

IMPORTANT INSURANCE NOTICE

May 2010

Dear Madison College Employee/Retiree:

You may be aware of the recent changes that have taken place at the state and federal level since January 1, 2010 due to health care reform legislation. The purpose of this letter is to outline the changes to coverage for dependent children.

Effective January 1, 2010, the State of Wisconsin mandated extended coverage to unmarried dependents to age 27 who are not eligible for health coverage through an employer. In addition, if the unmarried dependent was eligible for health coverage through an employer and the premium contribution for the dependent exceeded the premium contribution for the parent, the dependent would also be eligible for coverage to age 27.

A provision in the federal health reform legislation that was passed in March of this year extended dependent coverage to age 26 for plan years beginning September 23, 2010. Children may remain on their parents' policies until age 26, regardless of marital status or premium contribution.

The federal health care reform legislation made a change to the federal tax code to exclude from income amounts paid for coverage of children who otherwise did not meet the IRS definition of dependent. The tax change excludes from income any amount paid for the health care coverage of an adult child who will not reach age 27 by the end of the tax year. This provision was effective upon the President's signing of the Health Care and Education Reconciliation Act of 2010 on March 30, 2010, so it is in effect now. There may still be circumstances under which dependent coverage could cause an adverse tax situation that could affect you. Because the changes are so complex, you should seek tax advice to determine how this change will affect a specific situation.

In order to better serve Madison College employees, beginning June 1, 2010; WPS will be changing the current dependent coverage to include both the state and federal mandated benefit.

As of June 1, 2010, the definition of dependent shall include a covered employee's child under age 26 regardless of marital status or other group health coverage. **In order for a dependent to continue coverage to age 27, he/she must be unmarried, not eligible for health coverage through an employer, or if eligible for health coverage through an employer, the premium contribution for the dependent exceeds the premium contribution for the parent.**

This means that: (1) any dependents that would have otherwise lost coverage as of June 1, 2010 because of their age, student status or other factors will continue coverage automatically until age 26, unless a covered employee disenrolls that dependent; and (2) any child that now meets the definition of dependent can be added to the policy as of June 1, 2010.

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What do you need to do?

If you wish to provide coverage for a dependent who is newly eligible under the policy because of the dependent definition change, please complete a WPS enrollment application for the dependent. The application must be received by WPS no later than July 1, 2010. Coverage for the dependent will be effective June 1, 2010. **WPS Enrollment forms can be obtained in Human Resources or Payroll. Please submit the completed form to Brian Nesbit in Payroll (DTEC) before July 1, 2010.**

If you did not enroll for the health insurance coverage provided by Madison College, and you wish to enroll with your newly eligible dependent, you now have a special enrollment opportunity to elect coverage for you and your dependent under age 26. If you wish to elect coverage for you and your newly eligible dependent under age 26, please complete a WPS enrollment application. The application must be received by WPS no later than July 1, 2010. Coverage for you and your dependent will be effective June 1, 2010.

If you wish to disenroll a dependent, you will also need to complete a WPS enrollment application. The completed enrollment form should be submitted to Brian Nesbit in Payroll.

Should you have questions regarding the information contained in this letter, please see the attached "Frequently Asked Questions" or contact WPS at (800) 221-6921. Representatives are available Monday through Thursday from 7am to 7pm and on Friday from 7am to 4:30pm.

I will be in the Madison College Human Resources Department located at the Truax Campus on Tuesday May 18 from 2:00 pm to 4:00 pm to address specific questions or concerns regarding the information contained in this letter.

WPS continues to evaluate the impact of the health care reform legislation and we will communicate any potential impact to our customers.

Sincerely,



Timothy Ottosen
WPS Senior Customer Service Consultant

Enclosure