**Does your company plan to price its individual products to meet an 80% MLR beginning in 2011 or 2012?**
**Relating to item #4 in the October 18, 2011 letter from CMS/CCIIO.**

| Issuer | Response |
|---|---|
| **Aetna Life** | We are not planning to price our individual products to meet an 80% MLR in 2011 or 2012. |
| **American Medical Security** | We continue to analyze the need to change our pricing approach. |
| **BCBS of NC** | Historically, we have met the 80% MLR standard for our Individual block of business and plan on continuing to do so in 2011 and beyond. There may be occurrences where separate products within the Individual block of business could have MLR's below 80%. |
| **Celtic** | Celtic is pricing to an 80% loss ratio in 2011. |
| **Connecticut General** | Connecticut General began making pricing adjustments to move individual products toward the 80% MLR requirement in late 2011. We believe that we are priced to meet an 80% MLR on a lifetime basis in 2012. Connecticut General has a very small book of business with a very low average duration. Due to the small book our actual results tend to be quite volatile relative to our pricing assumptions. |
| **Golden Rule** | We continue to analyze the need to change our pricing approach. |
| **Humana** | Yes, premium rates have been set for 2011 and are being developed for 2012 for an 80% MLR with adjustments. However, the transition from a lower loss ratio to 80% takes time and a waiver would ease the financial pressure during the transition. |
| **John Alden** | We have begun to price our loss ratio to meet the 80% MLR target, however, we do not expect to be completely at the new target for a few years. In order to avoid major customer disruptions, we have taken a prudent approach to adjust our pricing and expense structure gradually over time. Furthermore, please note that we have policies that have rate guarantees of up to 36 months. Some of these policies will not be subject to rate changes until 2013. |
| **MEGA Life & Health** | The company targeted a 70% MLR in 2011 due to the one-way rebate test and in anticipation of adjustments to the MLR for such things as taxes and fees, and credibility adjustments. We anticipate continuing to target a 70% loss ratio in 2012. |

| Issuer | Response |
|---|---|
| **Mid West National Life** | The company targeted a 70% MLR in 2011 due to the one-way rebate test and in anticipation of adjustments to the MLR for such things as taxes and fees, and credibility adjustments. We anticipate continuing to target a 70% loss ratio in 2012. |
| **National Foundation Life** | In July 2011, the Company reduced agent commissions by 50% and lowered major medical premiums for policies issued after July 1, 2011 by approximately 7%, which increased the priced for lifetime loss ratio (calculated under HHS methodology) to approximately 69% before credibility adjustments. The Company has not yet determined if or when additional rate actions will be implemented for its major medical products. |
| **Time** | We have begun to price our loss ratio to meet the 80% MLR target, however, we do not expect to be completely at the new target for a few years. In order to avoid major customer disruptions, we have taken a prudent approach to adjust our pricing and expense structure gradually over time. Furthermore, please note that we have policies that have rate guarantees of up to 36 months. Some of these policies will not be subject to rate changes until 2013. |
| **Wellpath Select** | At this time, the company has not been able to meet the newly mandated 80% MLR level. For 2011 and 2012, we have continued to price our individual products closer to historical MLR levels (approximately 70%). If we adjusted our business and pricing practices to align completely with the 80% MLR standard, the Company would need to further reduce our commission payments to agents and create a commission scale substantially below other competitors commission scales in the market. This would have a dramatic impact on our ability to distribute our products. Our response in CCIIO Question #5 will outline the commission cuts that we have already made and the immediate effect of these commission cuts. Apart from pricing changes, the Company has made some targeted but significant changes to reduce broker commission levels and alter the individual product design and strategy. However, based on the latest market conditions, our rate-setting and pricing for the Company's individual product continue to target an MLR standard that is materially lower than the 80% level. Consequently, if a federal adjustment to the 80% MLR standard is not granted, the Company would be required to evaluate the continued financial viability of our individual product and our ability to distribute our products. As the second largest issuer of individual policies in North Carolina, we believe the potential for destabilization in the individual market is real and significant. |