



November 15, 2011

Mr. Patrick Foggia, Program Manager
Ceridian Exchange Services, LLC
3201 34th Street South
St. Petersburg, FL 33711

Re: Notice to Cure for Lack of Performance
Notice to Cure for Material Breach

Dear Mr. Foggia:

Florida Health Choices, Inc. awarded and executed a contract for Third Party Administration Services with Ceridian Exchange Services, LLC approximately one year ago. To date, your company has failed to make timely progress on the objectives of the contract or deliver any the following:

- Services described in your proposal dated August 27, 2010
- High level business requirements as documented May 4, 2011
- System gaps identified in May and June of 2011
- Small Group Pilot Project as approved by the board July 29, 2011

Lack of performance on the part of Ceridian Exchange Services, LLC and its subcontractors, prevent Florida Health Choices from implementing a program to assist Floridians with the purchase of insurance and other health services. Pursuant to Section 5-17C of the contract, this letter serves as notice to Ceridian Exchange Services, LLC to cure the demonstrated lack of performance within thirty calendar days.

Additionally, a system solution that does not meet the specifications of the corporation but that is intended by Ceridian Exchange Services, LLC to serve as the base solution on which all customization will be implemented, has not been delivered for external user acceptance testing. This base solution has failed security scans in two separate tests conducted by your company. The first scan produced significant security failures in May 2011 and your staff engaged in a five month effort to repair the failures, perform internal testing and rescan the solution. Other development activities to bring the base solution into compliance with Florida Health Choices expectations were suspended by your company during this time. More recently, on Monday, November 7, I was notified by phone that the security repair effort was unsuccessful as the second security scan has also produced security failures. The identified failures were described to me as being serious enough to prohibit external users to have access to the system.

Ceridian Exchange Services, LLC has a duty under the contract to protect personal identifying and health information. Prohibiting access by external users may be appropriate at this time given the security failures identified this week. However, such

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prohibition prevents Florida Health Choices, Inc. from launching the program, is more likely than not to further delay progress on the objectives of the contract, and is of significant concern given the importance of data security and the potential for violation of state and federal laws. Therefore, pursuant to Section 5-17D of the contract, this letter also serves as notice to Ceridian Exchange Services, LLC, to cure this material breach within thirty calendar days. Florida Health Choices, Inc. will be reasonably satisfied of a cure that provides independent certification of web security and protection of data.

I appreciate your prompt attention to these matters,



Rose M. Naff
Chief Executive Officer
Florida Health Choices, Inc.

RMN/web

CC: Aaron Bean, Chairman of the Board
Wilbur Brewton, General Counsel
John Hunter, Ceridian
Ken Kunsman, Ceridian