



**IMPORTANT NOTICE REGARDING NEW POLICIES
AND NEW PREMIUM RATES FOR SOLE PROPRIETORS AND SMALL GROUP MEMBERS**

<<Date>>

<<MAILINGID>>
<<FIRSTNAME>> <<LASTNAME>>
<<ADDRESS1>>
<<ADDRESS2>>
<<CITY>>, <<STATE>> <<ZIPCODE>>

Dear <<FIRSTNAME>> <<LASTNAME>> and covered family members:

We are writing to let you know about important changes to your health insurance that will take effect on **January 1, 2014**. These changes are required by federal health care reform, called the Affordable Care Act (the "ACA"). As outlined below, the changes will include a core set of comprehensive benefits, more cost sharing choices and new premiums.

To make sure your policy includes these new requirements, your existing Group Health Incorporated ("GHI") policy will end effective **December 31, 2013**. We will roll out a new product portfolio beginning on January 1, 2014 that meets the ACA requirements. Check with us later in the year to see our new product portfolio at **www.emblemhealth.com**. New York is establishing the Health Benefit Exchange where you can shop for insurance. It is important for you or your employer group to select a new plan if you wish to have coverage effective January 1, 2014.

What do I need to do?

For Small Group Subscribers: Since your existing policy is ending effective December 31, 2013, your group has the option to purchase any other ACA compliant policy offered to small groups through the New York Health Benefit Exchange at **http://nystateofhealth.ny.gov**. Your employer can also purchase one of EmblemHealth's small group HMO product options.

For Sole Proprietors: Since your existing policy is ending effective December 31, 2013, you can purchase any other ACA compliant policy offered to individuals through the New York Health Benefit Exchange at **http://nystateofhealth.ny.gov**. You can also visit EmblemHealth's Web site at **www.emblemhealth.com** to learn more about our products.

Please note that under the ACA, when a business is owned only by an individual or an individual and his or her spouse, these individuals are not considered "employees" and the benefit plan is not considered a group health plan. As of January 1, 2014, these individuals will no longer be able to purchase group coverage and will need to purchase individual coverage.

Sole Proprietors Who Have Purchased Coverage Through An Association. Under the ACA, when a business is owned only by an individual or an individual and his or her spouse, these individuals are not considered "employees" and the benefit plan is not considered a group health plan. As of January 1, 2014, these persons are treated as

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individuals and not as groups. However, some sole proprietors have a special right under New York law as members of an association to purchase the same coverage as employer members of the same association. This coverage may be provided either on the same group policy form, or as an individual policy with the same coverage. However, based on federal requirements, the premium rate that applies to sole proprietor members may differ from the rate that applies to employer members of the association. Note that in addition to maintaining coverage through the association, you also have the option of purchasing individual coverage. Please see the New York health Benefit Exchange paragraph below for more information on purchasing individual coverage.

New Options for Coverage in 2014

New York Health Benefit Exchange. If your employer does not replace your policy with a similar policy, you may purchase a new contract as an individual direct pay member. Information on individual health insurance coverage is available from New York's Health Benefit Exchange (<http://nystateofhealth.ny.gov>).

The Exchange will help you shop for and enroll in health insurance. You will be able to use the Exchange to compare insurance options and prices offered through the Exchange. You will also be able to calculate costs and enroll in coverage online, in person, over the phone or by mail. You can purchase insurance through the Exchange beginning in October 2013 for coverage starting January 1, 2014. In addition, you can visit www.emblemhealth.com to review our individual HMO products.

Benefits. All health insurance policies will include a core set of benefits, called the "Essential Health Benefits." In addition, some policies may include out-of-network coverage. Your current policy may already include some or all of the Essential Health Benefits. For more information on the Essential Health Benefits, you can visit the New York Benefit Exchange website <http://nystateofhealth.ny.gov/resource/benefits-what-are-essential-health-benefits>.

Cost Sharing Choices. All policies will include the Essential Health Benefits, but the amount you pay out-of-pocket will be different depending on the cost sharing options that you choose. The ACA creates four uniform categories of cost sharing, called "metal" levels, that will make it easier for you to compare different health insurance policies.

These metal levels are based on the average percentage of medical costs the health insurance company is expected to pay, compared to the average percentage you will pay. All policies will fit into one of four metal levels:

- Platinum (highest level with an average of 90% of the medical costs paid by the insurance company and an average of 10% paid by the member)
- Gold (80/20%)
- Silver (70/30%)
- Bronze (60/40%)

(Please note: this does *not* mean that your insurance company will pay that specific percentage of every bill. It simply means that the insurance company will pay that average percentage for all policyholders over the course of the year.) Also, your premium will be higher or lower depending on the metal level you choose. For instance, a Silver plan will have lower premiums than a Platinum plan because you would be paying more out-of-pocket.

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New Premium Rates. We have filed our new policies and premium rates with the New York Department of Financial Services. Information about our premium rates can be found on the Department of Financial Services web site at <https://myportal.dfs.ny.gov/web/prior-approval/welcome>.

If you have any specific comments or questions regarding your product, please call our Customer Service phone number at **1-877-842-3625**, 8 am to 8 pm, Monday through Friday. If you have a hearing or speech impairment and use a TTY/TDD, please call 711.

Sincerely,

A handwritten signature in black ink that reads "David Morin".

David Morin
Vice President, Customer Service