

California Group



General Agent Communication

April 3, 2006



ALERT!

Lifestyle Plan Withdraw

Effective immediately, the Lifestyle Series California Small Group Health Plans ("Lifestyle") will no longer be marketed nor available for new business. Existing policyholders will be offered their choice of a new plan under the various options available in the MyChoice Small Group Health Plans.

After careful review of our small group products, Nationwide determined that in consideration of the limited written small groups, now would be the best time to withdraw the plan from the market. Please note that this affects less than 1% of our small group membership and this withdrawal action assists in keeping our administrative costs down.

Existing Lifestyle small group policyholders will have 90 days from this notification to make a selection from NHP's MyChoice plans. We will make the selection process simple by allowing a letter on company letterhead to initiate the change. We apologize in advance for any inconvenience this may cause you and your clients.

Self-Funding Declaration and Affidavit

A self-funding declaration and affidavit will be required for all new business applications beginning April 15, 2006 (see attached). This form is to be completed by all new small group applicants and upon renewal for existing groups.

In order to be paid commissions on any self-funded wrap plans, the following minimum requirements must be met:

- Use of MyChoice Plan 2 or Plan 5
- A minimum of \$1,500 employee participation prior to the \$2,500 plan deductible
- A minimum \$500 roll-over provision
- A qualified Health Reimbursement Account (HRA) needs to be established for each employee

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Nationwide
Health Plans[®]

On Your Side[™]

Commission Change

Effective today, no commissions will be paid for new small groups that do not provide nor file current, or if applicable or needed, historical California Quarterly Wage and Withholding Reports (Form DE 6).

We appreciate your understanding and continued support during challenging times and are confident that the support you show will be returned with strong plan offerings in a changing and growing market place. We continue to be very committed to providing quality products and exceptional service.





Self-Funding Declaration and Affidavit

Company Name: _____

I attest to the following:

1. I am an owner, or health benefit administrator, of the company referenced above.
2. The Company, directly or through an independent Third Party Administrator will:
(Select an option.)
 - a. Offer a qualified HSA Plan offered by Nationwide Health Plans (MyChoice plans 4, 5 or 6) with accompanying HSA accounts.
 - b. Not pay for, reimburse, or fund through a Health Reimbursement Arrangement (HRA) or other self-funding arrangement, any health care expenses, deductibles, coinsurance, co-payment, or other health care-related obligations of, or on behalf of, its employee(s) enrolled in the NHP plans.
 - c. Offer a Health Reimbursement Account (HRA) not to be less than the recommended guidelines offered by Nationwide Health Plans.
Guidelines Plans: MyChoice Plan 2 and Plan 5. Accounts: Individual Employee Accounts established with yearly roll over provisions of \$500. Employee Involvement: at least \$1,500 participation prior to the \$2,500 deductible built into the plan. Includes self-funded deductible and self-funded coinsurance.
 - d. Offer an HRA outside the recommended guidelines. (HRA must accompany Employer application prior to approval.) These may be subject to additional rating factors being applied.
3. The Company has been assisted in making its selection of and enrollment in, the NHP small group health plan by an insurance broker named _____.
4. I fully understand the legal and financial responsibilities and liabilities the Company would assume by paying any of the health care expenses, coinsurance, co-payments and/or deductibles or other health care-related obligations of, or on behalf of, its employee(s).*
5. The Company has taken all steps necessary to comply with the applicable provisions of HIPAA, ERISA and COBRA as they relate to any payment of the health care expenses, coinsurance, co-payments and/or deductibles or other health care-related obligations of, or on behalf of, its employee(s).*
6. I understand that any intentional misrepresentation in this Affidavit or in the Company's application for NHP small group health plan coverage offered through NHP shall be considered fraud and shall serve as a basis for legal action by the Company in consideration of your health care coverage contract.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

signature

print name

title

date

*Consult with legal and or professional tax advisors regarding self-funded arrangements.