

Brock Enterprises, Inc.
1670 E. Cardinal Dr.
Beaumont, TX 77705
(409) 833-6226

Application for Waiver from Restricted Annual Limits

Brock Enterprises, Inc. ("Brock") sponsors the "Choice Plan for The Brock Group – Group S Plan Welfare Benefit Plan" (the "Plan"). The Plan has a plan year ending on February 28 and is offered for the plan year beginning March 1, 2010 and ending February 28, 2011. Brock intends to continue the Plan for the plan year beginning March 1, 2011 if this waiver application is approved. This application is being submitted no less than 30 days before the beginning of the March 1, 2011 plan year.

1. The terms of the plan or policy form(s) for which a waiver is sought:

The maximum amount that the Plan will pay each plan year for covered benefits (*i.e.*, the annual limit) is (b)(4). The Plan does not have a lifetime limit on the amount of benefits the Plan will pay while a participant is covered under the Plan.

2. The number of individuals covered by the plan or policy form(s) submitted:

(b)(4) individuals (includes employees and their dependents)

3. The annual limit(s) and rates applicable to the plan or policy form(s) submitted:

The Plan has a (b)(4) annual limit on the dollar value of all benefits. The monthly employee contributions for the Plan for the plan year beginning March 1, 2010 are as follows:

- Employee Only - (b)(4)
- Employee & Spouse - (b)(4)
- Employee & Child(ren) - (b)(4)
- Employee & Family - (b)(4)

The Plan will keep the same annual limit for the plan year beginning March 1, 2011 and intends to keep employee contributions level.

4. A brief description of why compliance with the interim final regulations would result in a significant decrease in access to benefits for those currently covered by such plans or policies, or significant increase in premiums paid by those covered by such plans or policies, along with any supporting documentation:

If the Plan's annual limit was increased from (b)(4) to \$750,000 for the plan year beginning March 1, 2011, and the other benefits under the Plan remain the same, Brock estimates that its employer cost of offering the Plan would increase from (b)(4) to over (b)(4). Due to adverse business conditions, Brock cannot afford to pay this increase. As a result, Brock would be forced to terminate the Plan for all employees.

The Plan was created to offer coverage to an employee population that would otherwise be uninsured. If the restricted annual limit of \$750,000 is applied to the Plan and Brock is thus forced to terminate the Plan, all of the covered persons who receive coverage under the Plan would lose such coverage.

Consequently, if this waiver application is not approved, such action would result in the loss of the only affordable health care coverage that is available to this group of covered persons.

5. Required attestation:

As Plan Administrator of the Plan, I hereby certify that (1) the Plan was in force prior to September 23, 2010 (as well as prior to March 23, 2010) and (2) that the application of restricted annual limits to the Plan would result in a significant decrease in access to benefits for those currently covered by the Plan, or a significant increase in premiums paid by those covered by the Plan.

By: Peggy Haynes

Name: Peggy Haynes

Title: Director Human Resources

From: Scelzo, Kathleen (HHS/OCIIO)
Sent: Friday, November 05, 2010 3:05 PM
To: 'peggy.haynes@brockgroup.com'
Cc: Habit, Sandra (HHS/OCIIO)
Subject: Brock Enterprises Waiver Application

Importance: High

Attachments: Brock Enterprises Waiver Application Questions.doc

Peggy Haynes,

Thanks for talking with me this morning about Brock Enterprises' application for Annual Limits Requirements of the PHS Act Section 2711. Attached above is the document that needs to be completed in order to finalize the application process.

Many thanks for your assistance with this document.

Kathleen M. Scelzo, RN, MSN
Rules Compliance Division
Office of Insurance Oversight
Office of Consumer Information and Insurance Oversight (OCIIO)
Department of Health and Human Services
7501 Wisconsin Avenue
Bethesda, MD
301-492-4121

BROCK:000003

November 4, 2010

Dear Applicant:

RE: Brock Enterprises:

Thank you for your application for the Waiver of the Annual Limits Requirements of the PHS Act Section 2711. In order to complete your application, please provide the following information about Brock Enterprises Plan:

1. Indicate if there are essential benefit limits and the amount for the following categories :

<input type="checkbox"/> Ambulatory: \$	<input type="checkbox"/> Maternity: \$
<input type="checkbox"/> Emergency (ER): \$	<input type="checkbox"/> Mental Health/Substance Abuse: \$
<input type="checkbox"/> Hospitalization: \$	<input type="checkbox"/> Rehabilitative: \$
<input type="checkbox"/> Laboratory: \$	<input type="checkbox"/> Preventive: \$
<input type="checkbox"/> Pediatric: \$	<input type="checkbox"/> Prescription (RX): \$

2. Indicate if there are any deductibles for the plan and the amount.
3. Indicate if the plan is fully-insured plan or a self-insured plan.
4. Indicate if the plan is Individual or Group.

5. Type of Plan:

<input type="checkbox"/> Limited Benefit	<input type="checkbox"/> Prescription	<input type="checkbox"/> HRA
<input type="checkbox"/> Comprehensive	<input type="checkbox"/> Other	

6. If there are any copay/coinsurance for the plan for the following categories and the amount for the following:

<input type="checkbox"/> Office Visit	<input type="checkbox"/> Inpatient	<input type="checkbox"/> ER	<input type="checkbox"/> Prescription
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7. (The premium amounts is the total cost to the employer and the employee)

	Premium (current level)	Premium (renewal)	Premium (if \$750,000 annual limit was applied)	% increase if the \$750,000 was implemented
EE				
EE + Child (if applicable or other appropriate tier)				
EE + Spouse (if applicable or other appropriate tier)				
Family (if applicable or other appropriate tier)				

Please provide this information by 5:00 pm, Wednesday November 10 , 2010. We look forward to receiving your completed application. Thank you.

Sincerely,

Kathleen M. Scelzo, RN, MSN
 Rules Compliance Division
 Office of Insurance Oversight
 Office of Consumer Information and Insurance Oversight (OCIIO)
 Department of Health and Human Services
 301-492-4121

From: Peggy Haynes [Peggy.Haynes@brockgroup.com]
Sent: Tuesday, December 14, 2010 5:43 PM
To: Botwinick, Alexandra (HHS/OCIIO)
Subject: RE: Waiver of the Annual Limits Requirements of PHS Act Section 2711

Follow Up Flag: Follow up

Flag Status: Blue

I have received the letter and I appreciate your assistance.

Thank you,

Peggy Haynes
Brock Enterprises
Office : 409-833-6226, ext 215
Fax: 409-833-8665

From: Botwinick, Alexandra (HHS/OCIIO) [mailto:Alexandra.Botwinick@hhs.gov]
Sent: Tuesday, December 14, 2010 12:07 PM
To: Peggy Haynes
Subject: Waiver of the Annual Limits Requirements of PHS Act Section 2711
Importance: High

Good Afternoon,

Thank you for submitting an application for a Waiver of the Annual Limits Requirements of the PHS Act Section 2711 for **Brock Enterprises Inc.** HHS has reviewed your application and made its determination. Please see the attached letter.

Please confirm receipt of this letter by replying to this e-mail.

Please let me know if I can be of further assistance.

Sincerely,

Alexandra Botwinick

Office of Oversight
HHS/OCIIO
alexandra.botwinick@hhs.gov

BROCK:000006

From: Botwinick, Alexandra (HHS/OCIO)
Sent: Tuesday, December 14, 2010 1:07 PM
To: 'peggy.haynes@brockgroup.com'
Subject: Waiver of the Annual Limits Requirements of PHS Act Section 2711

Importance: High

Follow Up Flag: Follow up
Flag Status: Red

Attachments: March 1 Acceptance Letter .pdf
Good Afternoon,

Thank you for submitting an application for a Waiver of the Annual Limits Requirements of the PHS Act Section 2711 for **Brock Enterprises Inc.** HHS has reviewed your application and made its determination. Please see the attached letter.

Please confirm receipt of this letter by replying to this e-mail.

Please let me know if I can be of further assistance.


Sincerely,

Alexandra Botwinick

Office of Oversight
HHS/OCIO
alexandra.botwinick@hhs.gov

BROCK:000007



Date: October 2010 
From: Steve Larsen, Director, Office of Oversight
Subject: Application for Waiver of the Annual Limits Requirements of PHS Act Section 2711

Dear Waiver Applicant:

Section 2711(a)(2) of the Public Health Service Act (PHS Act), as added by the Patient Protection and Affordable Care Act (Affordable Care Act), requires the Secretary to impose restrictions on the imposition of annual limits on the dollar value of essential health benefits (as defined in section 1302(b) of the Affordable Care Act) for any participant or beneficiary in a new or existing group health plan or a new policy in the individual market for plan or policy years beginning on or after September 23, 2010 and prior to January 1, 2014. Specifically, the Secretary is granted the authority to determine what constitutes a "restricted annual limit" that can still be imposed under such plans or policies prior to January 1, 2014.

The interim final regulations published on June 28, 2010 (codified at 26 CFR § 54.9815-2719T; 29 CFR § 2590.715-2719; and 45 CFR § 147.126) established such restricted annual limits. The regulations also provided that these restricted annual limits may be waived by the Secretary of Health and Human Services (HHS) if compliance with the interim final regulations would result in a significant decrease in access to benefits or a significant increase in premiums. Pursuant to the regulation, HHS issued guidance on September 3 regarding the scope and process for applying for a waiver.

The Office of Consumer Information and Insurance Oversight, Office of Insurance Oversight received and processed your application for the plan(s) or policy(ies) year beginning March 1, 2011. We have determined that your application has met the criteria to obtain a waiver of the restricted annual limits requirements because compliance with the interim final regulations would result in a significant decrease in access to benefits for those currently covered by such plans or policies, or a significant increase in premiums paid by those covered by such plans or policies. To the extent you make any change to your benefit package after March 23, 2010, you must determine whether the change(s) will trigger loss of grandfathering status pursuant to 45 CFR § 147.140(g)(1).

An approval of your request for waiver of the restricted annual limits requirements granted under this process applies only to the annual limit(s) provided in your application for the plan or policy year beginning between September 23, 2010 and September 23, 2011. This waiver only applies to the annual limits requirements in Section 2711 of the ACA and does not apply to any other requirement of the Affordable Care Act, ERISA, the IRS Code or the PHS Act. Further, a group

health plan or health insurance issuer must reapply for any subsequent plan or policy year prior to January 1, 2014 when this waiver expires in accordance with future guidance from HHS. HHS may modify this waiver approval process memorandum and other relevant information.

If you have any questions regarding this letter, please email OCIIIOversight@hhs.gov.