

SUPERIOR COURT OF THE COUNTY OF LOS ANGELES

IF YOU ARE CURRENTLY ENROLLED OR HAVE EVER BEEN ENROLLED IN A VITAL SHIELD HEALTH INSURANCE POLICY FROM BLUE SHIELD OF CALIFORNIA LIFE AND HEALTH INSURANCE COMPANY, A CLASS ACTION LAWSUIT MAY AFFECT YOUR RIGHTS.

A court authorized this notice. You are not being sued. This is not a solicitation from a lawyer.

- Two individuals who purchased Vital Shield health insurance policies from Blue Shield of California Life and Health Insurance Company (“Blue Shield”) have sued Blue Shield. The individuals allege that Blue Shield breached their Vital Shield insurance policies and the implied covenant of good faith and fair dealing in their insurance policies by expanding the policies’ stated deductibles and co-insurance/co-payment maximum amounts. Plaintiffs also allege that Blue Shield’s marketing and sale of the Vital Shield policies violated California’s Unfair Competition Law (“UCL”).
- The Court has allowed the lawsuit to proceed as a class action on behalf of all individuals currently enrolled in, or who were enrolled in, a Blue Shield Vital Shield policy, excluding persons who are no longer enrolled in a Vital Shield Policy and who did not incur any expanded deductible or co-insurance/co-payment maximum amounts.
- The Court has not decided whether Blue Shield did anything wrong. There is no money available now, and no guarantee there will be. However, your legal rights are affected, and you have a choice to make now:

YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT	
DO NOTHING	Stay in this lawsuit. Await the outcome. Give up certain rights. By doing nothing, you keep the possibility of getting money that may come from a trial or settlement. But, you give up any rights to sue Blue Shield separately about the same legal claims in this lawsuit. In addition, you will be bound by any rulings or judgment issued by the Court.
REQUEST TO BE EXCLUDED	Get out of this lawsuit. Get no benefits from it. Keep rights. If you ask to be excluded and money is later awarded, you won’t share in it. But, you keep any rights to sue Blue Shield separately about the same legal claims alleged in this lawsuit.

- Your options are explained in this notice. To be excluded, you must act before June 15, 2016
- Lawyers must prove the claims against Blue Shield at a trial. The date for that trial has not yet been set. If money is obtained from Blue Shield, you will be notified how to ask for a share.
- **Any questions? Read on or visit www.BlueShieldClassAction.com.**

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION **PAGE 2**

1. Why did I get this notice?

2. What is this lawsuit about?

3. What is a class action and who is involved?

4. Why is this lawsuit a class action?

THE CLAIMS IN THE LAWSUIT **PAGE 2**

5. What does the lawsuit complain about?

6. How does Blue Shield answer?

7. Has the Court decided who is right?

8. What are the Plaintiffs asking for?

9. Is there any money available now?

WHO IS IN THE CLASS? **PAGE 3**

10. Am I part of the Class?

YOUR RIGHTS AND OPTIONS **PAGE 3**

11. What happens if I do nothing?

12. Why would I ask to be excluded?

13. How do I ask the Court to exclude me from the Class?

THE LAWYERS REPRESENTING YOU **PAGE 4**

14. Do I have a lawyer in this case?

15. Should I get my own lawyer?

16. How will the lawyers be paid?

THE TRIAL **PAGE 4**

17. How and when will the Court decide who is right?

18. Do I have to come to trial?

19. Will I get money after the trial?

GETTING MORE INFORMATION **PAGE 4**

20. Are more details available?

BASIC INFORMATION

1. Why did I get this notice?

Blue Shield's records show that you are currently enrolled, or were at one time enrolled in a Vital Shield health insurance policy. This notice explains that the Court has allowed, or "certified," a class action lawsuit that may affect you. You have legal rights and options you may exercise before the Court holds a trial. The trial is to decide whether the claims asserted against Blue Shield, on your behalf, are correct. Judge Elihu M. Berle of the Los Angeles County Superior Court is overseeing this class action. The lawsuit is known as *Bodner, et al. v. Blue Shield of California Life and Health Insurance Company, et al.*, Los Angeles County Superior Court Case No. BC 516868.

2. What is this lawsuit about?

This lawsuit is about whether Blue Shield's practice to not count commonly used services toward the deductible and co-payment/co-insurance maximum, and its practice to exclude those services from coverage until the maximum is met, constitute a breach of the Vital Shield health insurance policies and their implied covenant of good faith and fair dealing, and violate the UCL. The lawsuit is also about whether Blue Shield's marketing and advertising of the Vital Shield policies violated the UCL. Plaintiffs have also sought a declaration of rights as to the matters set forth in their breach of contract claim.

3. What is a class action and who is involved?

In a class action lawsuit, one or more people, called the "Class Representatives" (in this case, Arthur Bodner and Michael Felker), sue on behalf of other people who have similar claims. The people together are a "Class" or "Class Members." Mr. Bodner, Mr. Felker — and all the Class Members like them — are called the Plaintiffs. The company they sued (in this case, Blue Shield) is called the Defendant. One court resolves the issues for everyone in the Class — except for those people who choose to exclude themselves from the Class.

4. Why is this lawsuit a class action?

The Court decided that Plaintiffs' claims for breach of contract, breach of the implied covenant of good faith and fair dealing, violation of the UCL, and declaratory relief can proceed as a class action and move towards a trial because it meets the California requirements for a class action. Specifically, the Court found, among other things:

- The Class is ascertainable, i.e., Class Members can be identified through Blue Shield's records;
- The Class is sufficiently numerous;
- Questions of law and fact that are common to each claim predominate;
- Mr. Bodner's and Mr. Felker's claims are typical of the claims of the rest of the Class;
- Mr. Bodner, Mr. Felker and the lawyers representing the Class will adequately represent the Class;
- This class action is a superior means of adjudicating the claims in this lawsuit.

THE CLAIMS IN THE LAWSUIT

5. What does the lawsuit complain about?

In the lawsuit, Plaintiffs *allege* that Blue Shield breached the Vital Shield policies by, among other things: (a) expanding the specifically stated deductible amounts set forth in the policies by not counting commonly used services toward the deductible; (b) expanding the specifically stated co-payment/co-insurance maximum by not counting commonly used services toward the co-payment/co-insurance maximum (c) excluding from coverage purportedly covered services until the co-payment/co-insurance maximum has been met while failing to count those services toward the maximum.

Plaintiffs also *allege* that Blue Shield breached the implied covenant of good faith and fair dealing by, among other things, (a) unreasonably construing the Vital Shield's deductible and co-payment/co-insurance maximum provision, (b) improperly and unreasonably expanding the stated deductible and maximum in the policies to an indefinite and ever-expanding amount, and (c) improperly and unreasonably excluding a variety of services from coverage until the maximum was met, if ever.

Plaintiffs *allege* that Blue Shield violated the unlawful, fraudulent and unfair prongs of the UCL, because it engaged in an advertising campaign that emphasized the Vital Shield's specific finite deductibles and maximums when the deductibles and maximums were allegedly indefinite and ever-expanding.

Plaintiffs' claim for declaratory relief seeks a declaration of the Class Members rights under the Vital Shield policies and under the law.

You can read Plaintiffs' First Amended Class Action Complaint at www.BlueShieldClassAction.com.

6. How does Blue Shield answer?

Blue Shield contends that the Vital Shield policies are clear and unambiguously provide that certain services do not count toward the calendar year deductible and/or copayment maximums. No reasonable consumer looking at the policy language could conclude otherwise. Blue Shield also contends that the marketing materials comply with all applicable laws and are not in any way misleading. Accordingly, Blue Shield contends that it has done nothing wrong.

7. Has the Court decided who is right?

The Court hasn't decided whether Blue Shield or the Plaintiffs are correct. By establishing the Class and issuing this notice, the Court is not suggesting that the Plaintiffs will win or lose this case. The Plaintiffs must prove their claims at a trial. (See "The Trial" section below on page 4.)

8. What are the Plaintiffs asking for?

The Plaintiffs are asking for:

- Damages to be awarded to Plaintiffs and the Class;
- An order awarding pre-judgment and post-judgment interest to Plaintiffs and the Class; punitive damages;
- An award of attorney fees and costs to Class Counsel;
- An order enjoining Blue Shield from future breaches and the alleged UCL violations;
- An order awarding Plaintiffs and the Class restitution of all monies paid for unexpected annual out-of-pocket costs for medical treatment and services and for disgorgement of the profits derived from Blue Shield's alleged UCL violations;
- A declaratory judgment regarding the rights of Class Members and corresponding responsibilities of Blue Shield under the Vital Shield policies.

9. Is there any money available now?

No money or benefits are available now because the Court has not yet decided whether Blue Shield did anything wrong, and the two sides have not settled the case. There is no guarantee that money or benefits ever will be obtained. If they are, you will be notified about how to ask for a share.

WHO IS IN THE CLASS?

You need to decide whether you are affected by this lawsuit.

10. Am I part of the Class?

The Court decided that the members of the Class are: All individuals currently enrolled in, or who were enrolled in, a Blue Shield Vital Shield policy, including Vital Shield 2900, Vital Shield 2900-G, Vital Shield Plus 2900, Vital Shield Plus 2900-G, Vital Shield 2900 Plus Generic Rx, Vital Shield Plus 2900 Generic Rx-G, Vital Shield 900, Vital Shield 900-G, Vital Shield Plus 900, Vital Shield Plus 900-G, Vital Shield 900 Plus Generic Rx, Vital Shield Plus 900 Generic Rx-G, Vital Shield Plus 400, Vital Shield Plus 400-G, Vital Shield Plus 400 Generic Rx, Vital Shield Plus 400 Generic Rx-G, excluding persons who are no longer enrolled in a Vital Shield Policy and who did not incur any expanded deductible or co-insurance/co-payment maximum.

YOUR RIGHTS AND OPTIONS

You have to decide whether to stay in the Class or ask to be excluded before the trial, and you have to decide this now.

11. What happens if I do nothing?

You don't have to do anything now if you want to keep the possibility of getting money from this lawsuit. By doing nothing you are staying in the Class. If you stay in and the Plaintiffs obtain money, either as a result of the trial or a settlement, you will be notified about how to apply for a share. Keep in mind that if you do nothing now, regardless of whether the Plaintiffs win or lose the trial, you will not be able to sue, or continue to sue, Blue Shield as part of any other lawsuit about the same legal claims that are the subject of this lawsuit. If you do nothing now, you will be legally bound by all of the Orders the Court issues and judgments the Court makes in this class action.

12. Why would I ask to be excluded?

If you already have your own lawsuit against Blue Shield and you want to continue with it, you need to be excluded from the Class. If you exclude yourself from the Class – which also means to remove yourself from the Class, and is sometimes called "opting out" of the Class – you won't get any money from this lawsuit even if the Plaintiffs recover money as a result of the trial or from any settlement (that may or may not be reached) between Blue Shield and the Plaintiffs. If you exclude yourself, you will not be legally bound by the Court's judgments in this class action.

If you start your own lawsuit against Blue Shield after you exclude yourself, you'll have to represent yourself or hire and pay your own lawyer for that lawsuit, and you'll have to prove your claims. If you exclude yourself so you can start or continue your own lawsuit against Blue Shield, your claims may be subject to a statute of limitations.

13. How do I ask the Court to exclude me from the Class?

To be excluded, you must send a request for exclusion in the form of a letter sent by mail, which must include your name, address, and policy number, and state: "I request exclusion from the Class in the Blue Shield Class Action." The request must be mailed to:

Blue Shield Class Action Administrator
P.O. Box 40007, College Station, TX 77842-4007
1-855-263-6860

The request for exclusion must be postmarked on or before June 15, 2016.

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case?

The Court decided that the law firms of Gianelli & Morris, Stuart Law Firm, and the Law Offices of Kathryn Trepinski are qualified to represent you and all Class Members. Together the law firms are called "Class Counsel." They are experienced in handling similar cases against other insurance companies. More information about these law firms, their practices, and their lawyers' experience is available at www.gmlawyers.com, www.stuartlaw.us, and www.trepinskilaw.com.

15. Should I get my own lawyer?

You do not need to hire your own lawyer or represent yourself because Class Counsel are working on your behalf. But, if you want your own lawyer, you will have to retain that lawyer. For example, you can ask him or her to appear in Court for you if you want someone other than Class Counsel to speak for you.

16. How will the lawyers be paid?

If Class Counsel get money or benefits for the Class, they will ask the Court for fees and expenses. You will not have to pay these fees and expenses. If the Court grants Class Counsel's request, the fees and expenses would either be deducted from any money obtained for the Class or paid separately by Blue Shield.

THE TRIAL

The Court has not yet scheduled a trial to decide who is right in this case.

17. How and when will the Court decide who is right?

If the lawsuit is not resolved by a settlement or otherwise, Class Counsel will have to prove the Plaintiffs' claims at a trial. The trial is not yet scheduled. If there is a trial, a Jury or Judge will hear all of the evidence to help them reach a decision about whether the Plaintiffs or Blue Shield are right about the claims in the lawsuit. There is no guarantee that the Plaintiffs will win, or that they will get any money or benefits for the Class.

18. Do I have to come to trial?

If there is a trial, you do not have to attend. Class Counsel will present the case for the Class and Blue Shield will present its defenses. You or your lawyer, if you have retained separate counsel, are welcome to come at your own expense.

19. Will I get money after the trial?

If the Plaintiffs obtain money or benefits as a result of the trial or a settlement, you will be notified about how to participate. We do not know how long this will take.

GETTING MORE INFORMATION

20. Are more details available?

Visit the website, www.BlueShieldClassAction.com, where you will find the First Amended Class Action Complaint that the Plaintiffs submitted, and the Defendant's Answer to the First Amended Class Action Complaint. If you still have questions about this notice or this lawsuit, you may contact the Class Administrator by electronic mail at Administrator@BlueShieldClassAction.com or by linking from the website, or by telephone (toll free) at 1-855-263-6860.

Dated: May 6, 2016

/s/ Elihu M. Berle
Honorable Elihu M. Berle
Judge of the Superior Court