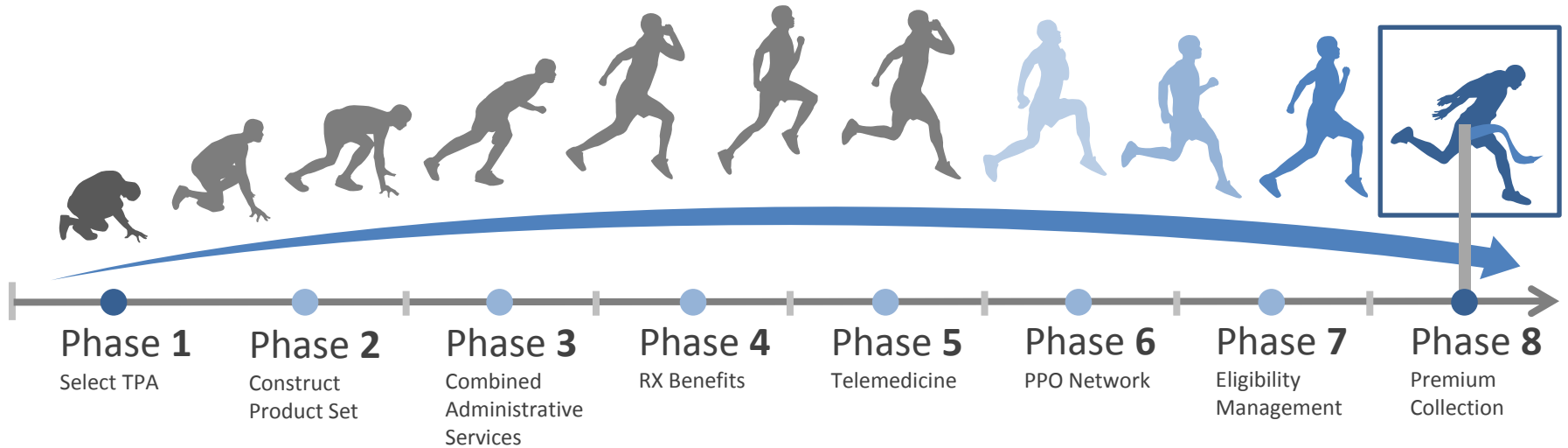
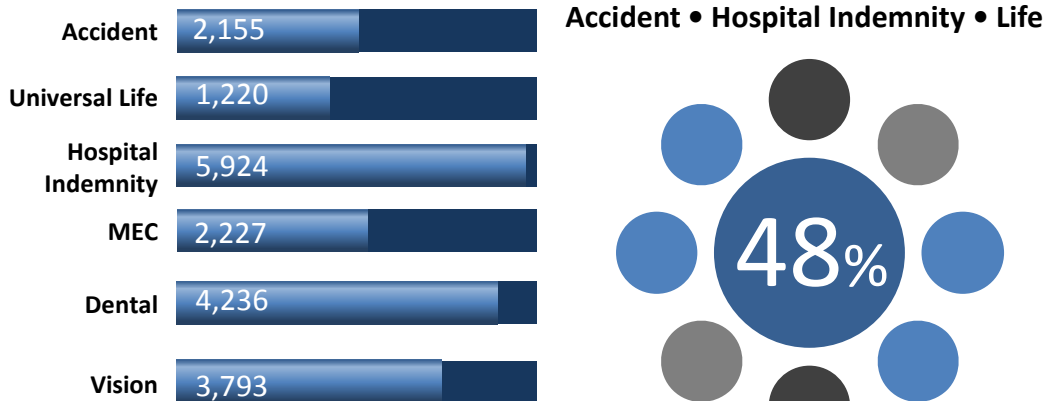


The Introduction of Minimal Essential Coverage (MEC)



Voluntary Production

Product positioning can drive superior enrollment results. Embedding Accident, Critical Illness, and Hospital Indemnity programs should be considered. Unitobacco composite rated programs create a more seamless introduction and mirror traditional medical plan distribution.



Robust HRIS platforms may be required to effectively manage higher turnover variable hour employee populations. These systems will also aid in properly positioning Accident, Critical Illness, and Hospital Indemnity offerings.

Meeting Objective

1. MEC overview
2. Cross selling MEC with voluntary benefits
3. MEC administration
4. Future state of MECs

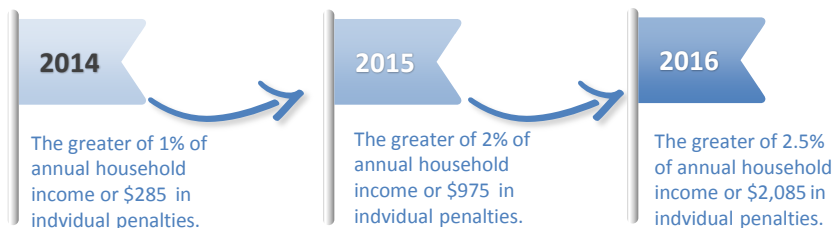
19,555 total applications representing \$12,956,836 in annual premium.

Minimum Essential Coverage (MEC)

Penalties

Tier 1 tax penalty of \$2,000 per employee per year for those employers not offering minimum essential coverage.

Tier 2 tax penalty of \$3,000 per employee per year for those employers not offering a qualified affordable plan and whose employees obtain a subsidy through the exchange.



Communications



Understanding how to effectively reach complex employee demographics is critical.

125 %

Average stop loss attachment point. Most plans include a 12/18 contract with a max reimbursement of \$1,000,000 per policy period.

75 %

Suggested MEC claims funding of 75% preserves significant fixed expenses for participants and more than doubles current trend levels.

\$30

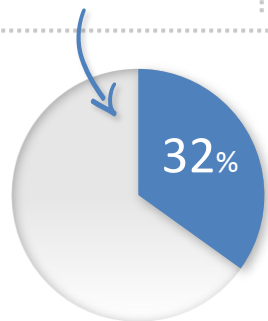
Average fixed cost for MEC administration services. This typically includes claims and COBRA and HIPPA administration and customer service.

\$ 51

Appropriate price point when setting single only monthly contribution requirements. This creates enough "spread" between stand alone MEC and any available MVP/Bronze offering(s).



Employer contributions toward MEC can drive additional participation and suppress any unwanted participation in MVP/Bronze plans as well as activity in both state and federal exchanges.



Based upon the preventive elements of coverage, MEC plans are showing loss ratios of less than 1/3 of projected claims.

Covering preventive services only limits any exposure to shock claim (any large claim) creating a very predictable environment.

\$2

Patient-Centered Outcomes Research Institute (PCORI) Fee to fund research on health outcomes, clinical effectiveness, risks and benefits of certain treatment or services. For plan years ending on/after 10/1/13 and before 10/1/14 the fee is \$2 times the average number of covered lives for the plan year. The fee may increase each year and may be phased out for plan years ending after 9/30/19.

\$63

 does not apply to MEC

Transitional Reinsurance (TRP) Fee to stabilize the individual insurance market for three years. For 2014 the fee is \$5.25 per month per covered life (\$63 per year per covered life). Fees for 2015 and 2016 have not yet been set.