



[Month Day], 2013  
 [Small Group Name]  
 [Small Group Address 1]  
 [Small Group City], [Small Group State] [Small Group ZIP code]

[Customer No.]

Dear [Small Group Name],

We know you have a choice of health plans and we appreciate your business. In May 2013 we began notifying our customers of new taxes that take effect in 2014 as a result of the Affordable Care Act (ACA). This notification provides more detail about how these upcoming taxes will affect your business and when they'll be applied.

Beginning on January 1, 2014 the health insurer tax and transitional reinsurance tax will be added to your base medical rate and you will see the increase on your bill. On your 2014 renewal, the exchange tax and risk adjustment tax will go into effect and be part of your new rate for your new medical plans.

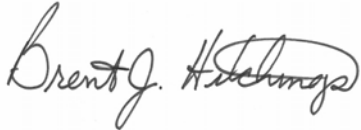
**What are the 2014 ACA taxes?**

Type of tax	Purpose	Effective	Approximate Cost
Health insurer tax	Helps fund premium subsidies for certain individuals and families purchasing coverage through health insurance exchanges	January 1, 2014	2.3% of dues and/or premiums
Transitional reinsurance tax	Helps stabilize premiums and the cost of high-risk individuals entering the individual market in each state's health insurance exchange		1.3% of dues and/or premiums
Exchange tax	Covers ongoing operating costs of the California Exchange	Upon renewal, 2014	.2% of dues and/or premiums
Risk adjustment tax	Reduces or eliminates premium differences between plans based on expectations of member risk		.02% of dues and/or premiums

(Continued on reverse)

To learn more about the Affordable Care Act and what it means to your business, visit our knowledge center at [blueshieldca.com/employer](http://blueshieldca.com/employer). Thank you for offering Blue Shield plans. We appreciate your business, and we will keep you informed about the impact of health reform.

Sincerely,

A handwritten signature in black ink that reads "Brent J. Hitchings". The signature is written in a cursive style with a large, looping initial "B".

Brent J. Hitchings  
Vice President and General Manager  
Small Business Market  
Blue Shield of California