

DEAR NELSON MINAR:

THIS LETTER IS TO INFORM YOU THAT YOU WILL RECEIVE A REBATE OF A PORTION OF YOUR HEALTH INSURANCE PREMIUMS. THIS REBATE IS REQUIRED BY THE AFFORDABLE CARE ACT - THE HEALTH REFORM LAW.

THE AFFORDABLE CARE ACT REQUIRES

ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY

TO ISSUE A REBATE TO YOU IF ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY DOES NOT SPEND AT LEAST 80 PERCENT OF THE PREMIUMS IT RECEIVES ON HEALTH CARE SERVICES, SUCH AS DOCTORS AND HOSPITAL BILLS, AND ACTIVITIES TO IMPROVE HEALTH CARE QUALITY, SUCH AS EFFORTS TO IMPROVE PATIENT SAFETY. NO MORE THAN 20 PERCENT OF PREMIUMS MAY BE SPENT ON ADMINISTRATIVE COSTS SUCH AS SALARIES, SALES AND ADVERTISING. THIS REQUIREMENT IS REFERRED TO AS THE "MEDICAL LOSS RATIO" STANDARD OR THE "80/20 RULE". THE 80/20 RULE IN THE AFFORDABLE CARE ACT IS INTENDED TO ENSURE THAT CONSUMERS GET VALUE FOR THEIR HEALTH CARE DOLLARS. YOU CAN LEARN MORE ABOUT THE 80/20 RULE AND OTHER PROVISIONS OF THE HEALTH REFORM LAW AT:

[HTTP://WWW.HEALTHCARE.GOV/LAW/FEATURES/COSTS/VALUE-FOR-PREMIUM/INDEX.HTML](http://www.healthcare.gov/law/features/costs/value-for-premium/index.html).

WHAT THE MEDICAL LOSS RATIO RULE MEANS TO YOU

THE MEDICAL LOSS RATIO RULE IS CALCULATED ON A STATE BY STATE BASIS. IN YOUR STATE, ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY DID NOT MEET THE MEDICAL LOSS RATIO STANDARD. IN 2011, ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY SPENT ONLY 79.9% OF A TOTAL OF \$1,286,555,778.00 IN PREMIUM DOLLARS ON HEALTH CARE AND ACTIVITIES TO IMPROVE HEALTH CARE QUALITY. SINCE IT MISSED THE 80 PERCENT TARGET BY 0.1% OF PREMIUMS IT RECEIVED, ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY MUST REBATE 0.1% OF YOUR HEALTH INSURANCE PREMIUMS. WE ARE REQUIRED TO PROVIDE THIS REBATE TO YOU BY AUGUST 1, 2012 OR APPLY THIS REBATE TO YOUR PREMIUM THAT IS DUE ON OR AFTER AUGUST 1, 2011. WE ARE ENCLOSING A CHECK.

NEED MORE INFORMATION?

IF YOU HAVE ANY QUESTIONS ABOUT THE MEDICAL LOSS RATIO AND YOUR HEALTH INSURANCE COVERAGE, PLEASE CONTACT ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY CUSTOMER SERVICE TOLL-FREE AT THE NUMBER PROVIDED ON YOUR ID CARD.

SINCERELY,

PAM KEHALY

CALIFORNIA PRESIDENT AND GENERAL MANAGER

ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY

Q. WHAT DO I DO WITH THE REBATE?

A. CASH OR DEPOSIT IT. YOU HAVE THE CHOICE OF HOW TO USE THE REBATE, WHETHER YOU USE IT TOWARDS FUTURE PREMIUM OR TOWARDS SOMETHING ELSE.

Q. DOES GETTING A REBATE MEAN THAT YOU'LL LOWER MY PREMIUMS?

A. NO. THERE ARE MANY FACTORS THAT CONTRIBUTE TO PREMIUMS, SUCH AS CONSUMER DEMAND FOR SERVICES, THE RISING COST OF MEDICAL AND PRESCRIPTION DRUG COSTS, AND ADVANCES IN MEDICAL TECHNOLOGY. AT ANTHEM WE ARE CONTINUOUSLY MONITORING WHAT PREMIUMS WE MUST CHARGE AND WE ARE ALSO COMMITTED TO FINDING WAYS TO CONTROL THE RISING COST OF HEALTH CARE.

Q. CAN YOU CANCEL THE CHECK AND APPLY THE REBATE TO NEXT MONTH'S PREMIUM?

A. NO. UNFORTUNATELY, WE CANNOT CANCEL THE CHECK. HOWEVER, YOU CAN DEPOSIT THE CHECK AND PAY TOWARD YOUR NEXT PREMIUM BILL, IF THAT IS HOW YOU WOULD LIKE TO USE THE REBATE.

Q. DO I NEED TO PAY TAXES ON THE REBATE AMOUNT?

A. PLEASE CONSULT YOUR TAX ADVISOR, AS SITUATIONS VARY.