

Anthem Blue Cross and Blue Shield  
220 Virginia Avenue  
Indianapolis, IN 46204



June XX, 2009

Dear <Employer>:

Anthem Blue Cross and Blue Shield in Indiana ("Anthem") has been notified by Union Hospital ("Union") that Union will terminate its Anthem network contracts effective July 31, 2009. Union owns and operates Union Hospital in Terre Haute and Clinton as well as various outpatient facilities in the Terre Haute area. A complete list of the entities affected by the termination is included in the FAQ attachment to this letter.

In negotiating all provider agreements, Anthem must consider the impact of potentially higher costs on our employer customers and their employees. We have offered fair and appropriate reimbursement to Union and its facilities. In many cases, Anthem's current payments to Union are higher than what we reimburse to hospitals of comparable size. However, based on our analysis of the most recent proposal we've received from Union, they are requesting \$19 million dollars above their current Anthem reimbursement over the next two years. If we were to agree to that, it would mean higher costs for our customers in the Terre Haute area whenever they receive medical services at Union Hospital or any of their facilities.

The other unresolved contract term concerns Anthem's commitment to ensuring that our customers have the ability to make cost conscious health care choices. Key to this is recognizing that services performed outside the hospital setting (such as at a free-standing surgery center) should be billed at lower rates that are appropriate for a facility that operates with lower overhead costs. Union continues to decline to recognize this difference and wants the same higher, hospital-contracted rates at any facility it operates. The difference in fees has a multimillion dollar impact.

Anthem takes very seriously our responsibility to provide you with the broadest possible network of high quality physicians and hospitals. However, it is also Anthem's responsibility to ensure that your premiums and medical costs are reasonable, and that your health plan costs are as affordable as possible – especially during these difficult economic times. We have worked hard to create one of the largest and most comprehensive network of hospitals throughout Indiana to provide our members access to quality health care providers. A list of nearby in-network hospitals and outpatient facilities can be found at [www.anthem.com](http://www.anthem.com).

If you have questions regarding this matter, please do not hesitate to contact your broker or Anthem representative. We also suggest that you contact Union directly to express your concerns about access to affordable health care.

Sincerely,

A handwritten signature in black ink that reads "Rick Rhodes".

Rick Rhodes  
Regional Vice President of Sales  
Anthem Blue Cross and Blue Shield in Indiana

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