

Affiliated Physicians & Employers Master Trust

a NJ self-insured MEWA

Members Health Plan NJ (MHPNJ) – Bankruptcy and Plan Wind Down FAQs July 2021

EMPLOYERS

1. Why is Members Health Plan NJ (MHPNJ) in bankruptcy?

MHPNJ could not withstand the volume and cost of COVID-19 related claims for testing and treatment of its member base which consists of a large share of healthcare workers and other frontline retail and small businesses whose employees were working during the pandemic. As of May 31, 2021, APEMT has paid over \$18 Million in COVID related claims. In order to facilitate an orderly process for the winddown of the Plan, MHPNJ filed a voluntary Chapter 11 bankruptcy petition.

2. Why is MHPNJ no longer providing healthcare benefits after 12/31/2021?

The NJ Department of Banking and Insurance notified the Plan that its financial deficiency due to COVID-19 had not been sufficiently cured in the time period required under state law. The Department asked that the Plan to cease writing new business and provide an orderly winddown of the Plan.

3. Why didn't MHPNJ obtain a loan or PPP and EDA funds available from the government?

MHPNJ is a self-insured trust that has no access to any guaranty funds that insured carriers have access to and was unable to obtain any PPP or EDA funds during the COVID-19 pandemic.

4. How is MHPNJ membership affected?

All plan members will be covered through 12/31/21 unless the employer terminates from the Plan prior to 12/31/21. It is important to note that until the employer's termination date with the Plan (no later than December 31, 2021) the Trust cannot guarantee that claims for their employees and dependents will continue to be paid until we have collected the full assessment necessary to run out the program. Therefore, we would encourage you to find other coverage as soon as possible and are relaxing our 60-day termination notice requirements to allow for notice of termination at any time prior to the termination date. We will not accept retroactive terminations, so ensure paperwork is provided to the Plan prior to the termination date.

5. What if my renewal date is not until after 12/31/21?

All existing coverage – Medical, RX, and Dental - will be terminated effective 12/31/21 regardless of the employer's renewal date.

6. Do I still have to pay my health care fees?

Yes. Employer groups must continue to pay the monthly health care fees in accordance with their contract in order for coverage to remain in effect. Failure to pay accordingly will result in coverage being terminated as of the last date payment was received.

7. Why am I being invoiced more than my usual monthly health care fees?

In February, the Plan imposed a 5.5% COVID-19 surcharge. At the time this surcharge was imposed, a letter was sent to all employer groups explaining the rationale and need for the surcharge. In addition,

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MHPNJ is a fully accessible plan and must collect funds from employers to cover medical and prescription claims. There may be additional increases and/or assessment to employer groups.

8. Will MHPNJ continue to pay medical and RX claims?

Prescription and Medical claims will continue to be paid until funds are exhausted. It is important to note that until the employer termination date with the Plan (no later than December 31, 2021) the Trust cannot guarantee that medical or prescription claims for enrolled members will continue to be paid until we have collected the full assessment necessary to run out the program.

9. Will dental coverage be terminated as well?

All coverage will be terminated including Dental as of 12/31/2021 or as of the employer's termination date.

10. Will MHPNJ continue to pay dental claims?

Dental claims will continue to be paid until funds are exhausted. It is important to note that until the employer termination date with the Plan (no later than December 31, 2021) the Trust cannot guarantee that dental claims for enrolled members will continue to be paid until we have collected the full assessment necessary to run out the program.

11. What are my options for coverage when MHPNJ shuts down?

Eligible small employers may seek alternative coverage through the New Jersey Small Employer Health Program carriers and may submit an application for small employer coverage at any time. Eligible individuals may seek alternative coverage through Get Covered New Jersey, the state's official health insurance marketplace, which has a special open enrollment period through the end of 2021.

Please contact your broker immediately to determine what other options may be available to you in the marketplace. For more information on alternative coverage options for small employers visit www.state.nj.us/dobi/seh/. For information on individual coverage visit <https://getcovered.nj.gov>.

12. How much notice must I provide in order to terminate off the Plan? Does the 60 days' notice still apply?

MHPNJ is relaxing our 60-day termination notice requirements to allow for notice of termination at any time prior to the termination date. We will not accept retroactive terminations, so ensure paperwork is provided to the Trust prior to the termination date. This includes individual member terminations.

13. If my membership with a sponsoring association ends before my group terms, do I have to renew with the sponsor to remain active on the plan?

If your client(s) are currently due to renew their Association membership, they will not be required to renew unless they are using that membership for its other benefits.

14. Can I continue to add employees and dependents up to the date my group terms?

Yes. Please continue to submit updates as you normally would.

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15. Will my group be charged and assessment and how much? What if I can't pay the assessment amount?

On or about August 15, 2021, you will receive a statement regarding the assessment dollars you will need to pay to the Plan. The assessment will be collected via ACH if you are still enrolled with the Plan and have elected ACH for payment on or about August 15, 2021. If you are no longer enrolled with the Plan, your payment will be due no later than September 15, 2021. The Plan will work with Employers to provide payment plan options, including our credit card payment option and written extensions for payment.

The Trust is legally required to pursue payment of an assessment from its membership and will take all necessary legal actions required to collect.

16. How is the Assessment Calculated?

The assessment is calculated based on a few factors. The factors are, the time (1/1/2020 through July 31, 2021) for which the liability occurred, the amount of the liability (still being finalized) and the amount of total health care fees (premiums) each employer paid during the time period. The assessment amount due from each employer is on a pro-rata basis.

Examples:

- Employer A paid \$50,000 in Health Care Fees (premiums) from 1/1/20 through 7/31/2021
The Assessment percentage for all employers is 7.5%. Employer A would pay \$3,750 Assessment.
- Employer B paid \$100,000 in Health Care Fees (premiums) from 1/1/20 through 12/31/2020
The Assessment percentage for all employers is 7.5%. Employer B would pay \$7,500 Assessment

17. Is the Assessment based on my own groups claims experience?

No. The assessment is based on the total liability of the plan, not based on individual group claims.

17. My group renews in October. Will I receive a renewal?

No. If your group remains on the Plan after 7/31/2021, you will not receive a renewal. As of August 1, 2021, all groups will receive a rate increase of 26% which will continue until 12/31/2021 or the groups termination, whichever is earliest.

18. How will this impact my HRA/FSA program?

You will need to contact OCA directly to continue your coverage with them.

EMPLOYEE/MEMBERS

1. Will Aetna A1A, Member Services continue to be available for questions and EOB requests after termination date?

Yes

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2. Will the Aetna Member Portal still be active after termination date?

Yes

3. Will my medical and RX claims continue to be paid by MHPNJ?

Prescription and Medical claims will continue to be paid until funds are exhausted. It is important to note that until the employer termination date with the Plan (no later than December 31, 2021) the Trust cannot guarantee that medical or prescription claims for enrolled members will continue to be paid until we have collected the full assessment necessary to run out the program.

4. Will I still be able to see my doctors and receive care during the wind down?

Yes – as long as your coverage is active, you may continue to see your physician and practitioners.

5. If my group terms, will I get COBRA?

Please contact your employer. Your employer may be obtaining medical and prescription coverage through a different carrier.

6. I am currently on COBRA, will my COBRA end when the group terms?

If your employer terminates with the Plan, you must contact your employer to continue your COBRA coverage or your NJ Continuation coverage.

7. I am enrolled in an H.S.A plan and have an H.S.A account. How does the group term affect the H.S.A account?

If your employer terminates with the Plan, you must contact your employer.

8. I am in the middle of treatment; how will this affect my treatment?

You will need to contact your employer to determine what coverage you are being offered after termination of this plan. Your coverage will end on the date of your employer's termination with this Plan.

9. I am in the hospital. Does my coverage end when the group is termed?

The Plan is obligated to cover your stay until you are discharged.

10. If I need proof of coverage through MHPNJ, how do I obtain a Certificate of Credible Coverage (COCC)?

Employees will need to call the Aetna A1A team and request a COCC. They can be contacted by calling 833-982-7368 (TTY: 711).

11. How do I request a deductible credit report for myself and/or my family members?

Employees will need to log into the Aetna member portal to access copies of their latest Explanation of Benefits (EOB's) by logging into www.aetna.com/individuals-families.

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GENERAL AGENTS/BROKERS

1. Will commissions continue to be paid?

Effective immediately, the Plan is providing notice that it is discontinuing its Broker Commission Program per Section II (a) and (g) of our Broker Agreement. All outstanding commissions that remain unpaid will be subject to the priority scheme detailed in the Bankruptcy Code (11 U.S.C. § 101 et seq).

2. Am I able to file a claim for proof of Loss?

Yes. As per the letter from the bankruptcy attorneys, brokers have until August 2nd to file a proof of loss claim.

PROVIDERS

1. Will my claims continue to be paid by MHPNJ? Will they get 100% of their reimbursement or a % of their reimbursement?

Upon receipt of the assessment from its member, the Plan anticipates full payment of all provider claims.