LOSS OF HEALTH COVERAGE FOR PERSONS
IN EMPLOYER-SPONSORED GROUP LIMITED BENEFIT PLANS

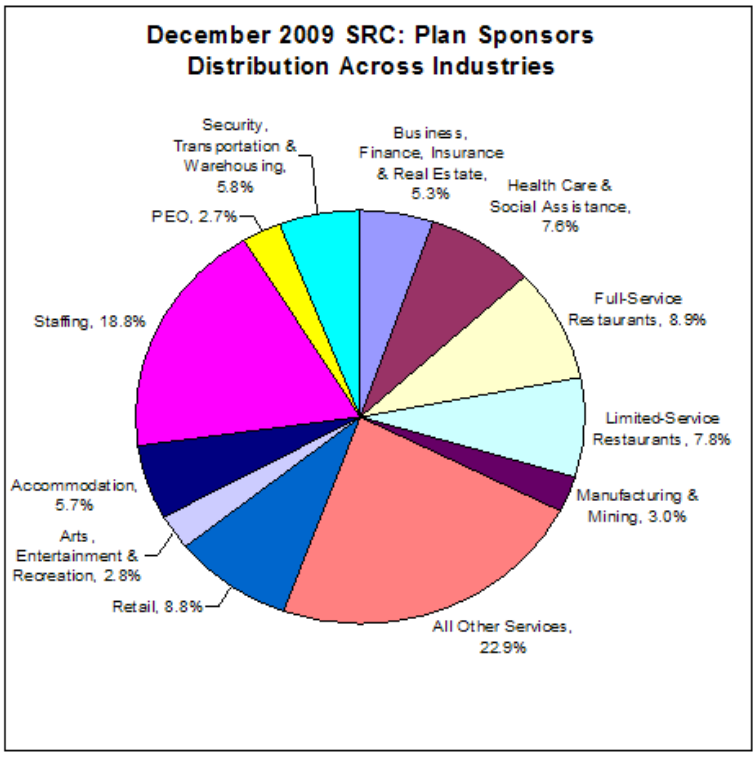
Background of Aetna Affordable Health Choices® Limited Benefit Plans

What kinds of people do these plans cover?

These are group limited benefit medical plans that are offered to large employers primarily to cover their part-time, seasonal and temporary employees, full-time employees in a waiting period for regular coverage, and their dependents. We do not offer these plans to individuals.

What kinds of employers offer these plans?

Staffing agencies, restaurants, health care workers and retailers represent the largest segments of our plan sponsors, whose workforces tend to have high turnover and low wages. We also offer our plans to AmeriCorps program sponsors, who are required by law to make health coverage available to their member-volunteers.



How much do these medical plans cost, compared to other plans?

The premiums generally cost $20 to $30 per week, or the equivalent of a few hours' wages. That amounts to $1,040 to $1,560 per year, compared to $11,058 per year on average for a typical comprehensive major medical plan, according to a Hewitt study.

What percentage of premiums is paid by employers?

About 41% of employers subsidize this coverage: about 18% of employers pay 100% of the employees' premium, and the remaining 23% contribute varying amounts less than 100%.

What do these plans typically cover?
These limited benefit plans cover accident- and sickness-related medical expenses, subject to a deductible and coinsurance. Members have the ability to receive services from providers in Aetna's network, or from non-network providers. They are usually filed as major medical plans containing an overall annual benefit limit and/or in addition, annual benefit limits for specific types of services (such as outpatient visits, diagnostic services, and preventive care). We currently market two general types of limited benefits plan designs to employers:

NetPremier
- Overall annual dollar maximum (usually $5,000 to $20,000)
- Specified internal benefit limits for outpatient services (usually $500 to $2,000) and hospital services other than room and board (usually $500 to $2,000)

BasicNet
- No overall annual dollar maximum
- Specified benefit limits for inpatient services (usually $5,000 to $20,000); other hospital services (usually $1,000 to $2,000); doctors' office visits (usually 5 visits/no $ limit); diagnostic, surgical, and other outpatient services (usually $400); emergency room services (usually $500-$1,000); preventive care (usually $100)

Are maternity benefits typically covered?
Yes, maternity benefits typically are covered, subject to the annual benefit maximums.

What are the demographics of your membership?
21% of our membership is less than 25 years old.
18% of our membership is between 25 and 29 years old.
46 % of our membership is between 30 and 54 years old.
15% of our membership is 55 or more years old.

Why do these individuals buy your limited benefit plans?
With these plans, employees and their families are able to seek treatment for basic health care needs through Aetna's network of participating providers or, for a higher copay, from non-network providers. When members obtain care through one of Aetna's participating providers they benefit from negotiated rates of as much as 30 to 50% off the cost of many services. The employee populations we serve are usually not eligible for an employer's regular health care plan, and may not find other coverage affordable.

Why Does the PPACA Threaten this Coverage?
The new law contains two provisions that imminently threaten the viability of these plans: the phase-out of annual benefit limits beginning 9/23/2010, and the requirement of a minimum Medical Loss Ratio that takes effect 1/1/2011. We estimate that 1.4 million people in limited benefit plans each year (including the 430,000 employees and dependents currently insured in Aetna's limited benefit plans in a given year), will be left without coverage they can afford beginning later this year until the other provisions of Health Care Reform take effect in 2014.

A. Annual Benefit Limit Phase-Out. Beginning with plan years on or after 9/23/2010, group health plans may only have "restricted annual limits" on the dollar value of essential health benefits, which are to be defined by the Secretary. (Effective 1/1/2014, group health plans may not have *any* such annual benefit limits.) Unless the Secretary's definition approves the limits we currently offer in our limited benefit plans, we will no longer be able to offer our limited benefit plans to new or renewing customers after 9/23/2010, as a plan design without annual limits would not be affordable for the populations we serve.

B. Minimum Medical Loss Ratio. Beginning 1/1/2011, health insurance issuers that offer coverage in the large group market must maintain an average medical loss ratio of 85% or else issue a rebate for the difference between that and the plan's actual loss ratio. Even should the annual benefit limit provisions be modified, this provision will adversely affect limited benefit plans whose medical loss ratios are generally less than 85%. Limited benefit plans have proportionately higher administrative costs – and, as a corollary, proportionately lower medical loss ratios – because while many of their administrative expenses are fixed, the amount of premiums brought in (and benefits paid out) is lower than comprehensive medical plans without benefit limits.

Why Aren't These Limited Benefit Plans Exempt from the PPACA?
Our limited benefit medical plans are not considered HIPAA-excepted plans because they are not fixed indemnity or supplemental plans, so they are subject to the PPACA.

Why can't someone who loses Limited Benefit Plan coverage join a new High Risk Pool?
Limited Benefit Plan coverage is considered "creditable coverage" under the law, but the risk pool rules under PPACA demand that an uninsured person seeking risk pool coverage not have creditable coverage (Section 1101 (d) (2).

Who are your largest customers in terms of membership?

Top 25 Customers:

Client Name	3/1/2010 Membership
Home Depot U.S.A., Inc.	24,135
Allegis Group, Inc.	19,635
Securitas Security Services USA, Inc.	10,599
Manpower, Inc. (Manpower Associates)	6,352
CVS Caremark Corporation	6,076
Sodexo, Inc.	4,489
Staples, Inc.	4,275
iQor, Inc.	3,607
SFN Group, Inc.	3,360
FirstGroup America, Inc.	3,116
Randstad USA	2,994
GameStop Corp.	2,752
Sykes Enterprises, Incorporated	2,518
Blockbuster Inc.	2,474
Disney Worldwide Services, Inc.	2,407
Affiliated Computer Services	2,404
Michaels Stores, Inc.	2,262
H&R Block Management, LLC	2,019
CCA of Tennessee, Inc.	1,972
Texas Roadhouse Management Corp.	1,624
EmployBridge	1,622
PETCO Animal Supplies, Inc.	1,454
Manpower, Inc. (Manpower Consultants)	1,436
PetSmart, Inc.	1,423