

December 23, 2009

Dear Group Administrator:

Due to the recent passing of N.Y. Insurance Law § 3216, N.Y. State has expanded access to health insurance by allowing unmarried children through age 29, regardless of financial dependence, to be covered under a parent's group health insurance policy.

In order to be eligible for coverage, young adults must meet the following requirements:

- (1) Be unmarried;
- (2) Be 29 years of age or under;
- (3) Not be insured by or eligible for health insurance through his or her own employer;
- (4) Live, work or reside in New York State or the health insurance company's service area;
- (5) Not be covered under Medicare; and
- (6) Their parent (the subscriber) must maintain coverage with Atlantis through their employer.

Coverage for these dependents will end on the first to occur of the following:

- (1) The date the dependent no longer meets the dependent requirements.
- (2) Failure to pay premium for the dependent coverage.
- (3) Date on which the group or subscriber policy is terminated.

The law has 2 segments: (1) Make Available Option; and (2) a Mandatory Right of Election - Young Adult Option.

- (1) Make Available Option** – The law requires Atlantis to offer a “make available” option to increase dependent coverage to age 29 through the purchase of a Rider. This is optional for the employer or contract holder to offer, and is ***not mandatory***.

The law affects policies or contracts issued, renewed, modified, altered or amended on or after September 1, 2009.

Groups with Upcoming Renewals – You will receive more information about the Make Available Rider in your renewal package. As with your other benefits, you will have to elect coverage for this additional rider.

Groups that Renewed 9/1 – 2/1 - Since your group has renewed on or after September 1, 2009, you will have the ability to add the Make Available Option to your benefits, retroactively to your renewal date (additional premium payment would be required). If you would like to add this benefit to your group's policy you must contact Atlantis Sales Support at (866) 747-8422 (option 3 and then option 2) by February 15, 2010.

Rates for Make Available Option – If you choose this option, your rates will be adjusted (higher) to incorporate the expanded dependent age. The current tiered rates will be modified with the following factors.

- o Two Tier Family – 1.015
- o Three Tier Family – 1.020
- o Four Tier EE plus Child(ren) – 1.045
- o Four Tier Family contract – 1.015

Please contact your Atlantis Broker/Sales Agent for your exact rates.

(2) Young Adult Option – If you as the employer do not elect the Make Available Rider which extends the dependent coverage age through 29, the law allows covered employees to buy extended continuation coverage through age 29 for their eligible dependents who have aged out under the policy. The coverage provided to the dependent child will be the same as the coverage provided to the employee/parent. This right applies to all groups, regardless of size and requires the subscriber to pay the full premium for this extension. Atlantis will send notification to your employees regarding this option.

It is the responsibility of the employee to notify the group administrator of their election and remit payment for their eligible dependent directly to the Employer. The Employer must submit to Atlantis the Age 29 Enrollment Form (<http://www.atlantishp.com/employers/forms.asp>) on behalf of the employee along with premium prior to electing coverage under this option. For the subsequent months, the Young Adult will be on the Employer's invoice and the Employer must remit payment for this Young Adult with the group's premium.

Rates for Young Adult Option – The rate for the qualified dependent will be the group's single rate. Please contact your Atlantis Broker/Sales Agent for your exact rates.

A young adult or parent has the following four opportunities to elect the young adult option:

- **When the Young Adult Would Otherwise Lose Coverage Due to Age** - A young adult may elect the option within 60 days of the date that he or she would otherwise lose eligibility for coverage under the parent's group or group remittance health insurance policy or contract due to age. In this case, coverage under the young adult option is retroactive to the date that the young adult would have otherwise lost coverage due to reaching a specified age.
- **When a Change in Circumstances Newly Qualifies the Young Adult for Coverage** - A young adult may elect the option within 60 days of newly meeting the eligibility requirements for the young adult option. A young adult who elects the young adult option due to a change in circumstances is entitled to prospective coverage.
- **During the Annual 30-Day Open Enrollment Period** - A young adult may elect the young adult option during the annual 30-day open enrollment period described in the group health insurance policy or contract. A young adult who elects the option during this time is entitled to prospective coverage.
- **During the Initial 12-Month Open Enrollment Period** – There is an open enrollment period for those eligible young adults whose coverage terminated under their parent's group policy prior to September 1, 2009. This open enrollment period is following the first renewal of the health insurance policy or contract on or after September 1, 2009 and ends on September 1, 2010. Coverage will be prospective and will start within 30 days of when your parent's employer or group administrator receives notice of your election and premium payment.

As with all benefit changes, Atlantis encourages you to consult with your tax attorney as there may be tax implications that you and your employees must consider prior to making any benefit adjustments.

If you have any questions, please contact your Atlantis Broker/Sales Representative or the Atlantis Sales Support (866) 747-8422 (option 3 and then option 2) more information.

Sincerely,

Atlantis Health Plan