

POMCO Group 2007 Industry Analysis

Premium Increases by Funding Arrangement, 2000-2007

Premiums rose by 10.9% annually for fully insured plans, whereas premium equivalents increased by an average of 9.2% among self-insured plans years 2000-2007.

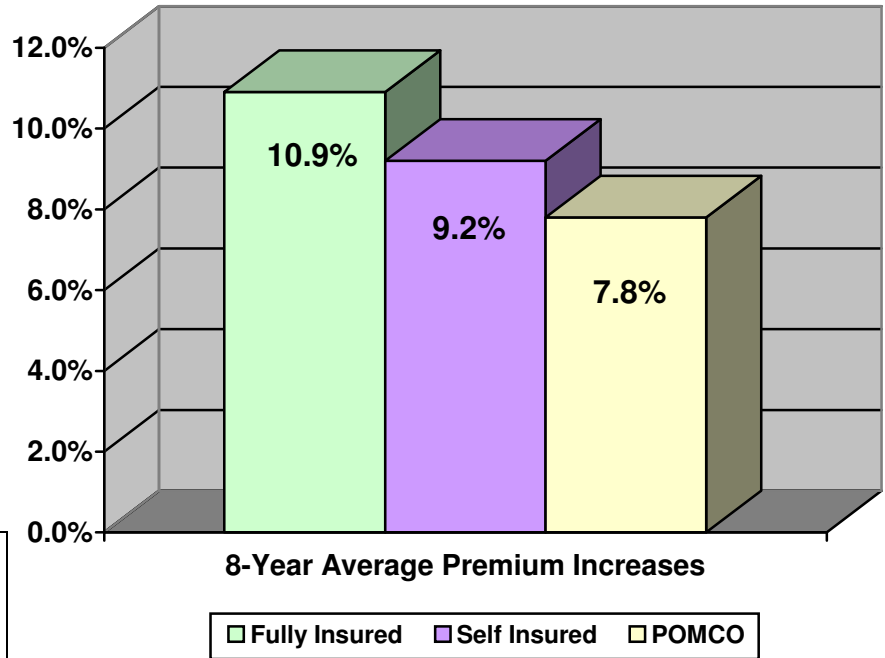
By comparison, POMCO's average book of business premium equivalents increased over the same period only 7.8%.

Fully-Insured Plan

A plan where the employer contracts with a health plan to assume financial responsibility for the costs of enrollees' medical claims.

Self-Insured Plan

A plan where the employer assumes some or all of the financial responsibility for the cost of an enrollee's medical claims. The employer typically contracts with a third-party administrator or insurer to provide administrative services for the health plan claims.



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 1999-2007

Estimate is statistically different from previous year shown within the type of funding arrangements.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four.

Illustrative Benefit Plan Cost Difference, 2000-2007

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| National Self-Insured | \$5,761,800 | \$6,297,647 | \$7,072,258 | \$7,949,218 | \$8,831,581 | \$9,635,255 | \$10,290,452 | \$10,907,880 |
| POMCO | \$5,621,400 | \$5,879,984 | \$6,479,743 | \$6,997,664 | \$7,771,606 | \$8,420,535 | \$9,313,954 | \$9,850,437 |
| Cost Savings | \$140,400 | \$417,663 | \$553,707 | \$951,554 | \$1,059,975 | \$1,214,720 | \$976,498 | \$1,057,443 |

POMCO 8-Year Cumulative Savings vs. National Self-Insured Plan: \$6,371,960

| Assumes a 1,000 life group and a baseline premium starting in 1999 of \$5,400. Based on national statistics.

Premium equivalents rose by an average of 7.8% annually for POMCO Group's book of business years 2000-2007.

Plan administration and cost containment solutions responsible for results illustrated in this analysis include:

- | Quality, accuracy and total claims management expertise that exceed industry standards
- | Real-time enrollment and eligibility management systems
- | URAC-accredited Medical Services Department that provides, on average, an 8:1 return on investment
- | Regional and National PPO networks that offer discounts equal to or lower than market averages
- | Advance funding mechanisms which allow greater levels of pricing negotiation for out-of-network claims
- | Preferred relationships with A-rated reinsurance carriers and pharmacy benefit managers