

February 3, 2011

RE: 2011 Evidence of Coverage/Disclosure Form & Group Service Agreement

Dear Employer,

Western Health Advantage (WHA) has made changes to our Evidence of Coverage and Disclosure Form (EOC/DF) for the 2011 calendar year, as well as to the Group Service Agreement (GSA) to be in effect on April 1, 2011.

2011 Evidence of Coverage and Disclosure Form

As a valued employer group, you have the important responsibility to communicate changes to the EOC/DF to our membership. In order to assist you, we are providing you with the Annual Member Update, summarizing changes to the 2011 EOC/DF. **We require that you distribute the Annual Member Update to every employee who is enrolled with WHA. This document serves as their only notification of the changes to the EOC/DF.**

The applicable EOC/DF(s) for your plan, as well as Copayment Summaries for the medical and prescription plans (if any) you offer are enclosed. These documents, together, detail your group health benefits. Please note that we are only including information pertaining to your medical and/or prescription plans. We are not confirming any benefit riders you may have elected.

If any of your WHA members would like copies of the EOC/DF and/or Copayment Summary for their plan, please direct them to the Personal Access section of our website at westernhealth.com, or to our Member Services Department at memberservices@westernhealth.com or (916) 563-2250. All vital documents are also available in Spanish, under Personal Access and through Member Services.

Amendments to Group Service Agreement (GSA)

WHA is revising the terms of its GSA, which will be effective April 1, 2011. The new GSA is enclosed and has been modified as follows:

- Added requirements that the Group cooperate with WHA to provide the retirement and Medicare status of employees; and a count of employees calculated as required under federal law. (Section 2.5, 2.5.1 and 2.5.2)
- Clarified WHA's and the Group's duties regarding the distribution of EOCs and EOC updates. (Section 3.3.3)
- Detailed the schedule on which WHA will invoice premium and the schedule on which premiums must be paid to avoid termination of coverage. (Section 3.5, 7.3.1)
- Added a requirement that Group comply with state and federal restrictions on retroactive termination of coverage. (Section 7.2)

- Clarified that WHA may terminate the Agreement only as permitted by law; and that WHA may terminate coverage of any member as set forth in the EOC/DF. (Section 7.3 and 7.5)
- Added “Ceasing to do business” as a valid reason for terminating the Group Service Agreement. (Section 7.3.5)

The above summary is provided as a convenience. The actual terms of the GSA are set forth in the enclosed Group Service Agreement booklet. Please review the content, sign it and retain the booklet for your files. Payment of the next month’s premium after receipt of this amended GSA will constitute your acceptance of the changes.

If you have any questions about the revised EOC/DF or GSA, please contact your broker or the WHA Sales Department at (916) 563-3198. If you need additional copies of materials, please call the Sales Department or request them via email at whasales@westernhealth.com.

It is our pleasure to serve you.

Respectfully,



Elizabeth Hargett
Manager, Sales & Marketing
Western Health Advantage

Encl: Annual Member Update
Copayment Summary(s)
Evidence of Coverage and Disclosure Form(s)
Group Service Agreement

P.S. WHA has recently launched a bi-monthly e-newsletter to our employer groups with great tips to help make your business successful and employees healthier. If you have not yet received an e-newsletter from us, then we are missing your email address. Simply send an email with your group number and request to subscribe to whasales@westernhealth.com.