



424 West O'Brien Drive
Julale Center, Suite #200
Hagatna, Guam 96910
Telephone: 671-472-3610
Toll Free: 1-888-966-9526
Facsimile: 671-472-3615
www.netcarelifeandhealth.com

NOTICE OF MEDICAL LOSS RATIO INFORMATION

July 1, 2012

MEMORANDUM

TO: NetCare Employer Groups
FR: Jerry Crisostomo, Plan Administrator
RE: MEDICAL LOSS RATIO INFORMATION

The Affordable Care Act (ACA) requires health insurance companies in the individual and small group markets to spend at least eighty (80%) percent of the premiums they receive on health care services and activities to improve healthcare quality and in the large group market, this amount is eighty five (85%) percent. This is referred to as the Medical Loss Ratio (MLR) rule or the 80/20 rule. If a health insurer does not spend at least 80% for small group market and/or 85% for large group market of the premiums it receives on health care services and activities to improve health care quality, the insurer must rebate the difference.

A health insurer's Medical Loss Ratio is determined separately for each State's or Territory's individual, small group and large group markets in which the health insurer offers health insurance coverage. In addition, an insurer's Medical Loss Ratio determination and calculation is *not* based on the experience of a single employer but based rather on the experience of the small or large group market as an aggregate.

The law requires health insurers to send any rebates and information to employers and subscribers regarding any rebates due for 2011 no later than August 1, 2012.

You are receiving this notice because NetCare Life & Health Insurance Company had a Medical Loss Ratio for 2011 that met or exceeded the required Medical Loss Ratio requirement and therefore will not be rebating any premiums due for 2011 to its policyholders.

For more information on the Medical Loss Ratio and NetCare's Medical Loss Ratio results, visit www.healthcare.gov. Listed below is NetCare's Medical Loss Ratio result for 2011.

Thank you and we value your business and appreciate your continued patronage.

NetCare 2011 Group Medical Loss Ratio Analysis

Group Size	Preliminary MLR	Credibility Adjusted MLR
Large (51+)	92.6%	95.7%
Small (1-50)	79.6%	85.1%