



October 4, 2010

**RE: EMPLOYEE NOTIFICATION OF HEALTHCARE REFORM CHANGES**

Dear HR Manager/Benefits Administrator:

Several provisions of the federal healthcare reform take effect as plans renew after September 23, 2010.

**Member Notice Requirements** - Regulations recently issued by the U.S. Department of Health and Human Services require plan sponsors (typically the employer, in the case of group plans) to notify covered employees of the following:

- Special enrollment opportunity related to the extension of dependent coverage to age 26
- Special enrollment opportunity related to the elimination of lifetime limits
- Pre-existing waiting period no longer applies to under age 19

We have developed the enclosed notice to help you inform members of these changes and opportunities. Please note that this information is time-sensitive. For your convenience, you may either:

- Photocopy and distribute the enclosed notice, or
- Go to NetCare's website at [www.netcarelifeandhealth.com](http://www.netcarelifeandhealth.com) to download an electronic version of the notice that can be e-mailed to employees

**Non-Discrimination Rules** - Insured group health plans are required to satisfy non-discrimination rules as of the first day of their plan year on or after September 23, 2010. The new rules prohibit discrimination with regard to eligibility and health benefits in a way that would favor highly compensated individuals. Providing different benefits to or excluding eligibility to some categories of employees on the basis of age, years of service, or compensation is not permissible under the new law. The Department of Labor has suggested violators could face fines of up to \$100 a day for each employee discriminated against.

We recommend that you either offer coverage to all employees that meet your plan's hourly requirement and probationary waiting period or conduct nondiscrimination testing according to provisions of the IRS Code 105(5) to confirm your plan complies with the provisions of the Public Health Service Act section 2716 as amended by the Patient Protection and Affordable Care Act section 1001(5). Please be advised that NetCare is unable to do such nondiscrimination testing. You should contact your attorney or CPA for assistance if needed.

If you have any questions regarding special enrollment, you are welcome to contact your NetCare marketing representative at (671) 472-3610. For questions regarding nondiscrimination rules, please contact your attorney or CPA. More information about health care reform is available on our website at [www.netcarelifeandhealth.com](http://www.netcarelifeandhealth.com).

Thank you.

A handwritten signature in black ink, appearing to read "Jerry Crisostomo".

Jerry Crisostomo, MHP  
Plan Administrator

Enclosure



October 4, 2010

## **PPACA NOTICE OF SPECIAL ENROLLMENT OPPORTUNITIES AND CHANGES**

**Please Note:** If you wish to take advantage of the special enrollment opportunities, you must respond within 30 days

You or your family members may qualify for one of the following one-time special enrollment opportunities outlined under the interim final rules to the Patient Protection and Affordable Care Act issued by the Secretary of the U.S. Department of Health and Human Services.

### **Opportunity to Enroll in Connection with Extension of Dependent Coverage to age 26**

**Who this affects:** Individuals under age 26 who do not have healthcare coverage for one of the following reasons:

- Their coverage ended because they reached the previous dependent age limit; or
- They were denied coverage (or were not eligible for coverage) on their parent's group health plan because they were over the previous age limit.

**What this means:** Children who meet the above qualifications are eligible to enroll as dependents in the NetCare group health plan offered by your employer. You may request enrollment for such children within 30 days of the date of notice. Enrollment will be effective on your employer's plan first renewal date after September 23, 2010.

### **Lifetime Limit No Longer Applies and Enrollment Opportunity**

**What has changed:** The lifetime limit on the dollar value of benefits under the NetCare Plan offered by your employer no longer applies.

**What this means:** Individuals whose coverage ended by reason of reaching a lifetime limit under the plan but are otherwise eligible under the terms of the plan are eligible to re-enroll in the plan. Individuals have 30 days from the date of notice to request enrollment. Enrollment will be effective on your employer's plan first renewal date after September 23, 2010.

### **Pre-existing Waiting Period No Longer Applies to Under Age 19**

**What has changed:** Members under age 19 are no longer subject to a pre-existing waiting period.

**What this means:** If a member under age 19 is currently in a pre-existing condition waiting period, the period will automatically end as of your employer plan's renewal date after September 23, 2010. You do not need to take any action.

**For additional questions or information, please feel free to contact your Human Resources Department or you may also contact NetCare's Customer Service Department at (671) 472-3610.**