

MERCER

Mercer Administration
A Service of Seabury & Smith, Inc.
P.O. Box 4543, Iowa City, IA 52244
2610 Northgate Drive
Iowa City, IA 52245
877-372-3757
www.mercerHR.com

DATE
FIRST NAME
ADDRESS1
ADDRESS2
CITY, ST ZIP

Subject: IMPORTANT FAMILY HEALTH COVERAGE ALERT –PLEASE REVIEW CAREFULLY

Dear FIRST NAME:

ABX Air has hired Mercer Administration to conduct an audit of all ABX Air's employees' current covered dependents under the ABX Air Health Plan. Dependent coverage is an important part of your benefits package. We want to ensure that only eligible dependents are provided coverage under your benefits program.

For a limited time, ABX Air is allowing and encouraging employees to identify and remove from coverage any individuals who may have been mistakenly included as eligible dependents or who were not removed when the individual was no longer eligible. This letter announces and explains the limited amnesty program offered by ABX Air. This limited amnesty period ends on July 31, 2006.

Why is there a limited amnesty program? ABX Air has audited its eligibility records and has identified potential individuals that may not meet the definition of an eligible dependent under the terms of the ABX Air Health Plan. We need your help in making a final determination of eligibility for every individual covered. As a participant in the plan, it is your responsibility to ensure each of your covered dependents are eligible to participate. It is also your responsibility to notify the ABX Benefits Dept. whenever any of your dependents are no longer eligible for this coverage. You can do this by completing the enclosed form or by calling the Customer Service Center at (877) 372-3757.

Dependents who are enrolled improperly or who are left on the Plan after they are no longer eligible can lead to unfavorable tax and legal consequences for ABX Air, the employee, and the ineligible individual. It can also cost ABX Air more in administrative costs and potentially more claims expense. It may also cost you more if you are paying for a dependent you do not need to cover.

As part of the amnesty program, if you remove an improperly enrolled or other ineligible individual, there will be no adverse action taken by ABX Air, provided you remove the ineligible individual during the amnesty period. If you fail to remove any ineligible individual during the amnesty period, ABX Air may take adverse action including removing the ineligible individual from the coverage under the plan and requiring the repayment of any premiums or claims paid on behalf of the ineligible individual.

What is the definition of an eligible dependent? Under the terms of the ABX Air health benefits program, an eligible employee may list for enrollment:

- Legal spouse.

- Unmarried children under age 19, including your natural children, legally adopted children, children placed for adoption, stepchildren residing with you and any other children supported solely by you and permanently residing with you, provided you are their legal guardian or you claim the children as dependents for federal income tax purposes.
- Unmarried children from age 19 until age 23 who are registered students in full time attendance at an accredited university or similar institution of learning and who are dependent on you for support and for whom you are entitled to an income tax exemption.
- Unmarried child who is incapable of self-sustaining employment by reason of developmental disability or physical handicap, provided such child was covered under this Plan at the time of disability and immediately prior to his or her 19th birthday (23rd if a student).

Who should consider a response to the limited amnesty program? All employees who have dependents covered under ABX Air's health benefits program should consider the appropriate response to ABX Air's offer under the limited amnesty program.

What Do I Need to Do?

Step one: Review your dependent information listed on the enclosed Enrolled Dependents Sheet.

If you have any questions or if there is any uncertainty regarding the definition of an eligible dependent under ABX Air's Health plan or if you require additional information regarding those individuals you have identified as eligible, please contact Customer Service at (877) 372-3757 between 8:00 a.m. and 5:00 p.m. Central Time.

Step two: Confirm that those individuals that you have identified as dependents actually meet the definition of an "eligible dependent" under the terms of ABX Air's Health Plan.

- If your review confirms that each individual that you listed as a dependent actually meets the definition of an eligible dependent under the terms of ABX Air's Health Plan, then nothing further is required at this time. You must respond during this limited amnesty period ONLY if ineligible dependents currently appear as covered. By not responding, you are verifying that your dependents are eligible for coverage under the ABX Air Health Plan and you are agreeing to provide proof of dependent eligibility at any time upon request by ABX Air.
- If you determine that a dependent is NOT eligible for coverage at this time, please place an "X" in the column "Remove from Coverage" on the line of each ineligible dependent's information and mail the signed and dated Enrolled Dependent sheet to the address on the form ***no later than July 31, 2006.*** You must respond during this limited amnesty period only if ineligible dependents currently appear as covered. If all covered dependents listed are currently eligible for coverage, there is no need to respond at this time.

If I find I have listed an ineligible individual, what will happen under the limited amnesty program?

During the limited amnesty period, any employee whose current enrollment lists ineligible individuals as eligible for coverage under the ABX Air plan can voluntarily disenroll the ineligible individuals. If you are removing ineligible individuals at this time, your response must be postmarked no later than July 31, 2006. You may also call the Customer Service number at (877) 372-3757 to disenroll ineligible dependents. The identified ineligible individuals will immediately lose coverage under the ABX Air Health Plan.

Removal of an ineligible individual may result in a change in coverage tier, for example, from "Employee, Spouse and Children" to "Employee and Spouse." If your coverage tier changes, the payroll deduction will be

changed as soon as administratively possible after the close of the amnesty period; however, *no refunds will be issued by ABX Air.*

Generally, ineligible dependents are not entitled to COBRA continuation coverage. However, if your ineligible dependent previously was an eligible dependent but lost that status within the last 60 days (for example, a child who attained the maximum age or who stopped being a full-time student), you must notify the plan administrator of that loss in status, and COBRA coverage will be made available to the former eligible dependent.

At this time, the identification of ineligible individuals will not result in any cost to you or the loss of coverage to any other eligible individual, such as an eligible employee or an eligible employee's spouse or eligible dependent children.

You may not add eligible dependents as part of this verification process.

If you are unsure whether you have mistakenly listed an ineligible individual or individuals as eligible dependents for coverage under ABX Air Health Plan, you are encouraged to contact Customer Service at (877) 372-3757 no later than July 31, 2006.

It is the responsibility of each eligible employee to assure that his or her eligible dependents meet, and continue to meet, the requirements for eligible dependents under ABX Air health benefits program.

Once this amnesty period is completed, ABX Air will begin an audit of all remaining dependents enrolled in the plan. Each and every audited employee will be required to respond at that time. After the limited amnesty period expires, any eligible employee who attempts to list or lists ineligible individuals as eligible dependents will be subject to appropriate actions, including reimbursement to ABX Air of benefit costs and, in appropriate cases, disciplinary action up to and including dismissal or exclusion from coverage altogether under the ABX Air health benefits program.

If you have a question about this letter or requirements for eligible dependents, please contact Customer Service at (877) 372-3757.

Sincerely,

Mercer Administration

ENROLLED DEPENDENTS

Your Enrolled Dependents Sheet lists the dependents enrolled for coverage under your policy as of June 23, 2006. Please review your Enrolled Dependents Sheet carefully. If an ineligible dependent is included in the chart below, please place an "X" in the "Remove from Coverage" column on the line that corresponds to the ineligible family member. Any ineligible dependents must be reported to the address listed below by July 31, 2006. If you have a question about this form or requirements for eligible dependents, please contact Customer Service at (877) 372-3757.

Employee:
Employee #:
Plan: ABX Air

<u>DEPENDENT'S NAME</u>	<u>RELATION*</u>	<u>SSN</u>	<u>DOB</u>	<u>FULL TIME STUDENT</u>	<u>DISABLED</u>	<u>REMOVE FROM COVERAGE</u>
		xxx-xx-0000				

*S=Spouse, C=Child, OA=Over-age dependent who qualified due to physical or mental impairment

Signature _____ Date _____

After you have made any necessary changes, signed, and dated this form, please mail it to:

Mercer Administration
 ABX Air Dependent Audit
 PO Box 4543
 Iowa City, IA 52244-4543

ALL FORMS MUST BE POSTMARKED NO LATER THAN JULY 31, 2006.

Employee Name
Address 1
Address 2
City, State Zip