

**Triangle Orthopaedic Associates, P.A.** of Durham, North Carolina, hereby establishes a plan for payment of certain expenses for the benefit of its eligible participants to be known as the Triangle Orthopaedic Associates, P.A. Employee Benefit Plan. This plan is a restatement of the plan established on August 1, 2006 and includes amendments to the plan from that date to the date hereof.

The plan assures its covered participants that during the continuance of the plan all benefits hereinafter described shall be paid to or on behalf of them in the event they become eligible for benefits.

The plan is subject to all terms, provisions, and conditions recited on the following pages hereof.

This plan is not in lieu of and does not effect any requirements for coverage by worker's compensation insurance.

**Triangle Orthopaedic Associates, P.A.** has caused this Triangle Orthopaedic Associates, P.A. Employee Benefit Plan to take effect as of 12:01 a.m. standard time on January 1, 2009, at Durham, North Carolina.

**Triangle Orthopaedic Associates, P.A.**

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Authorized Signature

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Attest

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Date

**Triangle Orthopaedic  
Associates, P.A.  
Employee Benefit Plan**

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**Plan Document**

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## Plan Specifications

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<b>Company</b>	Triangle Orthopaedic Associates, P.A.
<b>Plan Administrator, Plan Fiduciary, and Agent for Process of Legal Service</b>	Triangle Orthopaedic Associates, P.A. 120 William Penn Plaza Durham, NC 27704 (919) 281-1811
<b>Plan Name</b>	Triangle Orthopaedic Associates, P.A. Employee Benefit Plan
<b>Plan Supervisor</b>	Key Benefit Administrators, Inc. P. O. Box 1929 Fort Mill, SC 29716 (803) 396-4600
<b>Type of Administration</b>	Contract Administration
<b>Participant</b>	Employees of Triangle Orthopaedic Associates, P.A. as defined herein
<b>Original Effective Date</b>	August 1, 2006
<b>Updated Effective Date</b>	January 1, 2009
<b>End of Plan Fiscal Year</b>	December 31 <sup>st</sup> of each year
<b>Group Number</b>	390606
<b>Employer Identification Number</b>	56-1079264
<b>Plan Number</b>	501

## **How to File a Claim**

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**Instructions for filing a claim for yourself and/or your dependents are as follows if your physician or hospital is unwilling to do so for you:**

The initial report of a claim should be done on the Benefit Request claim form that you can get from your employer. You should complete the Patient Information section. If you wish your medical benefits paid directly to your benefit providers, sign in item 13. A separate form should be submitted for each family member.

Have your physician give you a complete itemized bill that you can attach to the Benefit Request claim form. An itemized bill is one that shows a patient's name, relationship to the plan participant, date of service, the type of service rendered, and the nature of the accident or illness being treated. If this information is missing, please write it on the bill yourself and sign your name.

Send the completed Benefit Request claim form and the itemized bill directly to the plan supervisor at the address shown on the plan specifications of this document. Please note that if additional information is needed for payment of a claim, the plan supervisor will need to request this information before your claim can be processed.

### **Time Limit for Filing a Claim**

You must submit claims for benefits under this plan within twelve months from the date that you received the service or supply. Claims submitted after this twelve month period will not be payable under the plan.

# **Schedule of Benefits**

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## **Schedule of Benefits**

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### **Major Medical Benefits**

#### **Note regarding Deductibles and Out-of-Pocket Expenses**

All services are subject to the deductible and out-of-pocket maximums noted in this schedule of benefits unless otherwise stated.

#### **Effective Date of Coverage**

Non-exempt employees upon completing 30 days of full-time employment.

Exempt employees date of hire

#### **Major Medical Lifetime Maximum**

\$2,000,000

#### **Dependent Child Maximum Age**

To age 19 unless a full-time student, then to age 25.

## Schedule of Benefits

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### Managed Care Program

Except for a maternity admission, a participant or covered dependent is required to call a toll-free number upon learning of a future hospital admission, or to call within two working days after an emergency admission. This toll-free number is on the back of the plan's medical identification card. If this provision is not followed, then hospital charges and all charges related to the hospital admission will be subject to a 50% reduction of benefits per-admission penalty, in addition to any deductible that might apply. Maternity admissions **do not** require certification. However, if the newborn baby stays longer in the hospital than the mother, the newborn's continuing hospital stay must be certified. Pre-certification of a hospital stay for medical necessity is not a guarantee of coverage or of payment of benefits. Coverage for benefits will only be determined when the claim is received, eligibility is verified, and it is determined that benefits were in effect as of the time of service.

The following services require precertification under the Plan:

- Inpatient admissions
- Dialysis
- Chemotherapy
- Inpatient mental health benefits are not covered if not precertified
- Inpatient substance abuse benefits are not covered if not precertified.

### Cancer Care, Renal Disease/Dialysis, Hemophilia, Human Organ & Tissue Transplant and Premature Babies

There are special assistance services available that can help obtain the best possible care for these conditions. In recognition of the positive impact these services can have on your care, your individual network deductible will be reimbursed when you participate in these programs.

Cancer patients newly diagnosed will be advised on treatment protocols that best match their condition for informed decision-making along with individualized care management.

Renal Disease/Dialysis patients will be advised of available network dialysis providers and/or will be offered individualized care management.

Hemophilia patients will be advised on how to switch to the preferred provider for their factor prescription fulfillment and will be offered individualized care management.

## **Schedule of Benefits**

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Human Organ & Tissue Transplant patients will be advised of available network transplant providers and will be offered individualized care management.

Premature baby patients' parent(s) will be offered individualized care management.

To obtain these enhanced benefits, please contact Health Care Management at 800-831-1854 and mention this benefit. Agreement to allow individualized care management may be required.

### **Preferred Provider Network**

Benefits at a participating provider will be paid at 80%, while certain benefits at a non-participating provider will be paid at 70%, resulting in a 10% penalty. Benefits are paid subject to the coinsurance maximums as indicated below in the schedule of benefits.

If a participant or covered dependent receives ancillary and physician services, (i.e., anesthesiologists, radiologists, emergency room physicians, pathologists, etc.) at a participating provider, the services provided by the non-participating provider will be paid at the participating provider benefit level.

If a condition requires treatment from a specialist and there is no such specialist available in the network, benefits will be paid at 80% subject to the coinsurance maximum indicated below.

### **Weekend Admissions**

If the participant or covered dependent is admitted to the hospital on Friday, Saturday, or Sunday, no benefits are payable for any expenses incurred during the admission. However, benefits are payable if surgery is to be performed on the day following the day of admission or the admission is due to an emergency situation which, without immediate medical attention, could result in death or cause impairment to bodily functions.

### **Early Admission Deterrent**

If the participant or covered dependent is admitted to the hospital more than 24 hours prior to a scheduled surgery, no benefits will be payable for any expenses incurred until after the first day following the surgery. However, benefits are payable if the surgery is due to a life-threatening situation which, without immediate medical attention, could result in death or cause impairment to bodily functions.

## Schedule of Benefits

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### Deductibles

	<b>Network</b>	<b>Non-Network</b>
Individual	\$1,000 per covered person per calendar year.	\$1,000 per covered person per calendar year.
Family	\$2,000 per family per calendar year.	\$2,000 per family per calendar year.

- Network deductibles are separate from non-network deductibles.
- Deductibles do not apply toward out-of-pocket maximums.
- Deductibles do not carryover from the last 3 months of the previous year.

### Individual Coinsurance

<b>Network</b>	<b>Non-Network</b>
80%	70%

The plan pays the above percentages of eligible charges, unless otherwise stated, after satisfying the deductible. When the out-of-pocket maximum per person per calendar year has been reached, then the plan pays 100% thereafter for the remainder of the calendar year.

### Out-of-pocket Maximums

	<b>Network</b>	<b>Non-Network</b>
Individual Maximum	\$3,000 per covered person per calendar year.	\$3,000 per covered person per calendar year.
Family Maximum	\$6,000 per family per calendar year.	\$6,000 per family per calendar year.

- In-network out-of-pocket maximums are separate from non-network out-of-pocket maximums.
- Deductibles do not apply toward out-of-pocket maximums.
- Out-of-pocket amounts do not carryover from the last 3 months of the previous year.

## Schedule of Benefits

### Pre-Admission Testing

	Network	Non-Network	Limitations
Physician	80%	70%	Not applicable.
Facility	80%	70%	

### Ambulance Services

	Network	Non-Network	Limitations
Land	80%	80%	Not applicable.
Air	80%	80%	Not applicable.

### Hospital Services

Services	Network	Non-Network	Limitations
Room and Board	80%	70%	Based on the semi-private room rate.
Miscellaneous Charges	80%	70%	Excludes patient convenience items.
Inpatient Surgery	80%	70%	Not applicable.
Outpatient Surgery	80%	70%	Not applicable.
Emergency Room	\$150 copay, then paid at 100% not subject to the deductible	\$150 copay, then paid at 100% not subject to the deductible.	ER per visit copay waived if admitted. Includes all services performed.

- Emergency room copays are separate and apart from all other copays and do not apply toward the calendar year deductibles or out-of-pocket expenses.

### Organ Transplants

Please refer to your Sun Life Organ Donor/Transplant Policy.

## Schedule of Benefits

### Urgent Care Facility

Network	Non-Network
\$50 copay required by the covered person per office visit, due to an accident or illness, payable at 100% not subject to the deductible. Copay includes lab and other charges.	\$50 copay required by the covered person per office visit, due to an accident or illness, payable at 100% not subject to the deductible. Copay includes lab and other charges.

### Physician Services

#### *Physician's Office Visits*

Network	Non-Network	Limitations
\$30 copay required by the covered person per office visit, due to an accident or illness, payable at 100% not subject to the deductible. Copay includes lab and other charges.	70%	No copay applies when no physician charges is assessed.

#### *Office Surgery*

Network	Non-Network	Limitations
100% not subject to the deductible	70%	Included in physician's office copay.

#### *Surgery in a Facility*

	Network	Non-Network	Limitations
Inpatient	80%	70%	Not applicable.
Outpatient	80%	70%	Not applicable.

#### *Assistant Surgeons*

Charges are limited to a maximum benefit of 25% of the surgeon's allowable amount.

## Schedule of Benefits

### *Office Visit Medical Supplies*

Network	Non-Network	Limitations
100% not subject to the deductible	70%	Included in the physician's office copay

### *Lab and X-ray*

	Network	Non-Network	Limitations
In Office/ Non Office Facility other than a Hospital	100% not subject to the calendar year deductible.	70%	Included in the physician's office copay. The copay includes services for blood drawn at the physician's office visit and if it sent to a hospital for reading.
Hospital Facility	80%	70%	Not applicable.

### *Allergy Injections*

	Network	Non-Network	Limitations
Allergy Injections	100% not subject to the calendar year deductible	70%	Included in the physician's office copay. Copay still applies if no office visit is billed.

### *Physician Hospital Visits*

	Network	Non-Network	Limitations
Inpatient Visits	80%	70%	Not applicable.
Emergency Room Visits	100% after \$150 copay, not subject to the deductible	100% after \$150 copay, not subject to the deductible	Not applicable.

### *Birthing Centers*

Network	Non-Network	Limits
80%	70%	Not applicable.

## Schedule of Benefits

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### Newborn Care

	Network	Non-Network	Limitations
Physician Hospital Visit	80%	70%	Not applicable.
Facility Charges	80%	70%	Charges to be paid under the baby

### Pregnancy

Covered the same as any other illness for participant and covered spouse. Dependent children are eligible for pregnancy benefits.

### Preventative/Wellness

Network	Non-Network	Limitations
\$30 copay, 100% not subject to the calendar year deductible.	70%	Includes, but is not limited to, well child care, labs, x-rays, pap smears, mammograms, prostate testing, one routine eye exam and refraction every other year, immunizations flu shots, colonoscopy (routine and non-routine), contraceptive management.

### Durable Medical Equipment

Network	Non-Network	Limitations
80%	70%	Limited to a maximum benefit of \$2,500 per person per calendar year

## Schedule of Benefits

### Prescription Drugs

NOTE: Preferred and Non-Preferred Prescription Drugs are subject to a \$50 per person per calendar year deductible and a \$150 per family calendar year deductible. This deductible is separate from the Major Medical Deductible. Generic drugs are not subject to the prescription deductible.

Service	Benefits	Limitations
Generic Drugs	\$10 copay per prescription or refill. Limited to a 30-day supply.	Does not apply toward the individual deductible or maximum out-of-pocket.
Preferred Drugs	\$30 copay per prescription or refill. Limited to a 30-day supply.	Does not apply toward the individual deductible or maximum out-of-pocket.
Non-Preferred Drugs	\$50 copay per prescription or refill. Limited to a 30-day supply.	Does not apply toward the individual deductible or maximum out-of-pocket.
Mail-in Generic Drugs	\$25 copay per prescription or refill. Limited to a 90-day supply.	Does not apply toward the individual deductible or maximum out-of-pocket.
Mail-in Preferred Drugs	\$75 copay per prescription or refill. Limited to a 90-day supply.	Does not apply toward the individual deductible or maximum out-of-pocket.
Mail-in Non-Preferred Drugs	\$125 copay per prescription or refill. Limited to a 90-day supply.	Does not apply toward the individual deductible or maximum out-of-pocket.

**Biotech Prescriptions (Prescriptions for participants who were not covered by the Plan as of 08/01/06 and/or not receiving a biotech as of 08/01/06)**

Coinsurance
80% subject to the network deductible and out of pocket maximums.

## Schedule of Benefits

### Biotech Prescriptions (Prescriptions for participants who were covered by the Plan prior 08/01/06 and receiving a biotech prior to 08/01/06)

Service	Benefits	Limitations
Biotech Prescriptions	\$50 copay per prescription or refill. Limited to a 30-day supply.	Subject to \$100 separate deductible per person per calendar year. Does not apply toward the individual deductible or maximum out-of-pocket.

### Prosthetics

Network	Non-Network	Limitations
80%	70%	Limited to a maximum benefit of \$2,500 per person per calendar year

### Chiropractic Services

Network	Non-Network	Limitations
\$30 copay, then paid at 100%, not subject to the deductible	Not covered	Limited to a calendar year maximum of 24 visits. X-rays are covered.

### Temporomandibular Joint Syndrome (TMJ)

	Network	Non-Network	Limitations
Facility	80%	70%	Not applicable.
Physician	80%	70%	
Physician Office	\$30 copay, then paid at 100%, not subject to the deductible	70%	No copayment applies when no physician is assessed.

## Schedule of Benefits

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### Outpatient Therapy Services

	<b>Network</b>	<b>Non-Network</b>	<b>Limitations</b>
Physical Therapy	\$30 copay, then paid at 100%, not subject to the deductible	70%	Limited to a calendar year maximum of 20 days. Calendar year maximums for therapy services are separate.
Occupational Therapy	\$30 copay, then paid at 100%, not subject to the deductible	70%	Limited to a calendar year maximum of 20 days. Calendar year maximums for therapy services are separate.
Speech Therapy	\$30 copay, then paid at 100%, not subject to the deductible	70%	Limited to a calendar year maximum of 20 days. Calendar year maximums for therapy services are separate.
Cardiac Rehabilitation	\$40 copay, then paid at 100%, not subject to the deductible	70%	Limited to a calendar year maximum of 36 days. Calendar year maximums for therapy services are separate.

## Schedule of Benefits

### Substance Abuse Benefit

- Applies to the maximum out-of-pocket.
- Outpatient physician calendar year maximum is combined with Outpatient Facility calendar year maximum.
- Inpatient substance abuse is separate from inpatient mental health.
- Outpatient substance abuse is separate from outpatient mental health.
- Inpatient services must be precertified

	<b>Network</b>	<b>Non-Network</b>	<b>Limitations</b>
Inpatient Facility/ Partial Hospitalization	80%	Not Covered	Limited to a maximum benefit of \$8,000 per calendar year. 2 days of partial hospitalization will be considered as 1 inpatient day. This maximum is combined with inpatient and outpatient services.
Inpatient Physician	80%	Not Covered	Limited to a maximum benefit of \$8,000 per calendar year. This maximum is combined with inpatient and outpatient services.
Outpatient Facility and Physician	\$30 copay for group therapy and then payable at 100% not subject to the deductible  \$30 copay for individual therapy and then payable at 100% not subject to the deductible	Not Covered	Limited to a maximum benefit of \$8,000 per calendar year. This maximum is combined with inpatient and outpatient services.

## Schedule of Benefits

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### Mental Health Benefit

- Applies to the out of pocket maximum.
- Inpatient physician calendar year maximum is combined with inpatient facility calendar year max.
- Outpatient physician calendar year maximum is combined with Outpatient Facility calendar year max.
- Labs and x-rays are never included in copays and never included in visit maximums.
- Inpatient mental health is separate from inpatient substance abuse.
- Outpatient mental health is separate from outpatient substance abuse.
- Inpatient services must be precertified.

	<b>Network</b>	<b>Non-Network</b>	<b>Limitations</b>
Inpatient Facility/ Partial Hospitalization	80%	Not Covered	Limited to 30 days per person per calendar year. 2 days of partial hospitalization will be considered as 1 inpatient day.
Inpatient Physician	80%	Not Covered	
Outpatient Facility and Physician	\$30 copay for group therapy and then payable at 100% not subject to the deductible  \$30 copay for individual therapy and then payable at 100% not subject to the deductible	Not Covered	Limited to a combined benefit of 20 visits per person per calendar year.

## Schedule of Benefits

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### Home Health Care

Network	Non-Network	Limitations
80%	70%	Limited to a maximum benefit of 60 visits per person per calendar year.

### Convalescent Care

Network	Non-Network	Limitations
80%	70%	Limited to a maximum benefit of 60 days per person per calendar year.

### Hospice Care

Network	Non-Network	Limitations
80%	70%	Limited to a maximum benefit of 360 days per person per calendar year.

### Dental Services – Accident Only

Coinsurance
80% subject to the network deductible and out of pocket maximum.

### All Other Services

Network	Non-Network	Limitations
80%	70%	This includes but is not limited to professional fees and other medical care. When services are performed in the Physician's office, Benefits are described under <i>Physician's Office Services</i> above.

# **Section 1**

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## **Eligibility**

## Eligibility

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### Classes Eligible for Coverage

All classes of participants of the plan are eligible except the following:

- Part-time employees,
- Temporary employees,
- Seasonal employees, or
- Any class of employees which has been specifically excluded from this plan.

For the purpose of this plan, a participant's dependent is any person as defined in the definitions section of this plan. Any person who is covered as a participant cannot also be covered as a dependent under this plan. No person shall be considered to be a dependent of more than one participant.

Retirees are eligible for coverage when they attain age 55 and have at least 10 years of service with the Company.

### Date Coverage Is Effective

Coverage under the plan shall become effective with respect to an eligible employee and eligible dependents at the end of any applicable waiting period or, if none, on the enrollment date, provided written application for such coverage is made on or before such date and the employee is actively-at-work as of the effective date. If the employee is not actively-at-work on the effective date, coverage for the employee and dependent(s) shall become effective on the date the employee returns to work.

The participant must be regularly working the plan administrator's normal work week of at least 30 hours at any of the plan administrator's business establishments, or at some other location to which he or she is required to travel for business reasons by the plan administrator, to be considered a full-time employee, unless the participant is not at work due to medical reasons and the absence has been approved pursuant to the employer's employment policies.

### Enrollment: Open Enrollment

An open enrollment period shall be held each December 1st through the last day of December. During this open enrollment period, each participant shall have the opportunity to change his or her current health coverage to any other health plan offered by the company. In addition, any eligible employee of the company who was not previously covered under a health plan offered by the company, may choose to be covered under any one of the health plans offered by the company, including himself and any eligible dependents.

## Eligibility

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### Enrollment: Special Enrollees

The Health Insurance Portability and Accountability Act of 1996 requires that group health programs allow certain individuals be covered by the plan as *special enrollees* as follows:

If an otherwise eligible employee or dependent declined coverage under the plan at the time of initial eligibility, and stated in writing at that time that coverage was declined because of other group health coverage, and that other group health coverage is subsequently lost, and that person makes application for coverage hereunder within 30 days of the loss of the other health coverage, such individual shall be a *special enrollee* provided:

- Such person lost the other health coverage as a result of loss of eligibility for the coverage (including as the result of legal separation, divorce, death, termination of employment, or reduction in the number of hours of employment, but not including an increase in cost of the other coverage or reduction in benefits of the other coverage); or,
- Employer contributions toward such other coverage were terminated; or,
- The eligible employee or dependent was covered under a COBRA continuation provision and the COBRA continuation period has been exhausted.

Individuals who lose other health coverage due to non-payment of premium or for cause (e.g., filing fraudulent claims) shall not be a *special enrollee* hereunder.

An otherwise eligible employee who is not covered by the plan, an otherwise eligible employee and dependent who are not covered by the plan, or a participant's dependent who is not otherwise covered by the plan may apply for coverage under the plan as a result of the acquisition of a new dependent by the participant through marriage and shall be a *special enrollee* provided such person is properly enrolled as a participant or dependent of the participant within 30 days of the acquisition of the new dependent.

A newborn child, a child placed for adoption, or a newly-adopted child of a covered participant will be covered from the moment of birth, placement for adoption, or adoption, including coverage for the necessary care or treatment of medically diagnosed congenital defects, birth abnormalities, or prematurity, provided the child is properly enrolled as a dependent of the participant within 30 days of the child's date of birth, adoption, or placement for adoption.

## Eligibility

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Coverage for a *special enrollee*, other than for a newborn, a child placed for adoption, or a newly-adopted child, shall begin as of the first day of the calendar month following a timely enrollment request.

HIPAA requires that the Plan allow those individuals who enroll as *special enrollees* to be offered the opportunity to enroll in a different plan option, if another option exists.

### Family and Medical Leave Act Continued Coverage

All participants and their dependents covered under the plan who are eligible for a leave of absence under the Family and Medical Leave Act of 1993 (i.e., FMLA) shall have the right to continue coverage under the plan for the term of the leave of absence under the same terms, conditions, and coverage as enjoyed by all other participants.

If the plan requires a contribution from the participant for normal coverage, those contributions must be paid by the participant during the term of the leave of absence in order for coverage under the plan to continue.

If the leave of absence is a paid leave, normal contributions will be deducted from those payments. If the leave of absence is not a paid leave, the participant must pay the contribution to the plan, through the company as the plan administrator, at the same time that contributions are normally taken from the company payroll. If a contribution is not made within 15 days of such date, coverage under the plan for the participant and all covered dependents will end after a 15-day non-payment notice is given and payment is not received during the 15-day period. All eligible claims which are incurred during the 15 days will still be considered as eligible by the plan. The company may withhold a delinquent contribution from any amount due the participant or may bring a legal action to recover the contribution if not paid by the participant.

If a participant returns to employment during or at the end of the FMLA leave of absence and during the leave the participant's coverage under the plan has ended for any reason, the participant will be allowed to re-enter the plan as of the date that the participant returns to work. The participant and those dependents who were previously covered by the plan will not be subject to a new pre-existing condition waiting period. Coverage for new entrants at the time that the participant returns to work will be governed by the terms of the plan.

The company may recover its contribution to the plan for a participant who is on an unpaid FMLA leave of absence if the participant fails to return to work for at least 30 days after the FMLA leave has been exhausted or expires, unless the reason the participant does not return to work is due to one of the following:

## Eligibility

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The continuation, recurrence, or onset of a serious health condition which would entitle the participant to leave under the FMLA; or other circumstances beyond the participant's control.

The company may recover its contribution from any sums due the participant provided such deductions do not violate applicable federal or state wage payment or other laws. The company may also bring legal action against the participant to recover its share of the contribution.

If the participant elects or is required to substitute normal company paid leave (vacation, sick days, personal days, etc.) for part or all of a FMLA leave, the company may not recover its contribution for the period of the leave that is covered by the normal company paid leave.

### **HIPAA: Compliance with Health Insurance Portability and Accountability Act of 1996**

All provisions of the plan are intended to bring the plan into compliance with the requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Any provisions of the plan that differ with the requirements of HIPAA are hereby amended so that the plan shall at all times be in compliance with HIPAA and the plan administrator shall administer the plan accordingly.

Pursuant to HIPAA, the plan will at no time take into consideration any health status-related factors (including both physical and mental illnesses, prior receipt of health care, prior medical history, genetic information, evidence of insurability, conditions arising out of acts of domestic violence, or disability) which exist in relation to a person who is eligible for coverage under the plan for purposes of determining the initial or continued eligibility of that person for coverage under the plan, for determining the level of contribution of the person to plan funding, or for determining the level of benefits which will be made available to a person.

The plan is a self-funded welfare benefit plan that provides medical benefits to covered persons. No benefits are payable by any insurance company. The company will provide all payments for the benefit plan. Employees may be required to pay a contribution that will partially reimburse the employer for the cost of operating the plan and for benefit payments.

All plan participants will be given written notice of any material reduction in benefits provided by the plan within 60 days of the adoption of such material reduction.

## **Eligibility**

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### **Certificates of Prior Coverage Under the Plan**

In 1996 the Health Insurance Portability and Accountability Act of 1996 (HIPAA) was passed by Congress. Under HIPAA, all employees and their dependents who are actually covered by the plan will automatically receive a Certificate of Group Health Plan Coverage (certificate) when they lose coverage under the plan and upon the loss of coverage should continuation of coverage under COBRA be elected. Additionally, all employees and their dependents that lose coverage under the plan may request a new certificate at any time during the 24 months that follow loss of coverage. The certificate will include information for both the covered employee and his dependents unless the information for a dependent is different from that of the covered employee, and in such case, a separate certificate will be issued for each such person.

The certificate will be issued free of charge to the employee or dependent and will show a new employer or group health plan the period that the employee or dependent was covered by the plan, including the waiting period served prior to the effective date of coverage. A person who receives a certificate must provide the certificate to his new group health plan in order for the new group health plan to credit the period that the person was covered by the plan against the pre-existing condition exclusion waiting period of the new group health coverage, if any.

### **Medicaid Eligibility**

An individual who is otherwise eligible for coverage under this plan shall remain eligible even though such individual is eligible for coverage under a state plan for medical assistance approved under Title XIX of the Social Security Act (i.e., Medicaid).

The plan will make payment of all benefits under the plan for an individual covered by Medicaid coverage in accordance with the assignment of rights requirements of that individual's Medicaid coverage.

Coverage provided by the plan shall be considered primary coverage and shall pay for covered services before Medicaid.

### **Newborns' and Mothers' Health Protection Act of 1996**

The plan will at all times comply with the terms of the Newborns' and Mothers' Health Protection Act of 1996. The plan will not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a normal vaginal delivery, or to less than 96 hours following a cesarean section.

## Eligibility

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The plan will also not require that a provider obtain authorization from the plan for the hospital stay of the mother or newborn child for the first 48 hours following a normal vaginal delivery or for the first 96 hours following a cesarean section.

### Qualified Medical Child Support Orders

A medical child support order is a child support order of a court which requires that an employee benefit plan provide coverage for a dependent child of a participant if the plan normally provides coverage for dependent children. Typically these types of orders are generated as a part of a divorce proceeding or a paternity action.

When the plan receives a medical child support order, it will notify the participant and each child specified in the order that it has been received and that the plan will review the order to determine if it is a qualified medical child support order (i.e., *qualified order*).

The plan will notify the participant and each named child that the order is or is not a *qualified order*.

If the order is determined to be a *qualified order*, each named child will be covered by the plan in the same manner as any other dependent child is covered by the plan. Each named child will be considered a participant under the plan but may designate another person, such as a custodial parent or legal guardian, to receive copies of explanations of benefits, checks, and other material which would otherwise be sent directly to the named child.

If it is determined that the order is not a *qualified order*, each named child may appeal that decision by submitting a written letter of appeal to the plan administrator. The plan administrator shall review the appeal and reply in writing within 30 days of receipt of the appeal.

To be considered a *qualified order*, the child support order must contain all the following information:

- The name and last known mailing address of the participant and the name and address of each child to be covered by the plan;
- A reasonable description of the type of coverage to be provided by the plan to each named child, or the manner in which the type of coverage is to be determined;
- The period to which such order applies;
- Each plan to which such order applies; and

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- That the order does not require the plan to provide any type or form of benefit or coverage not otherwise provided under the plan except to the extent necessary to meet the requirements of a law relating to medical child support which a state must pass to be in compliance with Section 1908 of the Social Security Act.

## Termination of Coverage

Termination of coverage of a participant will occur on the earliest of the following:

- The provisions of the plan for the coverage terminate;
- His or her class is no longer included in the eligible coverage classes;
- If the coverage is contributory, any contribution required of him or her for any coverage under the plan is not made when due; or
- The last day of the month when employment is terminated for any reason.

The plan administrator will signify a participant's termination of employment by notifying the plan supervisor.

No contributory coverage may be continued beyond the end of the period for which the participant has made the required contributions to the plan administrator.

Any dependent coverage of a participant covered for dependent coverage will cease, regardless of continuation of other dependent coverage when one or more of the following apply:

- The individual ceases to be a dependent as defined herein,
- The participant is no longer covered under this plan, and/or
- The dependent becomes eligible for participant coverage hereunder.

If a child who is a dependent as defined herein is incapable of self-sustaining employment by reason of mental retardation or physical handicap and is chiefly dependent upon the participant for support and maintenance beginning prior to the end of the calendar year in which he or she turns the age specified in the schedule of benefits, coverage will continue for the dependent until the earliest of the following:

- The participant discontinues his or her coverage hereunder,
- The participant is no longer considered an eligible participant,
- The plan is cancelled, or
- The disability no longer exists as determined by the plan.

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Satisfactory evidence of such disability and dependency is required by the plan. Such evidence must be received within 120 days after the end of the calendar year in which the maximum age is attained. The plan may require that the evidence of disability or dependency be updated annually.

### **Termination and Available Coverage After -- COBRA**

All eligible participants and dependents covered under the plan on the date before a qualifying event who would otherwise have lost coverage herein as a result of any of the events listed below shall have the right to elect continuation coverage. Newborns and children placed for adoption with a person covered by COBRA continuation coverage may be added to their parent's coverage while the parent has coverage under COBRA if the plan would otherwise allow such a child to be covered by the plan. If a newborn child or child placed for adoption is added to the COBRA continuation coverage of the participant, such child shall be considered a qualified beneficiary under the plan.

The company will notify the plan administrator of the participant's death, termination of employment, layoff or reduction of working hours, or when he or she becomes entitled to benefits under Title XVIII of the Social Security Act within 30 days of the occurrence of any of these events. The participant or covered dependent must notify the plan administrator within 60 days of his or her divorce or legal separation or when a dependent child is no longer eligible for coverage as defined in the plan, in order for continuation coverage to be offered to the dependent.

The plan administrator will notify the participant or covered dependent of his or her right to elect to continue coverage within 14 days from the date the plan administrator is first notified of any of the events described above. The election period shall begin no later than the date on which coverage terminates under the plan due to any of the events listed below, shall be of at least 60 days duration, and shall end 60 days after the later of:

- The date coverage terminates under the plan due to any qualifying event listed below, or
- The date the plan administrator sends notification to the participant or covered dependent of his or her rights under this provision as described above.

Pursuant to the Trade Act of 1974, workers whose employment is adversely affected by international trade (increased imports or a shift in production to another country) may become entitled to receive Trade Act Assistance ("TAA") and may elect continuation coverage during a 60 day period that begins on the first day of the month in which he or she is determined to be a TAA eligible person. The person may elect coverage for himself or herself and his or her family. The election must be made not later than 6

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months after the date of TAA related loss of coverage. Any continuation coverage elected during the second election period will begin with the first day of the second election period and not on the date which the coverage originally ended.

Benefits will be identical to those available under the plan to all active participants and covered dependents that are similarly situated beneficiaries.

The plan may require the participant and/or covered dependent pay for all or part of the cost for continuing his or her coverage, not to exceed 102% of the premium. If the participant or covered dependent is required by the plan to pay the cost of continuing coverage, payment for the initial premium must be made within 45 days from the date of election. Payments must be made in monthly installments. Payments are due by the first day of the month for which coverage is being provided.

Covered dependent spouses and children are eligible for continuation of coverage for up to 36 months upon the occurrence of any of the following qualifying events, which results in the loss of coverage under the plan:

- The death of the participant,
- The divorce or legal separation of the participant from the covered dependent spouse,
- The participant becoming entitled to Medicare benefits under Title XVIII of the Social Security Act, or
- With respect to a dependent child, the dependent child is no longer eligible for coverage as a dependent child as defined in the plan.

The participant and covered dependents shall be eligible for continuation of coverage for up to 18 months upon the occurrence of any of the following qualifying events, which results in the loss of coverage under the plan:

- The participant's employment with the company terminates (except if due to the participant's gross misconduct), or
- The participant is laid off or his or her working hours are reduced so as to render him or her ineligible for coverage as defined in the plan.

If the participant or covered dependent is disabled on or within 60 days of the initial qualifying event for continuation coverage due to termination of employment or reduction in hours, continuation coverage may be extended for all qualified beneficiaries

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within that family for up to 29 months from the qualifying event date rather than for only 18 months. The disabled person is subject to all of the following:

- The Social Security Administration must make a determination that the person was disabled under Title II or XVI of the Social Security Act and that the disability began before or within 60 days after the qualifying event date;
- The disability determination must be made by the Social Security Administration before the end of the original 18-month continuation of coverage period;
- The person must notify the plan administrator within the later of 60 days after the disability determination has been made or the date of the qualifying event which results in a loss of coverage, and before the end of the original 18-month continuation of coverage period;
- The person must notify the plan administrator within 30 days after the final determination is made that the person is no longer totally disabled; and
- The cost for coverage for months one through 18 will be at the rate of up to 102% of the cost of the coverage, and the cost for months 19 through 29 will be at the rate of up to 150% of the cost of the coverage.

The continuation period will end when any of the following occur:

- When the participant or dependent fails to make the required contribution (if any) to the plan before the due date or within a grace period of 30 days;
- When the participant or covered dependent first becomes covered by any other group health plan, except as described below, or first becomes entitled to Medicare benefits under Title XVIII of the Social Security Act;
- When the company ceases to maintain any group health plan; or
- In the case of a disabled participant and/or dependent who has been on continuation coverage for more than 18 months due to a disability, the month that begins more than 30 days after the date of the final determination under Title II or XVI of the Social Security Act that the person is no longer disabled.

A retired participant and his or her spouse who would otherwise lose health coverage under the plan after the employer files a Chapter 11 bankruptcy proceeding may continue coverage under the plan until the death of the participant. Upon the death of the retired

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covered participant, his or her covered dependents shall be entitled to continuation coverage for a period of 36 months from the retiree's death.

If the participant or dependent first becomes covered under another group health plan or Medicare while covered hereunder, continuation coverage may continue only during the time that the new group health plan contains any exclusion or limitation which relates to a pre-existing condition of the participant or dependent. Normal payments for this coverage must be made in order for continuation coverage to remain in effect.

Any other group health plan will be considered the primary coverage and must always pay benefits before this plan will consider a claim for benefits. The only exception is that the plan will remain primary if the COBRA covered person is covered by Medicare by reason of end stage renal disease, and then only until the end of the first 30 months of Medicare coverage for that disease.

In no event shall coverage as provided in this provision be continued for more than 36 months. For example, if a dependent is receiving continuation of coverage benefits due to an 18-month qualifying event, and during the 18-month period, another qualifying event occurs which would entitle the person to 36 months of continuation coverage, that dependent shall be eligible for continuation of coverage for not more than a total of 36 months.

### **USERRA: Continuation of Coverage Under the Uniformed Services Employment and Re-employment Rights Act**

In any case in which a participant (or the participant's dependents) has coverage under the plan, and such participant is absent from such position of employment by reason of service in the uniformed services, the participant may elect to continue coverage under the plan as provided in this section. The maximum period of coverage of a participant and the participant's dependents under such an election shall be the lesser of the following:

- The 24-month period beginning on the date on which the participant's or dependent's absence begins; or
- The day after the date on which the participant fails to apply for or return to a position of employment, as determined under USERRA.

Any continuation coverage provided under this section will run concurrently with any other continuation coverage available, including COBRA continuation coverage.

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A participant who elects to continue plan coverage under this section must pay 102% of his or her normal premium under the plan. Except that, in the case of a participant who performs service in the uniformed services for less than 31 days, such participant will pay his or her normal contribution for coverage for the 31 days.

A participant who is qualified for re-employment under the provisions of USERRA will be eligible for reinstatement of coverage under the plan upon re-employment. Except as provided in the following paragraph, upon re-employment and reinstatement of coverage, no new pre-existing condition exclusion or waiting period will be imposed in connection with the reinstatement of such coverage if a pre-existing condition exclusion or waiting period would normally have been imposed.

The paragraph directly above shall not apply to the coverage of any illness or injury determined by the Secretary of Veteran's Affairs to have been incurred in, or aggravated during, performance of service in the uniformed services.

## **Section 2**

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# **Comprehensive Major Medical**

## **Comprehensive Major Medical**

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### **Alcoholism and Drug Abuse Treatment: Inpatient**

Eligible expenses for inpatient treatment of drug dependency or alcoholism shall be paid the same as any other hospital confinement provided that the following circumstances apply:

- Treatment occurs in a hospital as defined herein; and
- Treatment must be ordered in writing by a physician, as defined herein, for the entire length of time the patient is confined. Personal items, or items or treatment not necessary to the care or recovery of the patient, are not covered under this benefit.

Inpatient treatment of alcoholism and drug abuse will be subject to the limitations shown in the schedule of benefits.

### **Alcoholism and Drug Abuse Treatment: Outpatient**

Outpatient treatment of alcoholism and drug abuse will be paid at the coinsurance percentage shown in the schedule of benefits and up to the maximum benefit for services of this nature also shown in the schedule of benefits.

### **Birthing Centers**

The plan provides benefits for expenses incurred at a birthing center, payable at the coinsurance percentage shown in the schedule of benefits. A birthing center is a licensed institution that provides 24-hour nursing service by or under the supervision of registered graduate nurses and certified nurse midwives, and is staffed, equipped, and operated to provide the following services:

- Care for patients during uncomplicated pregnancy, delivery, and the postpartum period;
- Care for infants born in the center who are normal or have abnormalities which do not impair function or threaten life; and
- Care for obstetrical patients and infants born in the center who require emergency and immediate life support measures to sustain life pending transfer to a hospital.

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### **Coinsurance Percentage**

After eligible expenses incurred in a calendar year equal the deductible amount, eligible expenses incurred in the calendar year shall be paid at the coinsurance percentage as specified in the schedule of benefits.

### **Convalescent Care**

This provision shall provide benefits for expenses incurred during a covered convalescent confinement after a hospital stay of at least three consecutive days while covered under this plan. The confinement must start within 14 days of release from the hospital and be ordered by the attending physician for the condition necessitating the hospitalization. Refer to the schedule of benefits for further limitations.

The eligible expenses are the nursing home charges, up to the limits shown in the schedule of benefits, for the following services and supplies furnished while the patient is under continuous care of the attending physician and requires 24-hour care:

- Room, board, and other services and supplies furnished by the facility for necessary care (other than personal items and professional services);
- Use of special treatment rooms;
- X-ray and laboratory examinations;
- Physical, occupational, and speech therapy; and/or
- Oxygen and other gas therapy.

### **Counseling Expenses**

The plan will cover expenses incurred for bereavement counseling at the coinsurance percentage shown in the schedule of benefits. In addition, the maximum benefit for services of this nature is shown in the schedule of benefits.

### **Deductible: Individual**

Participants and dependents covered under this plan must meet an amount of eligible expenses each calendar year equal to the deductible amount as shown in the schedule of benefits before major medical benefits can be paid.

## **Comprehensive Major Medical**

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If this plan replaces a prior plan during a calendar year, any deductible or coinsurance met during that calendar year shall apply toward the deductible and/or coinsurance described in this plan for the remainder of that calendar year.

### **Deductible: Family**

When covered family members have met an amount of eligible expense equal to the family deductible amount shown in the schedule of benefits, the individual deductible for all other covered members in that family will be considered satisfied for the remainder of the calendar year.

### **Deductible: Common Accident**

When two or more covered family members are injured in the same accident, only one deductible amount applies to all eligible expenses for treatment resulting from that accident.

### **Eligible Expenses**

The following services are eligible expenses for participants and dependents covered under this plan. Eligible expenses are subject to the deductible and coinsurance percentage as shown in the schedule of benefits and are limited by certain provisions listed in the general exclusions section of this plan.

### **Home Health Care Benefit**

Charges made by a home health care agency for the following services and supplies furnished to a covered individual in his or her home for care in accordance with a home health care plan are included as covered medical expenses. This care must commence within seven days following termination of a hospital confinement or convalescent nursing home confinement as a resident inpatient and must be for the same or related condition necessitating that confinement. Refer to the schedule of benefits for any further limitations.

- Part-time or intermittent nursing care by a registered nurse or a licensed practical nurse if the services of a registered nurse are not available.
- Part-time or intermittent home health aide services which consist primarily of caring for the individual.
- Physical, occupational, and speech therapy.

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- Medical supplies, drugs, and medicines prescribed by a physician, and laboratory services provided by or on behalf of a hospital, but only to the extent that they would have been covered under this plan if the individual had remained in the hospital.

Each four hours of home health care service by a representative shall be considered as one home health care visit. Each visit by a representative of a home health care agency shall be considered as one home health care visit.

### Hospice Care

Hospice care coverage pays benefits for many of the charges incurred for the treatment of a terminally ill person while in a hospice care program.

This care may be administered through either of the following:

- Confinement in a hospital, or a centrally administered, medically-directed, and nurse-coordinated program which provides a coherent system primarily of home care, is available 24 hours a day, seven days a week, and uses a hospice team.
- The program must meet standards set by the National Hospice Organization and approved by the plan supervisor. If such program is required by a state to be licensed, certified, or registered, it must also meet those requirements to be considered an eligible hospice program.

### *Hospice Care Definitions*

- **Counseling Services** means supportive services provided after the death of the terminally ill person by members of the hospice team in counseling sessions with the family unit.
- **Family Unit** means the participant and his covered dependents.
- **Hospice** means a freestanding or hospital-affiliated facility that provides short periods of stay for the terminally ill in a home-like setting for either direct care or respite. It must operate as an integral part of the hospice care program.
- **Hospice Care Program** means a formal program directed by a physician as defined herein to help care for the terminally ill person.
- **Hospice Services** means services and supplies furnished to a terminally ill person by the hospice and/or the hospice team.

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- **Hospice Team** means a group of professional and volunteer workers who provide care to do the following:
  - a. Reduce or abate pain or other symptoms of mental or physical distress, and
  - b. Meet the special needs arising out of the stresses of the terminal illness, dying, and bereavement.

The team includes at least a physician and a registered nurse. It could also include social workers, clergymen, counselors, volunteers, clinical psychologists, physiotherapists, and occupational therapists.

- **Remission** means a halt in the progression of the disease that led to the terminal illness or an actual reduction in the extent to which the disease has already progressed.
- **Terminally ill** means the primary attending physician who is treating the person has certified that the person's life expectancy is six months or less.

### *Hospice Care Benefits Other Than Bereavement Benefits*

**Benefits** – The plan will pay benefits up to the maximums shown in the schedule of benefits for any one period of care in a hospice care program for charges incurred for the terminally ill person:

- While not an inpatient in a hospice for hospice services furnished under a hospice care program, or
- While an inpatient in a hospice for hospice room and board and services for a hospice care program.

**Conditions for Benefits** – A terminally ill person must meet the following conditions:

- Be in a hospice care program, and
- Have the primary attending physician furnish certification of the terminally ill status to the plan supervisor.

Further, the hospice services or stay must meet the following conditions:

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- Provided while the individual is covered under this plan,
- Ordered by the supervising physician who is directing the hospice care program,
- Charged for by the hospice care program, and
- Provided within six months of the individual's entry, or re-entry after a period of remission, in the hospice care program.

### ***Hospice Care Exclusions***

The following are not covered under this benefit:

- Charges for services or supplies received as a result of an accident arising out of or in the course of work or an illness covered under Worker's Compensation or a similar law.
- Charges for services or supplies furnished by or for the U.S. government or for any other government, unless payment of the charge is required by law.
- Charges for services or supplies provided under any government program or law under which the individual is or could be covered. This exclusion does not apply to a state plan under Medicaid or to any law or plan that state that its benefits are in excess of those of any private insurance program or other non-governmental program.
- Charges incurred during a remission period if the individual is discharged from the hospice care program during that period.
- Charges for services provided by a close relative.
- Bereavement benefits.

### **Hospital Admissions: Early Admission Deterrent**

If the participant or covered dependent is admitted to the hospital more than 24 hours prior to a scheduled surgery, no benefits will be payable for any expenses incurred until after the first day following the surgery. However, benefits are payable if the surgery is due to a life-threatening situation which, without immediate medical attention, could result in death or cause impairment to bodily functions.

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### **Hospital Admissions: Weekend Admissions**

If the participant or covered dependent is admitted to the hospital on Friday, Saturday, or Sunday, no benefits are payable for any expenses incurred during the admission. However, benefits are payable if surgery is to be performed on the day following the day of admission or the admission is due to an emergency situation which, without immediate medical attention, could result in death or cause impairment to bodily functions.

### **Hospital Expenses: Inpatient**

- **Hospital Room and Board** – An amount covered per day up to the semi-private room rate. Intensive care unit (ICU) also covered when ordered by the patient's primary physician as specifically limited in the schedule of benefits.
- **Hospital Miscellaneous** – All other hospital charges during an inpatient confinement, exclusive of personal items or services not necessary to the treatment of illness or injury except the cost of one hospital admission kit per confinement, shall be covered herein.

### **Hospital Expenses: In or Out of the Hospital**

Including but not limited to the following:

- Hospital outpatient services
- X-ray and laboratory services
- Surgery charges
- Anesthesia charges

Services of other physicians including:

- Radiation therapy
- Pathological services
- Electrocardiograms
- Physical therapy
- Electroencephalograms
- Hospital visits
- Assistant surgeon charges

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Other services:

- Nursing services (except those of a relative) performed by a registered nurse or a licensed practical nurse
- Rental or purchase of medically necessary durable equipment, whichever is more economical
- Orthopedic braces, crutches, and prosthetic devices
- Ambulance service when medically necessary to and from the medical facility rendering appropriate treatment
- Cervical collar, colostomy bag, ileostomy supplies, catheters, insulin and syringes
- Blood and blood syringes
- Oxygen and its administration
- Speech therapy
- Diabetic services including outpatient self-managmenet training, equipment, medications and laboratory procedures.
- Accidental Dental services provided by a dentist, oral surgeon, or physician, including all related hospital outpatient charges. The dental damage is severe enough the initial contact with a Physician or dentist occurred within 72 hours of the accident. Benefits are available only for treatment of a sound, natural tooth. The physician or dentist must certify that the injured tooth was:

- a.** A virgin or unrestored tooth, or
- b.** A tooth that has no decay, no filling on more than two surfaces, no gum disease associated with bone loss, no root canal therapy, is not a dental implant and functions normally in chewing and speech.

Dental services for final treatment to repair the damage must be both of the following:

- a.** Started within three months of the accident.
- b.** Completed within 12 months of the accident.

Please note that dental damage that occurs as a result of normal activities or daily living or extraordinary use of the teeth is not considered an “accident”. Benefits are not available for repairs to teeth that are injured as a result of such activities.

- Breast reconstruction in connection with a mastectomy:
  - a.** Reconstruction of the breast on which the mastectomy has been performed
  - b.** Surgery and reconstruction of the other breast to produce symmetrical appearance
  - c.** Coverage for prostheses and physical complications of all stages of mastectomy, including lymphedemas, in a manner determined appropriate in consultation with the attending physician and the patient
- Any excise tax or surcharge imposed by a governmental entity for services, supplies, and/or treatments rendered by a physician, hospital, facility, or any other health care provider

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### **Hospital Expenses: Out of the Hospital**

Including but not limited to the following:

- Drugs requiring a prescription under federal law
- Physician's office calls
- Physician's office surgery

### **Immunizations**

The plan will pay for immunizations up to the maximum benefit shown in the schedule of benefits per covered person per calendar year.

### **Lifetime Maximum: Major Medical**

The maximum lifetime benefit per person covered under this plan is as shown in the schedule of benefits.

### **Managed Care Program**

The managed care program is a health care benefit management program. It is a cost containment benefit built upon the components of pre-certification and case management.

### ***Pre-certification Process***

Participants or their dependents with the benefit of a managed care program must have every inpatient hospital stay certified. This is a participant-driven and participant-responsible program. The participant or agent for the participant may call or have the admitting physician or hospital call to certify the stay. Medical, surgical, and psychiatric admissions must be certified prior to admission. Emergency admissions must be certified within two working days of the admission. Maternity admissions for deliveries **do not** require certification. If the newborn baby stays longer in the hospital than the mother, the newborn's continued hospital stay must be certified.

Except in the case of maternity, at the time a medical, surgical, or psychiatric inpatient hospital admission **is planned** the participant or his or her dependent must let the physician know that the health care coverage includes the requirement of pre-certification. A penalty per admission as shown in the schedule of benefits will be reflected to the participant if pre-certification requirements are not followed.

Pre-certification is accomplished by telephoning a toll-free number on your I.D. card and providing the following information:

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- Plan participant name
- Company name
- Patient's name and age
- Admitting physician's name, address, and phone number
- Name of hospital and address

Calls received after hours will be recorded, and the call will receive a response within one working day. In the case of emergency admissions, the call must be made within 48 hours or two working days of the emergency admission.

### ***Concurrent Review***

Inpatient care may be needed beyond the days initially certified. Days needed beyond those certified at admission must also be certified.

The pre-certification unit staff will monitor the patient's progress throughout the hospital stay to assure discharge is not delayed by inadequate planning and that each day of confinement is medically necessary and appropriate.

The pre-certification staff will contact the hospital utilization review department or the admitting physician for information if additional days are needed beyond those days initially certified. This concurrent review will continue until the patient is discharged.

Inpatient days certified at admission DO NOT determine the length of inpatient stay. Only the attending physician determines when a patient is to be discharged. The days anticipated at admission may not be needed, or an extension of inpatient days may be required. The physician determines this.

The appeal process is available for a patient's physician when a determination is made that additional days of inpatient care are not medically necessary.

### ***Case Management Process***

Case management is the process of assessing major or catastrophic illnesses and injuries and developing and coordinating a cost-effective alternative treatment plan. The process can be accomplished by utilizing current contract benefits or by proposing an exception to benefits. Additionally, case management monitors the quality of care in an appropriate place of service.

Clinical case managers, who are all registered nurses, are responsible for identifying and carefully examining as early as possible every reasonable option in the care and treatment

## **Comprehensive Major Medical**

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of patients suffering from a serious illness or injury. The clinical case managers then coordinate and facilitate a smooth transition to the alternate care setting. The case management component is designed to help control the cost of treating victims of serious illnesses and injuries while monitoring for the highest quality of care.

The managed care company has the authority to modify the length of stay and to approve services which are not otherwise covered by the plan if those services are as effective as a covered service but are less costly.

### **Mental and Nervous Disorders and Diseases: Inpatient**

Inpatient treatment of mental and nervous conditions will be treated the same as any other illness subject to the limitations shown in the schedule of benefits and up to the maximum benefit for services of this nature also shown in the schedule of benefits.

### **Mental and Nervous Disorder and Diseases: Outpatient**

Outpatient treatment of mental and nervous conditions will be paid at the coinsurance percentage shown in the schedule of benefits and up to the maximum benefit for services of this nature also shown in the schedule of benefits.

### **Newborn Care**

Hospital charges incurred by the newborn during the initial period of hospital confinement will be covered as charges of the baby. If the mother is not covered for the pregnancy, the child will still be eligible for coverage under this provision if the child is a dependent of the participant. In addition, professional services and/or circumcision will be covered during the same period.

### **Network**

The plan hereby includes the managed care network. The network consists of many participating providers. Covered services provided by a participating provider will be payable at the normal percentage levels. Payments for covered services will be made directly to the participating provider and will not be assignable to any other person. A list of participating providers is available from your employer. Participating providers may vary from one year to the next. Covered services provided by a non-participating provider will be subject to penalty and paid at a lower percentage unless one of the following are applicable:

- If a participating provider within a 50-mile radius of the employer is unable to provide the necessary care to the covered person, the penalty will not apply.

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- If the covered person resides outside of a 50-mile radius of a participating provider, the penalty will not apply.
- If the covered person requires emergency medical treatment and is taken to the nearest appropriate hospital, the penalty will not apply. It will be considered emergency medical treatment when an accident is involved, when an illness is life-threatening, or the covered person is not within a 50-mile radius of a participating provider when requiring medical treatment.

### **Out-of-Pocket Maximum**

When eligible charges incurred in a calendar year and paid under this plan reach the maximum out-of-pocket shown in the schedule of benefits, then eligible charges shall be paid at 100% for the remainder of that calendar year.

### **Physician's In Hospital Visits**

If a participant or dependent covered under this plan undergoes treatment by a physician as defined herein during a period of hospital confinement because of injury or illness, the plan shall pay for such treatment up to the maximum as shown in the schedule of benefits. In determining the number of visits allowable, not more than one visit per physician per diagnosis per day shall be considered. The total payment for all such charges for visits made during one period of hospital confinement shall not exceed the limits shown in the schedule of benefits.

The word "visit" as used in this provision means a personal interview between the participant or dependent and a physician and does not include telephone calls or interviews in which the physician does not see the participant or dependent for treatment.

### **Physician Office Visit**

The plan will pay for physician office visits due to an accident or illness. The covered person pays the copay amount indicated in the schedule of benefits, and then the plan will pay the balance charged for the office visit. Copay does include lab expense and other charges. No copay applies when no physician charge is assessed.

### **Pre-admission Testing**

The plan will pay for the participant and his or her covered dependents the amount as shown in the schedule of benefits for outpatient pre-admission testing. The testing must be performed within 7 days of a scheduled surgery that is performed following the individual's admission to the hospital. The testing must be necessary and consistent with the diagnosis and treatment of the condition for which the participant or covered dependent is being admitted to the hospital.

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### **Pre-existing Condition Exclusion**

Claims resulting from pre-existing conditions, as defined in the plan, are excluded from coverage under the plan for a period of 12 months from the enrollment date of the participant or dependent where the participant or dependent enrolls for coverage under the plan when first eligible, pursuant to the requirements of the plan for special enrollees or if coverage begins during an open enrollment period if any. The plan shall reduce the period of exclusion by those periods of prior creditable coverage which the covered person served under prior qualifying medical benefit programs when evidence of the prior creditable coverage is submitted. The plan shall notify the covered person as to the date that the pre-existing condition exclusion period shall end.

Claims resulting from pre-existing conditions, as defined in the plan, are excluded from coverage under the plan for a period of 18 months from the enrollment date of the participant or dependent where the participant or dependent enrolls for coverage under the plan as a late enrollee. The plan shall reduce the period of exclusion by those periods of prior creditable coverage which the covered person served under prior qualifying medical benefit programs when evidence of the prior creditable coverage is submitted. The plan shall notify the covered person as to the date that the pre-existing condition exclusion period shall end.

If a claim for benefits under the plan is denied or reduced by operation of this provision, the covered person shall be entitled to appeal that decision and may provide additional evidence of prior creditable coverage pursuant to the normal procedure of the plan for the appeal of any other coverage decision of the plan.

### **Pregnancy**

Pregnancy is covered the same as any other illness for participant and covered dependents and there is no pre-existing condition exclusion period which applies to maternity claims. Dependent children are eligible for pregnancy benefits.

### **Prescription Drug Card**

The prescription drug benefit covers drugs which are not available over the counter and which require a physician's prescription to be dispensed by a pharmacist. Benefits shall be payable at the coinsurance percentage specified in the schedule of benefits for drugs prescribed by a physician for use outside the hospital after the prescription drug copay amount has been satisfied. This benefit is not subject to the pre-existing condition provision.

Benefits will not be paid for the following:

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- Drugs which are available over the counter,
- Vitamins, except the following which require a prescription order, prenatal vitamins, vitamins with fluoride, and single entity vitamins,
- Dietary supplements,
- Experimental or Investigational prescriptions,
- Any product dispensed for the purpose of appetite suppression and other weight loss products.
- Medications used for cosmetic purposes.
- Prescriptions to treat infertility.
- Prescriptions for smoking cessation

All Biotech prescription drugs, injectibles, or otherwise, require pre-authorization from Health Care Management and are covered only under the Major Medical Plan.

The Prescription Drug Card portion of the Plan does not coordinate benefits with a primary or secondary payor.

### **Prescription Drug Program: Mail-in**

Participants or dependents covered under the plan that use prescription drugs may order such prescriptions by mail. This benefit is not subject to the pre-existing condition provision. Contact your employer for details.

### **Second Surgical Opinion: Voluntary**

The plan will pay for a second surgical opinion when obtained by a covered person. The plan will also pay for a third and final surgical opinion in the case of a conflict between the first two opinions. Eligible charges will include all diagnostic procedures needed for evaluation. A second or third opinion must be an opinion of a second or third surgeon acting on a consulting basis only and one that agrees not to perform surgery, if deemed necessary, nor to otherwise treat the patient. A surgeon in association or practice with a prior surgical consultant will not be accepted.

### **Sterilization: Elective**

The plan pays for certain elective sterilization procedures such as tubal ligations and vasectomies. These procedures shall be considered the same as any other illness only for covered participants and spouses.

Eligible expenses under this plan shall not include reversals or attempted reversals of these procedures.

## **Comprehensive Major Medical**

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### **Surgical Expense**

Upon receipt of due notice and satisfactory proof that the participant or dependent while covered under this plan has undergone an operation by a physician as defined herein or received other services included in this provision whether or not hospital confinement was required, the plan supervisor will consider as eligible expenses the reasonable and customary amount charged up to the limits shown in the schedule of benefits.

If multiple or bilateral surgical procedures, which add significant time or complexity to patient care, are performed during the same operative session, the total value shall be the value of the major procedure plus 50% of the value of the lesser procedure(s).

When an incidental procedure is performed through the same operative incision, the total value shall be the value for the major procedure only.

### ***Inpatient Surgery***

This plan provides inpatient surgery benefits for the participant and covered dependents. Benefits will be payable as shown in the schedule of benefits, including all related expenses.

### ***Outpatient Surgery***

Outpatient surgical procedures will be payable as shown in the schedule of benefits provided surgery is performed in the outpatient department of a hospital, in an ambulatory surgical center, or in a physician's office.

### **Temporomandibular Joint Syndrome (TMJ)**

The plan provides benefits for expenses incurred for medical treatment of the temporomandibular joint (TMJ) and other jaw disorders and services directly attributable to the TMJ dysfunction. Eligible charges are payable up to the limits shown in the schedule of benefits.

### **Transplants: Donor/Organ**

In addition to the standard transplant benefit stated in this booklet, the following benefits may be available when a covered person participates in our Special Transplant Program. This Special Transplant Program is an enhancement to the standard transplant benefit and participation in the program is voluntary.

Additional Covered Benefits

## Comprehensive Major Medical

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1. Access to transplant Centers of Excellence across the United States.
2. Reimbursement for travel and lodging expenses incurred during entire transplant (immediately before and after the transplant) up to a \$5,000 maximum for the covered person and companion.
3. Waiver of covered person's deductible and out-of-pocket expenses up to a \$1,500 maximum.
4. Services of a Transplant Facilitator who will coordinate the cost savings.

The benefits above are only available when a covered person fully participates in the Special Transplant Program and meets all of the following requirements:

1. Pre-notification of the upcoming transplant must be given by the covered person, their physician, or plan supervisor as soon as the covered person is identified as a potential transplant candidate. Pre-notification must be made to 1-800-4ORGANS (or call the number on the back of your health plan's identification card);
2. Pre-certification must be obtained from Health Care Management; and
3. All transplant services must be rendered at a transplant Center of Excellence facility in the preferred transplant network.

If these requirements are not met, Special Transplant Program benefits may be reduced.

The plan provides benefits for expenses incurred by the participant or covered dependents for services and supplies provided in connection with any non-experimental human organ transplant surgery from a human donor to a human transplant recipient.

Donor expenses include but are not limited to, procurement of a donor organ, evaluation, surgical removal, transportation, and storage of the donor organ. Such expenses will be considered eligible under the plan whether or not the donor is covered under the plan.

If a scheduled transplant is cancelled because of the patient's medical condition or death, and the organ cannot be used for someone else, donor benefits will still be paid.

If the donor is covered under any plan, that plan will be primary and obligated to pay donor expenses. If a donor is not covered under another plan, this plan will pay expenses incurred by the donor under and as part of the recipient's expenses.

## **Comprehensive Major Medical**

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### **X-ray and Laboratory Expenses: Outpatient Diagnostic**

Diagnostic x-ray and laboratory expense benefits provide payment for x-ray and laboratory tests and their interpretation. Benefits under this provision of the plan are payable as shown in the schedule of benefits.

Benefits hereunder are not payable for pre-marital laboratory tests, x-ray therapy, dentistry, eye refraction, expenses incurred while confined in a hospital or x-ray or laboratory charges which would be considered under any other benefits of this plan.

## **Section 3**

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# **General Exclusions**

## General Exclusions

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### General Exclusions to the Plan

Covered expenses do not include and no benefits are payable for the following:

1. Charges that are not for the care or treatment of an accident or illness except as specifically provided for in this plan.
2. Cosmetic surgery or related hospital admissions, unless made necessary:
  - by an accidental injury,
  - for correction of congenital deformity within six years of birth,
  - for re-constructive surgery as necessary for the prompt treatment of a diseased condition.
3. Charges for or in connection with treatment of teeth or periodontium or treatment of periodontal or periapical disease or any condition (other than a malignant tumor) involving teeth, surrounding tissue or structure, except as provided herein.
4. Charges or disabilities for or in connection with an injury arising out of or in the course of any employment for wage or profit.
5. Services or disabilities covered by or for which the participant is entitled to benefits under any Worker's Compensation or similar law.
6. Services and supplies in a hospital owned or operated by the United States government or any government outside the United States in which the participant or dependent is entitled to receive benefits, except for the reasonable cost of services and supplies which are billed, pursuant to federal law, by the Veterans Administration or the Department of Defense of the United States, for services and supplies which are covered herein and which are not incurred during or from service in the Armed Forces of the United States.
7. Charges that the participant is not legally required to pay for or charges which would not have been made if this coverage had not existed.
8. Charges that are in excess of the reasonable and customary rates and/or that are not medically necessary for the treatment of the diagnosed illness or injury as determined by the plan.

## General Exclusions

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9. Charges for a covered person that are reimbursed, that could be reimbursed, or that could have been reimbursed by any public program, such as Medicare or Medicaid, even if the person could have, but does not, elect to be covered by that public program.
10. Pre-existing conditions for the applicable period.
11. Treatment made necessary as the result of illegal use of narcotics or use of hallucinogens in any form unless prescribed by a physician or as provided herein.
12. Treatment made necessary by or a disability arising from war, declared or undeclared, or any act of war. An act of terrorism will not be considered an act of war, declared or undeclared.
13. Eyeglasses, contacts, eye refractions, hearing aids, or examinations for prescriptions or fitting of eyeglasses, contacts, hearing aids or charges for radial keratotomy, except for the first pair of glasses or contact lenses following cataract surgery unless specifically stated in the plan.
14. Routine services such as, but not limited to, routine physical exams and premarital exams unless specifically stated in the plan.
15. Routine pediatric care of well newborns, unless specifically provided for herein.
16. Elective, voluntary abortions except in the case of incest, rape, or congenital deformities of the fetus as determined by pre-natal testing.
17. Travel, whether or not recommended by a physician, except as provided herein.
18. Sanatoria or rest cures.
19. Custodial care whose primary purpose is to meet personal rather than medical needs and which is provided by persons with no special medical skills or training. Such care includes, but is not limited to, helping a patient walk, getting in or out of bed, or taking normally self-administered medicine. The plan administrator shall determine, based on reasonable medical evidence, whether care is custodial.
20. Treatment or services provided by anyone other than a physician as defined herein unless specifically stated in the plan.
21. Investigatory and experimental treatment, services, and supplies.

## General Exclusions

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22. Hospital services performed in a facility other than as defined herein.
23. Services or supplies that are primarily educational in nature including education, training, and bed and board while confined in an institution which is mainly a school or other institution for training, a place of rest, a place for the aged, or a nursing home.
24. Organ transplant surgeries which are considered experimental in nature.
25. Charges resulting from attempted suicide or intentionally self-inflicted injury while sane or insane, unless charge results from a medical condition such as depression.
26. Charges for private hospital rooms in excess of the semi-private room rate, as defined herein, except as follows:
  - If a private room is prescribed by a physician for medically necessary reasons or because the hospital does not have a semi-private room that would meet the medical needs of the patient, or
  - If the hospital has no semi-private rooms, the lowest cost private room for the condition being treated shall be an allowable expense.
27. Charges for injuries, illness, or disability resulting from, or which occur as a part of, the covered employee's or dependent's commission of, or attempt to commit, an assault, felony, or act of aggression.
28. Any procedure or treatment to change physical characteristics to those of the opposite sex and other treatment or studies related to sex change.
29. Services of a physician, registered nurse, a licensed practical nurse, or a licensed physical therapist who usually resides in the same household or who is related by blood, marriage, or legal adoption to the covered person or the covered person's spouse.
30. Services or supplies provided for weight control and/or surgical treatment for obesity, including morbid obesity.
31. Charges for fertility or infertility treatment, including drugs and testing and related charges for artificial insemination, and for in vitro fertilization.

## General Exclusions

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32. Charges for or disability resulting from reversal of sterilization.
33. Telephone consultations, charges for the completion of claim forms, or charges for failure to keep scheduled appointments.
34. Recreational or diversional therapy.
35. Personal hygiene and convenience items such as air conditioners, humidifiers, hot tubs, whirlpools, or physical exercise equipment, even if prescribed by a physician.
36. Charges in connection with an illness or injury which was sustained while involved in a dangerous activity, including but not limited to, sky-diving, auto or motorcycle racing, bungee jumping, rock climbing, rappelling, or hang-gliding.
37. The Plan will not deny otherwise payable claims if the claims are the result of Domestic Violence.
38. Expenses incurred outside of the United States if the covered person traveled to such a location for the sole purpose of obtaining medical services, drugs, or supplies.
39. Charges for the care of weak, strained, flat, unstable or imbalanced foot; for a metatarsalgia, or bunion, except for charges for open cutting operation; care of corns, calluses, toenails, fallen arches, or chronic foot strain. However, the care of corns, bunions, calluses, or the care of toenails are covered when medically necessary because of diabetes or circulatory problems.
40. Care and treatment for smoking cessation programs, including smoking deterrent patches, unless medically necessary due to a severe active lung illness such as emphysema or asthma.
41. A prescription drug such as, but not limited to, Viagra which is prescribed to treat male and female sexual dysfunction will not be a covered benefit under the plan unless specifically stated in the plan.
42. Services for alternative treatments including acupressure, acupuncture, biofeedback, aroma therapy, hypnotism, massage therapy, rolfing, and other forms of alternative treatment as defined by the Office of Alternative Medicine of the National Institutes of Health.

## General Exclusions

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43. Orthotic appliances that straighten or reshape a body part (including some types of braces).
44. Megavitamin and nutrition based therapy.
45. Internal feedings and other nutritional and electrolyte supplements, including infant formula and donor breast milk.
46. Growth hormone therapy except a dependent child who requires growth hormones to treat a congenital anomaly.
47. Medical and surgical treatment of excess sweating (hyperhidrosis).
48. Medical and surgical treatment for snoring, except when provided as a part of treatment for documented obstructive sleep apnea.
49. Oral appliances for snoring.
50. Speech therapy except as required for treatment of a speech impediment or speech dysfunction that results from injury, stroke or a congenital anomaly.

## **Section 4**

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### **Definitions**

## Definitions

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### Actively-at-Work

*Actively-at-work* means that on the day that coverage under the plan would begin, an employee is not absent from work, or if he or she is absent from work, the absence is not related to the health of the employee.

### Ambulatory Surgical Center

For surgery benefits covered under this plan, the term hospital shall include freestanding *ambulatory surgical centers* licensed by the state in which treatment is received as defined below.

An *ambulatory surgical center* is a freestanding surgical facility that meets licensing standards, is set up, equipped, and run to provide general surgery and make charges. A staff of physicians, one of who must be on the premises when surgery is performed and during the recovery period, directs it. It must have at least one certified anesthesiologist at the site when surgery, which requires general or spinal anesthesia, is performed and during the recovery period. It must extend surgical staff privileges to physicians who practice surgery in an area hospital and dentists who perform oral surgery.

It must have at least two operating rooms and one recovery room. It must provide or arrange with a medical facility in the area for diagnostic x-ray and lab services needed in connection with the surgery. It must not have a place for patients to stay overnight. It must provide, in the operating and recovery rooms, full-time skilled nursing services directed by a registered nurse.

It must be equipped and have trained staff to handle medical emergencies and have a physician trained in cardiopulmonary resuscitation, a defibrillator, a tracheotomy set, and a blood volume expander. It must have a written agreement with a hospital in the area for immediate emergency transfer of patients. Written procedures for such a transfer must be displayed and the staff aware of them. It must provide an ongoing quality assurance program with reviews by physicians who do not own or direct the facility. It must maintain a medical record on each patient.

### Ancillary Provider

*Ancillary providers* are state licensed healthcare professionals such as, but not limited to a physician's assistant, nurse practitioner, nurse assistant, licensed clinical social worker, health service provider in psychology, registered physical therapists, registered speech therapists, certified registered nurses of anesthesia or state licensed healthcare providers who are licensed and acting within the scope of their license.

## Definitions

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### Chiropractic or Chiropractic Services

*Chiropractic or chiropractic services* means the diagnosis and analysis of any interference with normal nerve transmission and expression, the procedure preparatory to and complementary to the correction thereof by an adjustment of the articulations of the vertebral column, its immediate articulation, and includes other incidental means of adjustments of the spinal column and the practice of drugless therapeutics. However, chiropractic does not include any of the following:

- The prescription or administration of legend drugs or other controlled substances;
- Performing of incisive surgery or internal or external cauterization;
- Penetration of the skin with a needle or other instrument for any purpose except for the purpose of blood analysis;
- Use of colonic irrigations, plasmatics, ionizing radionics;
- Conducting invasive diagnostic tests or analysis of body fluids except for urinalysis;
- The taking of x-rays of any organ other than the vertebral column and extremities;
- The treatment or attempt to treat infectious diseases, endocrine disorders, or atypical or abnormal histology.

### Complications of Pregnancy

The term *complications of pregnancy* means conditions requiring hospital confinement (when pregnancy is not terminated), whose diagnosis is distinct from pregnancy or is caused by pregnancy, such as:

- acute nephritis,
- nephrosis,
- cardiac decompensation,
- missed abortion,
- similar medical and surgical conditions of comparable severity.

Complications of pregnancy also include the following:

- non-elective cesarean section,
- ectopic pregnancy which is terminated,
- spontaneous termination of pregnancy, which occurs during a period of gestation in which a viable birth is not possible.

Complications of pregnancy do not include the following:

## Definitions

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- false labor,
- occasional spotting,
- physician prescribed bed rest during the period of pregnancy,
- morning sickness,
- hyperemesis gravidarum,
- similar conditions associated with the management of a difficult pregnancy not constituting a medically distinct complication of pregnancy.

### Convalescent Facility

A *convalescent facility* is an institution or a distinct part of an institution meeting all of the following tests:

- It is licensed to provide and is engaged in providing, on an inpatient basis, for persons convalescing from injury or disease, professional nursing services, rendered by a registered graduate nurse or by a licensed practical nurse under the direction of a registered graduate nurse, and physical restoration services to assist patients to reach a degree of body functioning to permit self-care in essential daily living activities.
- Its services are provided for compensation from its patients, which are under the full-time supervision of a physician or registered graduate nurse.
- It provides 24 hour per day nursing services by licensed nurses under the direction of a full-time registered graduate nurse.
- It maintains a complete medical record on each patient.
- It has an effective utilization review plan.
- It is not, other than incidentally, a place for rest, the aged, drug addicts, alcoholics, the mentally handicapped, custodial or educational care, or care of mental disorders.

### Creditable Coverage

The term *creditable coverage* includes only those coverages required to be included as such under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and shall exclude those coverages that are permitted to be excluded under HIPAA. Solely for purposes of illustration, and not in limitation of the foregoing, creditable

## Definitions

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coverage generally includes periods of coverage under an individual or group health plan (including Medicare, Medicaid, governmental plans, and church plans) that are not followed by a significant break in coverage of 63 days or more and excludes coverage for liability, limited scope dental or vision benefits, specified disease, and/or other supplemental type benefits.

### Dependent

The term *dependent* means the spouse of a participant (all references to spouse of the participant shall include a Domestic Partner), and the following unmarried children who qualify as the participant's dependent for federal income tax purposes:

- Natural children,
- Stepchildren,
- Foster children and/or
- Legally adopted children under the age of 18 who have been placed for adoption or who have been adopted by the participant.
  - a. Such a child shall be eligible for coverage as of the date of placement for adoption, or as of the date of actual adoption, whichever occurs first.
  - b. Coverage under the plan for such a child shall be the same coverage which is available to all other dependent children under the plan except that all pre-existing condition exclusions or waiting periods are hereby waived for such a child for any illness or injury of the child which exists as of the date of adoption or placement for adoption.
- Children for whom the person or the person's spouse is legal guardian.

A dependent child shall remain a dependent hereunder until one of the following occurs:

- Marriage,
- Attaining the age specified in the schedule of benefits, or
- No longer considered the dependent of the participant.

## Definitions

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A child who has lost eligibility hereunder may resume coverage if the child's reason for loss of eligibility no longer exists and the child otherwise meets the eligibility criteria of the plan.

### Domestic Partnership

Domestic Partnership is a relationship between the participant and one other person of the same sex. All of the following requirements apply to both persons:

- They must not be related by blood or a degree of closeness that would prohibit marriage in the law of the state in which they reside.
- They must not be currently married to, or a Domestic Partner of, another person under either statutory or common law.
- They must share the same permanent residence and the common necessities of life.
- They must be at least 18 years of age.
- They must be mentally competent to consent to contract.
- They must be financially interdependent and they have furnished documents to support at least two of the following conditions of such financial interdependence:
  - They have a single dedicated relationship of at least six months duration.
  - They have joint ownership of a residence.
  - They have at least two of the following:
    - A joint ownership of an automobile.
    - A joint checking, bank or investment account.
    - A joint credit account.
    - A lease for residence identifying both partners as tenants.
    - A will and/or life insurance policies which designates the other as primary beneficiary.

The participant and domestic partner must jointly sign the required affidavit of Domestic Partnership.

### Donor

A *donor* is the person who provides the organ for the recipient in connection with organ transplant surgery. A donor may or may not be a participant or covered dependent covered under the provisions of this plan. Charges for donor expenses may or may not be covered by the plan depending on the benefits set out in the plan.

## Definitions

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### Effective Date

The *effective date* shall mean the first day this plan was in effect as shown in the plan specifications. As to the individual, it is the first day that benefits under this plan would be in effect after satisfaction of the waiting period and any other provisions or limitations contained herein.

### Eligible Charges

*Eligible charges* means charges for services covered under this plan to the extent that such charges are not excessive, based upon professional medical opinion, or upon the reasonable and customary charge for similar providers who perform like covered services.

### Emergency

*Emergency* means an unexpected acute illness or injury which, in the judgment of the attending physician and/or a prudent layperson who possesses an average knowledge of health and medicine, could risk permanent damage to the patient's health unless immediate medical or surgical treatment is provided.

### Enrollment Date

The term *enrollment date* is defined as the first day of coverage or, if there is a waiting period for coverage to begin under the plan, the first day of any applicable waiting period.

For a person who is a late enrollee or who enrolls as a special enrollee, the enrollment date will be the first date of actual coverage.

### Experimental

The term *experimental* is if one or more of the following is true of a treatment, procedure, device, drug, or medicine:

- It cannot be lawfully marketed without U.S. Food and Drug Administration approval and approval for marketing for the condition treated has not been given at the time the device, drug, or medicine is furnished.
- Reliable evidence shows that to determine its maximum tolerated dose, toxicity, safety, efficacy (or efficacy as compared with the standard means of treatment or diagnosis):

## Definitions

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- a. It is undergoing phase I, II, or III clinical trials or is under study; or
- b. Further clinical trials or studies are needed, according to the experts' consensus of opinion.

Reliable evidence means only published reports and articles in the authoritative medical and scientific literature or the written protocol or written informed consent used by the treating facility (or by another facility studying substantially the same treatment, procedure, device, drug, or medicine).

*Experimental* or *investigational* shall also mean:

- Any treatments, services, supplies or related expenses that are educational or provided primarily for research; or
- Treatments, procedures, devices, drugs or medicines, or other expenses relating to the transplant of non-human organs.

### Full-Time Students

A participant's unmarried children who are enrolled as full-time students in an accredited college or university, or a vocational, technical, vocations-technical or trade school or institute or secondary school, and who are dependent on the participant for support.

### Gender

Whenever a personal pronoun in the masculine *gender* is used, it shall include the feminine also, unless the context clearly indicates the contrary.

### Hospital

A *hospital* is a legally licensed or Joint Commission on Accreditation of Healthcare Organizations (JCAHO) approved institution which, for compensation from its patients and on an inpatient basis, is primarily engaged in providing diagnostic and therapeutic facilities for the surgical and medical diagnosis, treatment, and care of injured and ill persons by or under the supervision of a staff of physicians who are duly licensed to practice medicine, and which continuously provides 24 hour a day nursing services by registered graduate nurses. It is not, other than incidentally, a place for rest or for the aged. For the services covered under this plan and for no other purpose, inpatient services for treatment of mental illness or substance abuse that are provided by a community mental health center or by any psychiatric hospital licensed by the State

## Definitions

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Board of Health or the Department of Mental Health will be considered services rendered in a hospital as defined herein.

### Illness

The term *illness* means a physical condition causing loss while this plan is in force for the covered person whose illness is the basis of the claim. Illness shall also be deemed to include disability caused or contributed by pregnancy, miscarriage, childbirth, and recovery therefrom. It shall only mean illness or disease which requires treatment by a physician.

### Incurred Charges

*Incurred charges* are the charges for a service or supply and are considered to be incurred on the date furnished. In the absence of due proof to the contrary when a single charge is made for a series of services, the date of service shall be considered the last date of service shown on the claim.

### Injury

The term *injury* shall mean only bodily injury caused by an accident while the plan is in force for the covered person whose injury is the basis of the claim. Injury shall mean only those injuries that require treatment by a physician. A hernia shall be considered an illness, not an injury.

### Late Enrollee

The term *late enrollee* means an employee or dependent that request enrollment for coverage under the plan other than during the period of initial eligibility or during a period of special enrollment.

### Lifetime

Wherever the word *lifetime* appears in this plan document in reference to benefit maximums and limitations, it is understood to mean while covered under this plan, all of the plan's coverage options combined together if more than one is offered, and all other health benefit plans offered by the Employer, if any, unless such other health benefit plan specifically provides a lifetime maximum. Under no circumstances does lifetime mean during the lifetime of the covered person.

## Definitions

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### Medically Necessary

The term *medically necessary* refers to medical services and/or supplies which are absolutely necessary and essential, as determined by the plan, to treat an illness or injury of a covered participant or dependent while covered by this plan. Such items are as follows:

- Consistent with the patient's diagnosis or symptoms; and
- Appropriate treatment according to generally accepted standards of medical practice; and
- Not provided only as a convenience to the patient or provider; and
- Not experimental or unproven; and
- Not educational, vocational, or provided primarily for medical or other research; and
- Not excessive in scope, duration, or intensity to provide safe, adequate, and appropriate treatment to the covered person.

Any service or supply provided at a provider facility will not be considered medically necessary if the covered person's symptoms or condition indicate that it would be safe to provide the service or supply in a less comprehensive setting.

### Medicare

*Medicare* refers to the programs established by Title XVIII of the U.S. Social Security Act as amended and as may be amended, entitled Health Insurance for the Aged Act, and which includes Part A – Hospital Insurance Benefits for the Aged and Part B – Supplementary Medical Insurance Benefits for the Aged.

### Non-participating Provider

A *non-participating provider* is a provider that is not a member of the Managed Care Network.

### Open Enrollment Period

An *open enrollment period* is a period during which an individual may apply for or adjust coverage under the benefit plan(s) of the company. A person who enrolls in the plan during an open enrollment period shall be considered a late enrollee under the plan.

## Definitions

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### Participant

A *participant* is a person directly involved in the regular business of and compensated for services by the company, who is regularly scheduled to work at least 30 hours per week on an active, full-time basis.

### Participating Provider

A *participating provider* is a provider that is a member of the Managed Care Network. The member list is subject to change.

### Physician

The term *physician* means a doctor of medicine or doctor of osteopathy who is legally qualified and licensed without limitation to practice medicine, surgery, or obstetrics at the time and place service is rendered. For services covered by this plan and for no other purpose, doctors of dental surgery, doctors of dental medicine, doctors of podiatry or surgical chiropody, optometrists, and chiropractors will be considered a physician.

### Plan Administrator

The *plan administrator* is the person, group, or organization responsible for the day-to-day functions and management of the plan. The plan administrator may employ persons or firms to process claims and perform other plan-connected services. The plan administrator is the company that is the named fiduciary.

### Plan Document

The term *plan document* whenever used herein shall mean the document held by the company, which describes the terms and conditions of the benefits of the plan and will prevail over the *summary plan description*.

### Plan Supervisor

The *plan supervisor* is the person or group providing administrative services to the company in connection with the operation of the plan and performing such other functions, including processing and payment of claims, as may be delegated to it.

## Definitions

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### Plan Year

The term *plan year* means an annual period beginning on the effective date of this plan and ending 12 calendar months thereafter or upon termination of the plan, whichever occurs earliest.

### Pre-existing Condition

The term *pre-existing condition* means a physical or mental condition, regardless of the cause of the condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the 6 month period prior to the enrollment date. Genetic information shall not be treated as a pre-existing condition in the absence of a diagnosis of the condition related to the genetic information. In order to be taken into account, the medical advice, diagnosis, care, or treatment must have been recommended or received from an individual licensed or similarly authorized to provide such services under state law and who operates within the scope of practice authorized by the state law.

Pregnancy shall not be considered a pre-existing condition hereunder.

A newborn child, a child placed for adoption, or a newly adopted child under age 18 who begins dependent coverage hereunder within 30 days of birth, placement for adoption, or adoption (or who has creditable coverage from birth, placement for adoption, or adoption without a significant break in coverage) shall not be considered to have any pre-existing conditions.

### Pregnancy

The term *pregnancy* means the condition of being pregnant and all conditions and/or complications resulting therefrom.

### Reasonable and Customary

A *reasonable and customary* charge shall be the usual charge made by a physician or supplier of services, medicines, or supplies and shall not exceed the general level of charges made by others rendering or furnishing such services, medicines, or supplies within the area in which the charge is incurred for illness or injuries comparable in severity and nature to the illness or injury being treated. The term area as it would apply to any particular service, medicine, or supply means a county or such greater area as is necessary to obtain a representative cross section of level charges.

## Definitions

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### Recipient

The *recipient* is the person who receives the organ for transplant from the organ donor. The recipient shall be a participant or dependent covered under the provisions of this plan. Only those organ transplants **not** considered experimental in nature are eligible for coverage under this plan.

### Room and Board Charges

*Room and board charges* are the institution's charges for room and board and its charges for other necessary institutional services and supplies, made regularly at a daily or weekly rate in consideration for the type of accommodations occupied.

### Semi-private Rate

The *semi-private rate* is the daily room and board charge that an institution applies to its semi-private rooms, containing two or more beds, for the condition being treated, or it is the lowest single room rate when a single room is deemed medically necessary as determined by the attending physician or if the institution has no semi-private rooms.

### Significant Break in Coverage

The term *significant break in coverage* means a period of 63 days or more during which an employee or dependent is not covered by any creditable coverage. Waiting periods are not included in the calculation of the break in coverage period.

### Special Enrollee

The term *special enrollee* means an employee or dependent who is entitled to, is qualified for, and who requests special enrollment under the plan within 30 days of losing other health coverage or who is added to the plan as a result of marriage, birth, placement for adoption, or is a newly adopted child under the age of 18.

### Spouse

The term *spouse* means a person who is legally married to the participant.

### Summary Plan Description

Each participant covered under the plan will be issued a *summary plan description*, which is an individual booklet which shall summarize the benefits to which the person is

## Definitions

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entitled, to whom the benefits are payable, and the provisions of the plan principally affecting the participant.

The booklet is designed to be a summary of the participant's benefits and, in the event of any question, the master plan document shall be the prevailing document.

### Surgical Procedure

A *surgical procedure* includes but is not limited to cutting, suturing, treating burns, correcting a fracture, reducing a dislocation, manipulating a joint under general anesthesia, electrocauterizing, paracentesis, applying plaster casts, administering pneumothorax, endoscopy, injecting sclerosing solution, arthroscopic procedures, lithotripsy, or urethral dilation.

### Treatment

The term *treatment* refers to any service or supply used to evaluate, diagnose, or remedy a condition of a participant or his covered dependents.

### Waiting Period

The term *waiting period* means the term that must pass under this plan (or for purposes of determining creditable coverage, under any other health plan) before an employee or dependent is eligible to be actually covered by the plan. Notwithstanding the foregoing, the time between the date a late enrollee or special enrollee first becomes eligible for enrollment under the plan and the first day of coverage shall not be treated as a waiting period.

## **Section 5**

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# **General Claim Information**

## General Claim Information

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### Medical Claim Payment and Appeals

#### *Pre-Service Urgent Care Claims*

When a request to review an “urgent” pre-service claim is submitted, the participant will be notified of the plan’s decision as soon as possible, but no more than 72 hours after the plan receives the claim. If the treating physician classifies a claim as “urgent,” the plan will do so as well.

#### **Extensions:**

If information to support a review of an “urgent” claim is incomplete, the following will occur;

- The plan will notify the participant of the deficiency and specify what information is missing. This will be done within 24 hours after receipt of the claim.
- The participant has 48 hours to provide the missing information or the review of the “urgent” pre-service claim will be closed.
- The plan will make its decision within 48 hours after it receives all necessary information. If a supplemental submission of information is deficient, the time frames begin again.

If a participant appeals the denial of a pre-service “urgent” claim, the plan must render a review decision as soon as possible, but no more than 72 hours after receiving the appeal.

#### *Concurrent Care Claims*

#### **Reduction or Termination of Coverage by the Plan:**

If a plan has approved an on-going course of treatment and then determines that such treatment should be reduced or terminated, the plan must notify the participant of this decision far enough in advance of the reduction or termination date to allow for an appeal and review of the decision.

However, this does not apply if the plan has been amended to reduce or end coverage for the treatment, or when the plan itself terminates.

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### **Extensions of Treatment:**

When a participant requests an extension of an on-going course of treatment beyond that which the plan has approved, the plan must do the following:

- Make a decision about the extension as soon as possible; and
- Notify the participant of the decision within 24 hours after receipt of the request, if the request was made at least 24 hours before the end of the treatment that had already been approved.

### ***Pre-Service Benefit Claim Review for Coverage***

If the plan requires that benefits for a service be predetermined prior to the service being provided, the participant or the health care provider must submit a request for that pre-service benefit claim review to the plan supervisor. A decision for a pre-service benefit determination will be made within 15 days after receipt of the request.

### **Extensions:**

- The 15-day period may be extended for another 15 days if it is necessary because of matters beyond the plan's control, and if the plan notifies the participant of those circumstances and the expected date of the decision before the end of the first 15-day period.
- If the extension is necessary because insufficient information was submitted, the extension notice will describe the missing information and give the participant 45 days to submit such information.

### ***Normal Post-Service Health Claims***

A participant or health care provider must file a claim with the plan supervisor within the time frames set out in the plan. A claim will be considered to have been filed upon receipt by the plan supervisor. The participant will be notified within 30 days of receipt of a claim by the plan as to the benefits to be paid for that claim.

### **Extensions:**

- The 30-day period may be extended for 15 days if it is necessary due to matters beyond the control of the plan, but the plan will notify the participant before the

## General Claim Information

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end of the 30-day period of those circumstances and the expected date of the decision.

- If more information is necessary to properly process the claim, a notice will be given within the 30-day period that the plan can not meet the 30-day time frame. The notice will describe the missing information and give the participant at least 45 days to provide the missing information. Upon receipt of the missing information, the claim will be processed within the later of 45 days after the original receipt of the claim or within 15 days of receipt of the missing information.

If more information is necessary to properly process the claim and it is not received within the 45-day time frame, the claim will be denied. The claim may thereafter be re-submitted with the missing information as long as the re-filing is completed within the claim filing time limits set out in the plan.

### *General Conditions*

The period of time within which a benefit determination is required to be made shall begin at the time the claim is filed with the plan, without regard to whether all the information necessary to make the benefit determination accompanies the filing. In the case of any extension of time to make a benefit determination which is based on a lack of submitted information necessary to determine a claim, the period for making the benefit determination shall stop running until the claimant responds to the request for additional information.

Any adverse determination shall set forth the following:

- The specific reason or reasons for the adverse determination;
- A reference to any specific plan provisions on which the determination is based;
- A description of any additional material or information necessary for the participant to make the claim payable and an explanation of why such material or information is necessary;
- A description of the plan's review procedures and the time limits which are applicable to such procedures, including a statement of the participant's right to bring a civil action under Section 502(a) of ERISA;

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- If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, the plan will provide that criterion free of charge upon request; and
- If the adverse determination is based on a medical necessity or experimental treatment or similar exclusion or limit, the plan will provide an explanation of how it made that determination free of charge upon request.

### *Appealing an Adverse Decision*

In order to appeal an adverse decision, the plan will do the following:

- Allow a participant 180 days following receipt of a notification of an adverse benefit determination within which to file a written appeal to the plan administrator at the address found in the summary plan description;
- Allow a participant the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits;
- Provide a participant, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information which is relevant to the participant's claim for benefits;
- Provide for a review that takes into account all comments, documents, records, and other information submitted by the participant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination;
- Provide a review that does not afford deference to the initial adverse benefit determination and that is conducted by an appropriate fiduciary of the plan who is neither the individual who made the original adverse benefit determination, nor the subordinate of such individual;
- In deciding an appeal from an adverse benefit determination that is based in whole or in part on a medical judgment, provide that the appropriate plan fiduciary shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment;
- Identify medical or vocational experts whose advice was obtained on behalf of the plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination;

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- Provide that the health care professional engaged for purposes of a consultation as a part of the appeal of the benefit determination shall be an individual who is neither an individual who was consulted in connection with the adverse benefit determination that is the subject of the appeal, nor the subordinate of any such individual; and
- Notify the participant of the plan's benefit determination on review within a reasonable time, but not later than 60 days after receipt of the participant's appeal, unless the plan administrator determines that special circumstances require an extension of time for processing the appeal.

### **Administration of the Group Medical Plan**

The plan is administered through the plan administrator. The services of an independent plan supervisor experienced in claims processing have been retained to process claims for the plan.

The plan is a legal entity. Legal notices may be filed with, and legal process served upon the plan administrator.

The plan administrators, and all persons, who are plan fiduciaries, are given the specific discretionary authority to determine eligibility for benefits or to construe terms of the plan.

Benefits under this plan will be paid only if the plan administrator decides in its discretion that the applicant is entitled to them.

Amounts paid out under this plan shall be based solely upon the benefits in effect as of the date the services are rendered.

No payment will be made for services incurred before coverage is in effect or after coverage terminates for the patient receiving the services.

### **Amendment of Plan Document**

The company reserves the power at any time and from time to time (and retroactively, if necessary or appropriate to meet the requirements of the Internal Revenue Code or other applicable law) to modify, amend, or terminate in whole or in part, any or all provisions of the plan, provided, however, that no modification, amendment, or termination shall deny a participant or covered dependent of a right to those benefits to which he or she has

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become entitled under the plan. Any amendment to the plan may be effected by the plan administrator in writing at the direction of the company.

### **Application and Identification Card**

To obtain coverage, an eligible participant must complete and deliver to the plan administrator an application on a form supplied by the plan supervisor.

Acceptance of this application will be evidenced by the delivery of an identification card, showing the participant's name, by the plan supervisor to the plan administrator.

### **Assignment of Payment**

Except where otherwise provided in this plan, the plan will pay any benefits accruing under this plan to the participant unless the participant shall assign benefits to a hospital, physician, or other provider of service furnishing the services for which benefits are provided herein. No assignment, however, shall be binding on the plan unless the plan supervisor is notified in writing of such assignment prior to payment hereunder.

### **Cancellation**

A participant may cancel his coverage by giving written notice to the plan administrator who will notify the plan supervisor.

In the event of the cancellation of this plan, all participant and dependent coverage shall cease automatically without notice and these participants and dependents shall not be entitled to further coverage or benefits thereafter.

### **Choice of Physician**

Plan participants may select any physician who is a member of the portion of the managed care network selected by the participant for medical benefits to be considered at the maximum benefit percentage shown in the schedule of benefits. If services are not received from such a participating provider, or if one of the exceptions does not apply, the penalty shown in the schedule of benefits will apply. Benefits will then be paid at the lesser benefit percentage.

### **Conditions Precedent to the Payment of Benefits**

The participant or dependent shall present the plan identification card upon admission to a hospital or upon receiving service from a physician.

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Forms are available through the plan supervisor and are required along with an itemized statement with a diagnosis, the participant's name, Social Security number, and the name of the plan administrator.

The participant and all dependents agree that in order to receive benefits hereunder, any physician, nurse, hospital, or other providers of service, having rendered service or being in possession of information or records relating thereto, is authorized and directed to furnish the plan supervisor, at any time, upon request, any and all such information and records, or copies thereof.

The plan administrator has the right to have a physician examine a participant or dependent as often as reasonably required during the pendency of a claim or to aid in the determination of whether services are medically necessary. The plan administrator will notify the participant or dependent in advance of the time and place for such examination and shall pay for the cost of the examination.

### Contributions and Funding

The plan is a self-funded welfare benefit plan that provides medical benefits to covered persons. No benefits are payable by any insurance company. The company will provide all payments for the benefit plan. Employees may be required to pay a contribution that will partially reimburse the employer for the cost of operating the plan and for benefit payments.

**Employer Contributions:** The employer shall pay such amounts needed to provide plan benefits.

**Participant Contributions:** Upon election to participate, each participant must contribute such amounts as may be required by the employer toward the cost of benefits.

**Authorization:** An employee shall authorize the deduction from earnings for required contributions in writing at the time of application to participate. The employee may revoke the authorization for deduction at any time, which will cause coverage to end.

**Funding:** Benefits provided under the plan are paid out of the general assets of the employer and authorized earnings deductions withheld from employee from an account maintained by the employer.

All funds are applied to benefit payments, insurance costs, and reasonable expenses for administration or plan maintenance. The order of priority for payment is as follows:

- First from authorized earnings deductions withheld from employees;

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- Second from employer contributions.

### Coordination of Benefits

#### *Definitions*

The term *allowable expense* shall mean the amount of expenses, at least a portion of which is paid under at least one of any multiple plans covering the person for whom the claim is made.

The term *order of benefits determination* shall mean the method for ascertaining the order in which the plan renders payment hereunder. The principle applies when another plan has a coordination of benefits provision.

#### *Application*

Under the order of benefits determination method, the plan that is obligated to pay its benefits first is known as the primary plan. The plan that is obligated to pay additional benefits for allowable expenses not paid by the primary plan is known as the secondary plan. Where another plan contains a coordination of benefits provision, the following order of benefits determination will establish the responsibility for payment hereunder:

- If the patient has individual insurance coverage that covers medical expenses, that plan will be deemed the primary plan. If the patient does not have such individual insurance coverage, the health coverage which covers the patient as an employee shall be deemed the primary plan and is obligated to pay benefits before the health coverage covering the patient as a dependent.
- The plan covering the patient as a dependent of a person whose birthday anniversary occurs earlier in the calendar year will be deemed to be the primary plan and is obligated to pay before the plan covering the patient as a dependent of a person whose birthday anniversary occurs later in the calendar year. If the birthday anniversaries are identical, the plan that has been in force the longer period of time shall be deemed to be primary.

If either plan is lawfully issued in another state and does not have the coordination of benefits procedure regarding dependents based on birthday anniversaries as provided herein, and as a result each plan determines its benefits after the other, the coordination of benefits procedure set forth in the plan which does not have the coordination of benefits procedure based on birthday anniversaries shall be deemed to be primary.

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In the event of divorce or legal separation, the following order will establish responsibility for payment. If this order of benefit determination is not recognized by the plan being coordinated with, order will be determined at the option of the plan supervisor on a case-by-case basis.

- If a court decree has determined financial responsibility for a child's health care expenses, the plan of the parent having that responsibility pays first.
- The plan of the parent with custody of the child pays before the plan of the other parent or the plan of any stepparent.
- The plan of the step-parent married to the parent with custody of the child pays before the plan of the parent not having custody.
- Where the order of payment cannot be determined in accordance with the provisions above, the primary plan shall be deemed to be the plan which has covered the patient for the longer period of time.

In the case of an inactive employee, the benefits of a plan which covers a person as an employee who is neither laid-off nor retired (or as that employee's dependent) are determined before those of a plan which covers that person as a laid off or retired employee (or as that employee's dependent). If the other plan does not have this rule, and if, as a result, the plans do not agree on the order of benefits, this rule is ignored.

If a person, whose coverage is provided under a right of continuation pursuant to federal or state law, is also covered under another plan, the benefits of the plan covering the person as an employee (or as the employee's dependent) will be determined first and the benefits under the continuation coverage will be determined second.

As the primary plan, the plan will provide payment in accordance with the provisions of this plan.

As a secondary plan, the plan will provide payment for allowable expenses and services of hospitals and physicians, but only to the extent that payment for such hospital services and services of physicians are not provided by the primary plan or other secondary plans.

In no event will total payment by the plan exceed the amount which would have been paid as primary plan.

The plan shall be considered to be the secondary plan when the other plan does not contain a coordination of benefits provision. The total payment by the plan for hospital

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services and physician services shall not exceed the amount that would have been paid as a secondary plan.

### **Dependents: Privileges Regarding**

The participant shall have the privilege of adding or withdrawing the name or names of any dependents to or from this coverage, as permitted by the plan, by submitting to the plan administrator an application for reclassification, furnished by the plan supervisor. Each dependent added to the coverage shall be subject to all conditions and limitations contained in this plan.

### **Facility of Payment**

If, in the opinion of the plan supervisor, a valid release cannot be rendered for the payment of any benefit payable under this plan, the plan supervisor may, at its option, make such payment to the individuals as have, in the plan supervisor's opinion, assumed the care and principal support of the covered person and are therefore equitably entitled thereto. In the event of the death of the covered person prior to such time as all benefit payments due him or her have been made, the plan supervisor may, at its sole discretion and option, honor benefit assignments, if any, prior to the death of such covered person.

Any payment made by the plan supervisor in accordance with the above provisions shall fully discharge the plan to the extent of such payment.

### **Fiduciary Operation**

Except as may be otherwise specifically provided in the plan or in any benefit contract or policy, the plan administrator or its designee shall have full discretionary authority to enable it to carry out its duties under the plan, including, but not limited to, the authority to determine eligibility under the plan and to construe and interpret the terms of the plan and to determine all questions of fact or law arising hereunder and to authorize coverage in a manner which is cost effective under the plan. All such determinations and interpretations shall be final, conclusive, and binding on all persons affected thereby.

The plan administrator or its designee shall have full discretionary authority to correct any defect, supply any omission or reconcile any inconsistency, and resolve ambiguities in the plan in such manner and to such extent as it may deem expedient, and subject to the above, the plan administrator or its designee shall be the sole and final judge of such expediency. Each fiduciary shall discharge his or her duties with respect to the plan solely in the interest of the participants and beneficiaries:

- For the exclusive purposes of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the plan;

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- With care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and
- In accordance with the documents and instruments governing the plan to the extent that they are consistent with the provisions of the Employee Retirement Income Security Act of 1974.

### Inadvertent Error

Inadvertent error by the plan administrator or plan supervisor in the keeping of records or the transmission of participants' applications shall not deprive any participant or dependent of benefits otherwise due.

### Medicare

To the extent allowable under applicable law, if the participant or his or her dependents are eligible to be covered under Medicare, coverage under the plan will be secondary to coverage provided by Medicare. If the plan is primary to Medicare and if the participant or his or her dependents are eligible to be covered by Medicare and incur a claim, coverage under the plan will be paid as usual for eligible charges, subject to any applicable deductible and any applicable co-pay, exclusion, and any other limitations as set forth in the plan.

The following rules apply:

- When the employer has less than 20 employees, Medicare is the primary coverage. In that situation participants and covered dependents must inform their health care providers that Medicare is the primary coverage.
- When the employer has more than 20 employees, the benefit plan is primary and Medicare is the secondary coverage for active employees and their dependents regardless of age.
- Medicare is the primary coverage for retirees over age 65 and for over age 65 dependents of retirees, unless the spouse is an active employee of another group health plan of more than 20 employees.

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- The benefit plan is primary and Medicare is the secondary coverage for the first 30 months of Medicare eligibility due to End Stage Renal Disease. After the first 30 months, Medicare is the primary coverage. This applies if the person is covered due to active employment, being the dependent of an active employee, or covered due to COBRA continuation coverage.
- COBRA always pays secondary to Medicare except in the case of the first 30 months of Medicare eligibility due to End Stage Renal Disease.
- When the employer has less than 100 employees and Medicare coverage for an active employee or dependent is due to disability, Medicare is the primary coverage. When the employer has more than 100 employees, the benefit plan is primary. When the employee is no longer an active employee, Medicare is primary.

If the participant or his or her dependents choose not to be covered by the plan and choose to be covered primarily by Medicare, Medicare will provide coverage and coverage under this plan will terminate. The participant or his or her dependents are considered eligible for Medicare for the purposes of the plan during any period the participant or his or her dependents have coverage under Medicare or, while otherwise qualifying for coverage under Medicare, do not have such coverage solely because the participant or his or her dependents refused, discontinued, or failed to make any necessary application for Medicare coverage.

### **Misrepresentation**

Any material misrepresentation on the part of a participant or dependent in making application for benefits, or any application for reclassification thereof, or for service thereunder shall render the coverage null and void.

### **Notice**

Any notice given under this plan shall be sufficient, if given to the plan administrator when addressed to it at its office; if given to the plan supervisor, when addressed to it at its home office; or if given to a participant, when addressed to the participant at his address as it appears on the records of the plan supervisor in the care of the plan administrator.

### **Not Liable for Acts of Hospitals or Physicians**

Nothing contained herein shall confer upon a participant or dependent any claim, right, or cause of action, either at law or at equity, against the plan for the acts of any hospital in

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which he receives care, or for the acts of any physician from whom he receives service under this plan.

### Plan Administration

The plan administrator shall be responsible for compliance by the plan with all requirements of Part 1, Subtitle B or Title 1 of the Employee Retirement Income Security Act of 1974 (ERISA).

### Plan Is Not a Contract

The plan shall not be deemed to constitute a contract between the plan administrator and any participant or to be a consideration for, or an inducement or condition of, the employment of any participant. Nothing in the plan shall be deemed to give any participant the right to be retained in the service of the plan administrator or to interfere with the right of the plan administrator to discharge any employee at any time, provided that the foregoing shall not be deemed to modify the provisions of any collective bargaining agreements which may be made by the plan administrator with the bargaining representative of any participants.

### Protected Health Information: Use and Disclosure

#### *Use and Disclosures of Protected Health Information (PHI)*

The Plan will use protected health information (PHI) to the extent of and in accordance with the uses and disclosures permitted by the Health Insurance Portability and Accountability act of 1996 (HIPAA). Specifically, the plan will use and disclose PHI for purposes related to health care treatment, payment for health care and health care operations.

*Payment* includes activities undertaken by the plan to obtain premiums or determine or fulfill its responsibility for coverage and provision of plan benefits that relate to an individual to whom health care is provided. These activities include, but are not limited to, the following:

- Determination of eligibility, coverage, and cost sharing amounts (for example, cost of a benefit, plan maximums, and copays as determined for an individual's claim);
- Coordination of benefits;
- Adjudication of health benefit claims (including appeals and other payment disputes);
- Subrogation of health benefit claims;
- Establishing employee contributions;

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- Risk adjusting amounts due based on enrollee health status and demographic characteristics;
- Billing, collection activities, and related health care data processing;
- Claims management and related health care data processing, including auditing payments, investigating and resolving payment disputes, and responding to participant inquiries about payments;
- Obtaining payment under a contract for reinsurance (including stop-loss and excess of loss insurance);
- Medical necessity reviews or reviews of appropriateness of care or justification of charges;
- Utilization review, including pre-certification, and pre-authorization;
- Disclosure to consumer reporting agencies related to the collection of premiums or reimbursement (the following PHI may be disclosed for payment purposes: name and address, date of birth, Social Security number, payment history, account number, and name and address of the provider and/or health plan); and
- Reimbursement to the plan.

*Health Care Operations* include, but are not limited to, the following activities:

- Quality assessment;
- Population-based activities relating to improving health or reducing health care costs, protocol development, case management and care coordination, disease management, contacting health care providers and patients with information about treatment alternatives and related functions;
- Rating provider and plan performance, including accreditation, certification, licensing, or credentialing activities;
- Underwriting, premium rating, and other activities relating to the creation, renewal, or replacement of a contract of health insurance or health benefits, and ceding, securing, or placing a contract for reinsurance of risk relating to health care claims (including stop-loss insurance and excess of loss insurance);
- Conducting or arranging for medical review, legal services, and auditing functions, including fraud and abuse detection and compliance programs;
- Business planning and development, such as conducting cost-management and planning-related analyses related to managing and operating the plan, including formulary development and administration, development or improvement of payment methods or coverage policies;
- Business management and general administrative activities of the plan, including, but not limited to the following:
  - a. Management activities relating to the implementation of and compliance with HIPAA's administrative simplification requirements; or

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- b. Customer service, including the provision of data analyses for policyholders, plan sponsors, or other customers;
- c. Resolution of internal grievances; and
- d. Due diligence in connection with the sale or transfer of assets to a potential successor in interest, if the potential successor in interest is a “covered entity” under HIPAA or, following completion of the sale or transfer, will become a covered entity.

### *The Plan Will Use and Disclose PHI as Required by Law and as Permitted by Authorization of the Participant or Beneficiary*

With an authorization, the plan will disclose PHI to the pension plan, disability plan, EAP plan, Section 125 cafeteria plan, Workers’ Compensation plan, and other benefit plans established by the plan sponsor for the purposes related to administration of these plans.

### *For Purposes of this Section the Employer Is the Plan Sponsor*

The plan will disclose PHI to the plan sponsor only upon receipt of a certification from the plan sponsor that the plan documents have been amended to incorporate the following provisions.

### *With Respect to PHI, the Plan Sponsor Agrees to Certain Conditions*

The plan sponsor agrees to:

- Not use or further disclose PHI other than as permitted or required by the plan document or as required by law;
- Ensure that any agents, including a subcontractor, to whom the plan sponsor provides PHI received from the plan agree to the same restrictions and conditions that apply to the plan sponsor with respect to such PHI;
- Not use or disclose PHI for employment-related actions and decisions unless authorized by an individual;
- Not use or disclose PHI in connection with any other benefit or employee benefit plan of the plan sponsor unless authorized by an individual;
- Report to the plan any PHI use or disclosure that is inconsistent with the uses or disclosures provided for of which it becomes aware;
- Make PHI available to an individual in accordance with HIPAA’s access requirements;
- Make PHI available for amendment and incorporate any amendments to PHI in accordance with HIPAA;

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- Make available the information required to provide an accounting of disclosures;
- Make internal practices, books, and records relating to the use and disclosure of PHI received from plan available to the HHS Secretary for the purposes of determining the plan's compliance with HIPAA; and
- If feasible, return or destroy all PHI received from the plan that the plan sponsor still maintains in any form, and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made (or if return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction infeasible).

### *Adequate Separation Between the Plan and the Plan Sponsor Must Be Maintained*

In accordance with HIPAA, only the following employees or classes of employees may be given access to PHI:

- The benefits manager; and
- Staff designated by the benefits manager.

### *Limitations of PHI Access and Disclosure*

The persons described in the *Adequate Separation* section above may only have access to and use the disclosed PHI for plan administration functions that the plan sponsor performs for the plan.

### *Non-compliance Issues*

If the persons described in the *Adequate Separation* section above do not comply with this plan document, the plan sponsor shall provide a mechanism for resolving issues of noncompliance, including disciplinary sanctions.

### *Electronic Protected Health Information*

Electronic Protected Health Information – The term “Electronic Protected Health Information” has the meaning set forth in 45 C.F.R. § 160.103, as amended from time to time, and generally means protected health information that is transmitted or maintained in any electronic media.

Security Incidents – The term “Security Incidents” has the meaning set forth in 45 C.F.R. § 164.304, as amended from time to time, and generally means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with systems operations in an information system.

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Where Electronic Protected Health Information will be created, received, maintained, or transmitted to or by the Plan sponsor on behalf of the Plan, the Plan sponsor shall reasonably safeguard the Electronic Protected Health Information as follows:

- Plan sponsor shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic Protected Health Information that Plan sponsor creates, receives, maintains, or transmits on behalf of the Plan;
- Plan sponsor shall ensure that the adequate separation that is required by 45 C.F.R. § 164.504(f)(2)(iii) of the HIPAA Privacy Rule is supported by reasonable and appropriate security measures;
- Plan sponsor shall ensure that any agent, including a subcontractor, to whom it provides Electronic Protected Health Information agrees to implement reasonable and appropriate security measures to protect such Information; and
- Plan sponsor shall report to the Plan any Security Incidents of which it becomes aware as described below:
  - a. Plan sponsor shall report to the Plan within a reasonable time after Plan sponsor becomes aware, any Security Incident that results in unauthorized access, use, disclosure, modification, or destruction of the Plan's Electronic Protected Health Information; and
  - b. Plan sponsor shall report to the Plan any other Security Incident on an aggregate basis annually, or more frequently upon the Plan's request.

### **Right of Recovery**

Whenever payments have been made by the plan in excess of the maximum amount of payment necessary at that time to satisfy the intent of this plan, the plan shall have the right to recover such payments, to the extent of such excess, from among one or more of the following as the plan supervisor shall determine: any persons to or for, or with respect to whom such payments were made, and/or any insurance companies or other organizations.

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### Rights of Participants

As a participant in the plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to do the following:

- Examine, without charge, at the plan administrator's office and at other specified locations, such as work sites and union halls, all plan documents, including insurance contracts, collective bargaining agreements, and copies of all documents filed by the plan with the U.S. Department of Labor, such as detailed reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for the copies.
- Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called fiduciaries of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

If your claim for a welfare benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the plan administrator review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights.

For instance, if you request materials from the plan administrator and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay up to \$120 fine a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court.

If it should happen the plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who

## **General Claim Information**

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should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous. If you have any questions about your plan, you should contact the plan administrator.

If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the EBSA, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

### **Subrogation**

If the Plan receives claims for expenses that were either the result of the alleged negligence of another person, or which arise out of any claim or cause of action which may accrue against any third party responsible for injury or death to the Covered Employee or Dependent of the Covered Employee (hereinafter named the Covered Person) by reason of their eligibility for benefits under the Plan, the Plan has no duty or obligation to pay these claims.

The Plan may choose to advance benefits. If the Plan advances benefits, the Covered Person, by accepting benefits agrees to the following terms and conditions.

The Covered Person agrees that the Plan will be reimbursed out of any recovery by the Covered Person for all benefits paid by the Plan. The Covered Person agrees that the Plan has a secured proprietary interest in any settlement proceeds that the Covered Person receives or may have an entitlement to receive. The Covered Person confesses that the Plan is entitled to a constructive trust interest in the proceeds of any settlement or recovery. The Covered Person consents to the position of said trust, the funding of said constructive trust using any settlement proceeds and the payment of said funds held in said trust directly to the Plan or its authorized representative. The Plan will be reimbursed in full prior to the Covered Person receiving any monies recovered from any party or their insurer as a result of judgment settlement or otherwise. The duty and obligation to reimburse the Plan also applies to any money received from any underinsured or uninsured motorist policy of insurance. The obligation to repay the Plan remains in force even if the Covered Person is not fully compensated or made-whole from any settlement or verdict or judgment.

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The Plan has the right to the Covered Person's full cooperation in any matter involving the alleged negligence of a third party. In such cases, the Covered Person is obligated to provide the Plan with whatever information, assistance, and records the Plan may require to enforce the rights in this provision. The Covered Person further agrees that in the event that the Plan has reason to believe that the Plan may have a subrogation lien, the Plan may require the Covered Person to complete a subrogation questionnaire, sign an acknowledgement of the Plan's Subrogation rights and an agreement to provide ongoing information, before the Plan considers paying, or continuing to pay, any claims. Upon receipt of the requested materials from the

Covered Person, the Plan may commence or may continue advancing claims payments according to its terms and conditions provided that said payment of claims in no way prejudices the Plan's rights to recovery.

The Covered Person agrees to include the Plan's name as a co-payee on any settlement check.

The Plan may, but is not obligated to, take any legal action it sees fit against the third party or the Covered Person, to recover the benefits the Plan has paid. The Plan's exercise of this right will not affect the Covered Person's right to pursue other forms of recovery, unless the Covered Person and his legal representative consent otherwise.

The Plan retains the right to employ the services of any attorney to recover money due to the Plan. The Covered Person agrees to cooperate with the attorney who is pursuing the subrogation recovery. The compensation that the Plan's attorney receives will be paid directly from the dollars recovered for the Plan.

The Plan specifically states that it has no duty or obligation to pay a fee to the Covered Person's attorney for the attorney's services in making any recovery on behalf of the Covered Person. The Covered Person consents to this provision and by accepting any advance of benefits agrees to instruct their attorney to not assess any fees against the Plan in the event of settlement or recovery.

The Covered Person is obligated to inform their attorney of the subrogation lien and to make no distributions from any settlement or judgment which will in any way result in the Plan receiving less than the full amount of its lien without the written approval of the Plan. The Covered Person agrees that they will instruct their attorney to reimburse the Plan out of any sums the attorney holds or may hold in his trust account.

The Covered Person agrees that he will not release any party or their insured without prior written approval from the Plan, and will take no action which prejudices the Plan's subrogation right.

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The Covered Person agrees to refrain from characterizing any settlement in any manner so as to avoid repayment of the Plan's lien or right to reimbursement.

The Plan Administrator retains discretionary authority to interpret this and all other plan provisions and the discretionary authority to determine the amount of the lien.

The Plan pays secondary as to any and all PIP, Med-Pay or No-Fault coverage. The Plan has no duty or obligation to pay any claims until PIP, Med-Pay or No-Fault coverage is exhausted. In the event that the Plan pays claims that should have been paid by PIP, Med-Pay or No-Fault coverage under this provision, then the Plan has a right of recovery from the PIP, Med-Pay or No-Fault carrier.

In the event that the Covered Person receives any form or type of settlement and either fails or refuses to abide by the terms of this agreement, in addition to any other remedies the Plan may have, the Plan retains a right of equitable offset against future claims.