



CONSUMER ALERT

ATTENTION 22,000 PEOPLE COVERED BY EMPLOYERS MUTUAL, LLC

2/13/02

Employers Mutual, LLC is an unlicensed insurance company (not to be confused with Employers Mutual Insurance Company of Des Moines, Iowa) selling health insurance coverage in all 50 states, often through professional associations. It insured over 22,000 people. This company has recently been shut down by the government and is no longer providing insurance coverage. Its liquidation is overseen by an Independent Fiduciary appointed by a federal court.

WHAT OPTIONS DO I HAVE AFTER LOSING COVERAGE THROUGH EMPLOYERS MUTUAL, LLC?

Federal eligibility/HIPAA eligibility

You may have several options depending on your individual circumstance. Federal and state law guarantee access to health insurance coverage to people who lost their group health plan coverage and meet specific criteria. This is called “federal eligibility” or being “federally-eligible.”

If you are federally-eligible, then regardless of your health and without any medical underwriting, you are entitled to buy an individual health insurance policy from an insurance company selling individual health insurance policies or to enroll in a state HIPAA program.

To qualify as a federally eligible individual:

- you must have 18 months of prior creditable coverage without a significant break of 63 or more continuous days;
- your last coverage must have been under a group health plan;
- you cannot be eligible for Medicaid or Medicare; and
- you have exhausted COBRA or similar state continuation requirement.

In the case of Employers Mutual, LLC, the requirement to exhaust COBRA would not apply to you if your employer stopped offering group coverage when Employers Mutual, LLC was shut down.

So if you meet these requirements, to exercise your federal and state rights you must apply for new coverage within 63 days of losing the coverage you had with Employers Mutual, LLC.

30- day special enrollment rights under a spouse's group health plan

If you are married and your spouse's employer offers health coverage, then you and your spouse may have a right to enroll in your spouse's health plan regardless of your health status. If you and your spouse initially declined to enroll in your spouse's plan because both of you had Employers Mutual, LLC coverage, your spouse's employer must give your spouse an opportunity to enroll. Also, if your spouse's employer offers coverage for dependents, then you (and your children) must be allowed to enroll as a dependent.

To enroll you must notify your spouse's employer within 30 days of losing your Employers Mutual, LLC health insurance coverage.

Additionally, if your spouse was previously enrolled but you were not because you had coverage through Employers Mutual, LLC, your spouse's employer must give you an opportunity to enroll as long as coverage for dependents is available and you notify the employer within 30 days of losing your other coverage.

When you enroll through this special enrollment period, you are not considered a late enrollee. Late enrollees may have to wait until the next open enrollment and could be subject to an 18-months preexisting condition exclusion period.

In addition to federal eligibility and special enrollment rights, you may have other options depending on the rules in the state where you live. For more information about HIPAA federal eligibility and specific rules in your state, see "Consumer's Guide to Getting and Keeping Health Insurance" for your state at www.healthinsuranceinfo.net.

I APPLIED FOR HIPAA COVERAGE AND WAS TOLD THAT I DO NOT QUALIFY BECAUSE EMPLOYERS MUTUAL, LLC COVERAGE IS NOT CONSIDERED CREDITABLE COVERAGE. IS EMPLOYERS MUTUAL, LLC COVERAGE CREDITABLE COVERAGE?

Yes. "Creditable coverage" under federal law includes group health plan coverage and other health insurance coverage. If your employer offered health benefits through Employers Mutual, LLC, such job-based coverage is considered coverage through a group health plan and therefore creditable coverage.

Furthermore, if you were covered by Employers Mutual, LLC but the coverage was not through your employer, e.g., through a professional association, your coverage is considered creditable coverage (but not necessarily group coverage). The federal government has defined creditable coverage to include health insurance coverage offered by a company "that is required to be licensed to engage in the business of insurance...." (29 C.F.R. § 2590.701-2 (2001); 26 C.F.R. § 54.9801-2T (2001); 45 C.F.R. § 144.103 (2001)) Employers Mutual, LLC should have obtained a license from a state to engage in the business of insurance. Therefore, the coverage you had through Employers Mutual, LLC counts as creditable coverage because it is coverage offered by a company that is required to be licensed.

The fact that Employers Mutual, LLC health insurance qualifies as creditable coverage helps you in several ways.

- If your policy with Employers Mutual, LLC was through your employer, then the type of coverage you had is considered group health plan coverage. That means that your most recent coverage is group health plan coverage and if you meet federal eligibility requirements (discussed above), you will have a right to buy an individual health insurance policy or to access health coverage through a state HIPAA program.
- Even if your policy with Employers Mutual, LLC was not through your employer, having creditable coverage helps you if you join a new group health plan that does not cover preexisting health conditions. As long as you do not have a significant break in coverage, 63 or more days without health insurance coverage, you will be given credit for the coverage you had through Employers Mutual, LLC to reduce a preexisting condition exclusion period under your new group health plan.

HOW DO I PROVE THAT I HAD HEALTH INSURANCE THROUGH EMPLOYERS MUTUAL, LLC?

Insurers and employers are required to issue certificates of creditable coverage so you can prove your coverage history and protect your rights. Whether you are joining a new group health plan, buying coverage on your own, or applying to your state's high-risk pool, it helps to have a certificate of creditable coverage.

As of February 13, 2002, Thomas Dillon, an independent fiduciary (also called Court's Receiver) appointed by a federal court to oversee Employers Mutual, LLC operations has begun issuing certificates. If you do not receive your certificate by February 23, 2002, you should contact Thomas Dillon (see below for contact information). The certificate of creditable coverage will show the type of creditable coverage you had (group or non-group) and the length of time you were covered (including the termination date).

You can also ask your employer for a certificate of creditable coverage if the coverage you had through Employers Mutual, LLC was job-based.

Remember that you do not need a certificate of creditable coverage to demonstrate that you had prior coverage. If you have old medical cards, pay stubs that show withholdings for health coverage, medical bills that have been paid by Employers Mutual, LLC, or other evidence that you were covered by Employers Mutual, LLC, your new group health plan, individual health insurance policy, or a state HIPAA program must accept evidence of prior coverage if a certificate is not available. If you do not have this documentation, you can also write a letter attesting to having coverage through Employers Mutual, LLC.

MY EMPLOYER IS LOOKING TO BUY NEW HEALTH INSURANCE FOR OUR EMPLOYEES AND THEIR FAMILIES BUT IT'S TAKING A WHILE TO FIND NEW COVERAGE. WHAT SHOULD I DO?

Many employers are trying to buy new health insurance coverage for their employees. If it takes your employer 63 or more days to buy a new health insurance policy from another company, you will have a significant break in coverage, which among other repercussions affects your federal eligibility (see above discussion) in the future. To avoid experiencing a significant break in coverage and to avoid being uninsured while waiting for your employer to buy another policy, you may want to exercise your rights as a "HIPAA eligible individual" now. If you are not federally eligible, you may still have rights under your state law. If you are healthy, you could

try to buy an individual health insurance policy but be prepared to answer detailed questions about your past medical history or to undergo a physical exam.

For more information about your state's laws see "Consumer's Guide to Getting and Keeping Health Insurance" for your state at www.healthinsuranceinfo.net or contact your state insurance department.

I AM A SMALL BUSINESS OWNER TRYING TO FIND NEW HEALTH INSURANCE FOR MY EMPLOYEES. SOME OF MY EMPLOYEES HAVE HEALTH PROBLEMS. ARE INSURANCE COMPANIES REQUIRED TO SELL COVERAGE TO MY GROUP?

Yes. If you employ at least 2 but not more than 50 people, federal and state law require insurance companies to sell you any small group health policy they sell to other small businesses in your state. You cannot be turned down because some of your employees or their dependents are sick. In some states, the law applies to self-employed individuals also.

For more information about your state's laws on small group health insurance see Chapter 4 of the Consumer's Guide to Getting and Keeping Health Insurance for your state at www.healthinsuranceinfo.net or contact your state insurance department.

WHO WILL PAY OUTSTANDING MEDICAL CLAIMS THAT SHOULD HAVE BEEN PAID BY EMPLOYERS MUTUAL, LLC?

The Court's receiver will pay outstanding medical claims with any assets that are recovered from Employers Mutual, LLC or its management. It is unlikely that all outstanding medical claims will get paid.

CAN MY MEDICAL PROVIDERS GO AFTER ME TO PAY UNPAID CLAIMS?

The federal court ordered hospitals, physicians, and other providers to stop trying to collect from individuals covered by Employers Mutual, LLC any money that Employers Mutual, LLC should have paid for medical claims and health care services. This is a temporary order called a "preliminary injunction." It is in effect until an appeal by Employers Mutual, LLC is ruled upon. Under the preliminary injunction, your medical providers or credit agencies representing providers should not take any action against you for outstanding claims that should have been covered by Employers Mutual, LLC.

The Court's receiver will mail to each participant a copy of the Court's order during the week of February 11, 2002.

HAS EMPLOYERS MUTUAL, LLC COVERAGE BEEN TERMINATED?

The Court's receiver will ask the federal court to terminate health coverage offered or administered by Employers Mutual, LLC effective retroactively to February 1, 2002. As of February 12, 2002 the Court's receiver has not filed a motion with the court to terminate officially all health plans related to Employers Mutual, LLC. However, you need not wait for the official termination to look for other coverage, and probably should seek to find other coverage as soon as possible. In the past with entities similar to Employers Mutual, LLC, medical claims were not paid.

AN INSURANCE AGENT OFFERED TO ENROLL ME IN A NEW PLAN CALLED “PRIVILEGE CARE.” SHOULD I ENROLL?

Before you enroll in a new health plan, contact your state insurance department. Ask the insurance department if the health insurance policy you are offered is backed by an insurance company licensed to do business in your state. Recently, Privilege Care has been marketed as a policy from a nationally known insurance company. In fact, however, the insurance company is not affiliated with Privilege Care. So if you bought a new policy with Privilege Care, contact your insurance department to make sure the policy is through a licensed insurance company.

WHERE CAN I GO FOR MORE INFORMATION?

<p>The independent fiduciary/Court’s receiver Thomas Dillon for Employers Mutual, LLC</p>	<p>650-558-8384 or 818-550-3040 (records office)</p>
<p>U.S. Department of Labor in Washington DC Press release from the U.S. Department of Labor</p>	<p>202-219-8776 http://www.dol.gov/dol/pwba/public/media/press/pr121311.htm</p>
<p>Your state’s insurance department Your local U.S. Department of Labor office Additional information on health insurance rights under state and federal law.</p>	<p>WWW.HEALTHINSURANCEINFO.NET Choose your state and then click on “For More Information” section of the consumer guide for your state.</p>
<p>U.S. District Court Action 02/01/02 U.S. District Court Action 12/12/01 Alerts issued by state insurance departments (partial list)</p>	<p>http://www.tdi.state.tx.us/general/pdf/chaograf.pdf http://www.tdi.state.tx.us/general/pdf/em1.pdf TEXAS http://www.tdi.state.tx.us/consumer/ca111901.html IOWA http://www.iid.state.ia.us/docs/press121801b.pdf FLORIDA http://www.doi.state.fl.us/Consumers/Alerts/press/indextest.html August 14, 2001 (click on this date) NEVADA http://doi.state.nv.us/press/EmployersMutual.pdf</p>