FLORIDA FOR AN ADJUSTMENT OF THE
MEDICAL LOSS RATIO PROVISIONS OF THE PATIENT PROTECTION AND
AFFORDABLE CARE ACT AND REGULATIONS ISSUED PURSUANT THERETO.**

Background

1. In 2010, Congress passed the Patient Protection and Affordable Care Act (PPACA or the Act). The Act establishes medical loss ratios (MLRs) that must be met by health insurance issuers. Under the present law, those ratios must be met starting in 2011. If an issuer fails to meet the requirements, it must issue rebates to its insureds.

2. SEC. 2718. (b)(1)(A)(ii) sets the amount of the MLR for the individual market at 80 percent. The section further provides, however, that the “Secretary may adjust such percentage with respect to a State if the Secretary determines that the application of such 80 percent may destabilize the individual market in such State.”

To prevent disruption in the market and the loss of available coverage for consumers, the Office of Insurance Regulation (the Office) is requesting that the application of the MLR for Florida business not be fully implemented until 2014 as detailed in Exhibit A, attached hereto.

3. In 45 CFR Part 158 the Secretary issued an interim final rule setting forth, *inter alia*, the standards for when such an adjustment of the percentage will be granted. (§158.301 et seq.) The interim rule sets out the data that must be provided in a petition for an adjustment. If the requested data is unavailable to the state, or too burdensome to collect, the state may provide written notice to the Secretary and the Secretary may request alternative data or may move forward with her determination. (§158.320)

Findings by State of Florida

4. The Office conducted an investigation to determine the impact the MLR provisions will have on the Florida individual insurance market. In furtherance of that investigation the Office held two hearings. The first, on May 4, 2010, was of a more general nature, relating to the PPACA as a whole. The second hearing was focused specifically on the impact the MLR requirements will have on the individual market. At both hearings statements were taken under oath. Subsequent to the second hearing the Office has collected affidavits from interested parties as to their expert opinions on this impact. The second hearing was held September 24, 2010; the transcript for that hearing is attached as Exhibit 1. The affidavits from interested parties are collectively referenced as Exhibit 2, which is attached to this petition and is available on the Office’s website, <http://www.flair.com/FederalHCRreform.aspx>. Also available at the Office’s website are video recordings of both hearings.

5. The investigation revealed four primary conclusions relating to the impact of the MLR requirements on the individual market in the State of Florida.

A. Issuers will exit or stop selling new business in the individual market.

The MLR requirements will cause a reduction in the number of issuers doing business in the individual market, because the MLR requirements disrupt existing business plans of issuers. The result will be issuers exiting the individual market, resulting in less choice for the consumer.

The threat of rebates, which are particularly problematic in the early years of a product, could mean that issuers will stop issuing new policies. The MLR requirements will also result in cancellation of business and nonrenewals; some issuers will have no choice because the prospect of rebates will cause solvency concerns.

Companies, for a variety of reasons, including the potential negative effect on the company's stock price, are loathe to admit that they are contemplating an exit from a market. Despite these concerns, one company executive did testify that his company will exit the individual market if there is no relief from the new MLR requirements. While his company is small, with approximately 7,600 insureds, there are 106 other companies totaling almost 52,000 insureds who have less market share who are in a similar position.

Also, the Office has been informed by four issuers of their impending withdrawal from the individual health insurance market. See Attachment C.

B. The MLR Requirements will erect barriers to entry in the individual market.

Testimony adduced at the hearings was that the MLR requirements are a total barrier to new companies entering the individual market. The testimony indicated that no investor would want to put capital in a business required to comply with PPACA regulations.

The development of a business plan to enter a new market is a very complex undertaking. For an existing company that desired to enter the individual market, or for a startup company, MLR does not equate to value, especially for small companies which lack the economies of scale of a larger, established issuer. Such a high MLR requirement simply does not work at the start. Companies aim for a lifetime loss ratio for a product. In the early years of entry into the individual market, the underwriting will keep claims lower, so achieving the MLR requirements in the initial years is impossible. (It is important to note that Florida's individual market is not a guaranteed issue environment.) Consequently, companies will not want to enter the individual market, because of the immediate requirement of issuing rebates.

With 80% of the premium required for medical services and quality of care, the company only has 20% to work with as administrative cost. There is simply no way to build a growing company on that amount of money. Certain costs are borne in the beginning that do not continue as time passes, such as acquisition costs, and the costs of participation in the medical information bureau. The cost necessary to complete pre-acceptance medical underwriting, as opposed to post-claims underwriting, is higher. Administrative costs are the highest in the first years of entry into the market, which means for a company wishing to enter the market, the MLR requirements present a significant impediment.

C. The federal MLR requirements will reduce consumer choice because of a reduction in the availability of products in the individual market.

The record reflects a remarkable amount of unanimity among all interested parties on this concern. The federal MLR requirements will reduce consumer choice because immediate application of those requirements will cause a reduction in the number of products in the individual market. Immediate implementation of the requirements will block entry of new products and will even cause issuers to remove existing individual products.

Existing products have been changed to comply with the MLR requirements and the other changes in the Act. Florida is concerned that meeting these immediate implementation requirements will increase administrative expenses beyond that which make insurance profitable, in light of the rebates likely to result from application of the MLR requirements.

Compliance poses an especial problem with lesser benefits plans, which are becoming more popular in the individual market because they are less expensive. The result of this market trend means less premium is received from the covered individual, without a corresponding reduction to administrative costs.

The Office has been informed of a number of product consolidations. See Attachment D.

D. The MLR will eliminate agent involvement in the individual market, and cause a severe problem for consumers.

An obvious and significant problem with the MLR requirements is the potential to eliminate the agent - the professional health insurance adviser - from the transaction between the issuer and the insured. Agent commissions are presently classified as an administrative expense, and therefore are part of the calculation of the MLR. Also, historically, commissions have been higher for the first year of a policy as opposed to renewal years.

All of the impacts of the PPACA make professional health insurance advisers more necessary than ever. The health insurance arena is still an amazingly complex one for a consumer to navigate and make the right choice for his or her family.

If agents are removed from the transaction, consumers lose. Loss of agent resources removes one stop shopping, help with policy underwriting and the agent's role in providing ongoing servicing of the policy. Insurance is not a commodity product, especially in the individual market. Consumers should not choose an individual policy on price alone. The purchase decision is decidedly not like buying an airplane ticket over the internet. Agents have the answers to questions which consumers need. The purpose of PPACA is to provide insurance to many millions of the uninsured; to accomplish this most effectively, our licensed and regulated agent corps must play a vital role.

The agent provides a wide variety of services to consumers:

1) The agent pulls together all the pieces of information to compare all the different plans and all these prices to find the plan that best suits the consumer's needs at a price point the consumer can afford. The agents can provide answers to questions such as:

- Who are the providers in any given plan?
- What are the requirements for coverage?
- What deductibles are best for you, the consumer?

2) The agent helps the consumer select the best plan for him or her and assists in the enrollment and underwriting processes.

3) Perhaps most importantly, the agent provides ongoing service after the sale.

The purchase of insurance is a consultative business; professional health insurance advisers are absolutely necessary. If the knowledgeable professional is removed from the process, one result will be that the consumer buys just on price and fails to get the proper match for his or her needs. And since the number of available products has decreased, there is less choice in the market, and there may no longer be an obvious right choice. Florida consumers could face the loss of an important relationship with a skilled knowledgeable professional who obtains for the consumer the correct product initially, services the policy, and continues to help the consumer make choices as circumstances change.

Required Data

6. Pursuant to §158.321 the state, in its petition, must provide:

(a) State MLR standard and the formula used to assess compliance with such standard:

Rule 690-149.005(4) of the Florida Administrative Code (FAC) establishes a minimum loss ratio of 65.0% for individual guaranteed renewable medical expense policy forms sold by an insurance company. This can be reduced by as much as 10 percentage points based on the average annual premium. **Rule 690-191.054(6)(b), FAC** establishes a 70.0% minimum loss ratio for individual HMO products sold. Compliance with the minimum loss ratio requirements is checked in annual filings required by **Section 627.410(7), Florida Statutes and Rule 690-191.054, FAC**. The actual loss ratio experienced by the company (incurred claims divided by earned premium) is compared to the minimum loss ratio and to the expected loss ratio.

(b) State market withdrawal requirements:

Florida Statute Section 627.6425 Renewability of Individual Coverage

An insurer and a Health Maintenance Organization (HMO) may withdraw a policy form in the individual market by providing notice of a nonrenewal to each policyholder at least 90 days in advance of such action. If this is done, the insurer must offer the policy holder any other individual health insurance coverage currently being offered by the insurer for individuals in such market in the state.

An insurer and a HMO may withdraw from the individual market completely by providing notice to the Office and to each individual that their coverage will be discontinued at least 180 days prior to the date of the nonrenewal. This action requires that all health insurance issued in the individual market is discontinued and nonrenewed. Any insurer or HMO which discontinues offering coverage in the individual market must remain out of the market for a period of five years from the date of the last nonrenewal.

(c) Mechanisms to provide options to consumers were an issuer to withdraw from the state.

Florida Statute Section 627.6487 Guaranteed availability of individual health insurance coverage to eligible individuals

Every issuer that offers individual health insurance in this state must offer individual coverage to applicants who had 18 months prior creditable coverage, where the coverage was terminated due to the insurer becoming insolvent or discontinuing the offering of all individual coverage in the State of Florida.

The insurer cannot decline to issue or impose any preexisting condition exclusion.

Florida's state-operated high-risk pool, the Florida Comprehensive Health Association, has been closed to new enrollees since 1991.

(d) Requested data related to each issuer who offers coverage in the State's individual market with more than 1,000 enrollees.

There are 21 issuers who presently offer coverage in the individual market. The requested available data is provided in the attached spreadsheet on an anonymous basis, as requested by certain issuers. The number of individual enrollees by product and premium data by product, other than for HMOs, is not available to the Office from filed information.

7. Pursuant to §158.320, the state may provide any additional data it feels will help the Secretary in making her determination.

Additional data is provided in the Findings of the State of Florida, above. Also, a complete listing of Florida's individual market issuers is provided in Attachment B. Active issuers in the individual market is provided in Attachment C.

8. Pursuant to §158.322 the state must submit with the petition for adjustment the proposed adjustment it seeks to the medical loss ratio, along with specified information relating to its proposal. This information is provided in Attachment A.

9. State contact information.

The Secretary may contact the following person regarding the request for an adjustment to the MLR standard:

Name: Mary Beth Senkewicz
Telephone number: 850-413-5104

E-mail address: MaryBeth.Senkewicz@flair.com
Mailing address: Office of Insurance Regulation
200 East Gaines Street, Suite 121B
Tallahassee, FL 32399-0326

10. Any other relevant information submitted by the State's insurance commissioner in the State's request, as provided in 158.330(f).

As noted above, the Office held two public hearings on this issue. The Office hereby attaches the video, transcript and testimonies adduced at the hearings to this petition. A link to the Office's webpage with this information follows.

<http://www.flair.com/MedicalLossRatio/index.aspx>

Additionally, the attached PDF documents show details of rates and plans for in-state products offered by issuers and HMOs. Florida law does not require that the Office approve rates charged by what are called out-of-state groups; therefore the Office does not receive rate filings from those issuers.

Summary

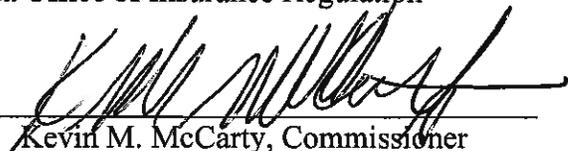
The Department of Health and Human Services should grant the petition of the State of Florida to adjust the MLR standards. In accordance with §158.330, the State of Florida has met the criteria the Secretary may consider for an adjustment. Therefore the Secretary should grant the adjustment set forth in the proposal of the State of Florida.

Submitted by the State of Florida, acting by and
through the Florida Office of Insurance Regulation

Respectfully submitted,

The State of Florida
Florida Office of Insurance Regulation

By


Kevin M. McCarty, Commissioner
Office of Insurance Regulation

Date

3-11-11

Attachment A

Florida's Proposal for adjusted medical loss ratio

Florida's proposal is to delay implementation of the MLR requirements until 2014. Under Florida law, insurers would maintain a 65% loss ratio and HMOs a 70% loss ratio for years 2011, 2012 and 2013.

Required information regarding the proposal:

(a) An explanation and justification of how the proposed adjustment to the MLR was determined;

Florida's proposal is based upon testimony adduced at two public hearings and submissions by affected parties. The Office's findings set forth in pages 1-4 of this Petition provide justification.

(b) An explanation of how an adjustment to the MLR standard for the State's individual market will permit issuers to adjust current business models and practices in order to meet an 80 percent MLR as soon as is practicable;

PPACA will result in a transformation of the insurance business as insurers reinvent their products to come into compliance with the new federal law. Changes required include benefit redesign to add one hundred percent coverage for preventive services, new appeals and external review processes, eligibility expansions and other initiatives intended to help consumers. While these initiatives add value for consumers, they will, in the short term, also require some intensive and costly administrative operations to implement. By the year 2014 these costly administrative changes will have been absorbed by the companies.

The adjustment will allow existing companies, smaller companies and new companies expanding into the individual market to grow and establish the economies of scale necessary for compliance with the MLR requirements. The adjustment will also give such companies time for the effects of underwriting to wear off and, as claims experience accumulates, the MLR can rise to the level required by the federal law.

The adjustment will take into account that policies to be sold in 2011 were priced before PPACA was enacted. The delay will allow issuers to price policies moving forward in accordance with these new requirements.

Compliance with an 80 percent loss ratio will be very challenging for issuers in the individual market. A delay of the requirement will give these issuers time to adjust internal cost structures to meet this new requirement, allowing them to adjust their business models. By delaying the medical loss ratio in the individual market, producers and issuers will be able to adjust to the new market realities over a reasonable period of time and prevent an abrupt loss of services for Florida consumers.

Multi-year collateral contracts, including producer compensation agreements, entered into prior to the enactment of PPACA will have expired, freeing the issuers to enter into contracts that are in accord with the various requirements of PPACA, including the MLR requirements.

The changes required as a result of PPACA are truly historic, and will require monumental shifts in standard industry practices. The Office firmly believes that change is best accommodated as a process rather than an event. The delay of implementation of the new MLR standards will allow issuers to prepare for a smooth glide to the new realities of 2014, rather than falling off a cliff and hobbling there on crutches.

(c) An estimate of the rebates that would be paid if the issuers offering coverage in the individual market in the State must meet an 80 percent MLR for the applicable MLR reporting years;

Data was provided above in the attached spreadsheet.

(d) An estimate of the rebates that would be paid if the issuers offering coverage in the individual market in the State must meet the adjusted MLR proposed by the State for the applicable MLR reporting years.

Under the Office's proposal, there would be no rebates required, as the delay in implementation would allow the issuers to transition and meet the MLR requirements over time. So long as they meet the MLR requirement in 2014, there would be no rebates necessary.

Attachment B

Carriers in Florida's individual market

All individual major medical products

| Company Name | Share of state individual market by premium volume | Number of enrollees |
|--|--|---------------------|
| BLUE CROSS & BLUE SHIELD OF FLORIDA, INC. | 44.11% | 358,721 |
| GOLDEN RULE INSURANCE COMPANY | 14.81% | 118,684 |
| HUMANA HEALTH INSURANCE COMPANY OF FLORIDA, INC. | 7.39% | 81,921 |
| AETNA HEALTH INC. | 6.08% | 44,443 |
| COVENTRY HEALTH PLAN OF FLORIDA, INC. | 4.30% | 27,173 |
| PREFERRED MEDICAL PLAN, INC. | 3.26% | 27,842 |
| TIME INSURANCE COMPANY | 3.17% | 24,348 |
| MEGA LIFE & HEALTH INSURANCE COMPANY | 1.92% | 10,077 |
| HEALTH OPTIONS, INC. | 1.50% | 3,836 |
| UNITED AMERICAN INSURANCE COMPANY | 1.36% | 14,116 |
| MID-WEST NATIONAL LIFE INSURANCE COMPANY OF TN | 1.26% | 9,155 |
| AMERICAN MEDICAL SECURITY LIFE INSURANCE COMPANY | 1.18% | 5,380 |
| CONNECTICUT GENERAL LIFE INSURANCE COMPANY | 1.00% | 17,551 |
| TOTAL HEALTH CHOICE, INC. | 0.88% | 3,525 |
| AETNA LIFE INSURANCE COMPANY | 0.88% | 2,467 |
| FREEDOM LIFE INSURANCE COMPANY OF AMERICA | 0.77% | 7,641 |
| AVAHEALTH, INC. | 0.69% | 6,144 |
| CELTIC INSURANCE COMPANY | 0.60% | 2,307 |
| UNITEDHEALTHCARE OF FLORIDA, INC. | 0.46% | 879 |
| CONTINENTAL GENERAL INSURANCE COMPANY | 0.35% | 1,444 |
| AMERICAN STATES INSURANCE COMPANY | 0.34% | 25 |
| STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY | 0.33% | 1,087 |
| UNITEDHEALTHCARE INSURANCE COMPANY | 0.32% | 1,751 |
| JOHN ALDEN LIFE INSURANCE COMPANY | 0.28% | 1,632 |
| WORLD INSURANCE COMPANY | 0.25% | 1,414 |
| FLORIDA HEALTH CARE PLAN, INC. | 0.23% | 692 |
| AVMED, INC. | 0.21% | 1,751 |
| AXA EQUITABLE LIFE INSURANCE COMPANY | 0.20% | 660 |
| COVENTRY HEALTH CARE OF FLORIDA, INC. | 0.17% | 488 |
| GUARANTEE TRUST LIFE INSURANCE COMPANY | 0.16% | 874 |
| CAPITAL HEALTH PLAN, INC. | 0.12% | 288 |
| AMERICAN REPUBLIC INSURANCE COMPANY | 0.11% | 1,350 |
| HEALTH CARE SERVICE CORPORATION, A | 0.11% | 890 |

| Company Name | Share of state individual market by premium volume | Number of enrollees |
|--|--|---------------------|
| MUTUAL LEGAL RESERVE COMPANY | | |
| FIDELITY SECURITY LIFE INSURANCE COMPANY | 0.09% | 218 |
| MEDICA HEALTH PLANS OF FLORIDA, INC. | 0.09% | 741 |
| PRINCIPAL LIFE INSURANCE COMPANY | 0.09% | 144 |
| TRUSTMARK INSURANCE COMPANY | 0.08% | 236 |
| HUMANA MEDICAL PLAN, INC. | 0.08% | 185 |
| AMERICAN NATIONAL LIFE INS. CO. OF TEXAS | 0.07% | 260 |
| COVENTRY HEALTH AND LIFE INSURANCE COMPANY | 0.07% | 1,445 |
| PRUDENTIAL INSURANCE COMPANY OF AMERICA (THE) | 0.05% | 906 |
| CITRUS HEALTH CARE, INC. | 0.05% | 261 |
| METROPOLITAN LIFE INSURANCE COMPANY | 0.05% | 21,187 |
| HEALTH FIRST HEALTH PLANS, INC. | 0.05% | 141 |
| CONTINENTAL AMERICAN INSURANCE COMPANY | 0.04% | 2,996 |
| HUMANA INSURANCE COMPANY | 0.04% | 333 |
| CIGNA HEALTHCARE OF FLORIDA, INC. | 0.04% | 89 |
| ILLINOIS MUTUAL LIFE INSURANCE COMPANY | 0.04% | 78 |
| THRIVENT FINANCIAL FOR LUTHERANS | 0.03% | 70 |
| GUARDIAN LIFE INSURANCE COMPANY OF AMERICA | 0.03% | 657 |
| PYRAMID LIFE INSURANCE COMPANY (THE) | 0.02% | 29 |
| NEW ERA LIFE INSURANCE COMPANY | 0.02% | 212 |
| AMERICAN NATIONAL INSURANCE COMPANY | 0.02% | 114 |
| AMERICAN GENERAL LIFE & ACCIDENT INSURANCE COMPANY | 0.01% | 1,144 |
| BANKERS LIFE INSURANCE COMPANY | 0.01% | 153 |
| PHOENIX LIFE INSURANCE COMPANY | 0.01% | 0 |
| MENNONITE MUTUAL AID ASSOCIATION | 0.01% | 40 |
| THE PUBLIC HEALTH TRUST OF DADE COUNTY | 0.01% | 23 |
| RESERVE NATIONAL INSURANCE COMPANY | 0.01% | 61 |
| PHYSICIANS MUTUAL INSURANCE COMPANY | 0.01% | 34 |
| ULLICO CASUALTY COMPANY | 0.01% | 18 |
| NEW YORK LIFE INSURANCE COMPANY | 0.01% | 39 |
| MUTUAL OF OMAHA INSURANCE COMPANY | 0.01% | 435 |
| UNITED TEACHER ASSOCIATES INSURANCE COMPANY | 0.01% | 161 |
| CENTRAL UNITED LIFE INSURANCE COMPANY | 0.01% | 74 |
| PROVIDENT AMERICAN LIFE AND HEALTH INSURANCE COMPANY | 0.01% | 24 |
| WASHINGTON NATIONAL INSURANCE COMPANY | 0.01% | 60 |
| PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY | 0.01% | 265 |

| Company Name | Share of state individual market by premium volume | Number of enrollees |
|---|--|---------------------|
| CONTINENTAL ASSURANCE COMPANY | 0.01% | 16 |
| GLOBE LIFE AND ACCIDENT INSURANCE COMPANY | 0.00% | 127 |
| FIRST ALLMERICA FINANCIAL LIFE INSURANCE COMPANY | 0.00% | 20 |
| HEALTH NET LIFE INSURANCE COMPANY | 0.00% | 4 |
| METLIFE INSURANCE COMPANY OF CONNECTICUT | 0.00% | 134 |
| UNION LABOR LIFE INSURANCE COMPANY | 0.00% | 43 |
| UNION BANKERS INSURANCE COMPANY | 0.00% | 29 |
| MONY LIFE INSURANCE COMPANY | 0.00% | 42 |
| UNIFIED LIFE INSURANCE COMPANY | 0.00% | 66 |
| BANKERS INSURANCE COMPANY | 0.00% | 72 |
| NATIONAL BENEFIT LIFE INSURANCE COMPANY | 0.00% | 75 |
| CHESAPEAKE LIFE INSURANCE COMPANY | 0.00% | 8 |
| PRIMERICA LIFE INSURANCE COMPANY | 0.00% | 8 |
| SYMETRA LIFE INSURANCE COMPANY | 0.00% | 9 |
| SUN LIFE AND HEALTH INSURANCE COMPANY (U.S.) | 0.00% | 1 |
| NATIONWIDE LIFE INSURANCE COMPANY | 0.00% | 39 |
| ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA | 0.00% | 5 |
| TRANSAMERICA LIFE INSURANCE COMPANY | 0.00% | 31 |
| LINCOLN NATIONAL LIFE INSURANCE COMPANY | 0.00% | 3 |
| CINCINNATI LIFE INSURANCE COMPANY (THE) | 0.00% | 15 |
| UNION SECURITY INSURANCE COMPANY | 0.00% | 2 |
| REASSURE AMERICA LIFE INSURANCE COMPANY | 0.00% | 113 |
| STANDARD LIFE AND ACCIDENT INSURANCE COMPANY | 0.00% | 12 |
| UNIVERSAL HEALTH CARE, INC. | 0.00% | 2 |
| CENTRE LIFE INSURANCE COMPANY | 0.00% | 70 |
| COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY | 0.00% | 15 |
| GENERAL AMERICAN LIFE INSURANCE COMPANY | 0.00% | 19 |
| CONTINENTAL LIFE INS. CO. OF BRENTWOOD, TENNESSEE | 0.00% | 4 |
| LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK | 0.00% | 9 |
| LIFESECURE INSURANCE COMPANY | 0.00% | 3 |
| PAN-AMERICAN LIFE INSURANCE COMPANY | 0.00% | 7 |
| LIBERTY MUTUAL INSURANCE COMPANY | 0.00% | 2 |
| STATE LIFE INSURANCE COMPANY | 0.00% | 7 |
| GREAT SOUTHERN LIFE INSURANCE COMPANY | 0.00% | 1 |
| CONSECO LIFE INSURANCE COMPANY | 0.00% | 12 |

| Company Name | Share of state individual market by premium volume | Number of enrollees |
|--|--|---------------------|
| KANSAS CITY LIFE INSURANCE COMPANY | 0.00% | 2 |
| OHIO STATE LIFE INSURANCE COMPANY (THE) | 0.00% | 31 |
| JEFFERSON NATIONAL LIFE INSURANCE COMPANY | 0.00% | 13 |
| UNION FIDELITY LIFE INSURANCE COMPANY | 0.00% | 3 |
| WILLIAM PENN LIFE INSURANCE COMPANY OF NEW YORK | 0.00% | 16 |
| CUNA MUTUAL INSURANCE SOCIETY | 0.00% | 1 |
| BANNER LIFE INSURANCE COMPANY | 0.00% | 11 |
| SECURITY MUTUAL LIFE INSURANCE COMPANY OF NEW YORK | 0.00% | 3 |
| STATE AUTOMOBILE MUTUAL INSURANCE COMPANY | 0.00% | 3 |
| INVESTORS LIFE INSURANCE COMPANY OF NORTH AMERICA | 0.00% | 0 |
| UNICARE LIFE & HEALTH INSURANCE COMPANY | 0.00% | 9 |
| BCS LIFE INSURANCE COMPANY | 0.00% | 1 |
| ING LIFE INSURANCE AND ANNUITY COMPANY | 0.00% | 1 |
| WORLD CORP INSURANCE COMPANY | 0.00% | 2 |
| OHIO NATIONAL LIFE INSURANCE COMPANY | 0.00% | 1 |
| SENTRY LIFE INSURANCE COMPANY | 0.00% | 1 |

Attachment C
Florida Office of Insurance Regulation

ACTIVE CARRIERS - INDIVIDUAL MARKET

Company Name

In-State

| |
|--|
| AETNA LIFE INSURANCE COMPANY |
| BLUE CROSS & BLUE SHIELD OF FLORIDA, INC. |
| CONNECTICUT GENERAL LIFE INSURANCE COMPANY |
| COVENTRY HEALTH AND LIFE INSURANCE COMPANY |

HMO

| |
|---------------------------------------|
| AETNA HEALTH INC. |
| AVMED, INC. |
| COVENTRY HEALTH PLAN OF FLORIDA, INC. |
| HEALTH OPTIONS, INC. |
| PREFERRED MEDICAL PLAN, INC. |

Out-of-State

| |
|--|
| AETNA LIFE INSURANCE COMPANY |
| AMERICAN REPUBLIC INSURANCE COMPANY |
| CELTIC INSURANCE COMPANY |
| CONTINENTAL GENERAL INSURANCE COMPANY |
| FREEDOM LIFE INSURANCE COMPANY OF AMERICA |
| GOLDEN RULE INSURANCE COMPANY |
| HUMANA HEALTH INSURANCE COMPANY OF FLORIDA, INC. |
| JOHN ALDEN LIFE INSURANCE COMPANY |
| MEGA LIFE & HEALTH INSURANCE COMPANY |
| MID-WEST NATIONAL LIFE INSURANCE COMPANY OF TN |
| TIME INSURANCE COMPANY |
| UNITED AMERICAN INSURANCE COMPANY |
| WORLD INSURANCE COMPANY |

Attachment D
Florida Office of Insurance Regulation

Discontinuance of Product Forms

Av-Med, Inc.

On February 14, 2011, the HMO provided the Office with notice that it will be mailing notices to approximately 1,211 individual HMO subscribers before April 1 advising of the discontinuance of their current policy form. The non-renewals will begin on or after July 1, 2011. Each subscriber will be given information on the three options for replacement coverage. Subscribers will not be subject to medical underwriting. Plans being non-renewed are the Elite Plan, Easy Plan and HSA Compatible Plan. The plans were approved under filing 10-12634.

Blue Cross Blue Shield of Florida, Inc. (BCBSFL)

On January 31, 2011, the company provided the Office and policyholders with its 90-day notice of discontinuance of numerous individual products, beginning June 1, 2011. Each policyholder will be offered an individual policy that most closely aligns with the benefits and cost of their discontinued plan.

| Plan/Product | Form Number | OIR File # | Approval Date | Membership |
|---|--|----------------------|----------------------|-------------------|
| BlueOptions IU65 Plan 4 Schedule Outline of Coverage | 21986 0306 BCA 22004 0306 BCA | 04-05828 04-05828 | 06/04/04 06/04/04 | 2,600 |
| BlueOptions IU65 Plan 5 Schedule Outline of Coverage | 21987 0306 BCA 22005 0306 BCA | 04-05828 04-05828 | 06/04/04 06/04/04 | 9,200 |
| BlueOptions IU65 Plan 11 Schedule Outline of Coverage | 20618 0104 BCA 20645 0104 BCA | 04-05828 04-05828 | 06/04/04 06/04/04 | 7,900 |
| BlueOptions IU65 Plan 12 Schedule Outline of Coverage | 20619 0104 BCA 20646 0104 BCA | 04-05828 04-05828 | 06/04/04 06/04/04 | 5,300 |

| | | | | |
|----------------|---------------|----------|----------|----------------|
| BlueOptions | 22744 0307 | 07-06039 | 04/18/07 | 350 |
| IU65 Plan 16 | BCA | 07-06039 | 04/18/07 | |
| Schedule | 22746 0307 | | | |
| Outline of | BCA | | | |
| Coverage | | | | |
| BlueOptions | 20621 0104 | 04-05828 | 06/04/04 | 270 |
| IU65 Plan 50 | BCA | 05-07077 | 06/20/05 | |
| Schedule | 20648 0605R | | | |
| Outline of | BCA | | | |
| Coverage | | | | |
| BlueOptions | 20622 0104 | 04-05828 | 06/04/04 | 190 |
| IU65 Plan 51 | BCA | 05-07077 | 06/20/05 | |
| Schedule | 20649 0605R | | | |
| Outline of | BCA | | | |
| Coverage | | | | |
| BlueSelect | 23431 0808 | 08-21020 | 10/23/08 | 260 |
| IU65 Plan 105 | BCA | 08-21020 | 10/23/08 | |
| Schedule | 10537 0808 | | | |
| Outline of | BCA | | | |
| Coverage | | | | |
| BlueSelect | 23429 0808 | 08-21020 | 10/23/08 | 230 |
| IU65 Plan 113 | BCA | 08-21020 | 10/23/08 | |
| Schedule | 23435 0808 | | | |
| Outline of | BCA | | | |
| Coverage | | | | |
| BlueSelect | 23430 0808 | 08-21020 | 10/23/08 | 7 |
| IU65 Plan 152 | BCA | 08-21020 | 10/23/08 | |
| Schedule | 23436 0808 | | | |
| Outline of | BCA | | | |
| Coverage | | | | |
| FFB | 60928 1101 PS | 02-01891 | 01/10/03 | See individual |
| BlueChoice | | | | plan numbers |
| Franchise | | | | |
| Policy | | | | |
| FFB | 60929 1101 PS | 02-01891 | 01/10/03 | None |
| BlueChoice | 60932 1101 PS | 02-01891 | 01/10/03 | |
| Franchise Plan | | | | |
| 801 Schedule | | | | |
| Outline of | | | | |
| Coverage | | | | |
| FFB | 60930 1101 PS | 02-01891 | 01/10/03 | 10,500 |
| BlueChoice | 60933 1101 PS | 02-01891 | 01/10/03 | |
| Franchise Plan | | | | |
| 802 Schedule | | | | |
| Outline of | | | | |
| Coverage | | | | |

| | | | | | |
|---|-------|---------|----------|----------|-------|
| FFB | 60934 | 1101 PS | 02-01891 | 01/10/03 | 3,700 |
| BlueChoice | 60935 | 1101 PS | 02-01891 | 01/10/03 | |
| Franchise Plan 803 | | | | | |
| Schedule Outline of Coverage | | | | | |
| FFB | 60936 | 0203 PS | 03-02330 | 03/20/03 | 600 |
| BlueChoice | 60937 | 0203 PS | 03-02330 | 03/20/03 | |
| Franchise Plan 804 | | | | | |
| Schedule Outline of Coverage | | | | | |
| FFB | 60938 | 0203 PS | 03-02330 | 03/20/03 | 3,100 |
| BlueChoice | 60939 | 0203 PS | 03-02330 | 03/20/03 | |
| Franchise Plan 805 | | | | | |
| Schedule Outline of Coverage | | | | | |
| Pharmacy Endorsement | 60931 | 1101 PS | 02-01891 | 01/10/03 | N/A |
| FFB | 23045 | 1108 SR | 08-26257 | 12/03/08 | N/A |
| BlueChoice Franchise Omnibus Mediscript Endorsement | | | | | |
| FFB | 23099 | 1108 SR | 08-26257 | 12/03/08 | N/A |
| BlueChoice Franchise Omnibus Policy Endorsement | | | | | |
| FFB | 23459 | 0609 | 09-19410 | 10/29/09 | N/A |
| BlueChoice Franchise 2008 Mandate Endorsement | BCA | | | | |

(BCBSFL continued)

On November 19, 2010, the company provided the Office and policyholders with its 90-day notice of discontinuance regarding its Dimension III and Dimension IV individual products.

These include the following form numbers: 5477-0487R, 8368-991SR, 8366-190SR and 15853-1197CA. There are approximately 2,162 contracts (3,062 covered lives). Policyholders will be offered a BCBSFL individual product that most closely aligns with their current benefits. Nonrenewals begin March 1, 2011. The company did not provide a reason for the discontinuance.

Golden Rule Insurance Company

On December 9, 2010, the company provided the Office and policyholders with its 90-day notice of discontinuance regarding its Inflation Guard I, Plan 80, Plan 100 and Shared Risk plans. These include form numbers: GRI-H1.2q and GRI-H-1.5-09. There are approximately 120 Florida policyholders who will be offered replacement coverage with no underwriting or medical condition exclusion riders and no limitations or waiting periods. Nonrenewals will begin May 1, 2011. The company stated this discontinuance is a part of a continuing effort to streamline its product offering in the individual health market nationwide. This allows replacement of obsolete products with plans currently being issued which are more comprehensive.

Withdrawal from Market

Citrus Health Care

On September 13, 2010, Citrus Health Care provided the Office and subscribers with its 180-day notice of withdrawal from the individual HMO market. Citrus had 213 individual subscribers as of September 9, 2010. Nonrenewals will begin on the next policy renewal anniversary date after May 1, 2011. In order for subscribers to seek replacement coverage, a list of Florida licensed individual health carriers will be provided with the notice.

Connecticut General Life Insurance Company

On December 9, 2010, the company provided the Office and small employer policyholders with the required 180 day notice that it is withdrawing from the small group market. The policies will be non-renewing on the first anniversary date on or after July 1, 2011. The company has 731 small groups covering 6,215 lives in Florida.

Guarantee Trust Life Insurance Company

On April 26, 2010, the company provided notice to the Office that it would be nonrenewing all its individual major medical coverage beginning November 1, 2010. There are approximately 286 Florida policyholders. No reason was given for the withdrawal. The company did not offer a conversion option to its policyholders and has been issued a Notice and Order to Show Cause, dated January 12, 2010.

Guardian Life Insurance Company of America

On January 25, 2011, the company provided notice to the Office that it intends to withdraw from the individual market in all states, including Florida. The nonrenewals notices will be sent on or around May 1, 2011, with the first non-renewals being effective November 1, 2011. Policyholders will be offered a similar product by UnitedHealthcare. The company has 234 Florida policyholders.

National Health Insurance Company

On June 15, 2010, the company provided the Office and its individual and small group policyholders with notice that it was withdrawing from these markets beginning with renewals effective December 15, 2010. The reason given was the company determined it would not be able to meet the requirements set forth by the Affordable Care Act. There are 43 Florida policyholders.

Principal Life Insurance Company

On September 10, 2010, the company announced it would exit the medical insurance business (insured and self-insured) and has entered into an agreement with United Healthcare, to renew medical insurance coverage for customers as the business transitions during the next 36 months. This decision was made due to a decline in business. There are 442 Large Group policyholders in Florida.