

**Predictive Risk Modeling
Episode Risk Groupings (ERG)
(Underwriting / Profitability Reports)**

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**STANDARD
UNDERWRITING / PROFITABILITY REPORTS
USING**

**PREDICTIVE RISK MODELING
AND
EPISODE RISK GROUPINGS (ERG)**

Age/Sex	<input type="radio"/>
Predictive Risk	<input checked="" type="radio"/>

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(Using Predictive Risk Modeling)

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BLOCK UNDERWRITING
(PREDICTIVE RISK MODELING - EXPERIENCE PERIOD ANALYSIS)

Exhibit I

Company:	XYZ Health Plan		
Market Segment:	Small Group		
Experience Period:	Beginning	End	MidPoint
	10/1/03	9/30/04	4/1/2004
Rating Period:	1/1/05	12/31/05	7/1/2005

% Trend Fctr	8.0%
# Mos Trend	15

Retention (as % of Premium)	
Total	Profit(Included in Total)
25.0%	4.0%

Experience Period Data & Analysis										
Ending Enrollment			Gross Dollars and Medical Loss Ratio					Adjusted PMPM's and Medical Loss Ratio		
Group	Mbrs	Ees	Annual Premium	Incurred Medical Costs	Actual MLR	Adjusted Premium⁽¹⁾	Adjusted Medical Costs⁽²⁾	Adjusted Prem PMPM	Adjusted Medical Cost PMPM	Adjusted MLR
Group 1	73	35	\$127,020	\$133,371	105.0%	\$133,371	\$126,702	\$152.25	\$144.64	95.0%
Group 2	136	65	\$220,320	\$171,850	78.0%	\$235,742	\$171,850	\$144.45	\$105.30	72.9%
Group 3	88	42	\$132,000	\$105,600	80.0%	\$139,920	\$107,712	\$132.50	\$102.00	77.0%
Group 4	67	32	\$148,740	\$74,370	50.0%	\$163,614	\$72,883	\$203.50	\$90.65	44.5%
Group 5	172	82	\$340,560	\$272,448	80.0%	\$374,616	\$266,999	\$181.50	\$129.36	71.3%
Group 6	35	17	\$52,500	\$39,375	75.0%	\$56,700	\$38,588	\$135.00	\$91.88	68.1%
Group 7	231	110	\$318,780	\$251,836	79.0%	\$347,470	\$246,799	\$125.35	\$89.03	71.0%
Group 8	113	54	\$183,060	\$155,601	85.0%	\$210,519	\$152,489	\$155.25	\$112.46	72.4%
Group 9	96	46	\$137,088	\$150,797	110.0%	\$154,909	\$147,781	\$134.47	\$128.28	95.4%
Group 10	48	23	\$69,696	\$47,393	68.0%	\$77,363	\$46,445	\$134.31	\$80.63	60.0%
Total	1,059	506	\$1,729,764	\$1,402,641	81.1%	\$1,894,225	\$1,378,248	\$149.06	\$108.46	72.8%

⁽¹⁾ Premium at current rate levels

⁽²⁾ Medical Costs at current benefit levels

BLOCK UNDERWRITING
(PREDICTIVE RISK MODELING - RATING PERIOD ANALYSIS)

Exhibit II

Company:

XYZ Health Plan

Market Segment:

Small Group

	Beginning	End	MidPoint
Experience Period:	10/1/03	9/30/04	4/1/2004
Rating Period:	1/1/05	12/31/05	7/1/2005

% Trend Fctr	8.0%
# Mos Trend	15

<u>Retention (as % of Premium)</u>	
Total	Profit(Included in Total)
25.0%	4.0%

Rating Period Analysis & Projections (Using Predictive Risk Modeling)											
Assumed Enrollment		Premium Rate Calculation							Proj'd Gain/(loss) ⁽⁵⁾		Sold =1 Cancelled = 0
Group	Mbrs	Ees	100% Exper. Rate ⁽¹⁾	PRM Manual Rate ⁽²⁾	Cred- ibility ⁽³⁾	PRM Formula Rate ⁽⁴⁾	Quoted Rate	% Increase	\$'s (9)=[(7)- (3)]*(1)*12.	% of Quoted Rate (10)=(9)/ [(7)*(1)*12]	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
Group 1	73	35	\$212.32	\$215.00	26%	\$214.29	\$214.02	40.6%	\$1,489	0.8%	0
Group 2	136	65	\$154.58	\$167.21	36%	\$162.66	\$161.39	11.7%	\$11,124	4.2%	1
Group 3	88	42	\$149.73	\$152.00	29%	\$151.34	\$151.12	14.1%	\$1,460	0.9%	1
Group 4	67	32	\$133.07	\$150.00	25%	\$145.72	\$144.02	(29.2%)	\$8,806	7.6%	1
Group 5	172	82	\$189.90	\$190.00	40%	\$189.96	\$189.95	4.7%	\$105	0.0%	1
Group 6	35	17	\$134.87	\$150.00	18%	\$147.21	\$145.70	7.9%	\$4,547	7.4%	1
Group 7	231	110	\$130.70	\$135.00	47%	\$132.98	\$132.55	5.7%	\$5,139	1.4%	1
Group 8	113	54	\$165.08	\$188.00	33%	\$180.47	\$178.18	14.8%	\$17,757	7.3%	1
Group 9	96	46	\$188.31	\$185.00	30%	\$186.01	\$186.34	38.6%	(\$2,278)	(1.1%)	0
Group 10	48	23	\$118.37	\$120.00	21%	\$119.65	\$119.49	(11.0%)	\$644	0.9%	1
Total	1059	506	\$159.21	\$165.95	100%	\$163.72	\$163.05	9.4%	\$48,794	2.4%	

- (1) 100% Exper Rate = [(Adjusted Medical Cost PMPM) x (1+trend)^(# mos trend)] / Retention
- (2) PRM = Predictive Risk Modeling (as contrasted with ASRM, which = Age/Sex Risk Modeling)
- (3) Credibility Formula = minimum[(n/500)(1/2), 100%]; where n = number of employees
- (4) For each Group, Formula = C x 100% of Exper. Rate + (1 - C) x Manual Rate; where C = Credibility %
Total PMPM Formula Rate = weighted avg. of individual groups [i.e. not = 100% credibility, as is Column (8)]
- (5) Assuming 100% Credibility (while not appropriate for each Group, generally reasonable for all Groups combined)

BLOCK UNDERWRITING
(PREDICTIVE RISK MODELING - RATING METHODOLOGY COMPARISON)

Exhibit III

Company:	XYZ Health Plan		
Market Segment:	Small Group		
Experience Period:	Beginning	End	MidPoint
	10/1/03	9/30/04	4/1/2004
Rating Period:	1/1/05	12/31/05	7/1/2005

Retention (as % of Premium)			
% Trend Fctr	8.0%	Total	Profit(Included in Total)
		25.0%	4.0%
# Mos Trend	15		

Comparison of Rating Methodologies						
	Manual Rate			Formula Rate ⁽¹⁾		
	ASRM Rate	PRM Rate	Unified ERG Factor	ASRM Rate	PRM Rate	Exper Adj'd ERG Factor ⁽²⁾
<u>Group</u>	(1)	(2)	(3) = (2) / (1)	(4)	(5)	(6) = (5) / (4) - 1.0
Group 1	\$215.00	\$215.00	1.000	\$214.29	\$214.29	1.000
Group 2	\$175.00	\$167.21	0.956	\$167.64	\$162.66	0.970
Group 3	\$138.00	\$152.00	1.101	\$141.40	\$151.34	1.070
Group 4	\$160.00	\$150.00	0.938	\$153.19	\$145.72	0.951
Group 5	\$195.00	\$190.00	0.974	\$192.93	\$189.96	0.985
Group 6	\$130.00	\$150.00	1.154	\$130.90	\$147.21	1.125
Group 7	\$162.00	\$135.00	0.833	\$147.32	\$132.98	0.903
Group 8	\$190.00	\$188.00	0.989	\$181.81	\$180.47	0.993
Group 9	\$169.39	\$185.00	1.092	\$175.13	\$186.01	1.062
<u>Group 10</u>	<u>\$149.00</u>	<u>\$120.00</u>	<u>0.805</u>	<u>\$142.43</u>	<u>\$119.65</u>	<u>0.840</u>
Total	\$172.57	\$165.95	0.962	\$167.27	\$163.72	0.979

⁽¹⁾ Formula Rate = Composite of Manual Rate & Experience Rate (i.e. adjusted for Credibility)

⁽²⁾ Effective ERG Factor after application of Credibility

**BLOCK UNDERWRITING
(PREDICTIVE RISK MODELING - RETAINED VS CANCELLED GROUP ANALYSIS)**

Exhibit IV

Company:	XYZ Health Plan		
Market Segment:	Small Group		
Experience Period:	Beginning	End	MidPoint
	10/1/03	9/30/04	4/1/2004
Rating Period:	1/1/05	12/31/05	7/1/2005

% Trend Fctr	8.0%
# Mos Trend	15

Retention (as % of Premium)	
Total	Profit(Included in Total)
25.0%	4.0%

Retained Groups											
Retained Groups	Period Ending		Unified ERG Fctr	Adjusted Premium	Exper Period Adj'd Med Costs	Adj'd Med Loss Ratio	100% Exper Rate	Sold Rate	Sold Increase	Projected Gain(Loss) (10)=[(8)-(7)]*(1)*12.	% of Prem Gain(Loss) (11)=(10)/(3)
	Mbrs	Ees									
	(1)	(2)									
Cancelled	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Group 2	136	65	0.956	\$235,742	\$171,850	72.9%	\$154.58	\$161.39	11.7%	\$21,215	8.1%
Group 3	88	42	1.101	\$139,920	\$107,712	77.0%	\$149.73	\$151.12	14.1%	\$7,785	4.9%
Group 4	67	32	0.938	\$163,614	\$72,883	44.5%	\$133.07	\$144.02	(29.2%)	\$13,086	11.3%
Group 5	172	82	0.974	\$374,616	\$266,999	71.3%	\$189.90	\$189.95	4.7%	\$15,783	4.0%
Group 6	35	17	1.154	\$56,700	\$38,588	68.1%	\$134.87	\$145.70	7.9%	\$6,813	11.1%
Group 7	231	110	0.833	\$347,470	\$246,799	71.0%	\$130.70	\$132.55	5.7%	\$19,631	5.3%
Group 8	113	54	0.989	\$210,519	\$152,489	72.4%	\$165.08	\$178.18	14.8%	\$26,711	11.1%
Cancelled	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Group 10	48	23	0.805	\$77,363	\$46,445	60.0%	\$118.37	\$119.49	(11.0%)	\$3,371	4.9%
Total	890	425	0.964	\$1,605,944	\$1,103,765	68.7%	\$151.71	\$156.36	4.0%	\$114,395	6.9%

Cancelled Groups											
Cancelled Groups	Period Ending		Unified ERG Fctr	Adjusted Premium	Exper Period Adj'd Med Costs	Adj'd Med Loss Ratio	100% Exper Rate	Quoted	Quoted Increase	Projected Gain(Loss) (10)=[(8)-(7)]*(1)*12.	% of Prem Gain(Loss) (11)=(10)/(3)
	Mbrs	Ees									
	(1)	(2)									
Group 1	73	35	1.000	\$133,371	\$126,702	95.0%	\$212.32	\$214.02	40.6%	\$8,929	4.8%
Retained	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Retained	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Retained	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Retained	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Retained	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Retained	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Retained	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Group 9	96	46	1.092	\$154,909	\$147,781	95.4%	\$188.31	\$186.34	38.6%	\$6,399	3.0%
Retained	0	0	0.000	\$0	\$0	0.0%	\$0.00	\$0.00	0.0%	\$0	0.0%
Total	169	81	1.041	\$288,280	\$274,483	95.2%	\$198.69	\$198.30	39.5%	\$15,328	5.3%

BLOCK UNDERWRITING
(PREDICTIVE RISK MODELING - CUMULATIVE MONTHLY PROFITABILITY ANALYSIS)

Exhibit V

Retained Business

Renewal Month	Monthly (\$000's)							Cumulative (\$000's)				
	Members	Unified ERG Factor	100% Exper Rate	PRM Manual Rate(2)	Annualized Projected Premium	Projected Gain(Loss)		Members	Unified ERG Factor	Annualized Projected Premium	Projected Gain(Loss)	
						Dollars	Percent				Dollars	Percent
Jan-05	890	0.964	151.713	159.872	\$1,670	\$114	6.9%	890	0.964	\$1,670	\$114	6.9%
Feb-05	920	0.985			\$1,726	(\$20)	(1.1%)	1,810	0.975	\$3,396	\$95	2.8%
Mar-05	765	0.920			\$1,435	\$70	4.9%	2,575	0.958	\$4,831	\$164	3.4%
Apr-05	1,065	0.965			\$1,998	\$17	0.9%	3,640	0.960	\$6,830	\$181	2.7%
May-05	888	1.020			\$1,666	\$64	3.9%	4,528	0.972	\$8,496	\$245	2.9%
Jun-05	575	0.950			\$1,079	\$52	4.9%	5,103	0.970	\$9,575	\$298	3.1%
Jul-05	980	1.020			\$1,839	\$34	1.9%	6,083	0.978	\$11,413	\$332	2.9%
Aug-05	753	0.974			\$1,413	\$83	5.9%	6,836	0.977	\$12,826	\$414	3.2%

Cancelled Business

Renewal Month	Monthly (\$000's)							Cumulative (\$000's)				
	Members	Unified ERG Factor	100% Exper Rate	PRM Manual Rate(2)	Annualized Projected Premium	Projected Gain(Loss)		Members	Unified ERG Factor	Annualized Projected Premium	Projected Gain(Loss)	
						Dollars	Percent				Dollars	Percent
Jan-05	169	1.041	198.686	197.959	\$402	\$15	3.8%	169	1.041	\$402	\$15	3.8%
Feb-05	920	1.100			\$2,189	(\$157)	(7.2%)	1,089	1.091	\$2,591	(\$142)	(5.5%)
Mar-05	765	1.030			\$1,820	\$51	2.8%	1,854	1.066	\$4,412	(\$91)	(2.1%)
Apr-05	1,065	1.020			\$2,534	(\$182)	(7.2%)	2,919	1.049	\$6,946	(\$273)	(3.9%)
May-05	888	1.050			\$2,113	(\$46)	(2.2%)	3,807	1.049	\$9,059	(\$319)	(3.5%)
Jun-05	575	0.980			\$1,368	(\$71)	(5.2%)	4,382	1.040	\$10,427	(\$390)	(3.7%)
Jul-05	980	1.020			\$2,332	(\$168)	(7.2%)	5,362	1.036	\$12,759	(\$558)	(4.4%)
Aug-05	753	0.990			\$1,792	\$50	2.8%	6,115	1.031	\$14,551	(\$508)	(3.5%)

⁽²⁾ PRM = Predictive Risk Modeling (as contrasted with ASRM, which = Age/Sex Risk Modeling)

PREDICTIVE RISK MODELING - GROUP DRILL DOWN REPORT

Exhibit VI

Group:

	Mbrs	Ees
Potential:	146	58
Enrolled:	96	46
Participation:	65.8%	79.3%

Experience Period:	Beginning	End
	10/1/03	9/30/04

Member Risk Classification								
Risk Category	Concurrent Unified ERG				Prospective Unified ERG			
	Mbrs	Low(>=)	High(<)	Actual	Mbrs	Low(>=)	High(<)	Actual
8	2	3.903	99.000	6.100	2	4.325	99.000	6.845
7	3	2.871	3.903	3.068	1	2.999	4.325	3.785
6	2	2.053	2.871	2.275	2	1.897	2.999	1.945
5	4	1.635	2.053	1.784	4	1.555	1.897	1.589
4	6	1.405	1.635	1.435	5	1.410	1.555	1.487
3	15	1.319	1.405	1.385	13	1.252	1.410	1.297
2	32	0.683	1.319	1.104	34	0.805	1.252	0.975
1	32	0.000	0.683	0.220	35	0.000	0.805	0.315
Total	96			1.092	96			1.002

Experience Period Medical Costs (Unadjusted)				
Risk Category	Concurrent Unified ERG		Prospective Unified ERG	
	Dollars	Percent	Dollars	Percent
8	\$17,546	11.6%	\$21,461	14.2%
7	\$13,237	8.8%	\$5,934	3.9%
6	\$6,544	4.3%	\$6,098	4.0%
5	\$10,263	6.8%	\$9,964	6.6%
4	\$12,383	8.2%	\$11,656	7.7%
3	\$29,888	19.8%	\$26,432	17.5%
2	\$50,810	33.7%	\$51,968	34.5%
1	\$10,125	6.7%	\$17,284	11.5%
Total	\$150,797	100.0%	\$150,797	100.0%

Diagnoses of High Cost Members (Risk Categories "5" thru "8")					
Concurrent Unified ERG			Prospective Unified ERG		
Mbr	Diagnosis	Dollars	Mbr	Diagnosis	Dollars
1	Insulin dependent diabetes	10,335	1	Asthma	7,211
2	Asthma	7,211	2	Atherosclerosis	14,250
3	Chronic Bronchitis	5,934	3	Chronic Bronchitis	5,934
4	Major and minor depression	3,256	4	Major and minor depression	3,256
5	Lower cost psychiatry	4,047	5	Glaucoma	2,842
6	Glaucoma	2,842	6	Other lower cost neurology	2,432
7	Appendicitis	3,702	7	Arthritis	2,788
8	Acute bronchitis	2,875	8	Migraine headache	2,738
9	Other lower cost neurology	2,432	9	Mod and higher substance abuse	2,006
10	Hernias	2,218			
11	Migraine headache	2,738			
Total for High Cost Members:		47,591	Total for High Cost Members:		43,457
% of Total Medical Cost:		31.6%	% of Total Medical Cost:		28.8%

PRODUCT POSITIONING & RISK CATEGORY SELECTION
(For Multi-Option Pricing and Positioning Against Competitive Threats)

Exhibit VII

Company: XYZ Health Plan
 Group: Acme, Inc.

	Potential Contracts	Potential Members
Single	150	150
Family	80	256

Favorable (Unfavorable) Composite Risk Selection			
Method:	Premium	Single	(1.8%)
		Family	(0.8%)

	Plan Offerings					Competitor Offerings			Simple Mean
Quoted Rates	Plan A	Plan B	Plan C	Plan D	Plan E	Plan X	Plan Y	Plan Z	
Single Rate	\$208.75	\$249.12	\$273.36	\$244.14	\$303.18	\$250.00	\$240.00	\$190.00	\$244.82
Family Rate	\$648.23	\$706.02	\$747.96	\$704.94	\$792.84	\$750.00	\$720.00	\$570.00	\$705.00
Ee Contribution Reqs.									
Single	\$10.00	\$50.37	\$74.61	\$45.39	\$104.43	\$51.25	\$41.25	\$0.00	\$47.16
Family	\$100.00	\$157.79	\$199.73	\$156.71	\$244.61	\$201.77	\$171.77	\$21.77	\$156.77
Quoted Rates (% of Mean)									
Single Rate	85.3%	101.8%	111.7%	99.7%	123.8%	102.1%	98.0%	77.6%	100.0%
Family Rate	91.9%	100.1%	106.1%	100.0%	112.5%	106.4%	102.1%	80.9%	100.0%
Ee Contrib Reqs. (\$'s from Mean)									
Single	(\$37.16)	\$3.21	\$27.45	(\$1.77)	\$57.27	\$4.09	(\$5.91)	(\$47.16)	\$0.00
Family	(\$56.77)	\$1.02	\$42.96	(\$0.06)	\$87.84	\$45.00	\$15.00	(\$135.00)	\$0.00
Prospective Unified ERGs:									
Single	1.018	1.056	1.109	1.056	1.186	1.056	1.056	0.988	Total 1.056
Family	1.062	1.082	1.104	1.082	1.131	1.104	1.082	1.031	1.082

Member Risk Classification Matrices
(Total Potential Group Population)

Members w/ Single Contracts					Members w/ Family Contracts					Total Members				
Risk Category	Number Mbrs	Prospective Unified ERG			Risk Category	Number Mbrs	Prospective Unified ERG			Risk Category	Number Mbrs	Prospective Unified ERG		
		Low (>=)	High(<)	Actual			Low (>=)	High(<)	Actual			Low (>=)	High(<)	Actual
8	2	4.325	99.000	4.500	8	3	4.325	99.000	4.656	8	5	4.325	99.000	4.594
7	5	2.999	4.325	3.300	7	2	2.999	4.325	3.720	7	7	2.999	4.325	3.420
6	3	1.897	2.999	1.908	6	14	1.897	2.999	2.250	6	17	1.897	2.999	2.190
5	5	1.555	1.897	1.760	5	29	1.555	1.897	1.680	5	34	1.555	1.897	1.692
4	25	1.410	1.555	1.420	4	33	1.410	1.555	1.490	4	58	1.410	1.555	1.460
3	35	1.252	1.410	1.360	3	43	1.252	1.410	1.405	3	78	1.252	1.410	1.385
2	29	0.805	1.252	0.820	2	65	0.805	1.252	0.815	2	94	0.805	1.252	0.817
1	46	0.000	0.805	0.250	1	67	0.000	0.805	0.190	1	113	0.000	0.805	0.214
Total	150			1.056	Total	256			1.082	Total	406			1.072

Source: "Prod Positioning & Actuarial Equiv-V5" Workbook

Family Tier Rating
(Developing Family Tier Rates from PMPM's)

Exhibit VIII

The Underwriter is Offered Two Alternatives:

Alternative I (Setting the relationship of the Family Rate(s) to the Single Rate)

	Avg Contract		Total Mbrs	% Tot Mbrs	Tier Rate Relationship to Single Rate	PMPM	Tier Rates
	Number	Size				Rate by Mbr Type	
Single Contracts =	60	1.00	60	30.6%	1.00	\$195.63	\$195.63
Family Contracts =	40	3.40	136	69.4%	3.00	\$172.61	\$586.89
Total	100	1.96	196	100.0%		\$179.66	

Alternative II (Setting the Single Rate)

	Avg Contract		Total Mbrs	% Tot Mbrs	Tier Rate Relationship to Single Rate	PMPM	Tier Rates
	Number	Size				Rate by Mbr Type	
Single Contracts =	60	1.00	60	30.6%	1.00	\$205.00	\$205.00
Family Contracts =	40	3.40	136	69.4%	2.79	\$168.48	\$572.83
Total	100	1.96	196	100.0%		\$179.66	

Note: Above examples for Two Tier Family Structure; other Tier Family structures can be developed upon request.

MARKET SEGMENT ("COMMUNITY") PMPM's BY ERG

Exhibit IX

NOTE: NUMBERS SHOWN ARE PURELY FICTIONAL

Company				Mid-Pts	Product: HMO Plan A
XYZ Health Plan					
Historical Period	10/1/2003	9/30/2004	4/1/2004		Geographic Area: AnyCity, AnyState
Rating Period	1/1/2005	12/31/2005	7/1/2005		
Medical Trend	10.0%				
No. Mnths Trend	15				

ERG	Mbrs w/ Single ERG per 1000	Mbrs w/ Multiple ERG per 1000	Avg cost per ERG per Year 4/1/2004	Hist'l PMPM 4/1/2004	Rating Per. PMPM 7/1/2005	Historical / Concurrent Unified ERG ⁽¹⁾	Prospective Unified ERG ⁽¹⁾	Adjusted Rating Per. PMPM 7/1/2005
1. Infectious & Parasitic	5.00	1.00	10,146.49	5.07	5.72	4.959	5.505	6.34
2. Malignant Neoplasm	6.00	1.00	8,321.86	4.85	5.47	4.067	4.569	6.14
3. Benign/Unkn Neoplasm	7.00	1.00	7,985.00	5.32	6.00	3.903	4.325	6.65
4. Diabetes	20.00	10.00	7,850.00	19.63	22.11	3.837	3.914	22.55
5. Nutritional & Metabolic	9.00	1.00	5,875.00	4.90	5.52	2.871	2.999	5.76
6. Liver	10.00	1.00	4,850.00	4.45	5.01	2.370	2.451	5.18
7. Gastrointestinal	11.00	1.00	4,670.00	4.67	5.26	2.283	2.232	5.14
8. Musc & Connec Tiss	13.00	2.00	4,450.00	5.56	6.27	2.175	2.168	6.25
9. Hematological	16.00	1.00	4,200.00	5.95	6.70	2.053	1.897	6.19
10. Cognitive Disorders	19.00	2.00	3,980.00	6.97	7.85	1.945	1.850	7.46
11. Substance Abuse	24.00	1.00	3,800.00	7.92	8.92	1.857	1.712	8.22
12. Mental	24.00	2.00	3,345.00	7.25	8.16	1.635	1.555	7.77
13. Developmental Disability	28.00	1.00	3,005.00	7.26	8.18	1.469	1.498	8.34
14. Neurological	25.00	1.00	2,985.00	6.47	7.29	1.459	1.485	7.42
15. Cardio-Resp Arrest	25.00	1.00	2,875.00	6.23	7.02	1.405	1.410	7.04
16. Heart	33.00	4.00	2,755.00	8.49	9.57	1.347	1.360	9.67
17. Cerebro-Vascular	25.00	3.00	2,705.00	6.31	7.11	1.322	1.332	7.16
18. Vascular	25.00	3.00	2,698.00	6.30	7.09	1.319	1.252	6.73
19. Lung	25.00	3.00	2,450.00	5.72	6.44	1.197	1.224	6.58
20. Eyes	30.00	1.00	2,325.00	6.01	6.77	1.136	1.101	6.56
21. Ears, Nose & Throat	30.00	2.00	2,005.00	5.35	6.02	0.980	0.997	6.13
22. Urinary System	35.00	4.00	1,531.31	4.98	5.61	0.748	0.805	6.03
23. Genital System	25.00	3.00	1,397.59	3.26	3.67	0.683	0.705	3.79
24. Pregnancy Related	35.00	4.00	1,259.56	4.09	4.61	0.616	0.652	4.88
25. Skin & Subcutaneous	20.00	2.00	1,117.21	2.05	2.31	0.546	0.504	2.13
26. Inj & Pois, Comp	15.00	2.00	970.55	1.37	1.55	0.474	0.406	1.33
27. Ill-Defined Conditions	20.00	2.00	819.58	1.50	1.69	0.401	0.375	1.58
28. Neonates	5.00	2.00	664.29	0.39	0.44	0.325	0.365	0.49
29. Transplants, Other	10.00	3.00	504.69	0.55	0.62	0.247	0.208	0.52
30. Screening / History	100.00	10.00	340.77	3.12	3.52	0.167	0.115	2.43
31. Zero Claims	200.00	0.00	0.00	0.00	0.00	0.000	0.000	0.00
32. Missing or Invalid Codes	50.00	0.00	2,045.95	8.52	9.60	1.000	1.000	9.60
Grand Total	925.00	75.00	2,045.99	170.50	192.07	1.000	1.000	192.07

(1) Note1: Both Historical & Prospective ERG's (excluding Invalids) must be sorted in descending order for the automated generation of Risk Categories ("Low" / "High" endpoints) and the Risk Category member distribution to work properly.
 Note2: It may not always be possible to sort Historical & Prospective ERG's in descending order at the same time.
 Note3: "Unified" ERG's defined as reflecting both diagnosis and age/sex risk classifications.

MARKET SEGMENT ("COMMUNITY") RISK CATEGORY DISTRIBUTION

Exhibit X

Risk Distribution with Concurrent ERG's				
Total Members				
		Unified ERG		
<u>Risk Category</u>	<u>Number Mbrs</u>	<u>Low (>=)</u>	<u>High (<)</u>	<u>Average</u>
8	21	3.903	99.000	4.259
7	40	2.871	3.903	3.595
6	55	2.053	2.871	2.200
5	72	1.635	2.053	1.803
4	81	1.405	1.635	1.445
3	93	1.319	1.405	1.331
2	208	0.683	1.319	0.954
1	<u>430</u>	0.000	0.683	0.178
Total	1,000			1.000

Risk Distribution with Prospective ERG's				
Total Members				
		Unified ERG		
<u>Risk Category</u>	<u>Number Mbrs</u>	<u>Low (>=)</u>	<u>High (<)</u>	<u>Average</u>
8	21	4.325	99.000	4.743
7	40	2.999	4.325	3.685
6	55	1.897	2.999	2.155
5	72	1.555	1.897	1.696
4	81	1.410	1.555	1.466
3	93	1.252	1.410	1.319
2	180	0.805	1.252	1.009
1	<u>458</u>	0.000	0.805	0.195
Total	1,000			1.000