

Exhibit D

[REDACTED]

[REDACTED]

April 1, 2013

The Honorable Fred Upton
Chairman, Committee on Energy and Commerce
United States House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515-6115

***RE: Request for Information Relating to Impact of the Patient Protection and
Affordable Care Act on Health Insurance Premiums***

Dear Chairman Upton:

I have been asked to respond to your letters of March 14, 2013 [REDACTED]

[REDACTED] Like you, we
have a considerable interest in fully understanding the impact that the Patient Protection and
Affordable Care Act (PPACA) will have on the rates health insurance plans will need to charge
in order to operate responsibly.

[REDACTED]

[REDACTED]

The transition to the new market, with new rules intended to provide access for those who
previously did not have it, will undoubtedly be turbulent. There will be significant dislocation of
health insurance rates, both positive and negative, among individuals who are differently

[REDACTED]

[REDACTED]

situated. We look forward to working with you and hope to contribute to Congress's understanding of the changes that those involved in the health insurance market anticipate.

We are entering into the final stages of the process of preparing to submit our rates to regulators for 2014, the first year in which the full effect of PPACA will occur. In our preparations, we have expended significant resources to develop rates we think will account for the myriad changes.

We greatly appreciate that your staff clarified in conversations with us that what the committee was primarily interested in was general information prepared by or in the possession of health plans that describes, in general, the impact of the various provisions of PPACA, and not primarily the highly confidential, proprietary trade secret information that is central to rate setting. Like all other insurers, we have a vital business interest in making sure that the internal analyses, projections, strategic thinking, and other proprietary information that informs our business judgment remains non-public.

With this background understood – and we believe it is -- [REDACTED] is willing to comply with the Committee's request. With this letter, we are providing a set of documents that we believe will assist the committee in its examination of the effect of PPACA on premium rates. We look forward to further discussion with Committee staff over what supplemental information might be helpful to the Committee in developing a full understanding of the reasons for any changes in rates that will result from provisions of PPACA.

Background: Rate Dislocation

As you will be able to see from some of the attached documents, [REDACTED] views rate increases resulting from PPACA in a larger context. Overall, of course, rates will go up due to the insurer taxes. We believe most of the remaining issues will be felt principally in the individual market. The individual market comprises about 9% of the entire population of insured people, but premiums are most sensitive in this market segment. Those who have no option but to purchase health insurance in the individual market have experienced some of the most noteworthy problems.

For this market segment in particular, the impact of eliminating medical underwriting – an important and beneficial policy ushered in by PPACA – will be most obvious in states where the individual market had been medically underwritten. This includes all of the states in which [REDACTED] operates.

In addition, PPACA's establishment of minimum coverage requirements – especially the requirement that insurers offer plans with a minimum actuarial value of 60 percent – will increase premiums significantly for individuals who previously purchased much less robust coverage in non-grandfathered plans. We believe that in the individual market, especially in states with a wide range of lower-value, lower-cost plans, this will be the most significant driver of increases in rates. Those increases are compounded by the infusion of less healthy individuals into the risk pool. Spreading the risk of coverage for those individuals will have the obvious upward effect on rates. Similarly, with the end of gender rating, women of childbearing age will see rates come down, while older women and men will see rates go up. And with the limitations

[REDACTED]

on age rating, younger people will see rates on average go up, while some older individuals will see their rates come down. Those younger customers will benefit as time goes on, as they find themselves older and facing different health issues. And we are hopeful that as younger consumers who would have avoided insurance join the market, a more sustainable actuarial balance between older and younger participants will be achieved over time.

All of these factors will play out very differently for every one of our customers. A single young man who had previously had a policy with an actuarial value of 40% will see a considerable increase in his premium, but will also obtain a richer set of benefits and insurance protection. A 60-year old man with few health problems and a plan with a high actuarial value may very well see little change at all. A 45-year old woman with diabetes may see some increase, but will also have greater choices available to her in a market that does not permit medical underwriting.

In summary, while more rates will go up as a result of PPACA than will come down, consumers will be getting a more consistent and complete level of coverage for their money. PPACA makes some fundamental changes to the market that will address failings that are well known. We expect those changes will cause disruption, and significant rate dislocation from the status quo during the initial years of implementation; in the long term, though, we believe that the new normal will lead to a fairer and more functional market for issuers and consumers alike. The fundamental change in the health insurance marketplace necessarily requires the tradeoffs PPACA includes. In our view, the difficulties of the transition, including some short-term cost increases, will be outweighed by a more coherent and fair market for the future.

DOCUMENT REQUEST RESPONSES:

NOTE ON CONFIDENTIALITY As noted above, the requests, as worded, may be interpreted to reach documents that are highly proprietary and internal to [REDACTED]. To the extent any of our regulators had access to them (through market conduct examinations, for example, or other financial reviews), the documents would be treated with the highest level of confidentiality, to assure that competitors would not have access to our corporate strategy, rate setting philosophy and preferences, financial and market predictions, or other market-sensitive matters. We have included documents that are clearly identified as confidential and proprietary. We urge that, if any disclosure of such information is considered, the potential for competitive advantage or effect on or disruption of ordinary market processes be given intensified consideration, and that we be consulted in advance in the event that some of our confidential and proprietary information will be made public.

RESPONSES

Question 1 – Analysis of PPACA’s effect on premiums generally.

1. [REDACTED]

2. [REDACTED]

[Redacted]

[Redacted]

Question 2 – Analysis of PPACA’s effect on costs related to guaranteed issue, community rating or essential health benefits.

[Redacted]

[Redacted]

Question 3 – Analysis of effect of PPACA taxes and fees on premiums.

[Redacted]

[Redacted]

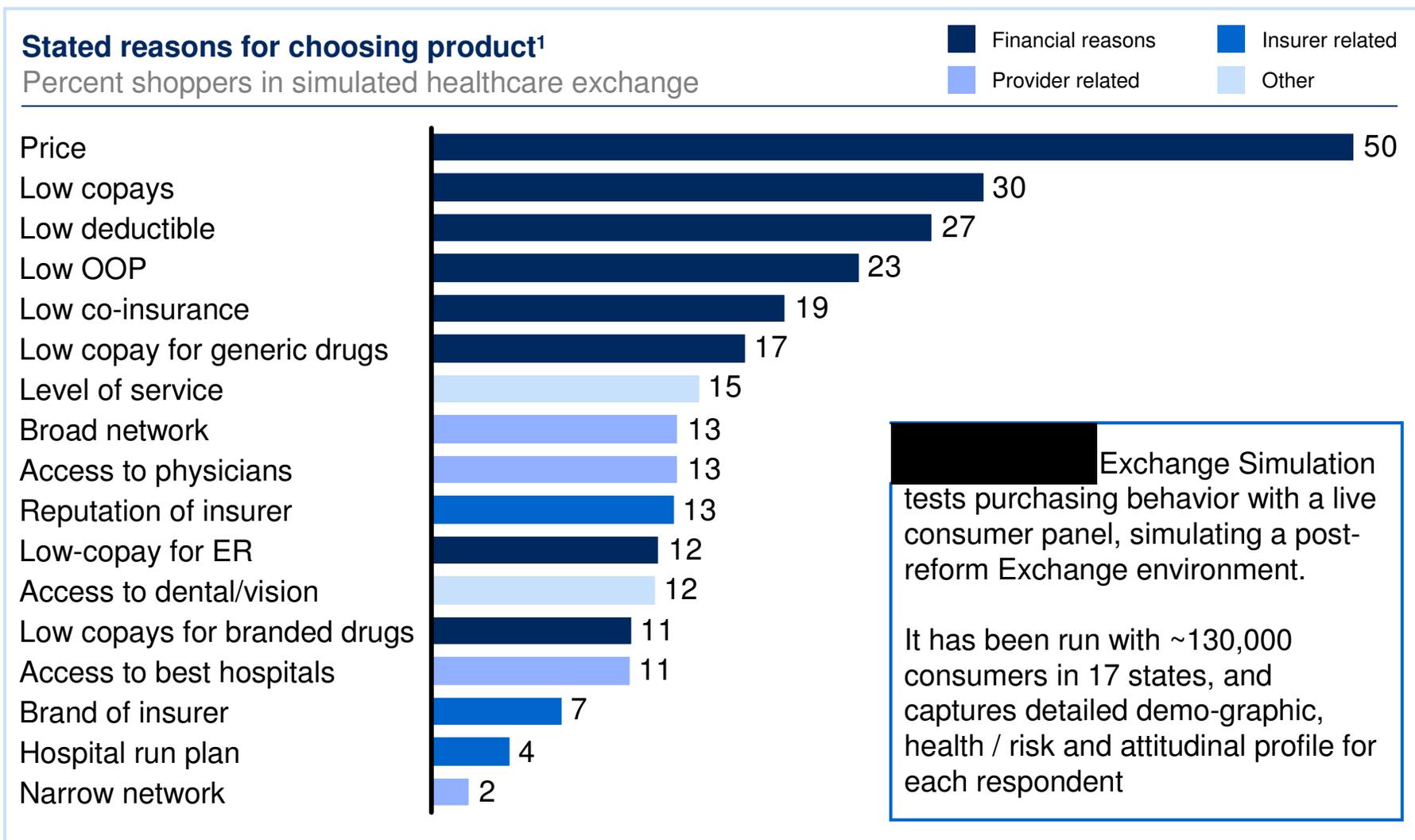
[Redacted]

[Redacted]

[Redacted]

cc: The Honorable Henry A. Waxman
Ranking Member

2 .. Price and related factors that will likely dominate choice on exchange



¹ Consumers were asked to choose the top three reasons for “purchasing” their product

SOURCE: Consumer Exchange Simulation, March 2011