



Health Care Reform Update & Client FAQ

April 12, 2010

HEALTH CARE REFORM OVERVIEW

We understand you may be receiving questions from your Assurant Health clients regarding the recently passed health care legislation. Nothing will change immediately for your clients who have policies with Assurant Health. Please let them know we remain committed to providing valuable benefits and service to our customers. We are currently evaluating the impact of this law. As the law is enacted, we will continue to monitor any potential impact and communicate that to our agents and customers.

Additional information to share with your clients:

- The new health care reform law is both comprehensive and complex, and many of the technical details have not yet been determined. Assurant Health understands it is generating many questions from customers.
- Like most health insurance companies, Assurant Health is taking time to fully understand the impacts of this law.
- There are varying effective dates with each of the provisions in the law, with some provisions being implemented within six months, while others do not go into effect until 2014.
- If your clients have specific questions about their current plan, please have them contact Assurant Health Customer Service at the number located on their ID card.
- In all instances, Assurant Health will comply with all federal and state guidelines and requirements within the time required.

SUMMARY OF NEAR-TERM REFORM PROVISIONS

Unless otherwise noted, the provisions are effective for plan years that begin **six months after enactment – September 23, 2010**. Please note that this chart is not intended to be inclusive of all the new federal health care reform requirements.

Explanation of Plans and Effective Dates

- **Grandfathered plans:** Plans enrolled on or before March 23, 2010
- **Plans sold between March 24, 2010 and September 22, 2010:** Will be subject to new requirements on January 1, 2011 and January 1, 2014
- **Plans sold after September 23, 2010:** Must comply with new requirements effective September 23, 2010, and January 1, 2014
- **Plans sold on or after January 1, 2014:** Must comply with all new provisions

Provision	Summary of Provision	Applies to Grandfathered Plans		Applies to Non-grandfathered Plans	
		Individual	Small Group	Individual	Small Group
<i>Lifetime Limits</i>	Prohibits lifetime dollar limits	Yes	Yes	Yes	Yes
<i>Annual Maximums</i>	Prohibits annual dollar limits * For individual plans, annual limits may be allowed based on what Health and Human Services deems reasonable.	No	Yes	Yes*	Yes
<i>Extension of Dependent Coverage</i>	Requires insurance that provides coverage for dependent adult children to continue until child turns 26 years of age * Only if child is not eligible to enroll in an eligible employer-sponsored plan	Yes	Yes*	Yes	Yes
<i>Prohibition of Pre-existing Condition Exclusions</i>	Prohibits the imposition of pre-existing condition exclusions for enrollees who are under 19 years of age	No	Yes	Yes	Yes
<i>Rescissions & Cancellation of Coverage</i>	Prohibits rescissions, except in the case of fraud or intentional misrepresentation, and requires prior notice to the enrollee for cancellations	Yes	Yes	Yes	Yes

Please use the following FAQs when discussing health care reform inquiries with your Assurant Health clients.

CLIENT FAQs - Frequently Asked Questions

- **Are you making changes to any products or processes?**

The law is both comprehensive and complex, and we are currently evaluating its impact on both our agents and our customers. We are taking time to fully understand the impacts of this law and are committed to operating in compliance with all guidelines and regulations. We will continue to identify and monitor any potential impact, make the necessary product and process changes and communicate this information with our agents and customers, as appropriate.

- **How will changes to my clients' policies or benefits be communicated?**

Any requirement of the new legislation that would impact your clients' policies or benefits with us will be communicated in writing and sent to policyholders. If your clients have specific questions about their policy, please have them contact Assurant Health Customer Service directly by calling the number located on their ID card.

- **Will my clients' premiums increase as a result of health care reform?**

We pride ourselves on providing valuable benefits and services to our customers; however, rate increases do occur. In compliance with the guidelines and requirements of the new health care law required by September 23, 2010, we will modify policyholder benefits accordingly. With these adjustments to policy benefits, it is probable that an increase in premium costs will occur. We will provide customers with notice before the benefit changes and any resulting premium increases take effect. Beginning in 2014, premium prices cannot be based on a customer's gender or health status. Until then, our current premium pricing will apply.

- **Are there annual or lifetime maximums on coverage under the new law?**

Effective September 23, 2010, there are no lifetime maximum limits on coverage. In addition, there will be no annual limits on group plans. For individual plans, annual limits may be allowed based on what Health and Human Services deems reasonable. This information is not yet available.

- **When are my clients able to have their dependents covered until they are 26?**

Effective September 23, 2010, the law states that customers will be able to have dependent coverage for their married AND unmarried children up to the age of 26. The requirement is applicable even if the child is not a tax dependent. The law does not specifically include spouses of married children. There is no requirement to cover children of covered dependent children (i.e., grandchildren).

- **Under the new law, do pre-existing conditions no longer matter?**

Effective September 23, 2010, insurance companies cannot limit coverage for children on individual or group policies with pre-existing medical conditions. For adults with individual policies, this provision goes into effect in 2014.

- **Under health care reform, what happens to rescission?**

Effective September 23, 2010, rescissions will occur only in cases of customer fraud or intentional misrepresentation.

- **Is it true that anyone who applies for coverage will be issued coverage?**

Under the Guarantee Issue provision, effective in 2014, anyone who applies for coverage must be issued coverage.

- **How will this new law affect my clients with MSAs/HSAs?**

At this point, the only change we are aware of is the tax penalty increase from 10 percent to 20 percent for "non-qualified" expense withdrawals. This is effective beginning in 2011.