What RBC Pages Should be Submitted?

For year-end 2010 Health RBC, submit hard copies of pages **XR001 through XR025** to any state that requests a hard copy in addition to the electronic filing. Starting with the year-end 2007 RBC, a hard copy was not required to be submitted to the NAIC.

Other pages, such as the capitations worksheet, do not need to be submitted. Those pages would need to be retained by the company as documentation.

Expanded DTA Sensitivity Test

At the Dec. 17, 2009, Capital Adequacy (E) Task Force conference call, the expanded deferred tax asset sensitivity test with new lines for page XR024 Total Adjusted Capital was adopted.

Updated Stand-Alone Medicare Part D Prescription Drug Coverage Factors

At the June 14, 2009, meeting of the Capital Adequacy (E) Task Force, changes for Medicare Part D prescription drug coverage factors were adopted for the 2009 and 2010 health RBC formula and instructions.

The second year of the phase-in of the Medicare Part D supplemental benefit factors is reported on page XR014 Other Underwriting Risk Line 22.1. The two-year phase-in started with a 21% factor for year-end 2009 and 35% for year-end 2010.

XR014 Other Underwriting Risk

The factor for stand-alone Medicare Part D Prescription drug coverage Line 22.1 was changed for page XR014 Other Underwriting Risk in a two-year phase-in:

<table>
<thead>
<tr>
<th>XR014 Other Underwriting Risk</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental benefits within Part D Coverage</td>
<td>XR014 Line 22.1</td>
</tr>
<tr>
<td>2008 Original Factor</td>
<td>0.120</td>
</tr>
<tr>
<td>2009 Updated Factor</td>
<td>0.210</td>
</tr>
<tr>
<td>2010 Updated Factor</td>
<td>0.350</td>
</tr>
</tbody>
</table>

New Derivatives Line Added

A new derivatives line was added to the annual statement assets and liabilities pages that were previously reported in the aggregate write-ins. As a result, a new line for derivatives was added to page XR007 Fixed Income Assets.
Health Care Reform

No changes to the Health risk-based capital formula will be made for year-end 2010 RBC as result of the health care reform legislation.

The Health Risk-Based Capital (E) Working Group has discussed the potential effects health care reform might have on the health portion of the risk-based capital formulas several times in conference calls.

As of the time of publishing this newsletter, no changes to the RBC formulas were currently planned as a result of health care reform. But the Working Group will continue with discussions and will be monitoring the effects of the legislation on insurance company solvency.