

November 30, 2005

Group Name  
Address 1  
Address 2  
City, State Zip

Dear Group Administrator:

We are pleased to inform you that beginning January 1, 2006, Regence BlueCross BlueShield of Utah will implement a new method of calculating both the deductible and coinsurance for all **fully-insured** groups, with the exception of those groups on the HSA product. This change will benefit our members by helping them reach their family's medical deductible at least as fast and in many instances faster than before. It will also make it easier for them to track their family's deductible. A letter is being sent to all subscribers affected by this change.

The **aggregate deductible** will be applied as follows:

Once an individual deductible is met, benefits begin for that member, **OR** when the family aggregate deductible is met, benefits begin for the entire family. No one member can contribute more than his or her individual deductible towards the family deductible.

**Note: This change will not impact your in- and out-of-network deductible and coinsurance levels, and the deductible will not apply to the coinsurance maximum. Deductibles for drug and dental benefits will not change.**

If you have any questions regarding the aggregate deductible, please contact your account executive.

In compliance with current HIPAA regulations, we have enclosed a copy of the Regence BlueCross BlueShield of Utah Notice of Privacy Practices for your reference. Additionally, we have enclosed two special notices to be given to those employees who apply or become eligible for coverage **AFTER** your group's next anniversary date.

- **Notice of Preexisting Condition Exclusion** provides information on coverage limitations for those medical conditions existing prior to enrollment. This form should be given to those employees who apply for coverage.
- **Your Special Enrollment Period Rights** informs your employees of their rights and limitations for enrollment in your plan upon the loss of other coverage or their ability to add a new dependent. These notices are to be given to all employees eligible for enrollment, including those who initially waive coverage.

These notices are available on our Web site at <http://www.ut.regence.com/employer/form/>. If you have questions about these notices, please contact Member Services at 1 (800) 624-6519.

Sincerely,

Alfred Tredway  
Vice President of Sales