

Bodner v. Blue Shield of California Settlement Administrator
P.O. Box 43188
Providence, RI 02940-3188

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SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF LOS ANGELES

**IF YOU ARE CURRENTLY ENROLLED OR HAVE EVER BEEN ENROLLED IN A
VITAL SHIELD HEALTH INSURANCE POLICY FROM BLUE SHIELD OF
CALIFORNIA LIFE AND HEALTH INSURANCE COMPANY, YOU COULD RECEIVE
MONETARY BENEFITS FROM A CLASS ACTION SETTLEMENT.**

A court authorized this notice. You are not being sued. This is not a solicitation from a lawyer.

- This settlement notice relates to a class action brought by two individuals who allege that when Blue Shield of California Life and Health Insurance Company (“Blue Shield”) administered claims by enrollees of its Vital Shield policies, it wrongfully failed to count certain out-patient medical services towards deductibles and out-of-pocket maximums.
- On January 28, 2020, the Court preliminary approved a settlement of this class action (the “Settlement”).
- This Settlement provides that Blue Shield will cause \$12.5 million (“Gross Settlement Amount”) to be paid to the Class. After payment of attorneys’ fees, litigation expenses, named plaintiff incentive awards, and settlement administrative expenses, the remainder (“Net Settlement Fund”) will be distributed to the Class Members in the following manner:
- Class Members will receive a Settlement Check in a pro rata amount of the health insurance benefits they would have received if Blue Shield had counted the medical services towards their deductibles and out-of-pocket maximum with the following minimum payments:
 - Class Members who are still Vital Shield enrollees as of January 1, 2019, will receive a minimum \$50.00 distribution.
 - Class Members who are no longer Blue Shield enrollees as of January 1, 2019, and whose pro rata distribution would be less than \$10.00, will receive a minimum \$10.00 distribution.
- Your estimated Settlement Check is \$«ProposedCheckAmt».
- Blue Shield denies the allegations in the lawsuit, and the two sides disagree on the likely outcome of the case if it goes to trial.
- Court-appointed lawyers for the Class will ask the Court to award them a fee equal to 33 1/3% of the Gross Settlement Amount (\$4,166,250.00) plus reimbursement of expenses incurred in prosecuting this lawsuit, not to exceed \$653,433.46, to be paid from the Gross Settlement Fund. Class Counsel also intends to ask the Court to grant the Class Representatives an incentive award not to exceed \$10,000.00 each.
- Your legal rights are affected whether you act or don’t act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

DO NOTHING	If this Settlement is approved, and you do nothing, you will remain a Class Member and will receive the Settlement Check in the estimated amount identified to you in this Notice.
EXCLUDE YOURSELF APRIL 28, 2020	If you choose to exclude yourself, you will not receive the benefits available under the Settlement. You must submit a timely written request to exclude yourself from the Settlement to the Settlement Administrator by April 28, 2020.
OBJECT APRIL 28, 2020	You may write to the Settlement Administrator about why you do not like the Settlement. Written objections must be sent to the Settlement Administrator no later than April 28, 2020. Making an objection does not exclude you from the Settlement. If the Settlement is approved, you will be subject to the Settlement and will be bound by the Release, described in response to Question 12.
DISPUTE ESTIMATED SETTLEMENT CHECK APRIL 28, 2020	You may write to the Settlement Administrator about why you believe your estimated Settlement Check is incorrect. Written statements of dispute must be sent to the Settlement Administrator no later than April 28, 2020. A written statement of dispute does not exclude you from the Settlement. If the Settlement is approved, you will be subject to the Settlement and will be bound by the Release, described in response to Question 12.
GO TO THE HEARING MAY 28, 2020 AT 10:00 A.M.	The Final Approval Hearing regarding the fairness of the Settlement is set for May 28, 2020 at 10:00 a.m.
APPEAR THROUGH AN ATTORNEY	If you desire, you may enter an appearance in this case through an attorney at your own expense, but you will still need to comply with the requirements for objecting to the Settlement and appearing at the fairness hearing..

- These rights and options—and the deadlines to exercise them—are explained in this Class Notice.
- This Class Notice is merely a summary of the terms and provisions of the proposed Settlement. For a complete description of the terms and provisions of the proposed Settlement, including certain exceptions, conditions, and limitations that may not be addressed herein, you should read the Settlement Agreement filed with the Court and available at www.BlueShieldClassAction.com or by calling **1-855-582-3160**. Capitalized terms in this Notice have the meanings assigned in the Settlement Agreement.
- The Court in charge of this case still has to decide whether to approve the Settlement. Please be patient.

BASIC INFORMATION	4
1. Why did I get this notice?	4
2. What is this lawsuit about?	4
3. What is a class action and who is involved?	4
4. Why is there a settlement?	4
WHO IS IN THE SETTLEMENT?.....	4
5. How do I know if I am part of the settlement?	4
6. Are there exceptions to being included?	5
7. Does this Settlement cancel my Vital Shield policy?	5
8. I’m still not sure if I’m included	5
THE SETTLEMENT BENEFITS—WHAT YOU GET	5
9. What does the settlement provide?	5
10. How much will my Settlement Check be?	5
11. When will I get my Settlement Check?.....	5
12. What am I giving up to get a payment or stay in the Class?	5
EXCLUDING YOURSELF FROM THE SETTLEMENT.....	6
13. How do I get out of the Settlement?.....	6
14. If I don’t exclude myself, can I sue Defendant for the same thing later?	6
THE LAWYERS REPRESENTING YOU.....	6
15. Do I have a lawyer in this case?.....	6
16. How will the lawyers be paid?.....	7
17. What payments will be made to the Class Representatives?	7
OBJECTING TO THE SETTLEMENT OR DISPUTING MY ESTIMATED SETTLEMENT CHECK.....	7
18. How do I tell the Court I don’t like the settlement?.....	7
19. How can I tell the Court I believe my estimated Settlement Check is incorrect?	7
20. What is the difference between objecting, excluding and disputing my estimated Settlement Check?.....	7
THE COURT’S FAIRNESS HEARING.....	8
21. When and where will the Court decide whether to approve the settlement?	8
22. Do I have to come to the hearing?	8
23. May I speak at the hearing?	8
GETTING MORE INFORMATION.....	8
24. Are there more details about the settlement?	8
IMPORTANT DATES	8
25. What are the important dates and deadlines relating to this settlement?.....	8

BASIC INFORMATION

1. Why did I get this notice?

You received this Class Notice for one of the following reasons:

- A. Blue Shield's records show that you were at one time enrolled in a Vital Shield health insurance policy, and when Blue Shield administered claims under your policy, it either did not count certain covered out-patient medical services towards your deductible and/or out-of-pocket/co-insurance maximum, or excluded certain covered out-patient medical services from coverage until the maximum had been met. Blue Shield's records further show that had it counted those services and/or not excluded those services, you would have received additional health insurance benefit payments.
- B. Blue Shield's records show that you are a current enrollee in a Vital Shield health insurance policy, as of January 1, 2019.

The Court directed that the parties send you this Class Notice because you have a right to know about a proposed Settlement of a class action lawsuit and about your options before the Court decides whether to approve the Settlement. If the Court approves it and after objections and appeals are resolved, Blue Shield will provide the benefits provided for in the approved Settlement.

The Court in charge of this case is the Superior Court of the State of California for Los Angeles County, and the case is known as *Bodner, et al. v. Blue Shield of California Life and Health Insurance Company*, Case No. BC516868.

2. What is this lawsuit about?

This lawsuit is about whether Blue Shield's practice to not count certain covered out-patient medical services toward the deductible and co-payment/co-insurance maximum, and its practice to exclude some of those services from coverage until the maximum is met, constitute a breach of the Vital Shield policies and their implied covenant of good faith and fair dealing, and violate the UCL. The lawsuit is also about whether Blue Shield's marketing and advertising of the Vital Shield policies violated the UCL. Plaintiffs have also sought a declaration of rights as to the matters set forth in their breach of contract claim.

3. What is a class action and who is involved?

In a class action lawsuit, one or more people, called the "Class Representatives" (in this case, Arthur Bodner and Michael Felker), sue on behalf of other people who have similar claims. The people together are a "Class" or "Class Members." Mr. Bodner, Mr. Felker — and all the Class Members like them — are called the "Plaintiffs". The company they sued (in this case, Blue Shield) is called the "Defendant". One court resolves the issues for everyone in the Class — except for those people who choose to exclude themselves from the Class.

Los Angeles County Superior Court Judge Elihu M. Berle is in charge of this case, and has certified it as a class action.

4. Why is there a Settlement?

The Court did not decide in favor of Plaintiffs or Defendant. Instead, both sides have agreed to settle the Action. The Class Representatives and Class Counsel think the Settlement is in the best interest of the Class.

WHO IS IN THE SETTLEMENT?

To see if you are included in this Settlement, you first have to determine if you are a Class Member.

5. How do I know if I am part of the Settlement?

The Class includes all individuals who are or were enrolled in, a Blue Shield Vital Shield series of policies, including but not limited to Vital Shield 2900, Vital Shield 2900-G, Vital Shield Plus 2900, Vital Shield Plus 2900-G, Vital Shield 2900 Plus Generic Rx, Vital Shield Plus 2900 Generic Rx-G, Vital Shield 900, Vital Shield 900-G, Vital Shield Plus 900, Vital Shield Plus 900-G, Vital Shield 900 Plus Generic Rx, Vital Shield Plus 900 Generic Rx-G, Vital Shield Plus 400, Vital Shield Plus 400-G, Vital Shield Plus 400 Generic Rx, Vital Shield Plus 400 Generic Rx-G, and were mailed this Notice, with certain exclusions as detailed in response to Question 6.

6. Are there exceptions to being included?

Yes. You are excluded from the Class if both of the following are true: (1) You did not incur any expanded deductible or co-insurance/co-payment maximum up to and including January 1, 2019; and (2) You were not enrolled in a Vital Shield Policy as of January 1, 2019.

7. Does this Settlement cancel my Vital Shield Policy?

No. If you are currently enrolled in a Vital Shield policy, no matter what you decide to do in response to this Settlement—exclude yourself, object, or do nothing—your Vital Shield policy will not be terminated by the Settlement and the future rights and benefits provided by your Vital Shield policy, if it is still in effect, will continue. Although certain Claims with respect to Vital Shield policies arising out of Blue Shield’s application of the deductible and out-of-pocket/co-insurance maximum provisions, will be released as detailed in response to Question 12.

8. I’m still not sure if I’m included

If you are not sure whether you are included in the Settlement Class, call **1-855-582-3160**.

THE SETTLEMENT BENEFITS—WHAT YOU GET

9. What does the Settlement provide?

This Settlement provides that Blue Shield shall pay \$12.5 million (“Gross Settlement Amount”), minus attorneys’ fees, litigation expenses and incentive awards, into a settlement fund under the control of the Settlement Administrator. The settlement fund will be used to pay all Settlement Administrative Expenses. The Gross Settlement Fund less: (i) attorneys’ fees and litigation expenses awarded by the Court; (ii) any service awards to the Class Representatives awarded by the Court; and (iii) and the Settlement Administrative Expenses shall be the “Net Settlement Fund.”

The Net Settlement Fund shall be used to pay Settlement Checks distributed to the Class as described in response to Question 10.

10. How much will my Settlement Check be?

Blue Shield’s records have identified: (1) What each Class Member received in health care benefit payments annually from Blue Shield; (2) What each Class Member should have received if the Court held that all of Plaintiffs’ allegations regarding how the Vital Shield deductible and out-of-pocket maximum provisions should have been administered were correct; and (3) the difference between what each Class Member received and what they would have received under Plaintiffs’ theory of the case, which is called herein “Actual Damages”.

Each Class Member who had Actual Damages under Plaintiffs’ theory of the case will receive a pro rata share of the Net Settlement Fund in accordance with their Actual Damages, with a minimum Settlement Check in the amount of \$10.00 if they are not currently a Vital Shield policy holder, as of January 1, 2019 to the present, and a minimum Settlement Check in the amount of \$50.00 if they are currently a Vital Shield policy holder, as of January 1, 2019 to the present.

Class Members who have not yet suffered any Actual Damages, but are still Vital Shield policy holders as of January 1, 2019 to the present, will receive a Settlement Check in the amount of \$50.00.

Your Settlement Check is estimated to be \$<<ProposedCheckAmt>>.

11. When will I get my Settlement Check?

The Court will hold a hearing on May 28, 2020 at 10:00 a.m. to decide whether to finally approve the settlement. If the Court approves the settlement after that, there may be appeals relating to the settlement. It is always uncertain how these appeals will be resolved, and resolving them can take time, perhaps more than a year. Payment will be made once any and all appeals are resolved. Please be patient.

12. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you can't sue, continue to sue, or be part of any other lawsuit, arbitration or other legal proceeding against Blue Shield regarding the claims that were or could have been pleaded against Blue Shield based on the facts contained in the First Amended Complaint filed in this lawsuit,

including, but not limited to those arising out of Blue Shield’s application of the deductible and out-of-pocket/co-insurance maximum provisions incurred while you were enrolled in Vital Shield policies, including claims for damages.

If you are still a Vital Shield policyholder as of January 1, 2019, you are also giving up any claims based on the facts contained in the First Amended Complaint filed in this lawsuit, including but not limited to those arising out of Blue Shield’s application of the deductible and out-of-pocket/co-insurance maximum provisions incurred that have occurred since January 1, 2019 or may still occur, including any claims for damages.

If you want to know more about this release of claims, you should review Section III of the Settlement Agreement which can be viewed on the website www.BlueShieldClassAction.com.com or requested from the Administrator as set forth in Question 24. Also, if you do not exclude yourself from the Settlement, all of the Court’s orders will apply to you and legally bind you, even if you had objected to the proposed Settlement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want to be subject to the Settlement or you want to keep the right to sue or continue to sue Defendant on your own with respect to claims that were or could have been pleaded against Blue Shield based on the facts contained in the First Amended Complaint filed in this lawsuit, including, but not limited to those arising out of Blue Shield’s application of the deductible and out-of-pocket/co-insurance maximum provisions incurred while you were enrolled in Vital Shield policies, then you must take steps to get out of the Settlement. This is called excluding yourself – or is sometimes referred to as opting out of the Settlement Class.

13. How do I get out of the Settlement?

If you do not want to be part of the Settlement Class, you may exclude yourself or “opt out.” If you exclude yourself, you will not be entitled to any Settlement benefits described in this Notice, and you will not be bound by the Release. To exclude yourself from the Settlement, you must submit a written request to the Settlement Administrator stating that you want to be excluded from the Settlement in *Bodner v. Blue Shield*, Case No. BC516868. Be sure to include your name, address, and telephone number, as well as your signature. You must **mail** your signed request for exclusion postmarked no later than April 28, 2020, in care of the Settlement Administrator to the following address:

Bodner v. Blue Shield Settlement Administrator
c/o P.O. Box 43188, Providence, RI 02940-3188

THE ENVELOPE CONTAINING YOUR SIGNED REQUEST FOR EXCLUSION MUST BE POSTMARKED NO LATER THAN APRIL 28, 2020.

You cannot exclude yourself on the phone or by e-mail. If your signed request for exclusion is not mailed with a postmark on or before April 28, 2020, it will be ineffective and you will be part of the Class, and bound by all orders and judgments entered in connection with the Settlement, including the Release.

14. If I don’t exclude myself, can I sue Defendant for the same thing later?

No. Unless you exclude yourself, you give up the right to sue Defendant for the claims that this Settlement resolves. If you have a pending lawsuit regarding claims that may be released by this Settlement, speak to your lawyer in that lawsuit about this Class Notice immediately. You must exclude yourself from this Class to continue your own lawsuit. Remember, the exclusion deadline is April 28, 2020.

THE LAWYERS REPRESENTING YOU

15. Do I have a lawyer in this case?

Yes. The Court appointed the following law firms to represent the Class: Gianelli & Morris, Stuart Law Firm and the Law Offices of Kathryn Trepinski. Together the law firms are called “Class Counsel”. You will not be charged for the services of these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

16. How will the lawyers be paid?

You will not be charged directly for the fees or expenses of Class Counsel appointed by the Court, or for settlement administration expenses. Instead, those lawyers may apply to the Court for payment of fees and expenses out of the Gross Settlement Fund.

No later than March 30, 2020, Class Counsel intends to file with the Court their motion of an award of attorneys' fees requesting a fee of 33 and 1/3% (\$4,166,250.00) of the Gross Settlement Fund, plus reimbursement of out-of-pocket expenses of up to \$653,433.46, and cost of the Settlement Administration up to \$98,508.00. The Court may award less than these amounts. Blue Shield has agreed not to oppose a request for attorneys' fees and expenses. These fees would pay the Class Counsel for investigating the facts, actively litigating the case for more than six years, and negotiating the Settlement.

17. What payments will be made to the Class Representatives?

Class Counsel will ask the Court to award the Class Representatives Arthur Bodner and Michael Felker a total of no more than \$20,000.00 (\$10,000.00 for each Class Representative) as service awards, out of the Gross Settlement Fund.

OBJECTING TO THE SETTLEMENT OR DISPUTING MY ESTIMATED SETTLEMENT CHECK

18. How do I tell the Court I don't like the Settlement?

If you are a Class Member, you can object to the Settlement if you do not like any part of it. The Court will consider your views in connection with the Final Approval hearing described below. To object, you must send your objection in writing, saying that you object to the proposed Settlement. You may not object if you excluded yourself from the Settlement.

To object, you must send a letter saying that you object to the settlement in *Bodner v. Blue Shield*. The letter must include your name, address, telephone number, signature, and the specific reasons (if any) for each objection, including any legal support you wish to bring to the Court's attention, and any evidence or other information you wish to submit. If you intend to appear at the fairness hearing, either in person or through counsel hired at your expense, your objection must state that as well. Finally, your objection must include a statement of any prior class action settlement objections made and any fee arrangements made with an attorney regarding the objection.

You must mail your objection to the Settlement Administrator, at the addresses listed below, no later than April 28, 2020.

Bodner v. Blue Shield Settlement Administrator
c/o P.O. Box 43188, Providence, RI 02940-3188

19. How can I tell the Court I believe my estimated Settlement Check is incorrect?

If you believe your estimated Settlement Check was calculated incorrectly, you may also submit a written statement of dispute. The written statement of dispute should set forth the specific reason(s), if any, for the dispute, including any legal support the Class Member wishes to bring to the Court's attention and any evidence or other information the Class Member wishes to introduce in support of the written statement of dispute. The written statement of dispute must also include your name, address, signature, and telephone number. If you intend to appear at the fairness hearing, either in person or through counsel hired at your expense, your statement of dispute must state that as well. Finally, your statement of dispute must include a statement of any prior class action settlement objections or statements of dispute made and any fee arrangements made with an attorney regarding the statement of dispute.

You must mail your written statement of dispute to the Settlement Administrator, at the addresses listed above in response to question 18, no later than April 28, 2020.

20. What is the difference between objecting, excluding and disputing my estimated Settlement Check?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Settlement Class. If you object, you will remain in the Settlement Class and will be bound by the Settlement, even if the Court disagrees with you and approves the Settlement over your objection.

A written statement of dispute does not indicate that you object to the Settlement, but only that you believe your own Settlement Check was not calculated correctly.

Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object or dispute your Settlement Check because the case no longer affects you.

THE COURT’S FAIRNESS HEARING

21. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing on May 28, 2020 at 10:00 a.m. (or such continued dates or times as the Court may direct without further notice to the Class) in Courtroom 6, Second Floor, located at 312 North Spring Street, Los Angeles, California 90012. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also decide how much attorneys’ fees and costs to award Class Counsel and whether to approve the service awards to the Class Representatives. After the hearing, the Court will issue its decision on the matters addressed at the hearing. We do not know when that decision will be made.

22. Do I have to come to the hearing?

No. Class Counsel will answer questions the Court may have. But you are welcome to come, at your own expense. If you send an objection, you don’t have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

23. May I speak at the hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter stating that it is your “Notice of Intention to Appear in *Bodner v. Blue Shield*.” Be sure to include your name, address, telephone number, and signature. Your Notice of Intention to Appear must be postmarked no later than April 28, 2020 and be sent to the Settlement Administrator at the address listed above in response to Question 18.

GETTING MORE INFORMATION

24. Are there more details about the Settlement?

This Notice summarizes the proposed settlement. More details are available in the settlement agreement. You can get a copy of the Settlement Agreement by requesting a copy from the Settlement Administrator at the address stated above in response to Question 8. If you still have questions, you may contact the Settlement Administrator. Please do not contact Blue Shield directly for this purpose.

IMPORTANT DATES

25. What are the important dates and deadlines relating to this Settlement?

Deadline	Event
March 30, 2020	Class Counsel will file a motion for approval of attorneys’ fees and costs and request for service awards for the Class Representatives.
April 28, 2020	Last day to mail request for exclusion from the Settlement.
April 28, 2020	Last day to mail an objection or statement of dispute re Settlement Check.
April 28, 2020	Last day to mail Notice of Intent to Appear.
May 28, 2020 at 10:00 a.m.	Final Approval Hearing

Dated: January 28, 2020

Honorable Elihu M. Berle
Judge of the Superior Court