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Upcoming benefit and plan modifications

Federal Mental Health Parity – effective 11/1/09

Federal mandates require health plans to offer Behavioral Health Services at the same level as medical/surgical services to employers of 51 or more. Because WHA offers the same slate of products to our small employer groups as we do large employer groups, we are implementing these enhanced benefits within all of our plans. Effective for all members on November 1, 2009, WHA is eliminating its limitations to the number of days and visits for outpatient and inpatient mental health and chemical dependency services. In addition, some plans will have a reduction in the Behavioral Health Services copayment amounts. Rehabilitative services for chemical dependency will continue to be excluded.

Changes to the slate of Prescription plan options – starting in January

It has become evident that the copayment structures within our Rx A and E plans are not motivating members to discuss lower-cost drug alternatives with their physicians. Our members' brand and non-formulary usage on these plans is extraordinary compared to our Rx H and W plans, resulting in tremendous costs to WHA. Because we are committed to keeping premiums competitive for our employers, we are restructuring our Rx plan offerings.

Starting in January 2010, WHA is eliminating the Rx A and E plan options. These plans will no longer be available to new business and we will grandfather existing business until their renewal in 2010, at which point the group will be moved to the Rx H plan (large group employers/bargaining units can negotiate to keep their current plan if absolutely necessary). It is important to note that Rx H has been the most popular buying trend of our new groups.

To maintain WHA's unique flexibility in our prescription plan offerings, we are announcing a new prescription plan effective in January: Rx J. Priced between Rx H and W, this plan will offer \$10 generic/\$40 brand/\$60 non-preferred medication copayments.

Changes to WHA mail-order copayments on all Prescription plans – effective January 1, 2010

A second change within our pharmacy plans involves mail-order copayments. Historically, WHA withheld marketing efforts to promote the advantages of the mail-order program because the cost of the program greatly exceeded the copayment amounts. By increasing the mail-order copayments for maintenance medications to be equivalent to 2.5x the retail copayment (currently at 2x retail), WHA can more readily market the program. All commercial members will incur this benefit change in January. To help offset the impact to members, WHA and Medco will be marketing special programs available to members such as Medco's Extended Payment Plan. A sample "bucksliip" is enclosed for your reference.

[continued on reverse]

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Communication

WHA will be informing employers of these upcoming changes this month, thereby providing the required advance notice of an eliminated plan. In addition, all of these changes will be incorporated into WHA's EOC/DF documentation and group renewal documentation.

On a related note: in our ongoing efforts to increase efficiencies and reduce paper, WHA is taking a "green" approach to communicating with members. Knowing we can rely on our employers to communicate vital plan information to their employees, WHA is eliminating employee packet mailings, instead directing members to our website for their plan materials. Please be assured that we will continue to provide relevant plan information and member ID cards to every newly enrolled employee and subscriber who changes plans.

We sincerely appreciate your support as we implement these important changes, as well as your contribution to communicating these strategies with our mutual clients in the marketplace.

College dependents back at school – with Assist America

Every WHA commercial member has peace of mind while traveling, knowing they have Assist America included in their plan. And an even greater reassurance for WHA parents is knowing their college kids have an array of global emergency services available to them when traveling either 100 miles from home or *campus*, or in another country. These students also have selected services available to them on campus, as described in the enclosed flyer. As you are out talking to your groups and their employees, be sure to remind them of their Assist America benefits!

If one of your groups' members requires an additional Assist America ID card for a family dependent, please have the member call WHA Member Services at (888) 563-2250, or email their request to memberservices@westernhealth.com.

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