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American Community Enters Georgia, North Carolina & South Carolina Markets

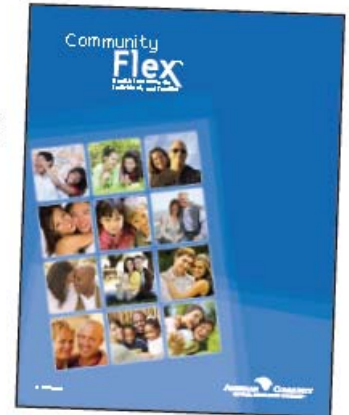
With Community Flex™ Available Soon

We are pleased to announce that American Community will be entering the Georgia, North Carolina and South Carolina markets with its Community Flex™ PPO health product for individuals and families. Quoting for South Carolina will be available June 2, 2009 for July 1, 2009 effective dates. Quoting availability for Georgia and North Carolina will be announced in future communications.

Georgia, North Carolina and South Carolina residents are ready for a new choice in healthcare coverage and will welcome a PPO health product designed to help individuals and families hold down their medical expenses.

Community Flex gives your clients the freedom to build a health plan that's just right for them. Its back-to-basics approach offers a variety of deductibles, benefit percentages and benefit options to save on premium and provide both value and choice. Unique to Community Flex is the option to upgrade to the Gold Benefits package for richer benefits for covered services. With several key benefits included and the option for more coverage, your clients have the freedom to choose a plan best suited for their personal needs.

Community flex has already been introduced in all our other markets. It has been well received by agents and has boosted our Individual Sales.



AC Prepares to Launch New Small Group Product

Latitude™ Empowers Small Groups to Chart their own Healthcare Benefits Course

Today more than ever, businesses are looking for the ability to choose a healthcare plan that offers the right balance between cost and value for their employees' needs. Latitude™ gives small employer groups the freedom to build a customized plan with the benefits their employees' desire at a price they can afford. With multiple plan designs, a wide array of covered services, varied benefit choices, and an option for a Health Reimbursement Arrangement (HRA), small employer groups can customize a health plan that will enable them to navigate between employee healthcare needs and their budget.

American Community is on target to begin offering Latitude in eight states—Arizona, Illinois, Indiana, Iowa, Michigan, Missouri, Nebraska, Ohio—for third quarter effective dates.

Look for more information about Latitude in subsequent issues of *ACNews* and in an Agent Field Bulletin.

2008 Crystal Club® & Sterling Club® Honored in Italy

Congratulations to all of our agents who qualified for our 2008 Crystal Club® or Sterling Club®, many of whom just returned from our magnificent trip to Italy. For those writing agents who couldn't attend this year's trip, we hope that you'll join us in November to Maui, Hawaii.



Upcoming Individual Business Enhancements to Serve You Better

In an ongoing effort to improve our service to you, we recently conducted a conference call with several of our agents regarding ways to enhance our Individual business practices. Several initiatives were discussed, most of which relate to our underwriting and administrative operations. Read on for a list of the key concerns that were discussed and our plan to address these issues.

Group Plan-specific Benefit Charts Provide More Information

As part of our efforts to provide you with the necessary tools to make promoting and selling American Community's Group products easier, we've redesigned our benefit charts to provide basic plan-specific information in a chart format.

Next Generation HSA™

When viewing state-specific charts, you can either list all seven plans that are available or select to view each plan-specific chart per state. Each version will list only the chosen deductible and network/non-network benefit percentages for that plan.

Triple Tier™

There are two plans displayed on the state-specific charts. Now you have the choice to view both plans that are available per state or choose to view each plan-specific chart. Each version will list only the chosen network/non-network deductibles, benefit percentages and copays for that plan.

As a reminder, the APEP Choices™ benefit charts are already available in these formats.

The new benefit chart format is now available for all states except Arizona* on our Group Quote system or on the Products/Group page at www.american-community.com. In addition, the new versions are located at *For Agents/Marketing Materials/Product Brochures, Rate Cards, Benefit Charts, Applications/Group*.

*The Arizona plan specific benefit charts are pending state department of insurance approval.

Concern	Solution
Excessive Post-Issue Rescissions	<p>Several agents felt that conducting phone interviews prior to issuing a policy/certificate would resolve many problems that result in adverse post-issue actions.</p> <p>While revamping our process will take some time and effort, we agree that this is the right direction to take and are developing a plan to transition to telephone interviews. As a more immediate step, we are also working on reducing the number of claims to be reviewed on a post-issue basis by eliminating reviews on minor ailments.</p>
Why are we collecting signatures from 18 year-old dependents?	<p>We need the signature to retrieve prescription drug usage information from Intelliscript and to order medical records. Many states' laws require the collection of these signatures. On April 15, 2009, our New Business team implemented a process to obtain signatures on both page 5 (Consent, Terms and Conditions) and page 6 (Authorization to Obtain Protected Health Information) of the Individual HA-1 Applications.</p>
Inadequate Staffing and Lengthy Call Waiting Time	<p>We've modified our auto attendant system to move calls from agents to the front of the line for Claims and Individual/Group Policy Administration. When calling our toll-free line at (800) 233-3444, simply press option 1 to identify yourself as an agent and your call will be moved ahead of policyholder and provider calls.</p> <p>We've also implemented evening hours in the Nurse Telephone Interview area. We have a nurse on staff until 7:00 pm Monday through Thursday. We are monitoring the number of completed calls during the after hour coverage to determine the effectiveness.</p> <p>We will also hire up to eight new customer service representatives and one additional nurse. Due to the amount of training required, the positive impact of these additions may not be felt for a few months.</p>
Clients Being Contacted Via Telephone and Memo Simultaneously	<p>In the event that we are unable to reach the client by phone, a memo is sent to the client. This results in confusion when the memo arrives after the issue has already been resolved by phone.</p> <p>Our nurses currently instruct the client to disregard the memo once it is received via postal mail. We will revise the memo being sent to indicate that the request should be disregarded if it has already been addressed by phone. This statement will be added in capital letters to eliminate the client's confusion.</p>
Timing and Order of Individual Application Processing	<p>"First in, first out." We will work on changing our system so that we process applications based on their original submission date. For example, applications that have been held pending the receipt of medical records will be processed prior to those just submitted once the necessary records are received. Currently our system is unable to identify those applications; modifications will be made to allow these pending applications to be recognized.</p>
Client Signature Required on Re-date Form	<p>We will require the client's signature only if the effective date is being moved forward. We're looking into other options to improve the process but feel a signature is important and necessary when the client moves the date forward.</p>

Concern	Solution
Giving Agents the Ability to Make Changes on Behalf of Their Clients	Effective immediately, we will give our agents more latitude in requesting network changes, address changes and terminating an entire policy on behalf of their clients. Our procedure will be to process the requested change submitted by the agent, then send a confirmation letter to the policy/certificate holder allowing 10 days to review the letter and withdraw the requested change if necessary. We are in the process of developing this letter and training our Call Center staff on the new procedure.
Why do we require Parameds when the client just had a life exam?	We have resolved this concern by accepting a life exam IF they include the same critical elements as our health exams.

Additional Possible Enhancements Currently Being Researched

1. The use of standard rate-ups for certain diseases, specifically Blood Pressure.
2. The elimination of the requirement to submit the last three blood pressure readings when submitting an Individual online application.
3. The ability to cover all dependents up to age 26 on Individual policies/certificates in all states.

Requested Enhancements that Will Not Be Implemented in the Near Future Due to Other Priorities

1. **Creation of status reports**—This represents a large undertaking from a programming perspective. It is on our agenda but will take some time to implement.
2. **E-mail ID cards once application is approved**—Due to programming and security requirements, we are unable to implement this functionality at this time.
3. **Make available a copy of the e-application on our website, allowing BGAs, GAs and agents the ability to track all of their business.** Although we will not be able to offer this functionality in the near future, copies of the e-applications are accessible via our Online Quote and Application System.

We are confident that these enhancements will help us to mutually grow and retain our business. Look for updates on these and other improvements in future issues of the *AC News*.

Thank you to all who participated in these discussions; as always, we value the input of our agents and are committed to continually strengthening our partnership. We look forward to future productive conference calls between additional groups of agents and our marketing staff to discuss ways to make doing business with us easier.

Online Quote and Application System Enhancements

Makes Doing Individual Online Business With Us Easier!

We value your business and appreciate your feedback regarding our Online Quote and Application system. We understand that there are always opportunities for improvement and we are working diligently to improve and streamline our Individual online quoting and e-application process. Here's a list of recent enhancements to the quoting portion of our Online Quote and Application system:

- ✓ **My Quotes page loads faster and is easier to use.**
 - Response time has been improved when searching for quotes.
 - Status terms used for searching have been updated.
 - Agent Assistants are now able to locate, view and create quotes on behalf of the agent/agency they are assigned to. This includes the ability to locate, view and create quotes on behalf of sub-agents under the agent/agency the Assistant is assigned to.
- ✓ **Client Information page has been updated.**
 - When more than one county is available for a given zip code, the county field will now default to a blank option allowing you to select the appropriate county. This will reduce possible premium errors due to incorrect county selection.
- ✓ **Short Term Quote page has been updated.**
 - The Short Term Quote pop-up window will now open in front of your active browser window.
 - E-mail functionality is now available on the Short Term Quote page.

Signatures Required on Individual Applications

For All Applicants 18 Years and Older

HIPAA (Health Insurance Portability and Accountability Act of 1996) is a set of federal rules designed in part to protect the privacy of a person's healthcare information. Healthcare information is any data relating to a person's past, present or future health, or the payment for healthcare. Healthcare information linked with personal identifying information is called Protected Health Information (PHI). Name, address, birth date, social security number and medical record number are personal identifiers. The privacy rule applies to PHI in any form.

The HA-1 Application is currently being revised to include signature requirements on Page 5, under Consent, Terms and Conditions for all dependents 18 years and older. Look for an Agent Field Bulletin coming soon announcing the revised HA-1 Application. Until then, In order to be HIPAA compliant when requesting PHI for Individual new business applicants, we must have the signature of all applicants 18 years and older on page 6 of the HA-1 Application under Authorization to Obtain Health Information.

If all necessary pages of the application are not signed by all applicants 18 years and older, a file number will be assigned and the application will appear on our website under *Recently Received Individual Applications*. After 24 hours, the application information moves to the *Individual Policy Inquire* page and then to the *Submitted Individual Applications* page. However, the file will not be reviewed by an underwriter until all necessary signed documents are received in the Home Office.

- ✓ **Auto-filling feature and Help pages have been enhanced and updated.**
 - A network is automatically selected when only one option is available.
 - Help Text has been updated.
- ✓ **Benefit/coinsurance information has been updated and now displays details when selected on Compare and Proposal pages.**
 - Compare Premium page:
 - We've improved readability by shading every other row.
 - The in-network coinsurance amount is now paired with the Benefit Percentage.
 - Triple Tier™ benefit percentage has been updated to: 100%/90%/70%
 - The Coverage On Demand™ benefit percentage amount will display: Level 1: 80%
 - Coverage On Demand Out-of-Pocket will display: Level 1: \$1,250 min \$2,500 max
 - Compare Plan screen:
 - This exhibit has been updated to reflect all in-network amounts.
 - The in-network coinsurance amount is now paired with the Benefit Percentage.
 - We've added a row for the Out-of-Pocket Maximum.
 - Triple Tier benefit percentage has been updated to: 100%/90%/70%
 - The Coverage On Demand™ benefit percentage will display: Level 1: 80%
 - View Proposal page:
 - A link to the benefit chart has been added next to the name of the product selected in the Plan Summary area.
 - Triple Tier benefit percentage will now show as: 100%/90%/70%

Individual Renewals Moving to Issued Premium

American Community will be making a change to the way commissions are calculated on Individual business that have application signed dates of June 1, 2009 or later.

Previously, the calculation of renewal commission was based upon the actual premium paid on the policy/certificate ("paid premium"). Beginning June 1, 2009, commissions for those policies will be based on the "issued premium" at the time of the effective date. This change affects renewal commissions beginning June 1, 2010 but may also impact mid-year changes to policies with signed dates of June 1, 2009 and later.

No changes will be made to your American Community commission statement. The statement will continue to show the commissionable premium amount.

We will continue to pay commissions on the underwriting rate-up portion of the policy for new business.

For more information about commissions, contact Kelly at

1-800-544-8250 x114

Network Updates

The following hospital was added to the HealthLink network:

State	Hospital	County	Effective Date
Illinois	County View Care Center of Macomb	McDonough	January 1, 2009

The following physician group was added to the HealthLink network:

State	Physician Group	County	Effective Date
Illinois	Lincoln Prairie Behavioral Health Center	Sangamon	September 1, 2008

The following hospitals were added to the PHCS network:

State	Hospital	County	Effective Date
Illinois	Kenneth Hall Regional Hospital	St. Clair	October 1, 2008
Illinois	Rochelle Community Hospital	Ogle	October 1, 2008
Ohio	Cleveland Clinic Health System: Cleveland Clinic Children's Hospital Cleveland Clinic Foundation Cleveland Clinic Foundation PHO Euclid Hospital Fairview Hospital Hillcrest Hospital Huron Hospital Lakewood Hospital Association Lutheran Hospital Marymount Hospital South Pointe Hospital	Cuyahoga	October 1, 2008
Ohio	Medical Center of Newark	Licking	August 15, 2008

The following physician groups were added to the PHCS network:

State	Physician Group	County	Effective Date
Indiana	Clarian Arnett Health System	Tiptecanoe	October 15, 2008

The following hospital was removed from the PHCS/MultiPlan network:

State	Hospital	County	Effective Date
Illinois	Lincoln Park Hospital	Cook	October 20, 2008

The following hospital was removed from the MultiPlan network:

State	Hospital	County	Effective Date
Illinois	West Lake Community Hospital (dba Superior Medical Associates)	Cook	April 1, 2009

The following hospitals were removed from the PHCS network:

State	Hospital	County	Effective Date
Indiana	St. Joseph Regional Medical Center	St. Joseph	September 4, 2008
Missouri	Samaritan Hospital	Macon	September 1, 2008

The following physician group was removed from the PHCS/MultiPlan network:

State	Physician Group	County	Effective Date
Illinois	Condell Independent Physicians Association	Lake	December 31, 2008

The following physician group was removed from the MultiPlan network:

State	Physician Group	County	Effective Date
Illinois	Christie Clinic	Champaign	October 19, 2008

The following physician groups were removed from the PHCS network:

State	Physician Groups	County	Effective Date
Illinois	Physician Group Associates	Sangamon	January 1, 2009
Michigan	South Oakland Anesthesia Associates	Oakland	March 1, 2009
Michigan	West Michigan Heart, PC	Kent	December 1, 2008
Ohio	Mount Carmel Health Providers	Franklin	September 30, 2008

The following physician group was added to the Midlands Choice network:

State	Physician Group	County	Effective Date
Nebraska	North Platte Surgical Associates	Lincoln	January 1, 2009

The following hospitals were removed from the Sagamore network:			
State	Hospital	County	Effective Date
Indiana	Select Specialty Hospital— Indianapolis	Marion	June 6, 2009
Indiana	St. Vincent Pediatric Rehab	Marion	November 15, 2008

Website Updates

Following is a list of recent updates to www.american-community.com:

For Agents/Marketing Materials/Product Brochures, Rate Cards, Benefit Charts, Applications

- ✓ The product selection form that accompanies the HA-1 Application and the Rewrite Application for Texas has been updated to remove Medalist II™ as an available product.
- ✓ The list of approved non-AC Group applications has been updated.
- ✓ The Arkansas and Oklahoma HA-1 and Rewrite Application PDF files have been updated with a new Product Selection Form. The new form includes the PHCS network as an option.
- ✓ The Arkansas and Oklahoma rate cards for Community Flex™ have been revised to include the PHCS network as an option.
- ✓ The Wisconsin HA-1 Application has been updated to reflect new billing fees.

For Agents/Marketing Materials/Miscellaneous Forms

- ✓ The Network Flyer has been updated to include the PHCS network as an option in Arkansas and Oklahoma. The PPOM network name has also been changed to Cofinity® for Michigan.
- ✓ The Texas Supply Requisition has been updated to remove Medalist II™ as an available product.
- ✓ The Texas Product Overview sheet has been updated to remove the reference to Medalist II™.
- ✓ The Arkansas, Oklahoma and Tennessee Product Overview flyer was added.
- ✓ The Request to Redate form for all states has been updated as follows:
 - All occurrences of “policy” have been replaced with “policy/certificate.”
 - The text in #7 has been changed to read, “I further understand by requesting a change in effective date, my premium may change.”
- ✓ The Ohio HIV Consent form has been updated with the version most recently approved in the state.

For Agents/My AC/BGA Rankings for Maui Conference

- ✓ The BGA Conference Keep on Track Flyer has been updated to include standings as of April 30, 2009.

For Employers/Forms and For Insureds/Forms/Group

- ✓ The new Summary of COBRA Premium Reduction Provisions under ARRA (American Recovery and Reinvestment Act) form.

For Agents/My AC/What's New

- ✓ Recorded training webinars have been added. Now available 24/7, just click on the appropriate link, enter your e-mail address and click Submit. You'll be re-directed to a registration screen.

Prescription List

- ✓ The Caremark Performance Drug List has been updated to indicate that the following drug has been moved from Preferred to Non-Preferred status:
 - Imitrex (migraine)
 The performance drug list is available on our website as a PDF.
- ✓ The Community Flex™ Prescription Drug List has been updated.

For Employers/Forms or For Insureds/Forms/Group/ for all states

- ✓ The Change Request Form was updated to advise the person electing State Continuation to complete the “Request for Treatment as an Assistance Eligible Individual” form.

For Employers/Forms and For Insureds/Forms/Group

- ✓ The Request for Treatment as an Assistance Eligible Individual forms were updated. There are two versions of the forms; one for Arizona, Indiana and Michigan and a separate form for Illinois, Iowa, Missouri, Nebraska and Ohio. The form was previously generic and included with the Summary of the COBRA Premium Reduction Provisions under ARRA form.

Miscellaneous

- ✓ A new Training page was added to the secured section under *For Agents*. This page contains links to the following agent training tools:

- **For Individual:**

- Recorded webinars for Individual Online Quote and Application system and various products
- Live webinar schedule for Individual Online Quote and Application system
- Training documentation for the Individual Online Quote and Application system
- Product presentations

- **For Group:**

- Product presentations

Look for future updates to this page as we record additional webinars and create new presentations on product and system training.

- ✓ The AC Provider Manual has been updated.



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