

## **Oxford Health Insurance, Inc. Refund to Small Group Customers**

As part of our business, we work with regulators and state agencies every day. We are writing to inform you about a recent agreement Oxford Health Insurance, Inc. reached with the New York State Insurance Department (NYSID) that will result in a refund to some of your clients.

The refund we are providing is related to what we anticipated would be the impact of a state insurance regulation. An unexpected delay in the implementation of this regulation removed the need for payments we had anticipated making into a state risk pool, so we approached the Insurance Department and worked closely with regulators on a resolution.

As a result, Oxford Health Insurance has agreed with the New York State Insurance Department to refund \$50 million to some of its small group customers in New York State.

This refund impacts only Oxford Health Insurance small group policyholders who had Oxford's Freedom Plan® Direct<sup>SM</sup>, Freedom Plan® Metro<sup>SM</sup> (including Metro Access) Exclusive Plan<sup>SM</sup> Metro (EPO), HSA Direct<sup>SM</sup> and HSA Exclusive<sup>SM</sup> as well as their Liberty Network counterparts, that were active with us on December 31, 2006. Approximately 37,000 small group employers will be eligible for a refund. We will pay the refund directly to customers within 90 days of this agreement at a rate of \$16.72 per member, per insured month in 2006.

The Insurance Department has since formalized its regulation on this risk pool, effective as of the 2007 plan year, so we do not expect this issue to arise again.

Please call our toll-free hotline if you have any further questions about this issue at 1-888-201-4216. The hotline is open Monday through Friday, from 8:00 AM to 5:00 PM Eastern. Also, you will find attached a set of talking points for your use with customers, and we have posted a set of frequently asked questions on the broker site at [www.oxfordhealth.com](http://www.oxfordhealth.com). As always, we value our partnership with you and look forward to continuing our work together to meet the health care needs of your clients.

[Broker FAQ](#)

[Sample Customer Letter](#)

[Customer FAQ](#)



## **Oxford Health Insurance, Inc. Refund to Small Group Customers**

### **Broker Frequently Asked Questions**

**May 29, 2008**

**1. Why has Oxford Health Insurance, Inc. agreed to refund \$50 million to its small business customers?**

The refund we are providing is related to what we anticipated would be the impact of a state insurance regulation. An unexpected delay in the implementation of this regulation removed the need for payments we had anticipated making into a state risk pool, so we approached the Insurance Department and worked closely with regulators on the resolution announced today, which will provide a refund to some small business customers in New York State.

**2. Does this refund mean customers were overcharged in 2006?**

We calculated our 2006 premium rates based on reasonable assumptions regarding future costs, including the likelihood that we would be required to make payments into the Regulation 146 risk pool. However, that contribution could not be implemented, because a mechanism had not been established by State regulation in 2006 to do so. This is not an issue of overcharging our customers, but rather building into our rates reasonable expectations of future costs.

**3. What specific plans does this settlement cover?**

This refund impacts only Oxford Health Insurance, Inc. small business policyholders who had Oxford's Freedom Plan<sup>®</sup> Direct<sup>SM</sup>, Freedom Plan<sup>®</sup> Metro<sup>SM</sup> (including Metro Access) Exclusive Plan<sup>SM</sup> Metro (EPO), HSA Direct<sup>SM</sup> and HSA Exclusive<sup>SM</sup> as well as their Liberty Network counterparts, that were active with us on December 31, 2006.

**4. Does it cover individual or large group policyholders?**

No. The agreement does not impact individual or large group policyholders.

**5. How many small business policyholders and individuals will be eligible for a refund?**

Approximately 37,000 small business employers will be eligible for a refund, under the agreement.

**6. How much will the refund be per person?**

Based on the agreement, Oxford Health Insurance, Inc. expects to pay the refund at a rate of \$16.72 per member, per insured month in 2006.

**7. What will the process be for receiving refunds, and when will they be paid?**

There is no need for a policyholder to take any action. Oxford Health Insurance, Inc. expects to pay the refund within 90 days of this agreement. You may contact Oxford's toll-free hotline at 1-888-201-4216 which is open Monday through Friday from 8:00 AM to 5:00 PM Eastern, to address any questions you may have.

**8. Why are the refunds being paid to the employers rather than to individuals?**

The refunds will be issued directly to small business employers because the law requires that they be issued to the group sponsors, not members.

**9. How was the \$50 million figure determined?**

The amount reflects our expected contribution to the risk pool, plus interest, as well as prior anticipated costs related to Regulation 146.

**10. Are premium rates for other years impacted by this same issue?**

No, only 2006 premium rates were impacted. The Insurance Department has since formalized a mechanism to appropriately fund the Regulation 146 risk pool, effective as of the 2007 plan year, so we do not expect this issue to arise again.

**11. What is the purpose of the risk pool and who administers it?**

Risk pools such as this one are designed in part to spread the risk among all the State's insurers so that when a health plan suffers unexpected significant losses due to exceptionally high medical costs, customers and their enrollees are protected from abrupt fluctuations in their premiums. The New York State Insurance Department is best equipped to address questions about the pool's administration.

Sample Letter - Impacted OHI Small Groups



May 29, 2008

[Customer Name]  
[Title]  
[Company]  
[Address]  
[City, State, Zip]

RE: Oxford Health Insurance, Inc. Refund to Small Group Customers

Dear [Customer Name]:

As part of our business, we work with regulators and state agencies every day. Recently, as part of these discussions, Oxford Health Insurance, Inc. reached an agreement with the New York State Insurance Department (NYSID) to provide a refund to small group policyholders who had Oxford's Freedom Plan® Direct<sup>SM</sup>, Freedom Plan® Metro<sup>SM</sup> (including Metro Access) Exclusive Plan<sup>SM</sup> Metro (EPO), HSA Direct<sup>SM</sup> and HSA Exclusive<sup>SM</sup> as well as their Liberty Network counterparts, that were active with us on December 31, 2006. Since you fall into that category, **you will be receiving a refund.**

The refund we are providing is related to what we anticipated would be the impact of a state insurance regulation. An unexpected delay in the implementation of this regulation removed the need for payments we had anticipated making into a state risk pool, so we approached the Insurance Department and worked closely with regulators on a resolution to issue a refund.

***You do not need to take any action to obtain your refund.*** We expect to pay the refund directly to you within 90 days of the agreement at a rate of \$16.72 per member, per insured month applicable for 2006.

Enclosed is a set of Frequently Asked Questions. Should you have any additional questions about this matter, please call our toll-free hotline at 1-888-201-4216, which is open from Monday through Friday, 8:00 AM to 5:00 PM Eastern. As always, we value our partnership with you and look forward to continuing our work together to meet your health care needs and those of your employees.

Sincerely,

A handwritten signature in black ink, appearing to read "William Golden", written in a cursive style.

William Golden  
CEO, New York Health Plan

---



**Oxford Health Insurance, Inc. Refund to Small Group Customers**  
**Customer Frequently Asked Questions**

**1. Why has Oxford Health Insurance, Inc. agreed to refund \$50 million to its small business customers?**

The refund we are providing is related to what we anticipated would be the impact of a state insurance regulation. An unexpected delay in the implementation of this regulation removed the need for payments we had anticipated making into a state risk pool, so we approached the Insurance Department and worked closely with regulators on the resolution announced May 29, 2008, which will provide a refund to some small business customers in New York State.

**2. Does this refund mean we were overcharged in 2006?**

We calculated our 2006 premium rates based on reasonable assumptions regarding future costs, including the likelihood that we would be required to make payments into the Regulation 146 risk pool. However, that contribution could not be implemented, because a mechanism had not been established by State regulation in 2006 to do so. This is not an issue of overcharging our customers, but rather building into our rates reasonable expectations of future costs.

**3. What specific plans does this settlement cover?**

This refund impacts only Oxford Health Insurance, Inc. small business policyholders who had Oxford's Freedom Plan<sup>®</sup> Direct<sup>SM</sup>, Freedom Plan<sup>®</sup> Metro<sup>SM</sup> (including Metro Access) Exclusive Plan<sup>SM</sup> Metro (EPO), HSA Direct<sup>SM</sup> and HSA Exclusive<sup>SM</sup> as well as their Liberty Network counterparts, that were active with us on December 31, 2006.

**4. Does it cover individual or large group policyholders?**

No. The agreement does not impact individual or large group policyholders.

**5. How many small business policyholders and individuals will be eligible for a refund?**

Approximately 37,000 small business employers will be eligible for a refund, under the agreement.

**6. How much will the refund be per person?**

Based on the agreement, Oxford Health Insurance, Inc. expects to pay the refund at a rate of \$16.72 per member, per insured month applicable in 2006.

**7. What will the process be for receiving refunds, and when will they be paid?**

There is no need for you to take any action. Oxford Health Insurance, Inc. expects to pay the refund within 90 days of this agreement. You may contact Oxford's toll-free hotline at 1-888-201-4216 which is open Monday through Friday from 8:00 AM to 5:00 PM Eastern, to address any questions you may have.

**8. Why are the refunds being paid to the employers rather than to individuals?**

The refunds will be issued directly to small business employers like you because the law requires that they be issued to the group sponsors, not members.

**9. How was the \$50 million figure determined?**

The amount reflects our expected contribution to the risk pool, plus interest, as well as prior anticipated costs related to Regulation 146.

**10. Are premium rates for other years impacted by this same issue?**

No, only 2006 premium rates were impacted. The Insurance Department has since formalized a mechanism to appropriately fund the Regulation 146 risk pool, effective as of the 2007 plan year, so we do not expect this issue to arise again.

**11. What is the purpose of the risk pool and who administers it?**

Risk pools such as this one are designed in part to spread the risk among all the State's insurers so that when a health plan suffers unexpected significant losses due to exceptionally high medical costs, customers and their enrollees are protected from abrupt fluctuations in their premiums. The New York State Insurance Department is best equipped to address questions about the pool's administration.

---