

FACT SHEET

Early Implementation of Dependent Coverage to Age 26

Later this year, part of the new healthcare reform law called the Patient Protection and Affordable Care Act (PPACA), will require insurance companies to cover adult dependents up to the age of 26. Rather than wait to extend this coverage, Sanford Health Plan has decided to immediately implement this change for currently enrolled dependents who would normally lose that coverage during the gap between June 1, 2010 and September 23, 2010. This will ensure there will be no gaps in healthcare coverage for your dependents that are currently enrolled in your elite1 individual health plan. Below is a list of frequently asked questions about this extension.

1. Who is eligible for this immediate extension of coverage?

Any existing covered dependent(s) that are:

- a) currently enrolled on their parent's coverage as of May 31, 2010; and
- b) under the age of 26 as of May 31, 2010;
- c) maintain residency in South Dakota; and
- d) not *eligible* for coverage under their own employer's group plan (if applicable, regardless of whether or not they enrolled in such coverage).

Coverage will be extended effective June 1st to ensure no break in coverage. Dependents are also eligible regardless of student or marital status and are eligible regardless whether or not they're claimed as a dependent on their parent's tax return. This extension does not apply to the spouse or children (i.e. grandchildren of the subscriber) of the covered adult dependent.

2. My adult dependent has established residency outside of South Dakota, is (s)he still eligible to remain on my policy?

No, once your adult dependent has established residency outside of South Dakota, they are no longer an eligible member.

3. Will I be notified of this extension of coverage?

Yes, the enclosed letter serves as your notification.

4. My child lost coverage before May 1, 2010, but still meets the other criteria, when can (s)he get back on my plan?

Dependents that are under the age of 26, not eligible for coverage under their own employer group plan (if applicable), and were not enrolled on their parent's plan as of May 1, 2010 can be added back to the plan at the effective date of the regulation, which is October 1, 2010. At that time, dependents will have a 30-day special enrollment period, October 1, through October 30, 2010. You must contact your agent or Sanford

Health Plan and complete the required paperwork in order to add your dependent back onto your policy within this 30-day window. Coverage will be effective October 1, 2010. **If you fail to submit the required paperwork to Sanford Health Plan within the 30-day special enrollment period your dependent will be required to submit a new application subject to underwriting.**

5. My adult child lost coverage before May 1, 2010, and will have a break in coverage prior to the 30-day special enrollment period which would start October 1, 2010. How will this impact coverage?

If there was a break in coverage more than 63 days, the standard pre-existing condition waiting periods apply. If the break in coverage is less than 63 days, and proof of prior creditable coverage is provided, then the pre-existing condition waiting periods will be reduced or eliminated accordingly.

6. My adult child lost coverage before May 1, 2010, and will have a break in coverage prior to the 30-day special enrollment period which would start October 1, 2010. Will his deductible amount carry over from when he was previous enrolled?

No, unfortunately when your adult dependent re-enrolls on your policy October 1st, his calendar year deductible amount will start over at zero again.

7. Will Sanford Health Plan send out new ID cards?

If you're adult dependent qualifies for the extension of coverage (as described in #1 above), then no, the current ID does not need to be replaced for you or your dependents. However, if your adult dependent had a break in coverage and is re-enrolling on your policy during the 30-day special enrollment period then a new ID card will be re-issued upon enrollment.

8. How will adding my adult dependent impact my premium?

If your adult dependent is currently on your plan, then there is no change in your premium. However, if the depending is not currently enrolled, you will be charged the premium according to the age of your adult dependent.