

GREENBERG & ASSOCIATES INSURANCE

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***** IMPORTANT BULLETIN *****

TO: ALL EXEC-U-CARE MEDICAL REIMBURSEMENT PARTICIPANTS

FROM: GREENBERG & ASSOCIATES INSURANCE

DATE: MAY 17, 2010

RE: IMPACT OF REFORM LEGISLATION ON EXEC-U-CARE

We've received copies of correspondence that you most likely have already received from Exec-u-care regarding how the Patient Protection and Affordability Care Act and the Health Care, Education and Reconciliation Act of 2010 impact Exec-u-care.

The new law will be extending the nondiscrimination requirements of section 105(h) to insured, non-grandfathered, medical reimbursement plans. Therefore, unless grandfathered, insured medical reimbursement plans such as Exec-u-care that discriminate in favor of highly compensated employees in eligibility or benefits will be subject to a \$100 per day, per violation penalty.

At this time, the new rules appear not to apply to grandfathered plans that were in existence on March 23, 2010. Exec-u-care indicates in their correspondence that a plan will not lose grandfather status after March 23, 2010 if it only enrolls: 1) newly hired employees, 2) dependents of newly hired employees or 3) new dependents of currently enrolled employees.

Lincoln National Life, the underwriter of Exec-u-care, is examining the grandfathering provisions to determine what changes may be required for certificate holders. They are waiting federal regulatory guidance regarding what changes, if any, can be made without endangering grandfathered status.

Therefore, at this time, it is recommended that no changes be made to current benefit levels such as going from the \$50,000 to \$100,000 policy, etc.. Also, they recommend that you do not enroll any "existing" employees that previously may have waived for any reason.

As the future of Exec-u-care becomes clearer and we find out what changes, if any, can be made to your plans and still maintain grandfathered status, we will keep you informed. In the meantime, it appears we can stay the course until further notice as long as no benefit changes are made to your plan and no "current" employees are added. We'd recommend that you confirm that your tax advisor concurs with this approach in the meantime.

Sincerely,

Sharon Greenberg and Adrienne Hutchins