

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
7500 Security Boulevard, Mail Stop C1-22-06
Baltimore, Maryland 21244-1850



PROGRAM COMPLIANCE AND OVERSIGHT GROUP

May 7, 2012

VIA:
FEDERAL EXPRESS DELIVERY (818) 676-6703
EMAIL (Jay.M.Gellert@healthnet.com)
FACSIMILE (818) 676-6616

Mr. Jay M. Gellert
President and Chief Executive Officer
Health Net, Inc.
21650 Oxnard Street
Woodland Hills, CA 91367
Phone: 818-676-6703

Re: Notice of Release from Low Income Subsidy (LIS) Auto-Enrollment and Annual Reassignment Exclusion

Dear Mr. Gellert:

On August 1, 2011, the Centers for Medicare & Medicaid Services ("CMS") notified Health Net, Inc. ("Health Net") that CMS was releasing Health Net from intermediate sanctions. However, due to Health Net's failure to properly administer the LIS benefit, CMS prohibited Health Net from receiving or processing enrollments for LIS-eligible individuals unless the individual affirmatively chose to enroll into a Health Net plan.

Based on CMS's monitoring activities through April 2012, we determined that Health Net demonstrated progress in administering the LIS benefit to merit lifting the LIS auto-enrollment and reassignment exclusion. The exclusion will be lifted May 7, 2012 and is effective immediately.

Please note that CMS will continue to monitor Health Net's administration of the LIS benefit. CMS also expects Health Net to work closely with its Account Manager to address any future issues.

Mr. Jay Gellert
May 7, 2012
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If you have any questions about this notice, please call or email your designated point of contact within CMS.

Sincerely,

/s/

Gerard J. Mulcahy
Acting Director
Program Compliance and Oversight Group