



XXXXXXXX, 2010

<member first last name>  
<care of>  
<address>  
<city, state zip>

<HCID>  
<plan name/contract code>

**Subject: Important Information About Your Anthem Blue Cross Life and Health Insurance Company Individual Health Care Coverage**

Dear <member first name, member last name>:

Thank you for choosing Anthem Blue Cross Life and Health Insurance Company for your health care coverage.

**Federal Health Care Reform Mandates Effective September 23, 2010**

Certain provisions of the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act of 2010 (HCERA) became effective on September 23, 2010 and apply to policies with plan years commencing after that date. As a result, all individual health insurance policies first sold on or after September 23, 2010 must contain specific mandated benefits. In general, the mandated benefits that must be included on all new policies sold on or after September 23, 2010 include:

- No lifetime dollar limits or maximums.
- Dependent children coverage up to age 26.
- No annual dollar limits on “essential health benefits.”
- No pre-existing condition limits for dependent children under the age of 19.
- No cost-sharing for covered preventive care benefits.

Individual health policies that do not include these mandates can not be sold on or after September 23, 2010. This means that your individual health policy will no longer be sold to new applicants after September 23, 2010.

**How Does Discontinuing New Sales of My Policy Impact Me?**

It is possible for discontinuance of new sales to affect your premium. Costs for the insureds in your risk pool may increase because new, healthy applicants are no longer being added to the risk pool. Premiums must reflect the anticipated costs health insurers expect to cover. Below are several reasons contributing to the rising cost of health care coverage:

- Advances in medical technology and subsequent increases in utilization.
- Price inflation for medical services that exceeds inflation in other sectors of the economy.
- Cost-shifting from people who are uninsured and those receiving Medicare and Medicaid to the private sector.
- High cost of regulatory compliance.
- Lifestyles, such as physical inactivity and increases in obesity.



The above examples would apply to both policies that are available for new sales as well as policies that are not available to new applicants - such as your policy. However, when a policy is no longer available for sale to new applicants, additional factors may impact your premiums. In general, the age of those remaining covered under the policy increases over time and is not offset by new younger people because there are no new sales. With increased age, there is a usually increased claims cost. Some of the existing people will elect to move to other policies causing the number of covered people under the policy to decrease. If these dynamics develop, this may result in increased costs spread over fewer people and may require everyone's premium to be increased at a higher level than if the policy were available for sale to new applicants.

## **You Have Options**

### **I. Move to Any Health Benefit Plan offered By Anthem Blue Cross Life and Health Insurance Company and Anthem Blue Cross**

In ordinary circumstances, if you wanted to move to another individual insurance policy, you may not be able to satisfy the medical underwriting requirements necessary to purchase that policy, and you would not be able to move. This could be problematic if your rates were to rise at a significant rate due to the impact described above.

In order to provide you with options, Anthem is providing you with the opportunity to move to any individual health insurance policy offered by Anthem Blue Cross Life and Health Insurance Company or any individual health benefit plan offered by Anthem Blue Cross without medical underwriting. Please note, moving to another policy is not a guarantee that your rates will be lower or that any future rate increases will be lower than your existing policy.

### **II. You may remain on Your Existing Policy**

You do not have to change plans if you do not wish to. If you remain on your current plan and we raise premiums for your policy at any time between now and December 2013, you will be given another opportunity to move to any open individual health insurance policy offered by Anthem Blue Cross Life and Health Insurance Company or any individual health benefit plan offered by Anthem Blue Cross without underwriting. In addition, you may be able to transfer to another health benefit plan providing equal or lesser benefits, as determined by us, without medical underwriting review if you have been covered for at least 30 days under an Anthem Blue Cross Life and Health Insurance Company individual health policy. In some cases, you may be able to move to another policy and maintain your grandfathered status if you are currently on a grandfathered policy. (See below for information on grandfathering.)

### **Before Selecting An Option, Please Consider**

A handout is enclosed that provides a summary of the benefits for each individual policy offered by Anthem Blue Cross Life and Health Insurance Company and individual plans offered by Anthem Blue Cross. Please take the opportunity to review this information and compare the benefits to your existing policy. When considering your options, please take into consideration the following:

- **Is your policy grandfathered?** - If you haven't made a change to your policy since March 23, 2010, you have "grandfathered" status. Policies with "grandfathered" status are not subject to all of the mandates required by federal health reform. This may make your existing policy less expensive than policies currently available.

Medical plans are offered by Anthem Blue Cross and/or Anthem Blue Cross Life and Health Insurance Company. Anthem Blue Cross is the trade name of Blue Cross of California. Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company are independent licensees of the Blue Cross Association. ©ANTHEM is a registered trademark of Anthem Insurance Companies, Inc. The Blue Cross names and symbols are registered marks of the Blue Cross Association.



- **You will not be able to move back to your existing policy** - If you switch to another policy, you will not be able to switch back in the future.
- **Rate for New Policy may be Higher** – The information included does not contain any information on the premiums you would be required to pay in the event you decided to change policies. You may call us at **1-866-636-8991**, Monday through Friday from 8:30 a.m. to 7:00 p.m., or talk with your Anthem Blue Cross agent to determine the premium that would be applicable to any policy you are considering. Please note, moving to a new policy may be more expensive.

You have until March 30, 2011 to make a decision on changing policies. If you want to change policies, please contact us at **1-866-636-8991**, Monday through Friday from 8:30 a.m. to 7:00 p.m., or talk with your Anthem Blue Cross agent. Your new policy will be effective on April 1, 2011.

### **Coverage For Children**

Please consider your options carefully before failing to maintain or renew coverage for a child for whom you are responsible. If you attempt to obtain new individual coverage for that child, the premium for the same coverage may be higher than the premium you pay now.

**Remember that the advantages of health care coverage are priceless: being prepared, staying well and having peace of mind.**

We're committed to simplifying your life and improving your health. Thank you for choosing Anthem Blue Cross.

Sincerely,

A handwritten signature in black ink that reads "James E. Oatman".

James E. Oatman  
Vice President and General Manager  
Individual West Region  
Anthem Blue Cross