

Peter J. Riemer, LLC
479 Heights Road
Ridgewood, NJ 07450

August 31, 2015

Mr. George Tsiopras
Chief Financial Officer
HealthTrust, Inc.
25 Triangle Park Drive
Concord, NH 03302

Subject: HealthTrust Claims Reserves at June 30, 2016

Dear George:

I have determined HealthTrust claim reserves, and reserves for administration, as of June 30, 2016. The claims reserves cover both claims reported but not yet paid and claims incurred but not reported. In summary, the results are:

1. Reserve for claims

a. Medical (excluding prescription drugs)	\$17,390,700
b. Dental	\$834,383
c. Short term disability	<u>\$151,236</u>
d. Total reserve for claims	\$18,376,318

2. Reserve for administration

a. Medical (estimated; excluding prescription drugs)	\$2,271,202
b. Dental	<u>\$282,611</u>
c. Total reserve for administration	\$2,553,813

The following attachments provide background on these results:

- Exhibit I: Development of values, with reference to source data.
- Exhibit II: Completion factor method for medical claims reserve.
- Exhibit III: Completion factor method for dental claims reserve.
- Anthem claim lag file (provided electronically only).
- Delta Dental claim lag file (provided electronically only).

The reserves for medical and dental claims are based on the analysis of arrays of claims data from Anthem and Delta Dental showing, for the claims incurred in each month, the month-by-

month payout of those claims, through July 31 of this year. HealthTrust staff estimates the claims reserve for prescription drugs paid through CVS/Caremark.

Using these claims arrays, the medical and dental claim reserves were developed by the duration-to-duration completion factor reserve methodology. This method determines, for claims incurred in a given month, the proportion of that month's ultimate claims payout that has been paid through 7/31/2016. These proportional completion factors are based on the average experience of several years as revealed in the claims arrays. The factors are applied to each incurral month's claims paid through 7/31/2016 to determine the expected payout after that date. The results are then summed for all incurral months through June 2016, and added to the known July 2016 payments for these same incurral months. The portion of the calculated reserve for expected payout after July 31 was increased by a 10% provision for adverse deviation

The completion factors used to derive the medical claims reserve reported in Exhibit II are developed without recognition of negative retroactive claim payments. Although such negative payments are an ongoing phenomenon under Anthem's "pay and pursue" approach to adjudicating claims, the volume of credits has been declining, and we are at the same time seeing an increase in the volume of large claims and a time lag in the payments for such claims. For these reasons, we have not made an adjustment for negative retroactive claim payments.

The reserve for STD is estimated as equal to the amount of premium received for the last two months of the fiscal year, as reported by HealthTrust.

The reserve for administration covers the cost of administering the unreported claims. The reserve is based on the termination provisions in contracts with Anthem and Delta Dental. Both contracts require payment of two months' administrative fees upon contract termination.

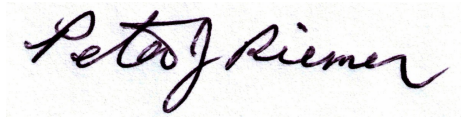
In total, the \$18.4 million reserve for claims at June 30, 2016 is about \$500,000 greater than the value in your initial draft of the June 30, 2016 financial statement. This difference is almost entirely from the medical coverage, and is the net effect an excess of actual runout (through 7/31/2016) versus what had been booked in the 6/30/2015 financial statement, and a reduction in early post-6/30/2016 runout vs. last year.

Mr. George Tsiopras
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These estimates were determined using generally accepted actuarial practices as applied to claim and enrollment data from Anthem Blue Cross Blue Shield of New Hampshire, Delta Dental and HealthTrust staff. I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please give me a call if you have any questions or if you require additional information.

Sincerely,

A handwritten signature in black ink that reads "Peter J. Riemer". The signature is fluid and cursive, with the first name "Peter" and last name "Riemer" clearly distinguishable.

Peter J. Riemer, FSA
Principal
201-670-8821
pjriemer@aol.com

cc: Wendy Parker

Exhibit I
HEALTHTRUST

Reserve for Medical (excl. Rx), Dental and STD Claims and Administration at June 30, 2016

A. Medical Claims (excluding prescription drugs; all values, except as noted, are for dates of service before 7/1/2016)

1. Claims paid 7/1/16 through 7/31/16 (from Anthem triangles)	\$ 11,566,396
2. Estimated incurred but unpaid at 7/31/16 (<i>without claim credits</i>) [Exh. II, col. J, excl. duration 0]	\$ 5,294,822
3. Provision for claim credits	\$ -
4. Provision for adverse deviation [10% of (2.)]	\$ 529,482
5. Estimated 6/30/2016 incurred but unpaid [sum of (1.) through (4.)]	\$ 17,390,700

B. Medical Claims Reserve, by Year of Incurral:

Incurral Year	Reserve at 6/30/16
Before 2012	\$ -
2012	\$ (168)
2013	\$ (1,457)
2014	\$ 51,526
2015	\$ 28,466
2016	\$ 17,312,333
Total	\$ 17,390,700

C. Dental Claims (all values, except as noted, are for dates of service before 7/1/2016)

1. Claims paid 7/1/16 through 7/31/16 (from Delta Dental triangles)	\$ 635,347
2. Estimated incurred but unpaid at 7/31/16 [Exh. III, col. J]	\$ 180,942
3. Provision for adverse deviation [10% of (2.)]	\$ 18,094
4. Estimated 6/30/2016 incurred but unpaid [sum of (1.) through (3.)]	\$ 834,383

D. Dental Claims Reserve, by Year of Incurral:

Incurral Year	Reserve at 6/30/16
2014	\$ 66
2015	\$ 2,721
2016	\$ 831,596
Total	\$ 834,383

E. Short Term Disability (STD)

1. Premium, May 2016	\$ 75,538
2. Premium, June 2016	\$ 75,697
3. Reserve for STD [(1.) + (2.)]	\$ 151,235

F. Reserve for Administration

1. Medical (2 months' Anthem admin fee, per contract, based on June 2016, per HealthTrust)	\$ 2,271,202
2. Dental (2 months' Delta Dental admin fee, per contract, based on June 2016, per HealthTrust)	\$ 282,611
3. Total	\$ 2,553,813

Exhibit II
Health Trust, Inc.

Reserve for Medical Claims at June 30, 2016

Method: Age to Age Completion Factor with no Recognition of Negative Retroactive Adjustments

Valuation as of July 31, 2016

(A)	(B)	(C)=[Input]	(D)=[Input]	(E)=[CF Sheet]	(F)=[(D)/(E)]	(G)=[Input]	(H)=[(F)/(C)]	(I)=[(G)/(C)]	(J)=(F)-(D)
Duration	Month	Members	Incurred & Paid Claims through 07/31/2016	Completion Factor	Incurred Claims	Mature Paid Claims	Incurred Claims per Member	Mature Paid Claims per Member	Reserve at Jul. 31, 2016
42	Jan-13	57,640	\$ 24,118,166	1.00000	\$ 24,118,166	\$ 26,265,808	\$ 418.43	\$ 455.69	\$ -
41	Feb-13	57,544	\$ 22,550,070	1.00000	\$ 22,550,070	\$ 21,151,866	\$ 391.88	\$ 367.58	\$ -
40	Mar-13	57,534	\$ 23,637,294	1.00000	\$ 23,637,294	\$ 24,359,139	\$ 410.84	\$ 423.39	\$ -
39	Apr-13	57,421	\$ 25,169,678	1.00000	\$ 25,169,678	\$ 25,689,155	\$ 438.34	\$ 447.38	\$ -
38	May-13	57,291	\$ 24,013,853	1.00000	\$ 24,013,853	\$ 25,133,186	\$ 419.16	\$ 438.69	\$ -
37	Jun-13	57,300	\$ 23,283,077	1.00000	\$ 23,283,077	\$ 22,890,470	\$ 406.34	\$ 399.48	\$ -
36	Jul-13	56,506	\$ 24,191,251	1.00000	\$ 24,191,251	\$ 24,145,463	\$ 428.12	\$ 427.31	\$ -
35	Aug-13	56,571	\$ 22,588,327	1.00000	\$ 22,588,327	\$ 23,565,477	\$ 399.29	\$ 416.56	\$ -
34	Sep-13	56,714	\$ 21,455,042	1.00000	\$ 21,455,042	\$ 20,865,894	\$ 378.30	\$ 367.91	\$ -
33	Oct-13	56,806	\$ 23,220,030	1.00000	\$ 23,220,030	\$ 22,546,908	\$ 408.76	\$ 396.91	\$ -
32	Nov-13	56,727	\$ 20,977,653	1.00000	\$ 20,977,653	\$ 21,846,387	\$ 369.80	\$ 385.11	\$ -
31	Dec-13	56,683	\$ 22,121,680	1.00000	\$ 22,121,680	\$ 21,282,519	\$ 390.27	\$ 375.47	\$ -
30	Jan-14	55,796	\$ 22,824,498	1.00000	\$ 22,824,612	\$ 22,293,520	\$ 409.07	\$ 399.55	\$ 114
29	Feb-14	55,729	\$ 20,005,312	0.99999	\$ 20,005,432	\$ 21,014,471	\$ 358.98	\$ 377.08	\$ 120
28	Mar-14	55,661	\$ 21,450,312	0.99999	\$ 21,450,503	\$ 21,997,187	\$ 385.38	\$ 395.20	\$ 191
27	Apr-14	55,616	\$ 23,621,956	0.99998	\$ 23,622,524	\$ 21,759,273	\$ 424.74	\$ 391.24	\$ 568
26	May-14	55,448	\$ 21,548,843	0.99997	\$ 21,549,383	\$ 23,551,124	\$ 388.64	\$ 424.74	\$ 540
25	Jun-14	55,374	\$ 23,619,287	0.99997	\$ 23,619,902	\$ 21,725,576	\$ 426.55	\$ 392.34	\$ 615
24	Jul-14	54,707	\$ 23,485,533	0.99997	\$ 23,486,168	\$ 24,550,710	\$ 429.31	\$ 448.77	\$ 635
23	Aug-14	54,708	\$ 21,504,462	0.99997	\$ 21,505,065	\$ 20,524,785	\$ 393.09	\$ 375.17	\$ 603
22	Sep-14	54,890	\$ 21,038,151	0.99997	\$ 21,038,762	\$ 22,017,382	\$ 383.29	\$ 401.12	\$ 611
21	Oct-14	54,823	\$ 23,625,511	0.99997	\$ 23,626,221	\$ 23,442,327	\$ 430.95	\$ 427.60	\$ 710
20	Nov-14	54,828	\$ 20,321,592	0.99997	\$ 20,322,223	\$ 21,208,934	\$ 370.65	\$ 386.83	\$ 631
19	Dec-14	54,806	\$ 21,983,512	0.99997	\$ 21,984,217	\$ 22,596,807	\$ 401.13	\$ 412.31	\$ 705
18	Jan-15	54,613	\$ 20,616,198	0.99997	\$ 20,616,879	\$ 20,063,109	\$ 377.51	\$ 367.37	\$ 681
17	Feb-15	54,636	\$ 20,805,767	0.99996	\$ 20,806,639	\$ 18,953,345	\$ 380.82	\$ 346.90	\$ 872
16	Mar-15	54,542	\$ 22,557,704	0.99996	\$ 22,558,671	\$ 22,587,654	\$ 413.60	\$ 414.13	\$ 967
15	Apr-15	54,433	\$ 23,713,328	0.99993	\$ 23,715,103	\$ 23,424,039	\$ 435.68	\$ 430.33	\$ 1,774
14	May-15	54,283	\$ 22,333,171	0.99992	\$ 22,334,865	\$ 21,979,097	\$ 411.45	\$ 404.90	\$ 1,693
13	Jun-15	54,175	\$ 25,327,838	0.99992	\$ 25,329,784	\$ 22,812,498	\$ 467.55	\$ 421.09	\$ 1,946
12	Jul-15	53,923	\$ 22,635,018	0.99992	\$ 22,636,798	\$ 25,414,047	\$ 419.80	\$ 471.30	\$ 1,780
11	Aug-15	54,001	\$ 21,490,190	0.99989	\$ 21,492,447	\$ 20,766,615	\$ 398.00	\$ 384.56	\$ 2,257
10	Sep-15	54,459	\$ 21,997,500	0.99989	\$ 21,999,898	\$ 21,108,004	\$ 403.97	\$ 387.59	\$ 2,398
9	Oct-15	54,465	\$ 21,694,904	0.99980	\$ 21,699,252	\$ 21,176,248	\$ 398.41	\$ 388.80	\$ 4,348
8	Nov-15	54,556	\$ 22,024,509	0.99939	\$ 22,037,895	\$ 20,288,505	\$ 403.95	\$ 371.88	\$ 13,386
7	Dec-15	54,526	\$ 23,292,483	0.99864	\$ 23,324,175	\$ 24,359,585	\$ 427.76	\$ 446.75	\$ 31,693
6	Jan-16	53,469	\$ 21,499,295	0.99760	\$ 21,550,994	\$ 19,977,123	\$ 403.06	\$ 373.62	\$ 51,699
5	Feb-16	53,480	\$ 22,596,724	0.99367	\$ 22,740,617	\$ 23,130,428	\$ 425.22	\$ 432.51	\$ 143,892
4	Mar-16	53,410	\$ 25,226,744	0.98871	\$ 25,514,767	\$ 25,978,305	\$ 477.72	\$ 486.39	\$ 288,024
3	Apr-16	53,346	\$ 21,387,837	0.97603	\$ 21,913,142	\$ 22,688,764	\$ 410.77	\$ 425.31	\$ 525,305
2	May-16	53,271	\$ 21,093,302	0.94742	\$ 22,264,016	\$ 23,665,249	\$ 417.94	\$ 444.24	\$ 1,170,714
1	Jun-16	53,226	\$ 20,514,443	0.87074	\$ 23,559,791	\$ 24,187,995	\$ 442.64	\$ 454.44	\$ 3,045,348
0	Jul-16	51,838	\$ 7,685,995	0.45522	\$ 21,967,480 ¹	\$ 19,252,391	\$ 423.77	\$ 371.40	\$ 14,281,485
Total		2,371,775	\$ 950,848,041	0.9798	\$ 970,424,348	\$ 968,237,373	\$ 409.16	\$ 408.23	\$ 19,576,307
CY 2013		684,737	\$ 277,326,120	1.0000	\$ 277,326,120	\$ 279,742,273	\$ 405.01	\$ 408.54	\$ -
CY 2014		662,386	\$ 265,028,971	1.0000	\$ 265,035,014	\$ 266,682,098	\$ 400.12	\$ 402.61	\$ 6,043
CY 2015		652,612	\$ 268,488,611	0.9998	\$ 268,552,407	\$ 262,932,747	\$ 411.50	\$ 402.89	\$ 63,796
CY 2016		372,040	\$ 140,004,339	0.8777	\$ 159,510,807	\$ 158,880,256	\$ 428.75	\$ 427.05	\$ 19,506,468

¹ Based on a rolling three (3) month PMPM claim cost average.

Exhibit III
HealthTrust, Inc.
Reserve for Dental Claims at June 30, 2016
Method: Age to Age Completion Factor

Valuation as of July 31, 2016

(A)	(B)	(C)=[Input]	(D)=[Input]	(E)=[CF Sheet]	(F)=[(D)/(E)]	(G)=[Input]	(H)=[(F)/(C)]	(I)=[(G)/(C)]	(J)=(F)-(D)
Duration	Month	Subscribers	Incurred & Paid Claims through 07/31/2016	Completion Factor	Incurred Claims	Mature Paid Claims	Incurred Claims per Subscriber	Mature Paid Claims per Subscriber	Reserve at Jul. 31, 2016
36	Jul-13	24,340	\$ 2,672,928	1.00000	\$ 2,672,928	\$ 2,479,222	\$ 109.82	\$ 101.86	\$ -
35	Aug-13	24,340	\$ 2,351,432	1.00000	\$ 2,351,432	\$ 2,500,653	\$ 96.61	\$ 102.74	\$ -
34	Sep-13	24,511	\$ 1,738,573	1.00000	\$ 1,738,573	\$ 1,686,961	\$ 70.93	\$ 68.82	\$ -
33	Oct-13	24,578	\$ 1,956,041	1.00000	\$ 1,956,041	\$ 1,955,611	\$ 79.59	\$ 79.57	\$ -
32	Nov-13	24,613	\$ 1,638,997	1.00000	\$ 1,638,997	\$ 1,720,476	\$ 66.59	\$ 69.90	\$ -
31	Dec-13	24,612	\$ 1,659,309	1.00000	\$ 1,659,309	\$ 1,564,073	\$ 67.42	\$ 63.55	\$ -
30	Jan-14	24,567	\$ 1,914,398	1.00000	\$ 1,914,398	\$ 2,101,883	\$ 77.93	\$ 85.56	\$ -
29	Feb-14	24,569	\$ 1,782,963	1.00000	\$ 1,782,963	\$ 1,677,666	\$ 72.57	\$ 68.28	\$ -
28	Mar-14	24,575	\$ 1,790,881	1.00000	\$ 1,790,881	\$ 1,806,980	\$ 72.87	\$ 73.53	\$ -
27	Apr-14	24,560	\$ 1,803,269	1.00000	\$ 1,803,269	\$ 1,846,387	\$ 73.42	\$ 75.18	\$ -
26	May-14	24,537	\$ 1,584,004	1.00000	\$ 1,584,004	\$ 1,634,022	\$ 64.56	\$ 66.59	\$ -
25	Jun-14	24,518	\$ 1,885,308	1.00000	\$ 1,885,308	\$ 1,675,209	\$ 76.89	\$ 68.33	\$ -
24	Jul-14	24,377	\$ 2,734,767	1.00000	\$ 2,734,767	\$ 2,583,359	\$ 112.19	\$ 105.98	\$ -
23	Aug-14	24,313	\$ 2,182,996	1.00000	\$ 2,182,996	\$ 2,442,196	\$ 89.79	\$ 100.45	\$ -
22	Sep-14	24,631	\$ 1,784,498	0.99999	\$ 1,784,515	\$ 1,611,010	\$ 72.45	\$ 65.41	\$ 18
21	Oct-14	24,751	\$ 1,919,340	0.99998	\$ 1,919,386	\$ 2,166,333	\$ 77.55	\$ 87.53	\$ 46
20	Nov-14	24,747	\$ 1,619,970	0.99997	\$ 1,620,025	\$ 1,568,516	\$ 65.46	\$ 63.38	\$ 55
19	Dec-14	24,765	\$ 1,830,564	0.99996	\$ 1,830,645	\$ 1,639,947	\$ 73.92	\$ 66.22	\$ 81
18	Jan-15	24,703	\$ 1,693,282	0.99995	\$ 1,693,373	\$ 1,933,244	\$ 68.55	\$ 78.26	\$ 92
17	Feb-15	24,704	\$ 1,752,338	0.99993	\$ 1,752,464	\$ 1,627,582	\$ 70.94	\$ 65.88	\$ 125
16	Mar-15	24,680	\$ 1,922,933	0.99992	\$ 1,923,091	\$ 1,787,490	\$ 77.92	\$ 72.43	\$ 158
15	Apr-15	24,530	\$ 1,852,083	0.99986	\$ 1,852,337	\$ 1,941,283	\$ 75.51	\$ 79.14	\$ 255
14	May-15	24,483	\$ 1,577,086	0.99982	\$ 1,577,376	\$ 1,777,658	\$ 64.43	\$ 72.61	\$ 290
13	Jun-15	24,441	\$ 2,002,059	0.99978	\$ 2,002,504	\$ 1,626,529	\$ 81.93	\$ 66.55	\$ 444
12	Jul-15	24,065	\$ 2,657,032	0.99956	\$ 2,658,209	\$ 2,832,338	\$ 110.46	\$ 117.70	\$ 1,177
11	Aug-15	24,041	\$ 2,252,012	0.99939	\$ 2,253,387	\$ 2,191,040	\$ 93.73	\$ 91.14	\$ 1,375
10	Sep-15	24,319	\$ 1,694,003	0.99925	\$ 1,695,277	\$ 1,784,137	\$ 69.71	\$ 73.36	\$ 1,273
9	Oct-15	24,396	\$ 1,770,754	0.99916	\$ 1,772,247	\$ 1,890,816	\$ 72.64	\$ 77.51	\$ 1,493
8	Nov-15	24,420	\$ 1,680,579	0.99890	\$ 1,682,422	\$ 1,568,208	\$ 68.90	\$ 64.22	\$ 1,843
7	Dec-15	24,424	\$ 1,814,514	0.99842	\$ 1,817,377	\$ 1,631,375	\$ 74.41	\$ 66.79	\$ 2,864
6	Jan-16	24,465	\$ 1,800,463	0.99737	\$ 1,805,218	\$ 2,099,517	\$ 73.79	\$ 85.82	\$ 4,755
5	Feb-16	24,456	\$ 1,841,231	0.99587	\$ 1,848,861	\$ 1,682,699	\$ 75.60	\$ 68.81	\$ 7,630
4	Mar-16	24,451	\$ 1,880,826	0.99412	\$ 1,891,947	\$ 1,969,229	\$ 77.38	\$ 80.54	\$ 11,120
3	Apr-16	24,436	\$ 1,639,880	0.99082	\$ 1,655,072	\$ 1,804,732	\$ 67.73	\$ 73.86	\$ 15,192
2	May-16	24,417	\$ 1,653,105	0.98380	\$ 1,680,328	\$ 1,574,728	\$ 68.82	\$ 64.49	\$ 27,223
1	Jun-16	24,402	\$ 1,965,165	0.95000	\$ 2,068,595	\$ 1,864,455	\$ 84.77	\$ 76.41	\$ 103,430
0	Jul-16	24,080	\$ 1,709,777	0.72820	\$ 2,347,958	\$ 2,345,123	\$ 97.51	\$ 97.39	\$ 638,181
Total		905,817	\$ 70,009,358	0.9884	\$ 70,828,481	\$ 70,592,685	\$ 78.19	\$ 77.93	\$ 819,123
CY 2013		146,994	\$ 12,017,279	1.0000	\$ 12,017,279	\$ 11,906,997	\$ 81.75	\$ 81.00	\$ -
CY 2014		294,910	\$ 22,832,958	1.0000	\$ 22,833,159	\$ 22,753,506	\$ 77.42	\$ 77.15	\$ 201
CY 2015		293,206	\$ 22,668,674	0.9995	\$ 22,680,064	\$ 22,591,699	\$ 77.35	\$ 77.05	\$ 11,390
CY 2016		170,707	\$ 12,490,447	0.9393	\$ 13,297,979	\$ 13,340,484	\$ 77.90	\$ 78.15	\$ 807,532