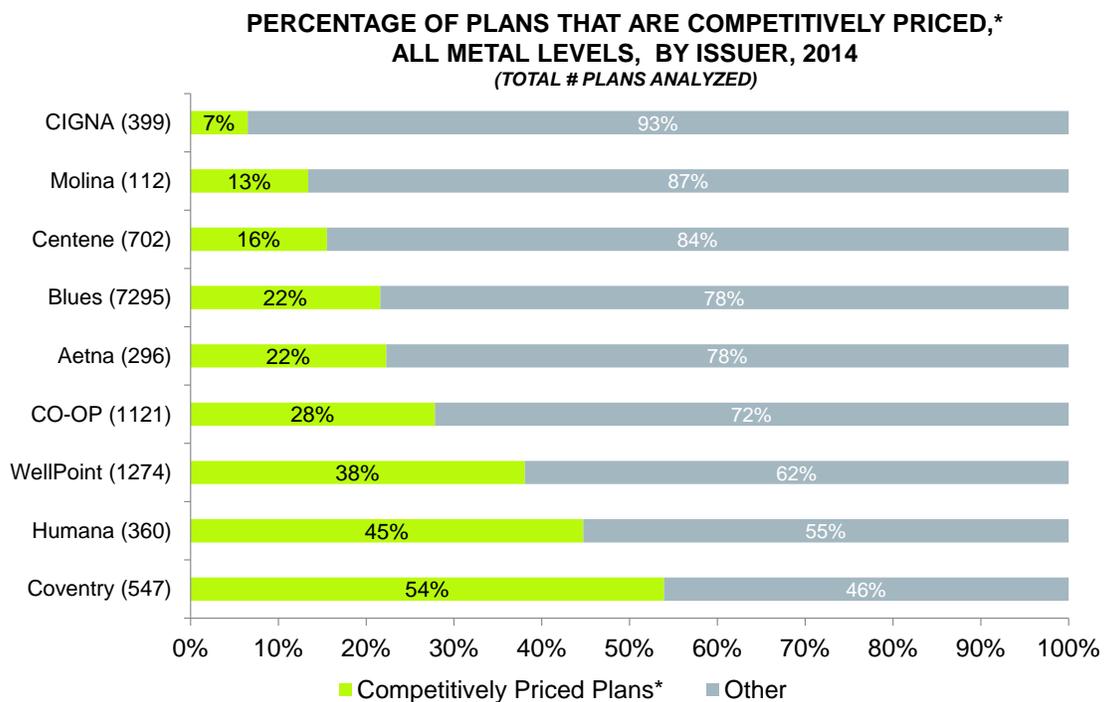




Avalere Analysis: Low Premium Carriers Expected to Gain 2014 Market Share in Exchanges

A new analysis from Avalere Health finds that individuals choosing an exchange plan based on premiums are most likely to consider plans from Coventry¹, Humana, and WellPoint in regions where they participate. Specifically, among the carriers examined, Coventry had the greatest percentage of its plans positioned competitively² in the marketplace, with more than half priced at or below the second-lowest cost silver plan.

“Consumers in exchanges, even those who qualify for financial assistance, are extremely price-sensitive,” said Caroline Pearson vice president at Avalere Health. “Carriers who hit the mark on pricing are more likely to attract consumers. While carrier-specific enrollment data is limited, premium positioning looks like a good proxy for future market share.”



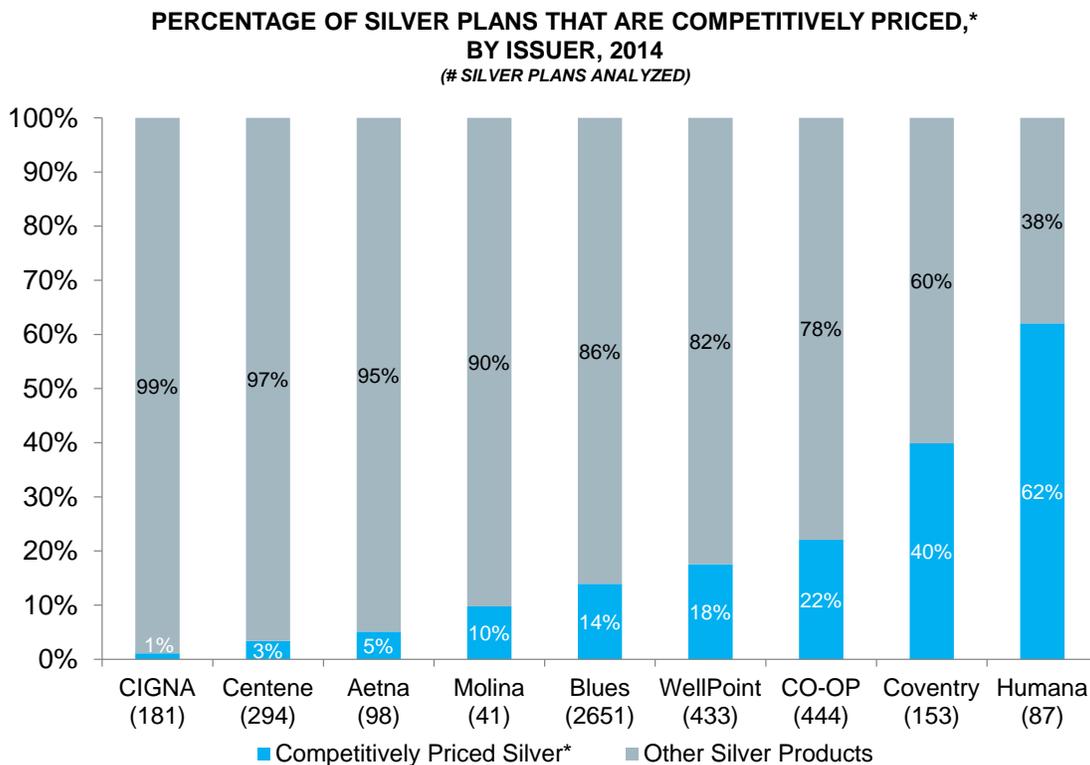
* Priced at or below the cost of the second-lowest cost silver plan in the region.

¹ In 2013, Aetna acquired Coventry.

² Plans are considered competitively priced if the monthly premium is less than or equal to the price of the second-lowest cost silver plan offered in the region. Carriers with plans priced slightly above the second-lowest cost silver plan are also likely to gain market share; however, the analysis relies on the second-lowest cost silver plan because of its tie to the tax credit and for administrative purposes.

Recent data from the U.S. Department of Health and Human Services (HHS) find that over 8 million people have enrolled in exchange plans, with 85 percent or about 6.8 million qualifying for a subsidy. In addition, the vast majority—65 percent—of exchange enrollees selected a silver plan. Silver plan enrollees represent a high proportion of individuals receiving federal subsidies, as 95 percent of those individuals enrolling in a silver plan through the federally facilitated marketplace qualify for financial assistance.

According to Avalere Health’s analysis, Humana, Coventry, and the new consumer operated and oriented plans (CO-OPs) had the greatest percentage of their silver plan offerings priced competitively. Over 60 percent of Humana’s silver plans included in the analysis were priced at or below the second-lowest cost silver plan in the region.



* Priced at or below the cost of the second-lowest cost silver plan in the region.

“Securing enrollment in silver plans is critical for carriers establishing exchange market share,” said Elizabeth Carpenter, director at Avalere Health. “Looking ahead to 2015, we expect silver plans to remain the most popular given the link between the silver level and federal financial assistance, including tax credits and cost-sharing reductions.”

Overall, Blues plans have the largest number of competitively priced silver plans in the states analyzed, with 370 low cost silver options in 35 states.

Carrier	# of States with Plans*	# of Regions with Plans*	# of Competitively Priced Silver Plans	# of Silver Plans Analyzed
Blues	27	330	370	2651
CO-OP	14	129	98	444
Coventry	14	30	61	153
Humana	12	57	54	87
WellPoint	8	105	76	433
Molina	8	35	4	41
Centene	7	29	10	294
Aetna	7	49	5	98
CIGNA	4	39	2	181

*Of 35 states in the analysis

As plans submit 2015 rate filings, Avalere anticipates modest turbulence in the market as insurers adjust their pricing strategy based on information and experience from 2014. As such, some low-premium carriers from 2014 may raise rates in 2015, while other carriers may shift into the most competitive premium position.

Methodology

Analysis includes premiums in 35 states. Avalere first analyzed the HHS FFM landscape file. New Hampshire and West Virginia were excluded, because only Blues / WellPoint plans are offered through the exchange, limiting Avalere's ability to conduct a comparative analysis in those states. In addition, Avalere also included data for ID and NM, which was released by HHS in separate files, and data for CA, which was collected as part of Avalere PlanScape. The analysis excludes all other SBEs. For each of the states included in the landscape file, Avalere analyzed the products offered by each of the carriers (and their subsidiaries) included in this analysis.

The analysis includes CO-OPs in AZ, IL, IA, LA, ME, MI, MT, NE, NJ, NM, SC, TN, UT, and WI.

To gauge a carrier's competitiveness in each state, Avalere compared the premiums for each of the carrier's plans against the second lowest cost silver (SLS) plan offered in the regions where the carrier is participating. When a bronze plan was priced the same as the SLS, it is included as a bronze product above SLS with the rationale that it is less competitive than the SLS because of its lower AV. Using similar rationale, gold products priced the same as the SLS are included with the competitively priced plans.

Additionally, WellPoint's regional Blues plans are included in the WellPoint data presented in this analysis, and not the BlueCross BlueShield figures. BlueCross BlueShield and WellPoint also offer multi-state plans, which are included in the analysis.

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