



November 18, 2004

Dear Valued Member:

If you're like most people, you buy health insurance primarily for protection from unforeseen expenses in catastrophic situations and to provide added financial support for preventive and routine care needs. As health care costs continue to rise, the cost of providing quality, dependable health care coverage is rising as well.

Therefore, it is necessary to increase rates for your BluePreferred PPO for Individuals health care benefits plan by 15.1 percent effective January 2005. This rate increase is not directly related to your claims. It was determined based on the cost of insurance benefits for all members with the same product. These rates are based on your age, the age(s) of your covered dependent(s), if any, and the coverage you have chosen. If any of those factors change before this rate increase is effective, the rate also may change.

In previous years, when your age or the age of any covered dependents changed to a new age-band tier, your rate increased in your next six-month renewal period. **Effective January 2005, your rate will be locked in through 2005. This is just one way Anthem Blue Cross and Blue Shield is helping to keep health care coverage costs affordable for our members.**

And, **there are other options that may lower your rates:**

You may transfer to a BluePreferred PPO for Individuals plan with a higher deductible than you have now, and you won't have to requalify for coverage based on your medical history. The enclosed rate sheet shows how such a change may lower your monthly premium payment. Simply complete the enclosed Deductible Change Form, and fax it to 303-764-7282 or mail it to the address on the bottom of the form. **Anthem must receive the form by December 31, 2004, to ensure your February 2005 invoice will reflect this change.**

Anthem Blue Cross and Blue Shield now offers HSA-qualified high-deductible health plans for Individuals. This new suite of products meets federal guidelines for establishing a health savings account (HSA). It's a great way to lower your health insurance premiums, while saving for future qualified medical expenses on a tax-free basis. **If you're interested in learning more about these HSA-qualified plans to see if one is right for you, go to www.anthem.com/options and enter the promotional code **myoptions**.**

If you currently have more than one child enrolled in separate Anthem policies, apart from the parents, you may be eligible for new, lower rates by combining them into one policy.

We believe that when you compare our rates to those for other products on the market, you'll find that Anthem still offers the best value for the high quality we deliver. If you have questions about your insurance options, we encourage you to talk to your Anthem authorized insurance agent. To speak with an Anthem customer service representative, call 303-226-6900 in the Denver metro area or toll free at 866-705-4705, Monday-Friday, 7:30 a.m.-5:30 p.m. At Anthem Blue Cross and Blue Shield, our mission is to improve the health of the people we serve, and we appreciate the opportunity to serve you.

Sincerely,

Janice Pramik
Interim General Manager, Individual Products