

*The company that cares,  
RealCare*

*California Insurance License  
#OB23546*



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Re: Blue Shield Medical Insurance Cancellation

February 5, 2007

Dear CAR Member,

In December of 2006, RealCare Insurance Marketing, Inc. ("RealCare") received notices of cancellation from Blue Shield of California ("Blue Shield") for each of the medical insurance plans ("Group Plans") currently offered through the California Association of REALTORS® ("C.A.R."). The effective date of their cancellation is May 31, 2007. This affects you as you are insured under the C.A.R. Group Plans. Please note this cancellation applies only to the Blue Shield Group Medical Plan options and does not apply to the Blue Shield Life, Dental and Vision plans.

We see this as an effort on their part to increase their profitability by terminating the C.A.R. Group Plans and nothing more. C.A.R. and RealCare believe this cancellation is improper and illegal and have diligently attempted to negotiate with Blue Shield to get them to rescind their cancellation of the policies. Unfortunately, to date Blue Shield has refused to alter its position and rescind their cancellation. Unless Blue Shield changes its position and rescinds its cancellation of the policies, C.A.R. and RealCare will vigorously pursue litigation, including requesting an injunction, to enforce our contractual rights forcing Blue Shield to continue offering coverage. We have every confidence we will have an injunction in place prior to open enrollment's June 1, 2007 date which will require Blue Shield to rescind their cancellation and offer the C.A.R. Group Plans for the 2007-2008 plan year.

While we expect to prevail with the litigation, there is always the possibility that we will not. In that case, members covered under Blue Shield will have several options as noted below. Please call RealCare at (800) 939-8088, ext. 208 to discuss your particular insurance situation.

1. RealCare is discussing alternative PPO programs with several other carriers. We are optimistic that similar new group plan options with another insurance carrier can be in place before the next open enrollment of June 1, 2007.
2. Kaiser remains an option in the C.A.R. program. Members can elect any Kaiser option now being offered.
3. Many members may wish to investigate purchasing individual health plans. RealCare agents will assist you to determine if this is a possible alternative for you and/or family members.
4. Not everyone will qualify medically for an individual plan. However, those who cannot may still be eligible to enroll in a HIPAA guaranteed issue insurance policy. HIPAA is a federal law that requires health insurance carriers to issue a policy to certain qualified applicants. Termination from the C.A.R. plan meets one of the requirements.
5. Members with at least one W2 employee may qualify on their own as a group and purchase guaranteed issue health insurance.

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While this matter is being adjudicated, you can help by calling Blue Shield, the Department of Managed Health Care (DMHC), the Department of Insurance (DOI), and your state representatives to let them know your feelings on this subject. The phone numbers of the people to contact are listed below.

1. Blue Shield of California – Bruce Bodaken, Chairman & CEO: **(415) 229-5000**
2. Blue Shield of California – Mark Gastineau, VP Small Group Sales: **(818) 228-2633**
3. California Department of Insurance – Consumer Hotline: **1-800-927-HELP (4357)**
4. California Department of Managed Health Care HMO Help Center: **1-888-HMO-2219 (1-888-466-2219)**
5. Your state representatives –You can go to <http://www.leginfo.ca.gov/yourleg.html> to find out whom to contact

This is an unfortunate turn of events but we will do everything in our power to continue to offer health insurance coverage to C.A.R. members. We will keep you updated on our efforts to resolve this matter as well as additional information through a special web page we have created. Please visit [www.realcare.biz/bsupdate](http://www.realcare.biz/bsupdate) for the latest information.

We are required to send you a copy of Blue Shield’s notice of cancellation despite the fact that we and our legal counsel have determined that the cancellation is not sanctioned by law. Therefore, the notice is enclosed with this letter.

Sincerely,

RealCare Insurance Marketing, Inc.

Attachment