

# GROUP HEALTH BENEFITS PLAN OF THE EMPLOYEES OF THE STATE OF SOUTH CAROLINA, THE PUBLIC SCHOOL DISTRICTS, AND PARTICIPATING ENTITIES

ADOPTED BY  
THE PUBLIC EMPLOYEE BENEFIT AUTHORITY  
Effective January 1, 2016

S.C. Public Employee Benefit Authority  
202 Arbor Lake Drive  
Columbia, South Carolina 29223  
803-734-0678

## **NOTICE**

PEBA Insurance Benefits believes this plan is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (“Affordable Care Act”). As a grandfathered plan, PEBA Insurance Benefits will be able to avoid an increase in State Health Plan premiums while it assesses the future financial impact of the act. As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when the law was enacted. Being a grandfathered health plan means that the plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the plan administrator at 803-734-0678 (Greater Columbia area) and 888-260-9430 (toll-free outside the Columbia area).

You may also contact the U.S. Department of Health and Human Services at [www.healthcare.gov](http://www.healthcare.gov).

# ARTICLE 1.

## ESTABLISHMENT AND PURPOSE OF PLAN

### 1.1 Name and Purpose

The name of this Plan is the Group Health Benefits Plan of the Employees of the State of South Carolina, the public school districts, and participating entities (hereinafter “State Health Plan” or “Plan”). The State of South Carolina (hereinafter the State), through the Public Employee Benefit Authority (PEBA) Insurance Benefits has established a self-funded employee welfare benefit plan for the exclusive benefit of the participants and has adopted this Plan. The purpose of this Plan is to provide for the payment of illness, accident, or other benefits to the participants of this Plan and their eligible dependents.

### 1.2 Establishment and Effective Date

The State Health Plan, which was established on January 1, 1990, is a continuation of, and replaces, the previous Health Benefits Plan initially established on July 1, 1972. This Plan, as amended, became effective January 1, 2016.

### 1.3 Applicable Law

This Plan is established, and will be maintained, with the intention of meeting the requirements of all applicable federal and state laws. Any provision of this Plan which is in conflict with the law of any governmental body or agency that has jurisdiction over this Plan shall be interpreted to conform to the minimum requirements of such law.

### 1.4 Entire Plan

This Plan document and the enrollment applications of the Covered Persons, if any, constitute the entire Plan of Benefits established by the Planholder.

### 1.5 Summary Plan Guide

The Plan Administrator shall provide to eligible Subscribers a summary plan guide containing a summary of the benefits of this Plan and the rights and obligations of Covered Persons under this Plan. The Guide may provide more detail than this Plan document, but in the event of a conflict between the Guide and the Plan, the Plan is controlling.

### 1.6 Changes to Plan

The Planholder reserves the right at any time to alter, amend, change, supplement, revoke or reduce the benefits under this Plan or increase or decrease the premiums charged under this Plan. This Plan may be changed by the execution of an amendment to this Plan by the Planholder at any time without prior notice to, or the consent of, any Covered Person or of any person entitled to receive payment of benefits under the Plan. The Planholder shall provide to the Subscribers a summary of any material change to this Plan.

### 1.7 Effect of Changes

All changes to this Plan shall become effective as of a date established by the Plan Administrator EXCEPT that no increase or reduction in benefits shall be effective with respect to expenses Incurred prior to the date a material change was adopted by the

Planholder, regardless of the effective date of the change.

### **1.8 Termination of Plan**

The Planholder may terminate all or any portion of this Plan at any time by providing written notice to the Subscribers. Such termination will become effective on the date set forth in such notice.

### **1.9 Written Notice**

Any written notice required by law shall be deemed received by a Subscriber if sent by regular mail, postage prepaid, to the last address of such Subscriber, on the records of the Plan Administrator. Subscribers shall be solely responsible for providing the Plan Administrator with a current address and notifying the Plan Administrator in writing of any change in the Subscriber's address.

### **1.10 Waiver**

The failure of the Plan Administrator to enforce strictly any provision of this Plan shall not be construed as a waiver of the provision. Rather, the Plan Administrator reserves the right to enforce strictly each and every provision of this Plan at any time, regardless of prior conduct and regardless of the similarity of the circumstances or the number of prior occurrences.

### **1.11 Clerical Error or Delay**

Clerical Errors made by PEBA Insurance Benefits, or its agents, on the records of the Plan Administrator, Third Party Claims Processor or Utilization Review Agency, and delays in making entries on such records, shall not invalidate coverage that otherwise would be validly in force or cause coverage to be in force or to continue in force which would otherwise be terminated. Upon discovery of any such error or delay, an equitable adjustment will be made not to exceed 12 months contribution by the Subscriber.

### **1.12 Workers' Compensation**

This Plan is not in lieu of workers' compensation and does not affect any requirement for coverage by workers' compensation insurance, and is not intended to provide or duplicate benefits for work related injuries that are within any workers' compensation law.

### **1.13 Gender**

The use of masculine pronouns in this Plan shall apply to persons of both sexes unless the context clearly indicates otherwise.

### **1.14 Headings**

The headings used in this Plan are for the purpose of convenience of reference only. Covered Persons may not rely on any heading to construe the meaning of a Plan provision. In all cases, the full text of this Plan will control.

### **1.15 Misstatements and Omissions**

If any relevant fact has been misstated or omitted, in whole or in part, whether intentional or not, by, or on behalf of, any person on an application, the Notice of Election Form, or

other document, or information submitted or required to be submitted to the Plan Administrator, Third Party Claims Processor or Utilization Review Agency to obtain or retain coverage under this Plan, the true facts shall be used to determine whether coverage is in force and the extent, if any, of such coverage. Upon the discovery of any such misstatement or omission, coverage may be terminated prospectively. If the individual (or a person seeking coverage on behalf of the individual) performs an act, practice, or omission that constitutes fraud, or makes an intentional misrepresentation of material fact, coverage may be terminated retroactively to the date of the act, practice, or omission, and an equitable adjustment of any contributions will be made if this is in order and the Plan Administrator may recover the amount of any claims paid in error due to the act, practice, or omission.

### **1.16 Use of Social Security Numbers on Application**

The Plan is required by federal law to obtain the Social Security Number of each Covered Person. The Subscriber's Social Security Number, as well as the Benefits Identification Number (BIN), and address will be used as the identification number and address for the Dependents of the Subscriber.

## **ARTICLE 2.**

### **DEFINITIONS**

As used in this Plan, the following words shall have the meanings indicated in this Article:

#### **2.1 Active Employee**

An Employee who is engaged in Active Employment.

#### **2.2 Active Employment**

The Employee is actively at work on a Full-Time basis, performing all the regular duties of his occupation at an established business location of the Employer or another location to which he may be required to travel to perform the duties of his employment. An Employee shall be deemed to be engaged in Active Employment while on jury duty or on any regular nonworking day including holidays or vacation days established and published by the Employer if the Employee was engaged in Active Employment on the last preceding regular working day. Provided the Employee's participation in the Plan will not be prevented or delayed if (1) the Employee's absence from work is due to any health-related reason, including a medical condition, Hospital confinement, or a disability; or (2) the Employee is on leave under the Family and Medical Leave Act on the Effective Date of this Plan. In no event, however, will an Employee be considered to be in Active Employment if he has not reported for work or if he or his Employer has effectively terminated his employment.

#### **2.3 Advanced Practice Registered Nurse**

An individual who has satisfied the State Board of Nursing's requirements as a nurse practitioner, certified nurse midwife, certified registered nurse anesthetist or clinical nurse

specialist, who is functioning in the advanced practice registered nursing role, and who is in independent practice. The Plan only recognizes a certified nurse midwife licensed by the State Board of Nursing (or by a sister state having substantially equivalent license standards) as a Provider for purposes of midwife coverage. A lay midwife or a midwife licensed by the Department of Health and Environmental Control (DHEC) is not recognized, or reimbursed, as a Provider, by the Plan.

## **2.4 Agent for Service of Process**

The Plan Administrator is the agent of the State for service of any process related to this Plan.

## **2.5 Alcoholism**

A morbid state caused by excessive and compulsive consumption of alcohol that interferes with the patient's health and social or economic functioning.

## **2.6 Alcoholism Treatment Center**

Any institution or facility, which is licensed by the State of South Carolina Department of Health and Environmental Control, or by a sister state, having substantially equivalent license standards, to render detoxification and rehabilitation services for the treatment of Alcoholism.

## **2.7 Allowed Amount**

The amount established by the Plan Administrator in the Schedule of Reimbursement Rates for the applicable Provider Network. For charges not included in the Schedule of Reimbursement Rates, the Allowed Amount shall mean an amount measured and determined by comparing it with the charges customarily made for similar services to individuals of similar medical condition in the locality concerned, unless the charge is specifically excluded by this Plan or by other terms and conditions of coverage. In the absence of data referred to above, the Third Party Claims Processor, through its medical staff and/or medical consultants, will determine the Allowed Amount based upon comparable or similar services or procedures.

## **2.8 Alternative Treatment Plan**

The individual treatment plan developed for a particular Covered Person to treat an illness or injury covered under the Plan that requires a modification of the Coinsurance rate or some medical services or supplies that otherwise are not available under the Plan, but which, if the Coinsurance rate is modified, or if the medical services or supplies are provided, would permit treatment in a cost-effective manner and in a less intensive care setting such as a Skilled Nursing Facility, Home Health Care or Hospice facility or any facility providing less intensive care than the one in which the Covered Person is presently receiving medical care. An Alternative Treatment Plan requires the approval of the treating Physician, the Plan Administrator and the patient, and notification of the approved Alternative Treatment Plan to the Third Party Claims Processor.

## **2.9 Ambulatory Surgical Center**

A specialized facility that fully meets all of the following tests:

- A. It is established, equipped and operated in accordance with the applicable laws of the jurisdiction in which it is located primarily for the purpose of performing surgical procedures;
- B. It is operated under the supervision of a licensed doctor of medicine (M.D.) or doctor of osteopathy (D.O.), who is devoting full time to such supervision and permits a surgical procedure to be performed only by a duly qualified Physician who, at the time the procedure is performed, is privileged to perform such procedure in at least one Hospital, as defined in this Plan, in the area;
- C. It requires in all cases, other than those requiring only local infiltration anesthetics, that a licensed anesthesiologist or a certified registered nurse anesthetist administer the anesthetics and remain present throughout the surgical procedure;
- D. It provides at least two operating rooms and at least one post-anesthesia recovery room; is equipped to perform diagnostic x-ray and laboratory examinations; and has available, to handle foreseeable emergencies, trained personnel and necessary equipment, including but not limited to a defibrillator, a tracheotomy set, and a blood bank or other blood supply;
- E. It provides the full-time services of one or more registered nurses (R.N.) for patient care in the operating rooms and in the post-anesthesia recovery room;
- F. It maintains a written agreement with at least one Hospital in the area for immediate acceptance of patients who develop complications or require post-operative confinement;
- G. It maintains an adequate medical record for each patient, such record to contain an admitting diagnosis including, for all patients except those undergoing a procedure under local anesthesia, a preoperative examination report, medical history and laboratory tests and/or x-rays, an operative report and a discharge summary.

## **2.10 Ambulatory Surgical Center Network**

A group of ambulatory surgical centers, which have contracted with the Plan Administrator or Third Party Claims Processor to accept from the State a payment methodology for medical services rendered by the Ambulatory Surgical Center to Covered Persons of the Plan.

## **2.11 Behavioral Health Disorders**

Neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder of any kind or other condition that is defined, described or classified as a psychiatric disorder or condition in the latest publication of the American Psychiatric Association entitled *Diagnostic and Statistical Manual of Mental Disorders*, or other similar authority generally recognized by Behavioral Health Providers, and which is not otherwise excluded by the terms and conditions of this Plan.

## **2.12 Behavioral Health Manager**

The entity retained by the Plan Administrator to manage Behavioral Health cases and process Behavioral Health claims under this Plan.

## **2.13 Behavioral Health Provider**

A psychiatrist, psychologist, psychological/neuropsychological tester, Master's Level Therapist, Registered Nurse (including Advanced Practice Registered Nurse), full Board Certified Behavior Analyst (for Applied Behavioral Analysis only), or any other entity or individual or institutional health care provider eligible to participate in the Behavioral Health Provider Network and acting within the scope of his or its own current, active license.

## **2.14 Child**

Shall mean and include a Subscriber's:

- A. natural child;
- B. stepchild;
- C. adopted child;
- D. child placed for adoption, which means the Subscriber has assumed and retains a legal obligation for total or partial support of the child in anticipation of adopting the child;
- E. foster child, placed by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction;
- F. child for whom Subscriber has legal custody, which means Subscriber has guardianship responsibility as well as financial responsibility; and
- G. child for whom Subscriber is required to provide health insurance due to a court order.

## **2.15 Chiropractic Services**

Any service payable by the Plan and provided by a licensed chiropractor.

## **2.16 Clerical Error**

An omission, mistake, misreading, or delay, made by the Plan Administrator, Third Party Claims Processor or Utilization Review Agency, in the entry, recording, reproduction, or reporting of information in the files relating to the operation of the Plan.

## **2.17 Coinsurance**

That percentage of the Allowed Amount for Covered Medical Benefits, in excess of the individual or Family Deductible, that is payable by the Covered Person under the Plan selected.

## **2.18 Congenital**

Existing and apparent or manifest at, and usually before, birth.

## **2.19 Co-payment**

A fixed amount established by the Plan payable by the Covered Person for a service.

## **2.20 Covered Dependent**

A Subscriber's Dependent, who has met the eligibility requirements and is enrolled under the Plan.

## **2.21 Covered Employee**

An Employee or Retiree, who has met the eligibility requirements and is enrolled under this Plan.

## **2.22 Covered Medical Benefit**

Medical services and supplies Medically Necessary in the diagnosis or treatment of an illness or injury, performed and reimbursed in the least costly setting required by the Covered Person's condition, and which are within the benefits provided in the Plan and not otherwise excluded by any term, condition, limitation or exclusion of this Plan.

## **2.23 Covered Person**

A Subscriber, or a Dependent thereof, who has met the eligibility requirements and is enrolled in this Plan and to whom benefits are payable under this Plan.

## **2.24 Custodial Care**

Those activities undertaken for the protection or safety of the individual, or to provide food or shelter, or to assist in the activities of daily living, which constitute personal care such as, but not limited to: help in walking and getting in and out of bed, assistance in bathing, dressing, feeding, using the toilet, preparation of special diets, and supervision of medication which can usually be self-administered and which do not entail or require the continuous attention of trained medical personnel, and which do not require the skills of qualified technical or professional caregiver.

## **2.25 Deductible**

The amount indicated in 7.1.A.1, or 7.1.B.1 for the Plan selected during enrollment.

## **2.26 Dependent**

Shall mean and include a Subscriber's:

- A.** Legally recognized spouse under South Carolina law, or former spouse who is required to be covered by either a divorce decree or court order, but not both the spouse and former spouse. Provided, however, that if a spouse is also eligible for coverage or benefits as an Employee of the State, public school district or a participating entity, the spouse is eligible for coverage only as an Employee and not as a Dependent. However, a Part-Time Teacher who is the spouse of a Covered Employee may be covered as either an Employee or as a Dependent, but not as both;
- B.** Child younger than 26 years of age. The Plan Administrator may require the Subscriber to submit due proof of the Child's relationship with the Subscriber within 31 days of enrollment, and at such other reasonable times;
- C.** Unmarried Child, 26 years of age or older, who is incapable of self-sustaining employment because of mental illness, retardation or physical handicap and is principally dependent (more than fifty percent) on the Subscriber for maintenance and support, provided that the Child was covered continuously under the Plan or a Predecessor Plan, prior to the date of incapacitation. The Plan Administrator may

require the Subscriber to submit due proof of such incapacity and dependency satisfactory to the Plan Administrator within 31 days of initial enrollment, upon attaining age 26 and at such other reasonable times, but not more frequently than annually. It shall be the Subscriber's responsibility to notify the Plan Administrator when the Child is no longer incapacitated.

### **2.27 Diagnosis Related Groups (hereinafter "DRG")**

Shall be defined in accordance with the definition assigned "Diagnosis Related Groups" with respect to Section 1886(d) of the Social Security Act and as specified by the Final Rule promulgated by the Health Care Financing Administration (HCFA) in the Federal Register, 42 CFR, Parts 412 and 413, September 4, 1990, including such amendments or additions to the Final Rule that may be promulgated by HCFA and adopted by the Plan Administrator.

### **2.28 Drug Abuse**

The excessive consumption, ingestion, injection, or other utilization of any drug or other substance not medically prescribed or administered or the over-utilization or excessive consumption of any drug which is medically prescribed or administered.

### **2.39 Durable Medical Equipment**

Any equipment which:

- A. Can withstand repeated use; and
- B. Is primarily and customarily used to serve a medical purpose; and
- C. Is generally not useful to a person in the absence of illness or injury; and
- D. Is appropriate for use in the home.

### **2.30 Effective Date**

Shall mean:

- A. With respect to the Plan, the date on which this Plan takes effect;
- B. With respect to a Covered Person, the date on which such person is first covered under this Plan but no earlier than January 1, 2016.

### **2.31 Employee**

A person employed by an Employer on a Full-Time basis, and who receives compensation from a department, agency, board, commission or institution of the State, including clerical and administrative Employees of the General Assembly, and judges in the State courts. If an Employer elects to obtain other health insurance coverage for its persons employed on a nonpermanent, Full-Time basis, such persons do not constitute Employees under this paragraph. For purposes of this Plan, the term shall include other Employees that the General Assembly has made eligible for coverage by law, including Employees of a public school district, county, municipality, or other State-Covered Entity that has qualified for,

and is participating in, coverage under the Plan. The members of the South Carolina General Assembly and elected members of the councils of participating counties or municipalities, whose council members are eligible to participate in the South Carolina Retirement Systems, and Part-Time Teachers, are also Employees for purposes of the Plan.

### **2.32 Employer**

A department, agency, board, commission or institution of the State, including the General Assembly, the State courts, public school districts, and other entities eligible by law, that participate in the Medical Benefits Programs, and hire and provide compensation to an Employee.

### **2.33 Enrollment Date**

The Enrollment Date is (1) for Employees, the hire date; (2) for persons who enroll under the special eligibility situations of paragraph 3.7, the effective date of coverage; and (3) for Retirees, the retirement date.

### **2.34 Family**

A Subscriber and his Covered Dependents.

### **2.35 Full-Time**

With regard to an Employee shall mean an Employee who is credited with an average of at least 30 hours of service per week. Provided, however, an Employer may exercise a one-time, irrevocable option to elect the definition of Full-Time to mean an Employee who is credited with an average of at least 20 hours of service per week, and to apply this definition, upon notification and acceptance by PEBA Insurance Benefits. Full-Time status for purposes of eligibility to participate in the Plan is determined in accordance with the process set out in paragraphs 3.19, 3.20, and 3.21 of the Plan.

### **2.36 Full-Time Permanent**

With regard to an Employee shall mean a permanent Employee who works at least 30 hours per week. Provided, however, an Employer may exercise a one-time, irrevocable option to elect the definition of Full-Time to mean a permanent Employee who works at least 20 hours per week, and to apply this definition, upon notification and acceptance by PEBA Insurance Benefits.

### **2.37 Health Care Professional**

A Physician or other licensed health care provider acting within the scope of his or its current, active license.

### **2.38 Home Health Care**

Part-time or Intermittent nursing care, health aide services or physical, occupational or speech therapy provided pursuant to a written plan for home health care services and rendered in the home of the Covered Person by a private or public agency or organization licensed by the appropriate state regulatory agency, if licensing is required.

## 2.39 Hospice Agency

A private or public agency or organization that administers and provides care for terminally ill patients (1) pursuant to a written treatment plan approved by a Physician and reviewed at least once a month by the Physician, and (2) is licensed or certified as a Hospice or Hospice care agency by the appropriate state regulatory agency, if licensing is required.

## 2.40 Hospital

- A. For other than a psychiatric facility, a short-term acute care (1) general Hospital, (2) children's Hospital, (3) eye, ear, nose and throat Hospital, (4) maternity Hospital, or (5) long-term acute care hospital licensed by the state in which it operates that, for compensation from its patients and on an inpatient basis, is primarily engaged in providing diagnostic and therapeutic facilities for the medical or surgical diagnosis and treatment of injured or sick persons, by or under the supervision of a staff of Physicians duly licensed to practice medicine, and that provides continuous 24 hours-a-day services by licensed nurses physically present and on duty. Such institutions or facilities, if located in South Carolina must be licensed by the State of South Carolina and if located outside of South Carolina must be approved by the Joint Commission on Accreditation of Healthcare Organizations or a similarly nationally recognized accrediting organization.
- B. A psychiatric facility for the treatment of Behavioral Health Disorders, Drug Abuse or Alcoholism for compensation from their patients and on an inpatient basis, and which is engaged in providing diagnostic and therapeutic care by or under the supervision of a staff of Physicians duly licensed to practice medicine to persons suffering from mental or nervous conditions or drug or alcohol dependency, and which provides continuous 24 hours-a-day services by licensed nurses physically present and on duty. Such institutions or facilities for Behavioral Health Disorders, or Drug Abuse or Alcoholism, if located in South Carolina must be licensed by the State of South Carolina and if located outside of South Carolina must be approved by the Joint Commission on Accreditation of Healthcare Organizations or a similarly nationally recognized accrediting organization.
- C. Provided, however, the term "Hospital" does not include any long-term chronic care institutions or institutions that are, other than incidentally, a nursing home or place for (a) rest, (b) the aged, (c) rehabilitative care whether or not such institution or facility is affiliated with or part of a Hospital, except as provided in paragraph 7.16 Rehabilitation Care, (d) cognitive/behavioral rehabilitative care and (e) community re-entry programs.

Determination of whether an institution or facility is for long-term chronic care, or for the treatment of Behavioral Health Disorders, or for rehabilitative care shall be made by reference to its average length of stay classification code set forth in the *American Hospital Association Guide to the Health Care Field*, as published annually, and for Behavioral Health Disorders, as determined by applicable license to provide specified services. This determination is made according to the institution or facility applicable license to provide specific services.

## **2.41 Hospital or Ambulatory Surgical Center Charges**

The Allowed Amount for Medically Necessary services, medicines, supplies for diagnosis or treatment of an illness or injury (except services of a Physician and drugs or supplies not consumed or used in the Hospital) while the Covered Person is Hospital confined and a charge is made for Room and Board, or if such services are rendered in connection with a surgical procedure performed on an “outpatient” basis by a Hospital or Ambulatory Surgical Center.

## **2.42 Hospital Network**

A group of Hospitals, which have contracted with the Plan Administrator or a Third Party Claims Processor to accept from the State a standard payment methodology for medical services rendered by Hospitals to Covered Persons of the Plan.

## **2.43 Illness**

The term “illness” shall include covered pregnancy, as defined herein, disease, mental illness, and functional nervous disorder.

## **2.44 Incurred**

An expense, charge, penalty, or benefit is Incurred for purposes of this Plan on the date on which the service or supply charged was rendered or received.

## **2.45 Intensive Care Unit**

A separate, clearly designated service area maintained within a Hospital and which meets all of the following tests:

- A. It is solely for the treatment of patients who require special medical attention because of their medical condition;
- B. It provides within such area special nursing care and observation of a continuous and constant nature not available in the regular rooms and wards of the Hospital;
- C. It provides a concentration of special life-saving equipment immediately available at all times for the treatment of patients confined within such area;
- D. It contains at least two beds for the accommodation of critically ill patients; and
- E. It provides at least one professional registered nurse who continuously and constantly attends the patient confined in such area on a 24 hours-a-day basis.

## **2.46 Intermittent**

As that term is used in paragraphs 7.10 Hospice Care and 7.12 Home Health Care Services, shall mean part-time (less than, or up to, four hours) Skilled Nursing or Home Health care that is provided on a less than daily basis, or if provided on a daily basis (not to exceed eight hours per day), for temporary and definitely fixed periods of time up to 21 days with such extensions for additional fixed and definite periods of time that, at the discretion of the Plan Administrator, may be granted when there are exceptional circumstances and the period of such extension is predictable and fixed. Intermittent care

is subject to the requirements of pre-approval by the Utilization Review Agency, and all limitations and exclusions on such benefits in paragraphs 7.10 Hospice Care and 7.12 Home Health Care Services.

## **2.47 Medical Benefits Program**

The self-funded group health insurance plans provided for the Employees of the State of South Carolina, the Public School Districts, and Participating Entities, including the Plan, and any Pilot conducted under the auspices of this Plan. Covered Employees shall have the option annually, during the month of October, of changing plans offered as part of the Program. Changes made during the October enrollment period become effective the following January 1.

## **2.48 Medical Care**

Shall mean, and include only, the types of medical treatment or care for which benefits are available under this Plan as defined in Article 7.

## **2.49 Medical Necessity; Medically Necessary or Necessary Service and Supply**

A procedure, service or supply that meets all of the following criteria:

- A. Is required to identify or treat an existing condition, illness or injury; and
- B. Is prescribed or ordered by a Physician; and
- C. Is consistent for treatment of the Covered Person's illness, injury, or condition, and is rendered in accordance with recognized, appropriate medical and surgical practices prevailing in the medical specialty or field of medicine at the time rendered; and
- D. Is required for reasons other than the convenience of the patient; and
- E. Results in measurable, identifiable progress in treating the Covered Person's condition, illness, or injury.

The fact that a procedure, service or supply is prescribed by a Physician, or that a Physician asserts that a procedure, service or supply is necessary to avoid the potential onset of a condition or abnormality in the future, does not automatically mean that such procedure, service or supply is Medically Necessary or meets the definition of Medical Necessity in this Plan.

## **2.50 Obstetrical Care**

Services for the prenatal and postpartum care and delivery of one or more fetuses including Cesarean section, miscarriage, or abortion.

## **2.51 Open Enrollment Period**

The period held in October of every year, more fully described in paragraph 3.13, when any eligible Subscriber may enroll or disenroll himself and/or eligible Dependents in the

Medical Benefits Program without regard to any special eligibility situations. Changes made during the Open Enrollment Period will become effective the following January 1.

### **2.52 Orthopedic Appliance**

Any rigid or semi-rigid support used to restrict or eliminate motion in a diseased, injured, weak or deformed body member.

### **2.53 Outpatient**

A Covered Person who is treated at a Hospital and is not confined for the Room and Board charge.

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

The amount the Covered Person will pay out of pocket for covered benefits in one Plan Year before the Plan provides coverage for 100 percent of the Allowed Amount for that type of benefit for the remainder of the Plan Year. This does not include per-occurrence deductibles required under the Standard Plan as provided in paragraph 7.1.B.6.

For Covered Medical Benefits, this shall mean the total of the eligible coinsurance payable by the Covered Employee in one Plan Year for individual or Family Covered Medical Benefits, in excess of the individual or Family Deductible, before the Plan provides coverage for 100 percent of the Allowed Amount for Covered Medical Benefits; for covered prescription drug expenses, this shall mean the total of the eligible Co-payments payable by a Covered Person in one Plan Year for covered prescription drug expenses before the Plan provides coverage for 100 percent of the allowance for covered prescription drug expenses. The difference between the cost of a brand name drug and the cost of a generic drug is not counted towards the annual Out-of-Pocket Maximum.

### **2.55 Partial Hospitalization Programs**

Therapeutic services for Behavioral Health Disorders, provided to patients who use only day or night hospital services or adult day health services rather than regular inpatient hospitalization services.

### **2.56 Part-Time Teacher**

A teacher employed by a public school district, the South Carolina Department of Corrections, or the South Carolina Department of Juvenile Justice, on a permanent and part-time basis working at least 15, but fewer than 30, hours a week.

### **2.57 Pharmacy Benefits Manager**

The entity retained by the Plan Administrator to manage the Prescription Drug Program and process prescription drug claims under this Plan.

### **2.58 Physician**

A licensed medical doctor, dentist, oral surgeon, podiatrist, osteopath, chiropractor, or psychiatrist acting within the scope of the license, excluding an intern, resident or house physician.

## **2.59 Physician Network**

Those health care providers who have contracted with the Plan Administrator or a Third Party Claims Processor to accept from the State a standard payment methodology for their services rendered to Covered Persons.

## **2.60 Plan**

This Group Health Benefits Plan for the Employees of the State of South Carolina, the Public School Districts and Participating Entities. The Plan is composed of the Savings Plan, the Standard Plan and the Medicare Supplemental Plan.

## **2.61 Planholder**

The State of South Carolina, which provides the health plan for its Employees, Retirees, and others by law through PEBA Insurance Benefits.

## **2.62 Plan Administrator**

The South Carolina Public Employee Benefit Authority, Insurance Benefits.

## **2.63 Plan Year**

The 12-month period of time beginning January 1 and ending December 31.

## **2.64 Predecessor Plan**

(1) The previous Health Benefit Plan that was in effect immediately before January 1, 1990, (2) the State Health Plan established January 1, 1990, as amended, or (3) prior coverage in which a Covered Person was enrolled immediately prior to enrollment in this Plan.

## **2.65 Pre-Certification or Certification**

The procedure through which a Covered Person may obtain a determination from a Utilization Review Agency that a proposed treatment, and length of stay determination, if required, is consistent with generally recognized medical standards and procedures.

## **2.66 Prescription Drug Program**

The network of pharmacies that have agreed to accept a standard payment methodology for prescription drugs, provide drug utilization review of the appropriateness of the medication and its use, provide a drug formulary consisting of Tier 2 drugs obtainable at lower cost, and the Pharmacy Benefits Manager which processes drug claims and coordinates the activities of the Prescription Drug Program.

## **2.67 Professional Ambulance**

A specifically designed and equipped automobile or other vehicle, such as a boat or plane, which meets all local, state and federal regulations for transporting the sick and injured.

## **2.68 Prosthetic Appliance**

Any device, item, or supply that replaces all or part of a missing body member or part. Provided, however, a wig, hairpiece, or any other artificial substitute for scalp hair is not a Covered Medical Benefit under the Plan.

## **2.69 Provider**

A Physician, Advanced Practice Registered Nurse, Behavioral Health Provider, Ambulatory Surgical Center, Free Standing Emergency Care Center, or Hospital, as those terms are defined in this Plan.

## **2.70 Provider's Billed Charges**

The Provider's full established prices or rates per individual unit of service, as recorded at their gross level, before application of discounts or allowances, in accordance with generally accepted accounting principles and Medicare principles of reimbursement.

## **2.71 Retiree**

An Employee who is retired under the terms and conditions of a retirement plan offered through PEBA and meets one or more of the following eligibility requirements in order to participate in the Plan.

### **A. For Employees who were hired before May 2, 2008, an eligible Retiree shall be defined as:**

1. A person covered by the Plan who terminates employment with at least 20 years of retirement service credit with a State-Covered Entity before eligibility for retirement under a State retirement system is eligible to participate in the Plan effective with the date of retirement under a State retirement system, if the last five years are consecutive and in a Full-Time Permanent position with a State-Covered Entity. Provided, however, that a person covered by the Plan who terminated employment with at least 18 years retirement service credit with a State-Covered Entity before eligibility for retirement under a State retirement system prior to 1990 is eligible for the Plan effective on the date of retirement, if this person returns to a State-Covered Entity and is covered by the Plan and completes at least two consecutive years in a Full-Time Permanent position prior to the date of retirement.

With respect to a retiree employed by an entity that participates in the Plan pursuant to Section 1-11-710 of the South Carolina Code who is eligible for coverage pursuant to this subparagraph, the employer portion of the retiree's premium shall be paid by the Retiree Health Insurance Trust.

With respect to a retiree employed by an entity that participates in the Plan pursuant to Section 1-11-720 of the South Carolina Code who is eligible for coverage pursuant to this subparagraph, the retiree's employer, at its discretion, may elect to pay all or a portion of the employer portion of retiree's premium.

2. A member of the General Assembly, who leaves office or retires with at least eight years of credited service in the Retirement System for Members of the General Assembly, is eligible to participate in the Plan by paying the full premium costs, both employer and employee portions of the premium, as determined by the PEBA Board.
3. Former municipal and county council members, who have served on council for at

least 12 years and were covered under the State's plans at the time of termination from council, are eligible to continue to participate in the Plan by paying full premium costs, both employer and employee portions of the premium, provided the county or municipal council elects to allow this coverage for former members.

4. An Active Employee employed by an entity that participates in the Plan pursuant to Section 1-11-710 of the South Carolina Code, retiring with 10 or more years of State-Covered Entity service credited under a State retirement system and with the last five years of earned service credit consecutive and in a Full-Time Permanent position with a State-Covered Entity shall have the employer portion of his or her premiums paid by the Retiree Health Insurance Trust.
5. A person covered by the Plan who retires with at least five years of service with a State-Covered Entity credited under a State retirement system is eligible to participate in the Plan; provided the last five years are consecutive and in a Full-Time Permanent position with a State-Covered Entity. With respect to a retiree employed by an entity that participates in the Plan pursuant to Section 1-11-710 of the South Carolina Code who is eligible for coverage pursuant to this subparagraph, the retiree shall pay both the employer and employee portion of the retiree's premium. With respect to a retiree employed by an entity that participates in the Plan pursuant to Section 1-11-720 of the South Carolina Code who is eligible for coverage pursuant to this subparagraph, the retiree's employer, at its discretion, may elect to pay all or a portion of the employer portion of retiree's premium.
6.
  - a. A retiree eligible for coverage under the Plan pursuant to subparagraphs (A)(1), (A)(3), (A)(4) or through (A)(5) above, who retires early under the provisions of Section 9-1-1515 must pay both the employer and the employee portion of the premium until the earlier of attaining age 60 or the date the person would have 28 years' creditable service in the South Carolina Retirement System if early retirement had not occurred. Upon attaining the earlier of age 60 or the date the person would have 28 years' creditable service in the South Carolina Retirement System had the person not retired, the retiree's premium will be determined in accordance with subparagraphs (A)(1), (A)(3), (A)(4), or (A)(5) above.
  - b. An employee of a State-Covered Entity, who terminates employment and purchases additional service credit under Section 9-1-1850 may maintain health coverage during the period of the service purchase by paying both the employer and the employee portion of the premium until the date the person has 28 years' creditable service in the South Carolina Retirement System if the person had not terminated employment. Upon reaching the date the retiree would have had 28 years' creditable service, the employee's eligibility to participate as a retiree in the Plan, and the amount of the premium owed, will be determined in accordance with subparagraphs (A)(1), (A)(3), (A)(4), or (A)(5) above.
7. For retired participants of the Optional Retirement Program defined contribution plan offered through PEBA, eligibility to participate as a Retiree shall be determined in accordance with subparagraphs (A)(1) through (A)(5) above. Optional Retirement Program participants are not eligible for the exceptions defined under subparagraph (A)(6) above. For the purpose of eligibility to participate as a Retiree under

subparagraphs (A)(1)-(A)(5), one year of full-time employment, or its equivalent, under the Optional Retirement Program participant's employment relationship with an employer participating in the Optional Retirement Program equates to one year of earned retirement service credit under a State retirement system.

**B. For Employees hired on or after May 2, 2008, an eligible Retiree shall be defined as:**

1. An Active Employee covered by the Plan, who retires with at least 5 years of earned retirement service credit under a State retirement system with a State-Covered Entity, is eligible to participate as a Retiree in the Plan if the last 5 years of the person's covered employment were consecutive and in a Full-Time Permanent position.
2. A person covered by the Plan who terminates employment before the person's date of retirement with at least twenty 20 years of earned retirement service credit under a State retirement system with a State-Covered Entity is eligible to participate as a Retiree in the Plan on the person's date of retirement under a State retirement system, if the last 5 years of the person's covered employment before termination were consecutive and in a Full-Time Permanent position.
3. An employee employed by an entity that participates in the Plan pursuant to Section 1-11-710 of the South Carolina Code, who retires under a State retirement system and who is eligible for Plan coverage under the provisions of subparagraphs (B)(1) or (B)(2) of this paragraph, is eligible for trust fund paid premiums as follows:
  - a. If the Retiree's earned service credit in a State retirement system is 5 or more years but fewer than 15 years with a State-Covered Entity, then the Retiree shall pay the full premium for the Plan.
  - b. If the Retiree's earned service credit in a State retirement system is more than 15 years, but fewer than 25 years with a State-Covered Entity, then the Retiree is eligible for fifty percent trust fund paid premiums and the Retiree shall pay the remainder of the premium cost.
  - c. If the Retiree's earned service credit in a State retirement system is 25 or more years with a State-Covered Entity, then the Retiree is eligible for trust fund paid premiums and the Retiree is responsible for the entire Employee premium.
4. If a Retiree under a State retirement system was retired from an entity that participates in the Plan pursuant to the provisions of Section 1-11-720 and is eligible to participate in the Plan as a Retiree pursuant to subparagraphs (B)(1) or (B)(2) of this paragraph then the Retiree's employer, at its discretion, may elect to pay all or a portion of the premium for the Retiree's Plan.
5.
  - a. A retiree eligible for coverage under the Plan pursuant to subparagraphs (B)(1) or (B)(2) above, who retires early under the provisions of Section 9-1-1515 must pay both the employer and the employee portion of the premium until the earlier of attaining age 60 or the date the person would have 28 years' creditable service in the South Carolina Retirement System if early retirement had not occurred. Upon attaining the earlier of age 60 or the date the person would have 28 years'

creditable service in the South Carolina Retirement System had the person not retired, the retiree's premium will be determined in accordance with subparagraph (B)(3) above for a retiree of an entity participating under Section 1-11-710 or subparagraph (B)(4) above for a retiree of an entity participating under Section 1-11-720.

b. An employee of a State-Covered Entity, who terminates employment and purchases additional service credit under Section 9-1-1850 may maintain health coverage during the period of the service purchase by paying both the employer and the employee portion of the premium until the date the person has 28 years' creditable service in the South Carolina Retirement System if the person had not terminated employment. Upon reaching the date the retiree would have had 28 years' creditable service, the employee's eligibility to participate as a retiree in the Plan will be determined in accordance with subparagraphs (B)(1) or (B)(2) above, and the amount of the premium owed will be determined in accordance with subparagraph (B)(3) above for a retiree of an entity participating under Section 1-11-710 or subparagraph (B)(4) above for a retiree of an entity participating under Section 1-11-720.

6. For retired participants of the Optional Retirement Program defined contribution plan offered through PEBA, eligibility to participate as a Retiree shall be determined in accordance with paragraphs (B)(1) through (B)(4) above. For the purpose of eligibility to participate as a Retiree under paragraphs (B)(1)-(B)(4), one year of full-time employment, or its equivalent, under the Optional Retirement Program participant's employment relationship with an employer participating in the Optional Retirement Program equates to one year of earned retirement service credit under a State retirement system.

## **2.72 Room and Board**

Room, board, general duty nursing, and any other services, supplies, or items regularly furnished by the Hospital and included in the total charge as a condition of occupancy of the class of accommodations occupied, including blood. Room and board does not include professional services of Physicians or intensive nursing care by whatever name called.

## **2.73 Schedule of Reimbursement Rates**

The rates established by the Plan Administrator as payment for the Provider's services listed therein. The Schedule of Reimbursement Rates, attached to the contract between the State and participating Providers in the Plan's Provider Networks, shall determine the reimbursement rates for Provider services under the Plan.

## **2.74 Second Opinion**

A Second Opinion shall mean and consist of the Covered Person obtaining an examination and/or evaluation from a second qualified Physician to either confirm or challenge the Medical Necessity of a recommended, elective, non-emergency surgical procedure, medical procedure or treatment or hospitalization for treatment of mental illness or chemical dependency prior to undergoing or continuing the treatment, hospitalization or procedure.

## **2.75 Semi-Private Room**

A Hospital room containing two or more patient beds.

## **2.76 Skilled Nursing Care**

The skilled nursing and/or skilled rehabilitation services furnished according to Physician's orders that require: (a) the skills of a qualified technical or licensed professional health care provider such as a registered nurse, licensed practical nurse, physical therapist or speech pathologist, or (b) care provided by or under the general supervision of these skilled nursing and skilled rehabilitation personnel to assure the safety of the patient and to achieve the medically desired result. Custodial Care is not Skilled Nursing Care.

## **2.77 Skilled Nursing Facility**

An institution or facility, which meets all of the following requirements:

- A. Maintains permanent and full-time facilities for bed care of resident patients; and
- B. Has available at all times the services of a Physician; and
- C. Has a registered nurse (R.N.) or Physician on full-time duty in charge of patient care, and one or more registered nurses (R.N.) or licensed practical nurses (L.P.N.) on duty at all times; and
- D. Maintains a daily medical record for each patient; and
- E. Is primarily engaged in providing continuous Skilled Nursing Care for sick or injured persons during the convalescent stage of their illness or injuries and is not, other than incidentally, a rest home or a home for Custodial Care or for the aged; and
- F. Is operating lawfully as a nursing home in the jurisdiction where it is located; in no event, however, shall such term include an institution or facility primarily engaged in the care or treatment of substance abuse or Alcoholism.

## **2.78 State**

The State of South Carolina.

## **2.79 State-Covered Entity**

Any State agency, public school district, or any other entity granted the right to participate in the Plan by law and participating in the Plan.

## **2.80 Subscriber**

An Active or Retired Employee, Surviving Child/Surviving Spouse or COBRA enrollee of an Employer.

## **2.81 Surgery**

Any operative (cutting) procedures for the treatment of diseases or injuries, including the Medically Necessary treatment of fractures and dislocations, severe sprains and casting

thereof, but not including simple sprains or bruises.

## **2.82 Surviving Child**

The surviving eligible Child of a deceased Covered Employee or Covered Retiree, who, at the time of the Covered Employee's or Covered Retiree's death, was enrolled in the Plan as a Child.

## **2.83 Surviving Spouse**

The eligible Dependent Spouse of a deceased Covered Employee or Covered Retiree, who, at the time of the Covered Employee's or Covered Retiree's death, was enrolled in the Plan as a Dependent Spouse. Remarriage terminates Surviving Spouse status under this Plan.

## **2.84 Third Party Claims Processor**

An entity retained by the Plan Administrator to receive, process and pay claims under this Plan, including, where applicable, the Pharmacy Benefits Manager, which processes prescription drug claims and the Behavioral Health Manager, which processes Behavioral Health claims under the Plan.

## **2.85 Transplant Network**

Those Hospitals that have contracted with the Plan Administrator or the Third Party Claims Processor to provide transplant procedures that are Covered Medical Benefits under the Plan to Covered Persons.

## **2.86 Transfers**

### **A. Academic Transfers**

1. Academic Transfer Employee. For purposes of this provision, an Academic Transfer Employee is a Covered Employee who completes a school year or term (generally on or around June 30) with one Academic Employer and becomes a Covered Employee at another Academic Employer at the beginning of the next school year or term (generally on or around September 1).

2. Academic Employer. For purposes of this provision, Academic Employers include public school districts, universities, colleges, technical colleges, and other educational institutions conducting business in schools years, school terms, or otherwise-described academic term time and corresponding contract periods.

3. An Academic Transfer Employee shall have no break in coverage due to his Academic Transfer.

**B. Transfer Employee.** A Transfer Employee is any Covered Employee not described in paragraph 2.86.A who moves from one Employer, as defined in paragraph 2.33, to another Employer with no break in coverage or with no more than a 15-calendar-day break in employment.

## **2.87 Utilization Review Agency**

The entities retained by the Plan Administrator to review and determine that the proposed treatments, and length of stay determination, if required, are consistent with generally

recognized medical standards and procedures, and to provide other services specified in Article 15, Utilization Review and Mandatory Case Management.

### **2.88 Patient-Centered Medical Home**

A health care setting that facilitates partnerships between individual patients, their personal physicians and, when appropriate, the patient's family. Care is facilitated by patient registries, information technology, health information exchange and other means to assure that patients get the indicated care when and where they need and want it in a culturally and linguistically appropriate manner.

## **ARTICLE 3.**

### **ELIGIBILITY, CONDITIONS OF COVERAGE, EFFECTIVE DATES OF COVERAGE, AND TERMINATION OF COVERAGE**

#### **3.1 Eligibility**

Subject to the provisions in this paragraph, and all other terms, conditions, limitations, and exclusions of this Plan, the following individuals are eligible for coverage under this Plan:

- A.** All Employees, as defined in paragraph 2.31, and their Dependents, as defined in paragraph 2.26, provided however, that a spouse of a Covered Employee who is also an Employee may be covered only as an Employee and not as a Dependent.
- B.** All Retirees, as defined in paragraph 2.71, and their Dependents, as defined in paragraph 2.26;
- C.** The Surviving Spouse, as defined in paragraph 2.83, and Surviving Child, as defined in paragraph 2.82, of a deceased Covered Employee, as defined in paragraph 2.21;
- D.** All Employees and Dependents eligible for coverage as the result of COBRA in Article 11;
- E.** All Part-Time Teachers, as defined in paragraph 2.56, and their Dependents, as defined in paragraph 2.26, provided however, that a Part-Time Teacher who is the spouse of a Covered Employee may be covered as either an Employee or as a Dependent, but not as both.

#### **3.2 Employee Enrollment**

To enroll under this Plan, each eligible Employee must complete within 31 days of his eligibility for coverage: (1) a Notice of Election, and (2) any other forms required by the Plan Administrator. If the Employee fails to complete such timely Notice of Election, payroll deduction authorization form, and other required forms within 31 days following the Employee's eligibility date, and such Employee is not eligible for coverage under

paragraph 3.7, Special Eligibility Situations, such Employee may be enrolled for coverage only during such Open Enrollment Periods or Special Eligibility Situations as may be established by the Plan Administrator.

### **3.3 Commencement of Employee Coverage**

Employee coverage under this Plan shall commence as follows:

- A.** Each Employee in Active Employment who did not elect coverage under the Medical Benefits Program when first eligible and subsequently elects coverage under this Plan by filing a timely Notice of Election form during an Open Enrollment Period and satisfying the other conditions, shall be covered under this Plan on the subsequent January 1;
- B.** Each new Employee, who becomes eligible for coverage after the Effective Date of this Plan, and who has elected coverage by filing a timely Notice of Election, shall be covered under this Plan (1) on the first day of the month that the Employee commences Active Employment provided that the Employee commences Active Employment on the first calendar day of that month; or (2) on the first day of the following month provided that the Employee commences Active Employment on any day other than the first calendar day and the first working day of the month. Otherwise, if the Employee commences Active Employment on the first working day of the month, other than the first calendar day of the month, the Employee may choose to commence coverage under this Plan on either the first day of that month or the first day of the following month. For purposes of this paragraph, the first working day of the month is the first day that is not a Saturday, Sunday, or holiday. The first working day of the month is not an Employer-specific first working day.

### **3.4 Eligibility for Dependent Coverage**

Each Employee, who has one or more Dependents on the date he becomes eligible for coverage, shall be eligible to enroll each Dependent for coverage on such date. Each Employee without a Dependent on the date he becomes eligible for coverage shall be eligible to enroll each Dependent for coverage on the date he acquires a Dependent. In both cases, the Employee must meet the requirements of paragraph 3.5 below.

### **3.5 Dependent Enrollment**

To obtain Dependent coverage under this Plan, each eligible Employee must: (1) be covered under this Plan, (2) file a timely Notice of Election form selecting Dependent coverage for eligible Dependents and (3) agree in writing to make any required contributions toward the cost of the Dependents' coverage prior to his eligibility date. If the Employee acquires a Dependent as defined herein after the Effective Date of his coverage, the Employee has 31 days from the date the Dependent was acquired to enroll the Dependent in this Plan. If the Employee fails to notify the Plan Administrator within the 31-day period of time, the Dependent may be enrolled for coverage only during such Open Enrollment Periods or Special Eligibility Situations as may be established by the Plan Administrator.

### 3.6 Commencement of Dependent Coverage

Each eligible Employee, who has satisfied the requirements of paragraph 3.5, and enrolled eligible Dependents, will have Dependent coverage under this Plan for those eligible, enrolled Dependents commencing on the date the Employee's coverage commences, or for Dependents acquired thereafter, on the date that they were acquired.

### 3.7 Special Eligibility Situations

**A. Adding Coverage.** If an Employee has not enrolled the Employee, the Employee's spouse, and/or the Employee's Child for coverage within 31 days of first becoming eligible or during a prior Open Enrollment Period and subsequently wishes to elect such coverage, the Employee may do so under the following Special Eligibility Situations. If the Employee does not do so within the time frame specified for a Special Eligibility Situation, he, his spouse, and/or his Child must wait for the next Open Enrollment Period.

1. An Employee's Child may be added within 31 days of:
  - (a) the Child's birth;
  - (b) adoption of the Child;
  - (c) the Child's placement for adoption;
  - (d) the Child's placement for foster care;
  - (e) the Child becoming a stepchild;
  - (f) the Employee gaining legal custody of the Child; or
  - (g) the date of other court order mandating coverage of the Child by the Employee.

Coverage under this paragraph shall commence on the day of the event described in this subparagraph. The Employee must submit a Notice of Election within 31 days of the date of the event. Satisfactory documentation of the circumstances surrounding the event must accompany the Notice of Election. If the Employee experiences an event described in this subparagraph, and has not enrolled himself and/or his spouse in coverage previously, then the Employee may enroll for coverage for himself, his spouse, and/or his newly-eligible Child. Existing, but previously unenrolled, Children may also be enrolled.

2. An Employee's spouse may be added within 31 days of marriage. Coverage under this paragraph shall commence on the date of the marriage. The Employee must submit a Notice of Election within 31 days of the date of the marriage. Satisfactory documentation of the circumstances surrounding the marriage must accompany the Notice of Election. If the Employee has not enrolled himself in coverage previously, then the Employee may enroll for coverage for himself and/or his spouse due to the marriage. Existing, but previously unenrolled, Children may also be enrolled.
3. An Employee, Employee's spouse, or Employee's Child covered under the employer health plan of the Employee's spouse and who subsequently loses coverage because

- (a)** the spouse's employer canceled its present group insurance,
- (b)** the spouse's employer canceled its contribution to its group insurance,
- or
- (c)** the Employee's spouse left such employment

is eligible for coverage under this Plan commencing on the date of loss of coverage. The Employee must submit a Notice of Election within 31 days of the date of loss of coverage. A satisfactory statement of the circumstances surrounding the loss of coverage must accompany the revised Notice of Election.

4. An Employee, Employee's spouse, or Employee's Child who loses coverage under another employer's health plan because of
  - (a)** legal separation,
  - (b)** divorce, or
  - (c)** other similar loss of coverage

is eligible for coverage under this Plan commencing on the date of loss of coverage. The Employee must submit a Notice of Election within 31 days of the date of loss of coverage. A satisfactory statement of the circumstances surrounding the loss of coverage must accompany the revised Notice of Election.

5. An Employee, Employee's spouse, or Employee's Child who
  - (a)** loses coverage under Medicaid or CHIP because of loss of eligibility may enroll for coverage within 60 days of the loss of coverage; or
  - (b)** becomes eligible for a premium assistance subsidy under Medicaid or CHIP may enroll within 60 days of when eligibility for premium assistance subsidy is determined.

Coverage for the Employee, the Employee's spouse, and/or the Employee's Child enrolled under this paragraph shall commence on the date of loss of Medicaid or CHIP coverage, or the date eligibility for premium assistance is determined. The Employee must submit a Notice of Election within 60 days of the date of loss of coverage or date eligibility for premium assistance is determined. A satisfactory statement of the circumstances surrounding the loss of coverage or determination of eligibility for premium assistance must accompany the Notice of Election.

6. Upon the addition of an Employee's spouse or Employee's Child to the Employee's coverage under 3.7.A.1–5, the Employee may change his selected coverage under the Plan within the Medical Benefits Program.
7. An Employee, Employee's spouse, or Employee's Child who was mobilized or called to active duty with the National Guard or a Reserve unit and who dropped coverage under this Plan within the Medical Benefits Program may re-enroll in the Program upon discharge or release from active duty and resumption of employment with an eligible Employer. The Employee must

submit a Notice of Election within 31 days of discharge, release from active duty, or resumption of employment, whichever is latest.

**B. Dropping Coverage.** An Employee, Employee's spouse, or Employee's Child who otherwise continues to meet eligibility requirements under the Plan may drop coverage in the following Special Eligibility Situations. If the Employee does not do so within the time frame specified for a Special Eligibility Situation, he and his spouse or Child must wait for the next Open Enrollment Period or for the Employee, Employee's spouse, or Employee's child to cease meeting eligibility requirements under the terms of the Plan for coverage to be dropped.

1. An Employee, Employee's spouse, or Employee's Child who acquires other employer group coverage may drop coverage within 31 days. Coverage under this paragraph shall end on the first of the month after the gain of other coverage or the first of the month if coverage is gained on the first of the month. The Employee must submit a Notice of Election within 31 days of the gain of other employer group coverage. Satisfactory documentation of the circumstances surrounding the event must accompany the Notice of Election.
2. An Employee's spouse may be dropped within 31 days of divorce or legal separation. Coverage under this paragraph shall end on the first of the month after the Notice of Election is submitted. The Employee must submit a Notice of Election within 31 days of the date of the event. Satisfactory documentation of the circumstances surrounding the event must accompany the Notice of Election.
3. An Employee, Employee's spouse, or Employee's Child who
  - (a) gains coverage under Medicaid or CHIP may drop coverage within 60 days of the gain of coverage; or
  - (b) loses eligibility for a premium assistance subsidy under Medicaid or CHIP may drop coverage within 60 days from the date of notification of loss of eligibility.

Coverage for the Employee, the Employee's spouse, and/or the Employee's Child dropped under this paragraph shall end on the date of gain of Medicaid or CHIP coverage, or the date of the notification regarding loss of eligibility for premium assistance; otherwise, coverage shall end the first of the month following the submission of a Notice of Election if provided in accordance with the time limits in this paragraph. The Employee must submit a Notice of Election within 60 days of the notification of gain of coverage or within 60 days of notification of loss of eligibility for premium assistance. A satisfactory statement of the circumstances surrounding the loss of coverage or determination of eligibility for premium assistance must accompany the revised Notice of Election.

**C. Transfers.** A Transfer Employee as described in paragraphs 2.86.A or 2.86.B does not have a Special Eligibility Situation due to his transfer unless he experiences one of the situations in paragraphs 3.7.A or 3.7.B.

**D. Other Changes in Status or Applicable Events.** An Employee may change and make a new election or revoke an election to participate in the Plan during the Plan Year if the Employee is otherwise allowed to make an election change under the Flexible Benefits Plan for Employees of the State of South Carolina and Local Subdivisions.

### **3.8 Termination of Employee's Coverage**

Except as provided in Article 10, Continuation of Coverage, or Article 11, COBRA, the coverage of an Employee shall cease as of midnight on the last day of the month during which:

- A. The Employee's employment terminates;
- B. The Employee ceases to qualify as an Employee;
- C. The Employee ceases to be in a class of Employees eligible for coverage;
- D. Coverage is discontinued with respect to the class of Employees to which such Employee belongs;
- E. This Plan is terminated with respect to all Employees;

Provided, however, that when an Employee requests the termination of coverage during the Open Enrollment Period, coverage will terminate at midnight the following December 31st; when the Employee's contribution becomes 60 days past due, coverage will terminate retroactively to the last day of the month for which the Employee paid the full premium; and when an Employee dies, coverage terminates on the day following the date of death of the Employee.

### **3.9 Termination of Dependent's Coverage**

Except as provided in Article 10, Continuation of Coverage, or Article 11, COBRA, the coverage of an eligible Dependent shall cease as of midnight on the last day of the month during which:

- A. The Employee ceases to be in a class of Employees eligible for Dependent coverage under this Plan;
- B. All Dependent coverage under this Plan terminates;
- C. Any particular Dependent ceases to be a Dependent of the Employee as defined in paragraph 2.26. The existing coverage of any Surviving Child will not be affected by the remarriage of the Surviving Spouse;
- D. 31 days have lapsed since the date of birth of a newborn, unless the Employee has enrolled the newborn as required by paragraph 3.5, or under such conditions as established by the Planholder;

Provided, however, that when an Employee requests the termination of Dependent coverage during the Open Enrollment Period, coverage will terminate at midnight the

following December 31st; when the Employee's contribution becomes 60 days past due, coverage will terminate retroactively to the last day of the month for which the Employee paid the full premium; and when an Employee or a Dependent dies, coverage terminates on the day following the date of death of the Employee or the Dependent; however, after death of the Employee, coverage of the Dependent may continue under Article 10, Continuation of Coverage, or Article 11, COBRA;

### **3.10 Effect of Divorce or Annulment on Dependent Eligibility**

A Child of an Employee or Retiree, who was covered previously as a Child under Section 2.26.C and whose coverage terminated upon the Child's marriage, shall again be eligible for coverage upon the Child's divorce or annulment, if the conditions of paragraph 2.26.C are met.

### **3.11 Retiree Enrollment**

- A.** An Employee, who is covered under the Medical Benefits Program at the time he elects retirement, may elect coverage under this Plan as a Retiree by completing within 31 days of eligibility for coverage as a Retiree: (1) Notice of Election, and (2) any other forms required by the Plan Administrator. If the Employee fails to complete such Notice of Election, retirement check deduction authorization form, and other required forms within 31 days following the Employee's eligibility date, such Employee may be enrolled for coverage only during such Open Enrollment Periods or Special Eligibility Situations as may be established by the Plan Administrator.
- B.** An Employee, who is not covered under the Medical Benefits Program at the time he elects retirement, may enroll as a Retiree by completing within 31 days of eligibility for coverage as a Retiree: (1) Notice of Election, and (2) any other forms required by the Plan Administrator. If the Employee fails to complete such Notice of Election, retirement check deduction authorization form, and other required forms within 31 days following the Employee's eligibility date, such Employee may be enrolled for coverage only during such Open Enrollment Periods or Special Eligibility Situations as may be established by the Plan Administrator.
- C.** Medicare Supplemental Plan Open Enrollment will be held in October every year. During the enrollment period, the eligible Retiree may change to the Medicare Supplemental coverage. Coverage changes will become effective the following January 1.

### **3.12 Enrollment of Dependents of the Retiree**

- A.** An Employee's Dependent, who is covered under the Medical Benefits Program at the time the Employee elects retirement, and any Dependent the Employee acquires after retirement, may be covered as the Dependent of a Retiree under this Plan provided that the Employee/Retiree completes within 31 days of eligibility for coverage as a Retiree, or the date the Dependent was acquired after retirement: (1) Notice of Election, and (2) any other forms required by the Plan Administrator. If the Employee fails to complete such Notice of Election, retirement check deduction

authorization form, and other required forms within 31 days following the Employee's eligibility date, the Dependent may be enrolled for coverage only during such Open Enrollment Periods or Special Eligibility Situations as may be established by the Plan Administrator.

- B.** An Employee's Dependent, who is not covered by the Medical Benefits Program at the time the Employee elects retirement, may be enrolled as the Dependent of a Retiree provided that the Employee/Retiree completes within 31 days of the Employee's eligibility for coverage as a Retiree: (1) Notice of Election, and (2) any other forms required by the Plan Administrator. If the Employee fails to complete such Notice of Election, retirement check deduction authorization form, and other required forms within 31 days following the Employee's eligibility date, the Dependent may be enrolled for coverage only during such Open Enrollment Periods or Special Eligibility Situations as may be established by the Plan Administrator.
- C.** A Medicare Supplemental Plan Open Enrollment will be held in October every year. During the enrollment period, the eligible Retiree may change to the Medicare Supplemental coverage. Coverage changes will become effective the following January 1.

### **3.13 Open Enrollment**

**A. Open Enrollment.** An Open Enrollment Period will be held during the month of October every year for an effective date of coverage on the following January 1. During the Open Enrollment Period, the eligible Subscriber is given an opportunity to add or drop himself or eligible Dependents to or from coverage.

Changes made during the Open Enrollment Period will become effective the following January 1. No other coverage changes may be made until the next Open Enrollment Period except in situations described in paragraph 3.7, Special Eligibility Situations.

### **3.14 Commencement of Coverage for Retiree and Dependents**

Retirees and Dependents, who are Covered Persons under the Medical Benefits Program at the time of the retirement of the Employee and who are re-enrolled as Covered Persons at the time of retirement, remain covered under this Plan. Retirees and Dependents, who are not Covered Persons under the Medical Benefits Program at the time of the retirement of the Employee, and who are enrolled in this Plan at the time of retirement, shall be covered on the first day of the month following the approval of the application for enrollment as a Retiree or Dependent under this Plan. A Dependent who is acquired after retirement, and enrolled within 31 days of the date the Dependent is acquired, shall be covered from the date the Dependent was acquired. A Retiree, not otherwise eligible for coverage as a Retiree, who is approved for disability benefits through the South Carolina Retirement Systems (Retirement Systems), shall have the coverage under the Plan commence no earlier than the first day of the month following the Retirement Systems' approval of the disability.

### **3.15 Termination of Retiree's Coverage**

Except as provided in Article 10, Continuation of Coverage, or Article 11, COBRA, the coverage of a Retiree shall cease as of midnight on the last day of the month during which:

- A. The Retiree ceases to be in a class of Retirees eligible for coverage under this Plan;
- B. The Retiree ceases to qualify as a Retiree;
- C. The Retiree ceases to be in a class eligible for coverage;
- E. Coverage is discontinued with respect to the class of Retirees to which such Retiree belongs;
- F. The Plan is terminated with respect to all Retirees;

Provided, however, that when a Retiree requests the termination of coverage during the Open Enrollment Period, coverage will terminate at midnight the following December 31st; when the Retiree's contribution becomes 60 days past due, coverage will terminate retroactively to the last day of the month for which the Retiree paid the full premium; and when a Retiree dies, coverage terminates on the day following the date of death of the Retiree.

### **3.16 Termination of Coverage of Dependent of Retiree**

Except as provided in Article 10, Continuation of Coverage, or Article 11, COBRA, the coverage of an eligible Dependent of a Retiree shall cease as of midnight on the last day of the month during which:

- A. The Retiree ceases to be in a class of Retirees eligible for Dependent coverage under this Plan;
- B. All Dependent coverage under this Plan terminates;
- C. Any particular Dependent ceases to be a Dependent of the Retiree as defined in paragraph 2.26. The existing coverage of any Surviving Child will not be affected by the remarriage of the Surviving Spouse;

Provided, however, that when a Retiree requests the termination of Dependent coverage during the Open Enrollment Period, coverage will terminate at midnight the following December 31st; when the Retiree's contribution becomes 60 days past due, coverage will terminate retroactively to the last day of the month for which the Retiree paid the full premium; and when a Retiree or a Dependent dies, coverage terminates on the day following the date of death of the Retiree or the Dependent; however, after death of the Retiree, coverage of the Dependent may continue under Article 10, Continuation of Coverage, or Article 11, COBRA.

### **3.17 Termination of Coverage of Survivors; Continuation of Coverage**

The coverage of a Surviving Spouse and Surviving Children of a deceased Employee shall terminate as provided in paragraphs 3.9 or 3.16 unless extended under the Continuation of Coverage provisions in Article 10.

### **3.18 Effect of Termination of Coverage; Hospitalization at Time of Termination**

All rights to receive benefits provided under this Plan for services Incurred by a Covered Person after the termination of coverage will automatically cease, provided, however, that a Covered Person confined to a Hospital or Skilled Nursing Facility on the date of termination of coverage shall be entitled to receive the benefits specified in the Plan for each day of that admission, subject to all the other terms, conditions, limitations and exclusions of this Plan.

### **3.19 Ongoing Employees**

- A.** An Ongoing Employee is an Employee who has been employed by an Employer for an entire Standard Measurement Period, as that term is defined in paragraph 3.19.B.
- B.** A Standard Measurement Period for Ongoing Employees begins on October 4<sup>th</sup> of each calendar year and ends on October 3<sup>rd</sup> of the next calendar year. For Plan Year 2016, the Standard Measurement Period runs from October 4, 2014 and ends on October 3, 2015.
- C.** An Ongoing Employee meeting the requirements of paragraph 3.19.E may enroll annually during an Open Enrollment Period with coverage effective for a Standard Stability Period beginning the following January 1<sup>st</sup>. For Plan Year 2016, the Administrative Period begins October 4, 2015, and ends on December 31, 2015. Notwithstanding the length of the Administrative Period, all enrollment documents must be filed with PEBA during the Open Enrollment Period.
- D.** A Standard Stability Period for Ongoing Employees begins January 1 of each year and ends on the following December 31, and is synonymous with the Plan Year as defined in paragraph 2.63.
- E.** An Ongoing Employee who is credited by his Employer with an average of at least 30 hours of service per week after completing a Standard Measurement Period, defined in paragraph 3.19.B, is eligible to enroll in coverage under this Plan during the Open Enrollment Period held during the Administrative Period, defined in paragraph 3.19.C, for coverage that will be effective for the entire duration of the following Standard Stability Period, as defined in paragraph 3.19.D; provided the Ongoing Employee does not otherwise experience a termination event under the Plan. An Ongoing Employee remains eligible throughout the Standard Stability Period so long as he is employed with that Employer and regardless of the number of hours worked during that Standard Stability Period. An Ongoing Employee who ceases work and is not credited with an hour of service for less than 13 weeks (26 weeks for educational institutions) and who then resumes work with the same Employer during the same Standard Stability Period will be eligible to resume participation in the Plan as of the first day of the calendar month following resumption of work (even if the Ongoing Employee resumes employment in a position that is not reasonably expected to be a Full-Time position).
- F.** An Ongoing Employee who has been found not to meet the 30-hour-per-week average during a Measurement Period is not eligible for the Plan as an Ongoing

Employee through the entirety of the following Stability Period, unless he gains eligibility under another provision of this Plan such as reclassification of his employment.

- G. In the case of a conflict between another provision of this Plan and this paragraph, this paragraph will govern Ongoing Employee's eligibility and coverage. The Ongoing Employee's coverage is otherwise governed by the entirety of this Plan.

### **3.20 New Variable Hour, New Part-Time, and New Seasonal Employees**

#### **A. Definitions**

1. A New Part-Time Employee is a new Employee who has not completed a Standard Measurement Period, as defined in paragraph 3.19.B, and who, upon hire, is reasonably expected to be employed on average less than 30 hours of service per week during an Initial Measurement Period, as defined in paragraph 3.20.B.
  2. A New Seasonal Employee is a new Employee who has not completed a Standard Measurement Period, as defined in paragraph 3.19.B, and who is hired into a position for which the customary annual employment is six months or less. The reference to customary means that by the nature of the position, an Employee in this position typically works for a period of six months or less, and that period begins each calendar year in approximately the same part of the year, such as summer or winter.
  3. A New Variable Hour Employee is a new Employee who has not completed a Standard Measurement Period, as defined in paragraph 3.19.B, and who, upon hire, the Employer cannot determine whether the Employee is reasonably expected to be employed on average at least 30 hours of service per week during an Initial Measurement Period, as defined in paragraph 3.20.B, because the Employee's hours are variable or otherwise uncertain.
- B.** An Initial Measurement Period for New Variable Hour, Part-Time, and Seasonal Employees begins on the first day of the month following a New Variable Hour, Part-Time, or Seasonal Employee's date of hire and ends twelve months later. A Standard Measurement Period set out in paragraph 3.19.B may begin during, and run concurrently with, portions of an Initial Measurement Period.
- C.** A New Variable Hour, Part-Time or Seasonal Employee meeting the requirements of paragraph 3.20.E may enroll during an Initial Administrative Period beginning the day following the end of his Initial Measurement Period, defined in paragraph 3.20.B, and ending the last day of the same calendar month.
- D.** An Initial Stability Period for New Variable Hour, Part-Time, and Seasonal Employees begins the first of the calendar month after the end of the Initial Administrative Period and ends the day before in the following calendar year.
- E.** A New Variable Hour, Part-Time, or Seasonal Employee who is credited by his Employer with an average of at least 30 hours of service per week after completing an Initial Measurement Period, defined in paragraph 3.20.B, is eligible to enroll in coverage under this Plan during the Administrative Period, defined in paragraph

3.20.C, and for the entire duration of the following Initial Stability Period, as defined in paragraph 3.20.D. A New Variable Hour, Part-Time, or Seasonal Employee remains eligible throughout an Initial Stability Period so long as he is employed with that Employer and regardless of the number of hours worked during that Initial Stability Period. A New Variable Hour, Part-Time, or Seasonal Employee who ceases work and is not credited with an hour of service for less than 13 weeks (26 weeks for educational institutions) and who then resumes work with the same Employer during the same Initial Stability Period will be eligible to resume participation in the Plan as of the first day of the calendar month following resumption of work (even if the New Variable Hour, Part-Time, or Seasonal Employee resumes employment in a position that is not reasonably expected to be a Full-Time position).

- F. A New Variable Hour, Part-Time, or Seasonal Employee who has been found not to work an average of at least 30 hours per week during an Initial Measurement Period is not eligible for benefits as a Variable Hour, Part-Time, or Seasonal Employee through the entirety of the following Initial Stability Period, unless he gains eligibility under another provision of this Plan (e.g., after becoming an Ongoing Employee and gaining coverage through the provisions of paragraph 3.19). However, if a new Variable Hour, Part-Time, or Seasonal Employee materially changes employment status before the end of the Initial Measurement Period in such a way that, if the Employee had begun employment in the new position, the Employee would have reasonably been expected to be a Full-Time Employee, the Employee will be treated as a Full-Time Employee and will be eligible for coverage under the Plan no later than the first day of the month following the change in employment status or, if earlier, as of the first day of the first month following the end of the Initial Measurement Period if the Employee averages more than 30 Hours of Service per week during the Initial Measurement Period and related Administrative Period.
- G. Once a New Variable Hour, Part-Time, or Seasonal Employee meets the definition of an Ongoing Employee in paragraph 3.19.A, the Employee's eligibility to participate in the Plan is determined in accordance with the process set out in paragraph 3.19.
- H. In the case of a conflict between another provision of this Plan and this paragraph, this paragraph will govern the New Variable Hour, Part-Time, or Seasonal Employee's eligibility and coverage. The New Variable Hour, Part-Time, or Seasonal Employee's coverage is otherwise governed by the entirety of this Plan.

### **3.21 New Full-Time Employee**

- A. If an Employer reasonably determines, based on the facts and circumstances at the date of hire, that a newly hired Employee will be a Full-Time Employee as defined in paragraph 2.36, the new Employee is eligible to participate in the Plan in accordance with paragraphs 3.2 and 3.3. If the Employee's hours are reduced below the threshold for Full-Time employment as defined in paragraph 2.36 before the Employee has completed a full Standard Measurement Period as defined in paragraph 3.19.B, then the Employee's eligibility will be determined on a month-to-month basis until completion of a Standard Measurement Period.

- B. Once a New Full-Time Employee meets the definition of an Ongoing Employee in paragraph 3.19.A, the Employee's eligibility to participate in the Plan is determined in accordance with the process set out in paragraph 3.19.

## **ARTICLE 4.**

### **PAYMENT OR REIMBURSEMENT OF MEDICAL EXPENSES**

#### **4.1 Payment for Medical Care**

Subject to all other terms, conditions, limitations and exclusions of this Plan, the Plan Administrator, upon receipt of invoices from providers of medical care and/or of completed claim forms as may be required by the Plan Administrator, and after the claims have been processed by the Third Party Claims Processor, will make payment for the medical care of a Covered Person according to the Schedule of Benefits in Article 7, provided the expense is not covered or reimbursable under any other group plan, insured or otherwise. If expenses for medical care are partially paid or reimbursed under any other group plan as provided in Article 8, Coordination of Benefits, that part of the expenses which is not so paid or reimbursed by the other plan shall be paid or reimbursed to, or for the benefit of, the Covered Person as provided in this Plan.

## **ARTICLE 5.**

### **CONTRIBUTIONS**

#### **5.1 Employee Contribution**

To be covered under this Plan, each eligible Active Employee or Retiree shall contribute the amount determined by the State for each Plan Year for the benefit plan the Employee selects, commencing with the pay period in which coverage starts under this Plan. Each eligible Employee or Retiree, who elects to have his Dependents covered under this Plan, shall contribute the amount determined for each Plan Year by the State for the benefit plan the Employee selects commencing with the pay period in which such Dependents' coverage starts. The Plan Administrator reserves the right at any time to alter, amend, change, supplement, revoke or reduce the benefits under this Plan or increase or decrease the premiums charged under this Plan.

#### **5.2 Contribution of Entire Premium**

To be covered under this Plan, the following persons eligible for coverage shall contribute the full amount of the premium determined for each Plan Year by the State for the type of coverage selected, commencing with the period in which the person elects coverage in the categories listed below. These individuals are not eligible to receive any State contribution for health insurance:

- A. A Surviving Spouse and/or Surviving Child of a deceased Employee who elect coverage under Article 10, Continuation of Coverage, provided, however:

1. For the Surviving Spouse and/or Surviving Child of an Employee who was killed in the line of duty after December 31, 2001, while working for a State agency or public school district, the full premium for coverage of the Surviving Spouse and/or Surviving Child is waived for a period of twelve months after the Employee's death; following the twelve-month waiver, the premium for coverage of the Surviving Spouse and/or Surviving Child is determined according to paragraph 5.1 as long as eligible;
  2. For the Surviving Spouse and/or Surviving Child of a deceased Employee, who was not killed in the line of duty, the full premium for coverage is waived for a period of twelve months after the Employee's death if there was a State contribution to the premium and as long as the Surviving Spouse and/or Surviving Child is not an Employee and remains eligible for coverage; following the twelve-month waiver, the Surviving Spouse and/or Surviving Child may continue coverage as long as eligible by paying the full premium.
  3. A Surviving Spouse and/or Surviving Child who becomes eligible as an Active Employee while he is still receiving the twelve-month waiver may remain covered as a Surviving Spouse or Surviving Child through the end of the twelve-month waiver, provided he may not enroll in any other benefits offered through the Public Employee Benefit Authority to an Active Employee until he is no longer covered as a Surviving Spouse or Surviving Child. After the twelve-month waiver period ends, any such Surviving Spouse and/or Surviving Child is no longer eligible for coverage as a Surviving Spouse and/or Surviving Child.
- B.** Those electing to extend coverage as provided in Article 11 under COBRA (an additional administrative fee may also apply);
- C.** Those hired on or after July 1, 1984, and who retired with five years, but less than 10 years, active service;
- D.** Those Retirees who, by the terms of their retirement, are covered by the Plan but are not receiving any State contribution to their premium for health insurance.

### **5.3. Tobacco-User Surcharge**

A tobacco-user surcharge is added to each Subscriber's health coverage contribution who does not certify with PEBA Insurance Benefits as a non-tobacco-user. A tobacco user is a person who uses any tobacco products including, but not limited to, cigarettes, cigars, pipes, and oral tobacco products. The surcharge is \$40 per Subscriber per month for Subscriber Only coverage or \$60 per Subscriber per month for a Subscriber who covers any Dependents, regardless of the number of tobacco users covered on the Subscriber's health coverage.

**A.** To avoid the tobacco-user surcharge, the Subscriber must certify on a form prescribed by PEBA Insurance Benefits that no one on the Subscriber's health coverage uses or has used tobacco products during the previous six months, or he must complete a tobacco cessation program approved by the Plan Administrator within a time period established by the Plan Administrator.

**B.** To remove a tobacco-user surcharge, the Subscriber must certify on the form described in subparagraph A. above that no one on the Subscriber's health coverage uses or has used tobacco products during the previous six months, or he must provide written proof that the tobacco user(s) has completed a tobacco cessation program approved by the Plan Administrator within a time period established by the Plan Administrator. The tobacco-user surcharge will be removed prospectively for the month following the processing of the certification or receipt of written proof.

**C.** If anyone covered on a non-tobacco-user Subscriber's health coverage begins using tobacco, the Subscriber must notify PEBA Insurance Benefits within 30 days of the change. The tobacco-user surcharge will be applied in the following month.

**D.** If it is determined that a Subscriber submitted a false certification in order to avoid or remove the tobacco-user surcharge, the Subscriber will be subject to penalties including:

1. Payment of tobacco-user and non-tobacco user premium difference since last certification plus a 10% penalty; and
2. Elimination of the tobacco user's Out-of-Pocket Maximum for the current plan year and the subsequent plan year.

## **ARTICLE 6.**

### **DUTIES AND RESPONSIBILITIES**

#### **6.1 Planholder Duties**

The Planholder shall be responsible for all functions assigned or reserved to it under this Plan including the authority and responsibility for:

- A.** The appointment or removal of the Plan Administrator, Third Party Claims Processor, Utilization Review Agency and other entities or their delegates that implement the Plan;
- B.** The design of this Plan, including the right to amend this Plan and any other document relating to this Plan;
- C.** The qualification of this Plan under the applicable law;
- D.** The formation and maintenance of the funding policy of this Plan;
- E.** The amendment and termination of this Plan;
- F.** The determination of the amount of participant contributions under this Plan;
- G.** The exercise of all functions provided in this Plan, or as may be necessary to the operation of this Plan, except such functions as are assigned to others pursuant to

this Plan.

## **6.2 Plan Administrator Duties**

The Plan Administrator shall have the sole responsibility for the administration of this Plan, and any construction or interpretation of the Plan, determination of eligibility, or any other decision arising under the Plan, or exercise of judgment or discretion given to the Plan Administrator by the Plan or Planholder, shall be binding and conclusive so long as the decision of the Plan Administrator or its duly authorized agent is not arbitrary or capricious or in violation of applicable statutory law, and in addition, the Plan Administrator shall have such duties and powers as may be necessary to administer this Plan, including, but not limited to, the following:

- A.** To administer this Plan according to its terms and to be accountable to the State with regard to the administration of this Plan;
- B.** To construe and interpret this Plan in a nondiscriminatory manner; to decide all questions of eligibility; and to determine all questions arising in the administration and application of this Plan;
- C.** To determine the types of benefits covered under this Plan;
- D.** To be responsible for the reporting and disclosure requirements imposed upon administrators under applicable law;
- E.** To receive from the State and from Subscribers and Dependents such information as shall be necessary for the proper administration of this Plan, and to furnish the State, upon request, such reports with respect to the administration of this Plan as are reasonable and appropriate;
- F.** To receive, review, and keep on file (as it deems convenient or proper) reports of the financial condition, and of the receipts and disbursements;
- G.** To maintain all records of this Plan;
- H.** To review as necessary, all claims for benefits under this Plan;
- I.** To determine the manner and time of payment of benefits under this Plan;
- J.** To apprise the State as to the amounts and timing of disbursements for payment of benefits and expenses under this Plan;
- K.** To prescribe procedures to be followed by Subscribers and Dependents in filing claims for benefits under this Plan;
- L.** To furnish the State such reports with respect to the processing and payment of claims under this Plan as are reasonable and appropriate; and
- M.** To do all other acts or things as may be necessary for the proper administration of

this Plan.

### **6.3 Duties and Powers of Third Party Claims Processor**

The Third Party Claims Processor shall have such duties and powers as may be necessary to process claims and make payments under this Plan, consistent with the contract between the Plan Administrator and the Third Party Claims Processor and including, but not limited to, the following:

- A. To act under the direction and control of the Plan Administrator;
- B. To receive, review, verify and investigate as necessary, all claims for benefits under this Plan;
- C. To determine the amounts, manner, and item of payment of benefits under this Plan;
- D. To apprise the Plan Administrator as to the amounts and dates of disbursements for payment of benefits and expenses under this Plan;
- E. To receive from the State, the Plan Administrator, the Utilization Review Agency, Subscribers and Dependents such information as shall be necessary for the proper processing and payment of claims under this Plan;
- F. To furnish the Plan Administrator, upon request, such reports with respect to the processing and payment of claims under this Plan as are reasonable and appropriate;
- G. To maintain records relating to claims for benefits, processing of claims, and payment or denial of claims for benefits;
- H. To administer contracts between the Plan Administrator and providers as a part of a provider network; and
- I. Any other related duties.

### **6.4 Duties and Powers of Utilization Review Agency**

A Utilization Review Agency shall have such duties and powers as may be necessary to conduct the utilization review activities under this Plan, including but not limited to:

- A. To act under the direction and control of the Plan Administrator;
- B. To receive, review, verify, investigate and monitor as necessary, all requests for pre-certification required under the Plan including, but not limited to, non-emergency Hospital admissions, surgical procedures, length of stay limitations, and extended care benefits provided under this Plan; and to conduct and monitor and undertake a concurrent review of hospitalizations and conduct individual case management as necessary and all other utilization review activity required by this Plan;

- C. To apprise the Plan Administrator and Third Party Claims Processor, if applicable, as to the Utilization Review Agency's determination as to Pre-certification, extended care benefits, concurrent review of hospitalization, case management, maternity management, behavioral health case management and other utilization review activities as may affect the amounts and timing of the payment of benefits under this Plan;
- D. To receive from the State, the Plan Administrator, the Third Party Claims Processor, Subscribers and Dependents such information as shall be necessary for the proper processing and administration of the utilization review activities under the Plan;
- E. To furnish the State and the Plan Administrator upon request, and Third Party Claims Processor, if applicable, such reports with respect to the utilization review activities under this Plan as are reasonable and appropriate;
- F. To maintain records relating to pre-certification, extended care benefits, concurrent review of hospitalization, case management and other utilization review and case management activities required by the Plan;
- G. To perform DRG validation audits and administer out-of-state policy as related to the Plan's Hospital Network; and
- H. To do such other acts as may be necessary, or as requested by the Plan Administrator, or required by the contract between the Plan Administrator and the Utilization Review Agency to properly handle the administration of the utilization review activities under this Plan.

## **ARTICLE 7.**

### **SCHEDULE OF BENEFITS**

#### **7.1 Benefit Design**

Payment for Covered Medical Benefits is subject to all terms and conditions of the Plan including, but not limited to, all exclusions and limitations, and will be made as follows:

##### **A. Savings Plan**

**1. Deductible.** The annual individual Deductible shall be \$3,600, and a Covered Person shall pay annually the first \$3,600 of Allowed Amounts Incurred in one Plan Year for Covered Medical Benefits before becoming eligible for Plan benefits. There is no individual Deductible if more than one Family member is covered. The annual Family Deductible shall be \$7,200. The annual Family Deductible is not considered satisfied for any Covered Person until the Family's total Covered Medical Benefits exceed \$7,200. Payment of Deductible amounts, by one or more Family members, totaling \$7,200 of Covered Medical Benefits for that Plan Year, shall satisfy the Deductible for all Covered Persons

in that Family. In order for the Employee, and his employed spouse, who is also covered as an Employee, to share the Savings Plan Family Deductible, both spouses must select the Savings Plan. The Deductibles described in this Section are the same regardless of whether the care is delivered within the Plan's Provider Networks.

**2. Coinsurance.** After the individual or Family Deductible has been paid during the Plan Year, the Savings Plan will pay 80 percent of the Allowed Amount for the Covered Person's Covered Medical Benefits in excess of the Deductible, provided, however, the Plan will pay 60 percent of the Allowed Amount for the Covered Person's Covered Medical Benefits if a Covered Person uses a Provider that is not participating in the Plan's Provider Networks.

**3. Penalty.** A patient, who is a Covered Person, who does not obtain Pre-certification from the Utilization Review Agency as required by Article 15, shall, in addition to the normal Deductible, and all other terms and conditions of the selected Plan, be subject to a \$200 penalty for each admission to a Hospital or Skilled Nursing Facility. No amount of a penalty Incurred by a Covered Person shall be applied or counted towards the Coinsurance amount required to be paid.

**4. Coinsurance Maximum.** For care delivered within the Plan's Provider Networks, after the annual Deductible has been paid and a Covered Person has Incurred in the Plan Year Coinsurance of \$2,400 for Covered Medical Benefits, or Coinsurance of \$4,800 for Covered Medical Benefits Incurred in the Plan Year by any combination of Family members, the Plan will pay 100 percent of the Allowed Amount of the Covered Person's Covered Medical Benefits, up to the Benefit Maximum for each Covered Person, for the rest of the Plan Year. Provided, however, for a Covered Person using a Provider that is not participating in the Plan's Provider Networks, the Coinsurance Maximum is Coinsurance of \$4,800 for Covered Medical Benefits in one Plan Year, or Coinsurance of \$9,600 for Covered Medical Benefits Incurred in one Plan Year by any combination of Family members, after which the Plan will pay 100 percent of the Allowed Amounts for Covered Medical Benefits up to the Benefit Maximum for each Covered Person for the rest of the Plan Year. Amounts Incurred outside of the Plan's Provider Networks do not count toward the Coinsurance Maximum related to care delivered within the Plan's Provider Network, and amounts Incurred within the Plan's Provider Networks do not count toward the Coinsurance Maximum related to care delivered outside of the Plan's Provider Networks. Provided further, that: (1) the penalty in paragraph 3 above, and (2) Covered Medical Benefits Incurred because of a failure to notify or follow utilization review procedures required by Article 15, are not included in those expenses used to satisfy the Coinsurance Maximum, and provided further, that the Covered Medical Benefits Incurred for such treatment or during such admission are always subject to Coinsurance.

**5. Shared Out-of-Pocket Maximum.** The payments for Covered Medical Benefits that may satisfy the Deductible and Coinsurance Maximum provisions of paragraphs 7.1.A.1 and 7.1.A.4 are those Incurred by one or more Covered Family members enrolled in the Savings Plan. Deductible and Coinsurance amounts made under the Medicare Supplemental Plan or the Standard Plan

may not be used to satisfy the requirements of paragraphs 7.1.A.1 and 7.1.A.4.

## **B. Standard Plan**

**1. Deductible.** The annual individual Deductible shall be \$445, and a Covered Person shall pay annually the first \$445 of the Allowed Amount for Covered Medical Benefits Incurred in the Plan Year before becoming eligible for Plan benefits. The annual Family Deductible shall be \$890. Payment of Deductible amounts by any two or more Family members totaling \$890 of Covered Medical Benefits for that Plan Year shall satisfy the Deductible for all Covered Persons in that Family. In order for the Employee, and his employed spouse covered as an Employee, to share the Standard Plan Family Deductible, both spouses must select the Standard Plan.

**2. Coinsurance.** After the individual or Family Deductible has been paid for the Plan Year, the Standard Plan will pay 80 percent of the Allowed Amount for the Covered Person's Covered Medical Benefits in excess of the Deductible, provided, however, the Plan will pay 60 percent of the Allowed Amount for the Covered Person's Covered Medical Benefits if a Covered Person uses a Provider that is not participating in the Plan's Provider Networks.

**3. Penalty.** A patient, who is a Covered Person, who does not obtain Pre-certification from the Utilization Review Agency as required by Article 15, shall, in addition to the normal Deductible, and all other terms and conditions of the selected Plan, be subject to a \$200 penalty for each admission to a Hospital or Skilled Nursing Facility.

**4. Coinsurance Maximum.** For care delivered within the Plan's Provider Networks, after the annual Deductible has been paid and a Covered Person has Incurred Coinsurance of \$2,540 for Covered Medical Benefits in the Plan Year, or Coinsurance of \$5,080 for Covered Medical Benefits have been Incurred in the Plan Year by any combination of Family members, the Plan will pay 100 percent of the Allowed Amount of the Covered Person's Covered Medical Benefits up to the Benefit Maximum for each Covered Person for the rest of the Plan Year. Provided, however, for a Covered Person using a Provider that is not participating in the Plan's Provider Networks, the Coinsurance Maximum is Coinsurance of \$5,080 for Covered Medical Benefits in one Plan Year, or Coinsurance of \$10,160 for Covered Medical Benefits Incurred in one Plan Year by any combination of Family members, after which the Plan will pay 100 percent of the Allowed Amount for Covered Medical Benefits up to the Benefit Maximum for each Covered Person for the rest of the Plan Year. Amounts Incurred outside of the Plan's Provider Networks do not count toward the Coinsurance Maximum related to care delivered within the Plan's Provider Network, and amounts Incurred within the Plan's Provider Networks do not count toward the Coinsurance Maximum related to care delivered outside of the Plan's Provider Networks. Provided further, that (1) the penalty in paragraph 3 above, and (2) Covered Medical Benefits Incurred because of a failure to notify or follow utilization review procedures required by Article 15, are not included in those expenses used to satisfy the Coinsurance Maximum, and provided further, that the Covered Medical Benefits Incurred for such treatment or during such admission are always subject to Coinsurance.

**5. Shared Out-of-Pocket Maximum.** The payments for Covered Medical Benefits that may satisfy the Deductible and Coinsurance Maximum provisions of paragraphs 7.1.B.1 and 7.1.B.4 are those Incurred by one or more Covered Family members enrolled in the Standard Plan. Deductible and Coinsurance amounts paid under the Medicare Supplemental Plan or the Savings Plan may not be used to satisfy the provisions of paragraphs 7.1.B.1 and 7.1.B.4.

**6. Co-payments.** In addition to the Deductible referenced in paragraph 7.1.B.1, separate Co-payments will be applied under the Standard Plan, in the following circumstances:

a. \$159 per Emergency Room visit, to be waived if the patient is admitted to the hospital.

b. \$95 per Outpatient Hospital visit, to be waived for Emergency Room services, physical therapy services, speech therapy services, occupational therapy services, oncology services, dialysis, routine mammograms, routine pap tests, clinic visits (an office visit at an outpatient facility), partial hospitalization, intensive outpatient services, electric-convulsive therapy and psychiatric medication management.

c. \$12 per office visit, to be waived for routine Pap smears, routine mammograms and well child care visits.

Co-payments are not included in those expenses used to satisfy the Deductibles in paragraph 7.1.B.1 or the Coinsurance Maximum referenced in paragraph 7.1.B.4.

## **7.2 Covered Medical Benefits**

Covered Medical Benefits include the following:

**A.** Charges made by a Physician, or Behavioral Health Provider, as those terms are defined in this Plan, except as they may be limited by any provision of the Plan, but not to exceed the Allowed Amount or the Provider's Billed Charge, whichever is less.

The benefits for Chiropractic Services are for the detection and correction by manual or mechanical means (including x-rays incidental thereto) of structural imbalance, distortion or subluxation in the human body, for the removal of nerve interference where such interference is the result of, or related to, distortion, misalignment, or subluxation of, or in, the vertebral column. The patient must have a significant health problem in the form of a neuromusculoskeletal condition necessitating treatment, and the manipulative services rendered must have a direct therapeutic relationship to the patient's condition. Spinal axis aches, sprains, nerve pains, and functional disabilities of the spine are considered to provide therapeutic grounds for chiropractic treatment. Most other non-spinal diseases and pathological disorders do not provide therapeutic grounds for chiropractic treatment. Examples of these types of diseases and disorders are rheumatoid arthritis, muscular dystrophy, multiple sclerosis, pneumonia, and emphysema. In the Standard Plan, the maximum amount payable

for Chiropractic Services for the Plan Year is \$2,000 for each Covered Person. In the Savings Plan, the maximum amount payable for Chiropractic Services for the Plan Year is \$500 for each Covered Person after the annual deductible has been paid.

The benefits for services of a podiatrist, acting within the scope of his license, are payable only to the extent that benefits under this Plan will not exceed benefits that would have been paid to an M.D. or D.O. for treatment of the given condition, except that no payment is provided when the services consist of, either in whole or in part, the removal of corns, callosities, hypertrophy or hyperplasia of the skin or any subcutaneous tissues; or the cutting, trimming, or other partial removal of toenails;

- B.** Blood transfusions, including cost of blood and blood plasma, either inpatient or outpatient, but excluding blood and blood products replaced by donors and related storage fees;
- C.** Licensed registered nurse (R.N.) charges for nursing care in a Hospital where no special care units are provided;
- D.** Nursing care charges for services provided in the home by a licensed registered nurse (R.N.) if Medically Necessary, or by licensed practical nurses, if appropriate, provided in the home by a home health agency certified by the State of South Carolina, subject to Pre-certification by the Utilization Review Agency;
- E.** Rental cost, up to the purchase price, of Durable Medical Equipment required for temporary therapeutic use by an individual Covered Person for a specific condition when such equipment is ordinarily used under the direction of a Physician and if certified by the Utilization Review Agency. If such equipment is not available for rent, the monthly payments toward the purchase of the equipment may be approved by the Plan. Equipment, including Durable Medical Equipment, which has a non-therapeutic use, purchased or requested by the Covered Person with or without a prescription including but not limited to home and vehicle modifications, an air conditioner, air filter or air filtration system, wigs, hairpiece, or any other artificial device or procedure to replace scalp hair, dehumidifier, home whirlpool, exercise equipment, ace bandages, tennis shoe supports, knee braces, bandages and gauze and similar equipment, are not Covered Medical Benefits;
- F.** Medical supplies, limited to the following:
  - 1. Syringes, and related supplies, for conditions such as diabetes;
  - 2. Dressings, for conditions such as cancer or burns;
  - 3. Catheters;
  - 4. Colostomy bags and related supplies;
  - 5. Test tape;
  - 6. Necessary supplies for renal dialysis equipment or machines; and
  - 7. Surgical trays;

Provided, however, that supplies and equipment that have non-therapeutic uses

are not Covered Medical Benefits;

- G.** Professional ambulance service used locally to or from a Hospital outpatient department providing the necessary service in connection with accidental injury or medical emergency and to or from the nearest Hospital providing the necessary service in connection with inpatient care. No benefits are payable for ambulance service used for routine, non-emergency transport, including, but not limited to, transportation to a facility for scheduled medical or surgical treatments;
- H.** Prosthetic Appliances necessary for the correction of conditions caused by trauma or disease and that restore a function to the body. The Plan will provide benefits for the replacement of those prosthetic appliances that assist the body to function when the replacement is Medically Necessary and required by wear to the appliance, or growth of the Covered Person, provided, however, that charges for Prosthetic Appliances that have non-therapeutic uses, including a wig or hairpiece, are not a Covered Medical Benefit, and further provided that the Plan will provide benefits that are consistent with the Women's Health and Cancer Rights Act, which requires coverage for prostheses and physical complications at all states of a mastectomy, and the Plan will cover the initial breast prosthesis, and a subsequent replacement thereof;
- I.** Oxygen and rental of equipment for its administration outside a Hospital, with rental payments not to exceed the equipment's purchase price;
- J.** Orthopedic braces, crutches, lifts attached to braces, and orthopedic shoes, which are Medically Necessary and required by a specific diagnosis and limited to one pair of shoes at six-month intervals, provided, however, that supplies or shoes that have non-therapeutic uses are not a Covered Medical Benefit;
- K.** Occupational and physical therapy services when provided by a licensed Occupational Therapist or Physical Therapist;
- L.** Treatment of Behavioral Health Disorders, Alcoholism, and Drug Abuse in the outpatient department of a Hospital or outside of a Hospital limited to the benefits specified in paragraph 7.7 and, where applicable, subject to Pre-certification by the Behavioral Health Manager;
- M.** Inpatient treatment of Behavioral Health Disorders, Alcoholism, and Drug Abuse, up to the benefits specified in paragraph 7.7 in a Hospital and, where applicable, subject to Pre-certification by the Behavioral Health Manager;
- N.** Speech Therapy:

The Plan covers short-term speech therapy to restore speech or swallowing function to a person who has lost existing speech (the ability to express thoughts, speak words, and form sentences) or swallowing function as a result of non-chronic disease or injury. Speech therapy must be prescribed by a physician and rendered by a licensed speech therapist.

The speech therapy benefit is provided for acute phase treatment only, in accordance with the therapeutic goals of a written treatment plan. Maintenance speech therapy is not covered. Benefits are provided only to the extent that documented, functional progress is occurring to achieve the therapeutic goals of a written treatment plan.

Speech therapy requires pre-certification by the Utilization Review Agency when provided in an inpatient setting or a home setting. Notwithstanding the pre-certification requirement, any claim for speech therapy services may be reviewed by the Third Party Claims Processor for Medical Necessity after the claim is submitted.

The Plan does not cover speech therapy associated with the following:

- A. Services rendered for the treatment of delays in speech development in young children unless the speech delay is due to a specific non-chronic disease, brain injury, or congenital defect (e.g., cleft palate, cleft lip, etc.).
- B. Speech therapy for dysfunctions that are self-correcting, such as natural dysfluency or developmental articulation errors in young children.
- C. Speech therapy for verbal apraxia or stuttering/stammering unless due to a specific disease or brain injury.
- D. Speech therapy associated with any of the following conditions:
  - 1. Psychosocial speech delay
  - 2. Behavioral disorders
  - 3. Attention disorders
  - 4. Conceptual handicap
  - 5. Mental retardation
- O. Dental care and treatments, dental surgery or dental applications, limited to:
  - 1. Allowed Amount for Physician services for excision or extraction of bony impacted teeth, when supported by dental x-rays;
  - 2. Hospital services for excision or extraction of three or more bony impacted teeth, when supported by dental X-rays, and in connection with dental services, if the procedure is of such complexity as to require hospitalization or if hospitalization is required to ensure proper medical management, control or treatment of a non-dental physical condition, when Pre-certification has been obtained from the Utilization Review Agency;
  - 3. Allowed Amount for natural and artificial teeth, dentures, bridges, etc., made necessary by accidental bodily injury occurring while a Covered Person is continuously covered, limited to care begun within 365 days of such accident, and while the Covered Person remains continuously covered under this Plan;
- P. Subject to the general provisions of the Plan, major human organ transplant procedures are eligible for benefits under the Plan as specified below:

1. Specified major human organ transplant procedures are Covered Medical Benefits of this Plan when such procedures conform to the following circumstances:
  - a. Covered procedures are liver, lung (single or double), heart, heart/lung, kidney, intestinal and pancreas transplants;
  - b. In order for benefits to be available for the above major organ transplant procedures listed in paragraph A, pre-approval in writing must be obtained from the Utilization Review Agency;
  - c. Covered Medical Benefits resulting from, or directly related to, the completion of one of the above organ transplant procedures are subject to the Deductible amount and Coinsurance specified in the Plan; and
  - d. The transplant procedure is performed by a member of the Transplant Network; and
  - e. The organ transplant is the only treatment for the illness or injury that has an equivalent or better prognosis than an alternative form of treatment;
2. Allogeneic or syngeneic bone marrow transplants or other forms of stem cell rescue (with or without high dose chemotherapy and/or radiation) are available for benefits under the following conditions:
  - a. There are no other recognized treatments that provide the Covered Person with an equivalent or better prognosis; and,
  - b. Bone marrow transplantation is the Covered Person's only reasonable opportunity to survive; and,
  - c. The Utilization Review Agency and the Third Party Claims Processor recommend that the Covered Person is an acceptable candidate for the treatment; and,
  - d. The bone marrow transplant is performed by a member of the Transplant Network that has accepted the Covered Person as a candidate for the transplant using generally accepted standards for the procedure;
3. Autologous bone marrow transplants or other forms of autologous stem cell rescue (in which the Covered Person is the donor) with high dose chemotherapy or radiation, is covered, provided the Covered Person meets the following criteria:
  - a. There are no other recognized treatments that provide the Covered Person with an equivalent or better prognosis; and,
  - b. The autologous bone marrow transplantation or peripheral stem cell rescue with high dose chemotherapy is the Covered Person's only reasonable opportunity to survive; and,
  - c. Both the Utilization Review Agency and the Third Party Claims Processor recommend that the Covered Person is an acceptable candidate for the treatment; and,
  - d. The bone marrow transplant is performed by a member of the Transplant Network that has accepted the Covered Person as a candidate for the transplant using generally accepted standards for the procedure;
4. Provided, however, the Plan will pay benefits for a major human organ

transplant listed in paragraphs 1-3 above performed in a Hospital that is not a member of the Transplant Network only if all of the following additional conditions are met:

- a.** The Covered Person is otherwise eligible for a transplant and has been approved by the Utilization Review Agency for the transplant; and
  - b.** The Covered Person has been accepted as a candidate for the transplant by a facility that used generally accepted standards for the procedure;
- 5.** The following transplants of tissue (rather than whole major organs) are eligible for benefits under this Plan when Medically Necessary. Such procedures are subject to all the provisions of this Plan, and prior approval in writing must be obtained from the Utilization Review Agency:
  - a.** Blood transfusions;
  - b.** Autologous parathyroid transplants;
  - c.** Corneal transplants;
  - d.** Bone and cartilage grafting; and
  - e.** Skin grafting.

No other tissue transplant procedures are covered unless it can be determined that: (1) there are no other recognized treatments that provide the Covered Person with a better prognosis for the illness or injury; and, (2) the tissue transplant is the only treatment for the illness or injury that has an equivalent or better prognosis than an alternative form of treatment; and, (3) both the Utilization Review Agency and the Third Party Claims Processor, and the facility performing the procedure using generally recognized standards, recommend that the Covered Person is an acceptable candidate for treatment;

- 6.** All medical costs Incurred in the identification of a donor, including surgical, storage and transportation expenses Incurred and directly related to the donation of an organ used in a covered organ transplant procedure for liver, lung (single or double), heart, heart/lung, kidney, pancreas, kidney/pancreas, intestinal, and bone marrow transplants are subject to a maximum payment hereunder of \$10,000 for each such procedure completed;
- 7.** Transportation expenses to and from the site of a covered organ transplant procedure for liver, lung, heart, heart/lung, kidney, intestinal, bone marrow or pancreas are covered for the Covered Person who is the transplant recipient and one other individual. If the recipient is a minor, transportation costs are covered for two other individuals accompanying the recipient. All reasonable and necessary lodging and meal expenses are covered, up to a daily maximum of \$150 per individual accompanying the recipient. The aggregate sum of

transportation, lodging and meal expenses under this subparagraph shall not exceed \$10,000 for expenses Incurred within five days immediately prior to, and 365 days immediately following, a covered organ transplant procedure. These transportation expenses are specifically for transportation of the Covered Person and/or a family member to the site of the transplantation. This benefit is not available for transportation expenses related to evaluation of a Covered Person for an organ transplant procedure.

### **7.3 Hospital or Ambulatory Surgical Center Benefits**

Upon receipt of due proof satisfactory to the Third Party Claims Processor that a Covered Person while covered under this Plan has Incurred expenses which are recommended and approved by a Physician for inpatient Hospital care or outpatient care at a Hospital or Ambulatory Surgical Center for diagnosis or treatment of an illness or injury, the Plan, subject to all the terms, conditions, limitations and exclusions contained in the Plan, including the Deductible and Coinsurance requirements, will pay benefits for the following Hospital or Ambulatory Surgical Center Charges:

- A. Inpatient Hospitals in Networks - Fixed Rate DRG or Per Diem.** The Plan will pay to a Hospital in the Hospital Network compensation calculated from the applicable fixed rate DRG or per diem rate provided in the agreement between the Planholder and the Network Hospital as full payment for the Plan's share of the inpatient, Medically Necessary, Covered Medical Benefits rendered to a Covered Person by the Hospital. The Subscriber payment to the Hospital shall be limited to appropriate Deductible or Coinsurance calculated from the lesser of (1) the fixed rate DRG or per diem rate established in the Agreement, or, (2) the Provider's Billed Charge. The Subscriber is responsible for any other charges for goods or services that are not Medically Necessary or not covered by the Plan that were Incurred with the specific consent of the Covered Person.
- B. Non-Network Inpatient Hospital - Fixed Rate DRG or Per Diem.** The Plan will pay to a Hospital compensation calculated from the lesser of (1) the applicable fixed rate DRG or per diem rate established for Network Hospitals, or (2) the Provider's Billed Charge, as full payment of the Plan's share of Medically Necessary, Covered Medical Benefits rendered to a Covered Person by the Hospital.
- C. Outpatient Hospitals in Networks – APC Priced.** The Plan will pay to a Hospital in the Hospital Network compensation calculated from the applicable Ambulatory Patient Classifications (APC) rate provided in the agreement between the Planholder and the Network Hospital as full payment for the Plan's share of the outpatient, Medically Necessary, Covered Medical Benefits rendered to a Covered Person by the Hospital. The Subscriber payment to the Hospital shall be limited to appropriate Deductible or Coinsurance calculated from the lesser of (1) the APC rate established in the Agreement, or (2) the Provider's Billed Charge. The Subscriber is responsible for any other charges for goods or services that are not Medically Necessary or not covered by the Plan that were Incurred with the specific consent of the Covered Person.
- D. Non-Network Outpatient Hospital – APC Priced.** The Plan will pay to a

Hospital compensation calculated from the lesser of (1) the applicable APC rate established for Network Hospitals, or (2) the Provider's Billed Charge, as full payment of the Plan's share of Medically Necessary, Covered Medical Benefits rendered to a Covered Person by the Hospital.

**E. Ambulatory Surgical Centers in Networks – Payment Group Priced.** The Plan will pay to an Ambulatory Surgical Center in the Ambulatory Surgical Center Network compensation calculated from the applicable Payment Group rate provided in the agreement between the Planholder and the Network Ambulatory Surgical Center as full payment for the Plan's share of the Medically Necessary, Covered Medical Benefits rendered to a Covered Person by the Ambulatory Surgical Center. The Subscriber payment to the Ambulatory Surgical Center shall be limited to appropriate Deductible or Coinsurance calculated from the lesser of (1) the Payment Group rate established in the Agreement, or (2) the Provider's Billed Charge. The Subscriber is responsible for any other charges for goods or services that are not Medically Necessary or not covered by the Plan that were Incurred with the specific consent of the Covered Person.

**F. Non-Network Ambulatory Surgical Centers – Payment Group Priced.** The Plan will pay to an Ambulatory Surgical Center compensation calculated from the lesser of (1) the applicable Payment Group rate established for Ambulatory Surgical Centers, or (2) the Provider's Billed Charge, as full payment of the Plan's share of Medically Necessary, Covered Medical Benefits rendered to a Covered Person by the Ambulatory Surgical Center.

**G. Charges by DRG, Per Diem, APC, or Payment Group**

**1. Hospital Room and Board** - In all cases not payable as provided in paragraph A through F above, the Plan will pay the lesser of the Provider's Billed Charge or the Allowed Amount for the semi-private room, board and general nursing care, and the lesser of the Provider's Billed Charge or the Allowed Amount for the newborn Child delivered from the Covered Person. When Medically Necessary, the Plan will pay the lesser of the Provider's Billed Charge or the Allowed Amount of an Intensive Care Unit. No benefit is provided for a bed accommodation "reserved" for a Covered Person in an intensive care facility.

**2. Other Hospital Charges for Covered Services** - The Plan will pay the lesser of the Provider's Billed Charge or the Allowed Amount for Medically Necessary services, medicines, blood, or blood plasma not replaced, and supplies for diagnosis or treatment of the illness or injury, for which the Covered Person is confined (except services of a Physician, dentist, special nursing in any form, or drugs or supplies not consumed or used in the Hospital) and not exceeding the overall Plan maximum, provided:

- a) The Covered Person is in the Hospital, confined as a bed patient; or
- b) The Covered Person has surgery performed in the Hospital; or

- c) The Covered Person received Medically Necessary emergency treatment as a result of an accident, acute emergency illness or Incurred expenses for emergency Professional Ambulance service to the Hospital for illness or injury; or
- d) The Covered Person Incurred expenses for pre-admission diagnostic X-ray and laboratory services; or
- e) The Covered Person Incurred expenses for administration of anesthesia. This does not include any charge made by the operating Physician, or his assistant, or any charges made for infiltration anesthesia.

**3. Other Ambulatory Surgical Center charges for Covered Services** -The Plan will pay the lesser of the Provider's Billed Charge or the Allowed Amount for Medically Necessary services, medicines, blood, or blood plasma not replaced, and supplies for diagnoses or treatment of the illness or injury for which the Covered Person receives on the day of services at the Ambulatory Surgical Center (except services of a Physician, dentist, special nursing in any form, or drugs or supplies not consumed in the Ambulatory Surgical Center) and not exceeding the Plan maximum provided:

- a) The Covered Person has outpatient surgery performed in the Ambulatory Surgical Center; or
- b) The Covered Person Incurred expenses for the administration of anesthesia. This does not include any charge made by the operating Physician, his assistant or any charges made for infiltration anesthesia.

**H. Limitation.** No benefit shall be payable under 7.3, Hospital or Ambulatory Surgical Center Benefits, with respect to charges for care of the sick or injured made by any institution or facility, which does not qualify as a Hospital as defined in paragraph 2.41 or Ambulatory Surgical Center as defined in paragraph 2.9..

## 7.4 Medical Surgical Benefits

Subject to all the terms, conditions, limitations and exclusions including the Deductible and Coinsurance requirements of the Plan, the Plan will pay benefits for services performed by a Physician to a Covered Person on or after the Effective Date of coverage for treatment and diagnosis of disease or injury or for Obstetrical services, as follows:

- A. Surgical Service**, which consists of operative or cutting procedures, or the treatment of fractures or dislocations; such service includes the usual, necessary and related preoperative and postoperative care, when performed by a Physician, subject to the following:
  - 1. If two or more operations or procedures are performed at the same time, through the same surgical opening or by the same surgical approach, the total amount covered for such operations or procedures will be the Allowed Amount for the major procedure only;

2. If two or more operations or procedures are performed at the same time, through different surgical openings or by different surgical approaches, the total amount covered will be the Allowed Amount for the operation or procedure bearing the highest allowance, plus one-half of the Allowed Amount for all other operations or procedures performed;
3. If an operation consists of the excision of multiple skin lesions, the total amount covered will be the Allowed Amount for the procedure bearing the highest allowance, 50 percent for the procedure bearing the second and third highest Allowed Amount, 25 percent for the procedures bearing the fourth through the eighth highest Allowed Amount, and 10 percent for all other procedures. Provided, however, if the operation consists of the excision of multiple malignant lesions, the total amount covered will be the Allowed Amount for the procedure bearing the highest allowance, and 50 percent of the Allowed Amount for each subsequent procedure;
4. If an operation or procedure is performed in two or more steps or stages, coverage for the entire operation or procedure will be limited to the Allowed Amount set forth for such operation or procedure;
5. If two or more Physicians perform operations or procedures in conjunction with one another, other than as an assistant at surgery or anesthesiologist, the Allowed Amount subject to the above paragraphs, will be covered for the services of only one Physician or will be prorated between them by the Plan when so requested by the Physician in charge of the case;
6. Certain surgical procedures, which are normally exploratory in nature, are designated as "Independent Procedures" by the Plan, and the Allowed Amount is payable when such procedure is performed as a separate and single entity; however, when an Independent Procedure is performed as an integral part of another Surgical Service, the total amount covered will be the Allowed Amount for the major procedure only;
7. Medically Necessary surgical correction of disorders of the temporomandibular joint will be covered by the Plan when there is documentation that there is anatomical derangement of the joint and there is significant symptomatology. Such disorders include displacement of the joint meniscus and/or other joint structures coupled with significant locking, clicking, popping and pain sufficient to interfere with the patient's ability to speak, masticate food and otherwise carry on normal oral functions. Pre-approval for these procedures is required and the total amount covered will be the Allowed Amount for the procedure performed. Except as provided in this subparagraph, however, services or supplies for temporomandibular joint conditions are not covered under the Plan. See paragraph 9.KK.
8. Medically Necessary surgical correction of skeletal malrelationships or deformities of the jaws that cause documented chronic, persistent pain or debilitating loss of function and have required treatment or medication, are covered by the Plan. The presence of a documented congenital anomaly alone does not establish Medical Necessity. Prior approval by the Utilization

Review Agency is required. See paragraph 9LL.

- B. Surgical Assistant Service**, which consists of the Medically Necessary service of one Physician or Physician Assistant who actively assists the operating surgeon when a covered Surgical Service is performed in a Hospital, and when such surgical assistant service is not available by an intern, resident or house Physician. The Plan will cover charges equal to 20 percent of the Allowed Amount for the Surgical Service, not to exceed the Provider's Billed Charge;
- C. Anesthesia Service**, which consists of services rendered by a Physician or a certified registered nurse anesthetist, other than the attending surgeon or his assistant, and includes the administration of spinal or rectal anesthesia, or the administration of a drug or other anesthetic agent by injection or inhalation, except by local infiltration, the purpose and effect of which administration is the obtaining of muscular relaxation, loss of sensation, or loss of consciousness. Additional benefits will not be provided for preoperative anesthesia consultation;
- D. In-Hospital Medical Service**, which consists of a Physician's visit or visits to a Covered Person who is a registered bed patient in a Hospital or Skilled Nursing Facility for treatment of a condition other than that for which Surgical Service or obstetrical service is required, as follows:
1. In-Hospital medical benefits will be provided based on the Provider's Billed Charge but not to exceed the Allowed Amount;
  2. In-Hospital medical benefits primarily for treatment of mental or nervous conditions, Alcoholism, or Drug Abuse will be provided for each Covered Person subject to limitations of paragraph 7.7;
  3. In-house medical benefits in a Skilled Nursing Facility will be provided for the visits of a Physician, limited to one visit per day, not to exceed 60 visits;
  4. When two or more Physicians render in-Hospital medical visits at the same time, payment for such services will be made only to one Physician;
  5. Concurrent Medical/Surgical Care benefits for in-Hospital medical services, in addition to benefits for Surgical Service, will be provided only: (a) when the condition for which in-Hospital medical services requires medical care not related to surgical or obstetrical service and does not constitute a part of the usual, necessary and related preoperative or post-operative care, but requires supplemental skills not possessed by the attending surgeon or his assistant, (b) when a Physician, other than a surgeon, admits a Covered Person to the Hospital for medical treatment and it later develops that surgery becomes necessary, such benefits to cease on the date of surgery, or (c) when the surgical procedure performed is designated by the Administrator as a "warranted diagnostic procedure" or as a "minor surgical procedure";
  6. When the same Physician renders different levels of care on the same day, benefits will only be provided for the highest level of care;
- E. Intensive Medical Care Service**, which consists of medical care rendered by the attending Physician to a Covered Person who is eligible for in-Hospital medical service or Medical Care in the Outpatient department of a Hospital immediately prior to an admission, and who is confined with a serious disease or injury requiring

additional time and study over and above the usual in-Hospital medical service;

- F. Consultation Service**, which consists of services of a consulting Physician, requested by the attending Physician and rendered during an admission. This service is limited to one consultation per consulting Physician for each continuous period of disability and includes discussion with the attending Physician and/or family, and a written expression of opinion by the consultant based on examination of the patient. Consultation service does not include radiological consultations and staff consultations required by institutional rules and regulations, nor when primary care of the patient is transferred to the Physician providing consultation service;
- G. Obstetrical Care** shall refer to services for the prenatal and postpartum care and delivery of one or more fetuses, including Cesarean section, miscarriage, or abortion, as well as in-Hospital medical service for conditions related directly to pregnancy, limited to the Allowed Amount for the delivery only;
- H. Pediatric Medical Care**, which consists of the initial inpatient examination of the newborn when such care is given by a Physician other than the delivering Physician or the Physician who administered anesthesia during delivery;
- I. Radiation Therapy Service**, which consists of the use of x-ray, radium, or radioactive isotopes in the treatment of disease, when ordered by the attending Physician. Benefits for radiation therapy service are provided only when a Physician performs the service;
- J. Diagnostic X-Ray and Laboratory and Pathological Services**, which consist of the following, only when a Physician performs or orders the service:

  - 1. X-ray examinations and laboratory and pathological services ordered by the attending Physician for a Covered Person who is a registered bed patient in a Hospital or Skilled Nursing Facility, or at an Ambulatory Surgical Center when admitted;
  - 2. X-ray examinations, laboratory and pathological services wherever performed, when such examination or service is required as the direct result of an accident, for the initial visit only; and
  - 3. X-ray examinations, laboratory and pathological services wherever performed, when rendered on the same day and when directly related to surgery.

## **7.5 Outpatient Diagnostic Services**

Subject to all terms, conditions, limitations and exclusions, including the Deductible and Coinsurance requirements of this Plan, the Plan will pay for the following outpatient diagnostic services only when such service is performed or ordered by a Physician:

- A.** Diagnostic X-ray examinations for the diagnosis of an illness or injury;
- B.** Clinical laboratory and tissue diagnostic examinations and medical diagnostic procedures for the diagnosis of an illness or injury, provided, however, that the

Physician charges for any machine generated tests are not a Covered Medical Benefit under this Plan.

## **7.6 Human Organ Transplants**

Subject to all the terms, conditions, limitations and exclusions of the Plan, including the Deductible and Coinsurance requirements of the Plan, the Plan will provide benefits to a Covered Person when hospitalized for a human organ or tissue transplant from a living donor or a donor under a living will to a transplant recipient which requires the surgical removal of the donated part, subject to the following conditions:

- A.** When both the transplant recipient and the donor are Covered Persons, benefits will be provided for both;
- B.** When the transplant recipient is a Covered Person and the donor is not, benefits will be provided for both recipient and donor, to the extent that benefits to the donor are not provided by any other source. This includes, but is not limited to, other insurance coverage, other Blue Cross Blue Shield coverage, any government program, or any employee welfare benefit plan. Benefits provided to the donor will be charged against the recipient's coverage under the Plan and are limited only to charges arising out of the surgical removal of the donated part;
- C.** When the transplant recipient is not a Covered Person and the donor is, the donor will receive benefits to the extent that such benefits are not provided by any coverage available to the recipient of the organ or tissue transplant procedure. This includes, but is not limited to, other insurance coverage, other Blue Cross Blue Shield coverage, any government program, or any employee welfare benefit plan. Benefits will not be provided to a non-eligible transplant recipient.

## **7.7 Behavioral Health Disorders**

Subject to all the terms, conditions, limitations and exclusions of the Plan, and including the requirements herein, the Plan will pay covered expenses for inpatient, outpatient, or Partial Hospitalization Programs rendered by a Behavioral Health Provider for Behavioral Health Disorders, Alcoholism, and Drug Abuse. All care must be in accord with the utilization guidelines established by the Behavioral Health Manager for specified levels of care, and, where applicable, pre-certified by the Behavioral Health Manager. Notwithstanding anything in this Plan to the contrary, in accordance with the Mental Health Parity Act of 1996 (Act), as amended, and any regulations issued thereunder, the Plan will provide parity in the application of aggregate lifetime and annual dollar limits for mental health and substance use disorder benefits as compared with other dollar limits for medical benefits. The Plan will not place financial requirements or treatment limitations on mental health and substance use disorder benefits that are more restrictive than the most common financial requirements and treatment limitations placed on other medical benefits, as such requirements and limitations placed on other medical benefits, as such requirements and limitations are set forth in the Schedule of Benefits. To the extent the Plan provides out-of-network coverage for other medical benefits, it will also provide out-of-network coverage for mental health and substance use disorder benefits. This paragraph shall not apply to any Plan Year in which the Plan meets the cost exemption under Section 712(c)(2) of the Act and the Plan Administrator, in its sole discretion,

chooses to apply such exemption. The criteria for medical necessity determination made under this Plan with respect to mental health or substance use disorder benefits shall be made available by the Plan Administrator to any current or potential Covered Person, beneficiary, or contracting provider upon request.

## **7.8 Extended Care Programs**

Subject to all of the terms, conditions, limitations and exclusions of the Plan, and the requirements specified herein, the Plan will provide coverage for the extended care programs for Skilled Nursing Facility, Hospice Care, Alternative Treatment Plan, and Home Health Care services as provided in paragraphs 7.9 to 7.12 below.

## **7.9 Skilled Nursing Facility**

Subject to all the terms, conditions, limitations and exclusions of the Plan including the limitation on Physician visits under paragraph 7.4.D.3. and the requirement that all admissions and readmissions to a Skilled Nursing Facility be Pre-certified by the Utilization Review Agency, the Plan will provide benefits for the Allowed Amount for room and board and a skilled nursing level of treatment in such facility for up to 60 days in any Plan Year. Refer to paragraph 16.1.B.2 for the Medicare Supplemental Plan benefits concerning Skilled Nursing Facility.

## **7.10 Hospice Care**

Subject to all the terms, conditions, limitations and exclusions of the Plan, and including the requirements herein, the Plan will pay covered Hospice expenses subject to the following conditions:

- A.** The Covered Person is diagnosed as having a terminal illness with a life expectancy of six months or less;
- B.** Admission into the Hospice program is certified by the Utilization Review Agency and the care is monitored by it;
- C.** The services are provided by a Hospice care agency or by others who are not its employees but who are supervised or coordinated by the Hospice care agency;
- D.** The services are provided pursuant to a written treatment plan approved by a Physician and reviewed by the Physician at least once a month;
- E.** The expenses Incurred are Covered Hospice Expenses which are defined as services provided by a Hospice care agency, or provided under the supervision or coordination of the Hospice care agency by others who are not its employees, in an inpatient Hospice setting or a private residence, for:
  - 1.** Medical social services provided under the direction of a Physician including:
    - a)** Assessment of the Covered Person's home and family situation and that person's social, emotional and medical needs;

- b)** Identification of community resources available to the Covered Person;
- c)** Assisting the Covered Person to obtain community resources to meet the Covered Person's needs;
- d)** Psychological and dietary counseling;
- e)** Consultation and case management services by a Physician;
- f)** Physical or occupational therapy;
- g)** Medical supplies, drugs, medicines prescribed by a Physician.

**2.** Hospice services provided for a Covered Person in a private home are subject to the following:

**a.** Part-time or Intermittent (less than or up to four hours per day, if provided on a less-than-daily basis, or if provided on a daily basis not to exceed eight hours per day, for temporary and definitely fixed periods of time up to 21 days, with such extensions for additional fixed and definite periods of time that, in the discretion of the Plan Administrator, may be granted when there are exceptional circumstances and the period of such extension is predictable and fixed) nursing care provided by a registered nurse or licensed practical nurse;

**b.** Part-time or Intermittent (less than or up to four hours per day, if provided on a less-than-daily basis, or if provided on a daily basis not to exceed eight hours per day, for temporary and definitely fixed periods of time up to 21 days, with such extensions for additional fixed and definite periods of time that, in the discretion of the Plan Administrator, may be granted when there are exceptional circumstances and the period of such extension is predictable and fixed) home health aide services which consist mainly of caring for the Covered Person;

## **F. Limitations and Exclusions**

- 1.** The maximum benefit payable under the Plan for Hospice care services is \$6,000 per person including bereavement counseling not to exceed \$200.
- 2.** Benefits are not payable for:
  - a)** Funeral expenses;
  - b)** Financial or legal counseling, including estate planning or the drafting of a will;
  - c)** Pastoral counseling;

**d)** Homemaker or caretaker services which are not solely related to the care of the Covered Person, or transportation, housecleaning or maintenance of the Covered Person's dwelling;

**e)** Sitter or companion services for either the ill Covered Person or other members of his family;

**f)** Respite care, which is care furnished during a period when the Covered Person's family or usual caretaker cannot, or will not, attend to the Covered Person's needs.

## **7.11 Alternative Treatment Plan**

**A. Allowed Amount.** For purposes of this paragraph only an Allowed Amount includes: (1) all costs otherwise allowed under this Plan; and (2) all other costs for medical goods and services that are essential to the implementation and maintenance of the Alternative Treatment Plan even if not otherwise covered under the Plan, provided that the Utilization Review Agency has Pre-certified that the particular medical goods or services are essential to the implementation and maintenance of the Alternative Treatment Plan.

**B. Limitation.** The Alternative Treatment Plan is subject to:

1. The Plan Deductible, and Plan maximums; and
2. The Allowed Amount for the Alternative Treatment Plan, as defined in this paragraph, may not exceed those payable for comparable treatment or services in an acute care facility or a Skilled Nursing Facility.

## **7.12 Home Health Care Services**

Subject to all the terms and conditions of the Plan, including the Deductible and Coinsurance requirement, and the requirement that these services are Pre-certified by the Utilization Review Agency, and including other conditions and limitations herein, the Plan will provide benefits for the Allowed Amount for the following Medically Necessary services and supplies provided a Covered Person in the home:

**A.** Covered Medical Benefits for purposes of this paragraph shall be limited to:

1. Part-time or Intermittent (less than or up to four hours per day, if provided on a less-than-daily basis, or if provided on a daily basis, not to exceed eight hours per day, for temporary and definitely fixed periods of time of up to 21 days, with allowances for extensions and exceptional circumstances where the need for care in excess of 21 days is finite and predictable) nursing care by a registered nurse (R.N.), or by a licensed practical nurse (L.P.N.) where appropriate;
2. Part-time or Intermittent (less than or up to four hours per day, if provided on a less-than-daily basis, or if provided on a daily basis, not to exceed eight hours per day, for temporary and definitely fixed periods of time of up to 21 days, with allowances for extensions and exceptional circumstances where the need for care

in excess of 21 days is finite and predictable) home health aide services which consist primarily of caring for the individual; and

3. Physical, occupational or speech therapy provided by the Home Health Care agency;

4. Medical drugs, supplies and medicines prescribed by a Physician and required for the care rendered by the nurse or physical, occupational or speech therapist, but only to the extent that the medical drugs, supplies, Durable Medical Equipment and medicines are otherwise covered under this Plan.

**B.** The payment of benefits for Home Health Care is subject to the following additional requirements, in addition to all other limitations and exclusions of the Plan:

1. That the Home Health Care benefits, if provided, would permit the Covered Person to remain in a less intensive care facility, or at home, than would otherwise be required without these benefits;

2. The annual maximum benefit for professional services only, is 100 visits. A visit shall consist of up to four hours, whether consecutive or non-consecutive, within any 24-hour period, Incurred by a registered nurse or a licensed practical nurse to provide nursing care, by a therapist to provide physical, occupational or speech therapy, or by a Home Health Care aide to provide services within the scope of the license; and

3. Covered Medical Benefits under this paragraph shall not include:

a) Any service or supply rendered by a person who ordinarily resides in the home of the Covered Person, or is a member of the family, or of the family of the spouse of the Covered Person; or

b) any transportation services;

4. The Plan will provide benefits for Medical Social Worker Services if authorized and required by the Utilization Review Agency under paragraph 15.1.8.E at 100 percent of the Allowed Amount, or the Provider's Billed Charge, whichever is less.

### **7.13 Mammography Testing**

The Plan will provide benefits for routine mammography testing for female Covered Persons from ages 35 through 74 enrolled in the Savings Plan or the Standard Plan or the Medicare Supplemental Plan and without regard to the Plan Deductible or Coinsurance, subject to the following terms and conditions:

**A.** Benefits under this paragraph are limited to one mammogram for a female Covered Person between the ages of 35 through 39; one mammogram, each Plan Year, for a female Covered Person, between the ages of 40 through 74;

**B.** Benefits under this paragraph are payable only for routine four view mammograms which are defined as elective procedures undertaken without the presence of

symptoms, and performed only at facilities specified by the Plan Administrator;

- C. Benefits under this paragraph are in addition to benefits for diagnostic mammography otherwise available under this Plan. The Plan will pay the same benefit to the participating facility as it does for routine mammograms. Any charges above that amount and/or additional mammograms are subject to the other terms, conditions, limitations and exclusions of this Plan including the Deductible, Coinsurance and requirement of a Physician referral;
- D. Approved charges for diagnostic mammograms performed at non-participating facilities will be subject to the Plan Deductible and Coinsurance, up to the Out-of-Pocket Maximum.

### **7.14 Required Second Opinion**

The Plan will provide benefits for a Second Opinion required to be obtained by the Utilization Review Agency under 15.1.8.C at 100 percent of the Allowed Amount, or the Provider's Billed Charge, whichever is less.

### **7.15 Pap Test**

The Plan will pay a benefit for one Pap Test each Plan Year for a female Covered Person between the ages of 18 through 65, including an appropriate-level office visit associated with the Pap Test, without any requirement for a Deductible or Coinsurance.

### **7.16 Rehabilitation Care**

The Plan will provide benefits for physical rehabilitation designed to restore bodily function that has been lost because of trauma or disease process. The rehabilitation care may consist of physical therapy, speech therapy, occupational therapy, and therapy to teach ambulation, transfer technique, bed mobility, dressing, feeding technique, bowel and bladder training and other activities of daily living. For the purposes of this provision the following terms are defined as follows:

**Acute Rehabilitation** shall refer to therapy beginning soon after the onset of illness or injury. In many cases, acute rehabilitation is appropriately done in an outpatient setting. In complex cases, the appropriate setting may be an acute care facility and then a sub-acute rehabilitation facility or a full service rehabilitation unit. Acute rehabilitation may last days, weeks or several months depending on the severity of illness or injury beginning soon after onset of illness or injury.

**Long Term Rehabilitation** shall refer to the point where further functional improvement is theoretically possible but the gains are slow and the cause/effect relationship with formal treatment is unclear. Benefits are not payable for long term rehabilitation after the acute rehabilitation phase.

**Rehabilitation Care** is subject to all terms and conditions of the Plan including the following:

- A. Pre-certification is required for any inpatient rehabilitation care, regardless of the

reason for the admission, and is required for any outpatient rehabilitation therapy that occurs subsequent to an inpatient admission for rehabilitation therapy;

- B.** The rehabilitation therapy must be performed in the most cost-effective setting as required by the Covered Person's condition;
- C.** The Provider must submit and have approved by the Utilization Review Agency a treatment plan with the proposed treatment, the expected result and the length of the treatment required to reach that result;
- D.** There must be reasonable expectation that sufficient function can be restored for the patient to live outside the institutional setting;
- E.** Continued rehabilitation therapy is dependent upon documentation that progress is continuing to be made, and only so long as there is a significant improvement in the capabilities of the patient;
- F.** An inpatient admission must be to a rehabilitation facility under the same licensure as a short term general Hospital accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), or if to a freestanding rehabilitation facility, one accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF);
- G.** Rehabilitation benefits are not payable for vocational rehabilitation intended to teach a patient how to be gainfully employed; or pulmonary rehabilitation, except in conjunction with a covered and approved lung transplant or as a perioperative conditioning component for lung volume reduction surgery; or long term rehabilitation after the acute rehabilitation phase, including cognitive retraining and community re-entry programs.

## **7.17 Infertility Treatment**

The Plan will pay benefits for the diagnosis and treatment of infertility subject to the exclusion in paragraph 9.V., and to all other terms and conditions of the Plan, including the following special terms and conditions:

- A.** The benefits are limited to a lifetime maximum payment of \$15,000 for any Covered Medical Benefits and Covered Prescription Drug Expenses Incurred by either the Subscriber or the Covered Spouse whether covered as a Dependent or as an Employee. Included in the \$15,000 maximum are up to 6 cycles of Intrauterine Insemination (IUI) and a maximum total of three completed cycles of zygote or gamete intrafallopian transfer (ZIFT or GIFT), or In Vitro Fertilization (IVF), is allowed. A cycle reflects the cyclic changes of fertility with the cycle beginning with each new insemination or assisted reproductive technology (ART) transfer or implantation attempt. ART procedures not specifically referenced in this policy are not covered, including, but not limited to: tubal embryo transfer (TET), pronuclear stage tubal embryo transfer (PROUST), Oocyte donation, and Intracytoplasmic sperm injection (ICSI). Benefits paid under the Standard Plan, the MUSC Health Plan, the Savings Plan, and the Medicare Supplemental Plan for infertility treatments

since January 1, 1990, are used in computing the lifetime maximum benefit; and,

- B.** The benefits for infertility treatment are always subject to Coinsurance at a rate of 30 percent of the Allowed Amount for Covered Medical Benefits or Covered Prescription Drug Expenses regardless of the Plan selected; and
- C.** Coinsurance paid by the Covered Person for the infertility services cannot be used to satisfy the Coinsurance Maximum in 7.1.A.4 and 7.1.B.4 or the Out-of-Pocket Maximum in paragraph 2.55;
- D.** All IVF procedures must receive prior approval from the Utilization Review Agency;
- E.** No benefits are payable for infertility treatments to a Covered Person who has received a tubal ligation or vasectomy, whether or not surgically reversed.

### **7.18 Well Care**

**A.** The Plan will provide benefits for routine Well Child Care visits for a covered Child through age 18 and immunizations for Covered Persons enrolled in the Savings Plan, Standard Plan or Medicare Supplemental Plan and without regard to the Plan Deductible or Coinsurance, subject to the following terms and conditions:

1. Benefits for routine visits are limited to five visits for a Child under age one; three visits for a Child age one; one visit per age year for a Child age two through 18.
2. Benefits are provided for all immunizations at the appropriate ages recommended by the American Academy of Pediatrics for children through age 18, and for adults within the Centers for Disease Control and Prevention recommended intervals.

Benefits under this subparagraph are payable only for services rendered by the participating providers in the Plan's Physician Network in accordance with guidelines established by the Plan Administrator.

**B.** The Plan will provide benefits for one routine annual physical for Covered Persons age 19 and older enrolled in the Savings Plan. For a Covered Person enrolled in the Savings Plan, benefits are provided for one annual influenza immunization.

**C.** Benefits under this paragraph are payable without regard to the Plan Deductible or Coinsurance.

### **7.19 Preventive Screenings for Employees**

The Plan will provide benefits for a routine screening that includes procedures recommended by the United States Preventive Services Task Force, consisting of a health risk appraisal, blood lipid profile, blood chemistry profile, hemogram, blood pressure measurement, height and weight measurement, and counseling on identified individual health risk factors. The Plan will pay benefits only for one screening per Covered Person per Plan Year at providers designated by the Plan Administrator, and subject to the ability

of the Plan Administrator and the Provider to schedule a screening session at the workplace. The screening is provided without regard to the Plan Deductible and Coinsurance. Workplace screening benefits are payable only for a) Covered Employees who are actively at work, and their Covered Spouses and b) Covered Retirees for whom the Plan is Primary, and their Covered Spouses.

## **7.20 Covered Prescription Drug Expenses**

Drugs and medicines which are required to bear the legend “Caution: Federal law prohibits dispensing without prescription,” insulin, or drugs and medicines licensed or accepted for a specific diagnosis as listed in the U.S. Pharmacopoeia Publication, DRUG INFORMATION FOR HEALTH CARE PROFESSIONALS are Covered Prescription Drug Expenses, up to the allowance established for that drug in the State Pharmacy Network. The expenses described in this paragraph are subject to all terms and conditions of the Plan.

Provided, however, that there is no coverage for:

- A.** any medicines or drugs which are in the Food and Drug Administration (FDA) phases I, II, or III testing, whether or not prescribed by a Physician;
- B.** prescription drugs or medicines obtained by or for the Covered Person in violation of the utilization review and management standards established by the Pharmacy Benefits Manager under the Prescription Drug Program.
- C.** prescription drugs or medicines purchased at pharmacies not participating in the State Pharmacy Network; provided, however, out-of-network drug benefits may be allowable only in specific geographic areas in which the Plan Administrator has determined that there is no access to a participating pharmacy.
- D.** in the Savings Plan, non-sedating antihistamine medications or drugs to treat erectile dysfunction.

For Covered Persons enrolled in the Standard Plan, the expenses described in this paragraph are not Covered Medical Benefits for purposes of paragraph 7.1.B of the Plan of Benefits. In the Standard Plan, the Covered Person shall pay for up to a 31-day supply of a drug (a) the lesser of the allowance established for a Tier 2 brand name drug or a \$38 Co-payment; (b) the lesser of the allowance established for a Tier 3 brand name drug or a \$63 Co-payment; or (c) the lesser of the allowance established for a generic drug or a \$9 Co-payment. Provided, however, that if an FDA-approved generic equivalent is available, payment for a brand name drug is limited to what is payable for the FDA-approved generic equivalent. Covered Persons may obtain up to a maximum of a 90-day supply of medication, provided, however, a separate Co-payment is required for each additional 31-day supply of medication received at retail.

A voluntary mail service prescription drug benefit is available at a pharmacy established by the Pharmacy Benefits Manager for home delivery of 90-day supplies of covered prescription medications. A retail maintenance network of certain participating pharmacies operating in the State may also be utilized to obtain 90-day supplies of covered prescription medications at the same price as mail order. In the Standard Plan, patient

Co-payments at the mail service pharmacy, or at a pharmacy participating in the Retail Maintenance Network, for a 90-day supply of covered medication shall be: (a) the lesser of the allowance established for a Tier 2 brand name drug or a \$95 Co-payment; (b) the lesser of the allowance established for a Tier 3 brand name drug or a \$158 Co-payment; or (c) the lesser of the allowance established for a generic drug or a \$22 Co-payment.

For Covered Persons enrolled in the Standard Plan, there is an annual prescription drug Co-payment maximum of \$2,500 per person. The difference between the cost of a brand name drug and the cost of a generic drug is not counted towards the annual Co-payment maximum.

For Covered Persons enrolled in the Savings Plan, the expenses described in this paragraph are Covered Medical Benefits for purposes of paragraph 7.1.A of the Plan of Benefits. In the Savings Plan, the Covered Person shall pay for up to a maximum of a 90-day supply of a drug, the allowance established for a brand name or generic drug. Provided, however, that if an FDA-approved generic equivalent is available, payment (or amount to be applied to the deductible) for a brand name drug is limited to what is payable for the FDA-approved generic equivalent. The difference between the cost of a brand name drug and the cost of a generic drug is not counted towards the annual Coinsurance Maximum.

Provided, the State of South Carolina Group Health Benefits Plan has adopted an Employee Group Waiver Plan (EGWP) Prescription Drug Plan for the benefit of Covered Persons enrolled in the Medicare Supplemental Plan and for those enrolled in the State Health Plan Standard Plan who are eligible for Medicare Part D. The EGWP Prescription Drug Plan provides at least the same prescription benefit the Covered Person receives as an enrollee in the Standard Plan in terms of Co-payment and out-of-pocket maximum, but may provide more. A Covered Person eligible for the EGWP Prescription Drug Plan may elect out of the EGWP program and return to the Standard Plan drug benefit.

Additionally FDA-approved tobacco cessation pharmaceuticals will be provided at no costs to the Covered Person through pharmacies participating in the State Pharmacy Network.

## **7.21 Cranial Band**

The Plan covers the use of a cranial remodeling band when pre-certification review determines it to be Medically Necessary for the correction of a child's moderate to severe positional head deformities associated with premature birth, restrictive intrauterine positioning, cervical abnormalities, birth trauma, torticollis and sleeping positions. Remodeling must be initiated between 4 and 12 months of age, following a failed two-month trial of conservative treatment (e.g., repositioning, neck exercises).

## **7.22 Colonoscopy**

The Plan will provide benefits for colonoscopies, including the consultation and associated anesthesia during the procedure, at the cost to the Covered Person at in-network providers for both diagnostic services and routine services within the age ranges specified

by the United States Preventative Services Task Force A recommendation. Benefits under this paragraph are not subject to the Plan Deductible and Coinsurance.

### **7.23 Autism Spectrum Disorders**

The Plan will provide benefits for Applied Behavioral Analysis for a Covered Person who is diagnosed with Autism Spectrum Disorder. Notwithstanding paragraph 7.2.N, benefits are provided for speech therapy for treatment of Autism Spectrum Disorders. All services are subject to the guidelines formulated by the Behavioral Health Manager, are limited to the benefits specified in paragraph 7.7, and must be pre-authorized by the Behavioral Health Manager.

### **7.24 Diabetes Education**

Outpatient self-management training and education for the treatment of Covered Persons with diabetes mellitus, if medically necessary, and prescribed by a health care professional who is legally authorized to prescribe such items and who demonstrates adherence to minimum standards of care for diabetes mellitus as adopted and published by the Diabetes Initiative of South Carolina shall be provided at no cost to the Covered Person provided that the self-management training and education conforms to regulations of the Health Care Financing Administration, US Department of Health and Human Services, pursuant to Section 4105 of the Balanced Budget Act of 1997 and is provided by an in-network provider.

### **7.25 Patient-Centered Medical Home**

With respect to services provided at Patient-Centered Medical Homes participating in the Third Party Claims Processor's Patient-Centered Medical Home program, the \$12 Physician Office Co-payments shall be waived in the Standard Plan, and after the individual or Family Deductible has been paid during the Plan Year, the Plan will pay 90 percent of the Allowed Amount for the Covered Person's Covered Medical Benefits in excess of the Deductible.

### **7.26 Contraceptives**

No cost sharing shall be applied to otherwise covered contraceptives for Subscribers and Spouses.

## **ARTICLE 8.**

### **COORDINATION OF BENEFITS**

#### **8.1 Definitions for this Article**

**A. Plan.** For purposes of this Article, plan means any program which provides benefits

or services for or by reason of medical care or treatment including:

1. Any group insurance and group subscriber contracts;
2. Any uninsured arrangements of group coverage;
3. Any group coverage through health maintenance organizations (HMOs) and other prepayment, group practice and individual practice plans;
4. Any group hospital indemnity plans to the extent that the benefits exceed \$100 per day;
5. Any medical benefits coverage in group and individual automobile “no fault” and traditional automobile “fault” type contracts;
6. Any coverage under a governmental plan, or coverage required to be provided by law, but does not include a State Plan under Medicaid (Title XIX, Grants to States for Medical Assistance Programs, of the Social Security Act, as amended);
7. But does not include insurance contracts or subscriber contracts, or coverage through HMO or other prepayment, group practice or individual practice plans, to the extent that they provide individual or family coverage; and does not include blanket insurance contracts, franchise insurance contracts or a State Plan under Medicaid, and shall not include a law or plan, when, by law, its benefits are in excess of those of any private insurance plan or other non-governmental plan.

Each program or other arrangement for coverage is a separate Plan for purposes of coordination of benefits (COB), and if a program or other arrangement for coverage has more than one part, and the COB provisions apply to one part, then each part of the program or arrangement is considered a separate Plan.

- B. Dependent.** With respect to this Article, any person included in the definition of Dependent in paragraph 2.26 herein and, with respect to any other Plan, any person who qualifies as a dependent under such Plan.
- C. Primary Plan.** A Plan whose benefits must be determined without taking the existence of another Plan into consideration. There may be more than one Primary Plan. The provisions of paragraph 8.2 determine whether a Plan is Primary or Secondary.
- D. Secondary Plan.** A Plan that is not a Primary Plan. When this Plan is a Secondary Plan its benefits are determined after those of the other Plan and may be reduced because of the other Plan’s benefits. The provisions of paragraph 8.2 determine whether a Plan is Primary or Secondary.

## **8.2 Order of Determination of Benefits**

When there is a basis for a claim under this Plan and another Plan, this Plan is a

Secondary Plan which has its benefits determined after those of the other Plan, unless: (1) the other Plan has rules coordinating its benefits with those of this Plan; and (2) both those rules and this Plan's rules, as specified below, require that this Plan's benefits be determined before those of the other Plan.

This Plan determines its order of benefits using the first of the following rules which applies:

- A. Coverage as a Non-Dependent or Dependent.** The benefits of a Plan, which covers the person as an employee, member or subscriber (that is, other than as a dependent), are determined before those of the Plan that covers the person as a dependent.
- B. Dependent Child - Parents Not Separated or Divorced.** Except as provided in paragraph C below, when this Plan and another Plan cover the same child as a dependent of different persons called parents:
1. The benefits of the Plan of the parent whose birthday falls earlier in a year are determined before those of the Plan of the parent whose birthday falls later in that year; but
  2. If both parents have the same birthday, the benefits of the Plan that covered a parent longer are determined before those of the Plan that covered the other parent for a shorter period of time;
  3. Provided, however, that if the other Plan does not have the rule described in paragraph B(1) above (the birthday rule) but has the gender rule so that the Plans do not agree on the order of benefits, the rule in the other Plan will determine the order of benefits.
- C. Dependent Child - Parents Separated or Divorced.** If two or more Plans cover a person as a dependent child of divorced or separated parents, the benefits for the dependent child are determined in this order:
1. First, the plan of the parent with custody of the child;
  2. Second, the plan of the spouse of the parent with custody of the child;
  3. Third, the plan of the parent who does not have custody of the child;
  4. Provided, however, that if the specific terms of a court decree state that one of the parents is responsible for the health care expenses of the child, and the entity obligated to pay or provide the benefits of the Plan of that parent has actual knowledge of those terms, the benefits of that Plan are determined first. The plan of the other parent shall be the Secondary Plan;
  5. Provided further, that if the specific terms of a court decree state that the parents shall share joint custody, without stating that one of the parents is responsible for the health care expenses of the child, the plans covering

the child shall follow the order of benefit determination rules in paragraph B above.

- D. Active - Inactive Employee.** The benefits of a Plan, which covers a person as an employee who is neither laid off nor retired, or as a dependent of an employee who is neither laid off nor retired, are determined before those of a plan, which covers that person as a laid off or retired employee, or as a dependent of a laid off or retired employee. Provided, however, this paragraph does not apply if the other plan does not have the rule of paragraph D, and, if as a result, the plans do not agree on the order of benefits.
- E. Continuation Coverage.** If a person whose coverage is provided under a right of continuation pursuant to federal or state law also is covered under another plan, the following shall be the order of benefit determination.
1. First, the benefits of a plan covering the person as an employee, member or subscriber (or as that person's dependent);
  2. Second, the benefits under the continuation of coverage.
- F. Longer - Shorter Length of Coverage.** If none of the above paragraphs A-E determine the order of benefits, the benefits of the plan that covered an employee, member or subscriber longer are determined before those of the plan that covered that person for the shorter term.

**Note:** The Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA) originally provided that coverage under a new group health plan caused the COBRA coverage to end. An amendment passed as part of H.R. 3299 (1989) allows the COBRA coverage to continue if the other group plan contains any pre-existing condition limitation. In this instance, two policies will cover an individual, and the above rule will be used to determine which one of them assumes the primary position.

### **8.3 Effect of Order of Determination of Benefits on this Plan**

**A. This Plan is Primary.** When the order of determination rules of this Plan establish that this Plan is the Primary Plan, the benefits provided by this Plan shall be determined without consideration of the benefits of any other Plan.

**B. This Plan is Secondary.** When the order of determination rules of this Plan establish that this Plan is the Secondary Plan, this Plan will pay the lesser of:

(1) the benefits that would be payable for the Covered Medical Benefit(s) under this Plan if it were the Primary Plan, without regard to this COB provision; or

(2)(a) if the Provider is a Participating Provider in the Primary Plan, the difference between the other Plan's allowed amount(s) for the Covered Medical Benefit(s) and the benefits the other Plan would pay as Primary, without regard to any COB or similarly intended provision in that Plan and whether or not the claim was filed; or

(b) if the Provider is a Non-Participating Provider for the Primary Plan, the difference between the Provider's Billed Charge and the benefits the other Plan would pay as Primary, without regard to any COB or similarly intended provision in that Plan and whether or not the claim was filed.

Payment for each Covered Medical Benefit will be determined in the manner above when this Plan is Secondary. This Plan as Secondary will not pay any benefits for expenses this Plan would not cover as Primary. The benefits this Plan pays as Secondary will not exceed the total benefits this Plan would pay as Primary, nor will the payments from this Plan exceed the other Plan's patient liability amount(s). Any benefits paid under this provision are charged against any applicable benefit limit of this Plan.

#### **8.4 Right to Receive and Release Information**

For the purpose of determining the applicability of, and implementing the terms of, this Article or any provision of similar purpose of any other Plan, the Third Party Claims Processor may, without the consent of, or notice to, any person, release to or obtain from any insurance company or other organization or person any information which it deems to be necessary for such purposes. Any person claiming benefits under this Plan will furnish to the Third Party Claims Processor such information as may be necessary to implement this Article.

#### **8.5 Facility of Payment**

Whenever payments which should have been made under this Plan in accordance with this Article have been made under any other Plan, the Third Party Claims Processor will have the right to pay over to any organization making such other payments any amounts it determines to be warranted in order to satisfy the intent of this Article, and amounts so paid will be deemed to be benefits paid under this Plan, and to the extent of such payments for Covered Medical Benefits, the Plan will be fully discharged from liability. The term "payments" includes providing benefits in the form of services, in which case the term "payment made" means the reasonable cash value of the benefits provided in the form of services.

#### **8.6 Right of Recovery**

Whenever payments have been made under this Plan by the Third Party Claims Processor with respect to Covered Medical Benefits in a total amount in excess of the amount necessary to satisfy the purposes of this Article (regardless of whether such overpayments were made as a result of an error by the Third Party Claims Processor, the Plan Administrator, or any other person or entity related to the Plan), the Third Party Claims Processor will be entitled to recover on behalf of the Plan such excess amounts from a Covered Person or any group insurer, Plan, or other person or organization contractually obligated to such Covered Person with respect to such Covered Medical Benefits. The Subscriber, for himself or on behalf of his Dependents will, upon request, execute and deliver such instruments and papers as may be required and do whatever else is necessary to secure such rights to this Plan or any other Plan.

#### **8.7 Medicare**

A. This Plan will provide Primary coverage for Active Employees, age 65 and over,

and their Dependents who have elected to enroll in Medicare and who are also enrolled in this Plan, except as provided in subsection D below, Coordination of Benefits for End Stage Renal Disease (ESRD). Federal law prohibits active Employees, who elect Medicare as their Primary coverage, from enrolling in the Plan as a supplement.

- B.** This Plan is Primary and Medicare is Secondary for an Active Employee or Dependent of an Active Employee under age 65 and eligible for Medicare by reason of disability, except as provided in subsection D below, Coordination of Benefits for ESRD.
- C.** For Retired Employees and their Dependents eligible for Medicare, the benefits paid under this Plan will be determined in the following manner:
  - 1.** Benefits available under this Plan less benefits paid or payable under Parts A and B of Medicare.
  - 2.** When Medicare is Primary and this Plan is Secondary, benefits will be coordinated with both Parts A and B of Medicare, whether or not the Covered Person is actually receiving both Parts A and B of Medicare.
  - 3.** Retirees who return to Active Employment, again, are eligible for the Plan. Federal law prohibits active Employees who elect Medicare as their Primary coverage from enrolling in the Plan as a supplement.

**D. Coordination of Benefits for End Stage Renal Disease (ESRD).** Subscribers diagnosed with ESRD must apply for Medicare coverage when enrolled in this Plan. This Plan requires Covered Persons diagnosed with ESRD to apply for Medicare coverage (parts A and B) under the ESRD entitlement reason during the first 33 months of treatment. After the Covered Person's first dialysis treatment, a 3 month waiting period will begin before Medicare coverage is available and an additional 30 month coordination period exists in which this Plan is primary and Medicare is secondary.

The coordination period is 30 months long and starts on the date the Subscriber is eligible to receive Medicare benefits. On the 31st month, Medicare becomes the primary payer and this Plan becomes secondary. If the Subscriber applies for Medicare and does not qualify, this Plan will continue as primary payer.

If the Subscriber chooses not to enroll with Medicare Parts A and B, but is eligible to participate in the Medicare program, this Plan will limit coverage to coordinate benefits with what would have been paid by Parts A and B of Medicare if the subscriber was enrolled after the 33rd month from the first date of dialysis.

Notes:

- 1.** The Medicare three month waiting period can be shortened or eliminated if the Covered Person:
  - a.** takes part in a home dialysis program

- b. is admitted to a Medicare–approved hospital for services related to kidney transplant
  - c. is scheduled for a kidney transplant prior to the end of the coordination period
2. Medicare coverage due to ESRD ends 12 months after dialysis treatments end; however; termination of dialysis is unlikely unless the person receives a kidney transplant. For Covered Persons who undergo a kidney transplant, Medicare coverage would end 36 months after a successful transplant. An unsuccessful transplant usually requires a resumption of dialysis treatment.

## **ARTICLE 9.**

### **EXCLUSIONS AND LIMITATIONS**

No benefits will be provided under any Article of this Plan for any service, supply or charges for the following:

- A.** Any service or charge for service which is not Medically Necessary as defined in paragraph 2.49; any service or charge for service which is performed in a more costly setting than that required by a Covered Person’s condition, in which case benefits will be limited to the benefits due had the services been performed in the least costly setting required by the Covered Person’s condition.
- B.** Any service or charge for service to the extent a Covered Person is entitled to payment or benefits (whether or not any such payment or benefits have been applied for or paid) pursuant to any law (now existing or as may be amended) of the United States, (except Medicaid) or any state or political subdivision thereof. Without limiting the generality of the foregoing, this exclusion applies to benefits provided by, or payable under, Workers’ Compensation Laws, the Veterans Administration, or any state or federal hospital for which hospital services the Covered Person is not legally obligated to pay. This exclusion applies if the Covered Person receives any benefits or payments in whole or in part, and it applies to any settlement or other agreement, including any settlement of “doubtful and disputed” claims, or “clincher” agreements, or any other agreement regardless of how characterized, and even if the document or release specifically excludes payment for medical expenses.
- C.** Any service or charge for service to the extent a Covered Person is entitled to payment or benefits under state or federal programs of health care, excluding Medicare and amendments thereto, but only to the extent that benefits are provided or reimbursement is paid or payable hereunder.
- D.** Illness contracted or injury sustained as a result of declared or undeclared war or any act of war, or while in the military service.
- E.** Any charges for services commencing prior to the Covered Person’s coverage

hereunder or rendered after the termination of coverage, except as provided in Article 10, Continuation of Coverage, or Article 11, COBRA, of this Plan.

- F.** Services or charges Incurred for acupuncture or biofeedback.
- G.** Any surgical or medical procedures determined by the medical staff of the Third Party Claims Processor, with appropriate consultation, to be experimental or investigational or not accepted medical practice. Experimental or investigational procedures are those medical or surgical procedures, supplies, devices, or drugs, which at the time provided, or sought to be provided:
  - 1.** Are not recognized as conforming to accepted medical practice in the relevant medical specialty or field of medicine; or
  - 2.** The procedures, drugs or devices have not received final approval to market from appropriate government bodies; or
  - 3.** Are those about which the peer-reviewed medical literature does not permit conclusions concerning their effect on health outcomes; or
  - 4.** Are not demonstrated to be as beneficial as established alternatives; or
  - 5.** Have not been demonstrated, to a statistically significant level, to improve the net health outcomes; or
  - 6.** Are those in which the improvement claimed is not demonstrated to be obtainable outside the investigational or experimental setting.
- H.** Services, supplies or charges for premarital, pre-employment, or routine physical examinations, when no injury or illness is present, and except as provided in paragraph 7.18, well care and immunizations.
- I.** Admissions or portions thereof for: (1) sanitarium care or rest cures, (2) physical or occupational therapy, or (3) Custodial Care.
- J.** Hospital and Physicians services and prescription drugs related to procedures or goods that have primarily cosmetic effects including but not limited to cosmetic surgery, or the complications resulting therefrom. Cosmetic goods, procedures or surgery shall mean all goods, procedures, and surgical procedures performed to improve appearance or to correct a deformity without restoring a bodily function. In the instances of the following and other procedures which might be considered "cosmetic"— e.g., rhinoplasty (nose), mentoplasty (chin), rhytidoplasty (face lift), glabellar rhytidoplasty, surgical planing (dermabrasion), blepharoplasty (eyelid), mammoplasty (suspension or augmentation), superficial chemosurgery (acid peel of the face) and rhytidectomy (abdomen, legs, hips, or buttocks including lipectomy or adipectomy) — benefits may only be provided when the malappearance or deformity was caused by physical trauma, surgery, or congenital anomaly (as opposed to familial characteristics or aging phenomenon). Notwithstanding the foregoing, if a Covered Person is receiving benefits under the Plan in connection with a

mastectomy and if the Covered Person elects breast reconstruction in connection with such mastectomy, the Plan shall cover:

1. reconstruction of the breast on which the mastectomy has been or will be performed;
2. surgery and reconstruction of the other breast to produce a symmetrical appearance; and
3. prostheses and physical complications at all stages of the mastectomy, including lymphedemas, in a manner determined in consultation with the attending Physician and the Covered Person.

The Plan shall not: (1) deny any Covered Person eligibility or continued eligibility to enroll or to renew coverage under the terms of the Plan solely for the purpose of avoiding the coverage provided under this subparagraph; or (ii) penalize or otherwise reduce or limit the reimbursement of an attending provider, or provide incentives (monetary or otherwise) to an attending provider, to induce the provider to provide care to a Covered Person in a manner inconsistent with the coverage provided in this paragraph.

- K.** Hospital and Physician services for dental procedures, including those related to tooth structures, extractions, gingival tissue, alveolar process, dental X-rays, or other procedures of dental origin, which are principally for the preserving of teeth or the preparation of the mouth for dentures, except as specified under paragraph 7.2.O.
- L.** Physician's charges for medicine, drugs, appliances, supplies, blood and blood derivatives, unless these items are Covered Medical Benefits under the Plan, and then only to the extent that the charges do not exceed the usual charge for such items from other providers.
- M.** Eyeglasses, contact lenses, hearing aids and examination for the prescription or fitting thereof and any Hospital or Physician's charges related to refractive surgery such as radial keratotomy, keratomileusis, or lamellar keratoplasty and any other procedure the purpose of which is to alter the refractive properties of the cornea, except for the treatment of keratoconus.
- N.** Travel, whether or not recommended by a Physician, unless related to a human organ transplant specified under paragraph 7.2.P.6.
- O.** Any medical social services (except for those provided under the Hospice program and Home Health Care program upon recommendation of the Utilization Review Agency) or vocational, visual, recreational, educational (except for Diabetes Education under paragraph 7.24), or milieu therapy.
- P.** Diet treatments, and all weight loss surgery, including, but not limited to the following: gastric bypass or stapling; intestinal bypass and any related procedures; the reversal of such procedures; and conditions and complications as a result of such procedures

or treatment.

- Q.** Any service or supply rendered by a member of the Covered Person's immediate family (parent, child, spouse, sibling, grandparent, or in-law).
- R.** Room and Board charges for elective non-emergency Hospital admissions for certain surgical procedures that can safely be performed on an outpatient basis. Benefits will be provided when Pre-certification of coverage is requested and it is determined that the Covered Person's medical condition warrants hospitalization. If Pre-certification is not obtained and upon subsequent review, it is determined that the admission was Medically Necessary, Room and Board benefits will be provided, subject to the Deductible and Co-payment requirements in paragraphs 7.1.A and 7.1.B and paragraphs 15.1.8 and 15.2.8.
- S.** Charges for chronic pain management programs or any program developed by centers with multidisciplinary staffs intended to provide the interventions necessary to allow the patient to develop pain coping skills and freedom from dependence on analgesic medications.
- T.** With respect to a Dependent Child, for charges which are the result of the Dependent Child's infertility treatment, pregnancy, or complications from the Dependent Child's pregnancy or childbirth.
- U.** Any services, supplies or charges for, or in connection with any procedure or surgery designed to reverse a prior vasectomy or tubal ligation, provided that the procedure is elective and not medically necessary to treat a pre-existing condition.
- V.** Assisted reproductive technologies, except as provided in paragraph 7.17.
- W.** Physician charges for clinical pathology defined as services for reading any machine-generated reports on mechanical laboratory tests.
- X.** Any psychological tests to determine job or occupational placement, school placement or other educational purposes or milieu therapy or to determine learning disability.
- Y.** Transcutaneous electrical nerve stimulation whose primary purpose is the treatment of pain; provided, however, this exclusion does not include muscle stimulation units when they are used to strengthen specific muscles when electrical stimulation is more effective than resistance exercise programs (e.g., quadriceps, shoulder, paraspinal muscle groups weakened or atrophied by disease, injury or surgery).
- Z.** When a patient in a Hospital receives only a Skilled Nursing level of care, benefits for inpatient Hospital care are limited to the average daily statewide per diem rate, plus additional medical services rendered, as determined by the Third Party Claims Processor paid to Skilled Nursing Facilities, and benefits for related Physician services are limited to one visit per week up to the maximum benefits provided in paragraph 7.9.

- AA.** Benefits will not be provided for services or supplies not specifically listed in Article 7, Schedule of Benefits, inclusive.
- BB.** Services or supplies received as a result of any intentionally self-inflicted injury (or injuries resulting from attempted suicide) that does not result from a medical condition or an act of domestic violence.
- CC.** Benefits will be limited to the extent a Covered Person proves entitlement to any benefits under the Plan by filing or causing to be filed a claim and documentation in support of the claim.
- DD.** Equipment, including Durable Medical Equipment, which has a non-therapeutic use, purchased or requested by the Covered Person with or without a prescription including but not limited to home and vehicle modifications, an air conditioner, air filter or air filtration system, speech augmentation or communication devices, including computers, dehumidifier, home whirlpool, exercise equipment, ace bandages, wigs, hairpieces, or any other artificial device or procedure to replace scalp hair, foot orthotics or ankle or knee braces whose primary or sole purpose is to allow participation in athletics but are not documented to be Medically Necessary, bandages and gauze and similar equipment.
- EE.** Over-the-counter medicine.
- FF.** Fees for medical records and/or claims filing.
- GG.** Any service, supply or charge for which the Employee, Retiree or Dependent is not legally obligated to pay, as well as any deductible, coinsurance or charges, or parts thereof, which a Hospital or health care provider waives on an other than isolated case by case basis.
- HH.** Additional benefits will not be provided for preoperative anesthesia consultation.
- II.** When the same Physician renders different levels of care on the same day, benefits will only be provided for the highest level of care.
- JJ.** Any medical service, supply or charge, which is prescribed or ordered by a Physician because an anatomical variation causes psychological problems.
- KK.** Any service or supply related to dysfunctional conditions of the muscles of mastication, or derangement of the temporomandibular joint (TMJ), including office visits, splints, braces, guards, etc. Provided however, this exclusion shall not apply to the Medically Necessary surgical correction of disorders of the temporomandibular joint that meet the conditions of paragraph 7.4.A.7.
- LL.** Any service or supply related to orthognathic surgery or skeletal malrelationships or deformities of the jaws. Provided, however, this exclusion shall not apply to Medically Necessary surgical correction as provided in paragraph 7.4.A.8.

**MM.** Sclerotherapy, including injections of sclerosing solutions for varicose veins of the leg, unless prior approved ligation or stripping procedure has been performed within three years and documentation establishes that some varicosities remained after the prior procedure.

Benefits will not be provided for varicose vein surgery performed for cosmetic purposes. The treatment of visible subcuticular veins (i.e. spider angiomas, telangiectasis) less than 2 mm in size is considered to be cosmetic in nature and therefore is not a Covered Medical Benefit.

**NN.** Services or charges Incurred for, or in connection with, transsexuality, gender reassignment or related procedures.

**OO.** Food supplements, even if the supplements are ordered or prescribed by a Physician.

**PP.** Services and supplies rendered after death including, but not limited to, transportation and autopsies.

**QQ.** Smoking cessation or deterrence products or services, with the exception of provisions established under the Prescription Drug Program, or as authorized by the Behavioral Health Manager for eligible participants in its tobacco cessation program.

**RR.** Services performed by service or therapy animals or their handlers.

**SS.** Abortion, except in cases of rape, incest, or where the mother's medical condition is one which, on the basis of the physician's good faith judgment, so complicates the pregnancy as to necessitate an immediate abortion to avert the risk of her death or for which a delay will create serious risk of substantial and irreversible impairment of major bodily function.

**TT.** Any services or charges related to Employee Assistance Programs.

**UU.** Complications arising from Covered Person's receipt of either Hospital services, medical services, medical supplies or other treatments that are not considered Covered Medical Benefits, including complications arising from a Covered Person's use of discount services.

**VV.** In the Savings Plan, non-sedating antihistamine medications or prescription drugs to treat erectile dysfunction are not a Covered Medical Benefit.

**WW.** Contraceptives with a solely contraceptive use are not a Covered Medical Benefit for a Dependent Child. Coverage of contraceptives (oral, patches, injectables, transdermal, intravaginal, etc.) for a Dependent Child require a prior authorization and approval is for a non-contraceptive medical use only.

## ARTICLE 10.

### CONTINUATION OF COVERAGE

#### 10.1 Incapacitated Dependent Child

The coverage of an unmarried incapacitated Dependent Child under this Plan may be continued after the Child reaches age 26, provided proof of such incapacity and dependency is furnished to the Plan Administrator by the Employee within 31 days of such Child reaching the age of 26, and at such other reasonable times, but not more than annually, and provided further, that coverage remains in force for the Employee.

#### 10.2 Effect of Termination of Coverage; Hospitalization at Time of Termination

All rights to receive benefits provided under this Plan for services rendered to a Covered Person after the termination of coverage will automatically cease; provided, however, that a Covered Person confined to a Hospital or Skilled Nursing Facility on the date of termination of coverage shall be entitled to receive the benefits specified in the Plan for each day of that admission, subject to all the other terms, conditions, limitations and exclusions of this Plan.

#### 10.3 Surviving Spouse and/or Surviving Children

The Covered Surviving Spouse and/or Covered Surviving Children of a deceased Active or Retired Employee, including any Child born after the death of the Employee but before the remarriage of the Surviving Spouse, shall be eligible to continue the coverage provided they pay the premium as set forth in paragraph 5.2, provided however:

- A. Such Surviving Spouse or Surviving Children must be covered under the Plan at the time of the Employee's death (other than any Child born after the death of the Employee but before the remarriage of the Surviving Spouse);
- B. The coverage of a Surviving Spouse provided under this paragraph shall terminate upon remarriage;
- C. The existing coverage of any Surviving Children will not be affected by the remarriage of the Surviving Spouse, but such coverage is subject to all the terms, conditions, limitations and exclusions of the Plan, including the requirement that coverage ceases on the date that a Covered Child no longer meets the definition of a Child.
- D. In no event shall any Surviving Spouse or Surviving Child who feloniously and intentionally kills the Active or Retired Employee be entitled to any premium waiver;
- E. Upon the termination of this continuation coverage for a Surviving Spouse or a Surviving Child, such Surviving Spouse or Surviving Child may not reenroll in the Plan thereafter unless:

- 1) The Surviving Spouse or Surviving Child remains enrolled in the State Dental or State Vision Plan. If enrolled in State Dental or State Vision, an otherwise eligible Surviving Spouse or Surviving Child may reenroll in the Plan within 31 days of a special eligibility situation or during open enrollment; or
  - 2) The Surviving Spouse or Surviving Child gains eligibility as an active employee and continues coverage in the Plan as an active employee. An otherwise eligible Surviving Spouse or Surviving Child may only reenroll in the Plan within 31 days of losing eligibility as an active employee.
- F. Except as provided in this paragraph and paragraph 10.4, the coverage of a Surviving Spouse and Surviving Children of a deceased Employee shall terminate as provided in paragraph 3.9.

#### **10.4 Surviving Spouse/Child Continuation Coverage and COBRA**

Upon the death of the Employee which would entitle a Surviving Spouse or Surviving Child to continuation coverage pursuant to paragraph 10.3, such Surviving Spouse or Surviving Child shall, in accordance with applicable law, be provided with an opportunity to elect COBRA continuation coverage as described in Article 11. Such Surviving Spouse or Surviving Child may elect COBRA continuation coverage. In the alternative, the Surviving Spouse or Surviving Child may elect the continuation coverage in paragraph 10.3 hereunder for the Surviving Spouse or Surviving Child. A Surviving Spouse or Surviving Child shall not be eligible for the continuation coverage provided under paragraph 10.3 unless the Surviving Spouse or Surviving Child declines to elect continuation coverage under COBRA as set forth in Article 11.

### **ARTICLE 11.**

#### **COBRA**

##### **11.1 The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)**

COBRA requires that a Qualified Beneficiary who would otherwise lose coverage as a result of a Qualifying Event as defined in that act, is entitled to elect to temporarily extend health coverage under this Plan. The coverage will be identical to the coverage provided to the Covered Employee before the Qualifying Event and identical to the coverage provided similarly situated Employees to whom a Qualifying Event has not occurred. Continuation Coverage may not be conditioned on evidence of good health. If the Plan provides an Open Enrollment Period during which similarly situated active Employees may choose to be covered under another group health plan, or to add or eliminate coverage of family members, the Plan shall provide the same opportunity to Qualified Beneficiaries who have elected continuation coverage. If continuation coverage under the Plan is elected by a Qualified Beneficiary, expenses already credited to the Plan's applicable Cost Sharing features for the year will be carried forward into the continuation coverage elected for that year.

Notwithstanding any other provision of this Article, a Qualified Beneficiary may elect to

continue coverage under the Savings Plan regardless of what coverage he had when he became a Qualified Beneficiary.

Qualified Beneficiaries may be eligible for more affordable coverage options through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as through special enrollment in a Spouse's plan if you sign up within 30 days after the loss of coverage under this Plan). Some of these options may cost less than COBRA continuation coverage. Qualified Beneficiaries should compare other coverage options with COBRA continuation coverage. Once the choice is made, it is difficult or impossible to modify the decision.

The Health Insurance Marketplace offers "one-stop shopping" to find and compare private health insurance options. Qualified Beneficiaries might be eligible for a tax credit that lowers monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and co-payments) for policies purchased on the Marketplace. The Marketplace may be accessed at [www.HealthCare.gov](http://www.HealthCare.gov). Qualified Beneficiaries have a 60-day special enrollment period from the time that coverage is lost under the Plan to enroll in the Marketplace. If enrollment does not occur in the 60-day special enrollment period, enrollment in the Marketplace may occur during the Marketplace's annual open enrollment period.

## **11.2 Qualifying Event**

A Qualifying Event is any one of the following:

- A.** Termination of the Employee's employment (other than for gross misconduct) or reduction of hours worked so as to render the Employee ineligible for coverage;
- B.** The death of the Employee;
- C.** Divorce or legal separation of the Employee from his spouse
- D.** The Employee becoming entitled to Medicare coverage; and
- E.** A Dependent Child ceasing to qualify as an eligible Dependent under the Plan;

## **11.3 Qualified Beneficiary**

A Qualified Beneficiary is any individual who, on the day before the Qualifying Event, is a beneficiary under the Plan and is any of the following:

- A.** The Employee whose employment was terminated (other than for gross misconduct) or work hours were reduced so as to render the Employee ineligible for coverage;
- B.** The Spouse of the Employee; or
- C.** The Dependent Child of the Employee, including a Child who is born to or placed for adoption with the Employee during the period of continuation coverage.

## **11.4 Notice by Employee, Spouse, or Child**

In cases of divorce or legal separation of the Employee from his spouse or a Child ceasing to qualify as an eligible Dependent under the Plan, the Employee or eligible Dependent is responsible for notifying the benefits office of the Employer or the Plan Administrator within 60 days after the later of

- (a) the date of the Qualifying Event, or
- (b) the date the Dependent would lose coverage on account of the Qualifying Event.

If the Plan Administrator is not notified within 60 days of the happening of either event, the Dependent will not be given the opportunity to continue coverage.

An Employee or Dependent who is determined to be disabled under Title II or XVI of the Social Security Act, either before the Qualifying Event or during the first 60 days of continued coverage under COBRA, must provide notice of the determination of disability before the end of the first 18 months of coverage to be eligible for up to 29 months of continuation coverage. The notice must be provided within 60 days after the latest of: (i) the date of the determination of disability under the Social Security Act; (ii) the date the Qualifying Event occurs; (iii) the date the Qualified Beneficiary loses or would lose coverage; or (iv) the date the Qualified Beneficiary is notified of his or her notice obligation. In addition, the Qualified Beneficiary must also notify the Plan Administrator within 30 days of any determination that the Employee or Dependent is no longer disabled.

## **11.5 Notice By Plan Administrator**

The Plan Administrator shall provide, at the time of commencement of coverage under the Plan, written notice to each Covered Employee and to the Spouse of the Covered Employee (if any) of their rights to continuation coverage. The Plan may satisfy this obligation by furnishing a single notice addressed to both a Covered Employee and the Covered Employee's Spouse if they both reside at the Covered Employee's address, and the Spouse's coverage commences on or after the date on which the Covered Employee's coverage commences, but not later than the date by which this general notice must be provided. No separate notice is required to be sent to Dependent Children who share a residence with a Covered Employee or a Covered Employee's Spouse. This general notice shall be provided not later than the earlier of: (1) 90 days after such individual's coverage commencement date under the Plan; or (2) the date on which the Plan Administrator is required to furnish a COBRA election notice as described in this paragraph.

The Employer shall notify the Plan Administrator or its designee in the event of a Covered Employee's death, termination of employment (other than gross misconduct), reduction in hours, or entitlement to Medicare benefits within 30 days after the later of: (1) the date of the Qualifying Event; or (2) the date that the Qualified Beneficiary would lose coverage due to the Qualifying Event.

The Covered Employee and the Covered Employee's Dependent(s) shall be notified by the Plan Administrator or its designee of their right to elect continuation coverage: (1) in the event of the Covered Employee's death, termination, reduction in hours or entitlement to Medicare benefits; and (2) if the Covered Employee is notified by the Plan Administrator

or its designee initially, in the event of divorce or legal separation of the Covered Employee from the Covered Employee's Spouse, disability, or in the event of a Child ceasing to be a Dependent Child under the generally applicable requirements of the Plan, within 14 days of the date on which the Plan Administrator or its designee was notified of these Qualifying Events. Election form shall be sent by U.S. Mail, postage pre-paid, to the last known address of the Qualified Beneficiaries unless the Plan Administrator has been notified in writing to the contrary. The last known address shall be deemed to be the most recent address in the records of the Plan Administrator. In the event the Covered Employee/former Covered Employee changes address, it is his or her responsibility to notify the Plan Administrator of any change in address and the Plan Administrator shall not be responsible for notices sent to the wrong address if the more recent address was not provided in the above manner. Notification to an Covered Employee/former Covered Employee who elected spousal coverage shall be sent with an envelope marked "Mr. and Mrs. John Smith." Election forms sent to an Covered Employee/former Covered Employee that has one or more Children/Dependents covered shall be addressed to the Covered Employee (if the Spouse was not covered) or to the Covered Employee and Spouse (if spousal coverage was elected), and each shall be deemed to include notification to any Dependent Children, unless the Plan Administrator has actual knowledge of a different address for a Dependent Child before the date the election form is mailed and provided further that any such notification to the Plan Administrator was in writing sent via either U.S. Mail or facsimile.

In addition, if a Covered Employee or Dependent is not entitled to receive Continuation Coverage, he or she will be notified of this and will be provided with an explanation as to why he or she is not entitled to this Continuation Coverage. This notice shall be provided within 14 days of the date that the Plan Administrator was provided with the notice of the purported qualifying event.

## **11.6 Election of Coverage**

Continued coverage is not automatic. Coverage must be elected within 60 days of the later of the following:

1. The date coverage ceases because of the Qualifying Event;
2. The date the Qualified Beneficiary is sent notice of the right to elect continuation coverage.

## **11.7 Premium Required**

The Plan will determine the amount of premium to be charged for continued coverage for any period, which will be a reasonable estimate of the cost of providing coverage for such period for similarly situated individuals, determined on an actuarial basis and considering such factors as may be provided by law.

- A. The Plan may require a Qualified Beneficiary to pay a contribution for coverage that does not exceed 102% of the applicable premium for that period.
- B. For Qualified Beneficiaries whose coverage is continued as a result of disability, the Plan may require the Qualified Beneficiary to pay a contribution for coverage

that does not exceed 150% of the applicable premium for continued coverage months 19-29.

- C. Contributions for coverage shall be paid in monthly installments.
- D. If continued coverage is elected, the monthly contribution for coverage for those months up to and including the month in which the election is made must be made within 45 days of the date of election. Failure to pay this premium on the date due shall result in cancellation of continued coverage back to the initial date coverage would have terminated as a result of the Qualifying Event.
- E. Without further notice from the Plan, the Qualified Beneficiary must pay each following monthly contribution for coverage by the first day of the month for which coverage is to be effective. If payment is not received by the Plan within 30 days of the payment's due date, continued coverage will terminate. This 30 day grace period does not apply to the first contribution required under paragraph D.
- F. No claim will be payable under this paragraph for any period for which the contribution for coverage is not received from or on behalf of the Qualified Beneficiary.
- G. It is Qualified Beneficiary's responsibility to pay the premium on time. If the Plan Administrator provides a Qualified Beneficiary with payment reminders or payment coupons, but later ceases to do so, it still remains the Qualified Beneficiary's responsibility to make the premium payments on time even if the Qualified Beneficiary no longer receives the payment reminders or coupons, and even if the Qualified Beneficiary is not notified of the cessation of the payment reminders or coupons.

## **11.8 Maximum Length of Coverage**

Continuation Coverage is a temporary continuation of coverage. In general the following rules will determine the length of the coverage; however, there are two situations that can extend the coverage: disability and second qualifying events.

- A. A Qualified Beneficiary who loses coverage due to the reduction in hours or termination of employment (other than for gross misconduct) of a Covered Employee may continue coverage under the Plan for up to 18 months from the date of the Qualifying Event.
- B. A Qualified Beneficiary who loses coverage due to the Covered Employee's death, divorce, legal separation or entitlement to Medicare, and Dependent Children who have become ineligible for coverage may continue coverage under the Plan for up to 36 months from the date of the Qualifying Event. In the event of the Covered Employee's death, the Spouse and Child are entitled to continuation coverage as described in Article 10 above in lieu of COBRA continuation coverage (see paragraph 10.4).
- C. If a Covered Employee became entitled to Medicare benefits less than 18 months before the Participant's employment ended or his or her hours were reduced, the

Spouse and Children of the Covered Employee may continue coverage under the Plan for up to thirty-six 36 months from the date of the Medicare entitlement

In the event of a disability determination, this Qualified Beneficiary is entitled to 29 months of continuation coverage if the Qualified Beneficiary provides notice of the determination of disability before the end of 18 months of coverage and within 60 days of the later of these dates:

1. The date of the SSA Disability determination notification;
2. The date of the qualifying event;
3. The date of the initial COBRA notice; or
4. The date the subscriber lost coverage because of the qualifying event.

If a Qualified Beneficiary is continuing coverage due to a Qualifying Event for which the maximum continuation coverage is 18 or 29 months, and a second Qualifying Event occurs during the 18 or 29 month period, all individuals who were Qualified Beneficiaries in connection with the initial Qualifying Event and who are still Qualified Beneficiaries at the time of the second Qualifying Event may elect to continue coverage under the Plan for up to 36 months from the date of the first Qualifying Event.

For example, this extension may be available to the Spouse and any Dependent Children who are already receiving continuation coverage if the Covered Employee or former Covered Employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the Dependent Child stops being eligible under the Plan as a Dependent Child, but only if the event would have caused the Spouse or Dependent Child to lose coverage under the Plan had the first Qualifying Event not occurred.

### **11.9 Early Termination of Continuation Coverage**

Coverage under paragraph 11.8 may end before the end of the maximum coverage period and will occur on the date of the earliest of any of the following:

- A.** The date the State or the Employer associated with the Qualified Beneficiary ceases to provide any group health plan to any Employee;
- B.** The date, including any grace period provided herein, the Qualified Beneficiary fails to make any required payment;
- C.** The first date after the date of election in which the Qualified Beneficiary is covered under any other group health plan which does not contain any exclusion or limitation with respect to any pre-existing condition of such beneficiary. Provided, however, that an Employee who, on the date of the Qualifying Event, is covered by a plan (including Medicare), other than this Plan, remains eligible for continuation coverage under COBRA under this Plan;
- D.** The date the Employee or eligible Dependent already enrolled for continuation coverage under COBRA becomes entitled to Medicare; and
- E.** For disabled Qualified Beneficiaries continuing coverage for up to 29 months, the last day of the month coincident with or following 30 days from the date of a final

determination by the Social Security Administration that such Qualified Beneficiary is no longer disabled.

Notwithstanding the foregoing, the Plan may also terminate the continuation coverage of a Qualified Beneficiary for cause on the same basis that the Plan could terminate the coverage of a similarly situated non-COBRA beneficiary for cause (e.g., in the case of submitting fraudulent claims to the Plan).

In the event a Qualified Beneficiary's continuation coverage terminates before the duration of continuation coverage (either 18, 29 or 36 months after the Qualifying Event), the Plan Administrator shall notify the Qualified Beneficiary of the early termination date and the reason for early termination of continuation coverage. Such notice will be provided as soon as practicable following the Plan Administrator's determination that continuation coverage should terminate.

### **11.10 Persons on Military Leave**

Any Covered Employee who is covered under this Plan immediately prior to the Covered Employee's covered absence for Service in the Uniformed Service shall be entitled to elect to continue coverage under this Plan, for the Covered Employee and the Covered Employee's Dependent(s), during the Covered Employee's leave for Service in the Uniformed Service pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). Such coverage is available if the Covered Employee is absent from employment because of voluntary or involuntary performance of duty in the Army, Navy, Marine Corps, Air Force, Coast Guard, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, the reserve components of each of these services, and any other category of persons designated by the President of the United States in time of war or national emergency. Uniformed services also include certain types of service by members in the National Disaster Medical System and certain types of service by certain members of the Reserve Officers' Training Corps.

The Covered Employee may elect to continue coverage described in this Article by reason of Service in the Uniformed Services for himself and his covered Dependents. Dependents do not have an independent right to elect USERRA continuation coverage. The election period for continued coverage shall begin on the date the Covered Employee gives the Employer advance notice that he is required to report for Uniformed Service (whether such service is voluntary or involuntary) and shall end 60 days after the date the Covered Employee would lose coverage under the Plan.

If the Covered Employee is unable to give advance notice of Uniformed Service, the Covered Employee may still be able to elect USERRA continuation coverage if the failure to give advance notice was because giving such notice was impossible, unreasonable, or precluded by military necessity. In such case, the election period shall begin on the date the Covered Employee leaves for Uniformed Service and shall end on the earlier of: (1) the 36-month period beginning on the date on which the Covered Employee's absence for the Uniformed Service begins; or (2) the date on which the Covered Employee fails to return from Uniformed Service or apply for a position of employment as provided under 20 CFR. §§ 1002.115-123. For these purposes, "military necessity" occurs only when deemed to be so by a designated military authority as described in 20 CFR § 1002.86 and

may include situations where a mission, operation, exercise or requirement is classified, or could be compromised or otherwise adversely affected by public knowledge. It may be impossible or unreasonable to give advance notice under certain circumstances such as when the Employer is unavailable or the Covered Employee is required to report for Uniformed Service in an extremely short period of time.

The election of USERRA continuation coverage must be made on a form provided by the Plan Administrator and made within the 60-day period described herein. An election is considered to be made on the date it is sent to the Plan Administrator. If timely elected pursuant to this paragraph, coverage shall be reinstated as of the date the Covered Employee lost coverage due to absence for Service in the Uniformed Service and shall last for the period set forth below; provided that the Covered Employee pays all unpaid costs for the coverage as described in this paragraph.

Any Covered Employee or Dependent who elects to continue coverage under this provision shall be required to pay 102% of the applicable premium as discussed in paragraph 11.7 above; provided, however, that any Covered Employee (and the Dependents of such Covered Employee) who is on military leave for less than 31 days shall not be required to pay more than the cost of coverage typically charged to similarly situated Covered Employees (and their Dependents).

A Covered Employee who is absent from work by reason of Service in the Uniformed Services may be eligible for COBRA continuation coverage. The USERRA continuation coverage provided in this paragraph shall not limit or otherwise interfere with those COBRA continuation coverage rights detailed above; provided, however, any USERRA continuation coverage provided under this paragraph shall run concurrently with any COBRA Continuation Coverage available under this Plan.

The Employer shall promptly reinstate Plan coverage when a Covered Employee is reemployed after Service in the Uniformed Service; provided; however, a request to reinstate Plan coverage must be made by the Covered Employee within 30 days of reemployment (presuming the Covered Employee has sought reemployment with the Plan in compliance with 20 CFR Part 1002, Subpart C). If no request is made within this time period, no coverage shall be reinstated under the Plan. When a Covered Employee's coverage under the Plan is reinstated, he or she will not be subject to any exclusion or waiting periods. However, this rule does not apply to any conditions that were Incurred or that were aggravated during the Covered Employee's service in uniformed services.

The USERRA continuation coverage provided to a Covered Employee serving in the Uniformed Services shall be identical to the coverage provided under the Plan to similarly situated persons covered by the Plan who are active. If coverage is modified under the Plan for any group of similarly situated beneficiaries, such coverage shall also be modified in the same manner for all individuals who are covered under USERRA continuation coverage. Continuation coverage may not be conditioned on evidence of good health. If the Plan provides an Open Enrollment Period during which similarly situated active Employees may choose to be covered under another group health plan or under another benefit package within the Plan, or to add or eliminate coverage of family members, the Plan shall provide the same opportunity to individuals who have elected USERRA continuation coverage.

## ARTICLE 12.

### CLAIMS PROCEDURE

#### 12.1 Authority

Pursuant to Section 1-11-710(C) of the South Carolina Code, claims must be resolved by the procedures established under the Plan, which will provide the exclusive remedy for these claims. These claims will be subject only to appellate judicial review consistent with the standards provided in Section 1-23-320.

#### 12.2 Making a Claim for Benefits

- A. A Covered Person will present an identification card when applying for services covered under this Plan;
- B. Written notice of care on which a claim is based must be furnished to the Third Party Claims Processor within 90 days of the beginning of care, or as soon thereafter as is reasonably possible. Upon receipt of the notice, the Third Party Claims Processor will furnish or cause to be furnished to the Covered Person a claim form. If the claim form is not furnished within 15 days after the receipt of the notice by the Third Party Claims Processor, the Covered Person will be deemed to have complied with the requirements of this Plan as to proof of loss, if he submits written proof covering the character and extent of the loss within the Plan time fixed for filing proof of loss;
- C. A Covered Person must complete or cause to be completed a claim, on forms prescribed by the Plan Administrator or Third Party Claims Processor, and will file it or cause it to be filed, along with all documentation, including medical records, required by the Plan Administrator or Third Party Claims Processor. The claim will be deemed written proof of loss and written authorization from the Covered Person to the Third Party Claims Processor to obtain any medical or financial records and documents useful to the Third Party Claims Processor; however, the Third Party Claims Processor is not required to obtain any additional records or documents to support payment of a claim and is responsible to pay claims only on the basis of the information supplied to it at the time the claim was processed;
- D. The claim must be received by the Third Party Claims Processor within 90 days after the beginning of care; however, failure to file the claim within the 90-day period will not prevent payment of benefits if the Covered Person shows that it was not reasonably possible to timely file the claim, provided the claim is filed as soon as is reasonably possible, but in no event, except in the absence of legal capacity, later than 12 months following the end of the Plan Year in which the goods or services were provided;
- E. Any party who submits medical or financial reports and documents to the Third Party Claims Processor in support of a Covered Person's claim will be deemed to be acting as the agent of the Covered Person.

### **12.3 Payment of Claims**

The Third Party Claims Processor will pay benefits, as described in Article 7, Schedule of Benefits, of this Plan directly to Providers who are members in the Plan's Provider Networks (hereinafter referred to as "participating providers") and any other Providers with whom the Plan Administrator has agreed to make direct payments, automatically, and without any assignment of benefits by the Subscriber, when the participating or contracting provider files a health insurance claim form with the Third Party Claims Processor signed by a Covered Person, completed in full, using procedure codes designated by the Third Party Claims Processor for all services rendered.

The right to assign any benefits due and payable hereunder is expressly prohibited except as provided herein. In particular, and without limiting the generality of the foregoing, the Covered Person may not assign any benefits, and the Plan Administrator shall not recognize any assignment of benefits, to: (1) a non-participating provider who was offered and declined membership in the networks; or, (2) a non-participating Provider who did not meet the standards and qualifications for membership in the networks, or (3) a supplier of medical goods, supplies or drugs, unless specifically authorized by the Plan Administrator. Provided, however, the Covered Person may assign benefits to non-participating Providers rendering Medical Care under the Plan who are not within the scope of the networks, or who were not offered and did not decline membership in the networks or as specifically authorized by the Plan Administrator. Failure by the Plan Administrator or the Third Party Claims Processor to reject an assignment of benefits prohibited by this paragraph shall not be construed as a waiver of its rights to enforce this paragraph in the event of subsequent assignments.

A Provider who may accept assignment of benefits shall file a health insurance claim form with the Third Party Claims Processor signed by a Covered Person, completed in full, using procedure codes designated by the Third Party Claims Processor for all services rendered, the Third Party Claims Processor will pay the benefits to the Provider. Except as provided above, the Third Party Claims Processor on behalf of the Plan will pay all benefits directly to the Covered Person upon receipt of due proof of loss.

### **12.4 Right to Examine Covered Person**

The Third Party Claims Processor, on behalf of the Plan Administrator and at the Third Party Claims Processor's own expense, has the right and opportunity to examine the person of any Covered Person whose injury or illness is the basis of claim when and as often as it may reasonably be required during the pendency of a claim or action hereunder.

### **12.5 Allocation and Apportionment of Benefits**

The Third Party Claims Processor, on behalf of the Plan, has the right to allocate the Deductible to any eligible charges and to apportion the benefits to the Covered Person and any assignees. Such allocation and apportionment shall be conclusive and binding upon the Covered Person and all assignees.

### **12.6 Review of Claims Denied in Whole or Part**

If the Third Party Claims Processor, or the Utilization Review Agency or their designee determines that any person who has submitted a claim for the payment or pre-certification

of benefits under the Plan is not entitled to receive all or part of the benefits sought, the Third Party Claims Processor, Utilization Review Agency or their designee, shall inform the claimant of such determination and the reasons therefore, with specific reference to pertinent provisions of the Plan. The exclusive remedy for the denial of benefits shall be as provided by statute and by the procedures of PEBA Insurance Benefits.

**A. Reconsideration by Third Party Claims Processor or Utilization Review Agency.** A Covered Person, after receipt of notification of the Third Party Claims Processor's or the Utilization Review Agency's action on his claim, must request a review of any benefits denied in whole or in part within six months of notice of the denial of benefits by the Third Party Claims Processor or the Utilization Review Agency. To request a review of the Third Party Claims Processor's or Utilization Review Agency's decision, the Covered Person must write the appropriate entity giving reasons why the claim should be approved. The claimant may also request an expedited reconsideration of the decision denying benefits.

The Third Party Claims Processor or the Utilization Review Agency shall render its decision within 60 days after the request for review is received, unless medical records are requested, in which case the decision will be rendered no later than 30 days after the requested information is received. If the requested information is not received within 30 days, the decision will be made on the information available at that time. The decision shall be made by one not involved in the original decision to deny benefits or pre-certification. The reconsideration under this paragraph shall be exhausted before any appeal to the Plan Administrator. The Third Party Claims Processor or the Utilization Review Agency will send the Covered Person a written decision stating the specific reasons for its final decision with specific reference to pertinent Plan provisions.

**B. Appeal of Denial of Benefits to Plan Administrator.** After the review provided in paragraph 12.6.A, a Covered Person, who is informed that the claim has been denied in whole or in part, or that benefits will not be paid, and who desires review of that determination, may request from the Plan Administrator's director a review of that decision within 90 days after notice of the denial of benefits after reconsideration. The filing of an appeal shall be deemed to be consent for the director or his designee to review all medical records necessary for a determination of the appeal. To hear the appeal, the director may appoint up to five representatives, who are familiar with group health benefits and the State Health Plan and who have not been involved in the denial of benefits in the case under consideration.

The director, or his designees, may request from the Third Party Claims Processor information reviewed by it, including the pertinent medical records, and may request any additional information from the Third Party Claims Processor, the Utilization Review Agency or the claimant, or from independent medical personnel or other source as in their judgment may be required to make a determination. The director or his designees shall consider all information submitted, the terms and conditions of the Plan, and shall render a decision within 60 days of the receipt of any requested material. Within 120 days of making such a decision, the director or his designees shall issue a written decision providing reasons for the decision and citation of any

applicable Plan provisions.

The director, or his designee, shall provide specific reasons for the decision and citation of the pertinent Plan provisions, and may, if the director or his designee agrees with the Third Party Claims Processor or Utilization Review Agency, deny the claim of the Covered Person, and if he agrees with the Covered Person, approve the claim or such portion as is appropriate, provided, however, the director, or his designee, must state in writing the provisions of the Plan justifying the result. The decision of the director, or his designee, on these matters is binding and conclusive, subject to review pursuant to paragraph 12.6.C.

The discretionary authority provided to the Plan Administrator's director under this provision is not in lieu of, or in derogation of, and does not alter, affect or reduce the authority or power of, the director to administer this Plan.

- C. Judicial Review.** The exclusive remedy for the denial of benefits shall be as provided in paragraphs 12.6.A and 12.6.B and by judicial review of that decision under S.C. Code Ann § 1-23-380, as amended, as provided by statute. No appeal may be brought until a Covered Person has exhausted the review procedure set forth in paragraphs 12.6.A and 12.6.B, nor will such action be brought after the expiration of the applicable period for commencing such actions, following the occurrence giving rise to the action. Any construction or interpretation of the Plan, determination of eligibility, or any other decision arising under the Plan, or exercise of judgment or discretion given to the Plan Administrator by the Plan or Planholder, shall be binding and conclusive so long as the decisions of the Plan Administrator or its duly authorized agent are not arbitrary or capricious or in violation of applicable statutes.

## **12.7 Identification Cards and Booklets**

The Plan Administrator or Third Party Claims Processor will issue to each Covered Person an identification card evidencing coverage and an individual booklet summarizing the benefits to which the Covered Person is entitled. If any amendment to this Plan shall materially affect any benefits described in such booklet, new booklets or booklet pages describing the changes will be issued.

## **12.8 Privacy of Protected Health Information**

- A.** The Plan shall use Protected Health Information to the extent of and in accordance with the uses and disclosures permitted by Health Insurance Portability and Accountability Act of 1996, as amended, (HIPAA) and its implementing regulations (45 CFR Parts 160-64). Specifically, the Plan shall use and disclose Protected Health Information for purposes related to health care treatment, Payment for health care, and Health Care Operations. For purposes of this paragraph, Plan Sponsor shall mean, for the sole purpose of compliance with the mandates of the HIPAA, the Public Employee Benefit Authority, which established, and maintains, the Group Health Benefits Plan for the Employees of the State of South Carolina, the Public School Districts and Participating Entities. For purposes of this paragraph, the terms "Payment" and "Health Care Operations" (as well as any other capitalized term not otherwise defined in this Plan) shall have the meanings

provided under 45 CFR Parts 160-64.

**B.** The Plan may:

1. Disclose Summary Health Information to the Plan Sponsor, if the Plan Sponsor requests the Summary Health Information for the purpose of: (a) obtaining premium bids from health plans for providing health insurance coverage under the Plan; or (b) modifying, amending, or terminating the Plan.
2. Disclose to the Plan Sponsor information on whether an individual is participating in the Plan, or is enrolled in or has disenrolled from a health insurance issuer offered by the Plan.
3. Disclose Protected Health Information to the Plan Sponsor to carry out Plan administration functions that the Plan Sponsor performs.
4. With an authorization from the Covered Person, disclose Protected Health Information to the Plan Sponsor for purposes related to the administration of other employee benefit plans and fringe benefits sponsored by the Plan Sponsor.
5. Not permit a health insurance issuer with respect to the Plan to disclose Protected Health Information to the Plan Sponsor except as permitted by this paragraph.
6. Not disclose (and may not permit a health insurance issuer to disclose) Protected Health Information to the Plan Sponsor as otherwise permitted by this paragraph unless a statement is included in the Plan's notice of privacy practices that the Plan (or a health insurance issuer with respect to the Plan) may disclose Protected Health Information to the Plan Sponsor.
7. Not disclose Protected Health Information to the Plan Sponsor for the purpose of employment related actions or decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor.

**C.** Prior to disclosing any Protected Health Information to the Plan Sponsor, the Plan Sponsor must certify (and the Plan is hereby amended to state) that the Plan Sponsor agrees to the following (and the Plan will require that the Plan Sponsor):

1. Not use or further disclose Protected Health Information other than as permitted or required by the Plan document or as required by law;
2. Ensure that any agents, including a subcontractor, to whom the Plan Sponsor provides Protected Health Information received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such Protected Health Information;

3. Not use or disclose Protected Health Information for employment-related actions and decisions unless authorized by an individual;
  4. Not use or disclose Protected Health Information in connection with any other benefit or employee benefit plan of the Plan Sponsor unless authorized by an individual;
  5. Report to the Plan any Protected Health Information use or disclosure that is inconsistent with the uses or disclosures provided for of which it becomes aware;
  6. Make Protected Health Information available to an individual in accordance with HIPAA's access requirements pursuant to 45 CFR § 164.524;
  7. Make Protected Health Information available for amendment and incorporate any amendments to Protected Health Information in accordance with 45 CFR § 164.526;
  8. Make available the information required to provide an accounting of disclosures in accordance with 45 CFR § 164.528;
  9. Make internal practices, books and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Secretary of the Department of Health and Human Services for the purposes of determining the Plan's compliance with HIPAA; and
  10. If feasible, return or destroy all Protected Health Information received from the Plan that the Plan Sponsor still maintains in any form, and retain no copies of such Protected Health Information 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).
- D.** With respect to PHI, the Plan Administrator agrees to reasonably and appropriately safeguard electronic PHI created, received, maintained or transmitted to or by the Plan Administrator on behalf of the Plan. Specifically, such safeguarding entails an obligation to:
1. Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic PHI that the Plan Administrator creates, receives, maintains or transmits on behalf of the Plan;
  2. Ensure that the adequate separation as required by 45 CFR 164.504(f)(2)(iii) is supported by reasonable and appropriate security measures;
  3. Ensure that any agent, including a subcontractor, to whom it provides this information agrees to implement reasonable and appropriate security

measures to protect the information; and

4. Report to the Plan any security incident of which it becomes aware.
- E.** The Plan Administrator and any business associate servicing the Plan will disclose Plan participants' Protected Health Information to the Plan Sponsor only to permit the Plan Sponsor to carry out plan administration functions for the Plan not inconsistent with the requirements of the Health Insurance Portability and Accountability Act of 1996, as amended, (HIPAA) and its implementing regulations (45 CFR Parts 160-64). Plan Sponsor shall mean, for the sole purpose of compliance with the mandates of the HIPAA, the Public Employee Benefit Authority, which established, and maintains, the Group Health Benefits Plan for the Employees of the State of South Carolina, the Public School Districts and Participating Entities.

Neither the Plan Administrator nor any business associate servicing the Plan will disclose Plan participants' Protected Health Information to the Plan Sponsor for the purpose of employment-related actions or decisions in connection with any other benefit or employee benefit plan of the Plan Sponsor.

The Third Party Claims Processor, as agent of the Plan Administrator, is entitled to obtain such authorization for medical and Hospital records as it may reasonably require from any provider of services incident to the administration of the benefits hereunder and the attending Physician's certification as to the Medical Necessity for care or treatment.

The Plan Administrator will be provided access to all claims data and supporting documents of any person covered under the Plan for purpose of auditing the claims adjudication procedures. According to the guidelines set forth under HIPAA, the Plan Administrator agrees to restrict access to all such data and documents to those of the Plan Administrator's employees directly responsible for conduct of the audit, and to assure that the data and documents are handled on a strictly confidential basis.

## **ARTICLE 13.**

### **NOTICE**

Except as otherwise provided in this Plan, any notice to the Plan Administrator that may be required hereunder shall be effective when sent to its office; any notice to a Third Party Claims Processor, when sent to its office, to a Utilization Review Agency, when sent to its office, and to a Covered Person when addressed to him at his address as it appears on the records of the Plan Administrator.

## **ARTICLE 14.**

### **SUBROGATION RIGHTS**

In the event benefits are provided to, or on behalf of, a Covered Person under the terms of this Plan, the Covered Person agrees as a condition of receiving benefits under the Plan to transfer to the Plan all rights to recover damages in full for such benefits when the injury or illness occurs through the act or omission of another person, firm, corporation, or organization. If, however, a Covered Person receives payment for such medical expenses from another person, firm, corporation, organization, or business entity paid by, or on behalf of, the person or entity who allegedly caused the injury or illness, the Covered Person agrees to reimburse the Plan in full for any medical expenses paid by the Plan and the Plan's right of full recovery shall not be limited by any characterization of the nature or purpose of the amounts recovered or by the identity of the party from which recovery is obtained. If a payment is made under this Plan, and the person to or for whom it is made recovers monies from a third party described above as a result of settlement, judgment, or otherwise, that person shall hold in trust for the Plan the proceeds of such recovery and reimburse the Plan to the extent of such payments by the Plan. The Plan's right of full recovery may be from the third party, any liability or other insurance covering the third party, the insured's own uninsured motorist insurance, underinsured motorist insurance, any medical payments, no fault or malpractice insurance coverages which are paid or payable. The Plan shall have a first priority lien against the proceeds of any recovery by the Covered Person and against future benefits due under the Plan in the amount of any claims paid. The Plan shall have the right to impose a constructive trust over such proceeds, and shall be reimbursed from them. If the Covered Person fails to repay the Plan from the proceeds of any recovery, the Plan Administrator or its designee may satisfy the lien by deducting the amount from future claims otherwise payable under the Plan.

The Plan may enforce its reimbursement rights by requiring the Covered Person to cooperate and to assert a claim to any of the foregoing coverages to which the Covered Person may be entitled. The Plan will not pay fees or costs associated with a claim or lawsuit without its express written authorization. Any attorney's fees or other expenses owed by the Covered Person shall not reduce the amount of reimbursement due to the Plan. To the full extent allowed by law, the Plan hereby disclaims any "make whole" or "common fund" doctrine that might otherwise be applicable to its recovery hereunder. The Covered Person shall cooperate with the Planholder and Third Party Claims Processor, if appropriate, on behalf of the Planholder and execute all instruments and do all things necessary to protect and secure the Planholder's right of subrogation, including the giving of testimony in any action filed by the Plan. The Covered Person may not release any responsible party from its obligation, or otherwise take any other action that could prejudice recovery by the Plan, without the written consent of the Planholder. If a Covered Person fails or refuses to cooperate in connection with the assertion of claims against a responsible third party, the Plan Administrator or its designee may deny payment of claims (regardless of whether such claims are related to the acts or omissions of the third party

or other persons against whom the Covered Person may have a right of recovery) and treat prior claims paid as overpayments recoverable by offset against future Plan benefits or by other action of the Plan Administrator or its designee. Further, if a Covered Person fails or refuses to comply with these provisions by reimbursing the Plan as required herein, the Plan has the right to impose a constructive trust over such any and all funds received by the Covered Person, or as to which the Covered Person has the right to receive. The Plan, through the Plan Administrator, has the authority to pursue any and all legal and equitable relief available to enforce the rights contained in this paragraph, against any and all appropriate parties who may be in possession of the funds described herein.

In the event benefits are provided to, or on behalf of, a Covered Person under the terms of this Plan, the Planholder shall be subrogated, at its expense and unless specifically prohibited by law, to the rights of recovery of such Covered Person against any person, firm, corporation, or organization, including such Covered Person's right to uninsured motorists benefits as defined by the South Carolina Motor Vehicle Financial Responsibility Act, as amended; provided, however, that the Planholder shall not be subrogated to such Covered Person's rights to Personal Injury Protection (PIP) benefits as defined by the South Carolina Automobile Reparation Reform Act of 1974, as amended. The Covered Person shall cooperate with the Planholder and Third Party Claims Processor, if appropriate, on behalf of the Planholder and execute all instruments and do all things necessary to protect and secure the Planholder's right of subrogation. The Plan, through the Plan Administrator shall have full discretionary authority to interpret the provisions of this paragraph, and to administer and pursue the Plan's subrogation and reimbursement rights under this paragraph.

## **ARTICLE 15.**

### **UTILIZATION REVIEW AND MANDATORY CASE MANAGEMENT**

#### **SECTION 1**

##### **15.1.1 Application**

The payment of benefits under the Plan is subject to, and contingent upon, the Covered Person's compliance with the following procedures. Provided, however, the payment of benefits for behavioral disorders under the Plan is subject to, and contingent upon, the Covered Person's compliance with the provisions of paragraph 15.1.2 and the utilization guidelines established by the Behavioral Health Manager.

##### **15.1.2 Pre-Certification of Medical Care**

The Covered Person, a family member, treating Physician or Hospital treating the Covered Person shall contact the Utilization Review Agency designated by the Plan Administrator,

for pre-admission review and Certification at least 48 hours or two working days, whichever is greater, before receiving the following medical services or treatments at any medical facility in the United States or Canada:

- A.** Any non-emergency admission to a Hospital;
- B.** Any non-emergency surgical procedure, whether performed in a Hospital, Free Standing Surgical Center, or Ambulatory Surgical Center;
- C.** Any non-emergency surgical procedure on the foot or knee performed in a Physician's office;
- D.** Any admission for obstetrical and neonatal (sick newborn) services;
- E.** Any hospitalization that exceeds the length of stay limitation previously authorized by the Utilization Review Agency;
- F.** Any admission or re-admission to Extended Benefit Programs, whether or not the benefits payable under this Plan are Primary or Secondary, such as:
  - 1.** Hospice program;
  - 2.** Skilled Nursing Facility;
  - 3.** Home Health Care Program;
  - 4.** Alternative Treatment Plan;
- G.** Any medical services or procedures involving:
  - 1.** Inpatient physical therapy;
  - 2.** Any second surgical opinion;
  - 3.** Any extended care benefits;
- H.** Any prosthetic appliance or orthopedic brace, crutch or lift attached to such brace, crutch or lift;
- I.** Any admission, or procedure involving any organ transplant, bone marrow transplant or other stem cell rescue or tissue transplant for which benefits are provided under this Plan;
- J.** Any purchase or rental of Durable Medical Equipment;
- K.** High-cost outpatient non-surgical procedures, to be determined at the discretion of the Utilization Review Agency.
- L.** Advanced diagnostic imaging procedures, including, but not limited to: Magnetic

Resonance Imaging (MRI); Magnetic Resonance Angiogram (MRA); Computed Axial Tomography (CT scan); and Positron Emission Tomography (PET scan).

### **15.1.3 Limited Exception to Pre-Certification**

Pre-admission certification is not required:

- A. For any Hospital admission outside the United States or Canada, which occurs while the Covered Person is in that country for reasons other than obtaining medical services;
- B. When the benefits provided under this Plan are secondary to the benefits provided under any other Plan as determined under Article 8, Coordination of Benefits, provided however, that all extended care benefits in paragraphs 7.9 to 7.12 are subject to Pre-certification under this Article.

### **15.1.4 Notification of Emergency Admission or Surgical Procedure**

The Covered Person, family member, Physician or Hospital shall notify the Utilization Review Agency within 48 hours or the next working day, whichever is longer, after any emergency admission to a Hospital, or any emergency surgical procedure which results in an admission to a Hospital, whether the procedure is performed in a Hospital, , Ambulatory Surgical Center or Physician's office.

### **15.1.5 Concurrent Review of Hospitalization and Individual Case Management**

The Hospital stay of any Covered Person shall be monitored by the Utilization Review Agency, which reviews the services and evaluates whether they are appropriate for the diagnosis, and insures that alternative methods of care are considered. Also, the Utilization Review Agency monitors all hospitalizations to identify the most appropriate and cost-effective setting for continued medical care.

### **15.1.6 Alternative Treatment Plan**

The individual treatment plan developed for a particular Covered Person to treat an illness or injury covered under the Plan that requires a modification of the Coinsurance rate or some medical services or supplies that otherwise are not available under the Plan, but which, if the Coinsurance rate is modified or the medical services or supplies are provided, would permit treatment in a cost-effective manner and in a less intensive care setting such as a Skilled Nursing Facility, Home Health Care or Hospice facility or any facility providing less intensive care than the one in which the Covered Person is presently receiving medical care. An Alternative Treatment Plan requires the approval of the treating Physician, the Plan Administrator and the patient.

The Utilization Review Agency after consulting with the treating Physician, and others as appropriate, may recommend an Alternative Treatment Plan in a less intensive care setting. If accepted by the treating Physician, Covered Person and Plan Administrator, the

Utilization Review Agency will assist, as necessary, in implementing the Alternative Treatment Plan. Subject to limitations and exclusions and eligibility requirements, Physician benefits will be paid in accordance with the schedule of benefits, and the medical costs paid by the Covered Person shall be counted towards satisfaction of the Coinsurance Maximum under paragraphs 7.1.A.4 and 7.1.B.4. In addition, services and supplies that are Medically Necessary because of the Alternative Treatment Plan and which would otherwise not be covered under the Plan will be considered as Covered Medical Benefits.

### **15.1.7 Certification by Utilization Review Agency**

- A. Certification and Length of Stay Granted.** The Utilization Review Agency shall reply to the Covered Person, family member, Physician or Hospital within 24 hours. The Utilization Review Agency may certify the procedure or admission and designate a length of stay limitation, if appropriate. The Certification and length of stay limitation constitute a preliminary determination made on the basis of the information then known to the Utilization Review Agency that the procedure or admission and the designated length of stay, are consistent with generally recognized medical standards and procedures, and that, subject to eligibility requirements, other limitations or exclusions, satisfaction of deductibles, and other provisions of the Plan, the procedure or service is eligible for reimbursement under the Plan. The Certification is sent to the Third Party Claims Processor.
- B. Certification or Requested Length of Stay Denied.** If the Utilization Review Agency determines on the information then available that the proposed procedures or services are not within generally recognized medical standards and procedures or the length of stay requested by the health care provider is excessive, the Utilization Review Agency shall inform the Covered Person, family member, as well as the Physician or Hospital and Third Party Claims Processor of that decision. The selection of the course of treatment remains with the patient or Covered Person and the treating Physician. The final decision on whether some or all of a claim will be paid shall be made by the Third Party Claims Processor on the basis of all information known at the time the claim for reimbursement is submitted to the Third Party Claims Processor. The Utilization Review Agency shall reconsider the decision denying Certification only if the Covered Person, treating Physician or Hospital provides new information that may change the result.

### **15.1.8 Failure to Comply with Utilization Review Requirements**

- A. Failure to Obtain Pre-Admission Review.** A patient or Covered Person who does not obtain preadmission review and Pre-certification as required by this Article, in addition to the normal deductible and all other terms and conditions of the selected Plan, shall be subject to the following:
1. A \$200 penalty for each admission to a Hospital or Skilled Nursing Facility;
  2. The costs Incurred during the hospitalization, treatment or extended benefit program shall not be included in those that satisfy the Coinsurance Maximum of paragraphs 7.1.A.4 and 7.1.B.4;
  3. The costs Incurred during the hospitalization, treatment, or extended benefit program shall always be subject to the Coinsurance requirement of the selected plan.
- B. Stays in Excess of Length of Stay Limitation.** The length of stay limitation is

established by the Utilization Review Agency after consultation with the treating Physician, and in light of the information on the Covered Person or patient's condition provided by the Physician, and communicated to the Covered Person, patient, family member, Physician and Hospital. Confinements beyond the length of stay designated by the Utilization Review Agency may be determined to be without Medical Necessity, and reimbursement denied for Room and Board. Other Medically Necessary charges may be covered.

**C. Second Opinions** may be required by the Utilization Review Agency as a condition to Pre-certification, ongoing certification, or in conjunction with case management or when providing an alternative treatment option. If the opinions are divided, a third opinion may be required, which shall be controlling. The Plan will pay the benefits for the second opinions required by the Utilization Review Agency as provided in paragraph 7.14. Second opinions obtained without Certification by the Utilization Review Agency shall be subject to all other terms and conditions of the Plan, including the requirement that they be Medically Necessary, and in addition, if they are Medically Necessary:

1. The costs of a second opinion shall not be included in those costs that satisfy the Coinsurance Maximum of paragraphs 7.1.A.4 and 7.1.B.4; and
2. The cost of a second opinion shall always be subject to the Coinsurance requirement of the selected Plan.

**D. Other Services or Supplies Obtained without Certification** from the Utilization Review Agency required by this Plan shall be subject to all the terms, conditions, limitations and exclusions of the Plan, as well as the following:

1. The costs Incurred shall not be included in those that satisfy the Coinsurance Maximum of paragraphs 7.1.A.4 and 7.1.B.4; and
2. The costs Incurred shall always be subject to the Coinsurance requirement of the selected plan.

**E. Medical Social Worker Services.** The Utilization Review Agency may require medical social worker services as a condition of pre-certification of covered services. The Plan will pay for the services of a medical social worker as provided in paragraph 7.12.B.4., at 100 percent of the Allowed Amount, or the Provider's Billed Charge, whichever is less for the purpose of evaluating the patient's needs and identifying other resources, both family and community for which the patient is eligible but are not covered by insurance.

**F. Failure to Obtain Pre-certification of Advanced Diagnostic Imaging Procedures.**

If a network South Carolina Provider does not receive pre-certification for advanced diagnostic imaging services including, but not limited to: Magnetic Resonance Imaging (MRI); Magnetic Resonance Angiogram (MRA); Computed Axial Tomography (CT scan); and Positron Emission Tomography (PET scan), the Provider will not be paid for the service, and no liability shall accrue to the Subscriber

or Covered Person for the cost of the service. If a Covered Person, without pre-certification, receives advanced diagnostic imaging services from an out-of-network or out-of-state Provider, the Provider will not be paid for the service, and the Subscriber or Covered Person shall be responsible for the entire cost of the service.

### **15.1.9 The Utilization Review Agency's Recommendation and the Payment of Benefits**

The attending Physician is in charge of providing medical care and selecting the course of treatment in consultation with the patient or Covered Person. The Utilization Review Agency, the Third Party Claims Processor and the Plan Administrator do not make treatment decisions. They determine whether the medical services rendered are eligible for reimbursement under the terms and conditions and limitations of the Plan. The fact the Physician authorized or recommended certain treatment, procedures or medical services does not automatically make them Medically Necessary or eligible for reimbursement under the Plan.

The recommendation of the Utilization Review Agency regarding any of the matters in this section is a preliminary determination made on the information then available. This decision will be communicated to the Covered Person or patient, Physician, Hospital and the Third Party Claims Processor. A determination by the Utilization Review Agency that the proposed treatment is within generally recognized medical standards and procedures does not guarantee payment because other conditions, including eligibility requirements, other limitations or exclusions, satisfaction of deductibles, and other provisions of the Plan, must be satisfied before payment is made by the Third Party Claims Processor.

The Utilization Review Agency, after consulting with the treating Physician and reviewing the matter under its internal procedures, may disagree with some medical services recommended or provided by the Physician. This preliminary determination by the Utilization Review Agency that some or all of the medical services are not within generally recognized medical standards and procedures is an important factor in the Third Party Claims Processor's subsequent determination of whether benefits ultimately are to be paid. The Third Party Claims Processor will make the final decision on the payment of any claim after a review of all information. The Covered Person may seek review of that decision under the appeal procedures.

### **15.1.10 Comprehensive Maternity Management**

A Covered Person, upon becoming aware of pregnancy, shall notify the Utilization Review Agency. A maternity coordinator providing education and counseling for the mother shall monitor each case. The Covered Person must also separately notify the Utilization Review Agency of the hospital admission as described in paragraphs 15.1.2 and 15.1.4, and is subject to all requirements for hospital admission in that section. Notwithstanding anything in this Plan to the contrary, in accordance with the Newborns' and Mothers' Health Protection Act, the Plan shall not restrict any Inpatient Hospital confinement in connection with childbirth for the mother or Newborn child to less than 48 hours following a vaginal delivery or less than 96 hours following a caesarean section or require that a provider obtain authorization from the Plan for prescribing a confinement not in excess of the above time periods. However, the mother's or Newborn's attending provider, after consulting with

the mother, may discharge the mother or the Newborn earlier than 48 hours (or 96 hours as applicable). The provisions of this paragraph shall apply to that portion of a confinement which exceeds the above time periods.

## **SECTION 2**

### **15.2.1 Application**

The payment of benefits under the Plan for treatment of Behavioral Health Disorders or Alcoholism or Drug Abuse is subject to, and contingent upon, the Covered Person's compliance with the following procedures and in accordance with the utilization review procedures established by the Behavioral Health Manager.

### **15.2.2 Pre-Certification for Covered Behavioral Health Services**

For treatment of a Behavioral Health Disorder, Alcoholism, or Drug Abuse in the United States or Canada, the Covered Person, an authorized family member, or the Behavioral Health Provider treating the Covered Person shall contact the Behavioral Health Manager for pre-certification of medical necessity at least 24 hours before the Covered Person's receipt of facility Inpatient, Partial Hospitalization, Intensive Outpatient Program, Electroconvulsive Therapy services, professional psychological/ neuropsychological testing, Applied Behavior Analysis Therapy services, and Repetitive Transcranial Magnetic Therapy.

### **15.2.3 Limited Exception to Pre-Certification**

Pre-certification is not required:

- A. For any Hospital admission outside the United States or Canada, which occurs while the Covered Person is in that country for reasons other than obtaining medical services;
- B. When the benefits provided under this Plan are secondary to the benefits provided under any other Plan as determined under Article 8, Coordination of Benefits.

### **15.2.4 Notification of Psychiatric Emergency**

The Behavioral Health Provider, Covered Person, or family member shall notify the Behavioral Health Manager within 48 hours or the next working day, whichever is longer, of any emergency admission. The determination of whether a particular set of facts constitutes an emergency shall be made by the Behavioral Health Manager in conformity with applicable criteria.

### **15.2.5 Review of Hospitalization and Individual Case Management**

The Behavioral Health Manager shall review and determine whether the services provided or to be provided a Covered Person for a Behavioral Health Disorder or Alcoholism or Drug Abuse are Medically Necessary, including but not limited to whether hospitalization, length-of-stay, or diagnostic ancillary services are necessary and appropriate for a Covered Person's condition. Also, the Behavioral Health Manager monitors all

hospitalizations to identify the most appropriate and cost-effective setting for continued care.

### **15.2.6 Alternative Treatment Plan**

The individual treatment plan developed for a particular Covered Person for a Behavioral Health Disorder or Alcoholism or Drug Abuse treatment covered under the Plan that requires a modification of the Coinsurance rate or some medical services or supplies that otherwise are not available under the Plan, but which, if the Coinsurance rate is modified or the medical services or supplies are provided, would permit treatment in a cost-effective manner and in a less intensive care setting such as a Skilled Nursing Facility, Home Health Care or Hospice facility or any facility providing less intensive care than the one in which the Covered Person is presently receiving medical care. An Alternative Treatment Plan requires the approval of the treating Behavioral Health Provider, the Plan Administrator and the Covered Person.

The Behavioral Health Manager, after consulting with the treating Behavioral Health Provider and others as appropriate, may recommend an Alternative Treatment Plan in a less intensive care setting. If accepted by the treating Behavioral Health Provider, Covered Person and Plan Administrator, the Behavioral Health Manager will assist, as necessary, in implementing the Alternative Treatment Plan. Subject to limitations and exclusions and eligibility requirements, Behavioral Health Provider benefits will be paid in accordance with the schedule of benefits, and the medical costs paid by the Covered Person shall be counted towards satisfaction of the Coinsurance Maximum under paragraphs 7.1.A.4 and 7.1.B.4. In addition, services and supplies that are Medically Necessary because of the Alternative Treatment Plan and which would otherwise not be covered under the Plan will be considered as Covered Medical Benefits.

### **15.2.7 Certification by Behavioral Health Manager**

- A. Certification or Length of Stay Granted.** The Behavioral Health Manager shall reply to the Behavioral Health Provider or Covered Person within 24 hours. The Behavioral Health Manager may certify the procedure or admission and designate a length of stay limitation, if appropriate. The Certification constitutes a preliminary determination made on the basis of the information then known to the Behavioral Health Manager that the determination is consistent with generally recognized medical standards and procedures, and that subject to eligibility requirements, other limitations and exclusions, satisfaction of deductibles and other provisions of the Plan, the procedure or service is eligible for reimbursement under the Plan.
- B. Certification or Length of Stay Denied.** If the Behavioral Health Manager determines, on the information then available, that the proposed procedures or services are not within generally recognized medical standards and procedures or the length of stay requested by the Behavioral Health Provider is excessive, the Behavioral Health Manager shall inform the Behavioral Health Provider and the Covered Person of that decision. The selection of the course of treatment remains with the patient or Covered Person and the treating Behavioral Health Provider. The final decision on whether some or all of a claim will be paid shall be made by the Behavioral Health Manager on the basis of all information known at the time the

claim for reimbursement is submitted to the Behavioral Health Manager. The Behavioral Health Manager shall reconsider the decision denying Certification only if the Covered Person or treating Behavioral Health Provider provides new information that may change the result.

### **15.2.8 Failure to Comply with Utilization Review Requirements**

**A. Failure to Obtain Pre-Certification.** A Covered Person who does not obtain Pre-certification as required by this Article shall be subject to the following

1. A \$200 penalty for each admission to a Hospital, when none of the days of admission are pre-authorized (waived for Partial Hospitalizations and Intensive Outpatient Program services);
2. The costs Incurred during the hospitalization, treatment, or extended benefit program shall not be included in those that satisfy the Coinsurance Maximum of paragraphs 7.1.A.4 and 7.1.B.4;
3. The costs Incurred during the hospitalization, treatment, or extended benefit program shall always be subject to the Coinsurance requirement of the selected plan.

If the Covered Person requests services after being informed by the Behavioral Health Provider prior to the rendition of such services that the Behavioral Health Manager has denied Pre-certification of such services, reimbursement will be denied and payments by the Covered Person will be subject to paragraph 2. above.

**B. Stays in Excess of Length of Stay Limitation.** The length of stay limitation is established by the Behavioral Health Manager after consultation with the treating Behavioral Health Provider, and in light of the information on the Covered Person or patient's condition provided by the Behavioral Health Provider, and communicated to the Covered Person and Behavioral Health Provider. Confinements beyond of the length of stay designated by the Behavioral Health Manager may be determined to be without Medical Necessity, and reimbursement will be denied. Other Medically Necessary charges may be covered.

**C. Second Opinions.** Second Opinions may be required by the Behavioral Health Manager as a condition of Pre-certification, ongoing certification, or in conjunction with case management or when providing an alternative treatment option. If the opinions are divided, a third opinion may be required, which shall be controlling. The Plan will pay the benefits for the second opinions required by the Behavioral Health Manager as provided in 7.14, subject to all other terms and conditions of the Plan. Second opinions obtained without Pre-certification by the Behavioral Health Manager shall be subject to all other terms and conditions of the Plan, including the requirement that they be Medically Necessary, and in addition, if they are Medically Necessary:

1. The costs of a second opinion shall not be included in those costs that satisfy the Coinsurance Maximum of paragraphs 7.1.A.4 and 7.1.B.4; and

2. The cost of a second opinion shall always be subject to the Coinsurance requirement of the selected Plan.

### **15.2.9 Behavioral Health Manager's Recommendation and the Payment of Benefits**

The attending Behavioral Health Provider is in charge of providing care and selecting the course of treatment in consultation with the Covered Person. The Behavioral Health Manager and the Plan Administrator do not make treatment decisions. They determine whether the services provided or to be provided are eligible for reimbursement under the terms and conditions and limitations of the Plan. The fact the Behavioral Health Provider authorized or recommended certain treatment, procedures or services does not automatically make them Medically Necessary or eligible for reimbursement under the Plan.

The recommendation of the Behavioral Health Manager regarding any of the matters in this section is a preliminary determination made on the information then available. This decision will be communicated to the Behavioral Health Provider and Covered Person or patient. A determination by the Behavioral Health Manager that the proposed treatment is within generally recognized medical standards and procedures does not guarantee payment because other conditions, including eligibility requirements, other limitations or exclusions, satisfaction of deductibles, and other provisions of the Plan, must be satisfied before payment is made.

The Behavioral Health Manager, after consulting with the treating Behavioral Health Provider and reviewing the matter under its internal procedures, may disagree with some medical services recommended or provided by the treating Behavioral Health Provider. This preliminary determination by the Behavioral Health Manager that some or all of the services are not within generally recognized medical standards and procedures are an important factor in the subsequent determination of whether benefits ultimately are to be paid. The Behavioral Health Manager will make the final decision on the payment of any claim after a review of all information. In the event that a Covered Person does not agree with a determination made by the Behavioral Health Manager, the Covered Person may seek review of that decision under the appeal procedures.

## **ARTICLE 16.**

### **MEDICARE SUPPLEMENTAL PLAN**

#### **16.1 Medicare Supplemental Plan**

Medicare is the Primary coverage for Retirees eligible for Medicare. To supplement Medicare, this Plan also offers a Medicare Supplemental Plan.

##### **A. Enrollment.**

Retirees eligible for Medicare, who are enrolled, or eligible to enroll, in the Plan as a Retiree, may enroll in the Medicare Supplemental Plan. The terms, conditions and procedures applicable to enrollment in the Plan as a Retiree under paragraph 3.11, are

applicable to Retiree enrollment in the Medicare Supplemental Plan. Provided, however, a Retiree enrolled in the Medicare Supplemental Plan may not subsequently enroll in the Standard Plan as Secondary coverage to Medicare.

## **B. Benefits.**

1. **Hospital Admissions.** The Medicare Supplemental Plan will pay the following benefits for covered services received in the United States after Medicare Part A benefits have been paid:
  - a) The Medicare Part A hospital Deductible;
  - b) The Coinsurance (after Medicare payment) for the 61st through 150th day of hospitalization, up to the Medicare-approved amount;
  - c) 100 percent of Medicare-approved amount and reimbursed at the rate approved and paid by Medicare after the 150th day, if Medically Necessary; and,
  - d) The Coinsurance for Durable Medical Equipment up to the Medicare-approved amount.
2. **Skilled Nursing Facility.** The Medicare Supplemental Plan will pay the following benefits after Medicare has paid benefits:
  - a) The Coinsurance (after Medicare payment) for the 21<sup>st</sup> through the 100<sup>th</sup> day of confinement in a Skilled Nursing Facility, up to the Medicare-approved amount; and,
  - b) 100 percent of the Medicare-approved amount and reimbursed at the rate approved and paid by Medicare for confinement after the 100th day in a Skilled Nursing Facility, if Medically Necessary, and if approved by the Utilization Review Agency, for up to 60 days in any Plan Year.
3. **Physician Charges.** The Medicare Supplemental Plan will pay the following benefits:
  - a) The Medicare Part B deductible;
  - b) The Medicare Coinsurance of the Medicare-approved amount for Physician's services for surgery, necessary home and office visits, in-hospital visits, and other Physician's services not otherwise excluded by Medicare;
  - c) 20 percent of Medicare-approved amounts for Physician's services rendered in the outpatient department of a hospital for treatment of accidental injury, medical emergencies, minor surgery and diagnostic services.
4. **Home Health Care.** The Medicare Supplemental Plan will pay the following benefits for Medically Necessary Home Health Care services:
  - a) The Medicare Part B Deductible;
  - b) The Coinsurance for any services or costs Medicare does not cover;

- c) 20 percent of Medicare-approved amount for Durable Medical Equipment;
  - d) Provided, however, the maximum benefit per Covered Person per Plan Year is 100 visits; and further provided that the Medicare Supplemental Plan does not include benefits for services rendered by a person who ordinarily resides in the home, is a member of the family or a member of the family of the spouse of the Covered Person, and further provided that Home Health Care benefits do not include private duty nursing services except as provided in paragraph 16.1.B.5, Private Duty Nursing Services, and subject to all the terms and conditions of that paragraph.
5. **Private Duty Nursing Services.** These services are the private services of a registered nurse (R.N.) or a licensed practical nurse (L.P.N.), which have been certified in writing by a Physician as Medically Necessary. The Medicare Supplemental Plan will pay, subject to an annual \$200 Deductible, as follows:
- a) 80 percent of the Allowed Amount for private duty nursing in a Hospital where no special units are provided; and
  - b) 80 percent of the Allowed Amount for private duty nursing in the Retiree's home;
  - c) Provided, however, that coverage is limited to no more than three nurses per day, and the maximum annual benefit per Covered Person per Plan Year is \$5,000, up to a maximum lifetime benefit of \$25,000;
6. **Prescription Drugs.** Prescription drugs are payable under the terms of paragraph 7.20 of the Plan.
7. **Accidental Dental Services.** The Medicare Supplemental Plan will pay for dental care and treatments, dental surgery or dental applications, limited to the Allowed Amount for natural and artificial teeth, dentures, bridges, etc., made necessary by accidental bodily injury occurring while a Covered Person is continuously covered, limited to care begun within 365 days of such accident, and while the Covered Person remains continuously covered under this Plan

End of Plan