

November 25, 2002,

Mr. Paul Hackleman
Benefits Manager
County of San Mateo
455 County Center
Redwood City, CA 94063-1663



Blue Shield
of California

An Independent Member
of the Blue Shield Association

**Re: Blue Shield of California Group Health Service Agreement
Medical Plans - MH0080, MH0090, MH0091, 930052 & 930053
Effective: January 1, 2003 through December 31, 2003**

Dear Paul,

Blue Shield of California is currently working to finalize the "draft" 2003 County of San Mateo Medical Plan Agreement. This process will most likely be completed by mid December. In preparation for the process I am providing you with a letter outlining the benefit and rate changes that will appear in the Agreement.

Group Requested Benefit Changes:

There were no benefit changes requested by the group for the new plan year effective January 1, 2003.

Blue Shield Mandated Changes:

- Re-name the current "Supplement to Medicare" plan to ensure the plan is in compliance with Know Keene requirements. The new name will be "Medicare Coordination Plan".
- Add injectable contraceptives to the Family Planning benefit
- Add Drug Exclusion for the treatment of dental conditions (e.g., fluoride mouthwashes). Does not exclude the coverage of pain medication or antibiotics necessary for dental treatment.
- Revise the Drug equivalency copayments - if a brand name drug is requested when a Generic Drug equivalent is available the Member is responsible for paying the difference between the cost of the Brand Name Drug and its Generic Drug equivalent, as well as the applicable Formulary Generic Drug copayment.
- Revise the requests for prior authorization timelines - BSC will respond to requests for prior authorization for Urgent Services within 72 hours from receipt of the request.

Rate Changes:

See attached spreadsheet.

Paul please contact Linda Patron if you have any questions regarding the above information. Additionally Linda will forward the "draft" contracts to you for review as soon as possible.

Respectfully,

A handwritten signature in cursive script that reads "Christine C. Bettner".

Christine C. Bettner
Vice President, Sales

c: Linda Patron

Blue Shield of California
County of San Mateo
Monthly Rates Effective 1/1/2003

BLUE SHIELD PLANS	Description	Code	2003
Groups MH0080, MH0090, MH0091			
P.O.S. Plan - Retiree not on Medicare			
0000	Retiree only	RCH 1	\$346.81
	+ one	RCH 2	\$720.30
	+ family	RCH 3	\$1048.14
0001	+ one Medicare	RCH 4	\$717.68
	+ family	RCH 5	\$1134.98
930052--Carve Out Plan/Out of Area Plan.			
Carve out Plan: Retiree on Medicare			
0000	Retiree Medicare	RMM 1	\$370.87
	+ one Medicare	RMM 2	\$741.74
	(P.O.S.) +family	RMM 3	\$1,069.58
0001	(P.O.S.) + Spouse not 65	RMM 4	\$744.36
	(P.O.S.) + family	RMM 5	\$1,072.20
	Carve-out/Out of area PPO + Spouse not 65	RMM 6	\$975.41
	Carve-out/Out of area PPO + Family	RMM 7	\$1,529.91
Out of area--Retiree NOT on Medicare			
0002	Retiree only	ROA 1	\$559.07
	+ one (no Medicare)	ROA 2	\$1,163.61
	+ family	ROA 3	\$1,718.11
0003	Dep=Medicare + one Medicare	ROA 4	\$929.94
	+ family	ROA 5	\$1,493.11
930053 - Medicare Coordination Plan			
0000	Retiree 65	RSM 1	\$304.83
	+spouse 65	RSM 2	\$609.66
	(P.O.S.) + family	RSM 3	\$937.50
0001	(P.O.S.) + spouse not 65	RSM 4	\$678.32
	(P.O.S.) + family	RSM 5	\$1,006.16
	Carve-out/Out of area PPO + spouse not 65	RSM 6	\$909.37
	Carve-out/Out of area PPO + Family	RSM 7	\$1,463.87