



***COMPANIONCARE PLAN***

***October 1, 2015***

***Benefit Booklet***

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Dear Plan Member:

This Benefit Booklet provides a complete explanation of your benefits, limitations and other plan provisions which apply to you.

Subscribers and covered dependents (“members”) are referred to in this booklet as “you” and “your”. The *plan administrator* is referred to as “we”, “us” and “our”.

All italicized words have specific definitions. These definitions can be found either in the specific section or in the DEFINITIONS section of this booklet.

Please read this Benefit Booklet (“*benefit booklet*”) carefully so that you understand all the benefits your *plan* offers. Keep this Benefit Booklet handy in case you have any questions about your coverage.

**Important:** This is not an insured benefit plan. The benefits described in this Benefit Booklet or any rider or amendments hereto are funded by the *plan administrator* who is responsible for their payment. Anthem Blue Cross Life and Health Insurance Company provides administrative claims payment services only and does not assume any financial risk or obligation with respect to claims.

Anthem Blue Cross Life and Health Insurance Company is an independent licensee of the Blue Cross Association (BCA).

### **COMPLAINT NOTICE**

**All complaints and disputes relating to coverage under this *plan* must be resolved in accordance with the *plan's* grievance procedures. Grievances may be made by telephone (please call the Member Services number on your Identification Card) or in writing (write to the Customer Service Department named on your identification card marked to the attention of the Customer Service Department ). If you wish, the Customer Service will provide a Complaint Form which you may use to explain the matter.**

*Claims Administered by:*

*ANTHEM BLUE CROSS*

*on behalf of*

ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY

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## YOUR BENEFITS

This plan is intended only for *members* who have *Medicare* Part A and Part B coverage. The benefits described in this *benefit booklet* are payable only for covered services to supplement *Medicare* benefits, except as specifically stated in HOSPITAL BENEFITS AFTER MEDICARE IS EXHAUSTED and BENEFITS OUTSIDE THE UNITED STATES.

The benefits of this *plan* are provided only for services that *Medicare* determines to be allowable and *medically necessary*, except as specifically stated in this *benefit booklet*. For covered services for which *Medicare* does not provide coverage (as described in HOSPITAL BENEFITS AFTER MEDICARE IS EXHAUSTED, and BENEFITS OUTSIDE THE UNITED STATES), the benefits of this *plan* are provided only for services that is determined *medically necessary*. The fact that a *physician* prescribes or orders a service does not, in itself, mean that the service is *medically necessary* or that the service is a covered expense. Consult this *benefit booklet* or telephone the number shown on your identification card if you have any questions regarding whether services are covered.

This *plan* contains many important terms (such as “medically necessary”) that are defined in the DEFINITIONS section. When reading through this *benefit booklet*, consult the DEFINITIONS section to be sure that you understand the meanings of these italicized words.

**Second Opinions.** If you have a question about your condition or about a plan of treatment which your *physician* has recommended, you may receive a second medical opinion from another *physician*. This second opinion visit will be provided according to the benefits, limitations, and exclusions of this *plan*. If you wish to receive a second medical opinion, remember that greater benefits are provided when you choose a *participating provider*. You may also ask your *physician* to refer you to a *participating provider* to receive a second opinion.

**Triage or Screening Services.** If you have questions about a particular health condition or if you need someone to help you determine whether or not care is needed, triage or screening services are available to you from us by telephone. Triage or screening services are the evaluation of your health by a *physician* or a nurse who is trained to screen for the purpose of determining the urgency of your need for care. Please contact the MDLIVE 24/7/365 at the telephone number listed on your identification card 24 hours a day, 7 days a week.

**After Hours Care.** After hours care is provided by your *physician* who may have a variety of ways of addressing your needs. You should call your *physician* for instructions on how to receive medical care after their normal business hours, on weekends and holidays, or to receive non-

*emergency* care and *non-urgent care* within the service area for a condition that is not life threatening but that requires prompt medical attention. If you have an *emergency*, call 911 or go to the nearest emergency room.

**Telehealth.** This *plan* provides benefits for covered services that are appropriately provided through telehealth, subject to the terms and conditions of the *plan*. In-person contact between a health care provider and the patient is not required for these services, and the type of setting where these services are provided is not limited. “Telehealth” is the means of providing health care services using information and communication technologies in the consultation, diagnosis, treatment, education, and management of the patient’s health care when the patient is located at a distance from the health care provider. Telehealth does not include consultations between the patient and the health care provider, or between health care providers, by telephone, facsimile machine, or electronic mail.

**All benefits are subject to coordination with benefits under certain other plans.**

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| The benefits of this <i>plan</i> may be subject to the SUBROGATION AND REIMBURSEMENT section. |
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## **BENEFITS TO SUPPLEMENT MEDICARE**

In the following benefit sections, a summary of what you pay is provided, what *Medicare* pays, and what the *plan* pays. However, for complete information about *Medicare*, you should contact your local Social Security office or the Centers for Medicare & Medicaid Services, or refer to its publications.

### **HOSPITAL INPATIENT BENEFITS (PART A)**

Part A refers to the portion of the *Medicare* program which provides benefits for inpatient *hospital* services and *skilled nursing facility* care.

The *plan* will provide payment for our portion of the Part A benefits whether or not a *hospital stay* has been approved by *Medicare* or services were received in a *hospital* participating in the *Medicare* program. However, SERVICES MUST BE *MEDICALLY NECESSARY AS DETERMINED BY THE CLAIMS ADMINISTRATOR*, AND ARE SUBJECT TO THE EXCLUSIONS AND LIMITATIONS OF THIS BENEFIT BOOKLET.

The following paragraphs describe what you pay, what *Medicare* pays and what the *plan* pays:

## HOSPITAL INPATIENT BENEFITS FOR CONDITIONS OTHER THAN MENTAL OR NERVOUS DISORDERS

### You Pay:

- Any amounts in excess of *Medicare's* allowable charge amount for the first three pints of unreplaced whole blood.

### Medicare Pays:

- Covered inpatient *hospital* services received for the first 60 days of each *benefit period* during an approved *stay*, EXCEPT FOR THE *MEDICARE PART A DEDUCTIBLE* and the first three pints of unreplaced blood.
- Covered inpatient *hospital* services received for the 61st through 90th day of each *benefit period*, EXCEPT FOR THE *MEDICARE CO-PAYMENT*.
- If you exercise your option to use the 60 day lifetime reserve, covered inpatient *hospital* services received for the 91st through 150th day, EXCEPT FOR THE *MEDICARE CO-PAYMENT*. *MEDICARE DOES NOT PAY ANY BENEFITS AFTER THE 150TH DAY*.

### The Plan Pays:

- The *Medicare* Part A deductible.
- Benefits (UP TO *MEDICARE'S* ALLOWABLE CHARGE AMOUNT) for the first three pints of **unreplaced** whole blood, packaged red blood cells or any other blood derivative received during each *year* unless already paid for under Part B.
- The *Medicare co-payment* for *hospital stays* from the 61st through 90th day.
- If you choose to use the 60-day lifetime reserve, the *Medicare co-payment* for *hospital stays* from the 91st through 150th day. See HOSPITAL BENEFITS AFTER MEDICARE IS EXHAUSTED for inpatient *hospital* benefits after the 150th day.

## HOSPITAL INPATIENT BENEFITS FOR MENTAL OR NERVOUS DISORDERS

### You Pay:

- Any additional inpatient *mental or nervous disorder* services you receive after *Medicare* has paid either (a) the first 90 days of coverage during any one *benefit period*, provided you have no

additional lifetime reserve days remaining; or (b) the first 150 days of coverage during any one *benefit period*, provided you have all of your lifetime reserve days remaining and choose to use them. If you have fewer than 60 lifetime reserve days available, or choose to use fewer than the number you have available, your payment responsibility increases accordingly.

- Any additional inpatient *mental or nervous disorder* services you receive after *Medicare* has paid the 190 day lifetime maximum for these services.

#### **Medicare Pays:**

- Covered inpatient *hospital* services received for the first 60 days of each *benefit period* during an approved *stay*, EXCEPT FOR THE *MEDICARE PART A DEDUCTIBLE*.
- Covered inpatient *hospital* services received for the 61st through 90th day of each *benefit period*, EXCEPT FOR THE *MEDICARE CO-PAYMENT*.
- If you exercise your option to use the 60 day lifetime reserve, covered inpatient *hospital* services received for the 91st through 150th day, EXCEPT FOR THE *MEDICARE CO-PAYMENT*.

*MEDICARE* DOES NOT PAY ANY BENEFITS AFTER THE 150TH DAY OF EACH *BENEFIT PERIOD* OR BEYOND THE LIFETIME MAXIMUM OF 190 DAYS.

#### **The Plan Pays:**

- The *Medicare* Part A deductible.
- The *Medicare* co-payment for *hospital stays* from the 61st day through 90th day.
- If you choose to use the 60-day lifetime reserve, the *Medicare* co-payment for *hospital stays* from the 91st through 150th day.

#### **SKILLED NURSING FACILITY BENEFITS**

##### **You Pay:**

- Any additional *skilled nursing facility* services you receive after *Medicare* has paid the 100 day maximum allowance during a *benefit period* for these services.

**Medicare Pays:**

- When you are admitted within 30 days of a covered inpatient *hospital stay* of three or more consecutive days, covered Part A services for up to 100 days for each *benefit period*, EXCEPT FOR THE *MEDICARE CO-PAYMENT* FROM THE 21ST TO THE 100TH DAY. *MEDICARE* DOES NOT PAY FOR SERVICES BEYOND THE 100TH DAY DURING A *BENEFIT PERIOD*.

**The Plan Pays:**

- The *Medicare* Part A *co-payment* for *skilled nursing facility* services received from the 21st to the 100th day per *benefit period*.

## **MEDICAL BENEFITS (PART B)**

Part B refers to the portion of the *Medicare* Program which provides benefits for *physician* services, outpatient *hospital* care, outpatient X-rays and laboratory procedures, local ground ambulance and other specified health services and supplies.

The *plan* pays for *medically necessary* Part B services and supplies as described in the following pages under **Hospital Outpatient Benefits** and **Professional Services and Supplies**. The *plan* will also pay benefits (up to *Medicare's* Allowable Charge amount) for the first three pints of unreplaced blood, packaged red blood cells or any other blood derivative received during each *year* unless already paid for under Part A.

The *plan* will provide payment for our portion of the Part B benefits only when services are allowed by *Medicare* and *Medicare* has provided benefits for the same services. The following paragraphs describe what you pay, what *Medicare* pays, and what the *plan* pays.

### **HOSPITAL OUTPATIENT BENEFITS**

#### **Medicare Pays:**

- **80%** of *Medicare's* Allowable Charge amount for covered *hospital* outpatient services listed below.

#### **The Plan Pays:**

- The *Medicare* Part B deductible.
- **20%** of *Medicare's* Allowable Charge amount for the covered *hospital* outpatient services listed below.

#### **Covered Services:**

- Outpatient medical care.
- Outpatient surgical treatment.
- Radiation therapy, chemotherapy and hemodialysis treatment.

## PROFESSIONAL SERVICES AND SUPPLIES

### (Part B Professional Services Only)

The *plan* provides a different payment allowance for Part B Professional services described under this *plan* when you receive these services from a *physician* or *participating provider*. *Participating providers* have agreed to accept our *negotiated rate* as payment in full for covered services. A list of *participating providers* is available from us on request.

#### Professional Services of a Participating Provider:

When you receive Professional services from a *participating provider*, that provider has agreed to accept the *claims administrator's* and *Medicare's* combined payments as payment in full. You will be responsible only for charges in excess of the yearly maximum allowances stated in the section entitled COVERED SERVICES, and charges for services that are not covered.

#### Professional Services of a Non-Participating Provider:

When you receive Professional services from a *non-participating provider*, that provider is not obligated to accept the *claims administrator's* and *Medicare's* combined payments as payment in full, and may bill you for the balance of any unpaid charges. However, some *physicians* accept assignment of *Medicare* benefits. A *physician* who accepts *Medicare* assignment may not collect more than *Medicare's* Allowable Charge. If you use a *non-participating provider* who does not accept *Medicare* assignment, you will be responsible for any amounts exceeding *Medicare's* Allowable Charge, charges in excess of the yearly maximum allowances stated in the section entitled COVERED SERVICES, and charges for services that are not covered.

The following describes what you pay, what *Medicare* pays and what the *plan* pays for covered Part B professional services:

#### Professional Services and Supplies (*Participating Providers*)

##### You Pay:

- Amounts in excess of our yearly maximum benefits for certain services as stated in the section entitled COVERED SERVICES.

**Medicare Pays:**

- **80%** of *Medicare's* Allowable Charge for covered professional services and supplies.

**The Plan Pays:**

1. The *Medicare* Part B deductible.
2. **When Professional Services are rendered by a *participating provider who accepts Medicare assignment:***
  - The difference between what *Medicare* pays and the lesser of either: (1) *Medicare's* Allowable Charge; or (2) the *Participating provider negotiated rate* for covered professional services and supplies, subject to the stated maximums described in the section entitled COVERED SERVICES.
3. **When Professional Services are rendered by a *participating provider who does not accept Medicare assignment:***
  - The difference between what *Medicare* pays and the *Participating provider negotiated rate* for covered professional services and supplies, subject to the stated maximums described in the section entitled COVERED SERVICES.

**Note:** *Participating providers* will consider the combined *Medicare* and the *plan's* payments noted above as payment in full for covered services. You will be responsible for charges in excess of the stated maximums in the section entitled COVERED SERVICES.

## **Professional Services and Supplies (*Non-Participating Providers*)**

### **You Pay:**

- Amounts in excess of our yearly maximum benefits for certain services as stated in the section entitled COVERED SERVICES.
- Amounts in excess of *Medicare's* Allowable Charge amount.

### **Medicare Pays:**

- 80% of *Medicare's* Allowable Charge for covered professional services and supplies.

### **The Plan Pays:**

- The *Medicare* Part B deductible.

### **When Professional Services are rendered by a *non-participating provider* (whether or not the *physician* or provider accepts *Medicare* assignment):**

- 20% of *Medicare's* Allowable Charge for covered professional services and supplies, subject to the stated maximums described in the section entitled COVERED SERVICES.

**Note:** *Non-participating providers* may not consider the combined *Medicare* and the *plan* payments noted above to be payment in full, and may bill you for the balance of any unpaid charges. You will be responsible for billed amounts in excess of *Medicare's* allowable charge, and charges in excess of the stated maximums in the section entitled COVERED SERVICES.

### **Special Note Regarding *Participating* or *Non-Participating Providers* Who Accept *Medicare* Assignment:**

If the provider accepts *Medicare* assignment, the *plan* will not pay more than the difference between *Medicare's* allowable charge and the amount *Medicare* pays, even when services are rendered by a *participating provider*.

### **Covered Services:**

- *Physicians'* services for surgery and surgical assistance.
- Anesthesia during surgery.
- Consultations requested by the attending *physician*.

- Visits of a *physician* during a covered *hospital stay*, including a *hospital stay* for *mental or nervous disorders*.
- Radiation therapy and chemotherapy.
- A *physician's* services for outpatient *emergency* care.
- A *physician's* services for home or office visits.
- Diagnostic radiology and laboratory services.
- Routine and diagnostic mammograms, mastectomy, complications from a mastectomy, reconstructive surgery of both breasts following mastectomy, and breast prostheses following mastectomy.
- Medical supplies, rental or purchase of durable medical equipment, including therapeutic shoes and inserts for the prevention and treatment of diabetes-related foot complications.
- Contraceptive services and supplies, limited to injectable drugs and implants for birth control, IUDs and diaphragms dispensed by a *physician*, and the services of a *physician* in connection with the prescribing, fitting, and insertion of intrauterine contraceptive devices or diaphragms.

If your *physician* determines that none of these contraceptive methods are appropriate for you based on your medical or personal history, coverage will be provided for another prescription contraceptive method that is approved by the Food and Drug Administration (FDA) and prescribed by your *physician*.

- Diabetic equipment and supplies, including (1) blood glucose monitors, including monitors designed to assist the visually impaired, and blood glucose testing strips; (2) insulin pumps; (3) podiatric devices, such as therapeutic shoes and shoe inserts, to treat diabetes-related complications; (4) visual aids (but not eyeglasses) to help the visually impaired to properly dose insulin; (5) test strips; (6) lancets; (7) alcohol swabs; and (8) insulin syringes, including pen delivery systems for insulin administration. Charges for the insulin itself are not covered.
- Diabetes instruction program which: (1) is designed to teach a *member* who is a patient and covered members of the patient's family about the disease process and the daily management of diabetic therapy; (2) includes self-management training, education, and medical nutrition therapy to enable the *member* to properly use the equipment, supplies, and medications necessary to manage the disease; and (3) is supervised by a *physician*.

- Ground ambulance services of a licensed ambulance company to or from the nearest *hospital* or *skilled nursing facility*. Emergency services or transportation services that are provided to you by a licensed ambulance company as a result of a “911” emergency response system\* request for assistance if you believe you have an *emergency* medical condition requiring such assistance.

If you have an *emergency* medical condition that requires an emergency response, please call the “911” emergency response system if you are in an area where the system is established and operating.

- Blood and blood plasma beginning with the fourth pint during any *year*.
- The first pair of contact lenses or the first pair of eyeglasses following eye surgery.
- Physical therapy and occupational therapy, limited to our combined maximum payment of \$100.00 for each *member* during any *year*.
- Speech therapy, limited to our maximum payment of \$100.00 for each *member* during any *year*.
- Outpatient care for *mental or nervous disorders*.

## HOSPITAL BENEFITS AFTER MEDICARE IS EXHAUSTED

When you have used all of your *Medicare* Part A benefit days during a *benefit period* and all of your *Medicare* lifetime reserve days are exhausted, the *plan* will provide additional *hospital* benefits for the remainder of that *benefit period*.

### 1. Days Covered

THE COVERED SERVICES LISTED BELOW ARE LIMITED TO A LIFETIME MAXIMUM OF 365 DAYS.

### 2. Payment

The *plan* provides payment for **100%** of billed *reasonable charges* for *medically necessary* inpatient services listed below when provided by a *hospital*. You will pay only covered expenses in excess of *reasonable charges*.

### 3. Covered Services

The following services of a *hospital* are covered:

- Accommodations in a room of two or more beds, or the prevailing charge for two-bed room accommodations in that *hospital* if a private room is used.
- Services in *special care units*.
- Operating and special treatment rooms.
- Supplies and ancillary services including laboratory, cardiology, pathology, radiology and any professional component of these services.
- Physical therapy, radiation therapy, chemotherapy, and hemodialysis treatment.
- Drugs and medicines (equivalent to those approved for general use by the Food and Drug Administration in the *United States*) which are supplied by the *hospital* for use during your *stay*.
- Blood transfusions, but not the cost of blood, blood products or blood processing.

### 4. Conditions of Service

- Services must be those which are regularly provided and billed by a *hospital*.

- Services are provided only for the number of days required to treat your illness, injury or condition.
- Services must not be provided for treatment of *mental or nervous disorders*.

## **BENEFITS OUTSIDE THE UNITED STATES**

The *plan* provides the benefits listed below when you require medical care outside the *United States* during a temporary absence of less than six (6) months. These benefits are subject to all provisions of the *plan*, which may limit benefits or result in benefits not being payable.

### **Special Instructions for Foreign Claims Submission**

When you submit a claim to the *claims administrator* for medical care services rendered outside the *United States*, you must include any canceled checks, receipts or other documents you receive in connection with those services along with your properly completed claim form.

If you receive drugs or medicines during an inpatient or outpatient hospital admission outside the *United States*, you should ask the provider of service to include the chemical or generic name of the drug on your bill.

### **INPATIENT HOSPITAL SERVICES**

Your *hospital* care must be rendered in a facility which is properly licensed and accredited as a *hospital* in the country where services are rendered. The *plan* provides benefits for services of a *hospital* as follows:

#### **1. Days Covered**

THE COVERED SERVICES LISTED BELOW ARE LIMITED TO A TOTAL OF 90 DAYS FOR EACH *HOSPITAL STAY*. IF THERE ARE FEWER THAN 60 DAYS BETWEEN *HOSPITAL STAYS*, THAT ENTIRE PERIOD WILL BE CONSIDERED TO BE ONE *HOSPITAL STAY*.

#### **2. Payment**

The *plan* provides payment for **100%** of billed *reasonable charges* for *medically necessary* inpatient services listed below when provided by a *hospital*. You pay any amounts in excess of *reasonable charges*.

#### **3. Covered Services**

The following services of a *hospital* are covered:

- Accommodations in a room of two or more beds, or the prevailing charge for two-bed room accommodations in that *hospital* if a private room is used.
- Services in *special care units*.
- Operating and special treatment rooms.
- Supplies and ancillary services including laboratory, cardiology, pathology, radiology and any professional component of these services.
- Physical therapy, radiation therapy, chemotherapy and hemodialysis treatment.
- Drugs and medicines (equivalent to those approved for general use by the Food and Drug Administration in the *United States*) which are supplied by the *hospital* for use during your *stay*.
- Blood transfusions, but not the cost of blood, blood products or blood processing.

#### 4. Conditions of Service

- Services must be those which are regularly provided and billed by a *hospital*.
- Services are provided only for the number of days required to treat your illness, injury or condition.

### OUTPATIENT HOSPITAL SERVICES

#### 1. Payment

The *plan* provides payment for **100%** of billed *reasonable charges* for *medically necessary* outpatient services listed below when provided by a *hospital*. You pay any amounts in excess of *reasonable charges*.

#### 2. Covered Services

- *Emergency* room use, supplies, ancillary services, drugs and medicines as listed under Inpatient Hospital Covered Services.
- Care received when outpatient surgery is performed. Covered services are operating room use, supplies, ancillary services, drugs and medicines as listed under Inpatient Hospital Covered Services.

### 3. **Conditions of Service**

- Services must be those which are regularly provided and billed by a *hospital*.
- *Emergency* room care must be for the first treatment of an *emergency*.

### **PROFESSIONAL MEDICAL BENEFITS**

Your professional medical care must be rendered by a provider who is properly licensed and accredited as a *physician* in the country where services are provided. The *plan* provides benefits for professional medical services as follows:

#### 1. **Payment**

The *plan* provides payment for **100%** of covered expense incurred for *medically necessary* services listed below. Covered expense is expense incurred for a covered service, but not more than a *reasonable charge*.

#### 2. **Covered Services**

- Surgery and surgical assistance.
- Anesthesia during surgery.
- Visits during a covered *hospital stay* (except those relating to surgery), limited to one per day unless additional visits are needed due to your medical condition.

## EXCLUSIONS AND LIMITATIONS

No payment will be made under this *plan* for expenses incurred for or in connection with any of the items below. (The titles given to these exclusions and limitations are for ease of reference only; they are not meant to be an integral part of the exclusions and limitations and do not modify their meaning).

**Not Medically Necessary.** Services or supplies that are not *medically necessary*, as defined.

**Air Ambulance.** Services of or transportation by an air ambulance.

**Experimental or Investigative.** Any *experimental* or *investigative* procedure or medication.

**Services outside the United States.** Services and supplies provided outside the *United States*, except as specifically stated in the section entitled BENEFITS OUTSIDE THE UNITED STATES.

**Crime or Nuclear Energy.** Conditions that result from: (1) your commission of or attempt to commit a felony; or (2) any release of nuclear energy, whether or not the result of war, when government funds are available for treatment of illness or injury arising from such release of nuclear energy.

**Not Covered.** Services received before your *effective date* or after your coverage ends, except as specifically stated under EXTENSION OF BENEFITS.

**Non-Licensed Providers.** Treatment or services rendered by non-licensed health care providers and treatment or services for which the provider of services is not required to be licensed. This includes treatment or services from a non-licensed provider under the supervision of a licensed *physician*, except as specifically provided or arranged by the *claims administrator*.

**Excess Amounts.** Any amounts in excess of:

1. Allowable Charges as determined by *Medicare*, for benefits provided under the sections entitled HOSPITAL INPATIENT BENEFITS (PART A) and MEDICAL BENEFITS (PART B); and
2. The *negotiated rate*, for professional Part B services of a *participating provider* who does not accept *Medicare* assignment; and
3. *Reasonable charges*, as determined, for benefits provided under the sections entitled HOSPITAL BENEFITS AFTER MEDICARE IS EXHAUSTED and BENEFITS OUTSIDE THE UNITED STATES; and

4. Maximum payments and benefits stated in this *benefit* booklet.

**Work Related.** Work related conditions if benefits are recovered or can be recovered, either by adjudication, settlement or otherwise, under any workers' compensation, employer's liability law or occupational disease law, even if you do not claim those benefits.

**Government Treatment.** Any services you actually received that were provided by a local, state, or federal government agency, or by a public school system or school district, except when payment under this *plan* is expressly required by federal or state law. The *plan* will not cover payment for these services if you are not required to pay for them or they are given to you for free. You are not required to seek any such services prior to receiving *medically necessary* health care services that are covered by this *plan*.

**Services of Relatives.** Professional services received from a person who lives in your home or who is related to you by blood or marriage.

**Voluntary Payment.** Services for which you have no legal obligation to pay, or for which no charge would be made in the absence of insurance coverage or other health plan coverage, except services received at a non-governmental charitable research *hospital*. Such a *hospital* must meet the following guidelines:

1. It must be internationally known as being devoted mainly to medical research;
2. At least **10%** of its yearly budget must be spent on research not directly related to patient care;
3. At least one-third of its gross income must come from donations or grants other than gifts or payments for patient care;
4. It must accept patients who are unable to pay; and
5. Two-thirds of its patients must have conditions directly related to the *hospital's* research.

**Not Specifically Listed.** Services not specifically listed in this *plan* as covered services.

**Private Contracts.** Services or supplies provided pursuant to a private contract between the *member* and a provider, for which reimbursement under the Medicare program is prohibited, as specified in Section 1802 (42 U.S.C. 1395a) of Title XVIII of the Social Security Act.

**Inpatient Diagnostic Tests.** Inpatient room and board charges in connection with a *hospital stay* primarily for diagnostic tests which could have been performed safely on an outpatient basis.

**Mental or Nervous Disorders or Substance Abuse.** Academic or educational testing, counseling, and remediation. Any treatment of *mental or nervous disorders* or substance abuse, including rehabilitative care in relation to these conditions, except as specifically stated in the “Hospital Inpatient Benefits for Mental or Nervous Disorders” provision of HOSPITAL INPATIENT BENEFITS (PART A) and in the “Professional Services and Supplies” provision of MEDICAL BENEFITS (PART B). Any educational treatment or any services that are educational, vocational, or training in nature except as specifically provided or arranged by us.

**Nicotine Use.** Smoking cessation programs or treatment of nicotine or tobacco use. Smoking cessation *drugs*.

**Orthodontia.** Braces and other orthodontic appliances or services.

**Dental Services or Supplies.** Cosmetic dental surgery or other dental services for beautification. Dental plates, bridges, crowns, caps or other dental prostheses, dental implants, dental services, extraction of teeth or treatment to the teeth or gums, except for surgery of the jaw or related structures, setting fractures of the jaw or facial bones, or services that would be covered when provided by a *physician*.

This exclusion also does not apply to the following services:

General anesthesia and associated facility charges when your clinical status or underlying medical condition requires that dental procedures be rendered in a *hospital* or ambulatory surgical center. This applies only if you are developmentally disabled or your health is compromised and general anesthesia is *medically necessary*. Charges for the dental procedure itself, including professional fees of a dentist, are not covered.

- *Medically necessary* dental or orthodontic services that are an integral part of reconstructive surgery for cleft palate procedures. “Cleft palate” means a condition that may include cleft palate, cleft lip, or other craniofacial anomalies associated with cleft palate.
- Orthognathic surgery for a physical abnormality that prevents normal function of the upper or lower jaw and is *medically necessary* to attain functional capacity of the affected part.

**Important:** If you decide to receive dental services that are not covered under this *plan*, a *participating provider* who is a dentist may charge you his or her usual and customary rate for those services. Prior to providing you with dental services that are not a covered benefit, the dentist should provide a treatment plan that includes each anticipated service to be provided and the estimated cost of each service. If you would like more information about the dental services that are covered under this *plan*, please call the customer service telephone number listed on your ID

card. To fully understand your coverage under this *plan*, please carefully review this *benefit booklet* document.

**Hearing Aids or Tests.** Hearing aids and routine hearing tests.

**Optometric Services or Supplies.** Optometric services, eye exercises including orthoptics, routine eye exams and routine eye refractions. Eyeglasses or contact lenses, except as specifically stated in the “Professional Services and Supplies” provision of MEDICAL BENEFITS (PART B).

**Outpatient Physical and Occupational Therapy.** Outpatient physical and occupational therapy, except as specifically stated in the “Professional Services and Supplies” provision of MEDICAL BENEFITS (PART B).

**Speech Therapy.** Speech therapy, except as specifically stated in the “Professional Services and Supplies” provision of MEDICAL BENEFITS (PART B).

**Cosmetic Surgery.** Cosmetic surgery or other services performed solely for beautification or to alter or reshape normal (including aged) structures or tissues of the body to improve appearance. This exclusion does not apply to reconstructive surgery (that is, surgery performed to correct deformities caused by congenital or developmental abnormalities, illness, or injury for the purpose of improving bodily function or symptomatology or to create a normal appearance), including surgery performed to restore symmetry following mastectomy. Cosmetic surgery does not become reconstructive surgery because of psychological or psychiatric reasons.

**Obesity.** Services primarily for weight reduction or treatment of obesity. This exclusion will not apply to treatment of morbid obesity as determined by the *claims administrator* if they authorize the treatment in advance as *medically necessary* and appropriate.

**Sterilization Reversal.** Reversal of sterilization.

**Infertility Treatment.** Any services or supplies furnished in connection with the diagnosis and treatment of *infertility*, including, but not limited to, diagnostic tests, medication, surgery, artificial insemination, in vitro fertilization, sterilization reversal, and gamete intrafallopian transfer.

**Orthopedic Supplies.** Orthopedic shoes and shoe inserts. This exclusion does not apply to orthopedic footwear used as an integral part of a brace, shoe inserts that are custom molded to the patient, or therapeutic shoes and inserts designed to treat foot complications due to diabetes, as specifically stated under “Covered Services” in the

“Professional Services and Supplies” provision of MEDICAL BENEFITS (PART B).

**Air Conditioners.** Air purifiers, air conditioners, or humidifiers.

**Custodial Care and Rest Cures.** Inpatient room and board charges in connection with a *hospital stay* primarily for environmental change or physical therapy. *Custodial care* or rest cures. Services provided by a rest home, a home for the aged, a nursing home or any similar facility. Services provided by a *skilled nursing facility*, except as specifically stated under in the “Skilled Nursing Facility” provision of HOSPITAL INPATIENT BENEFITS (PART A).

**Exercise Equipment.** Exercise equipment, or any charges for activities, instrumentalities, or facilities normally intended or used for developing or maintaining physical fitness, including, but not limited to, charges from a physical fitness instructor, health club or gym, even if ordered by a *physician*.

**Personal Items.** Any supplies for comfort, hygiene or beautification.

**Education or Counseling.** Any educational treatment, nutritional counseling or food supplements. Any services that are educational, vocational, or training in nature except as specifically provided or arranged by the *claims administrator*.

**Telephone, Facsimile Machine and Electronic Mail Consultations.** Consultations provided using telephone, facsimile machine , or electronic mail.

**Routine Exams or Tests.** Routine physical exams or tests which do not directly treat an actual illness, injury or condition, including those required by employment or government authority, except as specifically stated under “Covered Services” in the “Professional Services and Supplies” provision of MEDICAL BENEFITS (PART B).

**Acupuncture.** Acupuncture, acupressure, or massage to control pain, treat illness or promote health by applying pressure to one or more specific areas of the body based on dermatoses or acupuncture points.

**Eye Surgery for Refractive Defects.** Any eye surgery solely or primarily for the purpose of correcting refractive defects of the eye such as near-sightedness (myopia) and/or astigmatism. Contact lenses and eyeglasses required as a result of this surgery.

**Outpatient Prescription Drugs and Medications.** Outpatient prescription drugs or medications and insulin. Any non-prescription, over-the-counter patent or proprietary drug or medicine. Cosmetics, dietary supplements, health or beauty aids.

**Contraceptive Devices.** Contraceptive devices prescribed for birth control except as specifically stated under “Covered Services” in the “Professional Services and Supplies” provision of MEDICAL BENEFITS (PART B).

**Private Duty Nursing.** Inpatient or outpatient services of a private duty nurse.

**Lifestyle Programs.** Programs to alter one’s lifestyle which may include but are not limited to diet, exercise, imagery or nutrition. This exclusion will not apply to cardiac rehabilitation programs approved by the *claims administrator*.

**Scalp hair prostheses.** Scalp hair prostheses, including wigs or any form of hair replacement.

**Clinical Trials.** Services and supplies provided in connection with a clinical trial except for routine costs associated with a clinical trial for which *Medicare* provides benefits.

**Medicare Part B Deductible.** Any charges you incur that are applied toward your *Medicare* Part B deductible.

## SUBROGATION AND REIMBURSEMENT

These provisions apply when the *plan* pays benefits as a result of injuries or illnesses you sustained and you have a right to a Recovery or have received a Recovery from any source. A "Recovery" includes, but is not limited to, monies received from any person or party, any person's or party's liability insurance, uninsured/underinsured motorist proceeds, worker's compensation insurance or fund, "no-fault" insurance and/or automobile medical payments coverage, whether by lawsuit, settlement or otherwise. Regardless of how you or your representative or any agreements characterize the money you receive as a Recovery, it shall be subject to these provisions.

### Subrogation

The *plan* has the right to recover payments it makes on your behalf from any party responsible for compensating you for your illnesses or injuries. The following apply:

- The *plan* has first priority from any Recovery for the full amount of benefits it has paid regardless of whether you are fully compensated, and regardless of whether the payments you receive make you whole for your losses, illnesses and/or injuries.
- You and your legal representative must do whatever is necessary to enable the *plan* to exercise the *plan's* rights and do nothing to prejudice those rights.
- In the event that you or your legal representative fail to do whatever is necessary to enable the *plan* to exercise its subrogation rights, the *plan* shall be entitled to deduct the amount the *plan* paid from any future benefits under the *plan*.
- The *plan* has the right to take whatever legal action it sees fit against any person, party or entity to recover the benefits paid under the *plan*.
- To the extent that the total assets from which a Recovery is available are insufficient to satisfy in full the *plan's* subrogation claim and any claim held by you, the *plan's* subrogation claim shall be first satisfied before any part of a Recovery is applied to your claim, your attorney fees, other expenses or costs.
- The *plan* is not responsible for any attorney fees, attorney liens, other expenses or costs you incur without the *plan's* prior written consent. The "common fund" doctrine does not apply to any funds recovered by any attorney you hire regardless of whether funds recovered are used to repay benefits paid by the *plan*.

## Reimbursement

If you obtain a Recovery and the *plan* has not been repaid for the benefits the *plan* paid on your behalf, the *plan* shall have a right to be repaid from the Recovery in the amount of the benefits paid on your behalf and the following provisions will apply:

- You must reimburse the *plan* from any Recovery to the extent of benefits the *plan* paid on your behalf regardless of whether the payments you receive make you whole for your losses, illnesses and/or injuries.
- Notwithstanding any allocation or designation of your Recovery (e.g., pain and suffering) made in a settlement agreement or court order, the *plan* shall have a right of full recovery, in first priority, against any Recovery. Further, the *plan's* rights will not be reduced due to your negligence.
- You and your legal representative must hold in trust for the *plan* the proceeds of the gross Recovery (*i.e.*, the total amount of your Recovery before attorney fees, other expenses or costs) to be paid to the *plan* immediately upon your receipt of the Recovery. You must reimburse the *plan*, in first priority and without any set-off or reduction for attorney fees, other expenses or costs. The "common fund" doctrine does not apply to any funds recovered by any attorney you hire regardless of whether funds recovered are used to repay benefits paid by the *plan*.
- If you fail to repay the *plan*, the *plan* shall be entitled to deduct any of the unsatisfied portion of the amount of benefits the *plan* has paid or the amount of your Recovery whichever is less, from any future benefit under the *plan* if:
  1. The amount the *plan* paid on your behalf is not repaid or otherwise recovered by the *plan*; or
  2. You fail to cooperate.
- In the event that you fail to disclose the amount of your settlement to the *plan*, the *plan* shall be entitled to deduct the amount of the *plan's* lien from any future benefit under the *plan*.
- The *plan* shall also be entitled to recover any of the unsatisfied portion of the amount the *plan* has paid or the amount of your Recovery, whichever is less, directly from the Providers to whom the *plan* has made payments on your behalf. In such a circumstance, it may then be your obligation to pay the Provider the full billed amount, and the *plan* will not have any obligation to pay the Provider or reimburse you.

- The *plan* is entitled to reimbursement from any Recovery, in first priority, even if the Recovery does not fully satisfy the judgment, settlement or underlying claim for damages or fully compensate you or make you whole.

### **Your Duties**

- You must notify the *plan* promptly of how, when and where an accident or incident resulting in personal injury or illness to you occurred and all information regarding the parties involved.
- You must cooperate with the *plan* in the investigation, settlement and protection of the *plan's* rights. In the event that you or your legal representative fail to do whatever is necessary to enable the *plan* to exercise its subrogation or reimbursement rights, the *plan* shall be entitled to deduct the amount the *plan* paid from any future benefits under the *plan*.
- You must not do anything to prejudice the *plan's* rights.
- You must send the *plan* copies of all police reports, notices or other papers received in connection with the accident or incident resulting in personal injury or illness to you.
- You must promptly notify the *plan* if you retain an attorney or if a lawsuit is filed on your behalf.

The *plan administrator* has sole discretion to interpret the terms of the Subrogation and Reimbursement provision of this *plan* in its entirety and reserves the right to make changes as it deems necessary.

If the covered person is a minor, any amount recovered by the minor, the minor's trustee, guardian, parent, or other representative, shall be subject to this provision. Likewise, if the covered person's relatives, heirs, and/or assignees make any Recovery because of injuries sustained by the covered person, that Recovery shall be subject to this provision.

The *plan* is entitled to recover its attorney's fees and costs incurred in enforcing this provision.

The *plan* shall be secondary in coverage to any medical payments provision, no-fault automobile insurance policy or personal injury protection policy regardless of any election made by you to the contrary. The *plan* shall also be secondary to any excess insurance policy, including, but not limited to, school and/or athletic policies.

## COORDINATION OF BENEFITS

If you are covered by more than one group health plan, your benefits under This Plan will be coordinated with the benefits of those Other Plans. These coordination provisions apply separately to each *member*, per *calendar year*, and are largely determined by California law. Any coverage you have for medical or dental benefits will be coordinated as shown below.

### DEFINITIONS

The meanings of key terms used in this section are shown below. Whenever any of the key terms shown below appear in these provisions, the first letter of each word will be capitalized. When you see these capitalized words, you should refer to this "Definitions" provision.

**Allowable Expense** is any necessary, reasonable and customary item of expense which is at least partially covered by any plan covering the person for whom claim is made. When a Plan provides benefits in the form of services rather than cash payments, the reasonable cash value of each service rendered will be deemed to be both an Allowable Expense and a benefit paid. An expense that is not covered by any plan covering the person for whom a claim is made is not Allowable Expense.

The following are not Allowable Expense:

1. Use of a private hospital room is not an Allowable Expense unless the patient's stay in a private *hospital* room is *medically necessary* in terms of generally accepted medical practice, or one of the plans routinely provides coverage for *hospital* private rooms.
2. If you are covered by two plans that calculate benefits or services on the basis of a reasonable and customary amount or relative value schedule reimbursement method or some other similar reimbursement method, any amount in excess of the higher of the reasonable and customary amounts.
3. If a person is covered by two plans that provide benefits or services on the basis of negotiated rates or fees, an amount in excess of the lower of the negotiated rates.
4. If a person is covered by one plan that calculates its benefits or services on the basis of a reasonable and customary amount or relative value schedule reimbursement method or some other similar reimbursement method and another plan provides its benefits or services on the basis of negotiated rates or fees, any amount in excess of the negotiated rate.

5. The amount of any benefit reduction by the Principal Plan because you did not comply with the plan's provisions is not an Allowable Expense. Examples of these types of provisions include second surgical opinions, utilization review requirements, and network provider arrangements.
6. If you advise us that all plans covering you are high deductible health plans as defined by Section 223 of the Internal Revenue Code, and you intend to contribute to a health savings account established in accordance with Section 223 of the Internal Revenue Code, any amount that is subject to the primary high deductible health plan's deductible.

**Other Plan** is any of the following:

1. Group, blanket or franchise insurance coverage;
2. Group service plan contract, group practice, group individual practice and other group prepayment coverage's;
3. Group coverage under labor-management trustee plans, union benefit organization plans, employer organization plans, employee benefit organization plans or self-insured employee benefit plans.

The term "Other Plan" refers separately to each agreement, policy, contract, or other arrangement for services and benefits, and only to that portion of such agreement, policy, contract, or arrangement which reserves the right to take the services or benefits of other plans into consideration in determining benefits.

**Principal Plan** is the plan which will have its benefits determined first.

**This Plan** is that portion of this *plan* which provides benefits subject to this provision.

#### **EFFECT ON BENEFITS**

1. If This Plan is the Principal Plan, then its benefits will be determined first without taking into account the benefits or services of any Other Plan.
2. If This Plan is not the Principal Plan, then its benefits may be reduced so that the benefits and services of all the plans do not exceed Allowable Expense.
3. The benefits of This Plan will never be greater than the sum of the benefits that would have been paid if you were covered under This Plan only.

## ORDER OF BENEFITS DETERMINATION

The first of the following rules which applies will determine the order in which benefits are payable:

1. A plan which has no Coordination of Benefits provision pays before a plan which has a Coordination of Benefits provision.
2. A plan which covers you as a *subscriber* pays before a plan which covers you as a dependent. But, if you are a Medicare beneficiary and also a dependent of an employee with current employment status under another plan, this rule might change. If, according to Medicare's rules, Medicare pays after that plan which covers you as a dependent, then the plan which covers you as a dependent pays before a plan which covers you as a *subscriber*.

**For example:** You are covered as a retired *employee* under this plan and a Medicare beneficiary (Medicare would pay first, this plan would pay second). You are also covered as a dependent of an active employee under another plan provided by an employer group of 20 or more employees (then, according to Medicare's rules, Medicare would pay second). In this situation, the plan which covers you as a dependent of an active employee will pay first, Medicare will pay second, and the plan which covers you as a *retired employee* will pay last, after Medicare.

3. For covered drugs, including drugs covered under the pharmacy plan. The *plan* will pay secondary to Medicare for Medicare Part B drugs.
4. The plan covering you as a laid-off or retired employee or as a dependent of a laid-off or retired employee pays after a plan covering you as other than a laid-off or retired employee or the dependent of such a person. But, if either plan does not have a provision regarding laid-off or retired employees, provision 5 applies.

5. The plan covering you under a continuation of coverage provision in accordance with state or federal law pays after a plan covering you as an employee, a dependent or otherwise, but not under a continuation of coverage provision in accordance with state or federal law. If the order of benefit determination provisions of the Other Plan do not agree under these circumstances with the order of benefit determination provisions of This Plan, this rule will not apply.
6. When the above rules do not establish the order of payment, the plan on which you have been enrolled the longest pays first unless two of the plans have the same effective date. In this case, Allowable Expense is split equally between the two plans.

#### **OUR RIGHTS UNDER THIS PROVISION**

**Responsibility For Timely Notice.** We are not responsible for coordination of benefits unless timely information has been provided by the requesting party regarding the application of this provision.

**Reasonable Cash Value.** If any Other Plan provides benefits in the form of services rather than cash payment, the reasonable cash value of services provided will be considered Allowable Expense. The reasonable cash value of such service will be considered a benefit paid, and our liability reduced accordingly.

**Facility of Payment.** If payments which should have been made under This Plan have been made under any Other Plan, we have the right to pay that Other Plan any amount we determine to be warranted to satisfy the intent of this provision. Any such amount will be considered a benefit paid under This Plan, and such payment will fully satisfy our liability under this provision.

**Right of Recovery.** If payments made under This Plan exceed the maximum payment necessary to satisfy the intent of this provision, we have the right to recover that excess amount from any persons or organizations to or for whom those payments were made, or from any insurance company or service plan.

## HOW COVERAGE BEGINS AND ENDS

### HOW COVERAGE BEGINS

#### ELIGIBLE STATUS

1. **Subscriber.** You are eligible to enroll as a *subscriber* if you are a *retired employee* who is actively enrolled under both Part A and Part B of *Medicare*. A *retired employee* is retired from active full-time employment, is eligible to receive health plan benefits as part of the *plan administrator's* pension plan and was covered under a *plan administrator's* sponsored health plan immediately prior to retirement.
2. **Dependent.** The *subscriber's spouse* or *domestic partner* is eligible to be enrolled as a *dependent*, provided that the *spouse* or *domestic partner* is actively enrolled under Part A and Part B of *Medicare*.

**Note:** Any *member* that is on a retiree SISC *plan* is required to enroll in Medicare Part A and B when eligible to enroll and stay enrolled; otherwise a surcharge will apply.

#### Definition of Dependent

1. **Spouse** is the *subscriber's spouse* as recognized under state or federal law. This includes same sex spouses when legally married in a state that recognizes same sex marriages.

**Note:** Legally separated spouses are eligible for coverage under this *plan*.

2. **Domestic partner** is the *subscriber's* domestic partner. In order for the *subscriber* to include their domestic partner as a *dependent*, the *subscriber* and domestic partner must meet the following requirements:
  - a. Both persons have a common residence.
  - b. Both persons agree to be jointly responsible for each other's basic living expenses incurred during their domestic partnership.
  - c. Neither person is married or a member of another domestic partnership.
  - d. The two persons are not related by blood in a way that would prevent them from being married to each other in California.
  - e. Both persons are at least 18 years of age.

- f. Either of the following:
  - i. Both persons are members of the same sex; or
  - ii. One or both of the persons meet the eligibility criteria under Title II of the Social Security Act as defined in 42 U.S.C. Section 402(a) for old-age insurance benefits or Title XVI of the Social Security Act as defined in 42 U.S.C. Section 1381 for aged members. Notwithstanding any other provision of this section, persons of opposite sexes may not constitute a domestic partnership unless one or both of the persons are over the age of 62.
- g. Both persons are capable of consenting to the domestic partnership.
- h. Neither person has previously filed: (1) a Declaration of Domestic Partnership with the California Secretary of State, or a similar form with another governing jurisdiction, that has not been terminated pursuant to the laws of California, or of that other jurisdiction; or, if (1) does not apply, (2) an affidavit with SISC III declaring they are part of a domestic partnership that they have not been terminated by giving SISC III written notice that it has.
- i. It has been at least six months since: (1) the date that the Notice of Termination of Domestic Partnership was filed with the California Secretary of State, or similar form was filed with another governing authority; or, if (1) does not apply, (2) either person has given written notice to SISC III that the domestic partnership they declared in an affidavit, given to SISC III, has terminated. This item does not apply if the previous domestic partnership ended because one of the partners died or married.
- j. Both partners:
  - i. If they reside in the State of California, must file a Declaration of Domestic Partnership with the California Secretary of State pursuant to Division 2.5 of the California Family Code to establish their domestic partnership. The *subscriber* must provide SISC III with a certified copy of the Declaration of Domestic Partnership that was filed with the California Secretary of State;

- ii. If they reside in another state or governing jurisdiction that registers domestic partnerships, they must register their domestic partnership with that state or governing jurisdiction. The *subscriber* must provide SISC III with a certified copy of the document that was filed with the governing jurisdiction registering their domestic partnership; or
- iii. If the *subscriber* and their domestic partner do not reside in a city, county or state that allows them to register as domestic partners, they must provide SISC III with a signed, notarized, affidavit certifying they meet all of the requirements set forth in 2.a through 2.i above, inclusive.

**Note:** For the purposes of 2.j.i above, if the *subscriber* and their domestic partner registered their relationship prior to July 1, 2000, with a local governing jurisdiction in California, in lieu of supplying SISC III with a certified copy of the Declaration of Domestic Partnership (a State of California form), the *subscriber* may provide SISC III with a certified copy of the form filed with the local governing jurisdiction.

For the purposes of this provision, the following definitions apply:

"Have a common residence" means that both domestic partners share the same residence. It is not necessary that the legal right to possess the common residence be in both of their names. Two people have a common residence even if one or both have additional residences. Domestic partners do not cease to have a common residence if one leaves the common residence but intends to return.

"Basic living expenses" means shelter, utilities, and all other costs directly related to the maintenance of the common household of the common residence of the domestic partners. It also means any other cost, such as medical care, if some or all of the cost is paid as a benefit because a person is another person's domestic partner.

"Joint responsibility" means that each partner agrees to provide for the other partner's basic living expenses if the partner is unable to provide for herself or himself. Persons to whom these expenses are owed may enforce this responsibility if, in extending credit or providing goods or services, they relied on the existence of the domestic partnership and the agreement of both partners to be jointly responsible for those specific expenses.

## ELIGIBILITY DATE

For *subscribers*, you become eligible for coverage on the first day of the month coinciding with or following the date you retire, provided your enrollment application is received on a timely basis. For the *subscriber's spouse* or *domestic partner*, you become eligible on the later of (a) the date the *subscriber* becomes eligible for coverage or (b) the date the *spouse* or *domestic partner* meets the definition of a *spouse* or *domestic partner*, respectively.

## ENROLLMENT

To enroll as a *subscriber*, or to enroll *dependents*, the *subscriber* must properly file an enrollment application. An enrollment application is considered properly filed, only if it is personally signed, dated, and given to the *plan administrator* within 45 days from your eligibility date. If any of these steps are not followed, your coverage may be denied.

## EFFECTIVE DATE

Subject to the timely payment of the required monthly contributions, your coverage will begin as follows:

1. **Timely Enrollment.** If your enrollment application is personally signed, dated, and received by the *plan administrator* 45 days prior to your eligibility date, then your coverage will begin as follows: (a) for *subscribers*, on your eligibility date; and (b) for *dependents*, on the later of (i) the date the *subscriber's* coverage begins, or (ii) the first day of the month after the *dependent* becomes eligible. If you become eligible before the *plan* takes effect, coverage begins on the effective date of the *plan*, provided the enrollment application is on time and in order.
2. **Disenrollment.** If you voluntarily choose to disenroll from coverage under this *plan*, you must wait until the next Open Enrollment Period to enroll. You may enroll earlier than the next Open Enrollment Period if you meet any of the conditions listed under SPECIAL ENROLLMENT PERIODS.

## Special Enrollment Periods

You may enroll without waiting for the next open enrollment period if you are otherwise eligible under any one of the circumstances set forth below:

1. You have met all of the following requirements:
  - a. You were covered as an individual or dependent under either:
    - i. Another employer group health plan or health insurance coverage, including coverage under a COBRA continuation; or
    - ii. A state Medicaid plan or under a state child health insurance program (SCHIP), including the Healthy Families Program or the Access for Infants and Mothers (AIM) Program.
  - b. You certified in writing at the time you became eligible for coverage under this *plan* that you were declining coverage under this *plan* or disenrolling because you were covered under another health plan as stated above and you were given written notice that if you choose to enroll later, you may be required to wait until the next open enrollment period to do so.
  - c. Your coverage under the other health plan wherein you were covered as an individual or dependent ended as follows:
    - i. If the other health plan was another employer group health plan or health insurance coverage, including coverage under a COBRA continuation, coverage ended because you lost eligibility under the other plan, your coverage under a COBRA continuation was exhausted, or employer contributions toward coverage under the other plan terminated. You must properly file an application with the *group* within 31 days after the date your coverage ends or the date employer contributions toward coverage under the other plan terminate.

Loss of eligibility for coverage under an employer group health plan or health insurance includes loss of eligibility due to termination of employment or change in employment status, reduction in the number of hours worked, loss of dependent status under the terms of the *plan*, termination of the other plan, legal separation, divorce, death of the person through whom you were covered, and any loss of eligibility for coverage after a period of time that is measured by reference to any of the foregoing.

- ii. If the other health plan was a state Medicaid plan or a state child health insurance program (SCHIP), including the Healthy Families Program or the Access for Infants and Mothers (AIM) Program, coverage ended because you lost eligibility under the program. You must properly file an application with the SISC III within 60 days after the date your coverage ended.
  - d. You properly file an application with SISC III within 31 days from the date on which you lose coverage.
2. A court has ordered coverage be provided under your employee health plan for: (i) a *spouse*; or (ii) a *domestic partner*, but only if the *domestic partner* meets the eligibility requirements of the *plan*. Application must be filed within 31 days from the date the court order is issued.
  3. The *claims administrator* does not have a written statement from the *plan administrator* stating that prior to declining coverage or disenrolling, you received and signed acknowledgment of a written notice specifying that if you do not enroll for coverage within 31 days after your eligibility date, or if you disenroll, and later file an enrollment application, your coverage may not begin until the first day of the month following the end of the next open enrollment period.
  4. You have a change in family status through marriage or establishment of a domestic partnership. You may also enroll a new *spouse* or *domestic partner* at that time. You must enroll within 31 days of the date of the marriage or establishment of the domestic partnership.
  5. You meet or exceed a lifetime limit on all benefits under another health plan. Application must be made within 31 days of the date a claim or a portion of a claim is denied due to your meeting or exceeding the lifetime limit on all benefits under the other plan.
  6. You become eligible for assistance, with respect to the cost of coverage under the employer's group *plan*, under a state Medicaid or SCHIP health plan, including any waiver or demonstration project conducted under or in relation to these plans. You must properly file an application with the *group* within 60 days after the date you are determined to be eligible for this assistance.

**Effective date of coverage.** For enrollments during a special enrollment period as described above, coverage will be effective on the first day of the month following the date you file the enrollment application.

## OPEN ENROLLMENT PERIOD

The *plan administrator* has an Open Enrollment Period once each *year*. During that time, a member who meets the eligibility requirements as a *subscriber* under this *plan* may enroll in this *plan*. The *subscriber* may also enroll an eligible *spouse* or *domestic partner* at that time. For anyone so enrolling, coverage under this *plan* will begin on the first day of the month following the end of the Open Enrollment Period, provided your enrollment application is received on a timely basis.

## HOW COVERAGE ENDS

Your coverage under the agreement can be cancelled immediately upon written notice by us if we learn that you do not have coverage under Part A and Part B of *Medicare*. You are responsible for notifying us if you do not have, or lose, coverage under either Part A and Part B of *Medicare*.

Additionally, your coverage ends without notice from us as provided below:

1. If the *plan* terminates, your coverage ends at the same time. This *plan* may be canceled or changed without notice to you.
2. If the *plan* no longer provides coverage for the class of *members* to which you belong, your coverage ends on the effective date of that change. If the *plan* is amended to delete coverage for the *spouse* or domestic partner, the *spouse's* or *domestic partner's* coverage ends on the effective date of that change.
3. Coverage for the *spouse* or *domestic partner* ends when the *subscriber's* coverage ends.
4. Coverage ends at the end of the period for which the required monthly contribution has been paid on your behalf when the required monthly contribution for the next period is not paid.
5. If you voluntarily cancel coverage at any time, coverage ends on the due date for the required monthly contribution coinciding with or following the date of voluntary cancellation, as provided by written notice to us.
6. If you no longer meet the requirements set forth in the "Eligible Status" provision of HOW COVERAGE BEGINS, your coverage ends as of the required monthly contribution coinciding with or following the date you cease to meet such requirements.

**Note:** If a marriage or domestic partnership terminates, the *subscriber* must give or send to SISC III written notice of the termination. Coverage for a former *spouse* or *domestic partner*, if any, ends according to the "Eligible Status" provisions. If SISC III suffers a loss as a result of the *subscriber* failing to notify them of the termination of their marriage or domestic partnership, SISC III may seek recovery from the *subscriber* for any actual loss resulting thereby. Failure to provide written notice to SISC III will not delay or prevent termination of the marriage or domestic partnership. If the *subscriber* notifies SISC III in writing to cancel coverage for a former *spouse* or *domestic partner*, if any, immediately upon termination of the *subscriber's* marriage or domestic partnership, such notice will be considered compliance with the requirements of this provision.

You may be entitled to continued benefits under terms which are specified elsewhere under CONTINUATION OF COVERAGE and EXTENSION OF BENEFITS.

## CONTINUATION OF COVERAGE

Most employers who employ 20 or more people on a typical business day are subject to The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). If the employer who provides coverage under the *plan* is subject to the federal law which governs this provision (Title X of P. L. 99-272), you may be entitled to a continuation of coverage. Check with your *plan administrator* for details.

### DEFINITIONS

The meanings of key terms used in this section are shown below. Whenever any of the terms shown below appear in these provisions, the first letter of each word will be capitalized. When you see these capitalized words, you should refer to this "Definitions" provision.

**Initial Enrollment Period** is the period of time following the original Qualifying Event, as indicated in the "Terms of COBRA Continuation" provisions below.

**Qualified Beneficiary** means a person enrolled for this COBRA continuation coverage who, on the day before the Qualifying Event, was covered under this *plan* as either a *subscriber* or enrolled *spouse*. Qualified Beneficiary does not include any person who was not enrolled during the Initial Enrollment Period, including a *spouse* acquired during the COBRA continuation period.

**Qualifying Event** means any one of the following circumstances which would otherwise result in the termination of your coverage under the *plan*. The events will be referred to throughout this section by number.

1. **For Subscribers and the Spouse:**

- a. The *subscriber's* termination of employment, for any reason other than gross misconduct; or
- b. A reduction in the *subscriber's* work hours.

2. **For Retired Employees and their Dependents.** Cancellation or a substantial reduction of retiree benefits under the *plan* due to the *plan's* filing for Chapter 11 bankruptcy, provided that:

- a. The *plan* expressly includes coverage for retirees; and
- b. Such cancellation or reduction of benefits occurs within one year before or after the *plans* filing for bankruptcy.

### 3. For Dependents:

- a. The death of the *subscriber*;
- b. The *spouse's* divorce or legal separation from the *subscriber*, or
- c. The end of a *domestic partner's* partnership with the *subscriber*.

### ELIGIBILITY FOR COBRA CONTINUATION

A *subscriber* or enrolled *dependent* may choose to continue coverage under the *plan* if coverage would otherwise end due to a Qualifying Event.

### TERMS OF COBRA CONTINUATION

**Notice.** The *plan administrator* will notify either the *subscriber* or *dependent* of the right to continue coverage under COBRA, as provided below:

1. For Qualifying Events 1 or 2, the *plan administrator* or its administrator will notify the *subscriber* of the right to continue coverage.
2. For Qualifying Event 3(a), the *spouse* will be notified of the COBRA continuation right.
3. You must inform the *plan administrator* within 60 days of Qualifying Event 3(b) if you wish to continue coverage. The *plan administrator* in turn will promptly give you official notice of the COBRA continuation right.

If you choose to continue coverage you must notify the *plan administrator* within 60 days of the date you receive notice of your COBRA continuation right. The COBRA continuation coverage may be chosen for both the *subscriber* and *spouse*, or for the *subscriber* only, or for the *spouse* only.

If you fail to elect the COBRA continuation during the Initial Enrollment Period, you may not elect the COBRA continuation at a later date.

Notice of continued coverage, along with the initial required monthly contribution, must be delivered to the *plan administrator* within 45 days after you elect COBRA continuation coverage.

**Additional Dependents.** A *spouse* or *domestic partner* acquired during the COBRA continuation period is eligible to be enrolled, provided that the *spouse* or *domestic partner* meets the eligibility requirements specified in HOW COVERAGE BEGINS. The standard enrollment provisions of the *plan* apply to enrollees during the COBRA continuation period.

**Cost of Coverage.** The *plan administrator* may require that you pay the entire cost of your COBRA continuation coverage. This cost, called the "required monthly contribution", must be remitted to the *plan administrator* each month during the COBRA continuation period.

Besides applying to the *subscriber*, the *subscriber's* rate also applies to a *spouse* or *domestic partner* whose COBRA continuation began due to divorce, separation or death of the *subscriber*.

**Subsequent Qualifying Events.** Once covered under the COBRA continuation, it's possible for a second Qualifying Event to occur. If that happens, a *subscriber* or *dependent*, who is a Qualified Beneficiary, may be entitled to an extended COBRA continuation period. This period will in no event continue beyond 36 months from the date of the first qualifying event.

For example, a *spouse* may have been originally eligible for this COBRA continuation due to termination of the *subscriber's* employment, and enrolled for this COBRA continuation as a Qualified Beneficiary. If, during the COBRA continuation period, the *spouse* becomes divorced or legally separated from the *subscriber*, the *spouse* is eligible for an extended continuation period which would end no later than 36 months from the date of the original Qualifying Event (the termination of employment).

**When COBRA Continuation Coverage Begins.** When COBRA continuation coverage is elected during the Initial Enrollment Period and the required monthly contribution is paid, coverage is reinstated back to the date of the original Qualifying Event, so that no break in coverage occurs.

For a *spouse* properly enrolled during the COBRA continuation, coverage begins according to the enrollment provisions of the *plan*.

**When the COBRA Continuation Ends.** This COBRA continuation will end on the earliest of:

1. The end of 18 months from the Qualifying Event, if the Qualifying Event was termination of employment or reduction in work hours;\*
2. The end of 36 months from the Qualifying Event, if the Qualifying Event was the death of the *subscriber*, divorce, legal separation or the end of a domestic partnership;\*
2. The end of 36 months from the Qualifying Event, if the Qualifying Event was the death of the *subscriber*, divorce or legal separation;\*
3. The date the *plan* terminates;

4. The end of the period for which the required monthly contributions are last paid;
5. The date, following the election of COBRA, the *member* first becomes covered under any other group health plan.

\*For a *member* whose COBRA continuation coverage began under a *prior plan*, this term will be dated from the time of the Qualifying Event under that *prior plan*.

Subject to the *plan* remaining in effect, a *retired employee* whose COBRA continuation coverage began due to Qualifying Event 2 may be covered for the remainder of his or her life; that person's enrolled *spouse* or *domestic partner* may continue coverage for 36 months after the *subscriber's* death. But coverage could terminate prior to such time for either the *subscriber*, *spouse* or *domestic partner* in accordance with any of the items above.

**Other Coverage Options Besides COBRA Continuation Coverage.**

Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a *spouse's* plan) through the conditions listed under the SPECIAL ENROLLMENT PERIODS provision. Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at [www.healthcare.gov](http://www.healthcare.gov).

**EXTENSION OF CONTINUATION DURING TOTAL DISABILITY**

If at the time of termination of employment or reduction in hours, or at any time during the first 60 days of the COBRA continuation, a Qualified Beneficiary is determined to be disabled for Social Security purposes, all covered *members* may be entitled to up to 29 months of continuation coverage after the original Qualifying Event.

**Eligibility for Extension.** To continue coverage for up to 29 months from the date of the original Qualifying Event, the disabled *member* must:

1. Satisfy the legal requirements for being totally and permanently disabled under the Social Security Act; and
2. Be determined and certified to be so disabled by the Social Security Administration.

**Notice.** The *member* must furnish the *plan administrator* with proof of the Social Security Administration's determination of disability during the first 18 months of the COBRA continuation period and no later than 60 days after the later of the following events:

1. The date of the Social Security Administration's determination of the disability;
2. The date on which the original Qualifying Event occurs;
3. The date on which the Qualified Beneficiary loses coverage; or
4. The date on which the Qualified Beneficiary is informed of the obligation to provide the disability notice.

**Cost of Coverage.** For the 19th through 29th months that the total disability continues, the cost for the extended continuation coverage must be remitted to us. This cost (called the "required monthly contribution") shall be subject to the following conditions:

1. If the disabled *member* continues coverage during this extension, this rate shall be **150%** of the applicable rate for the length of time the disabled *member* remains covered, depending upon the number of covered dependents. If the disabled *member* does not continue coverage during this extension, this charge shall remain at **102%** of the applicable rate.
2. The cost for extended continuation coverage must be remitted to the *plan administrator* each month during the period of extended continuation coverage. The *plan administrator* must receive timely payment of the required monthly contribution each month in order to maintain the extended continuation coverage in force.
3. The *plan administrator* may require that you pay the entire cost of the extended continuation coverage.

If a second Qualifying Event occurs during this extended continuation, the total COBRA continuation may continue for up to 36 months from the date of the first Qualifying Event. The required monthly contribution shall then be **150%** of the applicable rate for the 19th through 36th months if the disabled *member* remains covered. The charge will be **102%** of the applicable rate for any periods of time the disabled *member* is not covered following the 18th month.

**When The Extension Ends.** This extension will end at the earlier of:

1. The end of the month following a period of 30 days after the Social Security Administration's final determination that you are no longer totally disabled;
2. The end of 29 months from the Qualifying Event;
3. The date the *plan* terminates;

4. The end of the period for which the required monthly contributions are last paid;
5. The date, following the election of COBRA, the *member* first becomes covered under any other group health plan.

You must inform the *plan administrator* within 30 days of a final determination by the Social Security Administration that you are no longer totally disabled.

## EXTENSION OF BENEFITS

If you are a *totally disabled subscriber* or a *totally disabled dependent* and under the treatment of a *physician* on the date of discontinuance of the *plan*, your benefits may be continued for treatment of the totally disabling condition. This extension of benefits is not available if you become covered under another group health plan that provides coverage without limitation for your disabling condition. Extension of benefits is subject to the following conditions:

1. If you are confined as an inpatient in a *hospital* or *skilled nursing facility*, you are considered totally disabled as long as the inpatient *stay* is *medically necessary*, and no written certification of the total disability is required. If you are discharged from the *hospital* or *skilled nursing facility*, you may continue your total disability benefits by submitting written certification by your *physician* of the total disability within 90 days of the date of your discharge. Thereafter, we must receive proof of your continuing total disability at least once every 90 days while benefits are extended.
2. If you are not confined as an inpatient but wish to apply for total disability benefits, you must do so by submitting written certification by your *physician* of the total disability. We must receive this certification within 90 days of the date coverage ends under this *plan*. At least once every 90 days while benefits are extended, we must receive proof that your total disability is continuing.
3. Your extension of benefits will end when any one of the following circumstances occurs:
  - a. You are no longer totally disabled.
  - b. The maximum benefits available to you under this *plan* are paid.
  - c. You become covered under another group health plan that provides benefits without limitation for your disabling condition.
  - d. A period of up to 12 months has passed since your extension began.

## GENERAL PROVISIONS

**Providing of Care.** We are not responsible for providing any type of *hospital*, medical or similar care, nor are we responsible for the quality of any such care received.

**Independent Contractors.** The *claims administrator's* relationship with providers is that of an independent contractor. *Physicians* and other health professionals, *hospitals*, *skilled nursing facilities* and other community agencies are not the *claims administrator's* agents nor is the *claims administrator*, or any of the employees of the *claims administrator*, an employee or agent of any *hospital*, medical group or medical care provider of any type.

**Non-Regulation of Providers.** The benefits of this *plan* do not regulate the amounts charged by providers of medical care, except to the extent that rates for covered services are regulated with *participating providers*.

### Terms of Coverage

1. In order for you to be entitled to benefits under the *plan*, both the *plan* and your coverage under the *plan* must be in effect on the date the expense giving rise to a claim for benefits is incurred.
2. The benefits to which you may be entitled will depend on the terms of coverage in effect on the date the expense giving rise to a claim for benefits is incurred. An expense is incurred on the date you receive the service or supply for which the charge is made.
3. The *plan* is subject to amendment, modification or termination according to the provisions of the *plan* without your consent or concurrence.

**Nondiscrimination.** No person who is eligible to enroll will be refused enrollment based on health status, health care needs, genetic information, previous medical information, disability, sexual orientation or identity, gender, or age.

**Protection of Coverage.** We do not have the right to cancel your coverage under this *plan* while: (1) this *plan* is in effect; (2) you are eligible; and (3) your required monthly contributions are paid according to the terms of the *plan*.

**Free Choice of Provider.** This *plan* in no way interferes with your right as a *member* entitled to *hospital* benefits to select a *hospital*. You may choose any *physician* who holds a valid *physician* and surgeon's certificate and who is a member of, or acceptable to, the attending staff and board of directors of the *hospital* where services are received. You may also choose any other health care professional or facility which provides care covered under this *plan*, and is properly licensed according to appropriate state and local laws. However, your choice may affect the benefits payable according to this *plan*.

**Provider Reimbursement.** *Physicians* and other professional providers are paid on a fee-for-service basis, according to an agreed schedule. A participating *physician* may, after notice from the *claims administrator*, be subject to a reduced negotiated rate in the event the participating *physician* fails to make routine referrals to *participating providers*, except as otherwise allowed (such as for *emergency services*).

**Availability of Care.** If there is an epidemic or public disaster and you cannot obtain care for covered services, we refund the unearned part of the required monthly contribution paid. A written request for that refund and satisfactory proof of the need for care must be sent to us within 31 days. This payment fulfills our obligation under this *plan*.

**Medical Necessity.** The benefits of this *plan* are provided only for services which the *claims administrator* determines to be *medically necessary*. The services must be ordered by the attending *physician* for the direct care and treatment of a covered condition. They must be standard medical practice where received for the condition being treated and must be legal in the United States. The process used to authorize or deny health care services under this *plan* is available to you upon request.

**Expense in Excess of Benefits.** We are not liable for any expense you incur in excess of the benefits of this *plan*.

**Benefits Not Transferable.** Only the *member* is entitled to receive benefits under this *plan*. The right to benefits cannot be transferred.

**Notice of Claim.** You or the provider of service must send the *claims administrator* properly and fully completed claim forms within 90 days of the date you receive the service or supply for which a claim is made. Services received and charges for the services must be itemized, and clearly and accurately described. If it is not reasonably possible to submit the claim within that time frame, an extension of up to 12 months will be allowed. We are not liable for the benefits of the *plan* if you do not file claims within the required time period. SISC III will not be liable for benefits if the *claims administrator* does not receive written proof of loss

on time. Claim forms must be used; canceled checks or receipts are not acceptable.

To obtain a claim form you or someone on your behalf may call the customer service phone number shown on your ID Card or go to the website at [www.anthem.com/ca](http://www.anthem.com/ca) and download and print one.

**Payment to Providers.** The benefits of this *plan* will be paid directly to *contracting hospitals, participating providers* and medical transportation providers. Also, *non-contracting hospitals* and other providers of service will be paid directly when you assign benefits in writing. If you are a MediCal beneficiary and you assign benefits in writing to the State Department of Health Services, the benefits of this *plan* will be paid to the State Department of Health Services. These payments will fulfill our obligation to you for those covered services.

**Right of Recovery.** Whenever payment has been made in error, SISC III will have the right to recover such payment from you or, if applicable, the provider, in accordance with applicable laws and regulations. In the event SISC III recovers a payment made in error from the provider, except in cases of fraud or misrepresentation on the part of the provider, SISC III will only recover such payment from the provider within 365 days of the date the payment was made on a claim submitted by the provider. SISC III reserves the right to deduct or offset any amounts paid in error from any pending or future claim.

Under certain circumstances, if the *claims administrator* pays your healthcare provider amounts that are your responsibility, such as co-payments or co-insurance, SISC III may collect such amounts directly from you. You agree that SISC III has the right to recover such amounts from you.

The *claims administrator* has oversight responsibility for compliance with provider and vendor and subcontractor contracts. The *claims administrator* may enter into a settlement or compromise regarding enforcement of these contracts and may retain any recoveries made from a provider, vendor, or subcontractor resulting from these audits if the return of the overpayment is not feasible.

The *claims administrator* has established recovery policies to determine which recoveries are to be pursued, when to incur costs and expenses, and whether to settle or compromise recovery amounts. The *claims administrator* will not pursue recoveries for overpayments if the cost of collection exceeds the overpayment amount. The *claims administrator* may not provide you with notice of overpayments made by the *plan* or you if the recovery method makes providing such notice administratively burdensome.

**Workers' Compensation Insurance.** The *plan* does not affect any requirement for coverage by workers' compensation insurance. It also does not replace that insurance.

**Prepayment Fees.** The *plan administrator* may require that you contribute all or part of the costs of these required monthly contributions. Please consult your *plan administrator* for details.

**Liability to Pay Providers.** In the event that the *plan* does not pay a provider who has provided benefits to you, you will be required to pay that provider any amounts not paid to them by the *plan*.

**Renewal Provisions.** The *plan* is subject to renewal at certain intervals. The required monthly contribution or other terms of the *plan* may be changed from time to time.

**Entitlement to Medicare Benefits.** We have the right to require that you furnish information concerning your entitlement to *Medicare* benefits. We may need this information to determine your eligibility under the *plan* and to process your claims.

**Transition Assistance for New Members:** Transition Assistance is a process that allows for completion of covered services for new *members* receiving services from a *non-participating provider*. If you are a new *member*, you may request Transition Assistance if any one of the following conditions applies:

1. An acute condition. An acute condition is a medical condition that involves a sudden onset of symptoms due to an illness, injury, or other medical problem that requires prompt medical attention and that has a limited duration. Completion of covered services shall be provided for the duration of the acute condition.
2. A serious chronic condition. A serious chronic condition is a medical condition caused by a disease, illness, or other medical problem or medical disorder that is serious in nature and that persists without full cure or worsens over an extended period of time or requires ongoing treatment to maintain remission or prevent deterioration. Completion of covered services shall be provided for a period of time necessary to complete a course of treatment and to arrange for a safe transfer to another provider, as determined by Anthem in consultation with you and the *non-participating provider* and consistent with good professional practice. Completion of covered services shall not exceed twelve (12) months from the time you enroll in this *plan*.
3. A pregnancy. A pregnancy is the three trimesters of pregnancy and the immediate postpartum period. Completion of covered services shall be provided for the duration of the pregnancy.

4. A terminal illness. A terminal illness is an incurable or irreversible condition that has a high probability of causing death within one (1) year or less. Completion of covered services shall be provided for the duration of the terminal illness.
5. Performance of a surgery or other procedure that the *claims administrator* has authorized as part of a documented course of treatment and that has been recommended and documented by the provider to occur within 180 days of the time you enroll in this *plan*.

Please contact customer service at the telephone number listed on your ID card to request Transition Assistance or to obtain a copy of the written policy. Eligibility is based on your clinical condition and is not determined by diagnostic classifications. Transition Assistance does not provide coverage for services not otherwise covered under the *plan*.

You will be notified by telephone, and the provider by telephone and fax, as to whether or not your request for Transition Assistance is approved. If approved, you will be financially responsible only for coinsurance, and copayments under the *plan*. Financial arrangements with *non-participating providers* are negotiated on a case-by-case basis. The *non-participating provider* will be asked to agree to accept reimbursement and contractual requirements that apply to *participating providers*, including payment terms. If the *non-participating provider* does not agree to accept said reimbursement and contractual requirements, the *non-participating provider's* services will not be continued. If you do not meet the criteria for Transition Assistance, you are afforded due process including having a *physician* review the request.

**Continuity of Care after Termination of Provider:** Subject to the terms and conditions set forth below, benefits will be provided at the *participating provider* level for covered services (subject to applicable copayments, coinsurance, and other terms) received from a provider at the time the provider's contract with the *claims administrator* terminates (unless the provider's contract terminates for reasons of medical disciplinary cause or reason, fraud, or other criminal activity).

You must be under the care of the *participating provider* at the time the provider's contract terminates. The terminated provider must agree in writing to provide services to you in accordance with the terms and conditions of his or her agreement with the *claims administrator* prior to termination. The provider must also agree in writing to accept the terms and reimbursement rates under his or her agreement with the *claims administrator* prior to termination. If the provider does not agree with these contractual terms and conditions, the provider's services will not be continued beyond the contract termination date.

Benefits for the completion of covered services by a terminated provider will be provided only for the following conditions:

1. An acute condition. An acute condition is a medical condition that involves a sudden onset of symptoms due to an illness, injury, or other medical problem that requires prompt medical attention and that has a limited duration. Completion of covered services shall be provided for the duration of the acute condition.
2. A serious chronic condition. A serious chronic condition is a medical condition caused by a disease, illness, or other medical problem or medical disorder that is serious in nature and that persists without full cure or worsens over an extended period of time or requires ongoing treatment to maintain remission or prevent deterioration. Completion of covered services shall be provided for a period of time necessary to complete a course of treatment and to arrange for a safe transfer to another provider, as determined by the *claims administrator* in consultation with you and the terminated provider and consistent with good professional practice. Completion of covered services shall not exceed twelve (12) months from the date the provider's contract terminates.
3. A pregnancy. A pregnancy is the three trimesters of pregnancy and the immediate postpartum period. Completion of covered services shall be provided for the duration of the pregnancy.
4. A terminal illness. A terminal illness is an incurable or irreversible condition that has a high probability of causing death within one (1) year or less. Completion of covered services shall be provided for the duration of the terminal illness.
5. Performance of a surgery or other procedure that the *claims administrator* has authorized as part of a documented course of treatment and that has been recommended and documented by the provider to occur within 180 days of the date the provider's contract terminates.

Such benefits will not apply to providers who have been terminated due to medical disciplinary cause or reason, fraud, or other criminal activity.

Please contact customer service at the telephone number listed on your ID card to request continuity of care or to obtain a copy of the written policy. Eligibility is based on the *member's* clinical condition and is not determined by diagnostic classifications. Continuity of care does not provide coverage for services not otherwise covered under the *plan*.

You will be notified by telephone, and the provider by telephone and fax, as to whether or not your request for continuity of care is approved. If approved, you will be financially responsible only for applicable coinsurance, and copayments under the *plan*. Financial arrangements with terminated providers are negotiated on a case-by-case basis. The terminated provider will be asked to agree to accept reimbursement and

contractual requirements that apply to *participating providers*, including payment terms. If the terminated provider does not agree to accept the same reimbursement and contractual requirements, that provider's services will not be continued. If you disagree with the determination regarding continuity of care, you may file complaint as described in the COMPLAINT NOTICE.

## **BINDING ARBITRATION**

Any dispute or claim, of whatever nature, arising out of, in connection with, or in relation to this *plan* or breach or rescission thereof, or in relation to care or delivery of care, including any claim based on contract, tort, or statute, must be resolved by arbitration if the amount sought exceeds the jurisdictional limit of the small claims court. Any dispute regarding a claim for damages within the jurisdictional limits of the small claims court will be resolved in such court.

The Federal Arbitration Act shall govern the interpretation and enforcement of all proceedings under this Binding Arbitration provision. To the extent that the Federal Arbitration Act is inapplicable, or is held not to require arbitration of a particular claim, state law governing agreements to arbitrate shall apply.

The *member* and the *plan administrator* agree to be bound by this Binding Arbitration provision and acknowledge that they are each giving up their right to a trial by court or jury.

The *member* and the *plan administrator* agree to give up the right to participate in class arbitration against each other. Even if applicable law permits class actions or class arbitrations, the *member* waives any right to pursue, on a class basis, any such controversy or claim against the *plan administrator* and the *plan administrator* waives any right to pursue on a class basis any such controversy or claim against the *member*.

The arbitration findings will be final and binding except to the extent that state or Federal law provides for the judicial review of arbitration proceedings.

The arbitration is begun by the *member* making written demand on the *plan administrator*. Any demand for arbitration must be made within one (1) year from the issuance by the *claims administrator* of its decision following appeal. In cases where the amount in controversy is within the jurisdiction of small claims court, suit must be filed within one (1) year from the issuance by the *claims administrator* of its decision following appeal. Failure to demand arbitration or file in small claims court within one (1) year of the issuance by the *claims administrator* of its decision following appeal shall result in the forfeiture of any right to arbitration or to take any other legal action. Any written demand should be sent to the *plan administrator* at the address shown below:

**SISC III  
P.O. Box 1847  
Bakersfield, CA 93303-1847**

The arbitration will be conducted by Judicial Arbitration and Mediation Services (“JAMS”) according to its applicable Rules and Procedures. If, for any reason, JAMS is unavailable to conduct the arbitration, the arbitration will be conducted by another neutral arbitration entity, by mutual agreement of the *member* and the *plan administrator*, or by order of the court, if the *member* and the *plan administrator* cannot agree. The arbitration will be held at a time and location mutually agreeable to the member and the *plan administrator*.

## YOUR RIGHT TO APPEALS

For purposes of these Appeal provisions, “claim for benefits” means a request for benefits under the *plan*. The term includes both pre-service and post-service claims.

- A pre-service claim is a claim for benefits under the *plan* for which you have not received the benefit or for which you may need to obtain approval in advance.
- A post-service claim is any other claim for benefits under the *plan* for which you have received the service.

If your claim is denied:

- you will be provided with a written notice of the denial; and
- you are entitled to a full and fair review of the denial.

The procedure the *claims administrator* will follow will satisfy following the minimum requirements for a full and fair review under applicable federal regulations.

### Notice of Adverse Benefit Determination

If your claim is denied, the *claims administrator's* notice of the adverse benefit determination (denial) will include:

- information sufficient to identify the claim involved;
- the specific reason(s) for the denial;
- a reference to the specific *plan* provision(s) on which the *claims administrator's* determination is based;
- a description of any additional material or information needed to perfect your claim;
- an *explanation* of why the additional material or information is needed;
- a description of the *plan's* review procedures and the time limits that apply to them, if you appeal and the claim denial is upheld;
- information about any internal rule, guideline, protocol, or other similar criterion relied upon in making the claim determination and about your right to request a copy of it free of charge, along with a discussion of the claims denial decision; and

- information about the scientific or clinical judgment for any determination based on medical necessity or experimental treatment, or about your right to request this explanation free of charge, along with a discussion of the claims denial decision; and
- the availability of, and contact information for, any applicable office of health insurance consumer assistance or ombudsman who may assist you.

For claims involving urgent/concurrent care:

- the *claims administrator's* notice will also include a description of the applicable urgent/concurrent review process; and
- the *claims administrator* may notify you or your authorized representative within 72 hours orally and then furnish a written notification.

## Appeals

You have the right to appeal an adverse benefit determination (claim denial). You or your authorized representative must file your appeal within 180 calendar days after you are notified of the denial. You will have the opportunity to submit written comments, documents, records, and other information supporting your claim. The *claims administrator's* review of your claim will take into account all information you submit, regardless of whether it was submitted or considered in the initial benefit determination.

- The *claims administrator* shall offer a single mandatory level of appeal which may be a panel review, independent review, or other process consistent with the entity reviewing the appeal. The time frame allowed for the *claims administrator* to complete its review is dependent upon the type of review involved (e.g. pre-service, concurrent, post-service, urgent, etc.).

**For pre-service claims involving urgent/concurrent care**, you may obtain an expedited appeal. You or your authorized representative may request it orally or in writing. All necessary information, including the *claims administrator's* decision, can be sent between the *claims administrator* and you by telephone, facsimile or other similar method. To file an appeal for a claim involving urgent/concurrent care, you or your authorized representative must contact the *claims administrator* at the phone number listed on your ID card and provide at least the following information:

- the identity of the claimant;
- the date (s) of the medical service;

- the specific medical condition or symptom;
- the provider's name;
- the service or supply for which approval of benefits was sought; and
- any reasons why the appeal should be processed on a more expedited basis.

**All other requests for appeals** should be submitted in writing by the Member or the Member's authorized representative, except where the acceptance of oral appeals is otherwise required by the nature of the appeal (e.g. urgent care). You or your authorized representative must submit a request for review to:

Anthem Blue Cross Life and Health Insurance Company  
 ATTN: Appeals  
 P.O. Box 60007, Los Angeles, CA 90060

**You must include Your Member Identification Number when submitting an appeal.**

Upon request, the *claims administrator* will provide, without charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim. "Relevant" means that the document, record, or other information:

- was relied on in making the benefit determination; or
- was submitted, considered, or produced in the course of making the benefit determination; or
- demonstrates compliance with processes and safeguards to ensure that claim determinations are made in accordance with the terms of the *plan*, applied consistently for similarly-situated claimants; or
- is a statement of the *plan's* policy or guidance about the treatment or benefit relative to your diagnosis.

The *claims administrator* will also provide you, free of charge, with any new or additional evidence considered, relied upon, or generated in connection with your claim. In addition, before you receive an adverse benefit determination on review based on a new or additional rationale, the *claims administrator* will provide you, free of charge, with the rationale.

**For Out of State Appeals** You have to file Provider appeals with the Host Plan. This means Providers must file appeals with the same plan to which the claim was filed.

## **How Your Appeal will be Decided**

When the *claims administrator* considers your appeal, the *claims administrator* will not rely upon the initial benefit determination to the earlier appeal determination. The review will be conducted by an appropriate reviewer who did not make the initial determination and who does not work for the person who made the initial determination.

If the denial was based in whole or in part on a medical judgment, including whether the treatment is experimental, investigational, or not *medically necessary*, the reviewer will consult with a health care professional who has the appropriate training and experience in the medical field involved in making the judgment. This health care professional will not be one who was consulted in making an earlier determination or who works for one who was consulted in making an earlier determination.

## **Notification of the Outcome of the Appeal**

**If you appeal a claim involving urgent/concurrent care**, the *claims administrator* will notify you of the outcome of the appeal as soon as possible, but not later than 72 hours after receipt of your request for appeal.

**If you appeal any other pre-service claim**, the *claims administrator* will notify you of the outcome of the appeal within 30 days after receipt of your request for appeal.

**If you appeal a post-service claim**, the *claims administrator* will notify you of the outcome of the appeal within 60 days after receipt of your request for appeal.

## **Appeal Denial**

- If your appeal is denied, that denial will be considered an adverse benefit determination. The notification from the *claims administrator* will include all of the information set forth in the above subsection entitled "Notice of Adverse Benefit Determination."

## **External Review**

If the outcome of the mandatory first level appeal is adverse to you and it was based on medical judgment, you may be eligible for an independent External Review pursuant to federal law.

You must submit your request for External Review to the *claims administrator* within four (4) months of the notice of your final internal adverse determination.

A request for an External Review must be in writing unless the *claims administrator* determines that it is not reasonable to require a written statement. You do not have to re-send the information that you submitted for internal appeal. However, you are encouraged to submit any additional information that you think is important for review.

For pre-service claims involving urgent/concurrent care, you may proceed with an Expedited External Review without filing an internal appeal or while simultaneously pursuing an expedited appeal through the *claims administrators* internal appeal process. You or your authorized representative may request it orally or in writing. All necessary information, including the *claims administrator's* decision, can be sent between the *claims administrator* and you by telephone, facsimile or other similar method. To proceed with an Expedited External Review, you or your authorized representative must contact the *claims administrator* at the phone number listed on your ID card and provide at least the following information:

- the identity of the claimant;
- the date (s) of the medical service;
- the specific medical condition or symptom;
- the provider's name;
- the service or supply for which approval of benefits was sought; and
- any reasons why the appeal should be processed on a more expedited basis.

All other requests for External Review should be submitted in writing unless the *claims administrator* determines that it is not reasonable to require a written statement. Such requests should be submitted by you or your authorized representative to:

Anthem Blue Cross Life and Health Insurance Company  
ATTN: Appeals  
P.O. Box 60007, Los Angeles, CA 90060

**You must include Your Member Identification Number when submitting an appeal.**

This is not an additional step that you must take in order to fulfill your appeal procedure obligations described above. Your decision to seek External Review will not affect your rights to any other benefits under this health care *plan*. There is no charge for you to initiate an independent External Review. The External Review decision is final and binding on all parties except for any relief available through applicable state laws.

### **Requirement to file an Appeal before filing a lawsuit**

No lawsuit or legal action of any kind related to a benefit decision may be filed by you in a court of law or in any other forum, unless it is commenced within three years of the *Plan's* final decision on the claim or other request for benefits. If the *Plan* decides an appeal is untimely, the *Plan's* latest decision on the merits of the underlying claim or benefit request is the final decision date. You must exhaust the *Plan's* internal Appeals Procedure but not including any voluntary level of appeal, before filing a lawsuit or taking other legal action of any kind against the *Plan*.

**The *claims administrator* reserves the right to modify the policies, procedures and timeframes in this section upon further clarification from Department of Health and Human Services and Department of Labor.**

**NOTE:** If you wish to appeal a decision made by *Medicare* and not by the *claims administrator*, you must initiate the appeal process by contacting your local Social Security Administration office.

## DEFINITIONS

The meanings of key terms used in this *benefit booklet* are shown below. Whenever any of the key terms shown below appear, it will appear in italicized letters. When any of the terms below are italicized in this *benefit booklet*, you should refer to this section.

**Benefit Booklet** is this written description of the benefits provided under the *plan*.

**Benefit period**, as defined by *Medicare* for inpatient *hospital* and *skilled nursing facility* services (Part A), begins when you first enter a *hospital* after your *Medicare* insurance begins. In no event will a new benefit period start until you have been discharged and have remained out of the *hospital* or other facility as an inpatient for at least 60 consecutive days. For medical services (Part B), Benefit period is defined as a calendar *year*.

**Claims administrator** refers to Anthem Blue Cross Life and Health Insurance Company. On behalf of Anthem Blue Cross Life and Health Insurance Company, Anthem Blue Cross shall perform all administrative services in connection with the processing of claims under the *plan*. The *claims administrator* is in no event the administrator for coverage as stated under CONTINUATION OF COVERAGE, nor is Anthem Blue Cross Life and Health Insurance Company the *plan* fiduciary or financially responsible for benefits. SISC III assumes full liability for payment of benefits described in the *plan* and thereby acts as *plan* fiduciary, and benefits are payable solely from the assets of SISC III.

**Contracting hospital** is a hospital which has a Standard Hospital Contract with the *claims administrator* to provide care to you.

**Creditable coverage** is any individual or group plan that provides medical, hospital and surgical coverage, including continuation or conversion coverage, coverage under Medicare or Medicaid, TRICARE, the Federal Employees Health Benefits Program, programs of the Indian Health Service or of a tribal organization, a state health benefits risk pool, coverage through the Peace Corps, the State Children's Health Insurance Program, or a public health plan established or maintained by a state, the United States government, or a foreign country. Creditable coverage does not include accident only, credit, coverage for on-site medical clinics, disability income, coverage only for a specified disease or condition, hospital indemnity or other fixed indemnity insurance, Medicare supplement, long-term care insurance, dental, vision, workers' compensation insurance, automobile insurance, no-fault insurance, or any medical coverage designed to supplement other private or governmental plans. Creditable coverage is used to set up eligibility rules

for children who cannot get a self-sustaining job due to a physical or mental condition.

If your prior coverage was through an employer, you will receive credit for that coverage if it ended because your employment ended, the availability of medical coverage offered through employment or sponsored by the employer terminated, or the employer's contribution toward medical coverage terminated, and any lapse between the date that coverage ended and the date you become eligible under this *plan* is no more than 180 days (not including any waiting period imposed under this *plan*).

If your prior coverage was not through an employer, you will receive credit for that coverage if any lapse between the date that coverage ended and the date you become eligible under this *plan* is no more than 63 days (not including any waiting period imposed under this *plan*).

**Custodial care** is care provided primarily to meet your personal needs. This includes help in walking, bathing or dressing. It also includes preparing food or special diets; feeding by utensil, tube or gastrostomy; suctioning and administration of medicine which is usually self-administered or any other care which does not require continuing services of medical personnel.

If *medically necessary*, benefits will be provided for feeding (by tube or gastrostomy) and suctioning.

**Dependent** meets the *plan's* eligibility requirements for dependents as outlined under HOW COVERAGE BEGINS AND ENDS.

**Domestic partner** meets the *plan's* eligibility requirements for domestic partners as outlined under HOW COVERAGE BEGINS AND ENDS: HOW COVERAGE BEGINS.

**Effective date** is the date your coverage begins under this *plan*.

**Emergency** is a sudden, serious, and unexpected acute illness, injury, or condition (including without limitation sudden and unexpected severe pain), or a *psychiatric emergency medical condition*, which the *member* reasonably perceives, could permanently endanger health if medical treatment is not received immediately. Final determination as to whether services were rendered in connection with an emergency will rest solely with the *claims administrator*.

**Emergency services** are services provided in connection with the initial treatment of a medical or psychiatric *emergency*.

**Experimental** procedures and medications are those that are mainly limited to laboratory and/or animal research.

**Hospital** is a facility which provides diagnosis, treatment and care of persons who need acute inpatient hospital care under the supervision of *physicians*. It must be licensed as a general acute care hospital according to state and local laws. It must also be registered as a general hospital by the American Hospital Association and meet accreditation standards of the Joint Commission on Accreditation of Health Care Organizations.

For the limited purpose of inpatient care for the acute phase of a *mental or nervous disorder*, or substance abuse, "hospital" also includes *psychiatric health facilities*.

**Infertility** is (1) the presence of a condition recognized by a *physician* as a cause of infertility, or (2) the inability to conceive a pregnancy to a live birth after a year or more of regular sexual relations without contraception.

**Investigative** procedures or medications are those that have progressed to limited use on humans, but which are not widely accepted as proven and effective procedures within the organized medical community.

**Medically necessary** services, procedures, equipment or supplies are those we determine to be:

1. Appropriate and necessary for the diagnosis or treatment of the medical condition;
2. Provided for the diagnosis or direct care and treatment of the medical condition;
3. Within standards of good medical practice within the organized medical community;
4. Not primarily for your convenience, or the convenience of your *physician* or another provider;
5. Not more costly than an equivalent service or sequence of services that is medically appropriate and is likely to produce equivalent therapeutic or diagnostic results in regard to the diagnosis or treatment of the patient's illness, injury, or condition; and
6. The most appropriate procedure, supply, equipment or service which can safely be provided. For *hospital stays*, this means that acute care as an inpatient is needed due to the kind of services you are receiving or the severity of your condition, and that safe and adequate care cannot be received as an outpatient or in a less intensified medical setting.

**NOTE:** The *plan* will accept *Medicare's* determination of medical necessity.

**Medicare** is the name commonly used to describe "Health Insurance Benefits for the Aged and Disabled" provided under Public Law 89-97 and its amendments.

**Medicare co-payment** is that portion of the Medicare approved amount not paid by Medicare for covered inpatient *hospital* days, lifetime reserve days, *skilled nursing facility* days and Professional (Part B) services, not including amounts applied to the Part A or Part B deductibles. Medicare may increase the co-payment amounts for certain services.

**Member** is the *subscriber* or *dependent*.

**Mental or nervous disorders**, including substance abuse, for the purposes of this *plan*, are conditions that are listed in the most current edition of the Diagnostic and Statistical Manual (DSM) of Mental Disorders. Mental or nervous disorders include *severe mental disorders* as defined in this plan (see definition of "severe mental disorders").

**Negotiated rate** is the amount *participating providers* agree to accept as payment in full for covered services. It is usually lower than their normal charge. Negotiated rates are determined by Participating Provider Agreements.

**Non-contracting hospital** is a hospital which does not have a Standard Hospital Contract in effect with the *claims administrator* at the time services are rendered.

**Non-participating providers** are licensed health care providers which are not *participating providers*. They do not have a Participating Provider Agreement in effect with the *claims administrator* at the time services are rendered.

**Participating providers** are licensed health care providers that have a Participating Provider Agreement in effect with the *claims administrator* at the time services are rendered.

**Physician** means:

1. A doctor of medicine (M.D.) or doctor of osteopathy (D.O.) who is licensed to practice medicine or osteopathy where the care is provided; or
2. One of the following providers, but only when the provider is licensed to practice where the care is provided, is rendering a service within the scope of that license and such license is required to render that service, and is providing a service for which benefits are specified in this *benefit booklet*
  - A dentist (D.D.S. or D.M.D)

- An optometrist (O.D.)
- A dispensing optician
- A podiatrist or chiropodist (D.P.M., D.S.P. or D.S.C.)
- A licensed clinical psychologist
- A chiropractor (D.C.)
- A licensed clinical social worker (L.C.S.W.)
- A marriage and family therapist (M.F.T.)
- A licensed professional clinical counselor (L.P.C.C.)\*
- A physical therapist (P.T. or R.P.T.)\*
- A speech pathologist\*
- An audiologist\*
- An occupational therapist (O.T.R.)\*
- A respiratory care practitioner (R.C.P.)\*
- A nurse practitioner
- A physician assistant
- A *psychiatric mental health nurse*\*
- A nurse midwife\*\*
- Any agency licensed by the state to provide services for the treatment of *mental or nervous disorders* or substance abuse, when we are required by law to cover those services.
- A registered dietitian (R.D.)\* or another nutritional professional\* with a master's or higher degree in a field covering clinical nutrition sciences, from a college or university accredited by a regional accreditation agency, who is deemed qualified to provide these services by the referring M.D. or D.O. A registered dietitian or other nutritional professional as described here are covered for the provision of diabetic medical nutrition therapy and nutritional counseling for the treatment of eating disorders such as anorexia nervosa and bulimia nervosa only.

**\*Note:** The providers indicated by asterisks (\*) are covered only by referral of a physician as defined in 1 above.

\*\*If there is no nurse midwife who is a *participating provider* in your area, you may call the Customer Service telephone number on your ID card for a referral to an OB/GYN.

**Plan** is the set of benefits described in this *benefit booklet* and in the amendments to this *benefit booklet*, if any. These benefits are subject to the terms and conditions of the *plan*. If changes are made to the *plan*, an amendment or revised *benefit booklet* will be issued to each *participating employer* affected by the change.

**Plan administrator** refers to Self-Insured Schools of California, the entity which is responsible for the administration of the *plan*.

**Prior plan** is a plan sponsored by the *plan administrator* which was replaced by this *plan* within 60 days. You are considered covered under the prior plan if you: (1) were covered under the prior plan on the date that plan terminated; (2) properly enrolled for coverage within 31 days of this *plan's* effective date; and (3) had coverage terminate solely due to the prior plan's termination.

**Psychiatric emergency medical condition** is a *mental or nervous disorder* that manifests itself by acute symptoms of sufficient severity that the patient is either (1) an immediate danger to himself or herself or to others, or (2) immediately unable to provide for or utilize food, shelter, or clothing due to the *mental or nervous disorder*.

**Psychiatric health facility** is an acute 24-hour facility as defined in California Health and Safety Code 1250.2. It must be:

1. Licensed by the California Department of Health Services;
2. Qualified to provide short-term inpatient treatment according to state law;
3. Accredited by the Joint Commission on Accreditation of Health Care Organizations; and
4. Staffed by an organized medical or professional staff which includes a *physician* as medical director.

**Psychiatric mental health nurse** is a registered nurse (R.N.) who has a master's degree in psychiatric mental health nursing, and is registered as a psychiatric mental health nurse with the state board of registered nurses.

**Reasonable charge** is a charge the *claims administrator* considers not to be excessive based on the circumstances of the care provided, including: (1) level of skill; experience involved; (2) the prevailing or common cost of similar services or supplies; and (3) any other factors which determine value.

**Residential treatment center** is an inpatient treatment facility where the patient resides in a modified community environment and follows a

comprehensive medical treatment regimen for treatment and rehabilitation as the result of a *mental or nervous disorder* or substance abuse. The facility must be licensed to provide psychiatric treatment of *mental or nervous disorders* or rehabilitative treatment of substance abuse according to state and local laws.

**Retired employee** is a former full-time *employee* who meets the eligibility requirements described in the "Eligible Status" provision in HOW COVERAGE BEGINS AND ENDS.

**Severe mental disorders** include the following psychiatric diagnoses specified in California Insurance Code section 10144.5: schizophrenia, schizoaffective disorder, bipolar disorder, major depression, panic disorder, obsessive-compulsive disorder, pervasive developmental disorder or autism, anorexia, and bulimia.

"Severe mental disorders" also includes serious emotional disturbances of a child as indicated by the presence of one or more mental disorders as identified in the Diagnostic and Statistical Manual (DSM) of Mental Disorders, other than primary substance abuse or developmental disorder, resulting in behavior inappropriate to the *child's* age according to expected developmental norms. The child must also meet one or more of the following criteria:

1. As a result of the mental disorder, the child has substantial impairment in at least two of the following areas: self-care, school functioning, family relationships, or ability to function in the community and is at risk of being removed from the home or has already been removed from the home or the mental disorder has been present for more than six months or is likely to continue for more than one year without treatment.
2. The child is psychotic, suicidal, or potentially violent.
3. The child meets special education eligibility requirements under California law (Government Code Section 7570).

**Skilled nursing facility** is an institution that provides continuous skilled nursing services. It must be licensed according to state and local laws and be recognized as a skilled nursing facility under *Medicare*. The term "skilled nursing facility" includes *residential treatment center*.

**Special care units** are special areas of a *hospital* which have highly skilled personnel and special equipment for acute conditions that require constant treatment and observation.

**Spouse** meets the *plan's* eligibility requirements for spouses as outlined under HOW COVERAGE BEGINS AND ENDS.

**Stay** is an inpatient confinement which begins when you are admitted to the facility and ends when you are discharged from that facility.

**Subscriber** is the person who, by meeting the *plan's* eligibility requirements for employees, is allowed to choose membership under this *plan* for himself or herself and his or her eligible *dependents*. Such requirements are outlined in HOW COVERAGE BEGINS AND ENDS.

**Totally disabled dependent** is a *dependent* who is unable to perform all activities usual for persons of that age.

**Totally disabled retired employee** is a *retired employee* who is unable to perform all activities usual for persons of that age.

**United States** means all the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Northern Mariana Islands, Guam and American Samoa.

**We (us, our)** refers to Self-Insured Schools of California.

**Year or calendar year** is a 12 month period starting each January 1 at 12:01 a.m. Pacific Standard Time.

**You (your)** refers to the *subscriber* and insured *dependents* who are enrolled for benefits under this *plan*.

## FOR YOUR INFORMATION

### ORGAN DONATION

Each year, organ transplantation saves thousands of lives. The success rate for transplantation is rising but there are far more potential recipients than donors. More donations are urgently needed.

Organ donation is a singular opportunity to give the gift of life. Anyone age 18 or older and of sound mind can become a donor when he or she dies. Minors can become donors with parental or guardian consent.

Organ and tissue donations may be used for transplants and medical research. Today it is possible to transplant more than 25 different organs and tissues. Your decision to become a donor could someday save or prolong the life of someone you know, perhaps even a close friend or family member.

If you decide to become a donor, please discuss it with your family. Let your physician know your intentions as well. Obtain a donor card from the Department of Motor Vehicles. Be sure to sign the donor card and keep it with your driver's license or identification card.

While organ donation is a deeply personal decision, please consider making this profoundly meaningful and important gift.

### **LANGUAGE ASSISTANCE PROGRAM**

Anthem Blue Cross Life and Health introduced its Language Assistance Program to provide certain written translation and oral interpretation services to California *members* with limited English proficiency.

The Language Assistance Program makes it possible for you to access oral interpretation services and certain written materials vital to understanding your health coverage at no additional cost to you.

Written materials available for translation include grievance and appeal letters, consent forms, claim denial letters, and explanations of benefits. These materials are available in the following languages:

- Spanish
- Chinese
- Vietnamese
- Korean
- Tagalog

Oral interpretation services are available in additional languages.

Requesting a written or oral translation is easy. Just contact Member Services by calling the phone number on your ID card to update your language preference to receive future translated documents or to request interpretation assistance. Anthem Blue Cross Life and Health also sends/receives TDD/TTY messages at **866-333-4823** or by using the National Relay Service through **711**.

For more information about the Language Assistance Program visit [www.anthem.com/ca](http://www.anthem.com/ca).

## **NOTICE OF PROTECTION PROVIDED BY THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)**

Effective April 14, 2003, a Federal law, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH), requires that health plans like the Self-Insured Schools of California (SISC) group health plan (hereafter referred to as the "Plan"), maintain the privacy of your personally identifiable health information (called **Protected Health Information or PHI**).

- The term **"Protected Health Information" (PHI)** includes all information related to your past, present or future health condition(s) that individually identifies you or could reasonably be used to identify you and is transferred to another entity or maintained by the Plan in oral, written, electronic or any other form.
- **PHI does not include** health information contained in employment records held by your employer in its role as an employer, including but not limited to health information on disability, work-related illness/injury, sick leave, Family and Medical leave (FMLA), life insurance, dependent care FSA, drug testing, etc.

A complete description of your rights under HIPAA can be found in the Plan's Notice of Privacy Practices, which was distributed to you upon enrollment in the Plan and is available from the SISC website at [www.sisc.kern.org](http://www.sisc.kern.org). Information about HIPAA in this document is not intended and cannot be construed as the Plan's Notice of Privacy Practices.

The Plan, and the Plan Sponsor (the SISC Board of Directors), will not use or further disclose information that is protected by HIPAA ("protected health information or PHI") except as necessary for treatment, payment, health care operations and Plan administration, or as permitted or required by law. **In particular, the Plan will not, without your written authorization, use or disclose protected health information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor.**

Except as permitted by HIPAA, the Plan will only use or disclose your PHI for marketing purposes or sell (exchange) your PHI for remuneration (payment), with your written authorization. The Plan may disclose PHI to the Plan Sponsor for the purpose of reviewing a benefit claim or for other reasons related to the administration of the Plan.

- A. **The Plan's Use and Disclosure of PHI:** The Plan will use protected health information (PHI), without your authorization or consent, to the extent and in accordance with the uses and disclosures permitted by

HIPAA. Specifically, the Plan will use and disclose protected health information for purposes related to health care treatment, payment for health care, and health care operations (sometimes referred to as TPO), as defined below.

- **Treatment** is the provision, coordination or management of health care and related services. It also includes but is not limited to consultations and referrals between one or more of your health care providers. The Plan rarely, if ever, uses or discloses PHI for treatment purposes.
- **Payment** includes activities undertaken by the Plan to obtain premiums or determine or fulfill its responsibility for coverage and provision of Plan benefits with activities that include, but are not limited to, the following:
  - a. Determination of eligibility, coverage, cost sharing amounts (e.g. cost of a benefit, Plan maximums, and copayments as determined for an individual's claim), and establishing employee contributions for coverage;
  - b. Claims management and related health care data processing, adjudication of health benefit claims (including appeals and other payment disputes), coordination of benefits, subrogation of health benefit claims, billing, collection activities and related health care data processing, and claims auditing;
  - c. Medical necessity reviews, reviews of appropriateness of care or justification of charges, utilization review, including precertification, concurrent review and/or retrospective review.
- **Health Care Operations** includes, but is not limited to:
  - a. Business planning and development, such as conducting cost-management and planning-related analyses for the management of the Plan, development or improvement of methods of payment or coverage policies, quality assessment, patient safety activities;
  - b. Population-based activities relating to improving health or reducing health care costs, protocol development, case management and care coordination, disease management, contacting of health care providers and patients with information about treatment alternatives and related functions;
  - c. Underwriting (the Plan does not use or disclose PHI that is genetic information as defined in 45 CFR 160.103 for underwriting purposes as set forth in 45 CFR

164.502(a)(5)(1)), enrollment, premium rating, and other activities relating to the renewal or replacement of a contract of health insurance or health benefits, rating provider and Plan performance, including accreditation, certification, licensing, or credentialing activities;

- d. Conducting or arranging for medical review, legal services and auditing functions, including fraud and abuse detection and compliance programs;
- e. Business management and general administrative activities of the Plan, including, but not limited to management activities relating to implementation of and compliance with the requirements of HIPAA Administrative Simplification, customer service, resolution of internal grievances, or the provision of data analyses for policyholders, Plan sponsors, or other customers.

**B. When an Authorization Form is Needed:** Generally the Plan will require that you sign a valid authorization form (available from the SISC Privacy Officer) in order for the Plan to use or disclose your PHI **other than** when you request your own PHI, a government agency requires it, or the Plan uses it for treatment, payment or health care operations or other instance in which HIPAA explicitly permits the use or disclosure without authorization. The Plan's Notice of Privacy Practices also discusses times when you will be given the opportunity to agree or disagree before the Plan uses and discloses your PHI. The Notice is available on the SISC website at [www.sisc.kern.org](http://www.sisc.kern.org) or from the SISC Privacy Officer.

**C.** The Plan will disclose PHI to the Plan Sponsor only upon receipt of a certification from the Plan Sponsor that the Plan documents have been amended to incorporate the following provisions. With respect to PHI, the Plan Sponsor agrees to:

1. Not use or disclose the information other than as permitted or required by the Plan Document or as required by law,
2. Ensure that any agents, to whom the Plan Sponsor provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such information. This Plan hires professionals and other companies, referred to as Business Associates, to assist in the administration of benefits. The Plan requires these Business Associates to observe HIPAA privacy rules.
3. Not use or disclose the information for employment-related actions and decisions,
4. Not use or disclose the information in connection with any other benefit or employee benefit Plan of the Plan Sponsor, (unless

authorized by the individual or disclosed in the Plan's Notice of Privacy Practices).

5. Report to the Plan any use or disclosure of the information that is inconsistent with the uses or disclosures provided for of which it becomes aware,
  6. Make PHI available to the individual in accordance with the access requirements of HIPAA,
  7. Make PHI available for amendment and incorporate any amendments to PHI in accordance with HIPAA,
  8. Make available the information required to provide an accounting of PHI disclosures,
  9. Make internal practices, books, and records relating to the use and disclosure of PHI received from the group health Plan available to the Secretary of the Dept. of Health and Human Services (HHS) for the purposes of determining the Plan's compliance with HIPAA, and
  10. If feasible, return or destroy all PHI received from the Plan that the Plan Sponsor maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made. If return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction if feasible.
- D. In order to ensure that adequate separation between the Plan and the Plan Sponsor is maintained in accordance with HIPAA, only the following employees or classes of employees may be given access to use and disclose PHI:
1. The Plan's Privacy Officer;
  2. SISC Health Benefits staff involved in the administration of this Plan;
  3. Business Associates under contract to the Plan including but not limited to the PPO medical, dental and vision plan claims administrator, preferred provider organization (PPO) networks, retail prescription drug benefit plan administrator, the Wellness program, the telemedicine program, the Medicare supplement administrator, the COBRA administrator, Health Flexible Spending Account (FSA) administrator, the Plan's attorneys, accountants, consultants and actuaries;
- E. The persons described in the section may only have access to and use and disclose PHI for Plan administration functions for the Plan. If these persons do not comply with this obligation, the Plan Sponsor has designed a mechanism for resolution of noncompliance. Issues

of noncompliance (including disciplinary sanctions as appropriate) will be investigated and managed by the Plan's Privacy Officer (the Coordinator Health Benefits) at the address noted here:

Self-Insured Schools of California (SISC)  
2000 "K" Street P.O. Box 1847 - Bakersfield, CA 93303-1847  
Phone: 661-636-4410

- F. Effective April 21, 2005 in compliance with **HIPAA Security** regulations, the Plan Sponsor will:
1. Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of electronic PHI that it creates, receives, maintains or transmits on behalf of the group health plan,
  2. Ensure that the adequate separation discussed in D above, specific to electronic PHI, is supported by reasonable and appropriate security measures,
  3. Ensure that any agent, including a subcontractor, to whom it provides electronic PHI agrees to implement reasonable and appropriate security measures to protect the electronic PHI, and
  4. Report to the Plan any security incident of which it becomes aware concerning electronic PHI.
- G. **Hybrid Entity:** For purposes of complying with the HIPAA Privacy rules, this Plan is a "hybrid entity" because it has both group health plan functions (a health care component of the entity) and non-group health plan functions. The Plan designates that its health care group health plan functions are covered by the privacy rules. The health care group health plan functions include the services related to the "Plan."