

Broker Alert

EVERGREEN BROKER Q & A

Evergreen Brokers,

Below are answers to the FAQ's regarding the Evergreen Health receivership.

General Background

1. What is a receivership?

Receivership is a court-ordered proceeding to protect the interests of the policyholders of an insurance company as well as creditors and the general public. Pursuant to state statute, the Receiver has an increased ability to preserve assets and help ensure policyholder claims and other liabilities are paid to the greatest extent possible.

2. What is Evergreen's current status?

The court found Evergreen to be in a financially hazardous condition and ordered no renewal or new sales. The Receiver is managing the day to day operations and investigating the true financial condition of the company. The Receiver is also following up on some potential deals with some entities which have a chance of helping the situation.

3. What are the possible actions and outcomes?

Whether or not the book of business is sold to an investor, the ultimate action will most likely be liquidation. If the investor steps in there will potentially be more money to work through the liquidation.

4. How will this impact members and providers?

Members should not have an immediate disruption in service, and should not have to pay balances they would not have otherwise paid prior to receivership. Provider claims for services provided post receivership will be given the highest priority, with pre-receivership claims considered at a later date. See the detailed questions below for further information.

Commissions

5. When will broker commissions be paid?

At this point, we do not have any plans to pay commissions before going into liquidation. After Evergreen goes into liquidation, there will be a Proof of Claim process which will enable you to file a claim for commissions. Maryland's Receivership Statutes place commission payments at a lower level than member and physician claims and claims of the federal government. Commission payments will be paid in liquidation only if the funds in the estate are sufficient to pay all of the higher priority claims.

Providers- access

6. We have a dedicated Provider Services team who are working with calls from providers and performing outreach calls to providers to advocate for members. We understand that there are many member concerns, and we have addressed some below:

- Will members be able to continue seeing their provider? At this point, very few providers have terminated their contracts, and continuity of care is required for 90 days beyond provider termination.
- Are member and provider claims going to get paid? Post receivership claims are to be handled as administrative claims of the estate per the statute (Section 19-706.1(g)). Pre-receivership claims will continue to be held until we get a better picture of the financial condition, and will be handled as policyholder level (Class 2) claims in liquidation.

Are providers allowed to bill the members for claim payments not paid by Evergreen? When providers furnish covered services they are permitted to bill their patients for their member cost share, such as deductible, coinsurance or copayments applicable to their benefit plan. Under Maryland law, members are held harmless for money owed by Evergreen Health to providers. Providers cannot seek additional or unauthorized payment in excess of the member's cost share. If providers are improperly billing patients, or sending patients collection letters, they should be brought to the attention of the Receiver, the Maryland Insurance Administration, and the State of Maryland Health Education Advocacy Unit (see contact information below)

member@evergreenmd.org

Evergreen 855-978-3282

MIA 410-468-2244

Health Education Advocacy Unit 410- 528-1840 heau@oag.state.md.us

- Will there be a special enrollment period? We are currently investigating the possibility of allowing for a special enrollment period.

7. What will the member's liability be if they are seen by a provider who is no longer in Evergreen network but remains in PHCS?

The member's liability would be limited to their member cost share, which could include deductibles, coinsurance or copayments applicable to their benefit plan.

8. What kind of prior notice is a provider required to give Evergreen and its patients to drop from the network?

Providers can terminate their contract; however, they are required to provide 90 days' notice and provide continuity of care for existing patients. The Receiver is aware that after the 90 day continuity of care period there may be issues accessing treatment.

9. Is there a requirement for providers to continue to accept new patients?

There is no requirement for a provider to accept a new patient.

Claims

10. How far behind is Evergreen in claims processing and payments to providers?

The Court has determined that Evergreen is in hazardous financial condition. Evergreen has been behind in paying claims for quite a while. It is part of our investigation to determine how far behind they are. The Receiver will pay post-receivership claims pursuant to the requirements of the Maryland statutes.

11. Will Evergreen be able to pay all medical claims to providers?

Medical claims for service dates occurring after the date of receivership will be paid as administrative expenses of the receivership based upon Maryland statutes. Pre-receivership claims will be evaluated as part of the proof of claim process.

12. Are prior authorizations going to remain the same?

Yes.

13. What is the estimated run-out period for claims?

It is too early in the Receivership proceedings to know the answer to this.

14. How will the Receiver deal with Medicare claims?

This will be an issue for the company when it's in liquidation and we will follow the proper procedures and come to an agreement with the Federal Government.

Moving clients

15. Does the Evergreen contract prohibit employer groups from terminating coverage prior to renewal?

No. Evergreen does not have a termination clause, or a prior notification requirement, and they haven't held groups to their contract in the past. Employers can choose to terminate group plans with written notice at any point.

16. Should brokers move Evergreen business to another carrier?

You should provide your clients with all the facts so they can make an informed decision.

Potential Investors

17. Is Evergreen or its receivers in any discussions with other investors or carriers who may step in and take over?

There continue to be a number of inquiries into the business. While time is of the essence, it is still too early to tell what will come of any of these inquiries.

18. Do you have a plan with a carrier or carriers to take this enrollment in a block deal?

We are exploring all options to determine what will be the least disruptive and provide the softest landing to members.

Miscellaneous

19. The group is not eligible for the protections afforded by the Maryland Life and Health Guaranty Association. Why and what does that mean?

Evergreen is an HMO, and HMOs are not covered by the guaranty association.

20. Could brokers be open to any potential E&O (Errors & Omissions) exposure?

The Receiver cannot give legal advice.

21. Will my Evergreen rep be able to help me gather data to help with the transition/re-marketing to another carrier?

It should be possible to get that information.

22. Will groups be allowed to have new hires or qualifying event members join their group plan?

Yes.

23. What is the impact to our members with COBRA as part of this transition?

Currently, there is no impact. This could change if Evergreen is placed in liquidation.

24. Will the Receiver alert brokers on any future correspondence to members?

Yes; brokers will be alerted to future member correspondence.

25. When do you plan on terminating the Evergreen plan?

TBD – We will schedule another call for the week of September 5.