

Legislative Alert: Health Care Bill

As you know, BenefitMall has been actively engaged over the past year in a lobby effort in Washington to protect your ability to do business in a “reformed” health insurance market. We won some points and lost a few, but overall brokers and general agents will play a significant role in the sales and service of health insurance. The first step in that role is to help you answer your clients' questions. To do that we have prepared a brief summary for you and a letter you may want send to your clients.

When you speak with your clients, they will want to know the key elements of the bill. In brief, this bill will:

- Mandate that everyone must have insurance.
- Result in more than 30 million additional people becoming insured.
- Provide for subsidized coverage for people that can't afford it and increase the number of people that will qualify for Medicaid.
- Make cuts to Medicare Advantage Plans and change their payment formula.
- Increase taxes and fees to many individual Americans and Corporations.
- Make many changes to the way Insurance Companies do business from not allowing them to use pre-existing conditions to limiting their rates based on medical loss ratios.

Many of these elements are phased in over the next eight years. Those that are most immediate and are expected to occur in 2010 are:

- Tax credits for certain small businesses.
- Elimination of pre-existing conditions and an increase in dependant coverage to age 26.
- Creation of a temporary reinsurance program to provide coverage for retirees over 55 who are not eligible for Medicare.
- The further creation of a temporary national high risk insurance pool.
- The prohibition of lifetime limits on benefit payments.
- Closing the so called “doughnut hole” by providing immediate tax credits for Medicare patients who face a gap in prescription drug coverage.

The real impact in the health insurance system won't occur until the year 2014. During the interim, there will be the phase-in of additional new taxes that will provide added government revenue to pay for these changes. The four most significant changes occurring in 2014 are:

- Insurers will be required to take all applicants.
- Insurance will be mandated for all Americans.
- Tax credits to help pay premiums will start flowing to middle-class working families. The most aid – including help with copayments and deductibles – will be made available for those individuals and families on the lower end of the income scale.
- Insurance exchanges will be created to help administer subsidies for those individuals that require them.

While these changes are all designed to spread health risk more broadly, they are also expected to increase insurance premiums. It is unclear how and when carriers will

adjust their premiums to compensate for the additional risks they will incur.

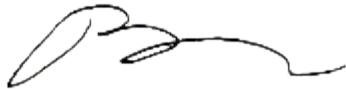
While we are uncertain as to the final design of insurance exchanges, it is clear from all that we have read that the current system of distribution will simultaneously stay in place. If the current Massachusetts Connector is any indicator, brokers and agents will continue to be successful while working in conjunction with their exchange model.

When fully implemented, we believe that the majority of working-age Americans and their families will continue to have employer-sponsored coverage as they do today. In addition, through mandates and other subsidies, the number of people insured can grow by more than 30 million.

Meanwhile, in an effort to keep your clients apprised of these legislative changes, BenefitMall has drafted a letter for you to share with your clients. Simply download this letter, fill in the blanks, print on your company's letterhead and mail. [Click here](#) to get started.

BenefitMall is committed to working with you to make certain that you have a full understanding of each of the elements of the bill well in advance of when they are implemented. Be on the lookout for future notices from us to help guide you through these challenging times. In the meantime, if you have any questions or would like additional details, contact your local BenefitMall Sales Team.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bernard DiFiore', with a long, sweeping horizontal stroke extending to the right.

Bernard DiFiore
President and Chief Executive Officer

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