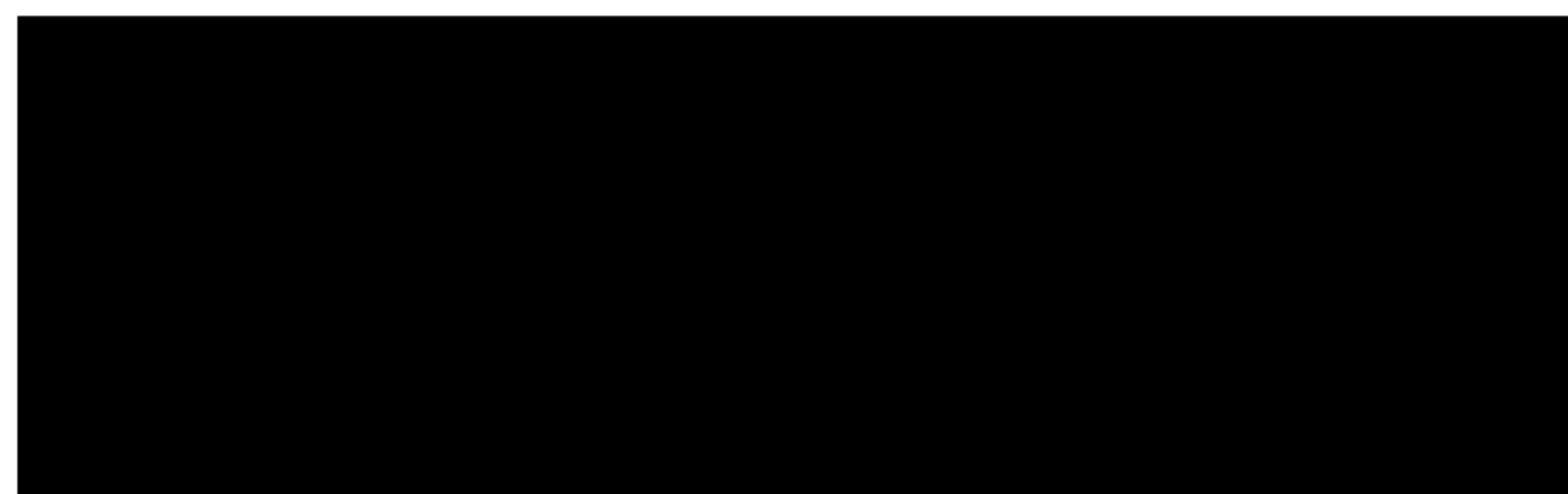


May 1, 2009



IMPORTANT DEPENDENT HEALTH COVERAGE ALERT – PLEASE REVIEW CAREFULLY

Dear State Health Plan Member:

The State Health Plan for Teachers and State Employees (the "Plan") will conduct an audit of all dependents covered under the Plan during the 2009 benefit year. Dependent coverage is an important part of your benefits package. The Plan wants to ensure that only eligible dependents are provided coverage under your benefits program.

What is the definition of an eligible dependent? Under Chapter 135 of the North Carolina General Statutes, the following dependents are eligible for coverage:

- Legal spouse;
- Unmarried children under age 19, including natural, legally adopted, or foster children of the employee or employee's spouse, as long as the employee is legally responsible for such child's maintenance and support;
- Unmarried stepchild of the employee when the employee is married to the stepchild's natural parent and the stepchild's primary residence is with the employee;
- Unmarried children, from age 19 to 26, who are full-time students at a school or college accredited by the state of jurisdiction; and
- An unmarried child who is physically or mentally incapacitated, to the extent that he or she is incapable of earning a living, and such handicap developed or began to develop before the dependent's 19th birthday (or 26th birthday, if a full-time student).

What Do You Need to Do? Confirm during annual enrollment that the dependents you have enrolled on your plan meet the definition of "eligible dependent" under the terms of Chapter 135 of the North Carolina General Statutes. A list of the dependents you currently have enrolled on the Plan and their status is listed on the reverse side of this letter.

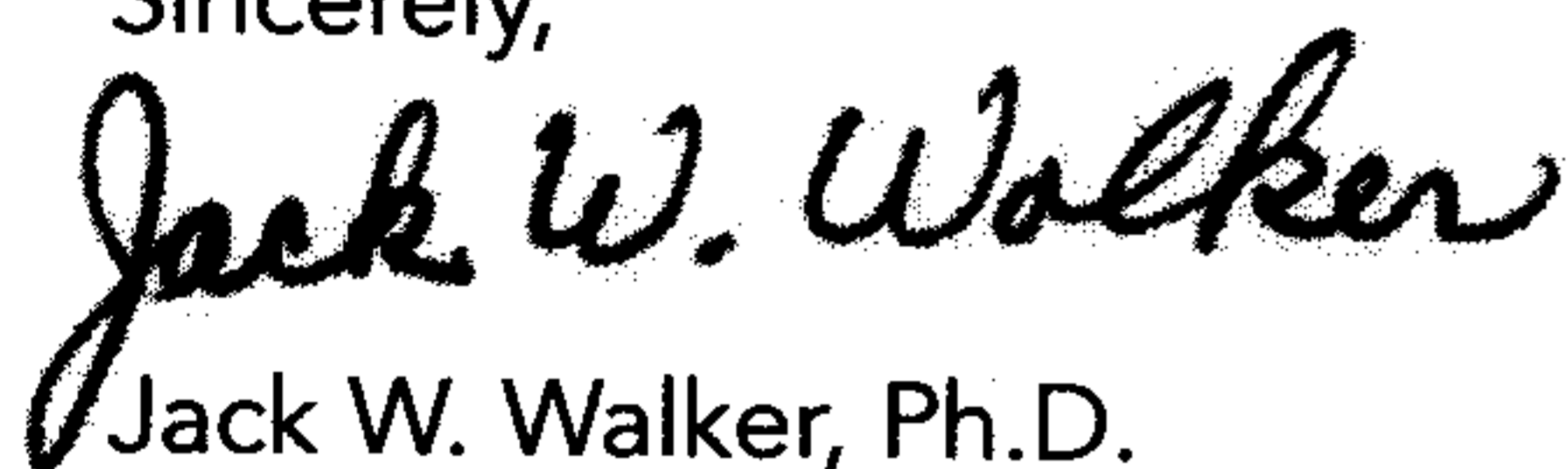
You will be notified when the audit process begins and will be required to provide documentation to support and confirm coverage eligibility. The types of documentation you will be required to provide will include documents such as: marriage certificates; birth certificates; and tax returns. Additional information, and a complete listing of acceptable documents, will be provided once the verification process begins.

The Plan encourages you to begin to collect the required documents. Collecting the required documents now will help simplify the audit process for you later. It is the responsibility of each eligible employee to assure that his or her eligible dependents meet, and continue to meet, the requirements for eligible dependents on the Plan.

Dependents determined to be ineligible for the Plan will be removed from the Plan. In addition, the Plan may pursue reimbursement for claims paid for ineligible dependents.

If you have a question about this letter, or requirements for eligible dependents, please visit the State Health Plan Web site at www.shpnc.org, or contact Customer Service at **(888) 234-2416**.

Sincerely,



Jack W. Walker, Ph.D.
Executive Administrator

Dependent Name

Date of Birth

Relationship

