

See Pages 2 and 5 for 8/27/2009 updates

Order of Liquidation was entered and approved by the Marion County Court on 2/26/09. A copy of this order has been mailed to all policyholders and is available on the web site at www.medicalsavings.com

How does the Liquidation Order impact the payment of my claims?

An order of liquidation is the legal event that triggers access to state guarantee funds. This is the beginning process of paying claims in a liquidation proceeding. Medical Savings Insurance Company (MSIC) going forward will have access to state funds to settle medical claims subject to limitations and settlement requirements of each state. This process is well coordinated by the states but the eventual payments will take time as claims must be eventually approved and funded by each state.

Approval of Administrative Services Contract by National Organization of Life & Health Insurance Guaranty Associations (NOLHGA).

Medical Savings and its staff was awarded an administrative services contract to provide all necessary policyholder support services including but not limited to settlement and claims payment services. A copy of the Court Order approving the contract is available on our approval on our web site. Such contracts are typically awarded to the insolvent carrier in an effort to expedite services due to knowledge base and cost efficiency of the existing operations. The staff of Medical Savings is most eager to continue all support services and especially the payment of claims UPON ACCESS to funds and APPROVAL by NOLHGA. Please know that even with the administrative service contract, all claims must be funded by the state guarantee funds and are subject to strict guidelines which will take several months to complete.

How will this impact my claims and when can we expect payment?

Immediately following the Order of Liquidation, the Liquidator presented a business plan to expedite the claims payment process going forward once funds were made available. The plan recommends payments of ALL covered expenses within the established priority as approved by NOLHGA. The plan identified as first priority, payments due directly to policyholders, which includes premium refunds and out of pocket covered claim expenses reimbursement. Claims from medical providers under contract with Medical Savings have been requested as a priority, as these claims can be adjudicated without dispute in accordance with the contract. The last and most difficult claims will be (a) those in dispute and not under contract with the provider and (b) those in litigation. All of those claims must be negotiated to mutual agreement between the Liquidator and the provider.

WHEN will my claim be paid?

The most common and reoccurring question is when will my claim be paid? Under a normal operating environment, this information would be known by our claims staff. During Liquidation, claims are submitted for payment and funding by individual states and payment processes and timelines vary. Payments will automatically be released upon state funding. Every effort is made by each state to provide timely and efficient service. Claims will be paid but the exact timing has many factors as a result of the insolvency. **Going forward WE WILL NOT BE ABLE TO CONFIRM OR PROVIDE AN EXACT CLAIM PAYMENT DATE UNTIL FINAL RESOLUTION.**

What can be done to stop the calls, payment demand letters, legal threats from providers and collection agencies that I am receiving?

The slow payment, non-payment and check returns have generated increased collection efforts by numerous providers and their appointed collection agencies. We understand that this creates a tremendous strain on policyholders. Short of payment and cooperation these efforts will continue. In an effort to provide relief to all policyholders, the Order of Liquidation specifically requests a stay of “all lawsuits, arbitrations and collection efforts against MISC Insuredsincluding contacting credit reporting agencies ...The Court hereby STAYS AND ENJOINS for a period of 6 months following the entry of this Order:” The order is dated 2/26/09 and can be viewed on www.medicalsavings.com. See 8/27/2009 Court Order Extending Stay to February 26, 2010 under Legal Documents link.

Who will communicate with and provide assistance to me?

The best source of all communication related to MSIC is direct contact with the company. Administrative and Claims personnel are available by phone and will discuss your concerns directly. Due to privacy laws and the sensitivity of medical claim information, these are the **ONLY** people that have access to your claim information. For security and legal reasons, the state and the court appointed Liquidator **DO NOT** have access to your account. We ask that any request for information on your account or questions about the liquidation process be directed to company personnel. Calls and correspondence to any state agency must be forwarded back to the company for handling which delays response time. Unfortunately, until the claims are starting to be paid, the message will not change but this is a result of the liquidation process. **The telephone number for all communication is 1-800- 589-8911**; due to call volume, you may have to leave a message. All calls are returned within two business days, most are returned in the same day. You may also fax questions and concerns directly to our **dedicated fax number 317-329-3080**

Please continue reading for Frequently Asked Questions

What happened to Medical Savings Insurance Company?

After efforts to raise additional capital or sell Medical Savings Insurance Company, the company was ordered into Rehabilitation on December 1, 2008 by the Marion County Circuit Court in response to a petition by the Indiana Department of Insurance (IDOI). The department took action after determining that Medical Savings did not have adequate capital reserves to meet its ongoing obligations to certificate holders. Further, the Court ordered Medical Savings into Liquidation on February 26, 2009.

Indiana Commissioner of Insurance, Jim Atterholt, was appointed as Liquidator of Medical Savings. Mr. Atterholt has appointed Randolph Lamberjack, President of Noble Consulting Services Inc., as Special Deputy Liquidator to oversee the liquidation process.

What will happen to Medical Savings certificate holders?

Your health insurance coverage remains in force as long as you pay premium. The risk is that at some point in the near future, the health insurance will be terminated. **You must take action and elect for NEW insurance.** Again, insurance coverage will still remain in effect so long as you pay premium, but will eventually be terminated with written notice. The State Guaranty Association will eventually instruct the Liquidator to give notice of termination. The exact date of termination is determined by each state and the ONLY NOTICE YOU RECEIVE WILL BE A NOTICE OF TERMINATION LETTER. MSIC personnel will not have advance notice of such action.

How do I follow up on a quote from Golden Rule?

The guaranteed option by Golden Rule is NO LONGER an option. You may still pursue underwritten coverage from Golden Rule by going to their web site at www.goldenrule.com, or from any other insurance company you may choose.

Can insureds get certificates of creditable coverage?

We will work on these requests and provide them as soon as possible after your coverage with Medical Savings is terminated. You may request a copy of a certificate of creditable coverage by calling MSIC at 800-589-8911 or you can fax your request to 317-329-3080; please provide your name, mailing address and certificate number with your request.

What will happen to the HSA Deposits administered by Medical Savings?

Medical Savings will provide payment of one hundred percent (100%) of all funds held on deposit. If you have not provided instructions to transfer or directly withdraw your HSA deposit you must take action. If you need assistance please contact a company representative at **1-800- 589-8911**. The Court required interest to be credited through January 31, 2009. NO FURTHER INTEREST IS BEING PAID so it is to your benefit to get your funds transferred to another HSA account, or withdraw your funds, IMMEDIATELY.

What will happen to my claims?

During the Rehabilitation period, claims processing continued. However, ALL claim payments were put on hold. The financial condition did not allow payment of certificate holder claims on an immediate basis. Efforts during Rehabilitation focused on transitioning certificate holders to new coverage options and liquidating HSA accounts.

The State filed a Petition for Liquidation against Medical Savings, which was granted by the Court on February 26, 2009. Along with the Petition for Liquidation, the State filed Recommendations Concerning Liquidation Procedures, Claims and Notices "Liquidation Procedures". See www.medicalsavings.com for a copy of the items filed with the Court. The Liquidation Procedures, allow Medical Savings to move forward with payments of claims as approved by each state Life and Health Insurance Guaranty Associations, subject to their statutory caps and limitations (see further below for more about guaranty associations).

If an individual has moved to a new carrier, we will continue to adjudicate claims incurred prior to the termination of coverage with Medical Savings Insurance Company. If you have provided claim detail in the past, there is NO NEED to provide further or duplicate information on such claims. Re-filing or providing duplicate notices WILL NOT expedite the claim payment process. Duplicate claims only result in wasted processing time. Providers and insureds can continue to send their new claims incurred while insured by Medical Savings Insurance Company to:

Medical Savings Insurance Company
Attention Claims
P.O. Box 68961
Indianapolis, IN 46268-0961

When will my claims be paid?

As stated above, now that Medical Savings is in liquidation, payment of claims will be administered by each state Life and Health Insurance Guaranty Associations (Guaranty Associations), subject to their statutory caps and limitations. Refer to the "recent events" section for more detail.

For hospital claims, Medical Savings and the Guaranty Associations are in the process of sending letters to hospitals requesting that they provide us an inventory of open claims for Medical Savings policyholders. An example claim form is provided on our website. It is the intention of Medical Savings and the Guaranty Association to settle all claims with individual hospital providers at one time.

What happens to the previous payment provided to the insured or medical provider that was NOT honored by the bank?

Medical Savings paid all claims with a bank draft. Bank drafts are not checks in that they are approved for payment at the time presented and accepted by the bank. These were treated as "offers to settle" which may not be accepted as payment. Unfortunately, there was not sufficient cash available to honor these bank drafts. Even though these drafts were not honored by the bank, they remain valid medical claims and will be reconsidered for payment in the same manner as all other claims. Refer to the "recent events" section for more detail.

What if the provider is requiring me to pay the bill while claims are delayed at Medical Savings?

Again, covered medical expenses will be paid in due course. We recommend insureds refrain from paying the provider directly as discounts may not be accounted for accurately until NOLHGA approves the claim for processing.

The Marion County Circuit Court approved Order of Liquidation and Order Approving Liquidation Procedures clearly state that all lawsuits, arbitrations and collection efforts against MSIC insureds (whether brought or initiated by providers, their employees, attorneys or bill collectors) be stopped for 6 months. [See 8/27/2009 Court Order Extending Stay to February 26, 2010 under Legal Documents link.](#)

Payments paid directly by policyholders may cause discrepancies in our payment records resulting in all of the provider's claims being reconciled and audited before payments can be released. The direct billing and collection of claims from members will most likely delay **ALL** claim payments during the reconciliation process. By allowing claims to be processed in due course, the provider is more likely to receive claim payments in a quicker fashion once guaranty association funding is received.

However, if you have paid your provider, please be sure to send us a copy of your receipt showing the amount paid, the applicable date of service and balance due, if any.

What if my provider has turned my account over to collections or is threatening to sue me regarding an outstanding claim?

The Marion County Circuit Court approved Order of Liquidation and Order Approving Liquidation Procedures clearly state that all lawsuits, arbitrations and collection efforts against MSIC insureds (whether brought or initiated by providers, their employees, attorneys or bill collectors) be stopped for 6 months. See section 3(f) of the Order Approving Liquidation Procedures. [See 8/27/2009 Court Order Extending Stay to February 26, 2010 under Legal Documents link.](#) If you are being harassed for collection efforts and need assistance please contact us at 1-800-589-8911; in preparation for the call please have contact information on the collecting entity available so that we can follow up on your behalf.

What if my provider is refusing to accept Medical Savings Insurance Company?

Your medical coverage remains in effect until you cancel, change coverage or you are officially terminated by the state. Providers are expected to provide services as normal and their claims will be honored. If the provider wants to confirm coverage with Medical Savings, they may call our office and speak to a Customer Service Representative at 800-589-8911.

If medical attention is required and the insured is forced to pay out of pocket due to the unwillingness of a provider to bill Medical Savings directly, any covered expense will be considered and any benefits will be reimbursed to you. Please ask the provider for an official claim form, not a billing statement, and submit it with a copy of your payment receipt to us at the following address:

Medical Savings Insurance Company
Attention Claims
P.O. Box 68961
Indianapolis, IN 46268-0961

You may also submit via fax to (317) 329- 3080.

Official claim forms (UB-04 for hospitals and HCFA for all other providers) can also be down loaded

at our web site at www.medicalsavings.com

What happens with my scheduled procedures? Whom do I call for pre-certification? Do I need to repeat pre-certification?

You must continue all normal procedures for pre-certification while your coverage with MSIC is in force. For pre-certification call (888) 633-7283 or 888-448-1864.

Precertification is only valid as long as the certificate is in force at the time of the procedure.

What happens to my claims if Medical Savings runs out of money?

Since Medical Savings has been placed in liquidation, any remaining certificates not transferred to a new carrier will be administered by each state Life and Health Insurance Guaranty Associations, subject to their statutory caps and limitations (see below for more about guaranty associations). We believe all certificate holders are covered under State Guaranty funds that guaranty insured benefits up to statutory limits. These limits begin at \$100,000 per insured life. Various State Guaranty Funds are triggered upon the determination of Liquidation Order entered by the Commissioner of Insurance.

More information about Guaranty Funds and State Guaranty Associations.

MSIC policies will be subject to cancellation provisions by the guaranty associations as allowed by their individual state statutes. Cancellation notices will be mailed to remaining in-force individuals on behalf of the guaranty associations at a date in the future. Termination dates will be effective on the date noticed in the letter unless terminated earlier for nonpayment of premium or if the individual transfers coverage earlier.

Subject to the various Guaranty Association state statutes, all covered unpaid health claims as of the date of liquidation will be the responsibility of and will be adjudicated and paid by the respective State Guaranty Association. This important process is being facilitated by a court approved Service Agreement between the Guaranty Associations and Medical Savings. The associations will work hard to continue the claim paying process started by the Receiver with the intention of depleting any claim backlog.

As discussed above, the guaranty associations will continue to administer certificates as long as they are in force and will adjudicate and pay covered claims. This will continue until all certificates are either transferred or canceled and all covered claims are paid, subject to provisions of the State Guaranty Association laws.

What is a Guaranty Association?

State Life and Health Insurance Guaranty Associations are entities (in all 50 states as well as Puerto Rico and the District of Columbia) created by the respective state statutes to protect certificate holders of an insolvent insurance company, typically in that individual state. All insurance companies licensed to sell life or health insurance in a state must be members of that state's Guaranty Association.

In general, State Guaranty Association coverage is limited to companies that were licensed to write business in the state at the time the company was declared insolvent. However, the Guaranty Association in the state of domicile of the liquidated insurance company, in this case Indiana, will often step in to cover a certificate holder located in a state where the failed insurer was not licensed. Indiana's Guaranty Association has this provision, so it would provide continuing coverage to any Medical Savings certificate holders who reside in states where Medical Savings was not licensed.

It should be noted that in the Medical Savings case, in most instances Guaranty Associations provide coverage based on the residency of the certificate holder at the time of liquidation.

For more information on Guaranty Associations, please visit the National Organization of Life and Health Insurance Guaranty Associations' website at www.nolhga.com. Click on Certificate holder Information at the top of the screen and select Frequently Asked Questions to obtain more information or to find a link to your state's Guaranty Association.

Why can't the Guaranty Associations cover all claims?

The state Guaranty Associations have the utmost compassion for Medical Saving's certificate holders, but they are bound by the laws of their states and the limits spelled out in those laws. The Again, covered certificate holders will receive coverage up to the limit in their state, and the associations will, as always, fully honor their responsibilities. Due to the statutory limitations, it is important that you allow the Liquidator and Medical Savings to settle all medical claims to insure final settlement with your providers.

What if I have a claim that is greater than the state Guaranty Association limit?

All covered claims will be paid up to the Guaranty Association's limit. Amounts exceeding this limit will need to be submitted to Medical Savings Insurance Company as a creditor claim against the estate of the organization. The creditor may receive distributions as the company's assets are liquidated by the receiver.

A packet detailing how to file such a claim will be distributed later in 2009. Creditor claim forms will be located on the Medical Savings web site when the package is distributed.

Agent commissions? What about my commission, how and when will I be paid?

Medical Savings Insurance Company is in Liquidation. Commissions remain a liability of Medical Savings Insurance Company and agents and brokers will be given written notice to file a "proof of claim". This notice and form will be provided to all agents and creditors at a later date.