

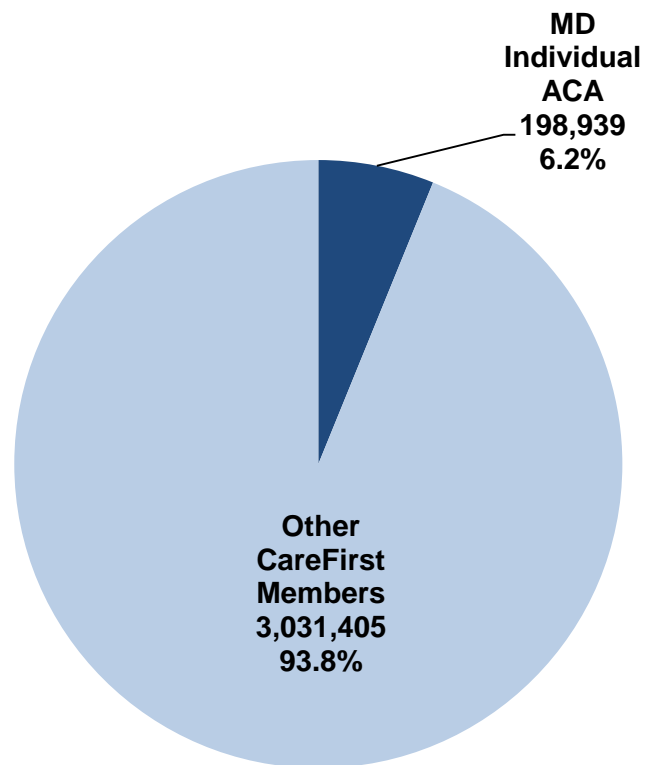
MIA Hearing – CareFirst 2017 Individual ACA Rates

August 15, 2016

Maryland Individual ACA – Only 6 Percent of CareFirst Enrollment



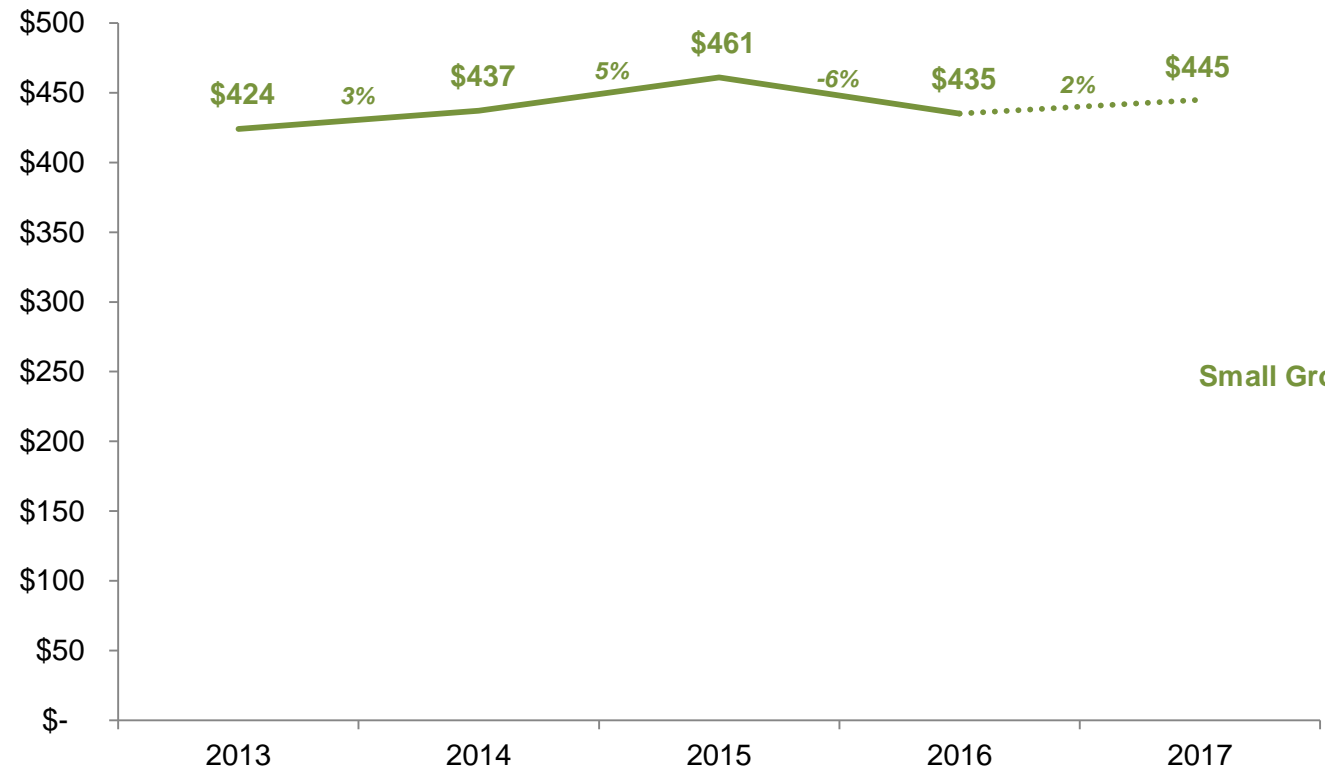
Total CareFirst Members June 2016



3,230,344 members

*Enrollment is from June 2016 Corporate Enrollment Report.

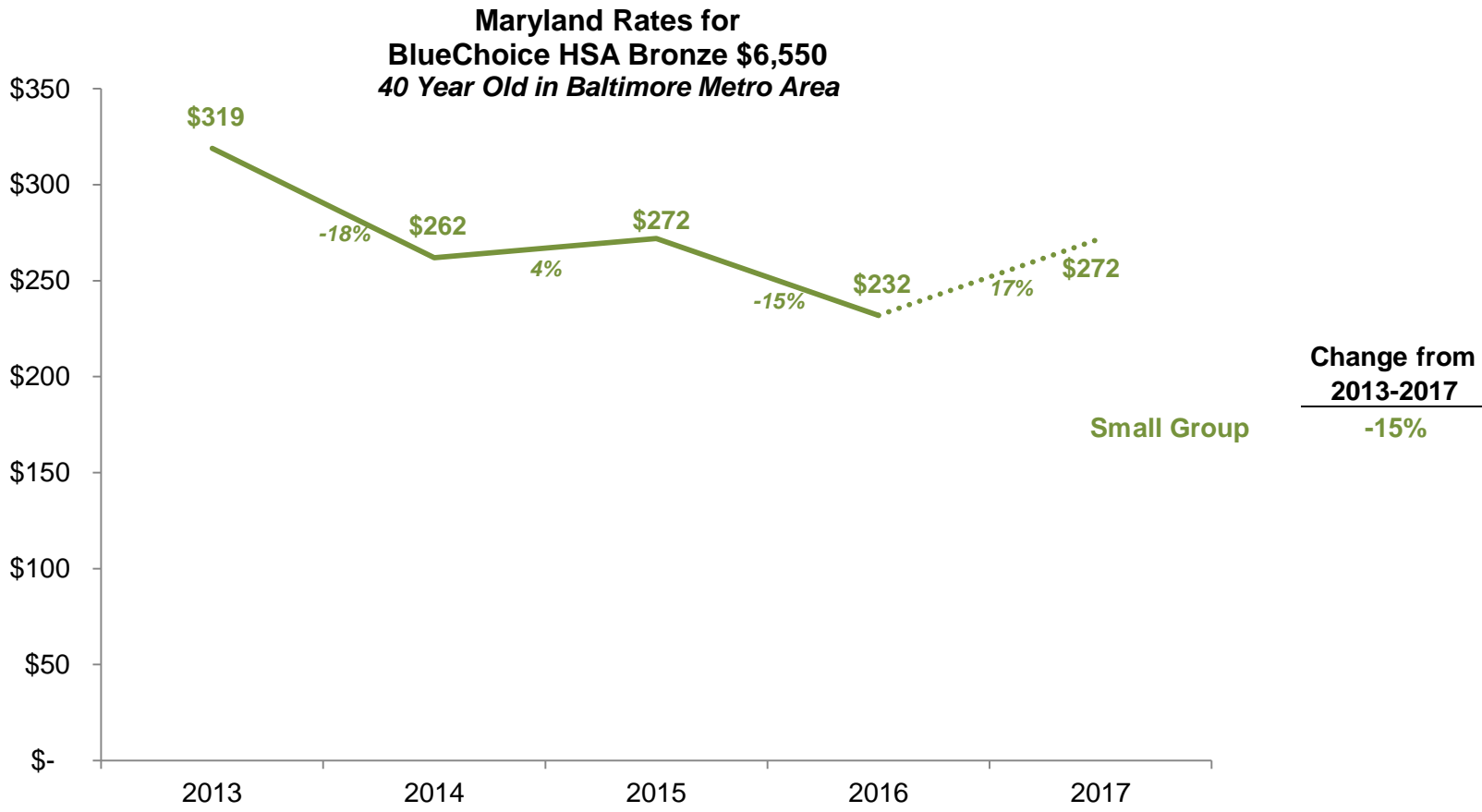
**Maryland Rates for
HealthyBlue HMO Gold \$1,000
40 Year Old in Baltimore Metro Area**



Small Group
Change from 2013-2017
5%

Year	Small Group Plan
2013	BlueChoice HSA HMO Open Access (\$1,200)
2014	BlueChoice HMO \$1,000
2015	BlueChoice HMO \$1,000
2016	BlueChoice HMO \$1,000
2017	BlueChoice HMO \$1,000

Premium Rates for Small Group Bronze Plan: 2013-2017

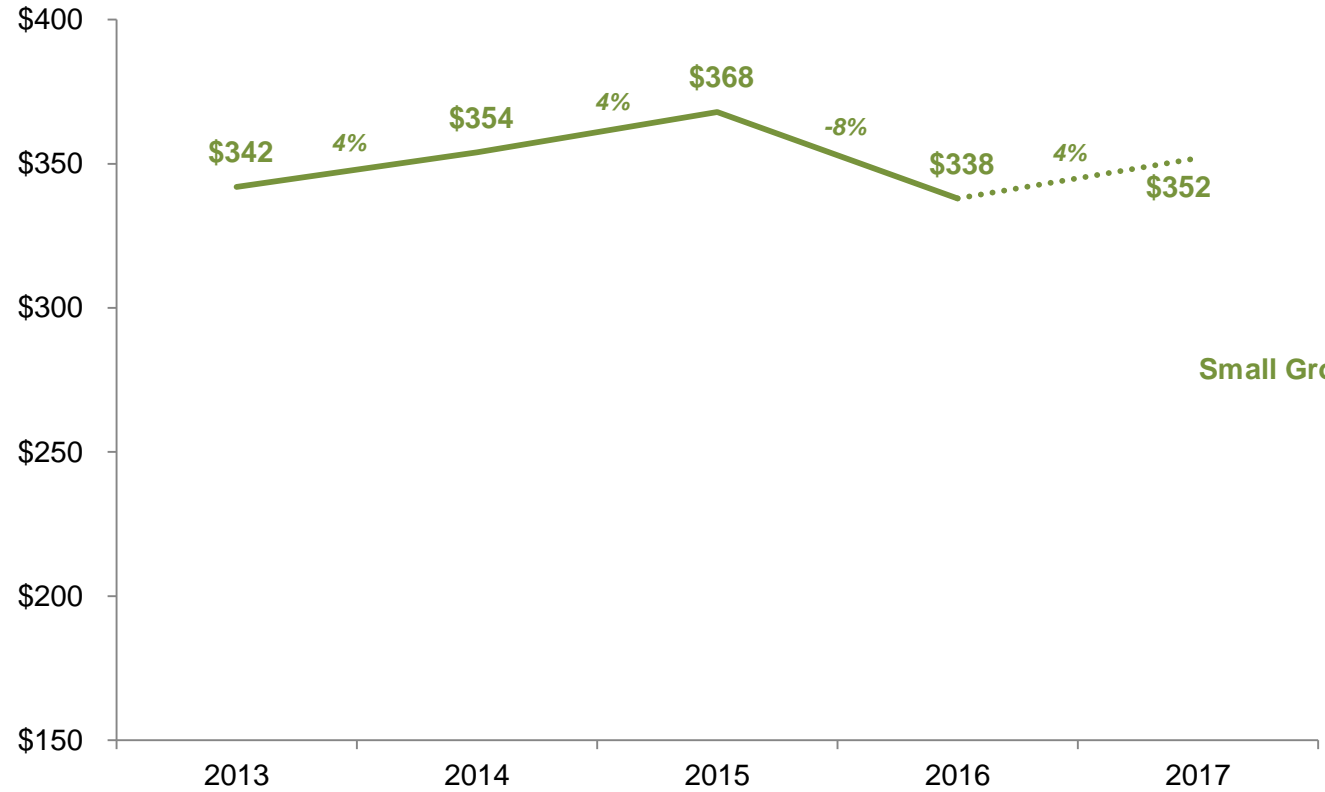


Year	Small Group Plan
2013	BlueChoice HSA HMO OA Core \$2,700
2014	BlueChoice HMO HSA/HRA Bronze \$4,000
2015	BlueChoice HMO HSA/HRA Bronze \$4,000
2016	BlueChoice HMO HSA/HRA Bronze \$5,000
2017	BlueChoice HMO HSA/HRA Bronze \$6,500

Premium Rates for Small Group Silver Plan: 2013-2017



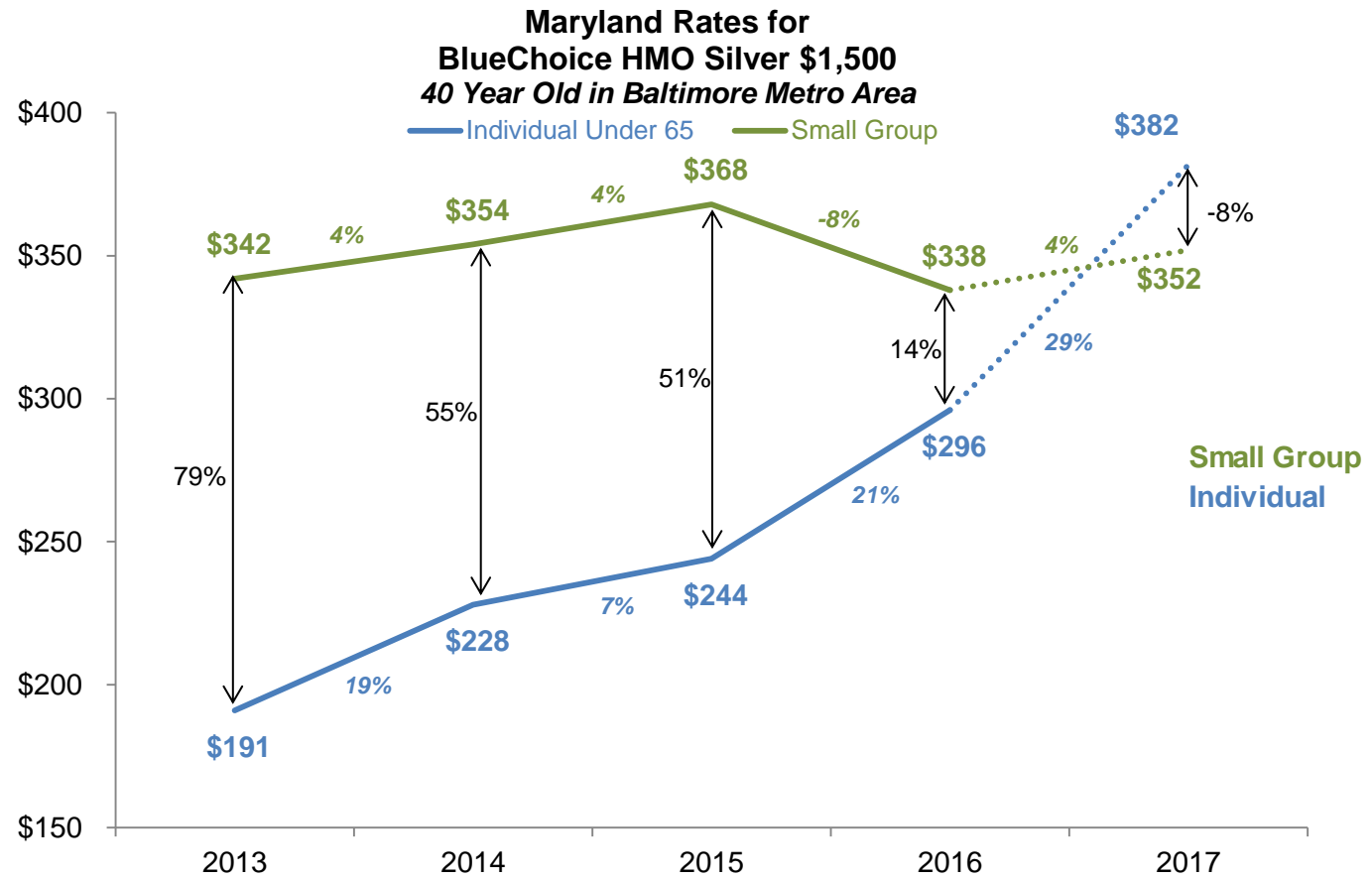
**Maryland Rates for
BlueChoice HMO Silver \$1,500
40 Year Old in Baltimore Metro Area**



Small Group
Change from 2013-2017
3%

Year	Small Group Plan
2013	BlueChoice HSA HMO OA Core \$1,500
2014	BlueChoice HMO HSA/HRA \$1,500
2015	BlueChoice HMO HSA/HRA \$1,500
2016	BlueChoice HMO HSA/HRA Silver \$1,500
2017	BlueChoice HMO HSA/HRA Silver \$1,500

Premium Rate Disparity Between Individual and Small Group Has Closed (Silver Plan)

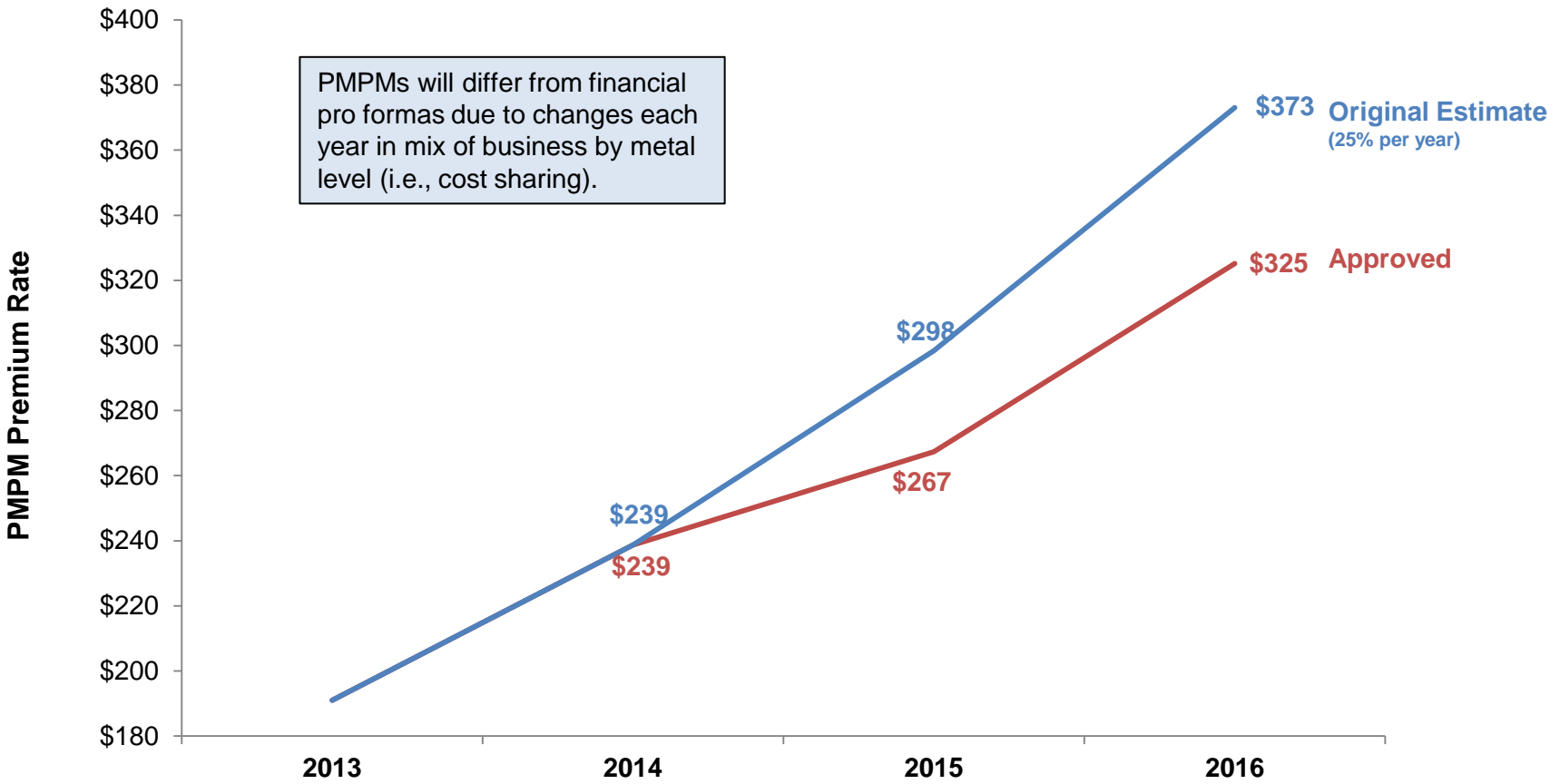


Year	Individual Plan	Small Group Plan
2013	HealthyBlue 2.0 (\$1,500 male)	BlueChoice HSA HMO OA Core \$1,500
2014	BlueChoice HSA Silver \$1,300	BlueChoice HMO HSA/HRA \$1,500
2015	BlueChoice HSA Silver \$1,300	BlueChoice HMO HSA/HRA \$1,500
2016	BlueChoice HMO HSA Silver \$1,350	BlueChoice HMO HSA/HRA Silver \$1,500
2017	BlueChoice HMO HSA Silver \$1,500	BlueChoice HMO HSA/HRA Silver \$1,500

CareFirst's Original Estimate of 25% Annual Rate Increases to Breakeven Has Proven Correct



Maryland Individual ACA Rate Increases



Approved		25.0%	12.0%	21.6%
Original Estimate		25.0%	25.0%	25.0%

Maryland Individual ACA – -\$294M in Financial Losses on 6 Percent of CareFirst Enrollment



Maryland Individual ACA Underwriting Losses Pro Forma “Run Rate” Financials Excluding and Including 3Rs (\$ in Millions)

	Excluding 3Rs	Including 3Rs	UW % After 3Rs
2014	(\$125.3)	(\$54.6)	-16.5%
2015	(\$250.8)	(\$89.0)	-11.9%
2016F	(\$244.0)	(\$150.0)	-19.2%
Total	(\$620.1)	(\$293.6)	-15.8%

*Enrollment is from June 2016 Corporate Enrollment Report.

Impact of Federal and State of Maryland Reinsurance on Individual ACA Financial Results



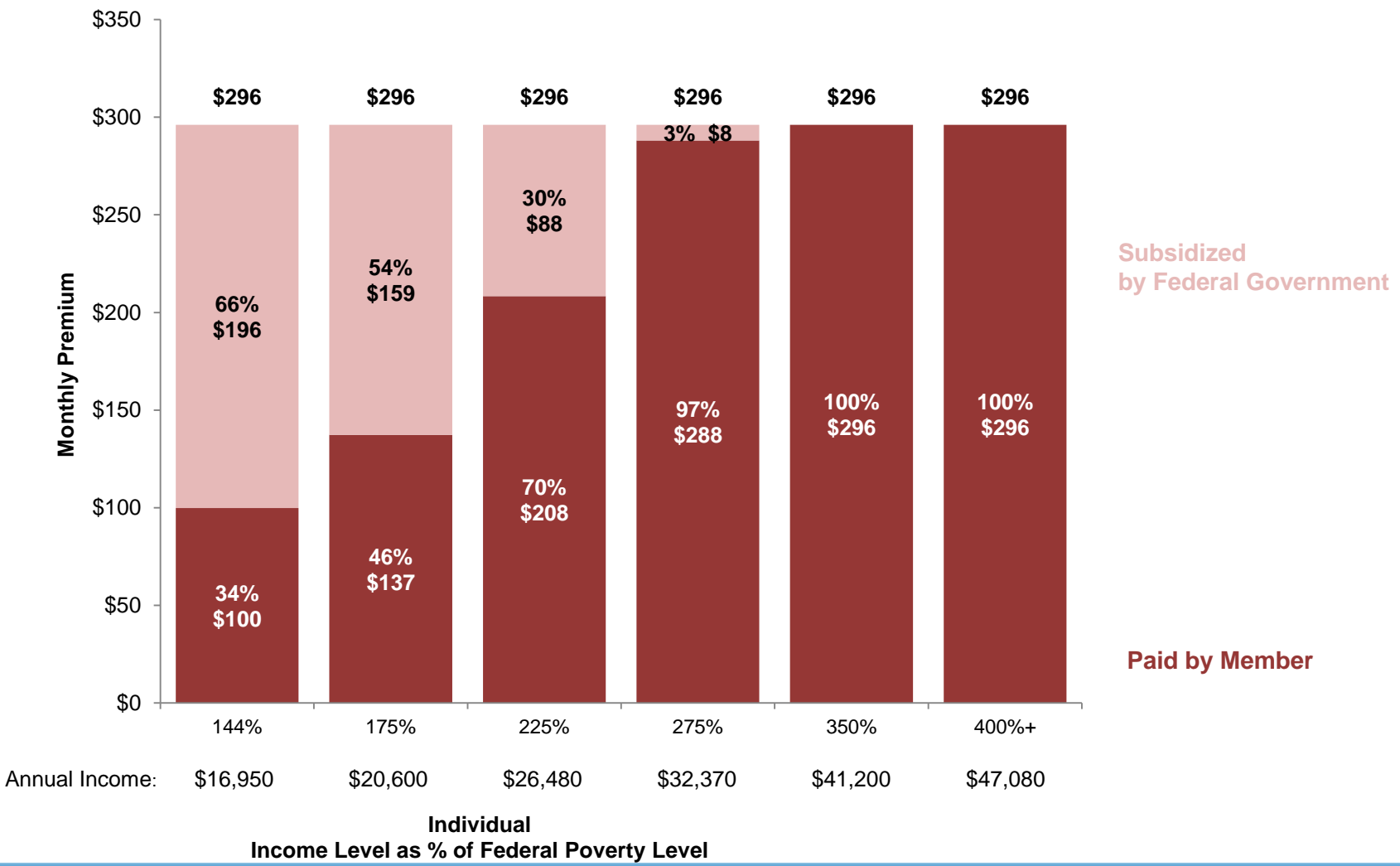
	Attachment Point	Cap	Coinsurance			Reinsurance Received* (\$M)
			Federal	Maryland	Total	
2014	\$45,000	\$250,000	100%	0%	100%	\$65.3
2015	\$45,000	\$250,000	55.1%	24.9%	80%	\$141.2
2016	\$90,000	\$250,000	50%	30%	80%	\$74.0
2017	n/a	n/a	0%	0%	0%	\$0
TOTAL						\$280.5

*Pro Forma run rate basis

Impact of Low Income Subsidies on Individual ACA Premium Rates



2016 CareFirst Silver Plan
Rates for 40 year old in Baltimore Metro Area
 BlueChoice Silver HSA \$1,350: \$296



Fewer Carriers in the Individual Market Under ACA – Opposite of the Intended Effect



Maryland Individual Under 65 Carriers

	Pre-ACA 2013	ACA 2017 (Likely)
CareFirst	✓	✓
Kaiser*	✓	✓
United – Golden Rule	✓	
United – Compass*		
United – All Savers		
Aetna	✓	
Coventry (Aetna)	✓	
Assurant	✓	
AARP (age 50+)	✓	
Cigna		✓**
Evergreen		✓***
Total Carrier Participants	7	4***

*Narrow network **Minimal enrollment to date ***Evergreen is currently under an MIA order to obtain additional financing by August 15 or it will be put into receivership.

Maryland Individual ACA Members by Metal Level 2014-2016



Members (#)	Maryland		
	YE 2014	YE 2015	2016
Platinum	18,642	23,790	-
Gold	25,935	32,381	35,952
Silver	47,652	81,334	77,543
Bronze	37,283	63,874	77,986
Catastrophic	2,220	4,197	5,984
Total	131,732	205,576	197,465

Members (%)	Maryland		
	YE 2014	YE 2015	2016
Platinum	14%	12%	0%
Gold	20%	16%	18%
Silver	36%	40%	39%
Bronze	28%	31%	39%
Catastrophic	2%	2%	3%
Total	100%	100%	100%

As of August 3, 2016
Data & Informatics – ACA Enrollment Extract

Maryland Individual ACA Subscribers

Average Duration of Coverage



Maryland Average Member Retention (Months)			
	Currently Active	Termed	Total
CSR	16.2	9.1	12.3
APTC Only	17.2	9.2	13.2
On Exchange - No Subsidy	15.3	8.5	11.3
Off Exchange	19.7	10.1	15.9
Total	18.1	9.4	14.0

Nearly half of CareFirst's effectuated ACA members have terminated.