



August 4, 2011

Dear Valued Client:

The Affordable Care Act (ACA) requires insurers to provide detailed information about the medical loss ratios (MLR) based on small and large group classifications to the federal government. In order to provide accurate data to the government, NetCare is required to collect the average number of employees for each employer group every calendar year. Establishing a baseline with credible data for all groups is important to ensure consistent and accurate reporting to the government.

We are, therefore, soliciting your assistance to complete the attached form to provide us with the average number of employees within your company for calendar year 2010 for both full-time and part-time basis regardless if the employee was insured or not.

The “average number of employees,” as defined by the Health Care Reform Law for purposes of the minimum medical loss ratio (MLR) reporting requirement, is: *“The average number of employees employed by the employer’s company during the preceding calendar year.”* Employee means any person employed by the employer whether or not such person is full-time, part-time, seasonal, and regardless of whether such person is eligible to enroll in the group coverage. It also includes employees of affiliated companies, if the employer along with such other companies are aggregated and treated as a single employer under the Internal Revenue Code provisions.

How does the employer group calculate the correct number of employees?

The employer must provide the average number of employees employed by his/her company and any affiliated companies as described above during the preceding calendar year.

Example: January 1 through December 31, 2010. This average must include all persons employed by the company and any affiliated companies in the preceding calendar year, whether an employee was full-time, part-time, and/or seasonal. The government requires the total average number, regardless of whether employees were eligible to enroll, and/or participated in the group insurance coverage. Only include temporary employees if they are employees of the company and to whom the employer has issued a W2 Form.

Sample Reporting Format:

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average
FTE	20	22	23	24	25	27	25	22	23	21	20	18	270	
PTE	2	2	2	2	3	3	2	2	1	3	3	3	28	
Seasonal	1	1	1	0	0	0	0	0	0	30	40	40	113	
Total	23	25	26	26	28	30	27	24	24	54	63	61	411	34

*Average = the total number of employees for 2010 divided by 12 months (e.g. 411 divided by 12 = 34)

We ask that you complete and submit the attached form to us no later than **August 31, 2011**. You can submit the information to us via the following:

- By Email: healthmkt@netcarelifeandhealth.com
- By Mail: 424 West O'Brien Drive, Suite 200
Hagatna, Guam 96910
Attention: Venida Farnum
- By Facsimile: (671) 472-3615 or 472-6375

A copy of the form can be found in our website at www.netcarelifeandhealth.com.

Employer groups will be asked to provide updates on the average number of employees on an annual basis.

Please feel free to contact Venida Farnum, Manager of Group Administration at 472-3610 ext 222 if you should have any questions or need further clarification on this matter.

Sincerely,



Jerry Crisostomo, MHP
Plan Administrator