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Mr. Adam M. Cole
General Counsel
California Department of Insurance
45 Fremont Street, 23rd Floor
San Francisco, CA 94105

Re: Review of Aetna Rate Filing

Dear Adam:

We are pleased to submit this report regarding our review of the 2010 rate filings by Aetna Life Insurance Company (i.e., Aetna) to the California State Department of Insurance (i.e., Department). The Department has retained Axene Health Partners (i.e., AHP) to review the 2010 Aetna individual health insurance rate filings and to determine whether these filings comply with the California 70% minimum lifetime loss ratio (LLR) requirements.

The scope of our review was defined as:

- Review current rate filings starting with the Actuarial Memorandums filed with the requested rate increases and new business rates, which outline the various benefit plans, expected claim cost development for new plans, base rate and area factor changes, rating structures, summarized loss ratio experience, summarized lifetime loss ratio calculations and assumptions used
- Review any additional correspondence between the Department and Aetna regarding rates and rate filings,
- Develop lists of any additional information needed from Aetna and communicate these to the Department to request of Aetna
- Identify all key actuarial assumptions used by Aetna to prepare lifetime loss ratio calculations for rate filing
- Evaluate appropriateness of all key actuarial assumptions
- Independently develop sample rates for validation and comparison to new Aetna rates
- Validate Aetna calculations to determine appropriateness and accuracy

- Test rate increases requested to determine whether they meet the loss ratio requirements of the Department (i.e., the 70% total lifetime and future lifetime loss ratio thresholds)
- Provide oral report as soon as information is available
- Communicate with the Department on a regular basis as to progress on project and any interim findings
- Prepare written report for Department
- Present findings of report as directed by Department (i.e., hearing, etc.)

Aetna submitted a number of modifications of its initial 2010 individual health insurance rate increase request filings, the final two at the request of the Department. The following is a brief description and chronology of these filings:

1. The first was submitted in December 23, 2009 for plans written until June 30, 2009 (included 30 plan variations written through June 30, 2009).
2. A January 29, 2010 filing requested new rates for 12 new plan variations to be written with effective dates of July 1, 2010 and later.
3. A February 12, 2010 filing requested rate increases for 20 plan variations introduced in July 2009.
4. A February 23, 2010 filing amending the February 12 filing.
5. A March 24, 2010 filing amending the December 23 and February 23 filings.
6. After CDI retained AHP, Aetna submitted new amended filings on June 28, 2010 for the 50 plan variations that had been resubmitted on March 24.
7. On August 26, Aetna responded to a CDI request to modify its June 28 rate filings by developing Lifetime Loss Ratio (LLR) projections by meaningful plan groupings rather than using only one aggregate LLR for all plans combined.
8. For its August 31 resubmission, Aetna modified its plan groupings to conform to the AHP recommended plan groupings for its LLR projections.

Executive Summary

We performed a significant amount of analysis on each of the various filings summarized above. These analyses led to the final Aetna submission dated August 31, 2010 that provided the basis for our final conclusions regarding the LLR projections contained therein and the requested rate increases. This report summarizes our review and findings from all the filings. However, this Executive Summary specifically summarizes the key findings and conclusions reached from our review of the August 31 Aetna submission, with only minimal reference to the previous filings.

Our key findings are as follows:

- **Plan Groupings:** Aetna initially filed a single overall lifetime loss ratio (i.e., LLR) projection for all benefit plans. We asked Aetna to revise these LLR projections using three or four appropriate plan groupings for their PF-00028 and PF-00354 rate filings. Aetna responded in their August 26 filing with three plan groupings: (1) plans with no deductibles; (2) plans with deductibles at \$1500 and lower; (3) plans with deductibles above \$1500. We requested that Aetna consider changing the grouping of the latter two categories to place the break-point at \$2500 rather than \$1500 so that both groupings would have about the same statistical credibility on the basis of plan membership.
- **LLR Results:** Aetna completed LLR projections for the August 31 filing for the 50 plan variations in the December 29, 2009 and February 12, 2010 filings using the following plan groupings for the LLR projections: (1) plans with no deductibles; (2) plans with deductibles at \$2500 and lower; (3) plans with deductibles above \$2500 (to \$8000).
 - **Plans with no deductibles:** Assumptions and results for the "no deductible" plan grouping were the same as used in the previous 2010 filings and the LLRs satisfy the 70% minimum loss ratio requirements (i.e. future LLR = 75.0%; total LLR = 74.8%).
 - **\$2500 and under deductible plans:** Assumptions for the "\$2500 and under deductible" plan grouping were also the same as in the previous filings. The projected LLR results for this plan grouping also satisfy the 70% minimum loss ratio requirements (i.e. future LLR = 87.9%; total LLR = 85.2%).
 - **Over \$2500 deductible plans:** A key assumption change was introduced for the "over \$2500 deductible" plan grouping. Aetna used more realistic industry "underwriting selection wear-off assumptions" (or claims duration factors) to more closely represent Aetna's expected experience rather than using the simple add-on assumptions used in the previous submissions. Aetna assumed 80% of Milliman claims duration factors, which were derived from individual health insurance industry experience. Since Aetna-specific experience factors are not available at this time, we find the "80% of Milliman factors" acceptable at this time. With this key assumption change, the LLR projection for the over \$2500 plan grouping satisfies the 70% minimum loss ratio requirements (i.e. future LLR = 77.9%; total LLR = 71.7%). However, this also gives rise to the possibility of a need for a reserve similar to an "active

life-type of reserve" from an actuarial perspective, since future claims cost trends in this LLR projection significantly exceed future premium rate increases, especially in the near term future.

- **Policy Reserves:** Aetna has agreed to establish an actuarially determined premium stabilization reserve when the new rate increases become effective on October 1, 2010 as requested by the Department.
- **Proposed Rate Increases:** The aggregate proposed rate increases for the three plan groupings effective October 1, 2010 are:
 - no deductible plans: 18.5%
 - \$2500 and under deductibles plans: 19.0%
 - Over \$2500 deductibles plans: 18.5%.

These aggregate increases include a small segment of "Preventive & Hospital" plans (less than 2% of the membership) that will not receive any rate increase. These proposed rate increases comply with the minimum 70% lifetime loss ratio requirements for this block of business, given that Aetna has also agreed to set up an appropriate premium stabilization reserve.

- **Claims Duration Factors:** We recommend Aetna develop its own experience based claims duration factors for use in future rate filings.
- **July 20, 2010 Rate Filing:** This report does not include a review of Aetna's Federal Health Care Reform compliant plan filing submitted on July 20, 2010. Nevertheless, our conclusion based on the review of the original 2010 new business rate filing (i.e. for PF-00339) was that the filing meets the minimum 70% LLR requirement. However, similar premium stabilization reserve considerations need to be followed as discussed above for the "greater than \$2500 deductible" plan grouping. In that case, our PF-00339 review is an appropriate starting point for the review of the July 20 rate filing.

Summary of 2010 Initial Rate Filing Submissions by Aetna

The Aetna rate filings for 2010 were first filed in December 2009 and early 2009. We provide the following history of rate filings and reviews performed by AHP to provide a perspective of the process involved in arriving at the final rate filing and our conclusion of its compliance with the 70% lifetime loss ratio (LLR) requirement. Aetna had initially submitted rate filings that have been assigned three separate PF numbers by the Department:

- **PF-2010-00028**--This rate filing was submitted on Dec. 23, 2009 requesting rate increases for a July 1, 2010 effective date and included 30 different

- plan/benefit design variations that included all of Aetna's individual health insurance business written with effective dates prior to July 1, 2009. This rate filing was amended and resubmitted on March 24, 2010 with some minor corrections, including the incorporation of a 30% rate cap for any policyholder inclusive of the base rate increase, any applicable area factor change and the effect of the aging of the policyholder. Starting July 1, 2009 (coinciding with the introduction of the PF-00354 plans), although continuing to be available to active members, these plans would no longer be actively marketed to new members.
- **PF-2010-00354**--The initial rate filing for these plans was submitted on Feb. 12, 2010 and requested rate increases for a July 1, 2010 effective date. It included 20 different plan/benefit design variations for individual health insurance business written with effective dates of July 1, 2009 and later. This rate filing was amended and resubmitted on Feb. 23, 2010 with rate increases for geographic areas 4 and 8 capped at 25%, although the effect of an increase in the premium due to the increase in the age of the policyholder was not included in this rate cap limitation. The subsequent March 24 resubmission then amended the PF-00354 filing to include the same 30% rate cap, across all geographic areas and inclusive of aging, as discussed above for PF-00028. Similarly, starting July 1, 2010 (with the introduction of the PF-00339 plans), although continuing to be available to active members, these plans would no longer be actively marketed to new members.
 - **PF-2010-00339**--This rate filing was submitted on Jan. 28, 2010. It was for 12 different plan/benefit design variations that would be actively marketed beginning with the requested effective date of July 1, 2010. This rate filing was resubmitted on February 9, 2010 to include a correction to the filed area factor for rating area 6.

As we began our review, we submitted our initial request for clarification of the above rate filings including Aetna's supporting calculation models during the last week of May. Aetna replied with a series of 13 emails on June 4 and subsequently provided responses to additional questions and requests for clarification that we submitted through the Department as our analysis of the above filings progressed. Also submitted for our review for comparison were the prior year's filing (for rates effective July 1, 2009) for both PF-00028 and PF-00354 plans.

Table 1 summarizes the requested premium increases and projected lifetime loss ratios as included in Aetna's Initial 2010 filings, including the above-referenced

amendments, compared with corresponding amounts from Aetna's prior year filing. It is interesting to note that Aetna's LLR increased fairly significantly from the 2009 filing to the original 2010 filing (70.3% vs. 75.6%). As we will discuss below, a significant error was found in the 2010 LLR projection causing Aetna to withdraw its filing. Our estimate shows that with the error corrected, the 2010 projection would have resulted in an LLR virtually equal to the 2009 filing.

Aetna's filed Lifetime Loss Ratio projection included in the actuarial memorandums for PF-00028 and PF-00354 is based on the combined projection for these two sets of plans. The initial filing indicated that new business sales volume for the first 12 months (July 2009 through June 2010) was expected to be 6.5% of the in-force membership volume per month. However, the original filings did not include the new sales in the LLR projections

Table 1			
Comparison of 2009 and 2010 Initial Filing (incl. Amendments)			
	<u>PF-00028</u>	<u>PF-00354</u>	<u>PF-00339</u>
Per 2009 Filing			
Aggreg Prem Incr, Eff. 7/1/09 *	17.3%	(initial	
Assumed Aggreg Prem Incr, Eff. 7/1/10 in LLR *	16.0%	filing	
Assumed First-Yr (2009) Claims Trend **	15.5%	discussed	
Projected LLR	70.3%	below)***	
Initial 2010 Filing			
Aggreg Prem Incr, Eff. 7/1/10 *	18.7%	18.7%	(initial
Assumed Aggreg Prem Incr, Eff. 7/1/11 in LLR *	17.0%	17.0%	filing
Assumed First-Yr (2010) Claims Trend **	15.7%	15.7%	discussed
Projected LLR	75.6%	75.6%	below)***
* Aggregate Prem Incr including area factor changes, before impact of age-up of insureds			
** Annual Clms Trend including underlying trend, clms selection and U/W wear-off			
***Aetna's initial LLR calculations for 00354 and 00339 are discussed below, since the LLR's referenced in the filings measured the LLR over a significantly truncated lifetime projection period, along w/ other issues discussed.			

[Aetna's Re-Submitted Rate Filing For PF-00028 and PF-00354](#)

With respect to the initial PF-00028 and PF-00354 filings, we identified a number of methodological adjustments that were needed in the lifetime LLR projection. Most notably, there were several corrections in particular that were needed in the calculated future premium income levels, which had been understated in the LLR projection which did not properly incorporate the requested rate increases.

Shortly after we identified the premium trend issues and were preparing our next request for additional information, Aetna withdrew its rate filing for PF-00028 and PF-00354 on June 24 and asked that we wait for their new amended rate filing submission before continuing our review. At that point we submitted a summary outlining the specific methodological issues found, including a list of several other adjustments we were considering, pending receipt of clarification and other information requested from Aetna. The attached **Exhibit A** summarizes these initial methodology corrections along with subsequent adjustments made after receiving the additional information from Aetna. The table shows the cumulative impact on the projected LLR for each revision in succession but still performing the PF-00028 and PF-000354 plan LLR projections on a combined basis.

Aetna submitted amended rate filings for PF-00028 and PF-00354 on June 28. Their cover letter stated that the new “submission corrects a simple calculation error concerning the premium development in the lifetime loss ratio (LLR) demonstration.” However, on review of the amended filing, there were a number of material assumption changes that were incorporated into the revised LLR demonstration in the new filings. With the assumption changes made, the cover letter affirmed Aetna’s need for the same 18.7% rate increase requested in the original rate filing. In addition, the two PF numbers were still combined for LLR projection purposes.

At this point we continued our review based on the resubmitted filings and other information received from Aetna in response to our request. Particular emphasis was then also given to considering and analyzing the implications of the various assumption changes in the amended filing. This was especially important, since these changes in total tended to offset the negative impact on the LLR projection caused by the correction of the material error found in original LLR projection and increased the LLR. It was, therefore, necessary to validate both the appropriateness and the impact on the LLR projection of these assumption changes.

The following points summarize the impact of the key methodological and assumption changes in the June 28 filings, as outlined in **Exhibit A**.

- **Methodological Correction (before changes to assumptions)** – Isolating the corrections in the projected premium trends for the first two projection years (following the base experience year) in the LLR projections, which also affected all future years’ projected premium

levels, would have reduced the LLR from the originally filed 75.6% to 70.1%. Incorporating the other methodology-related corrections that we had outlined prior to the withdrawal of the original filing (but with no other changes in assumptions) resulted in a further reduction to our projected total LLR calculation down to 69.2% (**Exhibit B-1**), including the 6.3% new business assumption. This new business assumption was not included in Aetna's Initial LLR projection even though the Actuarial Memorandum included the 6.3% in its list of assumptions. For our further discussion below, we use this revised 69.2% LLR as our starting point to progressively illustrate the effects of the other assumption changes in the amended filing.

- **Revised Future Rate Increase Assumptions** - Future premium trends beginning in July 2011 were reduced in the re-filed projections from 17% to 13.8% for 3 years and 12.8% thereafter. In addition, the resubmitted projection recognized the 2-month delay in the implementation of the rate increases to September 1, returning to a July 1 implementation date for rate increases in future years (see Table 2 below). This adjustment raised the LLR above from 69.2% to 71.9% (**Exhibit B-2**). We agree that it is appropriate to project premium increases in future years such that the premium trends (i.e., rate increases) and underlying claims trends in the future converge to be equal to one another within some reasonable period of time. The original rate filings projected premium rate increases after the first two projection years at 17% per year but only projected claims cost increases with a 13.8% trend per year, which is not realistic. So we were not surprised by this correction.

Projection Period	Initial Filing		Resubmitted Filing	
	Eff. Date	Rate Incr	Eff. Date	Rate Incr
8/1/09 - 6/30/10	7/1/09	17.3%	7/1/09	17.3%
7/1/10 - 6/30/11	7/1/10	18.7%	9/1/10	18.7%
7/1/11 - 6/30/12	7/1/11	17.0%	7/1/11	13.8%
7/1/12 - 6/30/13	7/1/12	17.0%	7/1/12	13.8%

7/1/13 - 6/30/14	7/1/13	17.0%	7/1/13	13.8%
7/1/14 - 6/30/15	7/1/14	17.0%	7/1/14	12.8%
7/1/15 - 6/30/16	7/1/15	17.0%	7/1/15	12.8%
7/1/16 - 6/30/17	7/1/16	17.0%	7/1/16	12.8%

- Revised Claims Trend Assumptions** - The original rate filings for PF-00028 and PF-00354 assumed that the underlying claims trend would be 12.8% per year and that an additional trend for the effects of selection and underwriting wear-off should be added. The 12.8% underlying claims trend was derived based on Aetna's trend analysis of its entire California book of Group business, reflecting modeled unit cost trend across all of its provider contracts by geographic area, including Group utilization trends and deductible-leveraging, since the latter is applicable to its individual product designs. The underlying trend of 12.8% was not changed in the re-submitted filing. However, the additional trends for underwriting wear-off and selection were changed. To account for underwriting wear-off, in the initial filing Aetna added 1% to the underlying trend during each of the future projection years (based on an aggregate trend adjustment for the block, as opposed to being directly modeled based on the duration of the various segments of its in-force). However, the revised filing assumption used a 4% add-on in the first two projection years, grading down by 1% per year for the next 4 years thereafter instead of the original flat 1% add-on for each year. In addition for the first two years of the projection, Aetna originally assumed 1.9% per year as additional claims trend for selection related to the high individual policy lapse rates anticipated. This assumption was revised slightly in the resubmitted filing to 1.7% and 1.9%, respectively. Table 3 below compares the resulting total assumed claims trend by year in the initial versus resubmitted filings.

Table 3 Total Claims Trend (including Selection & U/W Wear-off)			
Projection Period	Annual Claims Trend		
	Initial Filing	Resubmitted Filing	
8/1/09 - 6/30/10	15.7%	18.5%	

7/1/10	-	6/30/11	15.7%	18.7%
7/1/11	-	6/30/12	13.8%	15.8%
7/1/12	-	6/30/13	13.8%	14.8%
7/1/13	-	6/30/14	13.8%	13.8%
7/1/14	-	6/30/15	13.8%	12.8%
7/1/15	-	6/30/16	13.8%	12.8%
7/1/16	-	6/30/17	13.8%	12.8%

In addition, a new underwriting selection factor of 85% was introduced for the new business being written (PF-00354) during the first projection year, 7/1/2009 to 6/30/2010, in the LLR demonstration. That is, it was assumed that, because of underwriting, the expected claims cost during the first policy year from issue would be 85% of the average claims cost of the in-force block of business. This assumption was not in the original filing. The effect of these two claims trend-related changes resulted in a slight increase in the LLR from the above, 71.9% to 72.1% (**Exhibit B-3**).

- **Revised new business sales assumption** - The new sales assumption was changed from 6.3% to 4% (recall that our LLR projection above has incorporated the 6.3% new sales assumption even though Aetna's projection had not). This reduction to a 4% new sales assumption increased the LLR from 72.1% to 72.9% (**Exhibit B-4**).

Other Issues Regarding Aetna's Originally Amended Filings

For the sake of completeness, it was also necessary to test any other refinements that we believed should have been incorporated into the LLR projection model for potential materiality with regard to the 70% minimum LLR requirement. Some of these refinements were expected to reduce the LLR percentage still further. The following are additional refinements that improve the LLR projection model for PF-00028 and PF-00354 that had not been explicitly incorporated into the Aetna model:

- **Refinements to Reflect Changes in New Business Administrative Changes and Modeled Approach** - We have recognized that new business sales commencing 7/1/2009 would be receiving quarterly rate increases instead of only annually on July 1 of the following year. Also, our modeling explicitly recognized the timing of each new annual renewal increase. These adjustments were directly applied against modeled monthly membership by duration, reflecting expected monthly new sales and lapse assumptions, versus the more simplified original approach,

which did not incorporate such adjustments. Additionally, we utilized weighted average midpoints for claims trending and discounting based on the monthly modeling, giving more precise results in light of the transition from a growing block to a declining block (given assumption of new sales only during the initial period). The net effect of these three changes (some positive, some negative) was a small reduction of the LLR of about 0.4% to 72.5% (see **Exhibit B-5**).

- **Adjustment to Reflect The Differences Between 00028 and 00354 Plans** – Under Aetna’s approach, PF-00028 and PF-00354 were modeled together and it was assumed that the expected aggregate experience of each of the two would be about the same. That is, the history of PF-00028 would be predictive of what would be expected of PF-00354, which became effective only on July 1, 2009, and only had one month of claims experience included in the experience period being measured (7/1/2006 through 7/31/2009). By and large, if the plan of benefits and expected loss ratios for the two PF numbers would be substantially the same, this would be a reasonable assumption. However, PF-00028 included 30 different plan/benefit design variations and PF-00354 has 20. Also, one plan in PF-00028, MC1500, had a much higher 3-year loss ratio (well above 100% for the three experience years) than any of the other plans. In addition, it is not one of the plans even included in the list of plans for PF-00354. So the inclusion of this high loss ratio experience product to predict PF-00354 claims experience overstates the projected claims costs. Adjusting the 3-year experience period 8/1/06 – 7/31/09 by eliminating this plan from the PF-00028 plans reduces the overall average loss ratio for the rest of the 29 plans from 71.7% to 66.73%. This is virtually equal to the average loss ratio for those benefit designs in PF-00028 that will also be in PF-00354, 66.67% (**Exhibit F**). To reflect this difference, a claims adjustment factor of 0.93 (7% discount) was applied for new business under PF-00354 relative to the prior experience in our projection. In addition, the average premium comparison for those plan/benefit design variations included in both PF numbers shows that the PF-00354 premiums are on average about 3.2% higher than the PF-00028 plans. Only about 0.5% of this difference can be accounted for by the higher ambulance benefits in the 00354 plans, per our estimates. To account for this relative premium level difference, a 2.7% relative premium increase was likewise included on new sales under PF-00354 in the combined LLR projection. The net effect of all of these adjustments results in another 0.4% reduction in the LLR from 72.5% to 72.1% for the combined PF-00028/00354 projection (**Exhibit B-6**). If PF-00028 and PF-00354 were projected separately, the result would be a

- slightly higher projected LLR for PF-00028 (since these adjustments would not be applicable), and a significantly lower projected LLR for PF-00354.
- **The Underwriting Wear-Off (or Duration) Factors** - Another concern about the LLR projections, in both the original and amended filings, is the underwriting wear-off assumption (also referred to as duration factors). Aetna has used two fairly crude adjustments to represent these factors in these two filings (level 1% in the first and 4% graded to 1% add-ons to the underlying claims trend). Neither of these assumptions can be validated against Aetna's new business duration factors, which are presumably also their new business pricing selection factors. In testing these assumptions by comparing LLR projections with these vs. the new business duration factors, the latter would result in a higher LLR. Using industry average duration factors would result in even higher projected LLR percentages. So in that respect, these crude assumptions are "conservative" in relation to the calculation of LLR from the Department's perspective (i.e. result in a lower LLR). We project the PF-00028/PF-00354 LLR, using the PF-00339 duration factors, to increase from 72.1% to 73.0% (see **Exhibit B-7**). Using the 2006 Society of Actuaries' study factors increases the LLR even more. In fact, if we assume that the "best estimate" LLR for PF-00028/PF-00354 falls in a range using PF-00339 duration factors as one estimate and the industry averages as another, the range would be 73.0% to 76.7%.
 - **Aetna's Aggregate LLR Projection Approach** - As already noted above, Aetna's LLR projection approach combines all 50 plan variations within PF-00028 and PF-00354 into one aggregate LLR projection. This does not appear to meet the spirit of the Department's regulatory requirements for meeting the minimum 70% LLR requirements by plan. Therefore, Aetna was asked to split its LLR projection into at least three or four meaningful plan groupings, which then resulted in two additional amended filings for these plans in late August.

Aetna's August 26 Submission

Aetna revised its aggregate LLR projection for the 50 plans included under the PF-00028 and PF-00354 rate filings and provided LLR projections for three plan groupings: (1) plans with no deductibles, (2) plans with deductibles of \$1500 or less and (3) plans with deductibles of \$2500 or more. The membership breakdown for the month of June 2010 for the three plan groupings was about 4600, 4600 and 56,000 respectively.

- **Plans With No Deductibles** - Assumptions are generally consistent with the June 28, 2010 filing for these two PF numbers. The accumulated

historical loss ratio through June 2010 was 74.1%, the projected future LLR was 74.7% and the total LLR was 74.1%.

- Plans With Deductibles of \$1500 or Less - Assumptions are generally consistent with the June 28, 2010 filing with the accumulated historical loss ratio through June 2010 at 100.7%, the projected future LLR at 106.4% and the total LLR at 103.4%.
- Plans With Deductibles Greater Than \$1500 - Assumptions are generally consistent with the June 28, 2010 filing with the accumulated historical loss ratio through June 2010 at 68.9%, future LLR at 73.4% and the total LLR at 71.3%.

Since the plan groupings were so disproportional in terms of their potential for statistical credibility (4600, 4600 and 56,000), the Department asked that Aetna change the grouping of its last two categories to "\$2500 and below" and "above \$2500."

Aetna's August 31 Submission

Upon request, Aetna refiled LLR projections for three plan groupings: (1) plans with no deductibles, (2) plans with deductibles of \$2500 or less and (3) plans with deductibles greater than \$2500 (to \$8000 currently). This resulted in a membership breakdown of about 4600 for the first grouping, 24,000 for the second and 37,000 for the third for in the month of June 2010.

- **Plans With No Deductibles** - Assumptions are the same as this plan grouping for the August 26 filing and resulted in slightly higher LLR projections at 74.4%, 75.0% and 74.8%, respectively. Our validation of this LLR projection is shown in Exhibit P-1.
- **Plans With Deductibles of \$2500 and Less** - Assumptions are consistent with the \$1500 and under plan grouping in the August 26 filing. The accumulated historical loss ratio through June 2010 is 82.8%, the future LLR is 87.9% and the total LLR is 85.2%. The validation of this LLR projection is shown in Exhibit P-2.
- **Plans With Deductibles Greater Than \$2500** - Most assumptions are consistent with the "greater than \$1500 deductible" plan grouping, except the underwriting wear-off (or claims duration factors) were changed to more closely reflect expected industry factors and used 80% of the claims trend impact from the Milliman large deductible claims duration factors. Aetna also compared these adjusted Milliman factors to the large deductible claims duration factors used by Anthem in its 2010 rate filing for California. It is clear that using these latter factors would have resulted in a larger claims trend add-on than the Milliman factors. We have therefore accepted these factors as reasonable. We have validated

the calculated cumulative historical loss ratio through June 2010 to be 63.8%, the future LLR to be 77.9% and the total LLR to be 71.7%, using these new Aetna assumptions. Our validation of this calculation is shown in Exhibit P-3. However, this LLR projection results in the use of future year total claims trend assumptions that in the first few years of the projection period are higher than the assumed premium rate increases in those same years. This raises the concern that additional reserves comparable to active life reserves may be required from an actuarial perspective that could be used as a potential offset against higher rate increases in the future. Aetna has agreed to hold such an actuarially determined reserve amount as a premium stabilization reserve (PSR) for this purpose.

- The 70% Lifetime Loss Ratio Requirement - Given the above findings, we conclude that the most recent Aetna filing (August 31) complies with the regulatory minimum 70% LLR requirement, provided that Aetna also appropriately accounts for the potential PSR requirement discussed above.

New Business Rate Filing For PF-00339

Aetna filed the PF-2010-00339 plans as the plans that would be actively marketed upon rate approval. Since this filing has not yet been approved and effective October 1, 2010 new business issues will need to comply with the Federal Health Care Reform legislation, we believe that our previous review for the new business plans will provide a basis to evaluate the new Aetna rate filing dated July 20, 2010 for a requested effective date of October 1. While we have not reviewed that filing for this report, we summarized our review of the PF-00339 filing incorporating the claims duration factor assumption changes used by Aetna in the August 31 filing. In developing the LLR for this new business in the original filing, Aetna made the simplifying assumption that the cohort of new business issued during each subsequent year in the projection period (9 years) would have an equal amount of new business premium issued each year with exactly the same loss ratios.

In analyzing the approach used by Aetna, it appears that the first year (i.e., calendar year 2006) loss ratio experience of PF-00028 plans (63.7% as shown in the PF-00028 LLR historical experience) was used as the duration-1 loss ratio for the PF-00339 LLR projection. Based on our review, this does not appear to be the appropriate starting point considering the data available. **Exhibit C** shows our approach in calculating the estimated first-year loss ratio from the base

experience period, 8/1/2008 through 7/31/2009. The main adjustments needed are the following:

- First, the base period aggregate loss ratio for PF-00028, 73.5%, needs to be trended to the beginning of the period in which the new plans will be written using the expected trends for rate increases and the claims costs. The result is an estimated 67.0% total loss ratio for the first year, based on the average duration underlying the base period experience. We have assumed a 10/1/2010 effective date.
- This 67.0% loss ratio was then adjusted to the expected duration-1 loss ratio using a relative duration/selection factor adjustment of .956, as shown, bringing the loss ratio down to 64.1%. This factor was calculated using the PF-00339 duration factors applied to the estimated PF-00028 experience by duration within the base period, relative to the duration-1 factor.
- However, this total 00028 loss ratio includes the experience of the high loss ratio plan, MC 1500, which will not be available for future new business sales. It is therefore necessary to eliminate the experience of this plan from the base period. This results in a loss ratio reduction of 7.5% (i.e. multiplier of .925) bringing the expected first duration loss ratio down from 64.1% to 59.2%.
- A few additional adjustments, which we believe are necessary, largely offset one another in this case, but did bring the duration-1 loss ratio up to 59.7%. This means that the LLR projection for this set of plans needs to start with a first year loss ratio that is at least a full 4 percentage points lower than was used in the Aetna LLR projection.

In evaluating the projected LLR for PF-00339 incorporating the starting loss ratio adjustments discussed above, it appears that the Aetna methodology uses a "net lapse" factor approach in the projection. That is, the net lapse appears to be on the order of an expected lapse rate minus the expected future premium rate increases anticipated.

On the other hand, the assumed lapse rates appear to be much lower than we would expect. They are also much lower than Aetna assumed for the in-force business (00028/00354) projection. To assess the impact of varying the lapse rate assumptions on the LLR projections, we used the assumptions summarized in the attached **Exhibit D**. The LLR projections for these four scenarios are shown in detail in **Exhibits E-1 to E-5** attached. The following briefly describes the assumptions used in these scenarios:

- **Scenario-1:** basically follows Aetna's original LLR projection assumptions

- **Scenario-2:** similar assumptions, except that we have included our first-year loss ratio adjustment. Also, we have included explicit premium and claims trend assumptions that produce the same net premium lapse rates (i.e., lapses, offset by premium increases) as Scenario 1. In particular, this shows the effective underlying policy lapse rate assumptions consistent with this premium lapse level that produce the net lapse rates in the first scenario.
- **Scenario-3:** Have moderately increased the policy lapse rate level, thereby decreasing the weight given to the later duration experience in the LLR calculation, thus reducing the expected LLR
- **Scenario-4:** Further increased the policy lapse rate assumption to be more comparable to Aetna's experience (i.e., assumptions incorporated into the LLR calculation for its other Individual plans under PF-00028/00354), assuming that this block will experience similar lapse rates.
- **Scenario-5:** This scenario uses the same assumptions as scenario 4, except has substituted the 80% Milliman claims duration factors for the previously used claims duration factors assumed for the PF-00339 filing. This scenario represents what we regard as a "best estimate" scenario, since we have accepted this as part of our review for PF-00028 and PF-00354 above.

The projected LLR's are summarized in the following Table 5, which shows the LLR for both a single cohort of new sales as well as for the cumulative results including new sales each year for the first 10 years. Additionally this shows the results separately based on the truncation of the LLR calculation at the end of 10th year. This truncated cumulative approach was used by Aetna to calculate the projected LLR to justify the new rates in its filing for PF-00339. The table also shows the full LLR calculation with projections extended through year 25 but also with 10 years of new sales. This distinction produces a significantly different result, especially given the assumed new sales level over years 1-10 as originally assumed, since truncating the projection causes the measured LLR to omit any future late-duration, higher loss ratio experience, thus understating the true lifetime LR.

As shown below, Aetna's PF-00339 filing showed a projected LLR of 72.2% (also see Exhibit E-1). However, this is misleading, since a full lifetime calculation (25 years in this case) produces a much higher LLR, 77.4%. Note that the single cohort, full lifetime calculation yields virtually the same projected LLR, 77.6%. In fact, note that the single cohort calculations achieve virtually the same result as the cumulative results as long as a full lifetime is used in the calculations. Since

the single cohort method is much easier and “straight forward” method, we recommend this approach for future new business rate filings.

As the lapse assumption is increased in the following scenarios, the LLR understandably decreases (refer to Exhibits E-1 through E-5 and Table 5 below). Scenario 5, which we have defined as our best estimate scenario because it uses Aetna's most recent claims duration factors (i.e. 80% of Milliman), results in a projected LLR of 76.3%. Note that both Scenarios 4 and 5 have assumed the same lapse assumptions and premium and normal (or underlying) claims trends (see Exhibit D). The difference between the two scenarios is that Scenario 4 uses the claims duration factors used in the original Aetna PF-00339 filing and Scenario 5 uses the claims duration factors introduced in the August 31 filing as presumably more representative of Aetna's actual experience (see Exhibits E-4 and E-5). However, since this projection also has future claims cost trends significantly higher than the projected premium rate increases, especially in the near term, the same can be said about the potential need for additional reserves akin to active life reserves. This will need to be part of the consideration for the Department's review process for the new Health Care Reform compliant filing of July 20, 2010 to be sure that appropriate premium stabilization reserves are established for the new business.

Table 5					
LLR Scenario Testing for PF-00339					
Projected LLR Results					
	<u>Scen-1</u>	<u>Scen-2</u>	<u>Scen-3</u>	<u>Scen-4</u>	<u>Scenario 5</u>
LLR for Single Cohort of New Sales					
Per Truncated Projection at end of Yr 10	75.3%	70.4%	69.3%	68.2%	75.6%
Based on APV of Total Lifetime	77.6%	72.6%	70.4%	69.0%	76.3%
LLR Including New Sales in Yrs 1-10					
Per Truncated Projection at end of Yr 10	72.2%	66.6%	66.0%	65.2%	72.0%
Based on APV of Total Lifetime	77.4%	72.3%	70.4%	69.0%	76.3%

Additional Testing of Premium Rate Development and Premium Rate Structures

We performed sample calculations of the new rate tables, assuming that the requested rate increases would be approved and implemented and validated that the calculations were being done correctly. This involved independently developing sample rates for validation and comparison to new Aetna rates, and testing pricing relativities within the rating tables for 2009 and 2010. The following exhibits summarize the results of key tests performed, in addition to the analysis of pricing by plan (e.g., reasonableness of 00028 vs. 00354 pricing) already discussed above. However, the following tests were performed against the rate tables filed with the original 2010 rate filings. The somewhat revised premium rate increases that will result from the August 31 submission were not available to us for additional testing for these revisions.

- Exhibit G-1 provides a comparison of 7/1/10 filed rates for benefit plans/designs included in both the PF-00028 and PF-00354 filings. This compares the rates by rating area along with the weighted total used to validate actual versus pricing differentials and quantify the relative price differential across plans and areas. This also showed a consistent relationship across plans (PF-00028 and PF-00354), reflecting the pricing adjustment for benefit changes (Ambulance limit) within each area, except that a significant pricing adjustment was implemented for new sales under the original 7/1/09 PF-00354 MC 5000 plan (per Exhibit G-1 and Exhibit G-2)
- Exhibit G-2 provides a similar comparison; tested using the prior year (7/1/09) rates, to validate expected pricing differentials.
- Exhibit H validates pricing relativities by area for each plan, to validate and assess relative pricing factors by area separately for PF-00028, PF-00354 and PF-00339.
- Exhibit I summarizes testing of actual versus expected premium rate increases by plan and area, based on stated base rate increases and area factor adjustments by policy form filing.
- Exhibit J summarizes the validation of sample rate calculations based on stated trends, rate additions, applicable base rates, area factor changes, etc., as stated in the respective Actuarial Memorandums, versus actual filed final rate tables.
- Exhibit K-1 validates rate increases by plan, geographic area, age, and contract type. This is illustrated for a particular plan/area, although testing extended to all plans/areas. This exhibit illustrates the results for plans rated on a single-age basis

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- Exhibit K-2 illustrates similar testing to validate rate increases on plans established with age-banded rating.

* * * * *

We thank you for the opportunity to perform this review of Aetna's 2010 individual health insurance rate filing. We appreciate the cooperation and responsiveness of the Department and the staff of Aetna to our requests for additional information during the project.

Please let us know if you have any questions.

Sincerely,



John F. Fritz, FSA, MAAA
Consulting Actuary

cc: Jay Ripps, FSA, MAAA, DOI
Perry Kupferman, FSA, MAAA, DOI
David Axene, FSA, CERA, MAAA, FCA, AHP
David Bohmfalk, FSA, MAAA, AHP

Exhibit A
Anthem LLR Calculation
Summary of Cumulative Adjustments to LLR

APV LLR
Total
Lifetime

Original LLR

75.6%

Methodology Adjustments Applicable to Initial Filing (*cumulative impacts*)

- Corrections to Prem Trend Calculation for first 2 projection periods: ** **70.1%**
- AHP: Include add'l 0.5 mo's of discounting of claims relative to premium **70.0%**
- AHP: Extend Proj. period to 6/30/17, vs Orig. which was truncated at 12/31/16) **69.9%**
- Midpt-to-Midpt Trend Mos for Clms for Proj Per-1 & Per-2 (11.5+11.5, resp, vs Orig of 11+12, resp) **69.9%**
(pending adj. to reflect wtd avgs per modeled mbrship by mo, per Renewal Dist'n & N.Sales clarification)
- Assumed New Sales per Month starting 8/09 through 6/10 **69.2%** *Exh B-1*
changed to 6.3% per month per Filing, vs 0% per Orig LLR calculation

Add'l Changes to Key Assumptions Per Aetna Refiling

- Revised Future Prem Rate Incr. in July-2011+ (13.8%/12.8% instead of 17.0%) and 2-Mo Deferral to 9/1/11 **71.9%** *Exh B-2*
- Revised Claims Trend Assumptions for U/W_Wear-off, Claims Selection, **72.1%** *Exh B-3*
and Relative Claims Level for New Sales (Yr-1) vs Existing Block (changed from 85% from No Adj.)
- Revised New Sales Assumption (changed from 6.3% to 4% / month from 8/09 - 6/09) **72.9%** *Exh B-4*

Additional AHP Adjustments pursuant to Aetna Responses / Clarification

- Adj to recognize modeled impacts of: **72.5%** *Exh B-5*
 - 1) Qtrly Prem Rate Incr (per filings) for N.Sales commencing 7/1/09 (00354) rather than July 1st each year each year (subj to initial 2-mo deferral of 7/1/10 rate incr)
 - 2) Timing of Subsequent Prem Rate Incr occurring on Policy Anniv rather than July 1st each Yr, for N.Sales commencing 7/1/09 (00354)
 - 3) Wtd Avg Midpts for Claims Trending (& Discnting) to reflect assumed monthly N.Sales & monthly Lapses and Aetna clarification of Renewal Dist'n & confirmation/modification of New Sales assumptions
- Adj for Impact of Relative Prem Level applic to N.Sales commencing 7/1/09 (00354) Relative to 00028 Premium **72.1%** *Exh B-6*
- Alternative claims adjustments for Selection, U/W Wear-off & N.Sales discount, per modeled membership by monthly duration (per Lapses & N.Sales) & alternative Durational factors applied: with AHP adj for relative clms (LR) per 00354 plan offerings relative to base experience (e.g., MC 1500)
 - A) Using Aetna PF-2010-00339 Durational Factors **73.0%** *Exh B-7*

Exhibit B-1
Aetna Filing: PF-2010-00028 / PF-2010-00354 (Aggregate)
AHP Lifetime Loss Ratio Calculation

	#	Assumed Claims Mos	Midpt	Mbr Months	Aggregate Amts (\$)		PMPM Amounts		Total PMPM Clms Trend*	Undisc. Inc'd LR	Present Values (APV)				Cumul. APV Inc'd LR
					Earned Prem	Inc'd Claims	Earned Prem	Inc'd Claims			Annual Amts (\$000)		Cumulative (\$000)		
											Prem	Clms	Prem	Clms	
Actual Experience															
1/1/06 - 12/31/06	12	7/1/06		138,090	18,701,502	11,904,512	135.43	86.21		63.7%	22,778	14,470	22,778	14,470	63.5%
1/1/07 - 12/31/07	12	7/1/07		373,960	55,963,352	41,076,857	149.65	109.84		73.4%	64,919	47,553	87,697	62,023	70.7%
1/1/08 - 12/31/08	12	7/1/08		553,748	94,793,575	67,778,373	171.19	122.40		71.5%	104,716	74,721	192,412	136,744	71.1%
1/1/09 - 7/31/09	7	4/15/09		408,555	74,460,809	55,300,317	182.25	135.36		74.3%	79,150	58,664	271,563	195,408	72.0%
				1,474,353	243,919,238	176,060,059	165.44	119.42		72.2%	271,563	195,408			
8/1/08 - 7/31/09	12	2/1/09		654,314	118,732,612	87,326,637	181.46	133.46		0.735					
Projected Experience															
8/1/09 - 6/30/10	11	1/15/10		840,264	176,655,370	128,964,669	210.24	153.48	1.15	73.0%	181,008	131,874	452,571	327,281	72.3%
7/1/10 - 6/30/11	12	1/1/11		892,679	222,770,215	157,559,567	249.55	176.50	1.15	70.7%	217,804	153,734	670,374	481,016	71.8%
7/1/11 - 6/30/12	12	1/1/12		582,144	169,972,277	116,928,976	291.98	200.86	1.14	68.8%	158,275	108,661	828,649	589,676	71.2%
7/1/12 - 6/30/13	12	1/1/13		379,622	129,683,553	86,773,149	341.61	228.58	1.14	66.9%	114,997	76,790	943,646	666,466	70.6%
7/1/13 - 6/30/14	12	1/1/14		247,558	98,945,570	64,395,158	399.69	260.12	1.14	65.1%	83,565	54,275	1,027,211	720,741	70.2%
7/1/14 - 6/30/15	12	1/1/15		161,438	75,493,754	47,788,597	467.63	296.02	1.14	63.3%	60,724	38,361	1,087,935	759,102	69.8%
7/1/15 - 6/30/16	12	1/1/16		105,281	57,602,471	35,465,883	547.13	336.87	1.14	61.6%	44,128	27,115	1,132,063	786,217	69.4%
7/1/16 - 6/30/17	12	1/1/17		68,657	43,950,295	26,320,119	640.14	383.36	1.14	59.9%	32,063	19,162	1,164,126	805,379	69.18%
				3,277,643	975,073,505	664,196,117	297.49	202.64		68.1%	892,564	609,971			LLR (APV Basis)
Total All Years				4,751,996	1,218,992,743	840,256,176	256.52	176.82		68.9%	1,164,126	805,379			
										w/out discounting			69.2%	Total Lifetime:	

* Total PMPM claims trend including underlying trend, selection & U/W wear-off, & any new sales adjustment.
 For AHP-tested scenarios based on alternative durational factors, this includes the impact of underlying trend & the modeled trend associated with claims duration.
 This is expressed as the ratio of PMPM claims over the prior period PMPM (not annualized)

Exhibit B-2
Aetna Filing: PF-2010-00028 / PF-2010-00354 (Aggregate)
AHP Lifetime Loss Ratio Calculation

	# Mos	Assumed Claims Midpt	Mbr Months	Aggregate Amts (\$)		PMPM Amounts		Total PMPM Clms Trend*	Undisc. Inc'd LR	Present Values (APV)				Cumul. APV Inc'd LR
				Earned Prem	Inc'd Claims	Earned Prem	Inc'd Claims			Annual Amts (\$000)		Cumulative (\$000)		
										Prem	Clms	Prem	Clms	
Actual Experience														
1/1/06 - 12/31/06	12	7/1/06	138,090	18,701,502	11,904,512	135.43	86.21		63.7%	22,778	14,470	22,778	14,470	63.5%
1/1/07 - 12/31/07	12	7/1/07	373,960	55,963,352	41,076,857	149.65	109.84		73.4%	64,919	47,553	87,697	62,023	70.7%
1/1/08 - 12/31/08	12	7/1/08	553,748	94,793,575	67,778,373	171.19	122.40		71.5%	104,716	74,721	192,412	136,744	71.1%
1/1/09 - 7/31/09	7	4/15/09	408,555	74,460,809	55,300,317	182.25	135.36		74.3%	79,150	58,664	271,563	195,408	72.0%
			1,474,353	243,919,238	176,060,059	165.44	119.42		72.2%	271,563	195,408			
8/1/08 - 7/31/09	12	2/1/09	654,314	118,732,612	87,326,637	181.46	133.46		0.735					
Projected Experience														
8/1/09 - 6/30/10	11	1/15/10	840,264	176,311,728	128,964,669	209.83	153.48	1.150	73.1%	180,656	131,874	452,218	327,281	72.4%
7/1/10 - 6/30/11	12	1/1/11	892,679	216,499,042	157,559,567	242.53	176.50	1.150	72.8%	211,673	153,734	663,891	481,016	72.5%
7/1/11 - 6/30/12	12	1/1/12	582,144	165,001,865	116,928,976	283.44	200.86	1.138	70.9%	153,646	108,661	817,537	589,676	72.1%
7/1/12 - 6/30/13	12	1/1/13	379,622	122,448,103	86,773,149	322.55	228.58	1.138	70.9%	108,581	76,790	926,118	666,466	72.0%
7/1/13 - 6/30/14	12	1/1/14	247,558	90,869,872	64,395,158	367.06	260.12	1.138	70.9%	76,744	54,275	1,002,862	720,741	71.9%
7/1/14 - 6/30/15	12	1/1/15	161,438	66,843,290	47,788,597	414.05	296.02	1.138	71.5%	53,766	38,361	1,056,629	759,102	71.8%
7/1/15 - 6/30/16	12	1/1/16	105,281	49,171,239	35,465,883	467.05	336.87	1.138	72.1%	37,669	27,115	1,094,298	786,217	71.8%
7/1/16 - 6/30/17	12	1/1/17	68,657	36,170,547	26,320,119	526.83	383.36	1.138	72.8%	26,388	19,162	1,120,685	805,379	71.86%
			3,277,643	923,315,685	664,196,117	281.70	202.64		71.9%	849,123	609,971			LLR (APV Basis)
Total All Years			4,751,996	1,167,234,923	840,256,176	245.63	176.82		72.0%	1,120,685	805,379			
									w/out discounting			71.9%	Total Lifetime:	

* Total PMPM claims trend including underlying trend, selection & U/W wear-off, & any new sales adjustment.
 For AHP-tested scenarios based on alternative durational factors, this includes the impact of underlying trend & the modeled trend associated with claims duration.
 This is expressed as the ratio of PMPM claims over the prior period PMPM (not annualized)

Exhibit B-3
Aetna Filing: PF-2010-00028 / PF-2010-00354 (Aggregate)
AHP Lifetime Loss Ratio Calculation

	#	Assumed Claims Mos	Midpt	Mbr Months	Aggregate Amt (\$)		PMPM Amounts		Total PMPM Clms Trend*	Undisc. Inc'd LR	Present Values (APV)				Cumul. APV Inc'd LR
					Earned Prem	Inc'd Claims	Earned Prem	Inc'd Claims			Annual Amt (\$000)		Cumulative (\$000)		
											Prem	Clms	Prem	Clms	
Actual Experience															
1/1/06 - 12/31/06	12	7/1/06		138,090	18,701,502	11,904,512	135.43	86.21		63.7%	22,778	14,470	22,778	14,470	63.5%
1/1/07 - 12/31/07	12	7/1/07		373,960	55,963,352	41,076,857	149.65	109.84		73.4%	64,919	47,553	87,697	62,023	70.7%
1/1/08 - 12/31/08	12	7/1/08		553,748	94,793,575	67,778,373	171.19	122.40		71.5%	104,716	74,721	192,412	136,744	71.1%
1/1/09 - 7/31/09	7	4/15/09		408,555	74,460,809	55,300,317	182.25	135.36		74.3%	79,150	58,664	271,563	195,408	72.0%
				1,474,353	243,919,238	176,060,059	165.44	119.42		72.2%	271,563	195,408			
8/1/08 - 7/31/09	12	2/1/09		654,314	118,732,612	87,326,637	181.46	133.46		0.735					
Projected Experience															
8/1/09 - 6/30/10	11	1/15/10		840,264	176,311,728	125,738,347	209.83	149.64	1.121	71.3%	180,656	128,575	452,218	323,982	71.6%
7/1/10 - 6/30/11	12	1/1/11		892,679	216,499,042	157,433,051	242.53	176.36	1.179	72.7%	211,673	153,611	663,891	477,593	71.9%
7/1/11 - 6/30/12	12	1/1/12		582,144	165,001,865	118,888,427	283.44	204.23	1.158	72.1%	153,646	110,482	817,537	588,075	71.9%
7/1/12 - 6/30/13	12	1/1/13		379,622	122,448,103	89,002,543	322.55	234.45	1.148	72.7%	108,581	78,763	926,118	666,837	72.0%
7/1/13 - 6/30/14	12	1/1/14		247,558	90,869,872	66,049,612	367.06	266.80	1.138	72.7%	76,744	55,669	1,002,862	722,506	72.0%
7/1/14 - 6/30/15	12	1/1/15		161,438	66,843,290	48,585,667	414.05	300.96	1.128	72.7%	53,766	39,001	1,056,629	761,508	72.1%
7/1/15 - 6/30/16	12	1/1/16		105,281	49,171,239	35,740,573	467.05	339.48	1.128	72.7%	37,669	27,325	1,094,298	788,832	72.1%
7/1/16 - 6/30/17	12	1/1/17		68,657	36,170,547	26,290,898	526.83	382.93	1.128	72.7%	26,388	19,141	1,120,685	807,973	72.10%
				3,277,643	923,315,685	667,729,118	281.70	203.72		72.3%	849,123	612,566			LLR (APV Basis)
Total All Years				4,751,996	1,167,234,923	843,789,177	245.63	177.57		72.3%	1,120,685	807,973			
										w/out discounting					72.1% Total Lifetime:

* Total PMPM claims trend including underlying trend, selection & U/W wear-off, & any new sales adjustment.
 For AHP-tested scenarios based on alternative durational factors, this includes the impact of underlying trend & the modeled trend associated with claims duration.
 This is expressed as the ratio of PMPM claims over the prior period PMPM (not annualized)

Exhibit B-4
Aetna Filing: PF-2010-00028 / PF-2010-00354 (Aggregate)
AHP Lifetime Loss Ratio Calculation

	#	Assumed Claims Mos	Midpt	Mbr Months	Aggregate Amt (\$)		PMPM Amounts		Total PMPM Clms Trend*	Undisc. Inc'd LR	Present Values (APV)				Cumul. APV Inc'd LR
					Earned Prem	Inc'd Claims	Earned Prem	Inc'd Claims			Annual Amt (\$000)		Cumulative (\$000)		
											Prem	Clms	Prem	Clms	
Actual Experience															
1/1/06 - 12/31/06	12	7/1/06		138,090	18,701,502	11,904,512	135.43	86.21		63.7%	22,778	14,470	22,778	14,470	63.5%
1/1/07 - 12/31/07	12	7/1/07		373,960	55,963,352	41,076,857	149.65	109.84		73.4%	64,919	47,553	87,697	62,023	70.7%
1/1/08 - 12/31/08	12	7/1/08		553,748	94,793,575	67,778,373	171.19	122.40		71.5%	104,716	74,721	192,412	136,744	71.1%
1/1/09 - 7/31/09	7	4/15/09		408,555	74,460,809	55,300,317	182.25	135.36		74.3%	79,150	58,664	271,563	195,408	72.0%
				1,474,353	243,919,238	176,060,059	165.44	119.42		72.2%	271,563	195,408			
8/1/08 - 7/31/09	12	2/1/09		654,314	118,732,612	87,326,637	181.46	133.46		0.735					
Projected Experience															
8/1/09 - 6/30/10	11	1/15/10		730,896	153,363,154	111,139,570	209.83	152.06	1.139	72.5%	157,142	113,647	428,704	309,054	72.1%
7/1/10 - 6/30/11	12	1/1/11		653,331	158,450,614	117,083,312	242.53	179.21	1.179	73.9%	154,918	114,241	583,623	423,295	72.5%
7/1/11 - 6/30/12	12	1/1/12		426,057	120,760,842	88,417,452	283.44	207.52	1.158	73.2%	112,450	82,165	696,073	505,460	72.6%
7/1/12 - 6/30/13	12	1/1/13		277,846	89,619,979	66,193,650	322.55	238.24	1.148	73.9%	79,470	58,578	775,543	564,038	72.7%
7/1/13 - 6/30/14	12	1/1/14		181,201	66,512,541	49,126,410	367.06	271.12	1.138	73.9%	56,173	41,406	831,716	605,444	72.8%
7/1/14 - 6/30/15	12	1/1/15		118,172	48,929,033	36,139,166	414.05	305.82	1.128	73.9%	39,357	29,010	871,073	634,454	72.8%
7/1/15 - 6/30/16	12	1/1/16		77,072	35,996,293	26,586,996	467.05	344.96	1.128	73.9%	27,576	20,327	898,649	654,780	72.9%
7/1/16 - 6/30/17	12	1/1/17		50,265	26,481,095	19,559,035	526.83	389.12	1.128	73.9%	19,319	14,240	917,968	669,020	72.88%
				2,514,840	700,113,550	514,245,592	278.39	204.48		73.5%	646,406	473,613			LLR (APV Basis)
Total All Years				3,989,193	944,032,788	690,305,651	236.65	173.04		73.1%	917,968	669,020			
										w/out discounting			72.9%	Total Lifetime:	

* Total PMPM claims trend including underlying trend, selection & U/W wear-off, & any new sales adjustment.
 For AHP-tested scenarios based on alternative durational factors, this includes the impact of underlying trend & the modeled trend associated with claims duration.
 This is expressed as the ratio of PMPM claims over the prior period PMPM (not annualized)

Exhibit B-5
Aetna Filing: PF-2010-00028 / PF-2010-00354 (Aggregate)
AHP Lifetime Loss Ratio Calculation

	#	Assumed Claims Mos	Midpt	Mbr Months	Aggregate Amt (\$)		PMPM Amounts		Total PMPM Clms Trend*	Undisc. Inc'd LR	Present Values (APV)				Cumul. APV Inc'd LR
					Earned Prem	Inc'd Claims	Earned Prem	Inc'd Claims			Annual Amt (\$000)		Cumulative (\$000)		
											Prem	Clms	Prem	Clms	
Actual Experience															
1/1/06 - 12/31/06	12	8/14/06		138,090	18,701,502	11,904,512	135.43	86.21		63.7%	22,642	14,384	22,642	14,384	63.5%
1/1/07 - 12/31/07	12	7/16/07		373,960	55,963,352	41,076,857	149.65	109.84		73.4%	64,782	47,453	87,424	61,837	70.7%
1/1/08 - 12/31/08	12	7/8/08		553,748	94,793,575	67,778,373	171.19	122.40		71.5%	104,617	74,650	192,041	136,487	71.1%
1/1/09 - 7/31/09	7	4/19/09		408,555	74,460,809	55,300,317	182.25	135.36		74.3%	79,102	58,628	271,143	195,115	72.0%
				1,474,353	243,919,238	176,060,059	165.44	119.42		72.2%	271,143	195,115			
8/1/08 - 7/31/09	12	2/8/09		654,314	118,732,612	87,326,637	181.46	133.46		0.735					
Projected Experience															
8/1/09 - 6/30/10	11	1/15/10		730,896	154,477,648	110,678,295	211.35	151.43	1.135	71.6%	158,263	113,160	429,406	308,275	71.8%
7/1/10 - 6/30/11	12	12/17/10		653,331	157,048,373	115,799,159	240.38	177.24	1.170	73.7%	153,848	113,209	583,254	421,484	72.3%
7/1/11 - 6/30/12	12	12/17/11		426,057	120,260,808	87,450,375	282.26	205.26	1.158	72.7%	112,199	81,422	695,453	502,906	72.3%
7/1/12 - 6/30/13	12	12/17/12		277,846	89,248,882	65,480,167	321.22	235.67	1.148	73.4%	79,296	58,060	774,749	560,966	72.4%
7/1/13 - 6/30/14	12	12/17/13		181,201	66,237,119	48,592,607	365.54	268.17	1.138	73.4%	56,050	41,036	830,799	602,002	72.5%
7/1/14 - 6/30/15	12	12/17/14		118,172	48,811,291	35,743,530	413.05	302.47	1.128	73.2%	39,339	28,748	870,138	630,750	72.5%
7/1/15 - 6/30/16	12	12/17/15		77,072	35,909,673	26,295,904	465.92	341.19	1.128	73.2%	27,563	20,143	897,701	650,893	72.5%
7/1/16 - 6/30/17	12	12/17/16		50,265	26,417,378	19,348,127	525.56	384.92	1.128	73.2%	19,310	14,114	917,011	665,007	72.5%
				2,514,840	698,411,172	509,388,163	277.72	202.55		72.9%	645,868	469,892			
Total All Years				3,989,193	942,330,410	685,448,222	236.22	171.83		72.7%	917,011	665,007			
										w/out discounting			72.5%	Total Lifetime:	

* Total PMPM claims trend including underlying trend, selection & U/W wear-off, & any new sales adjustment.
 For AHP-tested scenarios based on alternative durational factors, this includes the impact of underlying trend & the modeled trend associated with claims duration.
 This is expressed as the ratio of PMPM claims over the prior period PMPM (not annualized)

Exhibit B-6
Aetna Filing: PF-2010-00028 / PF-2010-00354 (Aggregate)
AHP Lifetime Loss Ratio Calculation

	#	Assumed Claims Mos	Midpt Mbr Months	Aggregate Amt (\$)		PMPM Amounts		Total PMPM Clms Trend*	Undisc. Inc'd LR	Present Values (APV)				Cumul. APV Inc'd LR
				Earned Prem	Inc'd Claims	Earned Prem	Inc'd Claims			Annual Amt (\$000)		Cumulative (\$000)		
										Prem	Clms	Prem	Clms	
Actual Experience														
1/1/06 - 12/31/06	12	8/14/06	138,090	18,701,502	11,904,512	135.43	86.21		63.7%	22,642	14,384	22,642	14,384	63.5%
1/1/07 - 12/31/07	12	7/16/07	373,960	55,963,352	41,076,857	149.65	109.84		73.4%	64,782	47,453	87,424	61,837	70.7%
1/1/08 - 12/31/08	12	7/8/08	553,748	94,793,575	67,778,373	171.19	122.40		71.5%	104,617	74,650	192,041	136,487	71.1%
1/1/09 - 7/31/09	7	4/19/09	408,555	74,460,809	55,300,317	182.25	135.36		74.3%	79,102	58,628	271,143	195,115	72.0%
			1,474,353	243,919,238	176,060,059	165.44	119.42		72.2%	271,143	195,115			
8/1/08 - 7/31/09	12	2/8/09	654,314	118,732,612	87,326,637	181.46	133.46		0.735					
Projected Experience														
8/1/09 - 6/30/10	11	1/15/10	730,896	155,383,533	110,678,295	212.59	151.43	1.135	71.2%	159,192	113,160	430,334	308,275	71.6%
7/1/10 - 6/30/11	12	12/17/10	653,331	158,566,516	115,799,159	242.70	177.24	1.170	73.0%	155,335	113,209	585,669	421,484	72.0%
7/1/11 - 6/30/12	12	12/17/11	426,057	121,422,722	87,450,375	284.99	205.26	1.158	72.0%	113,283	81,422	698,952	502,906	72.0%
7/1/12 - 6/30/13	12	12/17/12	277,846	90,111,190	65,480,167	324.32	235.67	1.148	72.7%	80,062	58,060	779,014	560,966	72.0%
7/1/13 - 6/30/14	12	12/17/13	181,201	66,877,110	48,592,607	369.08	268.17	1.138	72.7%	56,592	41,036	835,606	602,002	72.0%
7/1/14 - 6/30/15	12	12/17/14	118,172	49,284,420	35,743,530	417.06	302.47	1.128	72.5%	39,720	28,748	875,326	630,750	72.1%
7/1/15 - 6/30/16	12	12/17/15	77,072	36,257,742	26,295,904	470.44	341.19	1.128	72.5%	27,830	20,143	903,156	650,893	72.1%
7/1/16 - 6/30/17	12	12/17/16	50,265	26,673,413	19,348,127	530.66	384.92	1.128	72.5%	19,497	14,114	922,653	665,007	72.08%
			2,514,840	704,576,646	509,388,163	280.17	202.55		72.3%	651,511	469,892			LLR (APV Basis)
Total All Years			3,989,193	948,495,884	685,448,222	237.77	171.83		72.3%	922,653	665,007			
									w/out discounting			72.1%	Total Lifetime:	

* Total PMPM claims trend including underlying trend, selection & U/W wear-off, & any new sales adjustment.
 For AHP-tested scenarios based on alternative durational factors, this includes the impact of underlying trend & the modeled trend associated with claims duration.
 This is expressed as the ratio of PMPM claims over the prior period PMPM (not annualized)

Exhibit B-7
Aetna Filing: PF-2010-00028 / PF-2010-00354 (Aggregate)
AHP Lifetime Loss Ratio Calculation

	#	Assumed Claims Mos	Midpt	Mbr Months	Aggregate Amt (\$)		PMPM Amounts		Total PMPM Clms Trend*	Undisc. Inc'd LR	Present Values (APV)				Cumul. APV Inc'd LR
					Earned Prem	Inc'd Claims	Earned Prem	Inc'd Claims			Annual Amt (\$000)		Cumulative (\$000)		
											Prem	Clms	Prem	Clms	
Actual Experience															
1/1/06 - 12/31/06	12	8/14/06		138,090	18,701,502	11,904,512	135.43	86.21		63.7%	22,642	14,384	22,642	14,384	63.5%
1/1/07 - 12/31/07	12	7/16/07		373,960	55,963,352	41,076,857	149.65	109.84		73.4%	64,782	47,453	87,424	61,837	70.7%
1/1/08 - 12/31/08	12	7/8/08		553,748	94,793,575	67,778,373	171.19	122.40		71.5%	104,617	74,650	192,041	136,487	71.1%
1/1/09 - 7/31/09	7	4/19/09		408,555	74,460,809	55,300,317	182.25	135.36		74.3%	79,102	58,628	271,143	195,115	72.0%
				1,474,353	243,919,238	176,060,059	165.44	119.42		72.2%	271,143	195,115			
8/1/08 - 7/31/09	12	2/8/09		654,314	118,732,612	87,326,637	181.46	133.46		0.735					
Projected Experience															
8/1/09 - 6/30/10	11	1/15/10		730,896	155,383,533	109,002,905	212.59	149.14	1.117	70.2%	159,192	111,447	430,334	306,562	71.2%
7/1/10 - 6/30/11	12	12/17/10		653,331	158,566,516	112,621,247	242.70	172.38	1.156	71.0%	155,335	110,102	585,669	416,664	71.1%
7/1/11 - 6/30/12	12	12/17/11		426,057	121,422,722	88,028,456	284.99	206.61	1.199	72.5%	113,283	81,960	698,952	498,625	71.3%
7/1/12 - 6/30/13	12	12/17/12		277,846	90,111,190	68,047,259	324.32	244.91	1.185	75.5%	80,062	60,336	779,014	558,961	71.8%
7/1/13 - 6/30/14	12	12/17/13		181,201	66,877,110	51,905,088	369.08	286.45	1.170	77.6%	56,592	43,833	835,606	602,794	72.1%
7/1/14 - 6/30/15	12	12/17/14		118,172	49,284,420	39,276,024	417.06	332.36	1.160	79.7%	39,720	31,590	875,326	634,383	72.5%
7/1/15 - 6/30/16	12	12/17/15		77,072	36,257,742	29,585,630	470.44	383.87	1.155	81.6%	27,830	22,663	903,156	657,046	72.7%
7/1/16 - 6/30/17	12	12/17/16		50,265	26,673,413	22,198,122	530.66	441.62	1.150	83.2%	19,497	16,193	922,653	673,239	72.97%
				2,514,840	704,576,646	520,664,731	280.17	207.04		73.9%	651,511	478,124			
Total All Years				3,989,193	948,495,884	696,724,790	237.77	174.65		73.5%	922,653	673,239			
										w/out discounting					
											73.0%				Total Lifetime:

* Total PMPM claims trend including underlying trend, selection & U/W wear-off, & any new sales adjustment.
 For AHP-tested scenarios based on alternative durational factors, this includes the impact of underlying trend & the modeled trend associated with claims duration.
 This is expressed as the ratio of PMPM claims over the prior period PMPM (not annualized)

**Aetna Filing: PF-2010-00339
AHP Lifetime Loss Ratio Calculation
Projected Year-1 Loss Ratio**

Projected Year-1 Loss Ratio based on Adjusted Historical Experience								
Apply Prem Rate Increases to Proj. Yr-1				Proj LR based on Trended Claims w/ 00339 Adjustments				
		Prem			Normal	Trend		Trended Undisc.
		PMPM		Midpt	Trend	Mo's	Factor	PMPM LR
00028 Base Period, 8/1/08-7/31/09:		181.46		00028 Base Period: 8/1/08 - 7/31/09:	2/8/09			133.46 73.5%
Adj to 7/1/08 - 6/30/09 Rating Period:	0.986	178.88		Policy Yr beginning 10/1/10	4/1/11	12.8%	25.7 1.294	172.67 67.0%
00028 Rate Incr 7/1/09	1.173	209.83		00028/354 Trended for Eff.10/1/10 before adj for change in duration:				67.0%
00028 Rate Incr 7/1/10 (9/1/10) including changes in Area Factors:	1.187	249.07		Adj to Year-1 for Dur. & other differences between 00339 and 00028/354:				
00028/354 N.B. Rate Incr 10/1/10	1.035	257.78		x Adj to Yr-1 Duration (Yr-1 vs Base Period):			x 0.956 =	64.1%
				x Adj for Plan-Specific LR experience (Excl 1500+):			x 0.925 =	59.2%
				x Adj for 00339 Relative Prem Rates vs 00028/354			x 1.008 =	59.7%
Proj 00339 Year-1 LR (MBR)								59.7%

Detail for Adjustments to Year-1 for Duration & Other Differences between 00339 and 00028/00354									
Adj to Yr-1 Clms Duration (Yr-1 vs. Base Period)					Adj for 00339 Relative Premium Rates vs 00028/354 Prem Rates				
Dist'n of Mbr Months by Duration		Claims Duration Factor			Ambulance Benefit Change				
00228	00339	By	00228	00339	Adjustments Included in 00339 Prem for Ambul Benefit Chgs				
Dur.	Base*	Year 1	Dur.	Base*	Yr-1	/00228	Factor		
							7/1/09 Change (\$1k to \$5k) per 00354 Initial Pricing		
							7/1/10 Change (\$5k to \$10k) per 00339 Intial Pricing		
							Combined		
							vs AHP Estimate of Benefit Change		
							Ratio Applied to LR based on actual 00339 Pricing:		
							x Adj for 00339 Base Plan Adj Factor (x .916 / .8665)		
1	52%	100%	0.78				0.971 (A1)		
2	30%	0%	0.81						
3	16%	0%	0.91						
4	2%	0%	0.95						
5	0%	0%	1.00						
6	0%	0%	1.02						
Wtd Avgs per Mbr Mo Distn:			0.812	0.777	0.956				
					Trend included in 00339 Prens vs Assumed in Trended 00028/354 LR:				
					Prem Trend included in 00339 Rates, 7/1/10**				
					Trend before Area factor changes **				
					** incl trend (12.8%) & pricing adj (2.2%)				
					Add'l 00339 Area factor changes (wtd avg)				
					Combined				
					vs 00028/354 Rate Incr already assumed at 7/1/10				
					in above LR calculation, including Area Factor changes				
					Ratio Applied to LR based on Actual 00339 Pricing				
					0.990 (A2)				
					00339 Base Plan Pricing Factor				
					00339 Plan Factor for MC_Value_2500_with_3_O.V. Relative to MC_Value_2500 :				
					Aetna 00339 Pricing				
					AHP:				
					Ratio Applied to LR based on Actual 00339 Pricing:				
					1.049 (A3)				
					Impact of Differences in Plan-Specific 00339 Plan Factors				
					Ratio Applied **				
					** The impact of differences between Aetna's estimated plan factors as included in 00339 Pricing vs AHP-estimates will vary depending on the actual mix of 00339 business sold, since differences vary by plan.				
					1.000 (A4)				
					Overall Adj for 00339 Relative Prem Rate Level [A1 x A2 x A3 x A4]				
					1.0078				

Adj for Plan-specific LR Experience	
00028/354 Base Per Exper: 8/1/08 - 7/31/09	
	Incl'd LR
All Plans	73.4%
Excl. MC 1500+	67.9%
Ratio Applied to LR:	0.9246
Ratio Applied:	0.925

Prem Dist'n by Area (8/1/08 - 7/31/09):	RA-1	RA-2	RA-3	RA-4	RA-5	RA-6	RA-7	RA-8	RA-9	Wtd Avg
Add'l Area Factors (changes) included in 00339 Rates	21%	10%	7%	20%	11%	16%	8%	6%	1%	100%
	1.11	0.95	0.90	1.05	1.00	1.08	0.96	1.20	1.00	1.043

**Exhibit D
LLR Scenario Testing for PF-00339
Assumptions by Scenario**

Year	Scenario 1 (Original Assumptions)						Scenario 2					Scenario 3					Scenarios 4 & 5				
	Policy	Prem /Rate	Net Lapse	Relative \$ Prem from New Sales	Normal Clms Trend	Clms Dur.	Policy Lapse	Prem Rate Incr. (Trend)	Net Prem Lapse by Yr	Relative \$Prem from New Sales	Normal Clms Trend	Policy Lapse	Prem Rate Incr. (Trend)	Net Prem Lapse by Yr	Relative \$Prem from New Sales	Normal Clms Trend	Policy Lapse	Prem Rate Incr. (Trend)	Net Prem Lapse by Yr	Relative \$Prem from New Sales	Normal Clms Trend
1				1000		0.78				\$1,000					\$1,000					\$1,000	
2	n/a	n/a	21%	1000	n/a	0.81	30%	12.8%	21%	\$1,128	12.8%	30%	12.8%	21%	\$1,128	12.8%	35%	12.8%	27%	\$1,128	12.8%
3	n/a	n/a	19%	1000	n/a	0.91	28%	12.8%	19%	\$1,272	12.8%	28%	12.8%	19%	\$1,272	12.8%	35%	12.8%	27%	\$1,272	12.8%
4	n/a	n/a	16%	1000	n/a	0.95	26%	12.8%	16%	\$1,435	12.8%	28%	12.8%	19%	\$1,435	12.8%	35%	12.8%	27%	\$1,435	12.8%
5	n/a	n/a	12%	1000	n/a	1.00	22%	12.8%	12%	\$1,619	12.8%	28%	12.8%	19%	\$1,619	12.8%	35%	12.8%	27%	\$1,619	12.8%
6	n/a	n/a	12%	1000	n/a	1.02	22%	12.8%	12%	\$1,826	12.8%	28%	12.8%	19%	\$1,826	12.8%	35%	12.8%	27%	\$1,826	12.8%
7	n/a	n/a	12%	1000	n/a	1.06	22%	12.8%	12%	\$2,060	12.8%	28%	12.8%	19%	\$2,060	12.8%	35%	12.8%	27%	\$2,060	12.8%
8	n/a	n/a	12%	1000	n/a	1.10	22%	12.8%	12%	\$2,324	12.8%	28%	12.8%	19%	\$2,324	12.8%	35%	12.8%	27%	\$2,324	12.8%
9	n/a	n/a	12%	1000	n/a	1.10	22%	12.8%	12%	\$2,621	12.8%	28%	12.8%	19%	\$2,621	12.8%	35%	12.8%	27%	\$2,621	12.8%
10	n/a	n/a	12%	1000	n/a	1.10	22%	12.8%	12%	\$2,957	12.8%	28%	12.8%	19%	\$2,957	12.8%	35%	12.8%	27%	\$2,957	12.8%
11										\$0					\$0					\$0	
	Discount Rate:				5%		Discount Rate:				5%	Discount Rate:				5%	Discount Rate:				5%
	Add'l Mo's Dscnt for Clms:				0.0		Add'l Mo's Dscnt for Clms:				0.5	Add'l Mo's Dscnt for Clms:				0.5	Add'l Mo's Dscnt for Clms:				0.5
	Year-1 Starting LR:				63.7%		Year-1 Starting LR:				59.7%	Year-1 Starting LR:				59.7%	Year-1 Starting LR:				59.7%

Notes:

- AHP Modeling of Policy Lapse rates & Claims Duration factors is applied by policy duration.
- AHP Modeling of premium rate increases & normal claims trend is applied by projection year
- AHP Scenarios 2-3 apply the same Claims Duration factors as Scenario 1 (original Aetna projection)
- Assumed policy lapse rates and rate increases are applied at policy anniversary.
- Projections assume no new sales after Year 10

Original Aetna Projection:

- Projection was truncated at 10 Years
- Effectively, the original projection applied a net premium lapse assumption, by duration, at the rates shown.
- Trends for Prem Rate increases & Claims were not explicitly included (effectively equal, with the prem lapse rates effectively net of any rate increases)

Exhibit E-1
Aetna Filing: PF-2010-00339
AHP Lifetime Loss Ratio Calculation

Scenario 1 (Original Assumptions)

Durational Assumptions			Assumptions by Proj. Year				Single Cohort of N.Sales						Cumulative Based On New Sales During Yrs 1-10									
			Proj Year	\$Prem New Sales	Prem Rate Incr. (Trend)	Normal Clms Trend	Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)			Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)						
Pol. Dur.	Policy Lapse	Clms Dur.					Earned Prem	Inc'd Claims		Annual Amt Prem	Annual Amt Clms	Cumulative Prem	Cumulative Clms	LLR		Earned Prem	Inc'd Claims	Annual Amt Prem	Annual Amt Clms	Cumulative Prem	Cumulative Clms	LLR
1		0.78	1	1,000			1,000	637	63.7%	976	622	976	622	63.7%	1,000	637	64%	976	622	976	622	63.7%
2	21%	0.81	2	1,000	0.0%	0.0%	790	527	66.7%	734	490	1,710	1,111	65.0%	1,790	1,164	65%	1,664	1,082	2,640	1,703	64.5%
3	19%	0.91	3	1,000	0.0%	0.0%	640	475	74.3%	566	421	2,277	1,532	67.3%	2,430	1,639	67%	2,151	1,451	4,790	3,155	65.9%
4	16%	0.95	4	1,000	0.0%	0.0%	538	419	78.0%	453	353	2,730	1,886	69.1%	2,967	2,059	69%	2,502	1,735	7,292	4,890	67.1%
5	12%	1.00	5	1,000	0.0%	0.0%	473	388	82.0%	380	311	3,109	2,197	70.7%	3,440	2,447	71%	2,762	1,964	10,054	6,854	68.2%
6	12%	1.02	6	1,000	0.0%	0.0%	416	350	84.0%	318	267	3,428	2,464	71.9%	3,857	2,796	73%	2,949	2,138	13,003	8,992	69.2%
7	12%	1.06	7	1,000	0.0%	0.0%	366	319	87.0%	267	232	3,695	2,697	73.0%	4,223	3,115	74%	3,075	2,268	16,079	11,261	70.0%
8	12%	1.10	8	1,000	0.0%	0.0%	322	292	90.5%	224	202	3,918	2,899	74.0%	4,545	3,407	75%	3,152	2,363	19,231	13,623	70.8%
9	12%	1.10	9	1,000	0.0%	0.0%	284	257	90.5%	187	170	4,105	3,069	74.7%	4,829	3,663	76%	3,190	2,420	22,421	16,043	71.6%
10	12%	1.10	10	1,000	0.0%	0.0%	250	226	90.5%	157	142	4,262	3,211	75.3%	5,079	3,889	77%	3,195	2,447	25,616	18,490	72.2%
11	12%	1.10	11	0	0.0%	0.0%	220	199	90.5%	132	119	4,394	3,330	75.8%	4,298	3,451	80%	2,575	2,068	28,191	20,558	72.9%
12	12%	1.10	12	0	0.0%	0.0%	193	175	90.5%	110	100	4,504	3,430	76.1%	3,702	3,099	84%	2,112	1,768	30,303	22,326	73.7%
13	12%	1.10	13	0	0.0%	0.0%	170	154	90.5%	92	84	4,597	3,513	76.4%	3,232	2,778	86%	1,756	1,510	32,059	23,836	74.3%
14	12%	1.10	14	0	0.0%	0.0%	150	136	90.5%	77	70	4,674	3,584	76.7%	2,844	2,494	88%	1,472	1,291	33,531	25,127	74.9%
15	12%	1.10	15	0	0.0%	0.0%	132	119	90.5%	65	59	4,739	3,642	76.9%	2,503	2,226	89%	1,234	1,097	34,764	26,224	75.4%
16	12%	1.10	16	0	0.0%	0.0%	116	105	90.5%	54	49	4,794	3,692	77.0%	2,202	1,981	90%	1,034	930	35,798	27,153	75.9%
17	12%	1.10	17	0	0.0%	0.0%	102	92	90.5%	46	41	4,839	3,733	77.1%	1,938	1,755	91%	866	784	36,665	27,938	76.2%
18	12%	1.10	18	0	0.0%	0.0%	90	81	90.5%	38	35	4,877	3,767	77.2%	1,706	1,544	91%	726	657	37,391	28,595	76.5%
19	12%	1.10	19	0	0.0%	0.0%	79	72	90.5%	32	29	4,910	3,796	77.3%	1,501	1,359	91%	609	551	38,000	29,146	76.7%
20	12%	1.10	20	0	0.0%	0.0%	70	63	90.5%	27	24	4,936	3,821	77.4%	1,321	1,196	91%	510	462	38,510	29,608	76.9%
21	12%	1.10	21	0	0.0%	0.0%	61	55	90.5%	23	20	4,959	3,841	77.5%	1,162	1,052	91%	427	387	38,937	29,995	77.0%
22	12%	1.10	22	0	0.0%	0.0%	54	49	90.5%	19	17	4,978	3,858	77.5%	1,023	926	91%	358	324	39,295	30,319	77.2%
23	12%	1.10	23	0	0.0%	0.0%	47	43	90.5%	16	14	4,994	3,873	77.6%	900	815	91%	300	272	39,596	30,591	77.3%
24	12%	1.10	24	0	0.0%	0.0%	42	38	90.5%	13	12	5,007	3,885	77.6%	792	717	91%	252	228	39,847	30,819	77.3%
25	12%	1.10	25	0	0.0%	0.0%	37	33	90.5%	11	10	5,018	3,895	77.6%	697	631	91%	211	191	40,058	31,010	77.4%
						(before present values)			Present Value Basis			(before present values)			Present Value Basis							
			Total All Years			6,640 5,303 80%			5,018 3,895 APV LLR: 77.6%			63981 50839 79%			40058 31010 APV LLR: 77.4%							

Exhibit E-2
Aetna Filing: PF-2010-00339
AHP Lifetime Loss Ratio Calculation

Scenario 2

Durational Assumptions			Assumptions by Proj. Year				Single Cohort of N.Sales							Cumulative Based On New Sales During Yrs 1-10								
			Proj Year	\$Prem New Sales	Prem Rate Incr. (Trend)	Normal Clms Trend	Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)					Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)				
Pol. Dur.	Policy Lapse	Clms Dur.					Earned Prem	Inc'd Claims		Annual Amts Prem	Annual Amts Clms	Cumulative Prem	Cumulative Clms	LLR	Earned Prem	Inc'd Claims		Annual Amts Prem	Annual Amts Clms	Cumulative Prem	Cumulative Clms	LLR
1		0.78	1	1,000			1,000	597	59.7%	978	583	978	583	59.6%	1,000	597	60%	978	583	978	583	59.6%
2	30%	0.81	2	1,128	12.8%	12.8%	790	494	62.5%	736	459	1,714	1,042	60.8%	1,918	1,167	61%	1,786	1,085	2,764	1,667	60.3%
3	28%	0.91	3	1,272	12.8%	12.8%	640	446	69.6%	568	394	2,281	1,436	62.9%	2,803	1,762	63%	2,487	1,560	5,251	3,227	61.5%
4	26%	0.95	4	1,435	12.8%	12.8%	538	393	73.1%	454	331	2,735	1,767	64.6%	3,700	2,381	64%	3,125	2,007	8,376	5,234	62.5%
5	22%	1.00	5	1,619	12.8%	12.8%	473	363	76.8%	381	292	3,116	2,059	66.1%	4,646	3,049	66%	3,738	2,448	12,114	7,682	63.4%
6	22%	1.02	6	1,826	12.8%	12.8%	416	328	78.7%	319	251	3,435	2,310	67.2%	5,657	3,767	67%	4,335	2,880	16,449	10,562	64.2%
7	22%	1.06	7	2,060	12.8%	12.8%	366	299	81.5%	267	217	3,702	2,527	68.3%	6,748	4,548	67%	4,924	3,312	21,373	13,874	64.9%
8	22%	1.10	8	2,324	12.8%	12.8%	322	273	84.8%	224	190	3,926	2,717	69.2%	7,934	5,403	68%	5,514	3,747	26,886	17,621	65.5%
9	22%	1.10	9	2,621	12.8%	12.8%	284	241	84.8%	188	159	4,114	2,876	69.9%	9,233	6,335	69%	6,111	4,185	32,997	21,806	66.1%
10	22%	1.10	10	2,957	12.8%	12.8%	250	212	84.8%	157	133	4,271	3,009	70.4%	10,664	7,358	69%	6,722	4,629	39,720	26,435	66.6%
11	22%	1.10	11	0	12.8%	12.8%	220	186	84.8%	132	112	4,403	3,121	70.9%	8,914	6,495	73%	5,352	3,892	45,071	30,326	67.3%
12	22%	1.10	12	0	12.8%	12.8%	193	164	84.8%	111	94	4,514	3,214	71.2%	7,614	5,844	77%	4,353	3,335	49,425	33,661	68.1%
13	22%	1.10	13	0	12.8%	12.8%	170	144	84.8%	93	78	4,606	3,293	71.5%	6,625	5,250	79%	3,607	2,853	53,032	36,514	68.9%
14	22%	1.10	14	0	12.8%	12.8%	150	127	84.8%	78	66	4,684	3,358	71.7%	5,830	4,739	81%	3,023	2,453	56,055	38,967	69.5%
15	22%	1.10	15	0	12.8%	12.8%	132	112	84.8%	65	55	4,749	3,413	71.9%	5,130	4,245	83%	2,534	2,092	58,589	41,059	70.1%
16	22%	1.10	16	0	12.8%	12.8%	116	98	84.8%	55	46	4,803	3,460	72.0%	4,514	3,794	84%	2,124	1,781	60,712	42,840	70.6%
17	22%	1.10	17	0	12.8%	12.8%	102	87	84.8%	46	39	4,849	3,498	72.1%	3,973	3,370	85%	1,780	1,507	62,492	44,347	71.0%
18	22%	1.10	18	0	12.8%	12.8%	90	76	84.8%	38	32	4,887	3,531	72.2%	3,496	2,966	85%	1,492	1,263	63,984	45,610	71.3%
19	22%	1.10	19	0	12.8%	12.8%	79	67	84.8%	32	27	4,920	3,558	72.3%	3,076	2,610	85%	1,250	1,058	65,234	46,668	71.5%
20	22%	1.10	20	0	12.8%	12.8%	70	59	84.8%	27	23	4,946	3,581	72.4%	2,707	2,297	85%	1,048	887	66,281	47,555	71.7%
21	22%	1.10	21	0	12.8%	12.8%	61	52	84.8%	23	19	4,969	3,600	72.4%	2,382	2,021	85%	878	743	67,159	48,299	71.9%
22	22%	1.10	22	0	12.8%	12.8%	54	46	84.8%	19	16	4,988	3,616	72.5%	2,097	1,779	85%	736	623	67,895	48,922	72.1%
23	22%	1.10	23	0	12.8%	12.8%	47	40	84.8%	16	13	5,004	3,629	72.5%	1,845	1,565	85%	617	522	68,512	49,444	72.2%
24	22%	1.10	24	0	12.8%	12.8%	42	35	84.8%	13	11	5,017	3,640	72.6%	1,624	1,377	85%	517	438	69,029	49,882	72.3%
25	22%	1.10	25	0	12.8%	12.8%	37	31	84.8%	11	9	5,028	3,650	72.6%	1,429	1,212	85%	433	367	69,462	50,248	72.3%
			(before present values)		Present Value Basis					(before present values)		Present Value Basis										
Total All Years			6,640	4,970	75%	5,028	3,650	APV LLR: 72.6%	115560	85933	74%	69462	50248	APV LLR: 72.3%								

Exhibit E-3
Aetna Filing: PF-2010-00339
AHP Lifetime Loss Ratio Calculation

Durational Assumptions			Assumptions by Proj. Year				Single Cohort of N.Sales						Cumulative Based On New Sales During Yrs 1-10									
			Proj Year	\$Prem New Sales	Prem Rate Incr. (Trend)	Normal Clms Trend	Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)				Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)					
Pol. Dur.	Policy Lapse	Clms Dur.					Earned Prem	Inc'd Claims		Annual Amt Prem	Annual Amt Clms	Cumulative Prem	Cumulative Clms	LLR	Earned Prem		Inc'd Claims	Annual Amt Prem	Annual Amt Clms	Cumulative Prem	Cumulative Clms	LLR
1		0.78	1	1,000			1,000	597	59.7%	978	583	978	583	59.6%	1,000	597	60%	978	583	978	583	59.6%
2	30%	0.81	2	1,128	12.8%	12.8%	790	494	62.5%	736	459	1,714	1,042	60.8%	1,918	1,167	61%	1,786	1,085	2,764	1,667	60.3%
3	28%	0.91	3	1,272	12.8%	12.8%	640	446	69.6%	568	394	2,281	1,436	62.9%	2,803	1,762	63%	2,487	1,560	5,251	3,227	61.5%
4	28%	0.95	4	1,435	12.8%	12.8%	518	379	73.1%	438	319	2,719	1,755	64.6%	3,681	2,367	64%	3,109	1,995	8,360	5,222	62.5%
5	28%	1.00	5	1,619	12.8%	12.8%	420	323	76.8%	338	259	3,057	2,014	65.9%	4,572	2,992	65%	3,678	2,402	12,038	7,625	63.3%
6	28%	1.02	6	1,826	12.8%	12.8%	340	268	78.7%	261	205	3,317	2,219	66.9%	5,497	3,643	66%	4,212	2,785	16,249	10,410	64.1%
7	28%	1.06	7	2,060	12.8%	12.8%	275	225	81.5%	201	164	3,518	2,383	67.7%	6,476	4,334	67%	4,725	3,156	20,975	13,566	64.7%
8	28%	1.10	8	2,324	12.8%	12.8%	223	189	84.8%	155	131	3,673	2,514	68.4%	7,528	5,078	67%	5,232	3,522	26,206	17,088	65.2%
9	28%	1.10	9	2,621	12.8%	12.8%	181	153	84.8%	120	101	3,793	2,615	68.9%	8,672	5,881	68%	5,740	3,885	31,946	20,972	65.6%
10	28%	1.10	10	2,957	12.8%	12.8%	146	124	84.8%	92	78	3,885	2,693	69.3%	9,928	6,758	68%	6,258	4,251	38,204	25,223	66.0%
11	28%	1.10	11	0	12.8%	12.8%	119	101	84.8%	71	60	3,957	2,754	69.6%	7,983	5,733	72%	4,792	3,435	42,997	28,658	66.7%
12	28%	1.10	12	0	12.8%	12.8%	96	81	84.8%	55	46	4,011	2,800	69.8%	6,466	4,901	76%	3,697	2,797	46,694	31,454	67.4%
13	28%	1.10	13	0	12.8%	12.8%	78	66	84.8%	42	36	4,054	2,836	70.0%	5,238	4,109	78%	2,852	2,233	49,546	33,687	68.0%
14	28%	1.10	14	0	12.8%	12.8%	63	53	84.8%	33	28	4,086	2,864	70.1%	4,242	3,424	81%	2,200	1,772	51,746	35,459	68.5%
15	28%	1.10	15	0	12.8%	12.8%	51	43	84.8%	25	21	4,112	2,885	70.2%	3,436	2,830	82%	1,697	1,395	53,443	36,854	69.0%
16	28%	1.10	16	0	12.8%	12.8%	41	35	84.8%	19	16	4,131	2,901	70.2%	2,783	2,335	84%	1,309	1,096	54,753	37,950	69.3%
17	28%	1.10	17	0	12.8%	12.8%	33	28	84.8%	15	13	4,146	2,914	70.3%	2,255	1,913	85%	1,010	855	55,763	38,805	69.6%
18	28%	1.10	18	0	12.8%	12.8%	27	23	84.8%	12	10	4,158	2,924	70.3%	1,826	1,549	85%	779	660	56,542	39,465	69.8%
19	28%	1.10	19	0	12.8%	12.8%	22	19	84.8%	9	8	4,167	2,931	70.4%	1,479	1,255	85%	601	509	57,143	39,974	70.0%
20	28%	1.10	20	0	12.8%	12.8%	18	15	84.8%	7	6	4,174	2,937	70.4%	1,198	1,017	85%	464	393	57,607	40,367	70.1%
21	28%	1.10	21	0	12.8%	12.8%	14	12	84.8%	5	4	4,179	2,942	70.4%	971	823	85%	358	303	57,964	40,669	70.2%
22	28%	1.10	22	0	12.8%	12.8%	12	10	84.8%	4	3	4,183	2,945	70.4%	786	667	85%	276	234	58,240	40,903	70.2%
23	28%	1.10	23	0	12.8%	12.8%	9	8	84.8%	3	3	4,186	2,948	70.4%	637	540	85%	213	180	58,453	41,083	70.3%
24	28%	1.10	24	0	12.8%	12.8%	8	6	84.8%	2	2	4,189	2,950	70.4%	516	438	85%	164	139	58,617	41,222	70.3%
25	28%	1.10	25	0	12.8%	12.8%	6	5	84.8%	2	2	4,190	2,952	70.4%	418	354	85%	127	107	58,744	41,330	70.4%
			(before present values)		Present Value Basis				(before present values)		Present Value Basis											
Total All Years			5,131	3,704	72%	4,190	2,952	APV LLR: 70.4%	92309	66466	72%	58744	41330	APV LLR: 70.4%								

Exhibit E-4
Aetna Filing: PF-2010-00339
AHP Lifetime Loss Ratio Calculation

Durational Assumptions			Assumptions by Proj. Year				Single Cohort of N.Sales						Cumulative Based On New Sales During Yrs 1-10									
			Proj Year	\$Prem New Sales	Prem Rate Incr. (Trend)	Normal Clms Trend	Proj Amts (\$)		Undisc. Inc'd Inc'd LR	Present Values (APV)			Proj Amts (\$)		Undisc. Inc'd Inc'd LR	Present Values (APV)						
Pol. Dur.	Policy Lapse	Clms Dur.					Proj Year	Proj Amts (\$)		Undisc. Inc'd Inc'd LR	Annual Amts	Cumulative	LLR	Proj Amts (\$)		Undisc. Inc'd Inc'd LR	Annual Amts	Cumulative	LLR			
1		0.78	1	1,000			1,000	597	59.7%	978	583	978	583	59.6%	1,000	597	60%	978	583	978	583	59.6%
2	35%	0.81	2	1,128	12.8%	12.8%	733	458	62.5%	683	426	1,661	1,009	60.7%	1,861	1,132	61%	1,733	1,052	2,711	1,634	60.3%
3	34%	0.91	3	1,272	12.8%	12.8%	546	380	69.6%	484	336	2,145	1,345	62.7%	2,645	1,657	63%	2,346	1,466	5,058	3,101	61.3%
4	33%	0.95	4	1,435	12.8%	12.8%	413	302	73.1%	348	254	2,493	1,599	64.1%	3,396	2,170	64%	2,869	1,830	7,927	4,930	62.2%
5	32%	1.00	5	1,619	12.8%	12.8%	316	243	76.8%	255	195	2,748	1,794	65.3%	4,148	2,691	65%	3,337	2,161	11,263	7,091	63.0%
6	31%	1.02	6	1,826	12.8%	12.8%	246	194	78.7%	189	148	2,937	1,943	66.2%	4,925	3,230	66%	3,773	2,469	15,037	9,560	63.6%
7	30%	1.06	7	2,060	12.8%	12.8%	194	159	81.5%	142	115	3,079	2,058	66.9%	5,750	3,801	66%	4,196	2,768	19,232	12,329	64.1%
8	30%	1.10	8	2,324	12.8%	12.8%	154	130	84.8%	107	90	3,185	2,148	67.5%	6,639	4,418	67%	4,614	3,064	23,846	15,393	64.6%
9	30%	1.10	9	2,621	12.8%	12.8%	121	103	84.8%	80	68	3,266	2,216	67.9%	7,610	5,087	67%	5,037	3,360	28,883	18,753	64.9%
10	30%	1.10	10	2,957	12.8%	12.8%	96	81	84.8%	60	51	3,326	2,268	68.2%	8,680	5,819	67%	5,471	3,661	34,355	22,414	65.2%
11	30%	1.10	11	0	12.8%	12.8%	76	64	84.8%	45	38	3,371	2,306	68.4%	6,532	4,637	71%	3,921	2,778	38,276	25,192	65.8%
12	30%	1.10	12	0	12.8%	12.8%	60	51	84.8%	34	29	3,405	2,335	68.6%	4,982	3,753	75%	2,849	2,141	41,124	27,333	66.5%
13	30%	1.10	13	0	12.8%	12.8%	47	40	84.8%	26	22	3,431	2,357	68.7%	3,847	3,006	78%	2,095	1,633	43,219	28,966	67.0%
14	30%	1.10	14	0	12.8%	12.8%	37	32	84.8%	19	16	3,450	2,373	68.8%	3,000	2,416	81%	1,556	1,251	44,775	30,217	67.5%
15	30%	1.10	15	0	12.8%	12.8%	29	25	84.8%	15	12	3,465	2,385	68.8%	2,359	1,940	82%	1,165	956	45,940	31,173	67.9%
16	30%	1.10	16	0	12.8%	12.8%	23	20	84.8%	11	9	3,476	2,394	68.9%	1,862	1,561	84%	876	733	46,816	31,906	68.2%
17	30%	1.10	17	0	12.8%	12.8%	18	16	84.8%	8	7	3,484	2,401	68.9%	1,471	1,248	85%	659	558	47,475	32,463	68.4%
18	30%	1.10	18	0	12.8%	12.8%	14	12	84.8%	6	5	3,490	2,407	69.0%	1,161	985	85%	495	419	47,970	32,883	68.5%
19	30%	1.10	19	0	12.8%	12.8%	11	10	84.8%	5	4	3,495	2,411	69.0%	917	778	85%	373	315	48,343	33,198	68.7%
20	30%	1.10	20	0	12.8%	12.8%	9	8	84.8%	3	3	3,498	2,413	69.0%	724	614	85%	280	237	48,623	33,436	68.8%
21	30%	1.10	21	0	12.8%	12.8%	7	6	84.8%	3	2	3,501	2,416	69.0%	572	485	85%	211	178	48,833	33,614	68.8%
22	30%	1.10	22	0	12.8%	12.8%	6	5	84.8%	2	2	3,503	2,417	69.0%	451	383	85%	158	134	48,992	33,748	68.9%
23	30%	1.10	23	0	12.8%	12.8%	4	4	84.8%	1	1	3,504	2,419	69.0%	356	302	85%	119	101	49,111	33,849	68.9%
24	30%	1.10	24	0	12.8%	12.8%	4	3	84.8%	1	1	3,505	2,420	69.0%	281	239	85%	90	76	49,201	33,925	69.0%
25	30%	1.10	25	0	12.8%	12.8%	3	2	84.8%	1	1	3,506	2,420	69.0%	222	189	85%	67	57	49,268	33,982	69.0%
						(before present values)			Present Value Basis			(before present values)			Present Value Basis							
			Total All Years			4,168 2,943 71%			3,506 2,420 APV LLR: 69.0%			75391 53136 70%			49268 33982 APV LLR: 69.0%							

Exhibit E-5
Aetna Filing: PF-2010-00339
AHP Lifetime Loss Ratio Calculation

Scenario 5

Durational Assumptions			Assumptions by Proj. Year				Single Cohort of N.Sales						Cumulative Based On New Sales During Yrs 1-10									
			Proj Year	\$Prem New Sales	Prem Rate Incr. (Trend)	Normal Clms Trend	Proj Amts (\$)			Present Values (APV)			Proj Amts (\$)			Present Values (APV)						
Pol. Dur.	Policy Lapse	Clms Dur.					Inc'd Prem	Inc'd Claims	Undisc. LR	Annual Amts Prem	Annual Amts Clms	Cumulative APV Prem	Cumulative APV Clms	LLR	Annual Amts Prem	Annual Amts Clms	Cumulative APV Prem	Cumulative APV Clms	LLR			
1		0.79	1	1,000			1,000	597	59.7%	978	583	978	583	59.6%	1,000	597	60%	978	583	978	583	59.6%
2	35%	1.00	2	1,128	12.8%	12.8%	733	553	75.5%	683	514	1,661	1,097	66.0%	1,861	1,227	66%	1,733	1,140	2,711	1,723	63.5%
3	34%	1.06	3	1,272	12.8%	12.8%	546	437	80.1%	484	387	2,145	1,484	69.2%	2,645	1,821	69%	2,346	1,612	5,058	3,334	65.9%
4	33%	1.12	4	1,435	12.8%	12.8%	413	348	84.4%	348	293	2,493	1,777	71.3%	3,396	2,402	71%	2,869	2,025	7,927	5,359	67.6%
5	32%	1.15	5	1,619	12.8%	12.8%	316	275	86.9%	255	221	2,748	1,998	72.7%	4,148	2,984	72%	3,337	2,396	11,263	7,755	68.9%
6	31%	1.18	6	1,826	12.8%	12.8%	246	218	88.7%	189	167	2,937	2,165	73.7%	4,925	3,585	73%	3,773	2,741	15,037	10,496	69.8%
7	30%	1.19	7	2,060	12.8%	12.8%	194	175	89.8%	142	127	3,079	2,292	74.5%	5,750	4,218	73%	4,196	3,072	19,232	13,568	70.5%
8	30%	1.19	8	2,324	12.8%	12.8%	154	138	89.8%	107	96	3,185	2,388	75.0%	6,639	4,896	74%	4,614	3,396	23,846	16,964	71.1%
9	30%	1.19	9	2,621	12.8%	12.8%	121	109	89.8%	80	72	3,266	2,460	75.3%	7,610	5,632	74%	5,037	3,720	28,883	20,683	71.6%
10	30%	1.19	10	2,957	12.8%	12.8%	96	86	89.8%	60	54	3,326	2,514	75.6%	8,680	6,438	74%	5,471	4,050	34,355	24,734	72.0%
11	30%	1.19	11	0	12.8%	12.8%	76	68	89.8%	45	41	3,371	2,554	75.8%	6,532	5,340	82%	3,921	3,199	38,276	27,932	73.0%
12	30%	1.19	12	0	12.8%	12.8%	60	54	89.8%	34	31	3,405	2,585	75.9%	4,982	4,232	85%	2,849	2,415	41,124	30,347	73.8%
13	30%	1.19	13	0	12.8%	12.8%	47	42	89.8%	26	23	3,431	2,608	76.0%	3,847	3,358	87%	2,095	1,825	43,219	32,172	74.4%
14	30%	1.19	14	0	12.8%	12.8%	37	33	89.8%	19	17	3,450	2,625	76.1%	3,000	2,660	89%	1,556	1,377	44,775	33,548	74.9%
15	30%	1.19	15	0	12.8%	12.8%	29	26	89.8%	15	13	3,465	2,638	76.1%	2,359	2,110	89%	1,165	1,040	45,940	34,588	75.3%
16	30%	1.19	16	0	12.8%	12.8%	23	21	89.8%	11	10	3,476	2,648	76.2%	1,862	1,673	90%	876	785	46,816	35,373	75.6%
17	30%	1.19	17	0	12.8%	12.8%	18	16	89.8%	8	7	3,484	2,655	76.2%	1,471	1,321	90%	659	590	47,475	35,964	75.8%
18	30%	1.19	18	0	12.8%	12.8%	14	13	89.8%	6	6	3,490	2,661	76.2%	1,161	1,043	90%	495	444	47,970	36,408	75.9%
19	30%	1.19	19	0	12.8%	12.8%	11	10	89.8%	5	4	3,495	2,665	76.3%	917	823	90%	373	334	48,343	36,742	76.0%
20	30%	1.19	20	0	12.8%	12.8%	9	8	89.8%	3	3	3,498	2,668	76.3%	724	650	90%	280	251	48,623	36,993	76.1%
21	30%	1.19	21	0	12.8%	12.8%	7	6	89.8%	3	2	3,501	2,671	76.3%	572	513	90%	211	189	48,833	37,182	76.1%
22	30%	1.19	22	0	12.8%	12.8%	6	5	89.8%	2	2	3,503	2,672	76.3%	451	405	90%	158	142	48,992	37,324	76.2%
23	30%	1.19	23	0	12.8%	12.8%	4	4	89.8%	1	1	3,504	2,674	76.3%	356	320	90%	119	107	49,111	37,430	76.2%
24	30%	1.19	24	0	12.8%	12.8%	4	3	89.8%	1	1	3,505	2,675	76.3%	281	253	90%	90	80	49,201	37,511	76.2%
25	30%	1.19	25	0	12.8%	12.8%	3	2	89.8%	1	1	3,506	2,675	76.3%	222	200	90%	67	60	49,268	37,571	76.3%
						(before present values)			Present Value Basis			(before present values)			Present Value Basis							
			Total All Years			4,168 3,250 78%			3,506 2,675 APV LLR: 76.3%			75391 58699 78%			49268 37571 APV LLR: 76.3%							

Updated 7/23/10

**Exhibit F
Relationships by Plan and PF**

00354 Plan (Y/N)	Experience Period: 8/1/06 - 7/31/09						Base Year 8/08 - 7/09						Ratio*** 00354/ 00028 Rates 7/1/10
	Member Months	Premium	Claims	Prem PMPM	Clims PMPM	MBR	Member Months	Premium	Claims	Prem PMPM	Clims PMPM	MBR	
N MC 1500	57,516	19,316,777	24,558,431	336	427	127%	21,798	9,208,081	13,138,216	422	603	143%	
N MC 500	35,899	11,089,300	8,785,908	309	245	79.2%	9,465	3,531,303	2,276,731	373	241	64.5%	
N FD 25	7,223	2,079,189	1,387,576	288	192	66.7%	3,256	1,028,310	694,995	316	213	67.6%	
Y FD 30	22,709	4,715,559	3,161,460	208	139	67.0%	21,588	4,485,465	3,039,689	208	141	67.8%	1.003
Y FD 40	13,514	2,784,635	2,037,172	206	151	73.2%	10,303	2,047,636	1,648,485	199	160	80.5%	1.005
N MC HDHP 1	21,971	4,070,162	2,841,440	185	129	69.8%	5,718	1,315,507	824,724	230	144	62.7%	
Y MC HDHP 3000	49,208	8,837,338	4,844,763	180	98	54.8%	37,681	6,945,663	4,051,513	184	108	58.3%	1.009
Y MC HDHP 5000	27,536	4,824,071	2,459,736	175	89	51.0%	21,344	3,848,460	1,965,056	180	92	51.1%	1.009
Y MC Value 1500	49,745	8,709,064	5,352,285	175	108	61.5%	23,181	4,482,789	2,691,500	193	116	60.0%	1.005
N MC HDHP 2	50,237	8,263,191	4,110,746	164	82	49.7%	13,718	2,646,606	1,651,051	193	120	62.4%	
Y MC 2500	540,101	87,394,959	65,221,349	162	121	74.6%	214,483	39,411,900	29,481,078	184	137	74.8%	1.005
Y MC Value 2500	30,770	4,834,415	2,248,855	157	73	46.5%	15,639	2,490,225	1,300,644	159	83	52.2%	1.010
Y PHC 3000	10,097	1,568,518	473,865	155	47	30.2%	6,521	1,073,855	360,148	165	55	33.5%	1.012
Y MC 3500	24,783	3,823,628	2,232,808	154	90	58.4%	7,433	1,321,580	768,241	178	103	58.1%	
Y MC 5000	373,915	51,321,143	32,315,597	137	86	63.0%	185,164	26,967,247	18,752,547	146	101	69.5%	1.099
Y MC Value 5000	78,282	10,497,980	6,538,565	134	84	62.3%	39,056	5,722,810	3,689,111	147	94	64.5%	1.012
Y PHC 1250	6,697	880,373	329,817	131	49	37.5%	4,071	567,389	148,605	139	37	26.2%	1.012
Y MC Value 8000	8,923	1,062,941	289,798	119	32	27.3%	8,827	1,048,083	289,124	119	33	27.6%	1.021
	1,409,126	236,073,243	169,190,171	168		71.7%	649,246	118,142,909	86,771,456	182		73.4%	Wtd Avg:
													using Base-Yr weights: 1.032
													using 00354 updated filing weights: 1.033
* Subtotal Excl MC1500:	1,351,610	216,756,466	144,631,739			66.73%	627,448	108,934,828	73,633,240			67.59%	
** Subtotal 00354-Only:	1,236,280	191,254,624	127,506,070	155		66.67%	595,291	100,413,102	68,185,739	169		67.91%	
Ratio 00354-Only / All						0.930						0.925	

Footnotes:

- * Subtotal excluding only the discontinued plan MC 1500
- ** Subtotal excluding experience of all plans discontinued w/ 00354 policy form filing.
- *** Ratio of 7/1/10 (9/1/10) Rate Tables (M,37); Wtd Avg All Areas

Weighted Avgs using updated 00354 filing weights

Wtd Avg Ratio 00354 / 00028 for all Areas / Plans:
vs Ratio Expected per Benefit Difference (Ambul)
Benefit-Adjusted Relative Premium Level (00354 vs 000280)

Ratio 00354/ 00028	1.032
	1.005
	1.027

**Exhibit G-1
7/1/10 Rate Comparison by Policy Form
Ratio 00354 / 00028 Rates**

	7/1/10 Rate Table rates (now 9/1/10 Rates) M,37 (S. Age)									Ratio 00354 / 00028	
	<u>RA1</u>	<u>RA2</u>	<u>RA3</u>	<u>RA4</u>	<u>RA5</u>	<u>RA6</u>	<u>RA7</u>	<u>RA8</u>	<u>RA9</u>		Wtd. Avg.
00028 - \$0 (First Dollar 30 – version 07012008); 00354 - \$0 (First Dollar 30 – version 07012009);	207	251	226	245	278	271	237	237	241	243	1.004
00028 - \$0 (First Dollar 40 – version 07012008); 00354 - \$0 (First Dollar 40 – version 07012009);	156	191	172	187	211	206	181	180	183	184	1.005
00028 - \$2,500 (MC 2,500 plan – version 07012008); 00354 - \$2,500 (MC 2,500 plan – version 07012009);	147	178	161	174	197	193	170	170	171	173	1.005
00028 - \$5,000 (MC 5,000 plan – version 07012008); 00354 - \$5,000 (MC 5,000 plan – version 07012009);	96	117	106	116	130	128	112	112	113	114	1.099
00028 - \$1,500 (MC Value 1,500 plan – version 07012008); 00354 - \$1,500 (MC Value 1,500 plan – version 07012009);	136	164	148	160	182	177	155	155	157	159	1.005
00028 - \$2,500 (MC Value 2,500 plan – version 07012008); 00354 - \$2,500 (MC Value 2,500 plan – version 07012009);	107	130	117	127	144	141	123	123	125	126	1.011
00028 - \$5,000 (MC Value 5,000 plan – version 07012008); 00354 - \$5,000 (MC Value 5,000 plan – version 07012009);	90	111	100	109	122	120	105	105	106	107	1.011
00028 - \$8,000 (MC Value 8,000 plan – version 07012008); 00354 - \$8,000 (MC Value 8,000 plan – version 07012009);	65	80	71	78	88	87	75	75	76	77	1.020
00028 - \$3,000 (High Deductible MC 3,000 – version 07012008); 00354 - \$3,000 (High Deductible MC 3,000 – version 07012009);	134	161	147	159	180	175	154	154	155	157	1.009
00028 - \$5,000 (High Deductible MC 5,000 – version 07012008); 00354 - \$5,000 (High Deductible MC 5,000 – version 07012009);	110	134	121	132	148	144	128	127	129	130	1.010
00028 - \$1,250 (Preventive and Hospital Care \$1,250 – version 07012008); 00354 - \$1,250 (Preventive and Hospital Care \$1,250 – version 07012009);	99	119	108	117	133	129	113	113	114	116	1.011
00028 - \$3,000 (Preventive and Hospital Care \$3,000 – version 07012008); 00354 - \$3,000 (Preventive and Hospital Care \$3,000 – version 07012009);	84	103	93	102	116	112	97	97	98	100	1.012
Wtd Avg All Plans: Based on 00354 Prem weights by plan in base period experience											1.032
Based on 00354 Prem weights by plan in rate filing resubmission											1.033

Footnotes:

Prem Dist'n by Area (8/1/08 - 7/31/09): 21% 10% 7% 20% 11% 16% 8% 6% 1% 100%
 Note - in the above comparison of rates, for 00028 plans with both 5-year (SS) and single-age (SA) rates, the SA rates are used.

Exhibit G-2
7/1/09 Rate Comparison by Policy Form
Ratio 00354 / 00028 Rates

	7/1/09 Rate Table rates M,37 (Single Age)									Wtd. Avg.	Ratio 00354 / 00028
	RA1	RA2	RA3	RA4	RA5	RA6	RA7	RA8	RA9		
00028 - \$0 (First Dollar 30 – version 07012008);	172	215	197	210	238	225	197	197	201	205	1.003
00354 - \$0 (First Dollar 30 – version 07012009);	181	210	193	201	233	231	203	203	206	206	
00028 - \$0 (First Dollar 40 – version 07012008);	130	163	150	160	181	171	150	150	152	156	1.005
00354 - \$0 (First Dollar 40 – version 07012009);	137	160	148	153	177	176	155	155	157	157	
00028 - \$2,500 (MC 2,500 plan – version 07012008);	122	152	141	149	169	160	141	141	142	146	1.005
00354 - \$2,500 (MC 2,500 plan – version 07012009);	129	150	138	143	166	164	145	145	147	147	
00028 - \$5,000 (MC 5,000 plan – version 07012008);	80	100	93	99	111	106	93	93	94	96	1.099
00354 - \$5,000 (MC 5,000 plan – version 07012009);	92	107	100	104	120	119	105	105	106	106	
00028 - \$1,500 (MC Value 1,500 plan – version 07012008);	113	140	129	137	156	147	129	129	131	134	1.005
00354 - \$1,500 (MC Value 1,500 plan – version 07012009);	119	137	127	132	153	151	133	133	136	135	
00028 - \$2,500 (MC Value 2,500 plan – version 07012008);	89	111	102	109	123	117	102	102	104	106	1.010
00354 - \$2,500 (MC Value 2,500 plan – version 07012009);	94	110	101	105	121	121	106	106	108	107	
00028 - \$5,000 (MC Value 5,000 plan – version 07012008);	75	95	87	93	104	100	87	87	88	90	1.012
00354 - \$5,000 (MC Value 5,000 plan – version 07012009);	80	94	86	90	103	103	90	90	91	91	
00028 - \$8,000 (MC Value 8,000 plan – version 07012008);	54	68	62	67	75	72	62	62	63	65	1.021
00354 - \$8,000 (MC Value 8,000 plan – version 07012009);	58	68	62	65	75	75	65	65	66	66	
00028 - \$3,000 (High Deductible MC 3,000 – version 07012008);	111	138	128	136	154	145	128	128	129	133	1.009
00354 - \$3,000 (High Deductible MC 3,000 – version 07012009);	118	136	126	131	151	150	132	132	133	134	
00028 - \$5,000 (High Deductible MC 5,000 – version 07012008);	91	115	106	113	127	120	106	106	107	110	1.009
00354 - \$5,000 (High Deductible MC 5,000 – version 07012009);	97	113	104	109	125	124	109	109	111	111	
00028 - \$1,250 (Preventive and Hospital Care \$1,250 – version 07012008);	82	102	94	100	114	107	94	94	95	98	1.012
00354 - \$1,250 (Preventive and Hospital Care \$1,250 – version 07012009);	87	101	93	97	112	111	97	97	99	99	
00028 - \$3,000 (Preventive and Hospital Care \$3,000 – version 07012008);	70	88	81	87	99	93	81	81	82	84	1.012
00354 - \$3,000 (Preventive and Hospital Care \$3,000 – version 07012009);	75	87	80	84	97	96	84	84	86	85	
Wtd Avg All Plans: Based on 00354 Prem weights by plan in base period experience											1.032
Based on 00354 Prem weights by plan in rate filing resubmission											1.033

Footnotes:

Prem Dist'n by Area (8/1/08 - 7/31/09): 21% 10% 7% 20% 11% 16% 8% 6% 1% 100%
 Note - in the above comparison of rates, for 00028 plans with both 5-year (SS) and single-age (SA) rates, the SA rates are used.

Exhibit H
Testing of Rate Relativities by Area
Comparison by Policy Form

	7/1/10 (9/1/10) Rate Male, Age 37									Area Factors Underlying 7/1/10 (9/1/10) Rates (using final/rounded rates; setting RA5 = 1.000)									
	RA1	RA2	RA3	RA4	RA5	RA6	RA7	RA8	RA9	RA1	RA2	RA3	RA4	RA5	RA6	RA7	RA8	RA9	
00028																			
SA-FD 30	207	251	226	245	278	271	237	237	241	0.74	0.90	0.81	0.88	1.00	0.97	0.85	0.85	0.87	
SA-FD 40	156	191	172	187	211	206	181	180	183	0.74	0.91	0.82	0.89	1.00	0.98	0.86	0.85	0.87	
SA-MC 2500	147	178	161	174	197	193	170	170	171	0.75	0.90	0.82	0.88	1.00	0.98	0.86	0.86	0.87	
SA-MC 5000	96	117	106	116	130	128	112	112	113	0.74	0.90	0.82	0.89	1.00	0.98	0.86	0.86	0.87	
SA-Value 1500	136	164	148	160	182	177	155	155	157	0.75	0.90	0.81	0.88	1.00	0.97	0.85	0.85	0.86	
SA-Value 2500	107	130	117	127	144	141	123	123	125	0.74	0.90	0.81	0.88	1.00	0.98	0.85	0.85	0.87	
SA-Value 5000	90	111	100	109	122	120	105	105	106	0.74	0.91	0.82	0.89	1.00	0.98	0.86	0.86	0.87	
SA-Value 8000	65	80	71	78	88	87	75	75	76	0.74	0.91	0.81	0.89	1.00	0.99	0.85	0.85	0.86	
SA-HDHP 3000	134	161	147	159	180	175	154	154	155	0.74	0.89	0.82	0.88	1.00	0.97	0.86	0.86	0.86	
SA-HDHP 5000	110	134	121	132	148	144	128	127	129	0.74	0.91	0.82	0.89	1.00	0.97	0.86	0.86	0.87	
SA-PHC 1250	99	119	108	117	133	129	113	113	114	0.74	0.89	0.81	0.88	1.00	0.97	0.85	0.85	0.86	
SA-PHC 3000	84	103	93	102	116	112	97	97	98	0.72	0.89	0.80	0.88	1.00	0.97	0.84	0.84	0.84	
										Avg:	0.74	0.90	0.81	0.88	1.00	0.98	0.85	0.85	0.86
00354																			
First Dollar 30 - 7/1/09	221	234	204	251	273	279	217	254	230	0.81	0.86	0.75	0.92	1.00	1.02	0.79	0.93	0.84	
First Dollar 40 - 7/1/09	167	178	156	191	208	213	165	194	175	0.80	0.86	0.75	0.92	1.00	1.02	0.79	0.93	0.84	
MC 2500 - 7/1/09	157	167	146	179	195	198	155	181	164	0.81	0.86	0.75	0.92	1.00	1.02	0.79	0.93	0.84	
MC 3500 - 7/1/09	129	137	121	149	161	166	128	150	136	0.80	0.85	0.75	0.93	1.00	1.03	0.80	0.93	0.84	
MC 5000 - 7/1/09	112	119	106	130	141	144	112	131	118	0.79	0.84	0.75	0.92	1.00	1.02	0.79	0.93	0.84	
MC 7500 - 7/1/09	89	95	83	102	110	114	89	104	94	0.81	0.86	0.75	0.93	1.00	1.04	0.81	0.95	0.85	
Value 1500 - 7/1/09	145	153	134	165	179	182	142	166	152	0.81	0.85	0.75	0.92	1.00	1.02	0.79	0.93	0.85	
Value 2500 - 7/1/09	115	123	107	131	142	146	113	132	120	0.81	0.87	0.75	0.92	1.00	1.03	0.80	0.93	0.85	
Value 5000 - 7/1/09	98	105	91	112	121	124	96	112	101	0.81	0.87	0.75	0.93	1.00	1.02	0.79	0.93	0.83	
Value 8000 - 7/1/09	71	76	65	81	88	91	69	81	74	0.81	0.86	0.74	0.92	1.00	1.03	0.78	0.92	0.84	
High Ded MC 3000 (HSA Compat) - 7/1/09	144	152	133	164	177	181	141	165	148	0.81	0.86	0.75	0.93	1.00	1.02	0.80	0.93	0.84	
High Ded MC 5000 (HSA Compat) - 7/1/09	118	126	110	136	147	150	116	136	124	0.80	0.86	0.75	0.93	1.00	1.02	0.79	0.93	0.84	
Prevent. & Hosp Care 1250 - 7/1/09	106	113	98	121	131	134	104	121	110	0.81	0.86	0.75	0.92	1.00	1.02	0.79	0.92	0.84	
Prev & Hosp Care 3000 (HSA Compat) - 7/1	91	97	84	105	114	116	90	105	96	0.80	0.85	0.74	0.92	1.00	1.02	0.79	0.92	0.84	
MC 2500 with Limited Rx - 7/1/09	148	157	137	169	183	187	146	171	154	0.81	0.86	0.75	0.92	1.00	1.02	0.80	0.93	0.84	
MC 5000 with Limited Rx - 7/1/09	102	109	96	119	129	132	102	120	108	0.79	0.84	0.74	0.92	1.00	1.02	0.79	0.93	0.84	
MC 6500 - 7/1/09	110	117	102	126	137	140	109	127	116	0.80	0.85	0.74	0.92	1.00	1.02	0.80	0.93	0.85	
MC 750 with CY Max - 7/1/09	212	226	197	242	263	268	209	245	221	0.81	0.86	0.75	0.92	1.00	1.02	0.79	0.93	0.84	
MC 1500 with CY Max - 7/1/09	193	205	179	220	239	244	190	222	201	0.81	0.86	0.75	0.92	1.00	1.02	0.79	0.93	0.84	
MC 2500 with CY Max - 7/1/09	143	152	133	162	176	180	141	165	148	0.81	0.86	0.76	0.92	1.00	1.02	0.80	0.94	0.84	
										Avg:	0.81	0.86	0.75	0.92	1.00	1.02	0.79	0.93	0.84
00339																			
MC 3500 - v7012010	170	170	148	179	197	211	165	206	176	0.86	0.86	0.75	0.91	1.00	1.07	0.84	1.05	0.89	
MC 5000 - v7012010	145	145	126	153	168	180	141	176	150	0.86	0.86	0.75	0.91	1.00	1.07	0.84	1.05	0.89	
Value 2500 with 3 O.V. - v7012010	107	107	93	113	124	133	104	130	111	0.86	0.86	0.75	0.91	1.00	1.07	0.84	1.05	0.90	
Value 8000 with 3 O.V. - v7012010	77	77	66	81	89	95	74	93	79	0.87	0.87	0.74	0.91	1.00	1.07	0.83	1.04	0.89	
Value 2500 with 5 O.V. - v7012010	111	111	96	117	128	138	108	135	115	0.87	0.87	0.75	0.91	1.00	1.08	0.84	1.05	0.90	
Value 8000 with 5 O.V. - v7012010	81	81	70	85	94	101	79	98	84	0.86	0.86	0.74	0.90	1.00	1.07	0.84	1.04	0.89	
High Ded MC 3500 (HSA) - v702010	113	113	98	119	131	140	110	137	117	0.86	0.86	0.75	0.91	1.00	1.07	0.84	1.05	0.89	
High Ded MC 5500 (HSA) - v7012010	87	87	76	92	101	109	85	106	91	0.86	0.86	0.75	0.91	1.00	1.08	0.84	1.05	0.90	
Prevent & Hosp Care 3000 (HSA) - v701201	67	67	58	71	77	83	65	81	69	0.87	0.87	0.75	0.92	1.00	1.08	0.84	1.05	0.90	
MC 5000 with Limited Rx - v7012010	135	135	117	143	157	168	131	164	140	0.86	0.86	0.75	0.91	1.00	1.07	0.83	1.04	0.89	
MC 6500 - v7012010	142	142	123	150	164	176	138	172	147	0.87	0.87	0.75	0.91	1.00	1.07	0.84	1.05	0.90	
MC 7500 with Unlim PC + Dent - v7012010	84	84	73	89	98	105	82	103	88	0.86	0.86	0.74	0.91	1.00	1.07	0.84	1.05	0.90	
										Avg:	0.86	0.86	0.75	0.91	1.00	1.07	0.84	1.05	0.89

Exh I
Testing of Actual vs Expected Premium Rate Increase by Plan (7/1/10 vs 7/1/09)
00354 & 00028 Rates

EXPECTED RATE INCREASES:

Rating Factor for Area Factor Changes, 7/1/10:	00028:	1.026	0.997	0.976	0.996	0.996	1.026	1.026	1.025	1.024	1.010
	00354:	1.040	0.950	0.900	1.065	1.000	1.030	0.910	1.065	0.950	1.011
Expected Rate Increase, 7/1/10 * (incl base rate incr of 17.3% & area factor adj)	00028:	20.3%	16.9%	14.5%	16.8%	16.8%	20.3%	20.3%	20.2%	20.1%	18.5%
	00354:	22.0%	11.4%	5.6%	24.9%	17.3%	20.8%	6.7%	24.9%	11.4%	18.5%

ACTUAL RATE INCREASES (incl.Prem rounding):

	Percentage Increase in 7/1/10 vs 7/1/09 Rate Table M,37 (Single Age)									
	<u>RA1</u>	<u>RA2</u>	<u>RA3</u>	<u>RA4</u>	<u>RA5</u>	<u>RA6</u>	<u>RA7</u>	<u>RA8</u>	<u>RA9</u>	<u>Wtd. Avg.</u>
	00028 - \$0 (First Dollar 30 – version 07012008); 00354 - \$0 (First Dollar 30 – version 07012009);	20.3%	16.7%	14.7%	16.7%	16.8%	20.4%	20.3%	20.3%	19.9%
00028 - \$0 (First Dollar 40 – version 07012008); 00354 - \$0 (First Dollar 40 – version 07012009);	20.0%	17.2%	14.7%	16.9%	16.6%	20.5%	20.7%	20.0%	20.4%	18.4%
00028 - \$2,500 (MC 2,500 plan – version 07012008); 00354 - \$2,500 (MC 2,500 plan – version 07012009);	20.5%	17.1%	14.2%	16.8%	16.6%	20.6%	20.6%	20.6%	20.4%	18.5%
00028 - \$5,000 (MC 5,000 plan – version 07012008); 00354 - \$5,000 (MC 5,000 plan – version 07012009);	20.0%	17.0%	14.0%	17.2%	17.1%	20.8%	20.4%	20.4%	20.2%	18.5%
00028 - \$1,500 (MC Value 1,500 plan – version 07012008); 00354 - \$1,500 (MC Value 1,500 plan – version 07012009);	20.4%	17.1%	14.7%	16.8%	16.7%	20.4%	20.2%	20.2%	19.8%	18.4%
00028 - \$2,500 (MC Value 2,500 plan – version 07012008); 00354 - \$2,500 (MC Value 2,500 plan – version 07012009);	20.2%	17.1%	14.7%	16.5%	17.1%	20.5%	20.6%	20.6%	20.2%	18.5%
00028 - \$5,000 (MC Value 5,000 plan – version 07012008); 00354 - \$5,000 (MC Value 5,000 plan – version 07012009);	20.0%	16.8%	14.9%	17.2%	17.3%	20.0%	20.7%	20.7%	20.5%	18.5%
00028 - \$8,000 (MC Value 8,000 plan – version 07012008); 00354 - \$8,000 (MC Value 8,000 plan – version 07012009);	20.4%	17.6%	14.5%	16.4%	17.3%	20.8%	21.0%	21.0%	20.6%	18.7%
00028 - \$3,000 (High Deductible MC 3,000 – version 07012008); 00354 - \$3,000 (High Deductible MC 3,000 – version 07012009);	20.7%	16.7%	14.8%	16.9%	16.9%	20.7%	20.3%	20.3%	20.2%	18.6%
00028 - \$5,000 (High Deductible MC 5,000 – version 07012008); 00354 - \$5,000 (High Deductible MC 5,000 – version 07012009);	20.9%	16.5%	14.2%	16.8%	16.5%	20.0%	20.8%	19.8%	20.6%	18.4%
00028 - \$1,250 (Preventive and Hospital Care \$1,250 – version 07012008); 00354 - \$1,250 (Preventive and Hospital Care \$1,250 – version 07012009);	20.7%	16.7%	14.9%	17.0%	16.7%	20.6%	20.2%	20.2%	20.0%	18.5%
00028 - \$3,000 (Preventive and Hospital Care \$3,000 – version 07012008); 00354 - \$3,000 (Preventive and Hospital Care \$3,000 – version 07012009);	20.0%	17.0%	14.8%	17.2%	17.2%	20.4%	19.8%	19.8%	19.5%	18.5%

**Exhibit K-1
Testing Rate Increases by Age & Tier
Test Single-Age Rated Plans**

Tested Area and Plan	
Rating Area (1-9)	1
Plan (19-30 for SA)	19
PlanCode	SA-FD 30

Minimum % Increase: **20%**
 Maximum % Increase: **21%**
 Simple Avg % Increase: **21%**

Expected Incr: Base 1.173
 Area 1.026
 Total **20%**

Age	New Rates, 7/1/10						Old Rates, 7/1/09						% Increase					
	Single Male	Single Female	Couple	Male & Ch(ren)	Fem & Ch(ren)	Family	Single Male	Single Female	Couple	Male & Ch(ren)	Fem & Ch(ren)	Family	Single Male	Single Female	Couple	Male & Ch(ren)	Fem & Ch(ren)	Family
	0	394	394	788	646	646	1040	327	327	654	535	535	862	20%	20%	20%	21%	21%
1	236	236	472	488	488	724	196	196	392	404	404	600	20%	20%	20%	21%	21%	21%
2	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
3	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
4	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
5	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
6	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
7	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
8	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
9	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
10	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
11	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
12	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
13	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
14	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
15	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
16	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
17	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
18	126	126	252	378	378	504	104	104	208	312	312	416	21%	21%	21%	21%	21%	21%
19	139	184	323	391	436	575	116	152	268	324	360	476	20%	21%	21%	21%	21%	21%
20	141	191	332	393	443	584	117	158	275	325	366	483	21%	21%	21%	21%	21%	21%
21	142	197	339	394	449	591	118	163	281	326	371	489	20%	21%	21%	21%	21%	21%
22	145	202	347	397	454	599	121	168	289	329	376	497	20%	20%	20%	21%	21%	21%
23	148	206	354	400	458	606	123	171	294	331	379	502	20%	20%	20%	21%	21%	21%
24	151	211	362	403	463	614	126	175	301	334	383	509	20%	21%	20%	21%	21%	21%
25	154	215	369	406	467	621	128	179	307	336	387	515	20%	20%	20%	21%	21%	21%
26	157	220	377	409	472	629	130	183	313	338	391	521	21%	20%	20%	21%	21%	21%
27	160	225	385	412	477	637	133	187	320	341	395	528	20%	20%	20%	21%	21%	21%
28	169	233	402	421	485	654	141	194	335	349	402	543	20%	20%	20%	21%	21%	20%
29	178	241	419	430	493	671	148	201	349	356	409	557	20%	20%	20%	21%	21%	20%
30	187	250	437	439	502	689	155	208	363	363	416	571	21%	20%	20%	21%	21%	21%
31	196	258	454	448	510	706	163	215	378	371	423	586	20%	20%	20%	21%	21%	20%
32	205	267	472	457	519	724	170	222	392	378	430	600	21%	20%	20%	21%	21%	21%
33	206	272	478	458	524	730	170	226	396	378	434	604	21%	20%	21%	21%	21%	21%
34	206	278	484	458	530	736	171	231	402	379	439	610	20%	20%	20%	21%	21%	21%
35	206	284	490	458	536	742	171	236	407	379	444	615	20%	20%	20%	21%	21%	21%
36	207	290	497	459	542	749	171	240	411	379	448	619	21%	21%	21%	21%	21%	21%
37	207	296	503	459	548	755	172	245	417	380	453	625	20.3%	21%	21%	21%	21%	21%
38	213	302	515	465	554	767	177	251	428	385	459	636	20%	20%	20%	21%	21%	21%
39	220	308	528	472	560	780	183	256	439	391	464	647	20%	20%	20%	21%	21%	21%
40	226	315	541	478	567	793	188	262	450	396	470	658	20%	20%	20%	21%	21%	21%
41	233	321	554	485	573	806	194	266	460	402	474	668	20%	21%	20%	21%	21%	21%
42	239	327	566	491	579	818	199	272	471	407	480	679	20%	20%	20%	21%	21%	20%
43	264	334	598	516	586	850	219	278	497	427	486	705	21%	20%	20%	21%	21%	21%
44	288	341	629	540	593	881	239	283	522	447	491	730	21%	20%	20%	21%	21%	21%
45	312	348	660	564	600	912	259	289	548	467	497	756	20%	20%	20%	21%	21%	21%
46	336	355	691	588	607	943	279	294	573	487	502	781	20%	21%	21%	21%	21%	21%
47	360	361	721	612	613	973	299	300	599	507	508	807	20%	20%	20%	21%	21%	21%
48	369	379	748	621	631	1000	306	314	620	514	522	828	21%	21%	21%	21%	21%	21%
49	379	396	775	631	648	1027	314	330	644	522	538	852	21%	20%	20%	21%	20%	21%
50	388	414	802	640	666	1054	323	344	667	531	552	875	20%	20%	20%	21%	21%	20%
51	397	431	828	649	683	1080	330	358	688	538	566	896	20%	20%	20%	21%	21%	21%
52	407	449	856	659	701	1108	338	373	711	546	581	919	20%	20%	20%	21%	21%	21%
53	434	456	890	686	708	1142	360	379	739	568	587	947	21%	20%	20%	21%	21%	21%
54	460	463	923	712	715	1175	382	385	767	590	593	975	20%	20%	20%	21%	21%	21%
55	487	470	957	739	722	1209	405	391	796	613	599	1004	20%	20%	20%	21%	21%	20%
56	514	478	992	766	730	1244	427	396	823	635	604	1031	20%	21%	21%	21%	21%	21%
57	541	485	1026	793	737	1278	449	402	851	657	610	1059	20%	21%	21%	21%	21%	21%
58	563	519	1082	815	771	1334	468	430	898	676	638	1106	20%	21%	20%	21%	21%	21%
59	585	553	1138	837	805	1390	486	459	945	694	667	1153	20%	20%	20%	21%	21%	21%
60	607	587	1194	859	839	1446	504	487	991	712	695	1199	20%	21%	20%	21%	21%	21%
61	629	621	1250	881	873	1502	522	516	1038	730	724	1246	20%	20%	20%	21%	21%	21%
62	651	655	1306	903	907	1558	541	544	1085	749	752	1293	20%	20%	20%	21%	21%	20%
63	704	672	1376	956	924	1628	584	557	1141	792	765	1349	21%	21%	21%	21%	21%	21%
64	758	688	1446	1010	940	1698	629	571	1200	837	779	1408	21%	20%	21%	21%	21%	21%
65+	811	705	1516	1063	957	1768	673	585	1258	881	793	1466	21%	21%	21%	21%	21%	21%

Exhibit K-2
Testing Rate Increases by Age & Tier
Test 5-Yr Age Banded Plans (SS and FD)

Tested Area and Plan	
Rating Area (1-9)	9
Plan (1-18 for SS or FD)	18
PlanCo	FD-FD 40 - 3/1/08

Minimum % Increase: **20%**
Maximum % Increase: **21%**
Simple Avg % Increase: **20%**

Expected Incr: Base 1.173
 Area 1.024
 Total **20%**

Age	New Rates						Old Rates						% Increase					
	Single Male	Single Female	Couple	Male & Ch(ren)	Fem & Ch(ren)	Family	Single Male	Single Female	Couple	Male & Ch(ren)	Fem & Ch(ren)	Family	Single Male	Single Female	Couple	Male & Ch(ren)	Fem & Ch(ren)	Family
0	246	246	492	442	442	688	205	205	410	369	369	574	20%	20%	20%	20%	20%	20%
1	148	148	296	344	344	492	123	123	246	287	287	410	20%	20%	20%	20%	20%	20%
2-18	98	98	196	294	294	392	82	82	164	246	246	328	20%	20%	20%	20%	20%	20%
19-24	105	148	253	301	344	449	87	123	210	251	287	374	21%	20%	20%	20%	20%	20%
25-29	119	169	288	315	365	484	99	141	240	263	305	404	20%	20%	20%	20%	20%	20%
30-34	138	184	322	334	380	518	115	153	268	279	317	432	20%	20%	20%	20%	20%	20%
35-39	161	196	357	357	392	553	134	163	297	298	327	461	20.1%	20%	20%	20%	20%	20%
40-44	192	214	406	388	410	602	160	178	338	324	342	502	20%	20%	20%	20%	20%	20%
45-49	238	229	467	434	425	663	198	191	389	362	355	553	20%	20%	20%	20%	20%	20%
50-54	306	259	565	502	455	761	255	216	471	419	380	635	20%	20%	20%	20%	20%	20%
55-59	398	311	709	594	507	905	331	259	590	495	423	754	20%	20%	20%	20%	20%	20%
60-64	560	395	955	756	591	1151	466	329	795	630	493	959	20%	20%	20%	20%	20%	20%
65+	598	442	1040	794	638	1236	498	368	866	662	532	1030	20%	20%	20%	20%	20%	20%

Exhibit L
LLR Scenario Testing for PF-00354
Assumptions by Scenario

		Scenario 1					
		Prem	Net	Relative		Orig.	
		Rate	Prem	\$Prem	Normal	00354	
Year	Policy Lapse	Incr. (Trend)	Lapse by Yr	New Sales	Clms Trend	Clms Dur.	
1				1000		0.73	
2	35%	18.5%	23%	1000	12.8%	0.82	
3	35%	12.8%	26%	0	12.8%	0.90	
4	35%	12.8%	26%	0	12.8%	0.96	
5	35%	12.8%	26%	0	12.8%	1.00	
6	35%	12.8%	26%	0	12.8%	1.03	
7	35%	12.8%	26%	0	12.8%	1.07	
8	35%	12.8%	26%	0	12.8%	1.12	
9	35%	12.8%	26%	0	12.8%	1.12	
10	35%	12.8%	26%	0	12.8%	1.12	
Discount Rate:					5%		
Add'l Mo's Dscnt for Clms:					0.5		
Year-1 Starting LR:					60.1%		
<p>Scenario 1A is the same as Scenario 1, except w/ 2nd Year (i.e., 2010) Premium reduction of 1% applied.</p>							

		Scenario 2					
		Prem	Net	Relative		Orig.	
		Rate	Prem	\$Prem	Normal	00339	
Year	Policy Lapse	Incr. (Trend)	Lapse by Yr	New Sales	Clms Trend	Clms Dur.	
1				1000		0.78	
2	35%	18.5%	23%	1000	12.8%	0.81	
3	35%	12.8%	26%	0	12.8%	0.91	
4	35%	12.8%	26%	0	12.8%	0.95	
5	35%	12.8%	26%	0	12.8%	1.00	
6	35%	12.8%	26%	0	12.8%	1.02	
7	35%	12.8%	26%	0	12.8%	1.06	
8	35%	12.8%	26%	0	12.8%	1.10	
9	35%	12.8%	26%	0	12.8%	1.10	
10	35%	12.8%	26%	0	12.8%	1.10	
Discount Rate:					5%		
Add'l Mo's Dscnt for Clms:					0.5		
Year-1 Starting LR:					62.2%		
<p>Scenario 2A is the same as Scenario 2, except w/ 2nd Year (i.e., 2010) Premium reduction of 3.1% applied.</p>							

Notes:

- AHP Modeling of Policy Lapse rates & Claims Duration factors is applied by policy duration.
- AHP Modeling of premium rate increases & normal claims trend is applied by projection year
- Assumed policy lapse rates and rate increases are applied at policy anniversary.

Exhibit M-1
Aetna Filing: PF-2010-00354
AHP Lifetime Loss Ratio Calculation

Scenario 1

Durational Assumptions			Assumptions by Proj. Year				Single Cohort of N.Sales						Cumulative Based On New Sales During Yrs 1-10									
			Proj Year	\$Prem New Sales	Prem Rate Incr. (Trend)	Normal Clms Trend	Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)			Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)						
Pol. Dur.	Policy Lapse	Clms Dur.					Earned Prem	Inc'd Claims		Annual Amt Prem	Annual Amt Clms	Cumulative Prem	Cumulative Clms	LLR		Earned Prem	Inc'd Claims	Annual Amt Prem	Annual Amt Clms	Cumulative Prem	Cumulative Clms	LLR
1		0.73	1	1,000			1,000	601	60.1%	978	587	978	587	60.0%	1,000	601	60%	978	587	978	587	60.0%
2	35%	0.82	2	1,000	18.5%	12.8%	773	497	64.3%	720	462	1,698	1,049	61.8%	1,773	1,069	60%	1,651	994	2,629	1,581	60.1%
3	35%	0.90	3	0	12.8%	12.8%	568	401	70.5%	504	355	2,202	1,404	63.8%	1,304	874	67%	1,157	774	3,786	2,355	62.2%
4	35%	0.96	4	0	12.8%	12.8%	418	313	74.9%	353	264	2,555	1,668	65.3%	959	695	72%	810	586	4,596	2,940	64.0%
5	35%	1.00	5	0	12.8%	12.8%	308	241	78.3%	247	193	2,802	1,861	66.4%	706	539	76%	568	433	5,163	3,373	65.3%
6	35%	1.03	6	0	12.8%	12.8%	226	182	80.5%	173	139	2,976	2,000	67.2%	519	411	79%	398	315	5,561	3,688	66.3%
7	35%	1.07	7	0	12.8%	12.8%	166	139	83.4%	121	101	3,097	2,102	67.9%	382	312	82%	279	227	5,840	3,915	67.0%
8	35%	1.12	8	0	12.8%	12.8%	122	107	87.3%	85	74	3,182	2,176	68.4%	281	239	85%	195	166	6,035	4,081	67.6%
9	35%	1.12	9	0	12.8%	12.8%	90	79	87.3%	60	52	3,242	2,228	68.7%	207	180	87%	137	119	6,172	4,200	68.1%
10	35%	1.12	10	0	12.8%	12.8%	66	58	87.3%	42	36	3,284	2,264	68.9%	152	133	87%	96	83	6,267	4,284	68.3%
11	35%	1.12	11	0	12.8%	12.8%	49	43	87.3%	29	25	3,313	2,290	69.1%	112	98	87%	67	58	6,335	4,342	68.5%
12	35%	1.12	12	0	12.8%	12.8%	36	31	87.3%	20	18	3,333	2,307	69.2%	82	72	87%	47	41	6,382	4,383	68.7%
13	35%	1.12	13	0	12.8%	12.8%	26	23	87.3%	14	13	3,348	2,320	69.3%	60	53	87%	33	29	6,415	4,412	68.8%
14	35%	1.12	14	0	12.8%	12.8%	19	17	87.3%	10	9	3,358	2,329	69.3%	44	39	87%	23	20	6,438	4,432	68.8%
15	35%	1.12	15	0	12.8%	12.8%	14	12	87.3%	7	6	3,365	2,335	69.4%	33	29	87%	16	14	6,454	4,446	68.9%
16	35%	1.12	16	0	12.8%	12.8%	10	9	87.3%	5	4	3,370	2,339	69.4%	24	21	87%	11	10	6,465	4,456	68.9%
17	35%	1.12	17	0	12.8%	12.8%	8	7	87.3%	3	3	3,373	2,342	69.4%	18	15	87%	8	7	6,473	4,463	68.9%
18	35%	1.12	18	0	12.8%	12.8%	6	5	87.3%	2	2	3,376	2,344	69.4%	13	11	87%	6	5	6,479	4,467	69.0%
19	35%	1.12	19	0	12.8%	12.8%	4	4	87.3%	2	1	3,377	2,346	69.5%	10	8	87%	4	3	6,482	4,471	69.0%
20	35%	1.12	20	0	12.8%	12.8%	3	3	87.3%	1	1	3,379	2,347	69.5%	7	6	87%	3	2	6,485	4,473	69.0%
21	35%	1.12	21	0	12.8%	12.8%	2	2	87.3%	1	1	3,379	2,347	69.5%	5	5	87%	2	2	6,487	4,475	69.0%
22	35%	1.12	22	0	12.8%	12.8%	2	1	87.3%	1	1	3,380	2,348	69.5%	4	3	87%	1	1	6,488	4,476	69.0%
23	35%	1.12	23	0	12.8%	12.8%	1	1	87.3%	0	0	3,380	2,348	69.5%	3	2	87%	1	1	6,489	4,477	69.0%
24	35%	1.12	24	0	12.8%	12.8%	1	1	87.3%	0	0	3,381	2,349	69.5%	2	2	87%	1	1	6,490	4,477	69.0%
25	35%	1.12	25	0	12.8%	12.8%	1	1	87.3%	0	0	3,381	2,349	69.5%	2	1	87%	0	0	6,491	4,478	69.0%
						(before present values)			Present Value Basis			(before present values)			Present Value Basis							
			Total All Years			3,921 2,777 71%			3,381 2,349 APV LLR: 69.5%			7700 5420 70%			6491 4478 APV LLR: 69.0%							

Exhibit M-1A
Aetna Filing: PF-2010-00354
AHP Lifetime Loss Ratio Calculation

Scenario 1A
(with 1% Prem Rate Reduction)

Durational Assumptions			Assumptions by Proj. Year				Single Cohort of N.Sales						Cumulative Based On New Sales During Yrs 1-10									
			Proj Year	\$Prem New Sales	Prem Rate Incr. (Trend)	Normal Clms Trend	Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)			Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)						
Pol. Dur.	Policy Lapse	Clms Dur.					Earned Prem	Inc'd Claims		Annual Amt Prem	Annual Amt Clms	Cumulative Prem	Cumulative Clms	LLR		Earned Prem	Inc'd Claims	Annual Amt Prem	Annual Amt Clms	Cumulative Prem	Cumulative Clms	LLR
1		0.73	1	1,000			1,000	601	60.1%	978	587	978	587	60.0%	1,000	601	60%	978	587	978	587	60.0%
2	35%	0.82	2	1,000	17.3%	12.8%	765	497	65.0%	712	462	1,690	1,049	62.0%	1,765	1,075	61%	1,644	999	2,622	1,586	60.5%
3	35%	0.90	3	0	12.8%	12.8%	563	401	71.2%	499	355	2,190	1,404	64.1%	1,298	879	68%	1,152	778	3,773	2,364	62.7%
4	35%	0.96	4	0	12.8%	12.8%	414	313	75.7%	350	264	2,539	1,668	65.7%	955	699	73%	807	589	4,580	2,953	64.5%
5	35%	1.00	5	0	12.8%	12.8%	305	241	79.1%	245	193	2,784	1,861	66.8%	703	542	77%	565	435	5,145	3,388	65.9%
6	35%	1.03	6	0	12.8%	12.8%	224	182	81.3%	172	139	2,956	2,000	67.7%	517	414	80%	396	316	5,541	3,705	66.9%
7	35%	1.07	7	0	12.8%	12.8%	165	139	84.3%	120	101	3,076	2,102	68.3%	380	314	83%	277	229	5,819	3,933	67.6%
8	35%	1.12	8	0	12.8%	12.8%	121	107	88.2%	84	74	3,160	2,176	68.8%	280	240	86%	194	167	6,013	4,100	68.2%
9	35%	1.12	9	0	12.8%	12.8%	89	79	88.2%	59	52	3,219	2,228	69.2%	206	181	88%	136	120	6,149	4,220	68.6%
10	35%	1.12	10	0	12.8%	12.8%	66	58	88.2%	41	36	3,261	2,264	69.4%	151	133	88%	95	84	6,244	4,304	68.9%
11	35%	1.12	11	0	12.8%	12.8%	48	43	88.2%	29	25	3,290	2,290	69.6%	111	98	88%	67	59	6,311	4,363	69.1%
12	35%	1.12	12	0	12.8%	12.8%	35	31	88.2%	20	18	3,310	2,307	69.7%	82	72	88%	47	41	6,358	4,404	69.3%
13	35%	1.12	13	0	12.8%	12.8%	26	23	88.2%	14	13	3,324	2,320	69.8%	60	53	88%	33	29	6,391	4,433	69.4%
14	35%	1.12	14	0	12.8%	12.8%	19	17	88.2%	10	9	3,334	2,329	69.8%	44	39	88%	23	20	6,414	4,453	69.4%
15	35%	1.12	15	0	12.8%	12.8%	14	12	88.2%	7	6	3,341	2,335	69.9%	33	29	88%	16	14	6,430	4,467	69.5%
16	35%	1.12	16	0	12.8%	12.8%	10	9	88.2%	5	4	3,346	2,339	69.9%	24	21	88%	11	10	6,441	4,477	69.5%
17	35%	1.12	17	0	12.8%	12.8%	8	7	88.2%	3	3	3,349	2,342	69.9%	18	16	88%	8	7	6,449	4,484	69.5%
18	35%	1.12	18	0	12.8%	12.8%	6	5	88.2%	2	2	3,352	2,344	69.9%	13	11	88%	6	5	6,455	4,489	69.5%
19	35%	1.12	19	0	12.8%	12.8%	4	4	88.2%	2	1	3,353	2,346	69.9%	10	8	88%	4	3	6,459	4,492	69.6%
20	35%	1.12	20	0	12.8%	12.8%	3	3	88.2%	1	1	3,355	2,347	70.0%	7	6	88%	3	2	6,461	4,495	69.6%
21	35%	1.12	21	0	12.8%	12.8%	2	2	88.2%	1	1	3,355	2,347	70.0%	5	5	88%	2	2	6,463	4,496	69.6%
22	35%	1.12	22	0	12.8%	12.8%	2	1	88.2%	1	1	3,356	2,348	70.0%	4	3	88%	1	1	6,464	4,498	69.6%
23	35%	1.12	23	0	12.8%	12.8%	1	1	88.2%	0	0	3,356	2,348	70.0%	3	2	88%	1	1	6,465	4,498	69.6%
24	35%	1.12	24	0	12.8%	12.8%	1	1	88.2%	0	0	3,357	2,349	70.0%	2	2	88%	1	1	6,466	4,499	69.6%
25	35%	1.12	25	0	12.8%	12.8%	1	1	88.2%	0	0	3,357	2,349	70.0%	2	1	88%	0	0	6,467	4,499	69.6%
						(before present values)			Present Value Basis			(before present values)			Present Value Basis							
			Total All Years			3,892 2,777 71%			3,357 2,349 APV LLR: 70.0%			7671 5447 71%			6467 4499 APV LLR: 69.6%							

Exhibit M-2
Aetna Filing: PF-2010-00354
AHP Lifetime Loss Ratio Calculation

Scenario 2

Durational Assumptions			Assumptions by Proj. Year				Single Cohort of N.Sales						Cumulative Based On New Sales During Yrs 1-10									
			Proj Year	\$Prem New Sales	Prem Rate Incr. (Trend)	Normal Clms Trend	Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)			Proj Amts (\$)		Undisc. Inc'd LR	Present Values (APV)						
Pol. Dur.	Policy Lapse	Clms Dur.					Earned Prem	Inc'd Claims		Annual Amt Prem	Clms	Cumulative Prem	Clms	LLR		Earned Prem	Inc'd Claims	Annual Amt Prem	Clms	Cumulative Prem	Clms	LLR
1		0.78	1	1,000			1,000	622	62.2%	978	607	978	607	62.1%	1,000	622	62%	978	607	978	607	62.1%
2	35%	0.81	2	1,000	18.5%	12.8%	773	479	62.0%	720	445	1,698	1,052	62.0%	1,773	1,071	60%	1,651	995	2,629	1,602	60.9%
3	35%	0.91	3	0	12.8%	12.8%	568	392	69.0%	504	347	2,202	1,399	63.6%	1,304	848	65%	1,157	751	3,786	2,353	62.2%
4	35%	0.95	4	0	12.8%	12.8%	418	303	72.5%	353	255	2,555	1,655	64.8%	959	677	71%	810	570	4,596	2,923	63.6%
5	35%	1.00	5	0	12.8%	12.8%	308	234	76.2%	247	188	2,802	1,843	65.8%	706	523	74%	568	420	5,163	3,343	64.7%
6	35%	1.02	6	0	12.8%	12.8%	226	177	78.1%	173	135	2,976	1,978	66.5%	519	400	77%	398	306	5,561	3,649	65.6%
7	35%	1.06	7	0	12.8%	12.8%	166	135	80.8%	121	98	3,097	2,076	67.0%	382	303	79%	279	220	5,840	3,869	66.3%
8	35%	1.10	8	0	12.8%	12.8%	122	103	84.1%	85	71	3,182	2,147	67.5%	281	231	82%	195	160	6,035	4,029	66.8%
9	35%	1.10	9	0	12.8%	12.8%	90	76	84.1%	60	50	3,242	2,197	67.8%	207	174	84%	137	115	6,172	4,144	67.1%
10	35%	1.10	10	0	12.8%	12.8%	66	56	84.1%	42	35	3,284	2,233	68.0%	152	128	84%	96	80	6,267	4,225	67.4%
11	35%	1.10	11	0	12.8%	12.8%	49	41	84.1%	29	25	3,313	2,257	68.1%	112	94	84%	67	56	6,335	4,281	67.6%
12	35%	1.10	12	0	12.8%	12.8%	36	30	84.1%	20	17	3,333	2,274	68.2%	82	69	84%	47	39	6,382	4,320	67.7%
13	35%	1.10	13	0	12.8%	12.8%	26	22	84.1%	14	12	3,348	2,286	68.3%	60	51	84%	33	28	6,415	4,348	67.8%
14	35%	1.10	14	0	12.8%	12.8%	19	16	84.1%	10	8	3,358	2,295	68.3%	44	37	84%	23	19	6,438	4,368	67.8%
15	35%	1.10	15	0	12.8%	12.8%	14	12	84.1%	7	6	3,365	2,301	68.4%	33	28	84%	16	14	6,454	4,381	67.9%
16	35%	1.10	16	0	12.8%	12.8%	10	9	84.1%	5	4	3,370	2,305	68.4%	24	20	84%	11	10	6,465	4,391	67.9%
17	35%	1.10	17	0	12.8%	12.8%	8	6	84.1%	3	3	3,373	2,308	68.4%	18	15	84%	8	7	6,473	4,397	67.9%
18	35%	1.10	18	0	12.8%	12.8%	6	5	84.1%	2	2	3,376	2,310	68.4%	13	11	84%	6	5	6,479	4,402	67.9%
19	35%	1.10	19	0	12.8%	12.8%	4	4	84.1%	2	1	3,377	2,311	68.4%	10	8	84%	4	3	6,482	4,405	68.0%
20	35%	1.10	20	0	12.8%	12.8%	3	3	84.1%	1	1	3,379	2,312	68.4%	7	6	84%	3	2	6,485	4,407	68.0%
21	35%	1.10	21	0	12.8%	12.8%	2	2	84.1%	1	1	3,379	2,313	68.4%	5	4	84%	2	2	6,487	4,409	68.0%
22	35%	1.10	22	0	12.8%	12.8%	2	1	84.1%	1	0	3,380	2,313	68.4%	4	3	84%	1	1	6,488	4,410	68.0%
23	35%	1.10	23	0	12.8%	12.8%	1	1	84.1%	0	0	3,380	2,314	68.4%	3	2	84%	1	1	6,489	4,411	68.0%
24	35%	1.10	24	0	12.8%	12.8%	1	1	84.1%	0	0	3,381	2,314	68.4%	2	2	84%	1	1	6,490	4,412	68.0%
25	35%	1.10	25	0	12.8%	12.8%	1	1	84.1%	0	0	3,381	2,314	68.4%	2	1	84%	0	0	6,491	4,412	68.0%
						(before present values)			Present Value Basis			(before present values)			Present Value Basis							
			Total All Years			3,921 2,730 70%			3,381 2,314 APV LLR: 68.4%			7700 5328 69%			6491 4412 APV LLR: 68.0%							

Updated 7/28/10

Exhibit M-2A
Aetna Filing: PF-2010-00354
AHP Lifetime Loss Ratio Calculation

Scenario 2A
(with 3.1% Prem Rate Reduction)

Durational Assumptions			Assumptions by Proj. Year				Single Cohort of N.Sales						Cumulative Based On New Sales During Yrs 1-10									
			Proj Year	\$Prem New Sales	Prem Rate Incr. (Trend)	Normal Clms Trend	Proj Amts (\$)		Undisc. Inc'd Inc'd LR	Present Values (APV)			Proj Amts (\$)		Undisc. Inc'd Inc'd LR	Present Values (APV)						
Pol. Dur.	Policy Lapse	Clms Dur.					Proj Year	New Sales		Incr. (Trend)	Normal Clms Trend	Earned Prem	Inc'd Claims	Inc'd LR		Annual Amts Prem	Annual Amts Clms	Cumulative APV Prem	Cumulative APV Clms	LLR	Earned Prem	Inc'd Claims
1		0.78	1	1,000			1,000	622	62.2%	978	607	978	607	62.1%	1,000	622	62%	978	607	978	607	62.1%
2	35%	0.81	2	1,000	14.8%	12.8%	749	479	64.0%	697	445	1,675	1,052	62.8%	1,749	1,090	62%	1,629	1,013	2,607	1,620	62.1%
3	35%	0.91	3	0	12.8%	12.8%	551	392	71.2%	489	347	2,164	1,399	64.7%	1,286	863	67%	1,141	764	3,748	2,384	63.6%
4	35%	0.95	4	0	12.8%	12.8%	405	303	74.8%	342	255	2,506	1,655	66.0%	946	689	73%	799	580	4,547	2,964	65.2%
5	35%	1.00	5	0	12.8%	12.8%	298	234	78.6%	240	188	2,746	1,843	67.1%	696	532	76%	560	427	5,107	3,391	66.4%
6	35%	1.02	6	0	12.8%	12.8%	219	177	80.5%	168	135	2,914	1,978	67.9%	512	407	79%	392	311	5,499	3,702	67.3%
7	35%	1.06	7	0	12.8%	12.8%	161	135	83.4%	118	98	3,032	2,076	68.5%	377	308	82%	275	224	5,774	3,927	68.0%
8	35%	1.10	8	0	12.8%	12.8%	119	103	86.8%	82	71	3,114	2,147	69.0%	277	235	85%	193	163	5,967	4,090	68.5%
9	35%	1.10	9	0	12.8%	12.8%	87	76	86.8%	58	50	3,172	2,197	69.3%	204	177	87%	135	117	6,102	4,207	68.9%
10	35%	1.10	10	0	12.8%	12.8%	64	56	86.8%	40	35	3,212	2,233	69.5%	150	130	87%	94	82	6,196	4,288	69.2%
11	35%	1.10	11	0	12.8%	12.8%	47	41	86.8%	28	25	3,241	2,257	69.7%	110	96	87%	66	57	6,262	4,346	69.4%
12	35%	1.10	12	0	12.8%	12.8%	35	30	86.8%	20	17	3,260	2,274	69.8%	81	70	87%	46	40	6,309	4,386	69.5%
13	35%	1.10	13	0	12.8%	12.8%	26	22	86.8%	14	12	3,274	2,286	69.8%	60	52	87%	32	28	6,341	4,414	69.6%
14	35%	1.10	14	0	12.8%	12.8%	19	16	86.8%	10	8	3,284	2,295	69.9%	44	38	87%	23	20	6,364	4,434	69.7%
15	35%	1.10	15	0	12.8%	12.8%	14	12	86.8%	7	6	3,291	2,301	69.9%	32	28	87%	16	14	6,380	4,448	69.7%
16	35%	1.10	16	0	12.8%	12.8%	10	9	86.8%	5	4	3,296	2,305	69.9%	24	21	87%	11	10	6,391	4,457	69.7%
17	35%	1.10	17	0	12.8%	12.8%	7	6	86.8%	3	3	3,299	2,308	70.0%	17	15	87%	8	7	6,399	4,464	69.8%
18	35%	1.10	18	0	12.8%	12.8%	6	5	86.8%	2	2	3,301	2,310	70.0%	13	11	87%	5	5	6,404	4,469	69.8%
19	35%	1.10	19	0	12.8%	12.8%	4	4	86.8%	2	1	3,303	2,311	70.0%	9	8	87%	4	3	6,408	4,472	69.8%
20	35%	1.10	20	0	12.8%	12.8%	3	3	86.8%	1	1	3,304	2,312	70.0%	7	6	87%	3	2	6,411	4,474	69.8%
21	35%	1.10	21	0	12.8%	12.8%	2	2	86.8%	1	1	3,305	2,313	70.0%	5	4	87%	2	2	6,413	4,476	69.8%
22	35%	1.10	22	0	12.8%	12.8%	2	1	86.8%	1	0	3,306	2,313	70.0%	4	3	87%	1	1	6,414	4,477	69.8%
23	35%	1.10	23	0	12.8%	12.8%	1	1	86.8%	0	0	3,306	2,314	70.0%	3	2	87%	1	1	6,415	4,478	69.8%
24	35%	1.10	24	0	12.8%	12.8%	1	1	86.8%	0	0	3,306	2,314	70.0%	2	2	87%	1	1	6,416	4,479	69.8%
25	35%	1.10	25	0	12.8%	12.8%	1	1	86.8%	0	0	3,306	2,314	70.0%	1	1	87%	0	0	6,416	4,479	69.8%
						(before present values)			Present Value Basis			(before present values)			Present Value Basis							
			Total All Years			3,830 2,730 71%			3,306 2,314 APV LLR: 70.0%			7610 5411 71%			6416 4479 APV LLR: 69.8%							

Exhibit N-1
Aetna Filing: PF-2010-00354
AHP Lifetime Loss Ratio Calculation
Projected Year-1 Loss Ratio
(Assuming 9/1/09 Orig. Effective Date)

Projected Year-1 Loss Ratio based on Adjusted Historical Experience							
Apply Prem Rate Increases to Proj. Yr-1				Proj LR based on Trended Claims w/ 00354 Adjustments			
		Prem			Normal	Trend	Trended Undisc.
		PMPM		Midpt	Trend	Mo's	Factor PMPM LR
00028 Base Period, 8/1/08-7/31/09:		181.46		00028 Base Period: 8/1/08 - 7/31/09:	2/8/09		133.46 73.5%
Adj to 7/1/08 - 6/30/09 Rating Period:	0.986	178.88		Policy Yr beginning 9/1/09	3/1/10	12.8%	12.7 1.135 151.54 72.2%
00028 Rate Incr 7/1/09	1.173	209.83		00028 Trended for Eff. 9/1/09 before adj for change in duration:			72.2%
00028 N.B. Rate Eff. 9/1/09	1.000	209.83		Adj to Year-1 for Dur. & other differences between 00354 and 00028:			
<i>Note: Yr-1 of LLR Proj for 00354 will include rate incr of 18.5% per wtd avg across all areas/plans, incl area factor changes</i>				x Adj to Yr-1 Duration (Yr-1 vs Base Period):		x	0.925 = 66.8%
				x Adj for Plan-Specific LR experience (Excl 1500+):		x	0.925 = 61.8%
				x Adj for 00354 Relative Prem Rates vs 00028		x	0.974 = 60.1%
				Proj 00354 Year-1 LR (MBR)			60.1%

Detail for Adjustments to Year-1 for Duration & Other Differences between 00354 and 00028

Adj to Yr-1 Clms Duration (Yr-1 vs. Base Period)						
Dist'n of Mbr Months by Duration			Originally filed 00354 Claims Duration Factor			
Dur.	00228 Base*	00354 Year 1	By Dur.	00028 Base*	00354 Yr-1	Ratio /00028 Applied
1	52%	100%	0.73			
2	30%	0%	0.82			
3	16%	0%	0.90			
4	2%	0%	0.96			
5	0%	0%	1.00			
6	0%	0%	1.03			
Wtd Avgs per Mbr Mo Distn:			0.791	0.731		0.925

Adj for Plan-specific LR Experience	
00028/354 Base Per Exper: 8/1/08 - 7/31/09	
	Incl'd LR
All Plans	73.4%
Excl. MC 1500+ <i>(Excl non-00354)</i>	67.9%
Ratio Applied to LR:	0.9246
Ratio Applied:	0.925

Adj for 00354 Relative Premium Rates vs 00028 Prem Rates	
Add'l Adj for 00354 Relative Prem Rates vs 00028 (Benefit-Adjusted), 7/1/10	
Wtd Avg Ratio 00354 / 00028 for all Areas / Plans *	1.032
vs Ratio Expected per Benefit Difference (Ambul)	1.0048
Total Benefit-Adjusted Relative Ratio of 00354 / 00028 Rates	1.027
Ratio Applied to LR based on Actual 00354 Pricing	0.974
* reflects wtd avg ratio by plan & area (attributed to inclusion of Ambul pricing differences in area factor changes, and approx 9.9% higher rate for MC-5000 under 00354 compared to 00028)	

Updated 7/28/10

Exhibit N-2
Aetna Filing: PF-2010-00354
AHP Lifetime Loss Ratio Calculation
Projected Year-1 Loss Ratio
(Assuming 9/1/09 Orig. Effective Date)

Projected Year-1 Loss Ratio based on Adjusted Historical Experience								
Apply Prem Rate Increases to Proj. Yr-1				Proj LR based on Trended Claims w/ 00354 Adjustments				
		Prem			Normal	Trend	Trended Undisc.	
		PMPM		Midpt	Trend	Mo's	Factor PMPM LR	
00028 Base Period, 8/1/08-7/31/09:		181.46		00028 Base Period: 8/1/08 - 7/31/09:	2/8/09		133.46 73.5%	
Adj to 7/1/08 - 6/30/09 Rating Period:	0.986	178.88		Policy Yr beginning 9/1/09	3/1/10	12.8%	12.7 1.135 151.54 72.2%	
00028 Rate Incr 7/1/09	1.173	209.83		00028 Trended for Eff. 9/1/09 before adj for change in duration:			72.2%	
00028 N.B. Rate Eff. 9/1/09	1.000	209.83		Adj to Year-1 for Dur. & other differences between 00354 and 00028:				
				x Adj to Yr-1 Duration (Yr-1 vs Base Period):		x	0.956 = 69.1%	
				x Adj for Plan-Specific LR experience (Excl 1500+):		x	0.925 = 63.9%	
				x Adj for 00354 Relative Prem Rates vs 00028		x	0.974 = 62.2%	
<i>Note: Yr-1 of LLR Proj for 00354 will include rate incr of 18.5% per wtd avg across all areas/plans, incl area factor changes</i>				Proj 00354 Year-1 LR (MBR)				62.2%

Detail for Adjustments to Year-1 for Duration & Other Differences between 00354 and 00028

Adj to Yr-1 Clms Duration (Yr-1 vs. Base Period)						
Dist'n of Mbr Months by Duration			Originally filed 00339 Claims Duration Factor			
Dur.	00228 Base*	00354 Year 1	By Dur.	00028 Base*	Yr-1	Ratio /00028 Applied
1	52%	100%	0.78			
2	30%	0%	0.81			
3	16%	0%	0.91			
4	2%	0%	0.95			
5	0%	0%	1.00			
6	0%	0%	1.02			
Wtd Avgs per Mbr Mo Distn:			0.812	0.777		0.956

Adj for Plan-specific LR Experience	
00028/354 Base Per Exper: 8/1/08 - 7/31/09	
	Incl'd LR
All Plans	73.4%
Excl. MC 1500+ <i>(Excl non-00354)</i>	67.9%
Ratio Applied to LR:	0.9246
Ratio Applied:	0.925

Adj for 00354 Relative Premium Rates vs 00028 Prem Rates	
Add'l Adj for 00354 Relative Prem Rates vs 00028 (Benefit-Adjusted), 7/1/10	
Wtd Avg Ratio 00354 / 00028 for all Areas / Plans *	1.032
vs Ratio Expected per Benefit Difference (Ambul)	1.0048
Total Benefit-Adjusted Relative Ratio of 00354 / 00028 Rates	1.027
Ratio Applied to LR based on Actual 00354 Pricing	0.974
* reflects wtd avg ratio by plan & area (attributed to inclusion of Ambul pricing differences in area factor changes, and approx 9.9% higher rate for MC-5000 under 00354 compared to 00028)	

Updated 9/16/10

**Exhibit P-1
AHP Lifetime Loss Ratio Testing
Aetna 8/31 Filing: \$0 Deductibles**

	#	AHP Modeled Claims Mos	Mbr Midpt * Months	Aggregate Amts (\$)		PMPM Amounts		Undisc. Inc'd LR	Incr. over Prior Period (as a Ratio **)		Present Values (APV)				Cumul. APV Inc'd LR
				Earned Prem	Inc'd Claims	Earned Prem	Inc'd Claims		Prem PMPM	Claims PMPM	Annual Amts (\$000)		Cumulative (\$000)		
											Prem	Clms	Prem	Clms	
Actual Experience															
1/1/06 - 12/31/06	12	--	0	0	0										
1/1/07 - 12/31/07	12	10/29/07	1,694	414,529	243,070	244.70	143.49	58.6%			473	277	473	277	58.5%
1/1/08 - 12/31/08	12	8/17/08	16,959	3,961,416	2,322,968	233.59	136.98	58.6%			4,349	2,545	4,822	2,822	58.5%
1/1/09 - 12/31/09	12	7/12/09	45,584	9,956,507	7,970,964	218.42	174.86	80.1%			10,459	8,356	15,281	11,178	73.2%
1/1/10 - 4/30/10	4	3/3/10	17,491	4,253,055	3,216,939	243.16	183.92	75.6%			4,330	3,269	19,611	14,447	73.7%
5/1/10 - 6/30/10	2	6/1/10	9,187	2,233,881	1,819,513	243.16	198.05	81.5%			2,247	1,827	21,858	16,273	74.4%
			90,915	20,819,388	15,573,454	229.00	171.30	74.8%			21,858	16,273			
															74.4% APV LLR: Historical Yrs Only:
Projected Experience															
7/1/10 - 6/30/11	12	12/18/10	44,162	12,689,219	9,642,519	287.33	218.34	76.0%			12,429	9,425	34,287	25,699	75.0%
7/1/11 - 6/30/12	12	12/18/11	28,800	9,756,600	7,250,426	338.77	251.75	74.3%	1.179	1.153	9,101	6,750	43,388	32,448	74.8%
7/1/12 - 6/30/13	12	12/18/12	18,778	7,207,510	5,403,394	383.83	287.75	75.0%	1.133	1.143	6,403	4,791	49,791	37,239	74.8%
7/1/13 - 6/30/14	12	12/18/13	12,245	5,325,062	3,992,142	434.88	326.02	75.0%	1.133	1.133	4,506	3,371	54,297	40,610	74.8%
7/1/14 - 6/30/15	12	12/18/14	7,998	3,905,953	2,928,251	488.37	366.12	75.0%	1.123	1.123	3,147	2,355	57,444	42,965	74.8%
7/1/15 - 6/30/16	12	12/18/15	5,219	2,862,284	2,145,824	548.44	411.16	75.0%	1.123	1.123	2,197	1,643	59,641	44,608	74.8%
7/1/16 - 6/30/17	12	12/18/16	3,408	2,098,963	1,573,570	615.89	461.73	75.0%	1.123	1.123	1,534	1,148	61,175	45,756	74.8%
			120,610	43,845,590	32,936,126	363.53	273.08	75.1%			39,317	29,482			
															75.0% Future Yrs Only:
Total All Years			211,525	64,664,978	48,509,579	305.71	229.33	75.0%			61,175	45,756			
								<i>w/out discounting</i>							74.8% Total Lifetime:

Notes:

* Modeled midpt for discounting based on historical monthly mbrship & projected monthly lapses & new sales

** The ratio of PMPM claims (and Prem PMPM) over the prior period PMPM (not annualized)

Other: Present values based on valuation date (for discounting) of 07/01/10

Total PMPM claims trend includes underlying trend, selection & U/W wear-off (relative duration factors), & applic. sales adjustment.

Updated 9/16/10

Exhibit P-2
AHP Lifetime Loss Ratio Testing
Aetna 8/31 Filing: LE 2500 Deductibles

	#	AHP Modeled Claims Mos	Midpt *	Mbr Months	Aggregate Amt (\$)		PMPM Amounts		Undisc. Inc'd LR	Incr. over Prior Period (as a Ratio **)		Present Values (APV)				Cumul. APV Inc'd LR
					Earned Prem	Inc'd Claims	Earned Prem	Inc'd Claims		Prem PMPM	Claims PMPM	Annual Amts (\$000)		Cumulative (\$000)		
												Prem	Clms	Prem	Clms	
Actual Experience																
1/1/06 - 12/31/06	12	8/16/06		84,680	12,472,658	8,921,493	147.29	105.36	71.5%			15,098	10,778	15,098	10,778	71.4%
1/1/07 - 12/31/07	12	7/19/07		215,839	35,354,277	29,044,283	163.80	134.56	82.2%			40,912	33,542	56,011	44,320	79.1%
1/1/08 - 12/31/08	12	7/2/08		283,689	53,129,583	42,765,624	187.28	150.75	80.5%			58,680	47,138	114,691	91,457	79.7%
1/1/09 - 12/31/09	12	6/30/09		288,224	62,974,400	53,768,908	218.49	186.55	85.4%			66,264	56,463	180,955	147,920	81.7%
1/1/10 - 4/30/10	4	3/2/10		92,147	22,014,489	19,229,099	238.91	208.68	87.3%			22,418	19,541	203,372	167,461	82.3%
5/1/10 - 6/30/10	2	6/1/10		47,059	11,242,687	10,353,045	238.91	220.00	92.1%			11,310	10,394	214,682	177,855	82.8%
				1,011,638	197,188,093	164,082,453	194.92	162.19	83.2%			214,682	177,855			
																82.8% APV LLR: Historical Yrs Only:
Projected Experience																
7/1/10 - 6/30/11	12	12/18/10		226,232	61,708,306	55,005,871	272.77	243.14	89.1%			60,441	53,767	275,123	231,622	84.2%
7/1/11 - 6/30/12	12	12/18/11		147,523	47,696,042	41,535,869	323.31	281.56	87.1%	1.185	1.158	44,492	38,667	319,615	270,289	84.6%
7/1/12 - 6/30/13	12	12/18/12		96,194	35,392,631	31,092,342	367.93	323.23	87.8%	1.138	1.148	31,443	27,566	351,058	297,855	84.8%
7/1/13 - 6/30/14	12	12/18/13		62,728	26,264,466	23,073,271	418.70	367.83	87.8%	1.138	1.138	22,222	19,483	373,280	317,338	85.0%
7/1/14 - 6/30/15	12	12/18/14		40,916	19,324,550	16,976,572	472.30	414.91	87.8%	1.128	1.128	15,572	13,652	388,852	330,990	85.1%
7/1/15 - 6/30/16	12	12/18/15		26,686	14,217,028	12,489,625	532.75	468.02	87.8%	1.128	1.128	10,911	9,565	399,762	340,555	85.2%
7/1/16 - 6/30/17	12	12/18/16		17,410	10,462,445	9,191,233	600.94	527.93	87.8%	1.128	1.128	7,647	6,704	407,409	347,259	85.2%
				617,689	215,065,468	189,364,784	348.18	306.57	88.0%			192,727	169,404			LLR (APV Basis)
																87.9% Future Yrs Only:
Total All Years				1,629,327	412,253,561	353,447,237	253.02	216.93	85.7%			407,409	347,259			85.2% Total Lifetime:
																<i>w/out discounting</i>

Notes:

* Modeled midpt for discounting based on historical monthly mbrship & projected monthly lapses & new sales

** The ratio of PMPM claims (and Prem PMPM) over the prior period PMPM (not annualized)

Other: Present values based on valuation date (for discounting) of 07/01/10

Total PMPM claims trend includes underlying trend, selection & U/W wear-off (relative duration factors), & applic. sales adjustment.

Exhibit P-3
AHP Lifetime Loss Ratio Testing
Aetna 8/31 Filing: GT 2500 Deductibles

	#	Mos	AHP Modeled Claims Midpt *	Mbr Months	Aggregate Amts (\$)		PMPM Amounts		Undisc. Inc'd LR	Wtd Avg Claims Duration Factor**	Incr. over Prior Period (as a Ratio ***)		Present Values (APV)				Cumul. APV Inc'd LR
					Earned	Inc'd	Earned	Inc'd			Prem	Claims	Annual Amts (\$000)		Cumulative (\$000)		
					Prem	Claims	Prem	Claims			PMPM	PMPM	Prem	Clms	Prem	Clms	
Actual Experience																	
1/1/06 - 12/31/06	12		8/16/06	52,218	6,158,199	2,640,960	117.93	50.58	42.9%	0.791			7,454	3,190	7,454	3,190	42.8%
1/1/07 - 12/31/07	12		7/24/07	153,818	20,331,588	10,849,600	132.18	70.54	53.4%	0.837			23,512	12,521	30,966	15,711	50.7%
1/1/08 - 12/31/08	12		7/13/08	250,507	37,241,557	22,143,600	148.66	88.40	59.5%	0.880			41,073	24,372	72,038	40,083	55.6%
1/1/09 - 12/31/09	12		7/9/09	378,101	61,920,814	42,712,123	163.77	112.96	69.0%	0.894			65,074	44,796	137,112	84,879	61.9%
1/1/10 - 4/30/10	4		3/3/10	137,955	25,290,376	17,142,010	183.32	124.26	67.8%	0.920			25,750	17,418	162,863	102,298	62.8%
5/1/10 - 6/30/10	2		6/1/10	73,158	13,411,571	10,115,214	183.32	138.27	75.4%	0.934			13,492	10,155	176,355	112,453	63.8%
				1,045,757	164,354,106	105,603,507	157.16	100.98	64.3%				176,355	112,453			63.8%
																	APV LLR: Historical Yrs Only:
Projected Experience																	
7/1/10 - 6/30/11	12		12/18/10	351,732	72,638,586	56,083,343	206.52	159.45	77.2%	0.985			71,147	54,820	247,501	167,273	67.6%
7/1/11 - 6/30/12	12		12/18/11	229,391	56,100,160	43,070,416	244.56	187.76	76.8%	1.075	1.184	1.178	52,331	40,095	299,833	207,368	69.2%
7/1/12 - 6/30/13	12		12/18/12	149,597	41,634,454	32,678,621	278.31	218.44	78.5%	1.122	1.138	1.163	36,988	28,973	336,821	236,341	70.2%
7/1/13 - 6/30/14	12		12/18/13	97,556	30,897,706	24,491,104	316.72	251.05	79.3%	1.155	1.138	1.149	26,142	20,680	362,963	257,020	70.8%
7/1/14 - 6/30/15	12		12/18/14	63,627	22,751,374	18,228,385	357.57	286.49	80.1%	1.175	1.129	1.141	18,333	14,659	381,296	271,679	71.3%
7/1/15 - 6/30/16	12		12/18/15	41,501	16,754,007	13,478,303	403.70	324.77	80.4%	1.187	1.129	1.134	12,858	10,323	394,154	282,002	71.5%
7/1/16 - 6/30/17	12		12/18/16	27,059	12,332,917	9,921,614	455.78	366.67	80.4%	1.190	1.129	1.129	9,014	7,237	403,168	289,239	71.7%
				960,463	253,109,204	197,951,786	263.53	206.10	78.2%				226,813	176,786			77.9%
																	Future Yrs Only:
Total All Years				2,006,220	417,463,309	303,555,293	208.08	151.31	72.7%				403,168	289,239			71.7%
																	Total Lifetime:

Notes:

* Modeled midpt for discounting based on historical monthly mbrship & projected monthly lapses & new sales
 ** Wtd Avg claims duration factor based on assumed U/W duration per filing (80% of Milliman factors for GT 1000 Ded)
 *** The ratio of PMPM claims (and Prem PMPM) over the prior period PMPM (not annualized)
 Other: Present values based on valuation date (for discounting) of 07/01/10
 Total PMPM claims trend includes underlying trend, selection & U/W wear-off (relative duration factors), & applic. sales adjustment.