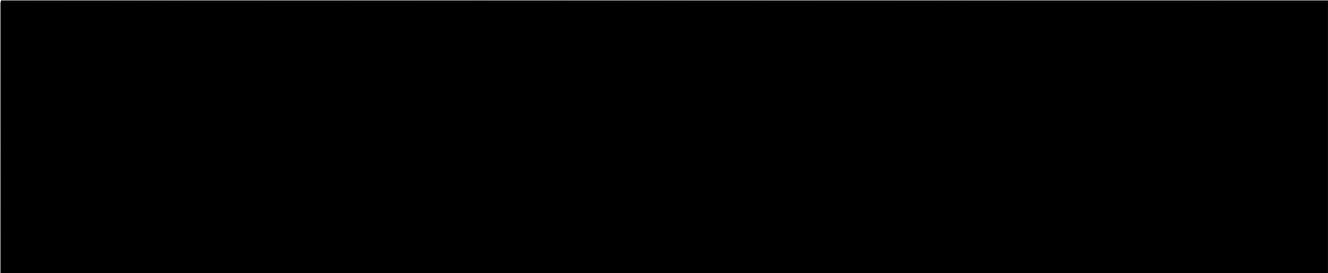


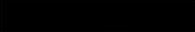
Exhibit J

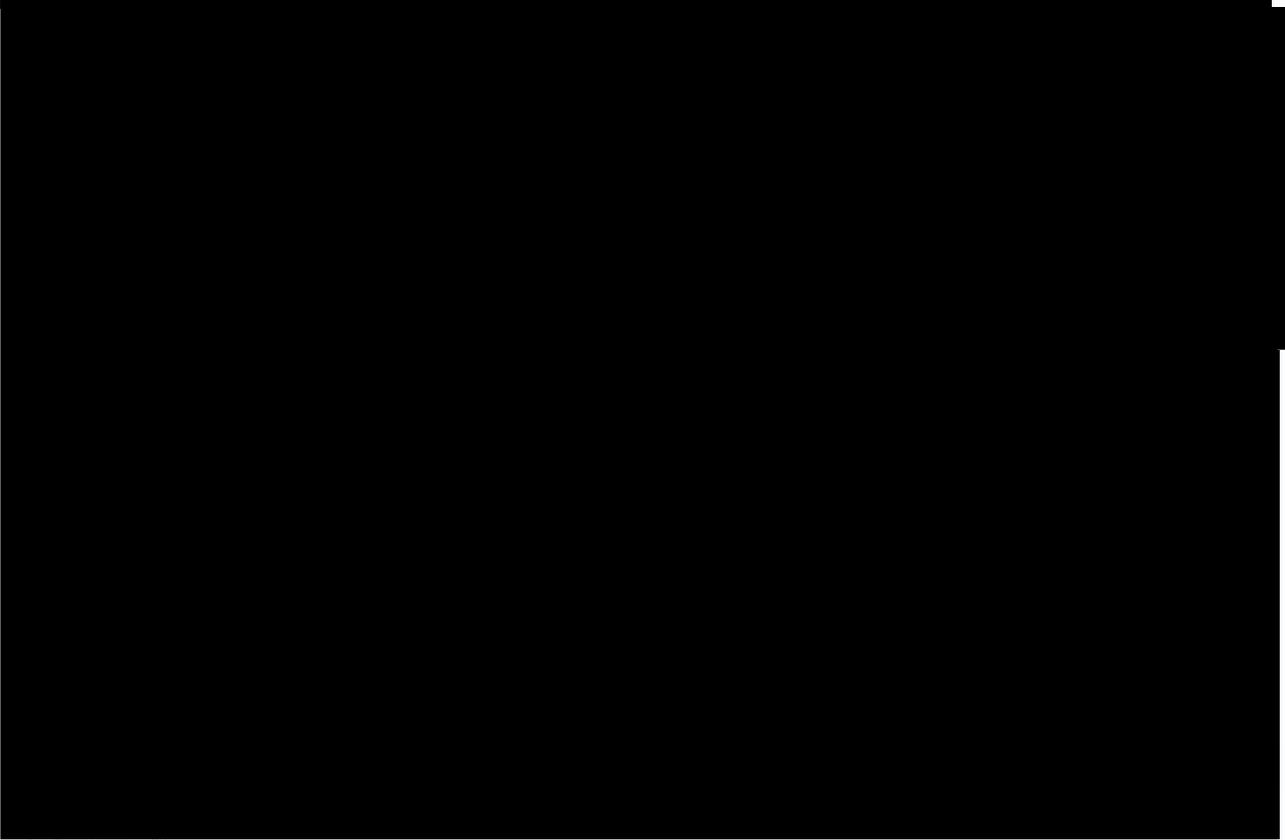


April 1, 2013

Congressman Fred Upton
Chairman, Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, D.C. 20515-6115

Dear Congressman Upton:

This letter is in response to your inquiry dated March 14, 2013, regarding the implications of the Patient Protection and Affordable Care Act (PPACA) on 



The requested information is attached. It contains six pages.

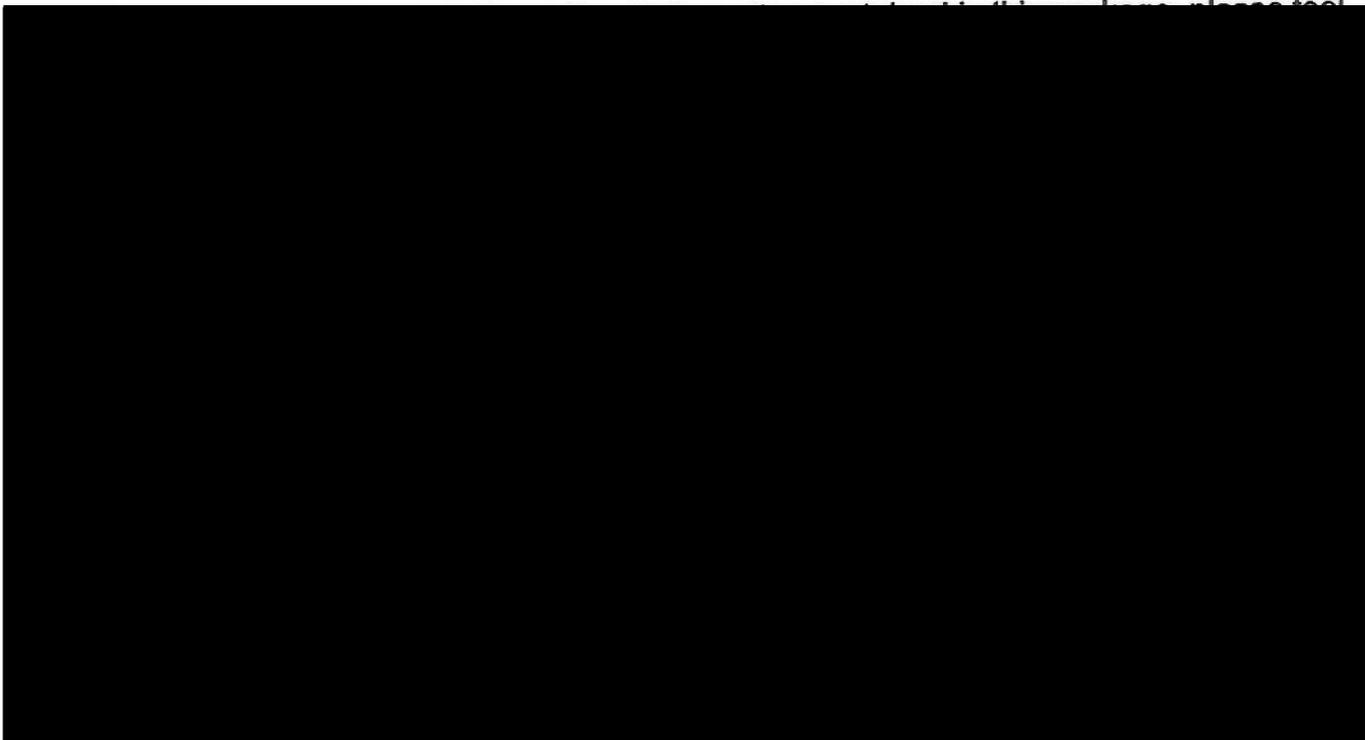
Congressman Fred Upton
April 1, 2013

Scope of Investigation Conducted

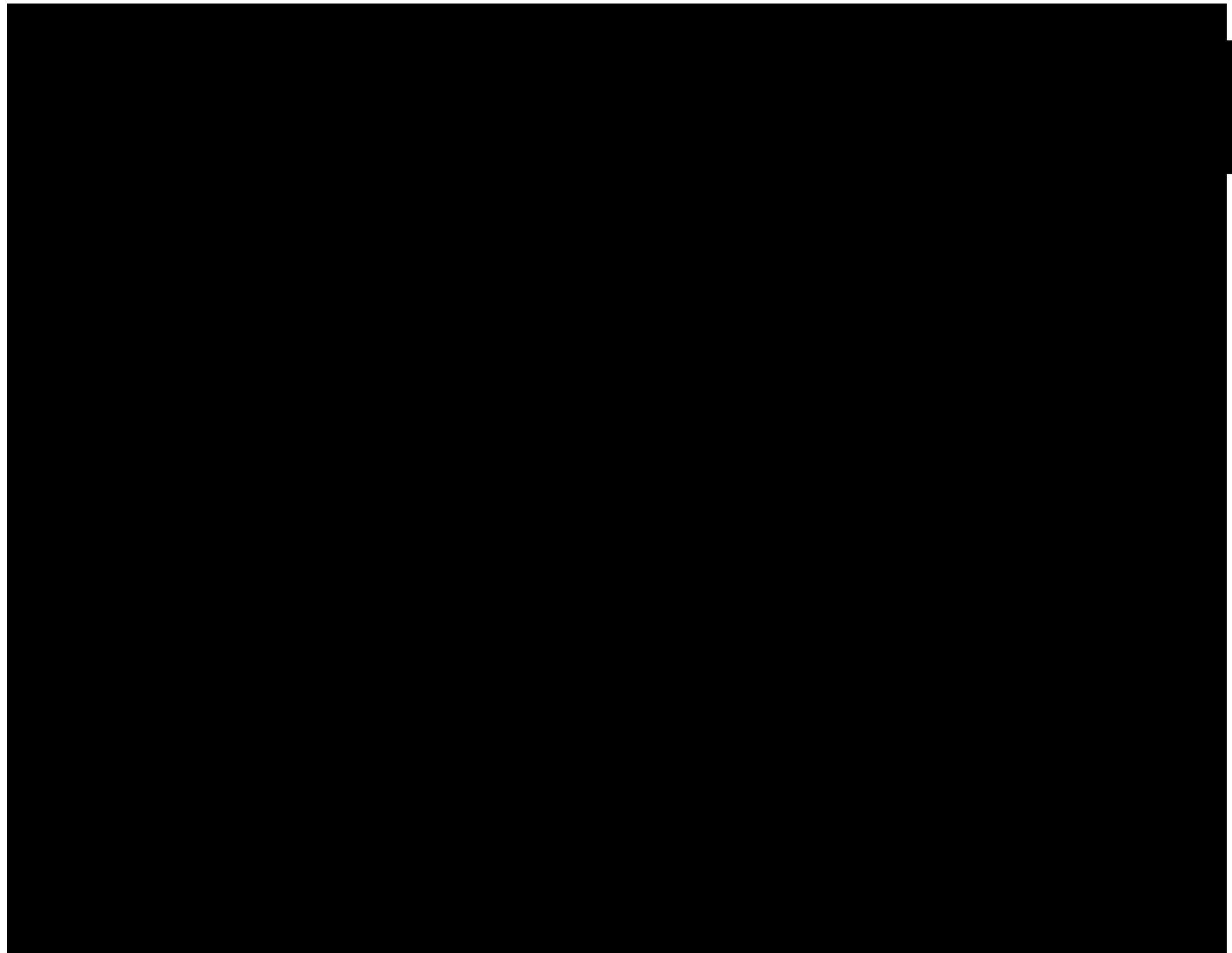
Our response is based on a reasonable and duly diligent search for the information requested. The scope of the investigation conducted to locate responsive information was limited to making inquiries of those persons most likely to be knowledgeable about the specific matters at issue and to reviewing files in which information related to such matters is ordinarily expected to be found.

Request for Confidential Treatment of Documents

Those documents produced to the committee are being submitted under an express claim of confidentiality. These documents are kept confidential by our company and the information contained therein is not available to our competition. Disclosure could have a significant adverse impact on our competitive position. For that reason, we appreciate and request whatever steps can be taken by the committee to maintain the confidential nature of these proprietary documents.







ACA Drivers of Changes in Individual Insurance - Costs for [REDACTED] in Our Context

Lower cost drivers

- Advanced Premium Tax Credits (i.e. Premium Subsidies)
- Reinsurance Payments

Variable cost impact depending on product, policy- holder and carriers

- Essential Health Benefits
- Benefit Cost-Sharing Requirements (i.e. Actuarial Value)
- Guaranteed Issue and impact on risk pool
- Limitation on rating factors

Higher cost drivers

- Fees and Taxes

Illustrative Details of Impact to Individual Market Cost

- As noted, the impact of ACA on [redacted] product and policyholder costs has a very broad range. Percentage impact of ACA on 2014 cost base is illustrated below.

General Factors for Age Rated Products

	Age 25	Age 35	Age 45	Age 55	Age 64
Covered Service (Essential Health Benefits)	13% to 17%				
Change in Rating Factors (Including Age)	37% to 42%	12% to 17%	-11% to -6%	-34% to -29%	-10% to -5%
Change in Risk Profile (net of Risk Adjustment)	-5% to 0%				
Fees and Taxes					
Exchange User Fee	3.5%	3.5%	3.5%	3.5%	3.5%
Reinsurance Fee	3.2%	2.2%	1.9%	1.2%	0.9%
Federal Insurance Premium Tax	2.0% to 2.5%				
Risk Adjustment Program Fee	0.05%	0.03%	0.03%	0.02%	0.01%
PCORT Fee	0.10%	0.07%	0.06%	0.04%	0.03%
Reinsurance Payments	-13% to -10%				
Advance Premium Tax Credits (Premium Subsidy)	-72% to 0%	-65% to 0%	-74% to 0%	-73% to 0%	-76% to 0%
Total	-61% to 63%	-60% to 34%	-76% to 7%	-82% to -20%	-78% to 7%

General Factors for Community Rated Products

	Age 25	Age 35	Age 45	Age 55	Age 64
Covered Service (Essential Health Benefits)	13% to 17%				
Change in Actuarial Value	-24% to -20%				
Change in Rating Factors (Including Age)	-78% to -73%	-66% to -61%	-59% to -54%	-34% to -29%	-10% to -5%
Change in Risk Profile (net of Risk Adjustment)	-5% to 0%				
Fees and Taxes					
Exchange User Fee	3.5%	3.5%	3.5%	3.5%	3.5%
Reinsurance Fee	4.2%	2.8%	2.4%	1.5%	1.1%
Federal Insurance Premium Tax	2.0% to 2.5%				
Risk Adjustment Program Fee	0.06%	0.04%	0.04%	0.02%	0.02%
PCORT Fee	0.13%	0.09%	0.08%	0.05%	0.04%
Reinsurance Payments	-13% to -10%				
Advance Premium Tax Credits (Premium Subsidy)	-89% to 0%	-78% to 0%	-92% to 0%	-91% to 0%	-96% to 0%
Total	-98% to -75%	-94% to -64%	-98% to -58%	-96% to -36%	-97% to -15%

Range of Expected Small Group Changes

- Small group impacts are far less varied than individual market impacts due to the averaging effect of the impact over the group and the lack of individual market mechanisms like reinsurance and subsidies
- The impact to small group rates is generally a redistribution of price among groups based on the removal of allowable rating factors
- Expected 2014 impact on rates for [redacted] small groups are fairly evenly distributed, centered around a single digit rate change and range of rate impacts as shown in the table below

Expected 2014 Impact of ACA	-20%+	-20% to -10%	-10% to 0%	0% to 10%	10% to 20%	20%+
Percentage of Groups	8% to 10%	13% to 15%	20% to 22%	19% to 21%	22% to 24%	12% to 14%

Expected ACA Impact for Large Groups

- The impact of ACA taxes and fees is a function of funding arranged for large groups
- Expected average 2014 ACA impacts are shown below

	Fully Insured	Self Funded with Stop Loss	Self Funded without Stop Loss
Benefits and Coverage	0%*	0%*	0%*
Fees and Taxes**	2.9% to 3.3%	1.6% to 2.0%	1.2% to 1.6%

* The benefits impact is *close to zero* as most plans covered at least some portion of clinical trials and especially given the safe harbor rule, can choose out-of-pocket maximums that are compliant without cost impacts.

** These taxes include reinsurance fees, PCORT fees and federal premium insurance tax.