

# NATIONAL FOUNDATION LIFE INSURANCE COMPANY

300 Burnett Street, Suite 200, Fort Worth, Texas 76102

## Disclosure Notices and Information Concerning Certain Federal Statutes

National Foundation Life Insurance Company ("Company") provides the following disclosure notices and information regarding four different federal statutes.

The first section is a disclosure notice and information provided under federal legislation entitled the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and related regulations. This section is entitled HIPAA SUMMARY.

The second section is a disclosure notice and information provided under federal legislation entitled the Women's Health and Cancer Rights Act of 1998 ("WHCRA"). This section is entitled WHCRA SUMMARY.

The third section is a disclosure notice and information provided under federal legislation entitled the Financial Services Modernization Act of 1999, which is also known as the Gramm-Leach-Bliley Act ("GLB"). This section is entitled GLB SUMMARY.

The fourth and final section is a disclosure notice and information regarding federal legislation entitled the Patient Protection and Affordable Care Act of 2010 ("PPACA") and related legislation and regulations. This final section is entitled PPACA SUMMARY.

Please note that as long as you are insured with the Company and HIPAA, WHCRA, GLB and/or PPACA have not been repealed, you will continue to receive annual disclosure notices and information on these federal statutes. These disclosure notices and information **do not** affect or alter your insurance coverage with the Company in any way. **No action is required of you.**

The people and organizations to which this notice applies (referred to as "we," "our," and "us") have agreed to abide by its terms. We may share your information with each other for purposes of treatment, and as necessary for payment and operations activities or described below.

### I. HIPAA SUMMARY

**THE DISCLOSURE NOTICE AND INFORMATION IN THIS SECTION DESCRIBES HOW PERSONAL MEDICAL OR HEALTH INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED UNDER HIPAA AND HOW YOU CAN OBTAIN ACCESS TO THIS INFORMATION UNDER HIPAA. PLEASE REVIEW IT CAREFULLY.**

In order to provide you with benefits, the Company receives personal health information about your health from you, your physicians, hospitals, and others who provide you with health care services. The Company is required to keep this information confidential. This notice of the Company's privacy practices is intended to inform you of the ways the Company may use your personal health information and the occasions on which the Company may disclose this information to others.

Occasionally, the Company may use or share an individual's personal health information and other nonpublic personal information when providing benefit information to health care providers who potentially will be providing treatment to an insured. The Company uses its insureds' health information to provide benefits. The Company may disclose its insureds' personal health information to health care providers to assist them in providing the insured with treatment or the medical provider to receive a payment. The Company may disclose personal health information of its insureds to other insurance companies as necessary to receive payment from such carriers. The Company may disclose personal health information of its insureds to third party independent contractors to assist it in evaluating claims for benefits, including, without limitation, to independent medical reviewers, claims clearinghouses, reinsurers, and/or preferred provider networks with which the Company has contracted. The Company may use the personal health information of its insureds within the organization to evaluate quality and improve health care operations. Upon prior written authorization of an applicant for insurance coverage, the Company may receive personal health information concerning such applicant from MIB Group, Inc. or one of its subsidiaries in connection with the Company's underwriting health risk assessment of the applicant. The Company may also report to MIB Group, Inc. and its subsidiaries such applicants' personal health information received by the Company during the underwriting process from the applicants' prior and/or current medical providers. The Company may make other uses and disclosures of insureds' personal health information and nonpublic personal information as required or permitted by law, including sharing this information with certain third parties who perform functions or services for or on our behalf. Examples of such third parties with whom we can share your information include affiliates of the Company; associations; business partners that provide services on our behalf (claims management, network access, marketing, clinical support); insurance brokers or agents; financial services firms and reinsurance carriers; regulatory agencies, other governmental entities and law enforcement agencies.

### **KINDS OF HEALTH INFORMATION TO WHICH THIS DISCLOSURE NOTICE APPLIES**

This disclosure notice applies to any personal health information in our possession that would allow someone to identify you and learn something about your health. It does not apply to information that contains nothing that could reasonably be used to identify you.

### **WHO MUST ABIDE BY THIS HIPAA HEALTH INFORMATION NOTICE**

- National Foundation Life Insurance Company.
- All employees, staff, and other personnel whose work is under the direct control of National Foundation Life Insurance Company.

## OUR HIPAA LEGAL DUTIES

- We are required by law to maintain the privacy of your health information. We maintain physical, electronic and procedural safeguards to protect your personal health information. We use and share your non-public personal health information to the extent minimally necessary to administer the products under which you are enrolled, and for other purposes specified in this notice.
- We are required to provide this notice of our privacy practices, and legal duties regarding health information to anyone who asks for it.
- We are required to abide by the terms of this notice until we officially adopt a new notice.

## HOW WE MAY USE OR DISCLOSE YOUR HEALTH INFORMATION UNDER HIPAA

We may use your health information, or disclose it to others, for a number of different reasons. This notice describes these reasons. For each reason, we have written a brief explanation. We also provide some examples. These examples do not include all of the specific ways we may use or disclose your information. But any time we use your information, or disclose it to someone else, it will fit one of the reasons listed here.

**1. Treatment.** This means that our employees, staff, and others whose work is under our direct control, may read your health information to learn about your medical condition and use it to help you make decisions about your care. We may also disclose your information to others to provide you with medical treatment or services.

**2. Payment.** We will use your health information, and disclose it to others as necessary, to make payment for the health care services you receive. For instance, an employee in our claim processing department may use your health information to pay your claims. And we may send information about you and your claim payments to the doctor or hospital that provided you with the health care services. We will also send you information about claims we pay and claims we do not pay (called an “explanation of benefits” form). The explanation of benefits form will include information about claims we receive for the insured and each dependent who are enrolled together under a single contract or identification number. Under certain circumstances, you may receive this information confidentially; see the “Confidential Communication” section in this notice. We may also disclose your health information to companies with whom we contract for payment related-services. We will not use or disclose more information for payment than is necessary.

**3. Health Care Operations.** We may use your health information for activities that are necessary to operate this organization. This includes accessing and/or reviewing your health information to review the performance of our staff. We may also use your information and the information of other insureds to plan what services we need to provide, expand, or reduce. We may disclose your health information as necessary to others who we contract with to provide administration services. This includes our lawyers, auditors, accreditation services, and consultants, for instance.

**4. Legal Requirement to Disclose Information.** We will disclose your information when we are required by law to do so. This includes reporting information to agencies that have legal responsibility to monitor the health care system. For instance, we may be required to disclose your health information, and information of others, if we are audited by a state or federal agency, or receive an official request from a governmental authority. We will also disclose your health information when we are required to do so by a court order or other judicial or administrative process.

**5. Public Health Activities.** We will disclose your health information when required to do so for public health purposes. This includes reporting certain diseases, births, deaths, and reactions to certain medications. It may also include notifying people who have been exposed to a disease.

**6. To Report Abuse.** We may disclose your health information when the information relates to a victim of abuse, neglect or domestic violence. We will make this report only in accordance with laws that require or allow such reporting, or with your permission.

**7. Law Enforcement.** We may disclose your health information for law enforcement purposes. This includes providing information to help locate a suspect, fugitive, material witness or missing person, or in connection with suspected criminal activity. We must also disclose your health information to a federal agency investigating our compliance with applicable privacy regulations.

**8. Specialized Purposes.** We may disclose the health information of members of the armed forces as authorized by military command authorities. We may also disclose your health information for a number of other specialized purposes. We will only disclose as much information as is necessary for the purpose. For instance, we may disclose your information to coroners, medical examiners and funeral directors; to organ organizations (for organ, eye, or tissue donation); or for national security, intelligence, and protection of the president. We also may disclose health information about an inmate to a correctional institution or to law enforcement officials, to provide the inmate with health care, to protect the health and safety of the inmate and others, and for the safety, administration and maintenance of the correctional institution. We may also disclose your health information to your employer for purposes of workers’ compensation and work site safety laws (OSHA, for instance).

**9. To Avert a Serious Threat.** We may disclose your health information if we decide that the disclosure is necessary to prevent serious harm to the public or to an individual. The disclosure will only be made to someone who is able to prevent or reduce the threat.

**10. Family and Friends.** We may disclose your health information to a member of your family or to someone else who is involved in your medical care or payment for care. This may include telling a family member about the status of a claim, or what benefits you are eligible to receive. In the event of a disaster, we may provide information about you to a disaster relief organization so they can notify your family of your condition and location. We will not disclose your information to family or friends if you object.

**11. Information to Members.** We may use your health information to provide you with additional information. This may include sending appointment reminders to your address. This may also include giving you information about treatment options, alternative setting for care, or other health-related services that may be eligible under your plan.

**12. Health Benefits Information.** If your enrollment in your health plan is sponsored by your employer, your health information may be disclosed to your employer, as necessary for the administration of your employer's health benefit program for employees. Employers may receive this information only for purposes of administering their employee group health plans, and must have special rules to prevent the misuse of your information for other purposes.

**13. Certain Health Information.** State law may provide additional protection on some specific medical conditions or health information. For example, these laws may prohibit us from disclosing or using information related to HIV/AIDS, mental health, alcohol or substance abuse and genetic information without your authorization. In these situations, we will follow the requirements of applicable state law.

## **YOUR RIGHTS UNDER HIPAA**

**1. Authorization.** We may disclose your health information for any purpose that is listed in this notice without your written authorization. We will not use or disclose your health information for any other reason without your authorization. If you authorize us to use or disclose your health information, you have the right to revoke the authorization at any time. For information about how to authorize us to use or disclose your health information, or about how to revoke an authorization, contact the person listed under "Whom to Contact" at the end of this notice. You may not revoke an authorization for us to use and disclose your information to the extent that we have taken action in reliance on the authorization. If the authorization is to permit disclosure of your information to an insurance company as a condition of obtaining coverage, other law may allow the insurer to continue to use your information to contest claims or your coverage, even after you have revoked the authorization.

**You or a person authorized to act on behalf of you are entitled to receive a copy of the authorization form upon written request.**

**2. Request Restrictions.** You have the right to ask us to restrict how we use or disclose your health information. We will consider your request, but we are not required to agree or consent to any such requested restrictions. If we do agree, we will comply with the request unless the information is needed to provide you with emergency treatment. We cannot agree to restrict disclosures that are required by law.

**3. Confidential HIPAA Communication.** If you believe that the disclosure of certain information could endanger you, you have the right to ask us to communicate with you at a special address or by a special means. For example, you may ask us to send explanations of benefits that contain your health information to a different address rather than to your home. Or you may ask us to speak to you personally on the telephone rather than sending your health information by mail. We will agree to any reasonable request.

**4. Inspect and Receive a Copy of Health Information.** You have the right to inspect the health information about you that we have in our records, and to receive a copy of it. This right is limited to information about you that is kept in records that are used to make decisions about you. For instance, this includes claim and enrollment records. If you want to review or receive a copy of these records, you must make the request in writing. We may charge a fee for the cost of copying and mailing the records. To ask to inspect your records, or to receive a copy, contact the person listed under "Whom to Contact" at the end of this notice. We will respond to your request within 30 days. We may deny you access to certain information. If we do, we will give you the reason in writing. We will also explain how you may appeal the decision.

**5. Amend Health Information.** You have the right to ask us to amend health information about you which you believe is not correct or not complete. You must make this request in writing, and give us the reason you believe the information is not correct or complete. We will respond to your request in writing within 30 days. We may deny your request if we did not create the information (such as medical records created by a medical provider), if it is not part of the records we use to make decisions about you, if the information is something you would not be permitted to inspect or copy, or if it is complete and accurate.

**6. HIPAA Accounting Disclosures.** You have a right to receive an accounting of certain disclosures of your information to others. This accounting will list the times we have given your health information to others. The list will include dates of the disclosures, the name of the people or organizations to whom the information was disclosed, a description of the information, and the reason. We will provide the first list of disclosures you request at no charge. We may charge you for additional lists you request during the following 12 months. You must tell us the time period you want the list to cover. You may not request a time period longer than six years. We cannot include disclosures made before April 14, 2003. Disclosures for the following reasons will not be included on the list: disclosures for treatment, payment, or health care operations; disclosures for national security purposes; disclosures to correctional or law enforcement personnel; disclosures that you have authorized; and disclosures made directly to you.

**7. Paper Copy of this HIPAA Privacy Notice.** You have a right to receive a paper copy of this notice. If you have received this notice electronically, you may receive a paper copy by contacting the person listed under "Whom to Contact" at the end of this notice.

**8. HIPAA Complaints.** You have a right to complain about our privacy practices, if you think your privacy has been violated. You may file your complaint with the person listed under “Whom to Contact” at the end of this notice. You may also file a complaint directly with the Secretary of the U.S. Department of Health and Human Services, at the Office for Civil Rights, U. S. Department of Health and Human Services, by calling 1-877-696-6775; or by visiting [www.hhs.gov/ocr/privacy/hipaa/complaints/](http://www.hhs.gov/ocr/privacy/hipaa/complaints/), or by sending a letter to them at 200 Independence Avenue, S. W., Washington, D.C. 20201. All complaints must be in writing. We will not take any retaliation against you if you file a complaint.

#### **OUR RIGHT TO CHANGE THE HIPAA PROVISIONS OF THIS DISCLOSURE NOTICE AND INFORMATION**

We reserve the right to change our privacy practice, as described in this notice, at any time. We reserve the right to apply these changes to any health information which we already have, as well as to health information we receive in the future. Before making any change in the privacy practices described in this notice, the Company will provide a new notice that includes the change. This new notice will include an effective date, and it will be mailed to all primary insureds within 60 days of the effective date.

#### **WHOM TO CONTACT FOR HIPAA HEALTH INFORMATION QUESTIONS:**

For (i) more information about the HIPAA portion of this notice, (ii) exercising any of your HIPAA rights as listed in the HIPAA sections of this notice, (iii) more information about our HIPAA privacy policies, or (iv) requesting a copy of our current notice of HIPAA privacy practices, please use the following contact information:

**HIPAA Privacy Office**  
300 Burnett Street, Suite 200  
Fort Worth, Texas 76102  
1-800-221-9039

This HIPAA notice is also available by e-mail. Contact the person above, or send an e-mail to: [nfl@insurance-privacy.com](mailto:nfl@insurance-privacy.com)

### **II. WHCRA SUMMARY**

**THE DISCLOSURE NOTICE AND INFORMATION IN THIS SECTION IS INTENDED FOR THOSE INSUREDS OF THE COMPANY WHO ARE COVERED UNDER A HEALTH INSURANCE POLICY OR A CERTIFICATE OF HEALTH INSURANCE COVERAGE UNDER AN ASSOCIATION GROUP MASTER POLICY, WHICH IN EITHER EVENT PROVIDES COVERAGE FOR THE MEDICAL AND SURGICAL SERVICES ASSOCIATED WITH A MASTECTOMY. IT DOES NOT APPLY TO ANY TYPE OF COVERAGE THAT DOES NOT PROVIDE ANY TYPE OF COVERAGE FOR THE MEDICAL AND SURGICAL SERVICES ASSOCIATED WITH A MASTECTOMY. PLEASE REVIEW IT CAREFULLY.**

#### **BREAST RECONSTRUCTION FOLLOWING MASTECTOMY**

Pursuant to WHCRA, certain health insurance plans, such as major medical insurance, provide coverage for breast reconstruction surgery following a mastectomy in a manner determined after the insured’s consultation with her attending physician. Coverage under these type of health insurance plans could also include (i) reconstruction of the breast on which a mastectomy was performed, (ii) surgery and reconstruction of the other breast to produce a symmetrical appearance, (iii) prostheses, and (iv) treatment of physical complications for all stages of mastectomy, including lymphedemas.

#### **CALENDAR YEAR DEDUCTIBLE AND CO-INSURANCE LIMITATIONS APPLY**

If your plan provides coverage for breast reconstruction following mastectomy, and if it is subject to the WHCRA, the calendar year deductible and co-insurance limitations listed in the insured’s health insurance plan apply to the above referenced covered services.

Any questions regarding mastectomy and post-mastectomy care should be directed to the insured’s physician.

#### **OUR RIGHT TO CHANGE THE CONTENT OF THIS WHCRA DISCLOSURE NOTICE AND INFORMATION**

We reserve the right to change the content of this WHCRA disclosure notice and information at any time.

### **III. GLB SUMMARY**

**THE DISCLOSURE NOTICE AND INFORMATION IN THIS SECTION DESCRIBES HOW PERSONAL NON-HEALTH INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED UNDER GLB. PLEASE REVIEW IT CAREFULLY.**

#### **CONFIDENTIALITY OF PERSONAL AND PRIVATE NON-HEALTH INFORMATION**

In order to fulfill its legal duties under your insurance coverage, the Company must collect and maintain certain personal and private non-health information about its insureds. This type of information may include, without limitation, your name, address, phone number, social security number, date and place of birth, age, sex, and other demographic information. We may also obtain your occupation, salary, transactional and banking information, billing preferences, and beneficiary information. The

Company recognizes the importance of each insured's privacy and the confidentiality of their personal non-health information. GLB provides certain protections regarding disclosure of this type of personal information, and the Company is fully compliant with this federal law.

As your insurer, the Company may collect personal non-health information about you from the following sources:

- Information provided by you on applications, other forms, and interviews;
- Information received from medical or health care providers;
- Information received from your credit card company or bank;
- Your employer, if your employer is involved in the provision of your coverage;
- Third-party associations, if your coverage is provided, in whole or in part, by virtue of your membership in such association;
- Other third parties within and outside our family of companies, depending on the product or service in which you are enrolled;
- Information about your transactions with the Company, or its affiliates, and
- Information collected when you visit the Company's website.

Please note that the Company does not disclose and does not reserve the right to disclose personal non-health information about customers or former customers to affiliates or non-affiliated third parties except as permitted by law. Your personal non-health information is shared only to the extent necessary to perform transactions and functions necessary to implement and administer the product or service in which you are enrolled, or as otherwise specified in this notice. These functions include enrollment, premium payment processing, customer service, policyowner service, claim payment, healthcare benefit management, fraud and abuse protection, and similar activities. We may also use your non-public personal financial information to determine if you might be interested in any of our other products or services.

The personal non-health information will only be shared internally within our family of affiliated companies to the extent necessary to provide you with the insurance benefits and services requested, or as otherwise permitted by law or as specified in this notice. We maintain physical, electronic and procedural safeguards to protect your non-health personal information. The Company restricts access to personal non-health information about you to Company employees who need to know that information to provide products and services required under your plan of insurance coverage.

#### **OUR RIGHT TO CHANGE THE CONTENT OF THIS GLB DISCLOSURE NOTICE AND INFORMATION**

The Company reserves the right to change the content of this GLB disclosure notice and information at any time. Before making any change in the privacy practices described in this notice, the Company will provide a new notice that includes the change. This new notice will include an effective date, and it will be mailed to all primary insureds within 60 days of the effective date.

#### **IV. PPACA SUMMARY**

##### **THE DISCLOSURE NOTICE AND INFORMATION IN THIS SECTION SUMMARIZES SOME OF THE PROVISIONS OF PPACA AND HOW YOU CAN OBTAIN ACCESS TO MORE INFORMATION FROM THE FEDERAL GOVERNMENT ABOUT PPACA. PLEASE REVIEW IT CAREFULLY.**

PPACA fundamentally changed the way healthcare is delivered and financed in the United States for individuals who are not Medicare Enrollees in many significant respects. Some provisions of PPACA took effect on March 23, 2010, while other provisions haven't taken effect at various times after that date. PPACA generally required that all of the provisions of PPACA relative to "health insurance" (as defined in HIPAA and PPACA) for individuals who are not Medicare Enrollees be in full force and effect by January 1, 2014. However, certain federal agencies have extended certain effective dates for various provisions. For detailed information about PPACA or any of its specific provisions thereunder, including the effective date of such provisions, please see the federal government's website at <http://www.healthcare.gov/>

##### **SOME IMPORTANT PPACA PROVISIONS PERTAINING TO INDIVIDUAL MAJOR MEDICAL AND APPLICABLE HOSPITAL-SURGICAL INSURANCE COVERAGE**

**1. Phased In Effective Dates.** The PPACA statute was signed into law by the President on March 23, 2010 and is approximately two thousand pages in length. Since that date, certain regulations and directives have been promulgated by various agencies of the federal government designed to implement the provisions of PPACA. However, not all of the provisions of PPACA took effect on that date, and not all of the federal requirements apply to at this time, or to all types of coverage. For instance, the provisions of PPACA typically do not apply to coverage that constitutes "excepted benefits" coverage (defined in more detail in section 5 below), or other limited benefit coverage, including short-term, limited duration medical expense coverage. As indicated above, the effective dates of many PPACA provisions have been phased in over time.

**2. Grandfathered Plans.** If you purchased major medical or applicable hospital-surgical insurance coverage prior to March 23, 2010, the plan of coverage may be a "grandfathered" plan under PPACA, depending upon any changes in coverage you may have made to such plan since that date. Some of the mandates of PPACA do not apply to grandfathered plans.

**3. Non-Grandfathered Plans.** Any major medical or applicable hospital-surgical insurance coverage purchased after March 23, 2010 but prior to January 1, 2014 is a “non-grandfathered” plan under PPACA, and under administrative extensions issued by regulatory authorities, is not currently required to comply with all PPACA provisions or benefit mandates. In addition, depending upon any changes in the coverage provided under a “grandfathered” plan on or after March 23, 2010, such changes may have caused such plan to lose its “grandfathered” status under PPACA, and to be considered a “non-grandfathered” plan under PPACA.

**4. Benefit Differentials.** PPACA mandated a variety of new requirements and benefits that apply to individual health insurance coverage, although different provisions apply to “grandfathered” plans (generally, plans issued prior to March 23, 2010), “non-grandfathered” plans (generally, plans issued between March 23, 2010 and December 31, 2013), and fully PPACA-compliant plans (generally, those issued on and after January 1, 2014). In general, among the PPACA requirements that apply to all plans, regardless of grandfather status, plans are prohibited from imposing lifetime maximums for “essential health benefits”, plans may only rescind coverage in situations involving fraud or intentional misrepresentation, and all plans must extend dependent coverage for adult children until they reach 26 years of age. Additionally, non-grandfathered plans, as well as fully PPACA-compliant plans, may not impose any annual limits on the dollar value of “essential health benefits”, may not impose preexisting condition exclusions on enrollees under the age of nineteen, must provide coverage, without imposition of cost-sharing factors, for certain defined preventive services coverage, and must provide certain emergency service coverage without the need for prior authorization, and at the in-network cost-sharing level. If you maintain individual health insurance coverage with our company, please refer to your underlying policy or certificate of insurance, including any amendments thereto, for a more full and complete description of the terms and conditions that apply to such coverage. PPACA’s benefit mandates and other requirements generally do not apply to “excepted benefit” plans, or to short-term, limited duration plans, as discussed in more detail below.

**5. Excepted Benefit Plans.** Many types of insurance coverage in the marketplace are not governed by the terms of PPACA. These exempt plans are generally called “excepted benefit” plans under federal law. Examples of “excepted benefit” plans that are not governed by PPACA include: Hospital and other Fixed Indemnity Insurance Plans, Specified Disease or Illness Insurance Plans, Accident-Only Insurance Plans, Short Term, Limited Duration Medical Insurance Plans, Medicare Supplement Insurance Plans, Long Term Care Insurance Plans, Limited Dental Insurance Plans and Limited Vision Insurance Plans. Since these types of plans are not governed by PPACA, the various coverage and premium mandates contained in PPACA, some of which are referenced herein, do not apply. Coverage provided by “excepted benefit” plans are not considered “minimum essential coverage” under PPACA, and therefore persons insured only under such “excepted benefit” plans may be subject to the “shared responsibility payment” to the Internal Revenue Service. PPACA’s benefit mandates and other requirements generally do not apply to “excepted benefit” plans, or to short-term, limited duration plans.

**6. Minimum Essential Coverage and PPACA Shared Responsibility Payment.** Under the “individual mandate” requirements of PPACA, beginning on January 1, 2014, taxpayers without an exemption issued by the federal government are required to be covered under “minimum essential coverage”, or pay a “shared responsibility payment” to the Internal Revenue Service. For more information on exemptions from the PPACA individual mandate and the PPACA individual “shared responsibility payment” for federal tax years between 2014 and 2018, please see the federal government’s website at <http://www.healthcare.gov/>.

The “shared responsibility payment” is sometimes also referred to as the individual mandate, tax, or penalty. For tax years prior to 2019, generally, for individuals, the shared responsibility payment started at the greater of \$95, or 1 percent of income and rises to \$695, or 2.5 percent of income, by 2016. Families have a shared responsibility payment limit of \$2,085 or 2.5 percent of household income, whichever is greater. Some taxpayers are entitled to an exemption issued by the federal government from PPACA’s “minimum essential coverage” requirement, and therefore, an exemption from the shared responsibility payment. Excepted benefit coverage as mentioned above, as well as short-term, limited duration coverage, does not qualify as “minimum essential coverage” for purposes of PPACA’s individual mandate/shared responsibility payment/tax/penalty.

Under the Tax Cut and Jobs Act of 2017, the “shared responsibility payment” / individual mandate / tax / penalty was “zeroed out” for tax year 2019 and beyond. This means that, while PPACA’s requirement to maintain “minimum essential coverage” remains in force and effect, taxpayers will not be taxed or penalized for not maintaining “minimum essential coverage” in federal tax years 2019 and beyond.

**7. Premium Rate Increases on PPACA Plans.** The provisions of PPACA mandated the addition of several types of new coverage and benefit payment obligations for “minimum essential coverage” plans. These “minimum essential coverage” plans may have annual premium rate increases.

**8. Medicaid Extension, Potential Federal Income Premium Tax Credits, and Potential Reduced Cost Sharing.** Beginning in 2014, certain federal income tax credits will be available under PPACA for individuals under age 65 who purchase PPACA individual health insurance coverage on their own through a qualified health insurance exchange, who are not covered through an employer sponsored group health insurance plan, or by Medicare or Medicaid. New eligibility rules enacted under PPACA extend coverage in Medicaid to most individuals with incomes under 133% of the federal poverty level. For individuals with somewhat higher incomes (up to 400% of the federal poverty level), PPACA provides federal income tax credits for the purpose of reducing PPACA health insurance premium costs. Individuals with income up to 250% of the federal poverty level may also be eligible for reduced cost sharing (e.g., coverage with lower deductibles and copayments) paid for under PPACA by the federal government. These premium tax credits and cost-sharing assistance began in 2014.

**9. Medical Loss Ratios.** Health insurance carriers in the individual health insurance market in each state are required to comply with a new “medical loss ratio” (“MLR”) requirement of eighty percent. In the event that a health insurance carrier’s MLR in a state in one of these calendar years is below 80%, the policyholders of such health insurance carrier in that state may or may not be entitled to a rebate of some portion of the premium paid on their policies that year, depending upon the specific type of insurance coverage provided by their policy, and their insurance carrier’s financial condition. “Excepted benefit” and short-term, limited duration medical expense plans are exempt from PPACA and are not required to comply with this MLR requirement.

**10. Availability of Summary Health Information.** PPACA also requires the distribution of a Summary of Benefits and Coverage (“SBC”), which summarizes important information about your health insurance coverage in a standard format. To reduce paper and costs, We have provided the SBC for our products that are subject to PPACA on the web at: [www.ushealthgroup.com/sbc.aspx](http://www.ushealthgroup.com/sbc.aspx). You may view and print the SBC regarding your policy or certificate by clicking on the link for the state where it was issued. If You would like a paper copy, it is also available, free of charge, by calling toll free at **1-800-387-9027**.

**11. This Summary Information is Time Sensitive.** This summary information about PPACA is, of course, time sensitive, and is subject to change without any notice. Therefore, for more detailed information about the current status of PPACA or any of its specific provisions, including the effective date of such provisions, please see the federal government’s website. <http://www.healthcare.gov/>

#### **OUR RIGHT TO CHANGE THE CONTENT OF THIS PPACA DISCLOSURE NOTICE AND INFORMATION**

We reserve the right to change the content of this PPACA disclosure notice and information at any time.