Re: Health Net Small Business Group Portfolio Update

Dear «ADDRESS_1»,

As our valued client, we recognize the importance of keeping you well informed of any changes that affect your health benefit coverage. With that in mind, we’re sharing details with you about Health Net’s upcoming 2015 ACA-compliant Small Business Group (SBG) portfolio.

We have evaluated our portfolio to ensure you have the most valuable array of quality benefits from which to choose. As a result, we have updated our SBG product portfolio to offer you improved products, while continuing to give you affordable, sustainable solutions that best meet the needs of your business.

Effective January 1, 2015, we will be discontinuing our current Health Net of California, Inc. WholeCare and Salud HMO y Más product offerings and replacing them with new WholeCare and Salud HMO y Más offerings. The 1/1/2015 WholeCare and Salud HMO y Más products have been refreshed and offer the same quality and value as the prior versions of these plans. We will also be adding SmartCare products to our portfolio starting 12/1/2014. The following nongrandfathered Small Employer plans and policies and will be available upon your next renewal date in 2015:

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<thead>
<tr>
<th>Health Net of California, Inc.</th>
<th>Health Net Life Insurance Company</th>
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<tr>
<td>• WholeCare HMO Platinum $10</td>
<td>• Health Net Platinum 90 PPO</td>
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<td>• WholeCare HMO Platinum $25</td>
<td>• Health Net Gold 80 PPO</td>
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<td>• WholeCare HMO Platinum Standard Copay</td>
<td>• Health Net Silver 70 PPO</td>
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<td>• WholeCare HMO Gold $35</td>
<td>• Health Net Bronze 60 PPO</td>
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<td>• WholeCare HMO Gold $45</td>
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<td>• WholeCare HMO Gold Standard Copay</td>
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<td>• Salud HMO y Mas Platinum $10</td>
<td>• Health Net Gold 80 EPO Alternate</td>
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<td>• Salud HMO y Mas Platinum $20</td>
<td>• Health Net Silver 70 HSA EPO Alternate</td>
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October 3, 2014

Policyholder ID: «PHID»
Health Net of California, Inc.

• SmartCare HMO Platinum 10
• SmartCare HMO Platinum 20
• SmartCare HMO Platinum 30
• SmartCare HMO Gold 40
• SmartCare HMO Gold 50

• PureCare HSP Silver Standard Coinsurance
• PureCare HSP Bronze Standard Coinsurance

Your Health Net plan options
If you were enrolled in either a WholeCare or Salud HMO y Más plan, please make sure to select a replacement plan by January 1, 2015. You may contact your broker or Health Net directly to select the new versions of the WholeCare or Salud HMO y Más plans listed above, or choose a different plan(s).

Other Options
You and your employees will also have an opportunity to enroll for health coverage through the California Health Insurance Exchange (Covered California), without medical underwriting, for a January 1, 2015, effective date. As an employer, you can enroll in any small employer plans offered through Covered California for a January 1, 2015, effective date. Similarly, your employees will have an opportunity to enroll in any individual and family health plans offered through Covered California for a January 1, 2015, effective date. You will be able to obtain this coverage through the Covered California website at www.CoveredCA.com. Additional information regarding health coverage choices through Covered California is included with this letter.

Health Net of California has filed with the Department of Managed Health Care for regulatory approval to withdraw your current HMO plan from the market and to offer replacement benefit designs. This letter provides you with the required prior notice of discontinuance of your plan on your next renewal date, pending regulatory approval. Health Net is required to send a letter to your employees of this change in coverage. A copy of the letter that is being sent to your employees is included with this notice. We are also including a required Centers for Medicare & Medicaid Services (CMS) notice that contains additional information on obtaining SHOP coverage through Covered California.

We appreciate your business and thank you for making us your trusted health care partner. For more information about Health Net’s Small Business Group plans, please call your broker or Health Net at 1-800-447-8812, option 2.

Sincerely,

Scott St. Clair
Chief Sales Officer, Western Region
Individual & Small Business Group
Important: Your Group Health Coverage Will Not Be Available Next Year.

Dear «PHID»,

We have decided not to offer your group’s current health coverage again next year. The current coverage will end on January 1, 2015. This means you may need to choose a new plan for your group members to have health insurance coverage. This letter explains the options available to you.

Options from Health Net
You can choose any other small group coverage offered by Health Net of California, Inc. Call 1-800-447-8812, option 2, or visit www.healthnet.com to learn about plans available to you.

What other options do I have?
• You may be able to choose a new health plan, or offer your employees a choice of plans, through different insurance companies, through the California Health Insurance Exchange (Covered California™). If you have fewer than 25 full-time-equivalent employees, you might qualify for a small business health care tax credit if you buy insurance through Covered California.
• You can choose to buy a new health plan outside Covered California – directly from an insurance company or with the help of an agent or broker. But remember: If you’re eligible for a small business health care tax credit, you usually can get that credit only if you buy a plan through Covered California.

What else should I look at before deciding?
Call or visit the plan’s website to check which doctors, other health care providers, and prescription medications are covered by the plan. This is an important step when choosing a plan that meets the needs of your group members.

When do I need to make a decision?
You generally can buy coverage any time. If group members enroll by the 15th of the month, coverage can begin on the 1st of the following month.

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We are notifying your employees
Federal law requires that we notify all group members with this coverage that it is no longer being offered. Because we might not know about other coverage decisions you have made, we’ll tell your employees to check with the plan sponsor or administrator about coverage options that might be available through your organization.

Questions?
• Call Health Net at 1-800-447-8812, from 9:00 a.m. to 5:00 p.m., Monday through Friday. Select option 2.
• Visit CoveredCA.com or call Covered California at 1-877-453-9198 and Consumer Assistance Information/HealthCare.gov or call 1-800-706-7893 to learn more about Covered California.

Getting Help in Other Languages
Spanish (Español): Para obtener asistencia en Español, llame al Health Net at 1-800-447-8812.

Chinese (中文): 如需中文协助，请致电 1-800-447-8812。
Re: Health Net Small Business Group Portfolio Update

Dear «Enrollee»,

We recognize the importance of keeping you well informed of any changes that affect your health benefit coverage. With that in mind, we’re sharing details with your employer about Health Net’s upcoming 2014 ACA-compliant Small Business Group (SBG) portfolio.

We have evaluated our portfolio to ensure employers have the most valuable array of quality benefits from which to choose. As a result, we’re streamlining our SBG product portfolio to offer affordable, sustainable solutions that best meet the needs of small group enrollees, like you.

Effective January 1, 2015 your existing WholeCare or Salud HMO y Más non-grandfathered Small Employer plans and policies will be discontinued and replaced with new WholeCare or Salud HMO y Más plans. Your employer has been provided with information on the new WholeCare or Salud HMO y Más plans and will be evaluating them as an option for your enrollment.

Other Options
In addition to coverage through your employer, you will have an opportunity to enroll in any individual and family health plan offered through the California Health Insurance Exchange (Covered California™), without medical underwriting, for a January 1, 2015, effective date. You will be able to obtain this coverage through the Covered California website at www.CoveredCA.com. Additional information regarding health coverage choices through Covered California is included with this letter.

(continued)
Health Net of California, Inc. has filed with the Department of Managed Health Care for regulatory approval to withdraw your current HMO plan from the market and to offer replacement benefit designs. This letter provides you with the required prior notice of discontinuance of your plan effective on your next renewal date, pending regulatory approval.

We thank you for making us your trusted health care partner.

Sincerely,

Scott St. Clair
Chief Sales Officer, Western Region
Individual & Small Business Group