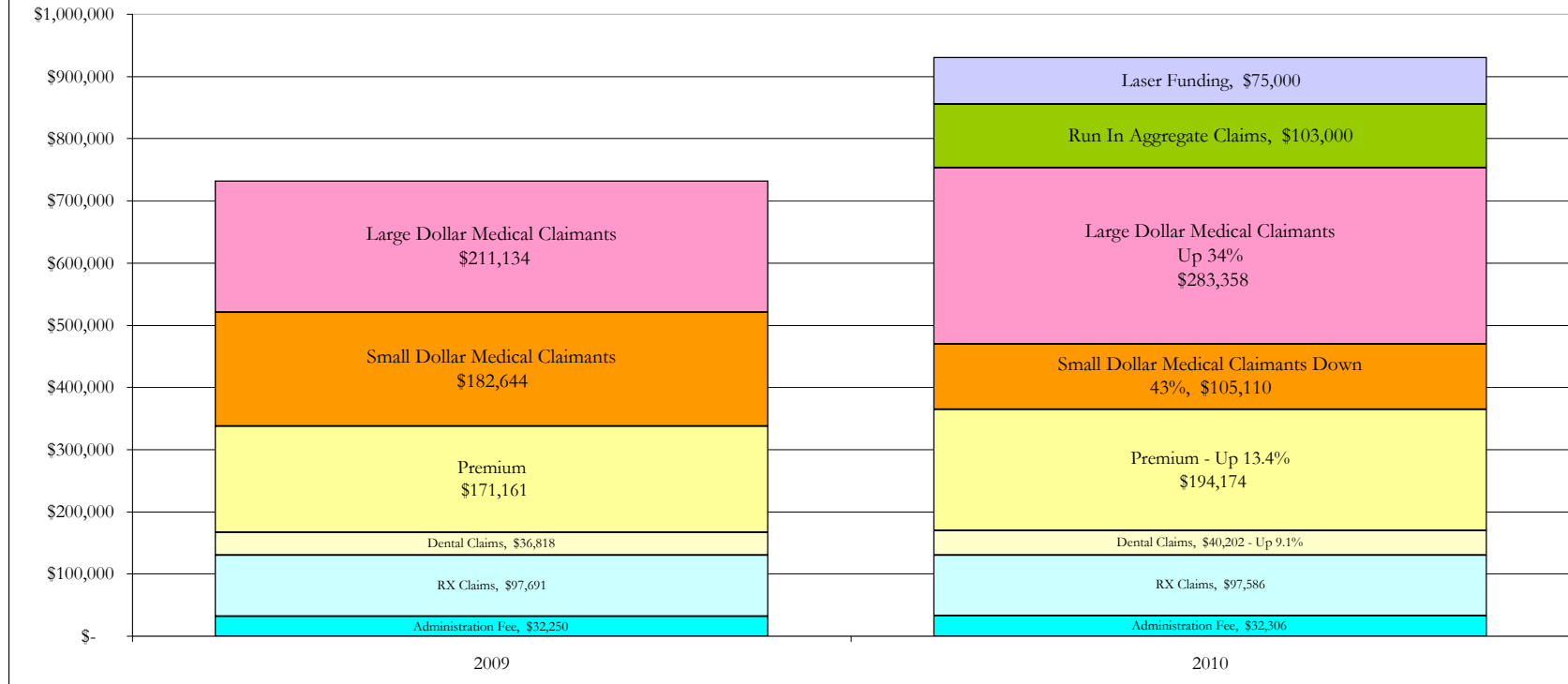


Sample Predictive Analysis

Average Annualized Cost Per Category

Reflects 12 months of experience in '09 and through July '10 - Annualized
Replaces stop-loss claims with premium



- 2010** Laser funding is additional risk associated with a large ongoing claimant. A laser is a trade of premium for risk. The renewal premium was reduced by \$75,000 and \$75,000 of additional risk was borne by the Plan. The lasered claimant did hit their maximum cost for the year and all \$75,000 of additional costs have been leveraged into the first 6 months of the Plan Year.
- 2010** (redacted) renewed their 2010 aggregate contract on a 12/12 basis. This was because the aggregate deductible would have been inflated \$90k to go to a 24/12 contract. In reality, run out expenses represented \$103k of run out expenses. This actual run-out expenses were paid over the first 4 months of the 2010 Plan Year, for claims that were incurred during the final quarter of the 2009 Plan Year.
- 2010** Large claimant funding is defined as the total claims cost for all claimants who have exceeded 50% of the specific deductible (\$12.5k). Over the first 7 months of this Plan Year (redacted) has experienced 8 claimants who have contributed to this alarming trend. 4 claimants have hit the specific deductible and 4 have not. Conditions that have been treated include: 1) Finger Amputation, Poisoning, Depression 2) Broken Leg with an Open Reduction 3) Knee Replacement with Physical Therapy 4) Cancerous Lump Removal 5) Complex Staph Infection 6) Breast Cancer Treatment 7) Hip Replacement 8) Amputation
- 2009/2010** Small \$ medical claims is defined as the routine medical utilization of all claimants other than the large claimants. These costs are down 43% over last year. This cost component is generally controlled by raising out of pocket expenses to plan participants for accessing routine medicine. Higher copays, higher deductibles or alternative risk techniques such as HSA's or Deductible reimbursement plans are designed to curb this utilization. However small dollar claims costs are high frequency claims which means that adjusting cost-sharing arrangements in this area acutely affect the majority of participants.
- 2009/2010** The premium cost replaces the risk that any specific claimant will exceed \$25,000 and guarantees that the annual aggregate claims risk will be no greater than \$529k on a 12/12 basis for medical and rx claims under the specific attachment point. The (redacted) health plan incurs approximately \$20k of claims transaction fees annually, which show up in the claims cost but do not aggregate toward the deductible.