

May 16, 2011

RE: Medical Loss Ratio Group Rebates

Dear Benefit Administrators:

As you may already know, there have been numerous changes since the Patient Protection and Affordable Care Act (PPACA) was signed into law March 2010. As part of this new law, insurers selling policies to individuals or small groups are required to spend at least 80 percent (80%) of premiums on direct medical care and efforts to improve the quality of care. Insurers selling to large groups (usually 51 or more employees) must spend 85 percent (85%) of premiums on care and quality improvement.

Yearly we will be required to report on the share of premium dollars spent on health care services and quality improvement, and any rebates required, to the Secretary of Health and Human Services. The first report, covering calendar year 2011, will be filed June 1, 2012.

Although we do not anticipate any challenges in meeting these requirements, we are making preparations to comply with all aspects of the law. However, if at the close of 2011, Optima Health does not meet the medical loss ratio (MLR) requirements, Optima Health will pay the rebate directly to the Group. The Group will then be responsible for distributing any rebate to any eligible employees from throughout the calendar year.

This requirement will be included in the Group contract at your next renewal.

It is important to us that you understand the new laws going into effect under PPACA, and we strive to relay information in a timely manner. If you have any questions, please contact your broker, your Optima Health representative, or visit our website at optimahealth.com.

Sincerely,



John D. Gruttola
Sr. Vice President, Marketing and Sales