

March 12, 2008

Commissioner Michael Starkowski
Connecticut Department of Social Services
25 Sigourney Street
Hartford, CT 06106



RE: **Managed Care MCO RFP**

Dear Commissioner Starkowski:

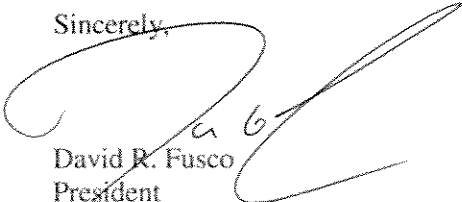
On January 2, 2008, the State of Connecticut's Department of Social Services ("DSS") issued a Request for Proposals for Medicaid Managed Care – HUSKY A, SCHIP Managed Care – HUSKY B, and Charter Oak Managed Care for the State of Connecticut (the "RFP"). The RFP required that a non-binding letter of intent is required be filed with DSS by January 31, 2008 in order to submit and have a proposal considered. On January 22, 2008, Anthem Health Plans, Inc. ("Anthem") sent a non-binding letter of intent indicating its intent to present a proposal to DSS in response to the RFP.

After further review of the RFP and the cost proposal information as well as taking into consideration all of the activity regarding the RFP at the Capitol, neither Anthem nor Anthem Blue Cross and Blue Shield Plan Administrator, LLC ("ABCBSPA"), a new Medicaid-only subsidiary of Anthem which will contract with DSS to participate in the HUSKY program as a Prepaid Inpatient Health Plan (PIHP) as of April 1, 2008, will be in a position to bid on the RFP as it is currently written.

We continue to have concerns about inadequate state funding for full risk HUSKY A and B programs and the new Charter Oak program. Additionally, the Freedom of Information Act ("FOIA") provision, as currently written in the RFP, would place too great a security risk for Anthem's proprietary information unrelated to the HUSKY program. While ABCBSPA was set up in order to reduce the security risks associated with the FOIA provision, it is not licensed to accept risk and would therefore not be in a position to bid on a full-risk program.

That being said, ABCBSPA would welcome a continuation of its relationship with the State's HUSKY program if the RFP continued the PIHP arrangement and would also welcome discussion of participating in the Charter Oak program if it too were structured similarly to the PIHP arrangement in the HUSKY program. I encourage DSS to consider this proposal. We have demonstrated our flexibility and commitment to the HUSKY program, and we hope that we can continue our relationship with DSS beyond June 30, 2008. Anthem and ABCBSPA would also like to reserve the opportunity to submit a proposal for the HUSKY and/or Charter Oak programs if those programs are restructured as a result of legislation pending in the Connecticut legislature.

Sincerely,


David R. Fusco
President