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QUARTERLY NEWS LETTER FROM EMPLOYEE BENEFIT SYSTEMS, INC.

Machinist Custom Choices Worksite Benefits News

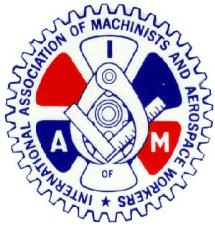
HEALTH CARE REFORM CREATES OPPORTUNITIES for CUSTOM CHOICES

Health care reform legislation passed by Congress will have a major effect on the medical insurance marketplace. However, the effect on the Custom Choices programs should be minimal, and supplemental insurance coverage will remain an important part of members' benefit packages as health care reform measures are implemented.

As health insurance becomes more widely available during the next few years, Custom Choices will still be in demand to help members strengthen their financial safety nets as they face more risks and costs. With its many complexities, health care reform will also contribute to the growing need for effective benefits communication and education at the worksite. In fact, the need for Custom Choices coupled with effective benefits communication and education, will be stronger than ever.

Many of the changes outlined in the legislation will take several years to implement. In the meantime, we're confident that:

- Custom Choices will be minimally affected. The insurance market reforms in the legislation address comprehensive major medical insurance coverage, not plans considered excepted benefits from the portability, access and renewability requirements of HIPAA. Excepted benefits would include accident, disability, specified disease (Critical Illness) and hospital indemnity coverage.
- Supplemental insurance coverage will still be a very relevant part of benefit offerings.
 - Supplemental products are in demand in today's marketplace—even for the shrinking number of employers with rich benefit plans—because they help pay expenses not covered by major medical insurance, i.e. deductibles, coinsurance, co-pays, experimental treatment, etc.
 - Supplemental products allow members to strengthen their financial safety nets as employers shift more risk and cost to the members.
- The need for benefits communication and education is growing.
 - The shift of more benefits decision-making to members increases the demand for clear information so they can make the best choices for themselves and their families. Having access to a Custom Choices enrollment counselor provides members an opportunity to ask questions and formulate a benefit plan that best meets their individual needs.



In summary, the primary purpose of healthcare reform is to provide coverage for medical expenses to a majority of Americans at a reasonable cost. While the provisions of the law do not impact the supplemental insurance coverages offered through the Machinist Custom Choices program, the end result will likely be an increase in the popularity of those products. The original intent of the Custom Choices program was to offer members the ability to fill gaps in the coverage provided by their companies. With those gaps growing larger each year, the need for the Custom Choices supplemental products and the one-on-one benefits counseling that is part of the enrollment process is now greater than ever.

Filing a Claim

Custom Choices has just over 80,000 policies currently in force through various Machinists contracts throughout the United States. With this many policies in force, our policyholder service phone lines stay busy. Policyholders call with a variety of questions but one of the more common topics pertains to claims – how do I file a claim, can you provide me with a claim form, what is the status of my claim, and the dreaded “I’ve filed my claim and am having a problem getting it paid”.

When we begin investigating the issue, we often find that the member filed the claim with the incorrect paperwork or with the wrong insurance company. This can be frustrating for a member during an emotional time. EBS staff is well accustomed to assisting members with the claims process for any of the policies we offer through Custom Choices.

In an effort to alleviate situations like this and hopefully expedite the claim process, we prefer that members contact our office upon incurring a claim. The policyholder service representative assigned to the member will confirm coverage and guide them through the claim process and timetables to achieve the goal of getting the claim processed as quickly as possible.

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One of the most frequent questions we receive during this process is “How long does it take to receive payment?” Well, that is a bit of a slippery slope but the short answer is Once all claim forms and supporting documents are received by the claims staff at our insurance company partners, the claim will be paid within five to ten business days.

When there is a question about claims on any of the Custom Choices plans, we encourage our members and policyholders to call us at the home office at 1-888-521-2900. We stand ready to serve and assist!



EBS staff was in full force at the recent Guide-dogs of America conference in Las Vegas.

Meet our Staff—Pat Kock

Pat Kock is the newest member of the EBS family, joining us in August 2010. She is a vital part of the policyholder service team which is housed in EBS' corporate offices in Houston. Even though Pat has not been with EBS long, she has a tremendous amount of knowledge and experience in the insurance arena. Pat began her career in this industry back in 1992 with Physicians Mutual Life Insurance Company.

Pat's primary responsibilities include supporting our field managers and site coordinators to ensure they receive the most current and accurate information about our Custom Choices plans. Pat also provides service to those policyholders who communicate with our offices to make a change in their benefits or who might need assistance in filing a claim. She is one of the vital parts of the machine that makes the Machinist Custom Choices program such a great benefit and success to all of our brothers and sisters of the IAMAW. Pat can be reached at 1-888-521-2900.