

MERCY

Health Plans

September 15, 2010



Dear *MercyOne* Member:

The purpose of this letter is to notify you that Mercy Health Plans (MHP) will no longer offer *MercyOne* individual health coverage in the state of Arkansas, effective March 16, 2011, in accordance with the provisions of the federal Health Insurance Portability and Accountability Act (HIPAA) and Arkansas statutory requirements. Under HIPAA and the Arkansas requirements, each insured person must be given notice at least 180 days prior to the date of coverage non-renewal. Therefore, any *MercyOne* coverage for you and any covered dependents will end at 11:59 P.M. local time on March 15, 2011, unless earlier terminated by you.

Please be assured that medical claims for dates of service on or before March 15, 2011 (or your earlier date of termination) will be processed in accordance with your current policy or Certificate of Coverage Policy document. Proof of loss for claims should be submitted within 90 days after the end of coverage, if reasonably possible. In any event, written proof must be submitted within one year after the date coverage ends, unless you are legally incapacitated.

We cannot accept premium that would pay your policy beyond the non-renewal date. Benefits will not be paid for claims incurred after the non-renewal date or after the period for which premium was last paid, unless otherwise provided by your policy or applicable insurance law. A certificate of creditable coverage will be provided to you shortly after your coverage ends, which you can provide to other insurance companies as proof of prior coverage.

We encourage you to contact your insurance agent for assistance in securing coverage through another insurance company. Even if you have difficulty in obtaining replacement coverage, your agent is best suited to review the range of alternatives available to you at this time. If you or your spouse are eligible for coverage through an employer plan, you and any dependents may be eligible for special enrollment opportunities for that employer coverage, which would allow you to obtain that coverage sooner than the employer plans' next open enrollment period and with creditable coverage credit for your *MercyOne* coverage. If you or your spouse's employer provides an employer sponsored plan, we recommend you contact the benefits administrator to discuss your enrollment options.

If you or your spouse has an individual health insurance policy with another insurance company, you may be able to enroll your family members on that policy. If the *MercyOne* insured is a dependent child under age 19, you may be able to add that dependent, regardless of health status, to your in force individual policy, pursuant to new federal requirements that may apply to that policy after September 23, 2010. If you have such an individual policy, we recommend that you contact the insurance company to discuss your coverage options. The following is a list of some, not all, of the insurance companies that write individual health coverage in the state of Arkansas.

If you are unable to access employer coverage or cannot qualify for individually underwritten coverage with another insurance company, you may qualify for the Arkansas Comprehensive Health Insurance Pool (CHIP). If you are declined for individual coverage by another insurance company, please contact our toll free number so that we may assist you in discussing possible coverage options, including CHIP.

You may be aware from public announcements that Coventry Health Care, Inc. is purchasing Mercy Health Plans. For your information, Coventry will be offering a new individual major medical product in the State of Arkansas. That product is currently pending approval by the Arkansas Insurance Department. However, you or your insurance agent should feel free to contact Coventry for more information by telephone at 1-866-795-3995, extension 4179 or via e-mail: Coventryoneppokc@cvty.com.

This was not an easy decision for Mercy Health Plans. It was reached only after it became clear that the company could not continue in the current *MercyOne* individual health coverage market in Arkansas. We regret having to take this action, but we hope that this advance notice of discontinuance will provide you the opportunity to seek other coverage.

If you have any questions, please contact us at our toll free number, 1-866-450-3249. We have appreciated the opportunity to provide service to you and wish you good health.

Sincerely,

Mercy Health Plans