

Blue Cross and Blue Shield of Alabama

Insert for 320 Plan

MKT-320 (7-2008)

Effective as of July 1, 2011

Attention: This insert amends the Group Health Care Summary Plan Description for the 320 Plan (7-2008). The changes made by this insert are effective for services rendered and prescription drugs purchased on or after July 1, 2011.

The sub-bulleted paragraph related to the definition of a generic drug in the **Prescription Drug Benefits** subsection of the **Health Benefits** section of your benefit booklet is deleted in its entirety and replaced with the following:

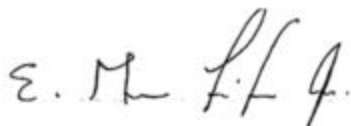
- A generic drug is one that the FDA has approved under an Abbreviated New Drug Application (ANDA) and no New Drug Application (NDA) is on file.

Subsection **I** of the **Health Benefit Exclusions** section of your benefit booklet is amended to add the following exclusion:

Implantable devices (and services, supplies, equipment and accessories ancillary to implantation of same), unless provided by an in-network provider or in-network third party vendor and covered by the terms of the applicable in-network contract.

Subsection **T** of the **Health Benefit Exclusions** section of your benefit booklet is amended by inserting the word "out-of-network" in front of the words "third party vendor" in the first sentence of the **third party vendor** exclusion.

Except as expressly modified herein, all other terms, conditions and provisions of your benefit booklet including inserts previously sent to you remain in full force and effect.



E. Gene Linton, Jr.
Vice President , Sales

Blue Cross and Blue Shield of Alabama

Insert for 320 Plan

MKT-320 (Rev. 7-2008)

Effective as of June 1, 2010

Attention: This insert amends the Group Health Care Summary Plan Description for the 320 Plan (7-2008). The changes made by this amendment are effective as of June 1, 2010.

Under the **Eligibility and Pre-Existing Condition Exclusion Periods** section of your benefit booklet, the **Eligible Dependents** subsection is hereby deleted in its entirety and replaced with the following new subsection to read as follows:

Eligible Dependents

Your eligible dependents are:

- Your spouse (of the opposite sex);
- A married or unmarried child up to age 26;
and,
- An unmarried incapacitated child who (1) is age 26 and over; (2) is not able to support himself; and (3) depends on you for support, if the incapacity occurred before age 26.

The child may be the employee's natural child; stepchild; legally adopted child; child placed for adoption; or, other child for whom the employee has permanent legal custody.

A grandchild is only eligible if he or she meets all of the following guidelines: (1) under 26 years of age; (2) unmarried; (3) depends on you for over one-half support; (4) resides in the same household full time with you in a parent-child relationship; and (5) is not employed on a regular full-time basis. If the parent of the grandchild is covered under the plan, the grandchild may not be covered by the employee's contract unless the grandchild has been adopted by the grandparents.

In all cases, the child must also qualify as your dependent for purposes of Sections 105 and 106 of the Internal Revenue Code. For more information about this, see Internal Revenue Service Publication 502, which can be obtained over the Internet at www.irs.gov/publications.



E. Gene Linton Jr.
Vice President, Group Sales

Blue Cross and Blue Shield of Alabama

Insert for 320 Plan

MKT-320 (Rev. 7-2008)

Effective Date of Amendment: July 1, 2010

Attention: This insert amends the Group Health Care Summary Plan Description for the 320 Plan (Rev. 7-2008). The changes made by this amendment are effective for services or supplies rendered on or after July 1, 2010 unless otherwise specifically stated below.

EFFECTIVE JUNE 1, 2010:

- Under the **Eligibility and Pre-Existing Condition Exclusion Periods** section of your benefit booklet, the word “25” is deleted in all places where “25” appears in the **Eligible Dependents** subsection and replaced with “26” in all such places in such subsection so that the maximum eligibility age for dependent children is **age 26**. All other eligibility requirements for dependents remain the same.

EFFECTIVE JULY 1, 2010:

- In the **Overview of the Plan** section of your benefit booklet, the last sentence of the first paragraph of the **In-Network Benefits** subsection is deleted and replaced with the following:

In-network pharmacies are pharmacies that have a contract with Blue Cross and Blue Shield of Alabama or its pharmacy benefit manager(s) to dispense prescription drugs. For certain specialty drugs, in-network pharmacies must have a contract with Blue Cross and Blue Shield of Alabama or its pharmacy benefit manager(s) to dispense specialty drugs.

- The **Overview of the Plan** section of your benefit booklet is amended to add the following new paragraph:

Hospital Tiered Network in Alabama

Blue Cross and Blue Shield of Alabama has developed a Hospital Tiered Network within the state of Alabama. Hospitals are categorized into one of three “tiers”, based on their performance in fiscal, quality and patient safety awareness. Tier 1 hospitals are recognized as having attained the highest level of compliance across those areas. Tier 1 hospitals also include certain specialty hospitals and ambulatory surgical centers within the state of Alabama that do not participate in the Hospital Tiered Network. Tier 1 hospitals also include some in-network hospitals outside the state of Alabama. Tier 2 and Tier 3 hospitals are those facilities in Alabama that are not Tier 1.

Copayment and deductible amounts for inpatient and outpatient services will vary between tiers as indicated later in this benefit booklet, with Tier 1 having the lowest copayment and deductible amounts.

To determine the tier level of a particular hospital, please visit our web site at www.bcbsal.com. The tier level will be indicated next to the name of the hospital for those who participate in the Hospital Tiered Network. If you have any questions, please contact our Customer Service department at 1 800 292-8868.

- The **Other Medicare Rules** paragraph of the **Relationship to Medicare** subsection of the **Eligibility and Pre-Existing Exclusion Periods** section of your benefit booklet is amended by deleting the subparagraph entitled Disabled Individuals and replacing it with the following:

Disabled Individuals Under Age 65

Employers with 20 or More Employees:

If you or your spouse is eligible for Medicare due to disability and is also covered under the plan by virtue of your current employment status with the employer, Medicare will be considered the primary payer (and the plan will be secondary). If your employer employs 100 or more employees this plan will be primary (and Medicare will be secondary).

Employers with fewer than 20 Employees:

If you (or your spouse) is eligible for Medicare due to disability and is also covered under the plan by virtue of your current employment status with the employer, your coverage under the plan will cease, and you (or your spouse) should enroll in Medicare and may purchase a Medicare Supplement contract.

- The fourth bulleted paragraph of the **Other Cost Sharing Provisions** subsection of the **Cost Sharing** section of your benefit booklet is deleted and replaced with the following:
 - **Amounts in excess of the allowed amount:** As a general rule, and as explained in more detail in [Definitions](#), the allowed amount may often be significantly less than the provider's actual charges. You should be aware that when using out-of-network providers you can incur significant out-of-pocket expenses as the provider has not contracted with us or their local Blue Cross and/or Blue Shield plan for a negotiated rate and they can bill you for amounts in excess of the allowed amount. As one example, out-of-network facility claims will often include very expensive ancillary charges (such as implantable devices) for which no extra reimbursement is available as these charges are not separately considered under the plan. This means you will be responsible for these charges.
- The **Inpatient Hospital Benefits** matrix under the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copayment as follows:

Tier 1: 100% of the allowed amount, subject to a **\$200** copayment for the 1st through the 5th days

Tier 2 and 3: 100% of the allowed amount, subject to a **\$400** copayment for the 1st through the 5th days
- The **Outpatient Hospital Benefits** matrix under the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copayment for Outpatient surgery (including ambulatory surgical centers) as follows:

Tier 1: 100% of the allowed amount, subject to a **\$200** facility copayment

Tier 2 and 3: 100% of the allowed amount, subject to a **\$400** facility copayment
- The **Outpatient Hospital Benefits** matrix under the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copayment for Outpatient diagnostic lab, X-ray and pathology as follows:

Tier 1: 100% of the allowed amount, subject to a **\$200** facility copayment

Tier 2 and 3: 100% of the allowed amount, subject to a **\$400** facility copayment.
- The **Outpatient Hospital Benefits** matrix under the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copayment for Emergency Room - Medical Emergency to **\$200** facility copayment.
- The **Outpatient Hospital Benefits** matrix under the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copayment for **Emergency Room - Accident** to **\$200** facility copayment.

The **Physician Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copayment amounts to \$35 copayment for a Primary Care Physician or \$50 copayment for a Specialist for the following services or supplies: Office visits, Outpatient consultations and Second surgical opinions.

Primary Care Physician copayments are limited to the following: Internal Medicine, Family Practice, General Practice, Physician Assistant, Clinic, Gynecological/Oncology, Gynecology, Obstetrics, Obstetrics/Gynecology, Certified Nurse Practitioner, Midwives and Pediatricians. All other covered providers are considered specialists.

- The **Physician Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copayment amount to \$50 copayment for an Emergency Room physician.
- The **Physician Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to add **In-Network** copayment amounts for the following services or supplies: **CAT Scan, MRI, PET/Spect, ERCP, Angiography/Arteriography, Cardiac Cath/Arteriography, Colonoscopy, UGI Endoscopy, Muga-gated Cardiac Scan** as follows:

100% of the allowed amount, subject to a \$200 per procedure copayment
- The matrix under the **Mental Health and Substance Abuse Benefits, Benefits for Members Whose Care is not Coordinated by an EPS Provider** subsection of the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copayment for Inpatient general hospital or psychiatric specialty hospital as follows:

Tier 1: 100% of the allowed amount, subject to a **\$200** copayment for the 1st through the 5th days

Tier 2 and 3: 100% of the allowed amount, subject to a **\$400** copayment for the 1st through the 5th days

- The **Physician Preventive Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to add the following preventive services:

SERVICE OR SUPPLY	IN-NETWORK	OUT-OF-NETWORK
Developmental Screening Three exams during first 30 months of life	100% of the allowed amount, no deductible or copayment	Not covered
Chlamydia Screening One per calendar year for females ages 15-24	100% of the allowed amount, no deductible or copayment	Not covered

- The last sentence of the bulleted paragraph 4 of the **Prescription Drug Benefits** subsection of the **Health Benefits** section of your benefit booklet is deleted and replaced with the following:

Refills of prescriptions are allowed only after 75% of the allowed amount of the previous prescription has been used, e.g., 23 days into a 30 day supply.

- The **Prescription Drug Benefits** subsection of the **Health Benefits** section of your benefit booklet is amended by adding the following new bulleted paragraph before the first bulleted paragraph in that subsection to read as follows:

Prescription drug benefits are provided only if dispensed by an in-network pharmacy. Except for certain specialty drugs, in-network pharmacies are pharmacies that have a contract with Blue Cross and Blue Shield of Alabama or its pharmacy benefit manager(s) to dispense prescription drugs. For certain specialty drugs, in-network pharmacies must have a contract with Blue Cross and Blue Shield of Alabama or its pharmacy benefit manager(s) to dispense certain specialty drugs.

Paragraph **I** of the **Health Benefit Exclusions** section of your benefit booklet is amended to add the following exclusion:

Services, supplies, **implantable devices**, equipment and accessories billed by any third party vendor that are used in surgery or any operative setting. This exclusion does not apply to services and supplies provided to a member for use in their home pursuant to a physician's prescription.

- Paragraph **P** of the **Health Benefit Exclusions** section of your benefit booklet is amended to add the following exclusion:

Hot and cold **packs**, including circulating devices and pumps.

- Paragraph **S** of the **Health Benefit Exclusions** section of your benefit booklet is amended to add the following exclusions:

Services, **supplies**, equipment, accessories or other items which can be purchased at retail establishments or otherwise over-the-counter without a doctor's prescription that are not otherwise covered services under another section of this Certificate, including but not limited to :

- Hot and cold packs;
- Standard batteries used to power medical or durable medical equipment;
- Solutions used to clean or prepare skin or minor wounds including alcohol solution or wipes, povidone-iodine solution or wipes, hydrogen peroxide, and adhesive remover;
- Standard dressing supplies and bandages used to protect minor wounds such as band aids, 4 x 4 gauze pads, tape, compression bandages, eye patches;
- Elimination and incontinence supplies such as urinals, diapers, and bed pans; and
- Blood pressure cuffs, sphygmometers, stethoscopes and thermometers.

Sleep studies performed outside of a healthcare facility, such as home sleep studies, whether or not supervised or attended

- Paragraph **T** of the **Health Benefit Exclusions** section of your benefit booklet is amended to add the following exclusion:

Transcutaneous Electrical Nerve Stimulation (TENS) equipment and all related supplies including TENS units, Conductive Garments, application of electrodes, leads, electrodes, batteries and skin preparation solutions.

- The second sentence of the **In-Network Provider** definition in the **Definitions** section of your benefit booklet is deleted and replaced with the following:

Examples include BlueCard PPO providers, Preferred Medical Doctors (PMD physicians), Participating Pharmacies and Specialty Participating Pharmacies.

- The **Definitions** section of your benefit booklet is amended by adding the following new definition:

Implantables: An implantable device is a biocompatible mechanical device, biomedical material, or therapeutic agent that is implanted in whole or in part and serves to support or replace a biological structure, support and/or enhance the command and control of a biological process, or provide a therapeutic effect. Examples include, but are not limited to, cochlear implants, neurostimulators, indwelling orthopedic devices, cultured tissues, tissue markers, radioactive seeds, and infusion pumps.

EFFECTIVE OCTOBER 1, 2010:

- Under the **Eligibility and Pre-Existing Condition Exclusion Periods** section of your benefit booklet, the fourth paragraph of the **Pre-Existing Condition Exclusion Periods** subsection is deleted and replaced with the following:

Pre-existing conditions exclusion periods do not apply to members under age 19. Pre-existing condition exclusion periods do not apply to pregnancy.

- The third row of the matrix in the **Cost Sharing** section of your benefit booklet related to **lifetime maximum** is deleted in its entirety.
- The **Lifetime Maximum** subsection in the **Cost Sharing** section of your benefit booklet is deleted in its entirety. The reference to "Lifetime Maximum" in the Table of Contents section of your benefit booklet is also deleted.
- The **Outpatient Hospital Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to change the **Out-of-Network** cost-sharing amounts for **Emergency Room – medical emergency** as follows:

100% of the allowed amount, subject to a \$200 facility copayment when services are rendered within 72 hours of the medical emergency or until medically stabilized; thereafter 80% of the allowed amount, subject to the calendar year deductible

In Alabama, not covered.

The **Outpatient Hospital Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to change the **Out-of-Network** cost-sharing amounts for **Emergency Room – accident** services or supplies as follows:

100% of the allowed amount, subject to a \$200 facility copayment when services are rendered within 72 hours of the accident or until medically stabilized; thereafter 80% of the allowed amount, subject to the calendar year deductible

- The **Physician Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to change the **Out-of-Network** cost sharing amounts for **Emergency Room physician** as follows:

100% of the allowed amount, no deductible, subject to a \$50 copayment

- The **Physician Preventive Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to clarify the **In-Network** cost sharing for the following preventive services:

SERVICE OR	IN-NETWORK	OUT-OF-NETWORK
Routine well child care exams: First 24 months – 9 visits Age 2 – 1 visit Age 3 – 1 visit Age 4 – 1 visit Age 5 – 1 visit Age 6 – 1 visit	100% of the allowed amount, no deductible or copayment for preventive services Note: Claims for physician office visit charges will be processed as physician benefits and subject to any applicable physician benefit copayments, such as a \$35 copayment for physician office visits	Not covered

- The **Physician Preventive Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to clarify the **In-Network** cost sharing for the following preventive services:

SERVICE OR	IN-NETWORK	OUT-OF-NETWORK
Routine office visits: One office visit per calendar year for members eligible for routine pap smear, routine mammogram, or routine PSA	100% of the allowed amount, no deductible or copayment for preventive services Note: Claims for physician office visit charges will be processed as physician benefits and subject to any applicable physician benefit copayments, such as a \$35 copayment for physician office visits	Not covered

EFFECTIVE JANUARY 1, 2010

The second paragraph of the **Calendar Year Out-of-Pocket Maximum** subsection of the **Cost Sharing** section of your benefit booklet is amended to add that **inpatient hospital copayments and outpatient hospital copayments** also **do not** count towards the calendar year out-of-pocket maximum.



E. Gene Linton Jr.
Vice President, Group Sales



**BlueCross BlueShield
of Alabama**

An Independent Licensee of the Blue Cross and Blue Shield Association.

Insert for 320 Plan

MKT-320 (Rev. 7-2008)

Attention: This insert amends the Group Health Care Summary Plan Description for the 320 Plan (Rev. 7-2008). The 320 Plan has been amended as noted below, effective as of the earlier of the following events to occur on or after July 1, 2009: your group's contract effective date or your group's annual contract renewal date. You should ask your group if you have questions about your group's contract effective date or annual contract renewal date.

-
1. The **Physician Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copay amounts to **\$35** for the following service or supply: (i) Office visits, Outpatient consultations and Second surgical opinions, and (ii) Emergency Room physician.
 2. The **Physician Preventive Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copay amounts to **\$35** for the following service or supply: (i) Routine well child care exams, and (ii) Routine office visits.
 3. The **Prescription Drug Benefits** matrix of the **Health Benefits** section of your benefit booklet is amended to change the **In-Network** copay amounts to **\$40** for Preferred brand prescription drugs.

E. Gene Linton Jr.
Vice President, Group Sales

INSERT

320 Plan

MKT-320 (Rev. 7-2008)

Dated: (August 28, 2008)

Attention: This insert amends the Group Health Care Summary Plan Description for the 320 Plan (Rev. 7-2008). Effective July 1, 2008, the 320 Plan has been amended as noted below.

The first paragraph of subsection **S** of the **Health Benefit Exclusions** section of your benefit booklet is hereby deleted in its entirety and replaced with the following new paragraph to read as follows:

Services or expenses for, or related to, **sexual dysfunctions** or inadequacies not related to organic disease (unless the injury results from an act of domestic violence or a medical condition) or which are related to surgical sex transformations



Gene Linton
Vice President, Marketing

INSERT

320 Plan

MKT-320 (Rev. 7 - 2008)

September 1, 2008

This insert amends the Group Health Care Summary Plan Description for the 320 Plan (Rev. 7-2008). Effective September 1, 2008, the 320 Plan has been amended as noted below.

Under the **Eligibility and Pre-Existing Condition Exclusion Periods** section of your benefit booklet, the **Eligible Dependents** subsection is hereby deleted in its entirety and replaced with the following new subsection to read as follows:

Eligible Dependents

Your eligible dependents are:

- Your spouse (of the opposite sex);
- An unmarried child under age 18;
- An unmarried child age 18 to 25 who depends on you for over one-half support; and,
- An incapacitated child who is not able to support himself and who depends on you for support, if the incapacity occurred before age 18 (or before age 25 when the child was dependent on you for over one-half support).

The child may be the employee's natural child; stepchild residing in the household of the eligible employee; legally adopted child; child placed for adoption; or, other unmarried child for whom the employee has permanent legal custody and who depends solely on the employee for support and regularly and permanently resides with the employee in a parent-child relationship.

A grandchild is only eligible if he or she meets all of the following guidelines: (1) under 18 years of age; (2) unmarried; (3) depends on you for over one-half support; (4) resides in the same household full time with you in a parent-child relationship; and (5) is not employed on a regular full-time basis. If the grandchild is covered under the plan, the grandchild's parent may not be covered by the employee's contract unless the grandchild has been adopted by the grandparents and the parent meets all of the other conditions to be covered as a dependent. A grandchild may continue coverage under the plan up to age 25 if unmarried and depends upon you for over one-half support.

In all cases, the child must also qualify as your dependent for purposes of Sections 105 and 106 of the Internal Revenue Code. For more information about this, see Internal Revenue Service Publication 502, which can be obtained over the Internet at www.irs.gov/publications.



Gene Linton
Vice President, Large Group Marketing and LTC

INSERT

320 Plan
MKT-320 (Rev. 7 - 2008)
Dated: March 31, 2009

This insert amends the Group Health Care Summary Plan Description for the 320 Plan (Rev. 7 - 2008). The 320 Plan has been amended as noted below.

1. Effective April 1, 2009, the subsection entitled **Beginning of Coverage** under the **Eligibility and Pre-Existing Condition Periods** section of your benefit booklet is hereby amended by adding the following subparagraph at the end of such subsection but before the last two sentences of such subsection to read as follows:

Special Enrollment Period related to Medicaid and SCHIP

An employee or dependent who loses coverage under Medicaid or a State Children's Health Insurance Plan (SCHIP) because of loss of eligibility for coverage may enroll in the plan provided that the employee or dependent requests enrollment within 60 days of the termination of coverage. An employee or dependent who becomes eligible for premium assistance under Medicaid or SCHIP for coverage under the plan may also enroll in the plan provided that the employee or dependent requests enrollment within 60 days of becoming eligible for such premium assistance. Coverage will be effective no later than the first day of the first calendar month beginning after the date the plan receives the request for special enrollment. A member who enrolls under this paragraph is called a "special enrollee."

2. The subsection entitled **COBRA Premiums** under the **COBRA** section of your benefit booklet is hereby amended by adding the following at the end of such subsection to read as follows:

The American Recovery and Reinvestment Act of 2009 temporarily increases the amount of the HCTC to 80% for certain HCTC-eligible individuals beginning 60 days after the enactment of the Act and ending December 31, 2010. This act also temporarily modifies the maximum required COBRA coverage period for certain HCTC-eligible individuals whose qualifying event is a termination of employment or a reduction in hours, but does not extend any periods of coverage beyond December 31, 2010. If you have questions about these new provisions, you may call the Health Coverage Tax Credit Customer Contact Center at 1-866-628-4282 (toll-free).

3. The eighth paragraph of subsection **C** of the **Health Benefit Exclusions** section of your benefit booklet is hereby deleted in its entirety and replaced with the following new paragraph to read as follows:

Services or expenses for treatment of injury sustained in the commission of a crime (except for injury resulting from a medical condition or domestic violence) or for treatment while confined in a prison, jail, or other penal institution.



Gene Linton
Vice President, Group Sales

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OVERVIEW OF THE PLAN

The following provisions of this booklet contain a summary in English of your rights and benefits under the plan. If you have questions about your benefits, please contact Customer Service at 1-800-292-8868. If needed, simply request a Spanish translator and one will be provided to assist you in understanding your benefits.

Atención por favor - Spanish

Este folleto contiene un resumen en inglés de sus beneficios y derechos del plan. Si tiene alguna pregunta acerca de sus beneficios, por favor póngase en contacto con el departamento de Servicio al Cliente llamando al 1-800-292-8868. Solicite simplemente un intérprete de español y se proporcionará uno para que le ayude a entender sus beneficios.

Purpose of the Plan

The plan is intended to help you and your covered dependents pay for the costs of medical care. The plan does not pay for all of your medical care. For example, you may be required to contribute through payroll deduction before you obtain coverage under the plan. You may also be required to pay deductibles, copayments, and coinsurance.

Definitions

Near the end of this booklet you will find a section called Definitions, which identifies words and phrases that have specialized or particular meanings. In order to make this booklet more readable, we generally do not use initial capitalized letters to denote defined terms. Please take the time to familiarize yourself with these definitions so that you will understand your benefits.

Receipt of Medical Care

Even if the plan does not cover benefits, you and your provider may decide that care and treatment are necessary. You and your provider are responsible for making this decision.

Beginning of Coverage and Exclusion Periods for Pre-Existing Conditions

The section of this booklet called Eligibility and Pre-Existing Condition Exclusion Periods will tell you what is required for you to be covered under the plan and when your coverage begins. This section will also tell you whether you will have to serve an exclusion period before you are covered for pre-existing medical conditions.

Medical Necessity and Precertification

The plan will only pay for care that is medically necessary, as determined by us. We develop medical necessity standards to aid us when we make medical necessity determinations. We publish these standards on the Internet in the My Blue Cross portion of our website. The definition of medical necessity is found in the Definitions section of this booklet.

In some cases (such as inpatient hospital admissions in non-emergency situations, diagnostic imaging, and some prescription drugs) the plan requires that you precertify the medical necessity of your care. The provisions later in this booklet will tell you when precertification is required. Look on the back of your ID card for the phone number that you or your provider should call. In some cases, our contracts with providers require the provider to initiate the precertification process for you. Your provider should tell you when these requirements apply. You are responsible for making sure that your provider initiates and

complies with any precertification requirements under the plan. Please note that precertification relates only to the medical necessity of care; it does not mean that your care will be covered under the plan. Precertification also does not mean that your group has paid us all monies due for your coverage to be in force on the date that services or supplies are rendered.

In-Network Benefits

One way in which the plan tries to manage health care costs and provide enhanced benefits is through negotiated discounts with medical providers. In-network providers are hospitals, physicians, and other health care providers that contract with Blue Cross and/or Blue Shield plans for furnishing health care services at a reduced price. Examples of in-network providers include PMD, Preferred Care, and BlueCard PPO. In-network pharmacies are pharmacies that participate with Blue Cross and Blue Shield of Alabama or Preferred Care Services, Inc.

A special feature of your plan gives you access to the national network of providers called BlueCard PPO. Each local Blue Cross and/or Blue Shield plan designates which of its providers are PPO providers. In order to locate a PPO provider in your area you should call the BlueCard PPO toll-free access line at 1-800-810-BLUE (2583) or visit the BlueCard PPO Provider Finder web site at www.bcbs.com/healthtravel/finder.html. PPO providers will file claims on your behalf with the local Blue Cross plan where services are rendered. The local Blue Cross plan will then forward the claims to us for verification of eligibility and determination of benefits. Assuming the services are covered, you will normally only be responsible for out-of-pocket costs such as deductibles, copayments, and coinsurance.

Sometimes a network provider may furnish a service to you that is either not covered under the plan or is not covered under the contract between the provider and the local Blue Cross plan where services are rendered. When this happens, benefits may be denied or may be covered under some other portion of the plan, such as Other Covered Services.

As you read the remainder of this booklet, you should pay attention to the type of in-network provider that is treating you, since benefit levels and your out-of-pocket costs may vary.

Relationship Between Blue Cross and/or Blue Shield Plans and the Blue Cross and Blue Shield Association

Blue Cross and Blue Shield of Alabama is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield plans. The Blue Cross and Blue Shield Association permits us to use the Blue Cross and Blue Shield service marks in the state of Alabama. Blue Cross and Blue Shield of Alabama is not acting as an agent of the Blue Cross and Blue Shield Association. No representation is made that any organization other than Blue Cross and Blue Shield of Alabama and your employer will be responsible for honoring this contract. The purpose of this paragraph is for legal clarification; it does not add additional obligations on the part of Blue Cross and Blue Shield of Alabama not created under the original agreement.

Limitations and Exclusions

The plan contains a number of provisions that limit or exclude benefits for certain services and supplies, even if medically necessary. You need to be aware of these limits and exclusions in order to take maximum advantage of this plan.

Claims and Appeals

When you receive services from an in-network provider, your provider will generally file claims for you. In other cases, you may be required to pay the provider and then file a claim with us for reimbursement under the terms of the plan. If we deny a claim in whole or in part, you may file an appeal with us. We will

give you a full and fair review. The provisions of the plan dealing with claims or appeals are found further on in this booklet.

Termination of Coverage

The section below called [Eligibility and Pre-Existing Condition Exclusion Periods](#) tells you when coverage will terminate under the plan. If coverage terminates, no benefits will be provided thereafter, even if for a condition that began before the plan or your coverage termination. In some cases you will have the opportunity to buy COBRA coverage after your group coverage terminates. COBRA coverage is explained in detail later in this booklet.

ELIGIBILITY AND PRE-EXISTING CONDITION EXCLUSION PERIODS

Eligibility for the Plan

You are eligible to enroll in this plan if all of the following requirements are satisfied:

- You are an employee and are treated as such by your group. Examples of persons who are not employees include independent contractors, board members, and consultants;
- You regularly work 30 or more hours per week (including vacation and certain leaves of absence that are discussed in the section dealing with termination of coverage);
- You are in a category or classification of employees that is covered by the plan;
- You meet any additional eligibility or participation rules established by your group; and,
- You satisfy any applicable waiting period, as explained below.

You must continue to meet these eligibility conditions for the duration of your participation in the plan.

Enrollment Waiting Periods

There may be a waiting period under the plan, as determined by your group. You should contact your group to determine if this is the case. Your group will also tell you the length of any applicable waiting period.

Coverage will begin on the date specified below under [Beginning of Coverage](#). Coverage may also be subject to a pre-existing condition exclusion. See the section below called [Pre-Existing Condition Exclusion Periods](#).

Applying for Plan Coverage

Fill out an application form completely and give it to your group. You must name all eligible dependents to be covered on the application. Your group will collect all of the employees' applications and send them to us. Some employers provide for electronic online enrollment. Check with your group to see if this option is available.

Eligible Dependents

Your eligible dependents are:

- Your spouse (of the opposite sex);
- An unmarried child under age 19;

- An unmarried child age 19 to 25 while a full-time student in a state accredited school, not working full time and chiefly depending on you for support; and,
- An incapacitated child who is not able to support himself and who depends on you for support, if the incapacity occurred before age 19 (or 25 if a "full-time student").

The child may be the employee's natural child; stepchild residing in the household of the eligible employee; legally adopted child; child placed for adoption; or, other unmarried child for whom the employee has permanent legal custody and who depends solely on the employee for support and regularly and permanently resides with the employee in a parent-child relationship.

A grandchild is only eligible if he or she meets all of the following guidelines: (1) under 19 years of age; (2) unmarried; (3) chiefly dependent on the employee for support; (4) resides in the same household full time with the employee in a parent-child relationship; and (5) is not employed on a regular full-time basis. If the grandchild is covered under the plan, the grandchild's parent may not be covered by the employee's contract unless the grandchild has been adopted by the grandparents and the parent meets all of the other conditions to be covered as a dependent. A grandchild may continue coverage under the plan up to age 25 if unmarried and a full-time student in a state accredited school, not working full time, and chiefly dependent upon the employee for support.

In all cases, the child must also qualify as your dependent for purposes of Sections 105 and 106 of the Internal Revenue Code. For more information about this, see Internal Revenue Service Publication 502, which can be obtained over the Internet at www.irs.gov/publications.

Beginning of Coverage

Regular Enrollment

If you apply within 30 days after the date on which you meet the plan's eligibility requirements (including any applicable waiting periods established by your group), your coverage will begin as of the date thereafter specified by your group (generally the first day of the month after you have met the eligibility requirements and applied). If you are a new employee, coverage will not begin earlier than the first day on which you report to active duty. An employee who enrolls under this paragraph is called a "regular enrollee."

Late Enrollment

You may also enroll as a "late enrollee" during your group's annual open enrollment period, if any. Your coverage will begin on the date specified by your group following your enrollment. A late enrollee is any member who does not enroll during the regular enrollment period described above or during a special enrollment period. If your group imposes a pre-existing condition exclusion period, late enrollees are subject to longer pre-existing condition exclusion periods than regular and special enrollees. See the discussion below on pre-existing condition exclusions for more information about this.

Special Enrollment Period for Individuals Losing Other Coverage

An employee or dependent (1) who does not enroll during the first 30 days of eligibility because the employee or dependent has other coverage, (2) whose other coverage was either COBRA coverage that was exhausted or coverage by other health plans which ended due to "loss of eligibility" (as described below) or failure of the employer to pay toward that coverage, and (3) who requests enrollment within 30 days of the exhaustion or termination of coverage, may enroll in the plan. Coverage will be effective no later than the first day of the first calendar month beginning after the date the plan receives the request for special enrollment. A member who enrolls under this paragraph is called a "special enrollee."

Loss of eligibility with respect to a special enrollment period includes loss of coverage as a result of legal separation, divorce, cessation of dependent status, death, termination of employment, reduction in the number of hours of employment, and any loss of eligibility that is measured by reference to any of these events, but does not include loss of coverage due to failure to timely pay premiums or termination of coverage for cause (for example, making a fraudulent claim or intentional misrepresentation of a material fact). Loss of eligibility with respect to a special enrollment period also includes a situation where an individual incurs a claim that would meet or exceed a lifetime limit on all plan benefits.

Special Enrollment Period for Newly Acquired Dependents

If you have a new dependent as a result of marriage, birth, placement for adoption, or adoption, you may enroll yourself and/or your spouse and your new dependent as special enrollees provided that you request enrollment within 30 days of the event. The effective date of coverage will be the date of birth, placement for adoption, or adoption. In the case of a dependent acquired through marriage, the effective date will be no later than the first day of the first calendar month beginning after the date the plan receives the request for special enrollment. A member who enrolls under this paragraph is also called a "special enrollee."

If we accept your application, you will receive an identification card. If we decline your application, all the law requires us to do is refund any fees paid.

Pre-Existing Condition Exclusion Periods

As a general rule, for the first 12 months (365 days) after your "enrollment date," there are no benefits for pre-existing conditions. If you are a late enrollee, there are no benefits for the first 18 months (546 days) after your enrollment date for pre-existing conditions. If you are a regular enrollee, your enrollment date is the earlier of the first day of any waiting period or the first day on which you become covered. If you are a special or late enrollee, your enrollment date is the first day on which you become covered.

The 12- or 18-month pre-existing condition exclusion periods are reduced by any credit you receive for prior creditable coverage (as described below).

A pre-existing condition is any condition, no matter how caused, for which you received medical advice, a diagnosis, or care, or for which treatment was recommended or received during the six-month period preceding your enrollment date. Even if your condition is not diagnosed until after your enrollment date, we treat your condition as pre-existing if treatment was recommended or received during the six-month period preceding your enrollment date for symptoms that are consistent with the presence of your condition.

Pre-existing conditions do not apply to newborns enrolled within 30 days of birth or children under age 18 who are enrolled within 30 days of the date of adoption or placement for adoption. Pre-existing conditions do not apply to pregnancy.

Credit for Prior Creditable Coverage

If you were covered by another plan before becoming covered by this plan, we will credit the time toward the 12-month (365 days) or 18-month (546 days) pre-existing conditions exclusion period, if:

- There is no greater than a 63-day break in coverage, and
- The last coverage was "creditable coverage," i.e., under an individual or group health plan including COBRA, Medicare, Medicaid, U.S. Military, TRICARE, SCHIP, Federal Employee Program, Indian Health Service, Peace Corps Service, a state risk pool or a plan established or maintained by a state, U.S. Government, foreign country or any political subdivision of a state, U.S. Government or foreign country.

If necessary, we will assist in obtaining a certificate from any prior employer, insurer, or Health Maintenance Organization (HMO).

Qualified Medical Child Support Orders

If the group (the plan administrator) receives an order from a court or administrative agency directing the plan to cover a child, the group will determine whether the order is a Qualified Medical Child Support Order (QMCSO). A QMCSO is a qualified order from a court or administrative agency directing the plan to cover the employee's child regardless of whether the employee has enrolled the child for coverage. The group has adopted procedures for determining whether such an order is a QMCSO. You have a right to obtain a copy of those procedures free of charge by contacting your group.

The plan will cover an employee's child if required to do so by a QMCSO. If the group determines that an order is a QMCSO, we will enroll the child for coverage effective as of a date specified by the group, but not earlier than the later of the following:

- If we receive a copy of the order within 30 days of the date on which it was entered, along with instructions from the group to enroll the child pursuant to the terms of the order, coverage will begin as of the date on which the order was entered.
- If we receive a copy of the order later than 30 days after the date on which it was entered, along with instructions from the group to enroll the child pursuant to the terms of the order, coverage will begin as of the date on which we receive the order. We will not provide retroactive coverage in this instance.

Coverage may continue for the period specified in the order up to the time the child ceases to satisfy the definition of an eligible dependent. If the employee is required to pay extra to cover the child, the group may increase the employee's payroll deductions. During the period the child is covered under the plan as a result of a QMCSO, all plan provisions and limits remain in effect with respect to the child's coverage except as otherwise required by federal law. For example, a child covered by a QMCSO may be subject to a pre-existing condition exclusion.

While the QMCSO is in effect we will make benefit payments – other than payments to providers – to the parent or legal guardian who has been awarded custody of the child. We will also provide sufficient information and forms to the child's custodial parent or legal guardian to allow the child to enroll in the plan. We will also send claims reports directly to the child's custodial parent or legal guardian.

Relationship to Medicare

You must notify your group when you or any of your dependents become eligible for Medicare. Except where otherwise required by federal law (as explained below), the plan will pay benefits on a secondary basis to Medicare or will pay no benefits at all for services or supplies that are included within the scope of Medicare's coverage, depending upon, among other things, the size of your group, whether your group is a member of an association, and the type of coordination method used by your group. For example, if this plan is secondary to Medicare in accordance with the rules explained below, this plan will pay no benefits for services or supplies that are included within the scope of Medicare's coverage if you fail to enroll in Medicare when eligible. For more information about how this plan coordinates with Medicare, please read the section entitled Coordination of Benefits.

In determining the size of your group for purposes of the following provisions, certain related corporations (parent/subsidiary and brother/sister corporations) must be treated as one employer. Special rules may also apply if your group participates in an association plan.

Employers with Fewer than 20 Employees

Employees Age 65 or Older: If you reach age 65 and you are still working, your coverage under the plan will cease as of the first day of the month in which you reach your 65th birthday. You should enroll in Original Medicare or a Medicare Advantage plan and/or a Medicare prescription drug plan. If you enroll in Original Medicare, you may also purchase a Medicare Supplement contract. If your spouse (or any other covered dependent) is younger than age 65, your employer may continue to provide group benefits to your under-age-65 dependents through a separate billing arrangement with Blue Cross so long as you purchase a Blue Cross Medicare Supplement contract (that will be billed to you through your employer). This same arrangement to continue to provide group benefits to your under-age-65 dependents through a separate billing arrangement with Blue Cross may become available in the future in relation to your purchase of a Blue Cross Medicare Advantage plan (that will be billed to you through your employer). Your group will notify you if and when this group arrangement becomes available. If you enroll in a Medicare Advantage plan, you may not purchase a Medicare Supplement contract.

If your spouse or dependent is age 65 or older, his or her coverage under the plan will also cease, and he or she should enroll in Original Medicare or a Medicare Advantage plan and/or a Medicare prescription drug plan. If he or she enrolls in Original Medicare, he or she may also purchase a suitable Medicare Supplement contract.

Employees Younger Than Age 65: If you are younger than age 65 and your spouse is age 65 or older, coverage under the plan will cease for your spouse on the first day of the month in which he or she turns 65. Your spouse should enroll in Original Medicare or a Medicare Advantage plan and/or a Medicare prescription drug plan. If he or she enrolls in Original Medicare, he or she may also purchase a suitable Medicare Supplement contract.

Employers with 20 or More Employees

If your group employs 20 or more employees and if you continue to be actively employed when you are age 65 or older, you and your spouse will continue to be covered for the same benefits available to employees under age 65. In this case, the plan will pay all eligible expenses first. If you are enrolled in Medicare, Medicare will pay for Medicare eligible expenses, if any, not paid by the plan.

If both you and your spouse are over age 65, you may elect to enroll in Original Medicare or a Medicare Advantage plan and/or a Medicare prescription drug plan and disenroll completely from the plan. This means that you will have no benefits under the plan. If you enroll in Original Medicare you may also purchase a Medicare Supplement contract. In addition, the group is prohibited by law from purchasing your Medicare Supplement contract for you or reimbursing you for any portion of the cost of the contract. If you enroll in a Medicare Advantage plan, you may not purchase a Medicare Supplement contract.

If you are age 65 or older, considering retirement, and think you may need to buy COBRA coverage after you retire, you should read the section below dealing with the COBRA coverage – particularly the discussion under the heading [Medicare and COBRA Coverage](#).

Other Medicare Rules

Disabled Individuals: If you or your spouse is eligible for Medicare due to disability and is also covered under the plan by virtue of your current employment status with the group, Medicare will be considered the primary payer (and the plan will be secondary) if your group normally employed fewer than 100 employees during the previous calendar year. If your group normally employed 100 or more employees during the previous calendar year, the plan will be primary and Medicare will be secondary.

End-Stage Renal Disease: If you are eligible for Medicare as a result of End-Stage Renal Disease (permanent kidney failure), the plan will generally be primary and Medicare will be secondary for the first 30 months of your Medicare eligibility (regardless of the size of the group). Thereafter, Medicare will be primary and the plan will be secondary.

Medicare Part D Prescription Drug Coverage

If the plan does not provide "creditable" prescription drug benefits – that is, the plan's prescription drug benefits are not at least as good as standard Medicare Part D prescription drug coverage, you should enroll in Part D of Medicare when you become eligible for Medicare. Your group will tell you whether the plan's prescription drug benefits are at least as good as Medicare Part D.

If you have any questions about coordination of your coverage with Medicare, please contact your group for further information. You may also find additional information about Medicare at www.medicare.gov.

Termination of Coverage

Plan coverage ends as a result of the first to occur of the following (generally, coverage will continue to the end of the month in which the event occurs):

- The date on which the employee fails to satisfy the conditions for eligibility to participate in the plan, such as termination of employment or reduction in hours (except during vacation or as otherwise provided in the [Leaves of Absence](#) rules below);
- For spouses, the date of divorce or other termination of marriage;
- For children, the date a child ceases to be a dependent;

- For the employee and his or her dependents, the date of the employee's death;
- Your group fails to pay us the amount due within 30 days after the day due;
- Upon discovery of fraud or intentional misrepresentation of a material fact by you or your group;
- Any time your group fails to comply with the contribution or participation rules in the plan documents;
- When none of your group's members still live, reside or work in Alabama; or,
- On 30-days advance written notice from your group to us.

In all cases except the last item above, the termination occurs automatically and without notice. All the dates of termination assume that payment for coverage for you and all other employees in the proper amount has been made to that date. If it has not, termination will occur back to the date for which coverage was last paid.

HIPAA Certificates of Creditable Coverage

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) creates a concept known as "creditable coverage." Your coverage under this plan is considered creditable coverage under HIPAA. If you have sufficient creditable coverage under this plan and you do not incur a break in coverage (63 continuous days of no creditable coverage), you may be able to reduce or eliminate the application of a pre-existing illness exclusion in another health plan.

At any time up to 24 months after the date on which your coverage ceases under the plan, you may request a copy of a certificate of creditable coverage. In order to request this certificate, you or someone on your behalf must call or write Customer Service.

Leaves of Absence

If your group is covered by the Family and Medical Leave Act of 1993 (FMLA), you may retain your coverage under the plan during an FMLA leave, provided that you continue to pay your premiums. In general, the FMLA applies to employers who employ 50 or more employees. You should contact your group to determine whether a leave qualifies as FMLA leave.

You may also continue your coverage under the plan for up to 30 days during an employer-approved leave of absence, including sick leave. Contact your group to determine whether such leaves of absence are offered. If your leave of absence also qualifies as FMLA leave, your 30-day leave time runs concurrently with your FMLA leave. This means that you will not be permitted to continue coverage during your 30-day leave time in addition to your FMLA leave.

If you are on military leave covered by the Uniformed Services Employment and Reemployment Rights Act of 1994, you should see your group for information about your rights to continue coverage under the plan.

COST SHARING

Calendar Year Deductible	\$350 (\$1,050 aggregate per family)
Calendar Year Out-of-Pocket Maximum	\$1,500 (\$4,500 aggregate per family) Certain benefits pay at 100% of the allowed amount thereafter
Lifetime Maximum	\$1,000,000

Calendar Year Deductible

The calendar year deductible is specified in the table above. The calendar year deductible is the amount you must pay for medical expenses covered by the plan before your health care benefits begin. Other parts of this booklet will tell you when benefits are subject to the calendar year deductible.

Here are some special rules concerning application of the calendar year deductible:

- The calendar year deductible must be satisfied on a per person per calendar year basis, subject to a maximum of \$1,050 per family in any one year.
- The family deductible is an aggregate dollar amount. This means that all amounts applied toward individual deductibles will count toward the family aggregate amount. Once the family aggregate calendar year deductible is met, no further family members must satisfy the calendar year deductible.
- Only one calendar year deductible is required when two or more family members have expenses resulting from injuries received in one accident.
- The deductible will be applied to claims in the order in which they are processed regardless of the order in which they are received.

Calendar Year Out-of-Pocket Maximum

The calendar year out-of-pocket maximum is specified in the table above. The calendar year out-of-pocket maximum generally applies to services or supplies that are subject to the calendar year deductible. There may be exceptions to this, depending upon specifications from your group. You may also call Customer Service if you have questions about payments that count towards the calendar year out-of-pocket maximum. Once the maximum has been reached, covered expenses of the type that count towards the maximum will be paid at 100% of the allowed amount.

There may be many expenses you are required to pay under the plan that **do not** count towards the calendar year out-of-pocket maximum, and that you must continue to pay even after you have met the calendar year out-of-pocket maximum. The following are some examples:

- Out-of-network coinsurance on most services;
- The calendar year deductible;
- Per admission deductibles;
- Copayments for drugs;
- Copayments to PPO physicians;
- Amounts paid for non-covered services or supplies;
- Amounts paid for services or supplies in excess of the allowed amount (for example, an out-of-network provider requires you to pay the difference between the allowed amount and the provider's total charges);
- Amounts paid for services or supplies in excess of any plan limits (for example, a limit on the number of covered visits for a particular type of provider);
- Amounts paid as a penalty (for example, failure to precertify); and,
- Facility and physician expenses for mental health and substance abuse.

The calendar year out-of-pocket maximum applies on a per person per calendar year basis, subject to a maximum of \$4,500 per family in any one year.

The calendar year out-of-pocket maximum is an aggregate dollar amount. This means that all amounts that count towards the calendar year out-of-pocket maximum will count towards the family aggregate amount. Once the family calendar year out-of-pocket maximum is met, affected benefits for all covered family members will pay at 100% of the allowed amount for the remainder of the calendar year.

Lifetime Maximum

The lifetime maximum benefit for each covered member under the plan is specified in the table above. The lifetime maximum is the maximum amount each covered member is eligible to receive for applicable covered services in his or her lifetime. Lifetime maximum amounts are accumulated from claim payment amounts under the plan and prior or subsequent plans or contracts issued to your group by us.

The lifetime maximum generally applies to services or supplies that are subject to the calendar year deductible. It may also apply to certain other services and supplies, depending upon specifications from your group. You may also call Customer Service if you have questions about payments that count towards the lifetime maximum.

The following are some examples that generally apply to the lifetime maximum:

- Certain other covered services and supplies;
- Out-of-network outpatient hospital services;
- Out-of-network physician services.

Other Cost Sharing Provisions

The plan may impose other types of cost sharing requirements such as the following:

- **Per admission deductibles:** These apply upon admission to a hospital. Only one per admission deductible is required when two or more family members have expenses resulting from injuries received in one accident.
- **Copayments:** A copayment is a fixed dollar amount you must pay on receipt of care. The most common example is the office visit copayment that must be satisfied when you go to a doctor's office.
- **Coinsurance:** Coinsurance is the amount that you must pay as a percent of the allowed amount. A common example is the percentage of the allowed amount that you must pay when you receive other covered services.
- **Amounts in excess of the allowed amount:** As a general rule, and as explained in more detail in [Definitions](#), the allowed amount may often be less than the provider's actual charges. When you receive benefits in a non-PPO setting (for example, benefits classified as other covered services), you may be responsible for paying the provider's charges in excess of the allowed amount. Your provider will let you know if this is the case.

Out-of-Area Copayments and Coinsurance

When you obtain health care services through the BlueCard Program outside of the Alabama service area, the amount you pay for covered services is calculated on the lower of:

1. The billed charges for your covered services, or
2. The negotiated price that the on-site Blue Cross and/or Blue Shield plan ("Host Plan") passes on to us.

Often, this "negotiated price" will consist of a simple discount that reflects the actual price paid by the Host Plan. But sometimes it is an estimated price that factors into the actual price expected settlements, withholds, any other contingent payment arrangements and non-claims transactions with your health care provider or with a specified group of providers. The negotiated price may also be billed charges reduced to reflect an average expected savings with your health care provider or with a specified group of providers. The price that reflects average savings may result in greater variation (more or less) from the actual price paid than will the estimated price. The negotiated price may also be adjusted in the future to correct for over- or underestimation of past prices. However, the amount you pay is considered a final price.

Statutes in a small number of states may require the Host Plan to use a basis for calculating your payment

for covered services that does not reflect the entire savings realized, or expected to be realized, on a particular claim or to add a surcharge. Should any state statutes mandate payment calculation methods that differ from the usual BlueCard method noted above in paragraph one of this section or require a surcharge, we would then calculate your liability for any covered health care services in accordance with the applicable state statute in effect at the time you received your care.

HEALTH BENEFITS

Attention: Benefit levels for mental health disorders and substance abuse are set forth in the [Mental Health and Substance Abuse Benefits](#) section of this booklet.

Inpatient Hospital Benefits

Attention: Preadmission Certification is required for all hospital admissions except maternity admissions.

For emergency hospital admissions, we must receive notification within 48 hours of the admission.

If a newborn child remains hospitalized after the mother is discharged, we will treat this as a new admission for the newborn. This means that you will be required to obtain preadmission certification for the newborn's hospitalization.

Preadmission certification does not mean that your admission is covered. It only means that we have approved the medical necessity of the admission. For example, your admission may relate to a pre-existing condition for which benefits are not yet available to you under the plan.

In many cases your provider will initiate the preadmission certification process for you. You should be sure to check with your admitting physician or the hospital admitting office to confirm whether preadmission certification has been obtained. It is your responsibility to ensure that you or your provider obtains preadmission certification.

For preadmission certification call 1-800-248-2342 (toll-free).

If preadmission certification is not obtained, no benefits will be payable for the hospital admission or the services of the admitting physician.

SERVICE OR SUPPLY	IN-NETWORK	OUT-OF-NETWORK
First 365 days of care during each confinement (combined in-network and out-of-network)	100% of the allowed amount, no deductible, subject to a \$175 copayment for the 1st through the 5th days	80% of the allowed amount, subject to a \$750 deductible per admission
Days of confinement extending beyond the 365-day benefit maximum	80% of the allowed amount, subject to the calendar year deductible	80% of the allowed amount, subject to the calendar year deductible

Attention: If you receive inpatient hospital services in an out-of-network hospital in the Alabama service area, no benefits are payable under the plan unless services are to treat an accidental injury.

Inpatient hospital benefits consist of the following if provided during a hospital stay:

- Bed and board and general nursing care in a semiprivate room;
- Use of special hospital units such as intensive care or burn care and the hospital nurses who staff them;
- Use of operating, delivery, recovery, and treatment rooms and the equipment in them;
- Administration of anesthetics by hospital employees and all necessary equipment and supplies;

- Casts, splints, surgical dressings, treatment and dressing trays;
- Diagnostic tests, including laboratory exams, metabolism tests, cardiographic exams, encephalographic exams, and X-rays;
- Physical therapy, hydrotherapy, radiation therapy, and chemotherapy;
- Oxygen and equipment to administer it;
- All drugs and medicines used by you if administered in the hospital;
- Regular nursery care and diaper service for a newborn baby while its mother has coverage;
- Blood transfusions administered by a hospital employee.

If you are discharged from and readmitted to a hospital within 90 days, the days of each stay will apply toward any applicable maximum number of inpatient days.

We may reclassify services or supplies provided to a hospital patient to a level of care determined by us to be medically appropriate given the patient's condition, the services rendered, and the setting in which they were rendered. This means that we may, at times, reclassify an inpatient hospital admission as outpatient services. There may also be times in which we deny benefits altogether based upon our determination that services or supplies were furnished at an inappropriate level of care.

Group health plans and health insurance issuers offering group health insurance coverage generally may not, under federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a Cesarean section. However, federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours as applicable). In any case, plans and issuers may not, under federal law, require that a provider obtain authorization from the plan or insurance issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

Outpatient Hospital Benefits

SERVICE OR SUPPLY	IN-NETWORK	OUT-OF-NETWORK
Outpatient surgery (including ambulatory surgical centers)	100% of the allowed amount, subject to a \$175 facility copayment	80% of the allowed amount, subject to the calendar year deductible
Emergency room – medical emergency	100% of the allowed amount, subject to a \$175 facility copayment	80% of the allowed amount, subject to the calendar year deductible
Emergency room – accident	100% of the allowed amount, subject to a \$175 facility copayment	80% of the allowed amount, subject to the calendar year deductible
Outpatient diagnostic lab, X-ray, and pathology	100% of the allowed amount, subject to a \$175 facility copayment Note: The first covered mammogram each calendar year is not subject to the facility copayment	80% of the allowed amount, subject to the calendar year deductible
Outpatient dialysis, IV therapy, chemotherapy, and radiation therapy	100% of the allowed amount, no deductible or copayment	80% of the allowed amount, subject to the calendar year deductible
Services billed by the facility for an emergency room visit when the patient's condition does not meet the definition of a medical emergency (including any lab and X-ray exams and other diagnostic tests associated with the emergency room fee)	80% of the allowed amount, subject to the calendar year deductible	80% of the allowed amount, subject to the calendar year deductible
Outpatient hospital services or supplies not listed above	80% of the allowed amount, subject to the calendar year deductible	80% of the allowed amount, subject to the calendar year deductible

Attention: If you receive outpatient hospital services in an out-of-network hospital in the Alabama service area, no benefits are payable under the plan unless services are to treat an accidental injury.

We may reclassify services or supplies provided to a hospital patient to a level of care determined by us to be medically appropriate given the patient's condition, the services rendered, and the setting in which they were rendered. This means that we may, at times, reclassify an outpatient hospital service as an inpatient admission. There may also be times in which we deny benefits altogether based upon our determination that services or supplies were furnished at an inappropriate level of care.

Certain outpatient diagnostic imaging services may require prior authorization as to the medical necessity of the diagnostic service. Information about these prior authorization requirements can be found on our web site at www.bcbsal.com. Your in-network provider should help you comply with these requirements.

Physician Benefits

SERVICE OR SUPPLY	IN-NETWORK	OUT-OF-NETWORK
Office visits, Outpatient consultations and Second surgical opinions	100% of the allowed amount, no deductible, subject to a \$30 copayment	50% of the allowed amount, subject to the calendar year deductible
Emergency room physician	100% of the allowed amount, no deductible, subject to a \$30 copayment	50% of the allowed amount, subject to the calendar year deductible
Surgery and anesthesia for a covered service	100% of the allowed amount, subject to the calendar year deductible	50% of the allowed amount, subject to the calendar year deductible
Maternity care	100% of the allowed amount, subject to the calendar year deductible	50% of the allowed amount, subject to the calendar year deductible
Inpatient visits	100% of the allowed amount, subject to the calendar year deductible	50% of the allowed amount, subject to the calendar year deductible
Inpatient consultations by a specialty provider (limited to one consult per specialist per day)	100% of the allowed amount, subject to the calendar year deductible	50% of the allowed amount, subject to the calendar year deductible
Diagnostic lab, X-rays, and pathology	100% of the allowed amount, no deductible or copayment	50% of the allowed amount, subject to the calendar year deductible
Chemotherapy and radiation therapy	100% of the allowed amount, no deductible or copayment	50% of the allowed amount, subject to the calendar year deductible
Allergy testing and treatment Limited to \$200 per person each calendar year	80% of the allowed amount, subject to the calendar year deductible	80% of the allowed amount, subject to the calendar year deductible

The following terms and conditions apply to physician benefits:

- Surgical care includes inpatient and outpatient preoperative and postoperative care, reduction of fractures, endoscopic procedures, and heart catheterization.
- Maternity care includes obstetrical care for pregnancy, childbirth, and the usual care before and after those services.
- Inpatient hospital visits related to a hospital admission for surgery, obstetrical care, or radiation therapy are normally covered under the allowed amount for that surgery, obstetrical care, or radiation therapy. Hospital visits unrelated to the above services are covered separately, if at all.
- Certain diagnostic imaging services performed in a physician's office may require prior authorization as to the medical necessity of the diagnostic service. Information about these prior authorization requirements can be found on our web site at www.bcbsal.com. Your in-network provider should help you comply with these requirements.

Physician Preventive Benefits

SERVICE OR SUPPLY	IN-NETWORK	OUT-OF-NETWORK
Routine newborn exam (in hospital)	100% of the allowed amount, no deductible or copayment	Not covered
Routine well child care exams: First 24 months – 9 visits Age 2 – 1 visit Age 3 – 1 visit Age 4 – 1 visit Age 5 – 1 visit Age 6 – 1 visit	100% of the allowed amount, no deductible, subject to a \$30 copayment	Not covered
Routine immunizations: (See www.bcbsal.com/immunizations for a listing of specific immunizations)	100% of the allowed amount, no deductible or copayment	Not covered
Routine pap smear: One per calendar year	100% of the allowed amount, no deductible or copayment	Not covered
Routine screening mammogram: One exam for females ages 35-39 and one exam per calendar year for females ages 40 and over (See the Mastectomy and Mammograms section for additional information)	100% of the allowed amount, no deductible or copayment	Not covered
Routine PSA / Routine DRE (prostate specific antigen and digital rectal exam): One exam each calendar year for males ages 40 and over	100% of the allowed amount, no deductible or copayment	Not covered
Routine Human Papillomavirus (HPV) testing One routine test every three calendar years for females ages 30 and over	100% of the allowed amount, no deductible or copayment	Not covered
Routine office visits: One office visit per calendar year for members eligible for routine pap smear, routine mammogram, or routine PSA	100% of the allowed amount, no deductible, subject to a \$30 copayment	Not covered
Colorectal cancer screening – ages 50 and over: <ul style="list-style-type: none"> Fecal occult blood test (FOBT) once per calendar year Flexible sigmoidoscopy once every three calendar years Double-contrast barium enema once every five calendar years Colonoscopy once every 10 calendar years (See the Colorectal Cancer Screening section for additional information)	100% of the allowed amount, no deductible or copayment Note: Claims for facility charges will be processed as outpatient hospital benefits and subject to any applicable outpatient copayments	Not covered

Mental Health and Substance Abuse Benefits

You may receive mental health and substance abuse benefits under the plan through either an EPS provider or a non-EPS provider. Depending upon which type of provider you choose, your benefits may vary.

Benefits for Members Whose Care is Coordinated by an EPS Provider

EPS providers participate in a program called Expanded Psychiatric Service (EPS). The EPS program provides members with a broad range of services for treatment of mental health disorders and substance abuse without any deductibles or copayments when care is coordinated by an EPS provider. In some cases, EPS providers will furnish care directly to you. In other cases, EPS providers will contract with other providers or facilities to furnish care to you. The plan pays a fixed, per member, fee to the EPS network in exchange for the network's coordination and management of your care. Providers who participate in the EPS network are available throughout Alabama and in a few locations in states bordering Alabama. A list of EPS providers can be found in the Expanded Psychiatric Services Network directory. To find an EPS provider call Customer Service or search the online [provider finder](#) on our web site at www.bcbsal.com. Look under Quick Links for "Find a doctor." Once there, select "Find a doctor by location," then scroll down in the box called "Select a Specialty or Equipment Type" until you find "Psychiatric Services (Expanded)."

SERVICE	BENEFIT
<p>Inpatient</p> <p>Up to 30 days each calendar year for treatment of mental health disorders, chemical detoxification, and rehabilitation; includes:</p> <ul style="list-style-type: none"> • Facility • Physician • Therapy expenses • Outpatient visits • Individual, group, and family therapy or counseling • Psychological and laboratory testing • Services by professional staff members such as psychologists and social workers in mental health and chemical dependency 	<p>100% of the allowed amount, no deductible or copayment</p>

The following services or supplies are not included under the EPS program:

- Speech therapy;
- Diagnosis or treatment of mental retardation;
- Rehabilitation of a temporary or permanent disability or for hearing or vision impairment;
- Treatment for chronic pain or solely for obesity;
- Services related to narcotic maintenance therapy such as methadone maintenance therapy;
- Services related to nicotine addiction;
- Sex therapy programs or treatment for sex offenders;
- Prescription drugs; and,
- Residential psychiatric facilities.

Benefits for Members Whose Care is not Coordinated by an EPS Provider

The following mental health and substance abuse benefits are available when your care is not received or coordinated by an EPS provider.

For services, supplies, or treatment for mental health disorders and substance abuse by a licensed clinical psychologist, psychiatrist, or medical doctor who is not an EPS provider, the following benefits may be available subject to the benefit maximums, copayments, and deductibles shown below:

- Inpatient care for mental health disorders and substance abuse;
- Outpatient visits;
- Individual, group and family therapy or counseling;
- Psychological and laboratory testing.

SERVICE OR SUPPLY	IN-NETWORK	OUT-OF-NETWORK
Inpatient general hospital or psychiatric specialty hospital Up to 30 days of inpatient treatment during any 12 consecutive months; no coverage after 30 days (combined in-network and out-of-network)	100% of the allowed amount, no deductible, subject to a \$175 per day copayment beginning with the 1st day through the 5th day	80% of the allowed amount, subject to a \$750 deductible per admission
Inpatient physician Up to 30 days of inpatient treatment during any 12 consecutive months; no coverage after 30 days (combined in-network and out-of-network)	80% of the allowed amount, subject to the calendar year deductible	80% of the allowed amount, subject to the calendar year deductible
Outpatient facility and physician Up to 20 visits per calendar year (combined in-network and out-of-network)	50% of the allowed amount, subject to the calendar year deductible	50% of the allowed amount, subject to the calendar year deductible

Attention: Inpatient hospital benefits for treatment of mental health disorders and substance abuse are available in the Alabama service area only if the hospital is an in-network provider.

The following services and supplies are not covered:

- Diagnosis or treatment of mental retardation;
- Rehabilitation of a temporary or permanent disability or for hearing or vision impairment;
- Treatment for chronic pain or solely for obesity;
- Services related to nicotine addiction;
- Sex therapy programs or treatment for sex offenders;
- Services or supplies furnished by a substance abuse facility (including a substance abuse residential facility);
- Services provided by psychiatric specialty hospitals that do not participate with nor are considered members of any Blue Cross and/or Blue Shield plan.

Other Covered Services

SERVICE OR SUPPLY	IN-NETWORK	OUT-OF-NETWORK
Accident-related dental services, which consist of treatment of natural teeth injured by force outside your mouth or body if service is received within 90 days of the injury	80% of the allowed amount, subject to the calendar year deductible	80% of the allowed amount, subject to the calendar year deductible
Ambulance services	80% of the allowed amount, subject to the calendar year deductible	80% of the allowed amount, subject to the calendar year deductible
Chiropractic: Professional services of a licensed chiropractor practicing within the scope of his license Limited to \$600 per person each calendar year	80% of the allowed amount, subject to the calendar year deductible	Non-participating chiropractors in Alabama: Not covered Non-participating chiropractors outside Alabama: 80% of the allowed amount, subject to the calendar year deductible
Dialysis services at a renal dialysis facility	80% of the allowed amount, subject to the calendar year deductible	80% of the allowed amount, subject to the calendar year deductible
DME: Durable medical equipment and supplies, which consist of the following: (1) artificial arms and other prosthetics, leg braces, and other orthopedic devices; and (2) medical supplies such as oxygen, crutches, casts, catheters, colostomy bags and supplies, and splints	80% of the allowed amount, subject to the calendar year deductible (for DME the allowed amount will generally be the smaller of the rental or purchase price)	Non-preferred DME supplier in Alabama: 50% of the allowed amount, subject to the calendar year deductible (for DME the allowed amount will generally be the smaller of the rental or purchase price) Non-preferred DME supplier outside Alabama: 80% of the allowed amount, subject to the calendar year deductible (for DME the allowed amount will generally be the smaller of the rental or purchase price)
Eyeglasses or contact lenses: One pair will be covered if medically necessary to replace the human lens function as a result of eye surgery or eye injury or defect	80% of the allowed amount, subject to the calendar year deductible	80% of the allowed amount, subject to the calendar year deductible
Home health and hospice care within the state of Alabama	100% of the allowed amount, subject to the calendar year deductible	Not covered
Home health and hospice care outside the state of Alabama	100% of the allowed amount, subject to the calendar year deductible; precertification is required – call 1-800-821-7231	80% of the allowed amount, subject to the calendar year deductible; precertification is required – call 1-800-821-7231
Occupational, physical and speech therapy: Limited to a combined maximum of 30 visits per person each calendar year (combined in-network and out-of-network)	80% of the allowed amount, subject to the calendar year deductible	Non-preferred occupational and physical therapists in Alabama: 50% of the allowed amount, subject to the calendar year deductible Non-preferred occupational and physical therapists outside Alabama: 80% of the allowed amount, subject to the calendar year deductible Non-preferred speech therapists: 80% of the allowed amount, subject to the calendar year deductible

Prescription Drug Benefits

SERVICE OR SUPPLY	IN-NETWORK	OUT-OF-NETWORK
Prescription drugs	\$15 copayment for generic \$30 copayment for preferred brand \$60 copayment for non-preferred brand Brand name drugs for which a generic equivalent is available: Not covered	Not covered

Prescription drug benefits are subject to the following terms and conditions:

- To determine whether a drug is a preferred brand drug, see the [Prescription Drug Guides](#) found in the “My Blue Cross” section of our web site. Once there, you can download a copy of the current preferred brand drug list or search for the drug by name.
 - The preferred brand drug list consists of brand-name drugs that are generally believed within the industry to be cost effective and have been approved for inclusion on the list by a panel of physicians and pharmacists on Blue Cross and Blue Shield of Alabama's Pharmacy and Therapeutics Committee. The preferred brand drug list is updated periodically.
 - Any brand-name drug that is not on the preferred drug list is considered a non-preferred drug.
 - A generic drug is one that does not have a brand name or trademark.

Attention: Just because a drug is on the preferred brand drug list or any other list on our web site or is a generic equivalent does not mean the drug is safe or effective for you. Only you and your prescribing physician can make that determination.

- Prescription drug coverage is subject to [Drug Coverage Guidelines](#) developed and modified over time based upon daily or monthly limits as recommended by the Food and Drug Administration, the manufacturer of the drug, and/or peer-reviewed medical literature. These guidelines can be found in the “My Blue Cross” section of our web site. Even though your physician has written a prescription for a drug, the drug may not be covered or a clinical edit(s) may apply (i.e. prior authorization, step therapy, quantity limitation). The guidelines in some instances also require you to obtain prior authorization as to the medical necessity of the drug. You may call the customer service number on your card for more information.
- Compound drugs may be covered if at least one of the drugs in the compound is a legend drug.
- Drugs (except Specialty drugs) can be dispensed up to a maximum 90-day supply. You must satisfy the copayment requirement for each 30-day supply. Refills of prescriptions are allowed only after 60% of the allowed amount of the previous prescription has been used (e.g., 18 days in a 30-day supply).
- Specialty drugs can only be dispensed up to a maximum 30-day supply. Specialty drugs are high-cost drugs that may be used to treat certain complex and rare medical conditions and are often self-injected or self-administered. Specialty drugs often grow out of biotech research and may require refrigeration or special handling. The Specialty Drug List that is posted on www.bcbsal.com is the most current listing but is subject to change without notice.
- A drug included in the Specialty Drug List may also be considered a generic, preferred brand name, or other brand name drug. If a drug falls into multiple categories, the drug will be considered a specialty drug, and not a generic drug or other type of drug, as long as it remains on the Specialty Drug List.
- Insulin, needles, and syringes purchased on the same day in the same quantity will have one copayment; otherwise, each has a separate copayment. Blood glucose strips and lancets purchased

on the same day will have one copayment. Otherwise, each has a separate copayment. Glucose monitors always have a separate copayment. These are the only diabetic supplies available as prescription drug benefits under the plan.

Health Management Benefits

HEALTH MANAGEMENT BENEFITS	
Individual Case Management	Coordinates care in event of catastrophic or lengthy illness or injury
Disease Management	Coordinates care for chronic conditions such as asthma, diabetes, coronary artery disease, congestive heart failure and chronic obstructive pulmonary disease

Unfortunately, some people suffer from catastrophic, long-term or chronic illness or injury. If you suffer due to one of these conditions, a Blue Cross Registered Nurse may work with you, your physician, and other health care professionals to design a benefit plan to best meet your health care needs. In order to implement the plan, you, your physician, and Blue Cross must agree to the terms of the plan. The program is voluntary to Blue Cross, you, and your physician. Under no circumstances are you required to work with a Blue Cross case management nurse. Benefits provided to you through individual case management are subject to your plan benefit maximums. If you think you may benefit from individual case management, please call the Health Management division at 205-733-7067 or 1-800-821-7231 (toll-free).

You may also qualify to participate in the disease management program. Disease management is designed for individuals whose long-term medical needs require disciplined compliance with a variety of medical and lifestyle requirements. If the manager of the disease management program determines from your claims data that you are a good candidate for disease management, the manager will contact you and ask if you would like to participate. Participation in the program is completely voluntary. If you would like to obtain more information about the program, call our customer service department.

Additional Benefit Information

Baby Yourself Program

If you or your spouse is pregnant, Baby Yourself offers individual care by a registered nurse. Please call our nurses at 1-800-222-4379 (or 733-7065 in Birmingham) as soon as you find out you are pregnant. Begin care for you and your baby as early as possible and continue throughout your pregnancy. Your baby has the best chance for a healthy start by early, thorough care while you are pregnant. If you fall into one of the following risk categories, please tell your doctor and your Baby Yourself nurse:

- Ages 35 or older;
- High blood pressure;
- Diabetes;
- History of previous premature births;
- Multiple births (twins, triplets, etc.)

Colorectal Cancer Screening

Benefits for colorectal cancer screening vary depending upon the reason the procedure is performed and the way in which the provider files the claim.

- If the colorectal cancer screening is performed in connection with the diagnosis or treatment of a medical condition, and if the provider properly files the claim with this information, we will process the claim as a diagnostic or surgical procedure according to the benefit provisions of the plan dealing with diagnostic or surgical procedures.
- If you are at high risk of developing colon cancer or you have a family history of colon cancer – within the meaning of our medical guidelines – and if the provider properly files the claim with this

information, we will process the claim as a diagnostic or surgical procedure according to the benefit provisions of the plan dealing with diagnostic or surgical procedures.

In all other cases the claim will be subject to the provisions and limitations described elsewhere in this booklet, including the section called [Physician Preventive Benefits](#).

Mastectomy and Mammograms

Women's Health and Cancer Rights Act Information:

A member who is receiving benefits in connection with a mastectomy will also receive coverage for reconstruction of the breast on which a mastectomy was performed and reconstruction of the other breast to produce a symmetrical appearance; prostheses; and treatment of physical complications at all stages of the mastectomy, including lymphedema.

Benefits for this treatment will be subject to the same calendar year deductible and coinsurance provisions that apply for other medical and surgical benefits.

Benefits for Mammograms:

Benefits for mammograms vary depending upon the reason the procedure is performed and the way in which the provider files the claim:

- If the mammogram is performed in connection with the diagnosis or treatment of a medical condition, and if the provider properly files the claim with this information, we will process the claim as a diagnostic procedure according to the benefit provisions of the plan dealing with diagnostic X-rays.
- If you are at high risk of developing breast cancer or you have a family history of breast cancer – within the meaning of our medical guidelines – and if the provider properly files the claim with this information, we will process the claim as a diagnostic procedure according to the benefit provisions of the plan dealing with diagnostic X-rays.
- In all other cases the claim will be subject to the provisions and limitations described elsewhere in this booklet, including the section called [Physician Preventive Benefits](#).

Organ and Bone Marrow Transplants

The organs for which there are benefits are: (1) heart; (2) liver; (3) lungs; (4) pancreas/islet cell; (5) kidney; and (6) intestinal/multivisceral. Bone marrow transplants, which include stem cells and marrow to restore or make stronger the bone marrow function, are also included. All organ and bone marrow transplants (excluding kidney) must be performed in a hospital or other facility on our list of approved facilities for that type of transplant and it must have our advance written approval. When we approve a facility for transplant services it is limited to the specific types of transplants stated. Covered transplant benefits for the recipient include any medically necessary hospital, medical-surgical and other services related to the transplant, including blood and blood plasma.

Transplant benefits for cadaveric donor organ costs are limited to search, removal, storage and the transporting the organ and removal team.

Transplant benefits for living donor expenses are limited to:

- solid organs: testing for related and unrelated donors as pre-approved by us;
- bone marrow: related-donor testing and unrelated-donor search fees and procurement if billed through the National Marrow Donor Program or other recognized marrow registry;
- prediagnostic testing expenses of the actual donor for the approved transplant;
- hospital and surgical expenses for removal of the donor organ, and all such services provided to the donor during the admission;
- transportation of the donated organ;

- post-operative hospital, medical, laboratory and other services for the donor related to the organ transplant limited to up to 90 days of follow-up care after date of donation

All organ and bone marrow transplant benefits for covered recipient and donor expenses are and will be treated as benefits paid or provided on behalf of the member and will be subject to all terms and conditions of the plan applicable to the member, such as deductibles, copays, coinsurance, pre-existing condition exclusions and other plan limitations. For example, if the member's coverage terminates, transplant benefits also will not be available for any donor expenses after the effective date of termination. There are no transplant benefits for: (1) any investigational/experimental artificial or mechanical devices; (2) organ or bone marrow transplants from animals; (3) donor costs available through other group coverage; (4) if any government funding is provided; (5) the recipient if not covered by this plan; (6) donor costs if the recipient is not covered by this plan; (7) recipient or donor lodging, food, or transportation costs, unless otherwise specifically stated in the plan; (8) a condition or disease for which a transplant is considered investigational; (9) transplants (excluding kidney) performed in a facility not on our approved list for that type or for which we have not given written approval in advance.

Tissue, cell and any other transplants not listed above are not included in this organ and bone marrow transplant benefit but may be covered under other applicable provisions of the plan when determined to be medically necessary and not investigational. These transplants include but are not limited to: heart valves, tendon, ligaments, meniscus, cornea, cartilage, skin, bone, veins, etc

COORDINATION OF BENEFITS (COB)

COB is a provision designed to help manage the cost of health care by avoiding duplication of benefits when a person is covered by two or more benefit plans. COB provisions determine which plan is primary and which is secondary. A primary plan is one whose benefits for a person's health care coverage must be determined first without taking the existence of any other plan into consideration. A secondary plan is one which takes into consideration the benefits of the primary plan before determining benefits available under its plan. Some COB terms have defined meanings. These terms are set forth at the end of this COB section.

Order of Benefit Determination

Which plan is primary is decided by the first rule below that applies:

Noncompliant Plan: If the other plan is a noncompliant plan, then the other plan shall be primary and this plan shall be secondary unless the COB terms of both plans provide that this plan is primary.

Employee/Dependent: The plan covering a patient as an employee, member, subscriber, or contract holder (that is, other than as a dependent) is primary over the plan covering the patient as a dependent. In some cases, depending upon the size of the employer, Medicare secondary payer rules may require us to reverse this order of payment. This can occur when the patient is covered as an inactive or retired employee, is also covered as a dependent of an active employee, and is also covered by Medicare. In this case, the order of benefit determination will be as follows: first, the plan covering the patient as a dependent; second, Medicare; and third, the plan covering the patient as an inactive or retired employee.

Dependent Child – Parents Not Separated or Divorced: If both plans cover the patient as a dependent child of parents who are married or living together (regardless of whether they have ever been married), the plan of the parent whose birthday falls earlier in the year will be primary. If the parents have the same birthday, the plan covering the patient longer is primary.

Dependent Child – Separated or Divorced Parents: If two or more plans cover the patient as a dependent child of parents who are divorced, separated, or no longer living together (regardless of whether they have ever been married), benefits are determined in this order:

1. If there is no court decree allocating responsibility for the child's health care expenses or health care coverage, the order of benefits for the child are as follows:
 - a. first, the plan of the custodial parent;

- b. second, the plan covering the custodial parent's spouse;
 - c. third, the plan covering the non-custodial parent; and,
 - d. last, the plan covering the non-custodial parent's spouse.
2. If a court decree states that a parent is responsible for the dependent child's health care expenses or health care coverage and the plan of that parent has actual knowledge of those terms, the plan of the court-ordered parent is primary.

If the court-ordered parent has no health care coverage for the dependent child, benefits will be determined in the following order:

- a. first, the plan of the spouse of the court-ordered parent;
- b. second, the plan of the non-court-ordered parent; and,
- c. third, the plan of the spouse of the non-court-ordered parent.

If the court-ordered parent has health care coverage for the dependent child, benefits will be determined thereafter in the order listed in paragraph 1 of "Dependent Child – Separated or Divorced Parents" above.

If a court decree states that both parents are responsible for the dependent child's health care expenses or health care coverage, the provisions of "Dependent Child – Parents Not Separated or Divorced" (the "birthday rule") above shall determine the order of benefits.

If a court decree states that the parents have joint custody without specifying that one parent has responsibility for the health care expenses or health care coverage of the dependent child, the provisions of the "birthday rule" shall determine the order of benefits.

3. For a dependent child covered under more than one plan of individuals who are not the parents of the child, the order of benefits shall be determined, as applicable, under the "birthday rule" as if those individuals were parents of the child.

Active Employee or Retired or Laid-Off Employee:

1. The plan that covers a person as an active employee (that is, an employee who is neither laid off nor retired) or as a dependent of an active employee is the primary plan. The plan covering that same person as a retired or laid-off employee or as a dependent of a retired or laid-off employee is the secondary plan.
2. If the other plan does not have this rule, and as a result, the plans do not agree on the order of benefits, this rule is ignored.
3. This rule does not apply if the rule in the paragraph "Employee/Dependent" above can determine the order of benefits. For example, if a retired employee is covered under his or her own plan as a retiree and is also covered as a dependent under an active spouse's plan, the retiree plan will be primary and the spouse's active plan will be secondary.

COBRA or State Continuation Coverage:

1. If a person whose coverage is provided pursuant to COBRA or under a right of continuation pursuant to state or other federal law is covered under another plan, the plan covering the person as an employee, member, subscriber or retiree or covering the person as a dependent of an employee, member, subscriber or retiree is the primary plan and the plan covering that same person pursuant to COBRA or under a right of continuation pursuant to state or other federal law is the secondary plan.
2. If the other plan does not have this rule, and if, as a result, the plans do not agree on the order of benefits, this rule is ignored.
3. This rule does not apply if the rule in the paragraph "Employee/Dependent" above can determine the order of benefits. For example, if a former employee is receiving COBRA benefits under his former employer's plan (the "COBRA plan") and is also covered as a dependent under an active spouse's plan, the COBRA plan will be primary and the spouse's active plan will be secondary. Similarly, if a

divorced spouse is receiving COBRA benefits under his or her former spouse's plan (the "COBRA plan") and is also covered as a dependent under a new spouse's plan, the COBRA plan will be primary and the new spouse's plan will be secondary.

Longer/Shorter Length of Coverage: If the preceding rules do not determine the order of benefits, the plan that covered the person for the longer period of time is the primary plan and the plan that covered the person for the shorter period of time is the secondary plan.

Equal Division: If the plans cannot agree on the order of benefits within thirty (30) calendar days after the plans have received all of the information needed to pay the claim, the plans shall immediately pay the claim in equal shares and determine their relative liabilities following payment, except that no plan shall be required to pay more than it would have paid had it been the primary plan.

Determination of Amount of Payment

1. If this plan is primary, it shall pay benefits as if the secondary plan did not exist.
2. If our records indicate this plan is secondary, we will not process your claims until you have filed them with the primary plan and the primary plan has made its benefit determination.

If this plan is a secondary plan on a claim, should it wish to coordinate benefits (that is, pay benefits as a secondary plan rather than as a primary plan with respect to that claim), this plan shall calculate the benefits it would have paid on the claim in the absence of other health care coverage and apply that calculated amount to any allowable expense under its plan that is unpaid by the primary plan. When paying secondary, this plan may reduce its payment by the amount so that, when combined with the amount paid by the primary plan, the total benefits paid or provided by all plans for the claim do not exceed 100 percent of the total allowable expense for that claim. In addition, the secondary plan shall credit to its plan deductible any amounts it would have credited to its deductible in the absence of other health care coverage. In some instances, when this plan is a secondary plan, it may be more cost effective for the plan to pay on a claim as if it were the primary plan. If the plan elects to pay a claim as if it were primary, it shall calculate and pay benefits as if no other coverage were involved.

COB Terms

Allowable Expense: Except as set forth below or where a statute requires a different definition, the term "allowable expense" means any health care expense, including coinsurance, copayments, and any applicable deductible that is covered in full or in part by any of the plans covering the person.

The term "allowable expense" does not include the following:

- An expense or a portion of an expense that is not covered by any of the plans.
- Any expense that a provider by law or in accordance with a contractual agreement is prohibited from charging a covered person.
- Any type of coverage or benefit not provided under this plan. For example, if this plan does not provide benefits for mental health disorders and substance abuse, dental services and supplies, vision care, prescriptions drugs, or hearing aids, or other similar type of coverage or benefit, then it will have no secondary liability with respect to such coverage or benefit. In addition, the term "allowable expense" does not include the amount of any reduction in benefits under a primary plan because (a) the covered person failed to comply with the primary plan's provisions concerning second surgical opinions or precertification of admissions or services, or (b), the covered person had a lower benefit because he or she did not use a preferred provider.

Birthday: The term "birthday" refers only to month and day in a calendar year and does not include the year in which the individual is born.

Custodial Parent: The term "custodial parent" means:

- A parent awarded custody of a child by a court decree; or,

- In the absence of a court decree, the parent with whom the child resides for more than one half of the calendar year without regard to any temporary visitation.

Group-Type Contract: The term “group-type contract” means a contract that is not available to the general public and is obtained and maintained only because of membership in or a connection with a particular organization or group, including blanket coverage. The term does not include an individually underwritten and issued guaranteed renewable policy even if the policy is purchased through payroll deduction at a premium savings to the insured since the insured would have the right to maintain or renew the policy independently of continued employment with the employer.

Hospital Indemnity Benefits: The term “hospital indemnity benefits” means benefits not related to expenses incurred. The term does not include reimbursement-type benefits even if they are designed or administered to give the insured the right to elect indemnity-type benefits at the time of claim.

Noncompliant Plan: The term “noncompliant plan” means a plan with COB rules that are inconsistent in substance with the order of benefit determination rules of this plan. Examples of noncompliant plans are those that state their benefits are “excess” or “always secondary.”

Plan: The term “plan” includes group insurance contracts, health maintenance organization (HMO) contracts, closed panel plans or other forms of group or group-type coverage (whether insured or uninsured); medical care components of long-term care contracts, such as skilled nursing care; medical benefits under group or individual automobile contracts; and Medicare or any other federal governmental plan, as permitted by law.

The term “plan” does not include non-group or individual health or medical reimbursement insurance contracts. The term “plan” also does not include hospital indemnity coverage or other fixed indemnity coverage; accident-only coverage; specified disease or specified accident coverage; limited benefit health coverage, as defined by state law; school accident type coverage; benefits for non-medical components of long-term care policies; Medicare supplement policies; Medicaid policies; or coverage under other federal governmental plans, unless permitted by law.

Primary Plan: The term “primary plan” means a plan whose benefits for a person's health care coverage must be determined without taking the existence of any other plan into consideration. A plan is a primary plan if:

- The plan either has no order of benefit determination rules, or its rules differ from those permitted by this regulation; or,
- All plans that cover the person use the order of benefit determination rules required by this regulation, and under those rules the plan determines its benefits first.

Secondary Plan: The term “secondary plan” means a plan that is not a primary plan.

Right to Receive and Release Needed Information

Certain facts about health care coverage and services are needed to apply these COB rules and to determine benefits payable under this plan and other plans. We may get the facts we need from or give them to other organizations or persons for the purpose of applying these rules and determining benefits payable under this plan and other plans covering the person claiming benefits. We are not required to tell or get the consent of any person to do this. Each person claiming benefits under this plan must give us any facts we need to apply these COB rules and to determine benefits payable as a result of these rules.

Facility of Payment

A payment made under another plan may include an amount that should have been paid under this plan. If it does, we may pay that amount to the organization that made that payment. That amount will then be treated as though it were a benefit paid under this plan. We will not have to pay that amount again. The term “payment made” includes providing benefits in the form of services, in which case “payment made” means the reasonable cash value of the benefits provided in the form of services.

Right of Recovery

If the amount of the payments made by us is more than we should have paid under this COB provision, we may recover the excess from one or more of the persons it has paid to or for whom it has paid; or any other person or organization that may be responsible for the benefits or services provided for the covered person. The "amount of the payments made" includes the reasonable cash value of any benefits provided in the form of services.

Special Rules for Coordination with Medicare

Except where otherwise required by federal law, the plan will pay benefits on a secondary basis to Medicare or will pay no benefits at all for services or supplies that are included within the scope of Medicare's coverage, depending upon, among other things, the size of your group, whether your group is a member of an association, and the type of coordination method used by your group. For example, if this plan is secondary to Medicare under federal law, this plan will pay no benefits for services or supplies that are included within the scope of Medicare's coverage if you fail to enroll in Medicare when eligible.

SUBROGATION

Right of Subrogation

If we pay or provide any benefits for you under this plan, we are subrogated to all rights of recovery which you have in contract, tort, or otherwise against any person or organization for the amount of benefits we have paid or provided. That means that we may use your right to recover money from that other person or organization.

Right of Reimbursement

Besides the right of subrogation, we have a separate right to be reimbursed or repaid from any money you, including your family members, recover for an injury or condition for which we have paid plan benefits. This means that you promise to repay us from any money you recover the amount we have paid or provided in plan benefits. It also means that if you recover money as a result of a claim or a lawsuit, whether by settlement or otherwise, you must repay us. And, if you are paid by any person or company besides us, including the person who injured you, that person's insurer, or your own insurer, you must repay us. In these and all other cases, you must repay us.

We have the right to be reimbursed or repaid first from any money you recover, even if you are not paid for all of your claim for damages and you are not made whole for your loss. This means that you promise to repay us first even if the money you recover is for (or said to be for) a loss besides plan benefits, such as pain and suffering. It also means that you promise to repay us first even if another person or company has paid for part of your loss. And it means that you promise to repay us first even if the person who recovers the money is a minor. In these and all other cases, we still have the right to first reimbursement or repayment out of any recovery you receive from any source.

Right to Recovery

You agree to furnish us promptly all information which you have concerning your rights of recovery or recoveries from other persons or organizations and to fully assist and cooperate with us in protecting and obtaining our reimbursement and subrogation rights in accordance with this section.

You or your attorney will notify us before filing any suit or settling any claim so as to enable us to participate in the suit or settlement to protect and enforce our rights under this section. If you do notify us so that we are able to and do recover the amount of our benefit payments for you, we will share proportionately with you in any attorney's fees charged you by your attorney for obtaining the recovery. If you do not give us that notice, our reimbursement or subrogation recovery under this section will not be

decreased by any attorney's fee for your attorney.

You further agree not to allow our reimbursement and subrogation rights under this plan to be limited or harmed by any other acts or failures to act on your part. It is understood and agreed that if you do, we may suspend or terminate payment or provision of any further benefits for you under the plan.

HEALTH BENEFIT EXCLUSIONS

In addition to other exclusions set forth in this booklet, we **will not** provide benefits under any portion of this booklet for the following:

A

Services or expenses for **acupuncture**, biofeedback, and other forms of self-care or self-help training.

Anesthesia services or supplies or both by local infiltration.

Services, care, treatment, or supplies furnished by a provider that is not recognized by us as an **approved provider** for the type of service or supply being furnished. For example, we reserve the right not to pay for some or all services or supplies furnished by certain persons who are not medical doctors (M.D.s), even if the services or supplies are within the scope of the provider's license. Call Customer Service if you have any question as to whether your provider is recognized as an approved provider for the services or supplies that you intend to receive.

Services or expenses for or related to **Assisted Reproductive Technology (ART)**. ART is any process of taking human eggs or sperm or both and putting them into a medium or the body to try to cause reproduction. Examples of ART are in vitro fertilization and gamete intrafallopian transfer.

C

Services or expenses of a hospital stay, except one for an emergency, unless we **certify** it before your admission. Services or expenses of a hospital stay for an emergency if we are not notified within 48 hours, or on our next business day after your admission, or if we determine that the admission was not medically necessary.

Services or expenses for which a **claim** is not properly submitted to Blue Cross.

Services or expenses for a **claim we have not received within 24 months** after services were rendered or expenses incurred.

Services or expenses for treatment or supplies in a **college** or school infirmary.

Services or expenses for personal hygiene, **comfort or convenience** items such as: air-conditioners, humidifiers, whirlpool baths, and physical fitness or exercise apparel. Exercise equipment is also excluded. Some examples of exercise equipment are shoes, weights, exercise bicycles or tracks, weights or variable resistance machinery, and equipment producing isolated muscle evaluations and strengthening. Treatment programs, the use of equipment to strengthen muscles according to preset rules, and related services performed during the same therapy session are also excluded.

Services or expenses for sanitarium care, **convalescent care**, or rest care, including care in a nursing home.

Services or expenses for cosmetic surgery. **Cosmetic surgery** is any surgery done primarily to improve or change the way one appears. "Reconstructive surgery" is any surgery done primarily to restore or improve the way the body works or correct deformities that result from disease, trauma or birth defects. Reconstructive surgery is a covered benefit; cosmetic surgery is not. (See the section, [Mastectomy and Mammograms](#), for exceptions.) Complications or later surgery related in any way to cosmetic surgery is not covered, even if medically necessary, if caused by an accident, or if done for mental or emotional relief.

- You may contact us prior to surgery to find out whether a procedure will be reconstructive or cosmetic. You and your physician must prove to our satisfaction that surgery is reconstructive and not cosmetic. You must show us history and physical exams, visual field measures, photographs and medical records before and after surgery. We may not be able to determine prior to your surgery whether or not the proposed procedure will be considered cosmetic.
- Some surgery is always cosmetic such as ear piercing, neck tucks, face lifts, buttock and thigh lifts, implants to small but normal breasts (except as provided by the Women's Health and Cancer Rights Act), hair implants for male-pattern baldness and correction of frown lines on the forehead. In other surgery, such as blepharoplasty (eyelids), rhinoplasty (nose), chemical peel and chin implants, it depends on why that procedure was done. For example, a person with a deviated septum may have trouble breathing and may have many sinus infections. To correct this they have septoplasty. During surgery the physician may remove a hump or shorten the nose (rhinoplasty). The septoplasty would be reconstructive surgery while the rhinoplasty would be denied as cosmetic surgery. Surgery to remove excess skin from the eyelids (blepharoplasty) would be cosmetic if done to improve your appearance, but reconstructive if done because your eyelids kept you from seeing very well.

Services or expenses for treatment of injury sustained in the commission of a **crime** (except for treatment of injury sustained as a result of a mental health condition or as a result of domestic violence) or for treatment while confined in a prison, jail, or other penal institution.

Services or expenses for **custodial care**. Care is "custodial" when its primary purpose is to provide room and board, routine nursing care, training in personal hygiene, and other forms of self-care or supervisory care by a physician for a person who is mentally or physically disabled.

D

Dental implants into, across, or just above the bone and related appliances. Services or expenses to prepare the mouth for dental implants such as those to increase the upper and lower jaws or their borders, sinus lift process, guided tissue regrowth or any other surgery, bone grafts, hydroxyapatite and similar materials. These services, supplies or expenses are not covered even if they are needed to treat conditions existing at birth, while growing, or resulting from an accident. These services, supplies or expenses are excluded even if they are medically or dentally necessary.

Services for or related to a **dependent pregnancy**, including the six-week period after delivery. A dependent pregnancy means the pregnancy of any dependent other than the subscriber's wife.

E

Services, care, or treatment you receive after the **ending date of your coverage**. This means, for example, that if you are in the hospital when your coverage ends, we will not pay for any more hospital days. We do not insure against any condition such as pregnancy or injury. We provide benefits only for services and expenses furnished while this plan is in effect.

Eyeglasses or contact lenses or related examinations or fittings, except under the limited circumstances set forth in the section of this booklet called [Other Covered Services](#).

Services or expenses for **eye** exercises, eye refractions, visual training orthoptics, shaping the cornea with contact lenses, or any surgery on the eye to improve vision including radial keratotomy.

F

Services or expenses in any **federal hospital or facility** except as required by federal law.

Services or expenses for routine **foot care** such as removal of corns or calluses or the trimming of nails (except mycotic nails).

G

Unless otherwise required by applicable law, services or expenses covered in whole or in part under the laws of the United States, any state, county, city, town or other **governmental** agency that provides or pays for care, through insurance or any other means.

H

Hearing aids or examinations or fittings for them.

I

Investigational treatment, procedures, facilities, drugs, drug usage, equipment, or supplies, including services that are part of a clinical trial.

L

Services or expenses that you are not **legally obligated to pay**, or for which no charge would be made if you had no health coverage.

Services or expenses for treatment which does not require a **licensed provider**, given the level of simplicity and the patient's condition, will not further restore or improve the patient's bodily functions, or is not reasonable as to number, frequency, or duration.

M

Services or expenses we determine are not **medically necessary**.

Services or supplies to the extent that a member is, or would be, entitled to reimbursement under **Medicare**, regardless of whether the member properly and timely applied for, or submitted claims to Medicare, except as otherwise required by federal law.

N

Services or expenses of any kind for **nicotine addiction** such as smoking cessation treatment. The only exception to this exclusion is expenses for nicotine withdrawal drugs prescribed by a physician and dispensed by a licensed pharmacist from an in-network pharmacy.

Services, care or treatment you receive during any period of time with respect to which we have **not been paid for your coverage** and that **nonpayment** results in termination.

Services or expenses rendered by out-of-network Certified Registered **Nurse Practitioners** (CRNP) or out-of-network Certified **Nurse Midwives** (CNM).

O

Services or expenses for treatment of any condition including, but not limited to, **obesity**, diabetes, or heart disease, which is based upon weight reduction or dietary control or services or expenses of any kind to treat obesity, weight reduction or dietary control. This exclusion includes bariatric surgery and gastric restrictive procedures and any complications arising from bariatric surgery and gastric restrictive procedures.

Services or expenses provided by an **out-of-network provider** for any benefits under this plan, unless otherwise specifically stated in the plan.

P

Private duty nursing.

R

Services or expenses for **recreational** or educational therapy.

Hospital admissions in whole or in part when the patient primarily receives services to **rehabilitate** such as physical therapy, speech therapy, or occupational therapy.

Services or expenses any provider rendered to a member who is **related** to the provider by blood or marriage or who regularly resides in the provider's household. Examples of a provider include a physician, a licensed registered nurse (R.N.), a licensed practical nurse (L.P.N.), or a licensed physical therapist.

Room and board for hospital admissions in whole or in part when the patient primarily receives services that could have been provided on an outpatient basis based upon the patient's condition and the services provided.

Routine well child care and routine immunizations except for the services described in [Physician Preventive Benefits](#).

Routine physical examinations except for the services described in [Physician Preventive Benefits](#).

S

Services or expenses for, or related to, **sexual dysfunctions** or inadequacies not related to organic disease or which are related to surgical sex transformations.

Services or expenses of any kind for or related to reverse **sterilizations**.

T

Services or expenses to care for, treat, fill, extract, remove or replace **teeth** or to increase the periodontium. The periodontium includes the gums, the membrane surrounding the root of a tooth, the layer of bone covering the root of a tooth and the upper and lower jaws and their borders, which contain the sockets for the teeth. Care to treat the periodontium, dental pulp or "dead" teeth, irregularities in the position of the teeth, artificial dental structures such as crowns, bridges or dentures, or any other type of dental procedure is excluded. Hydroxyapatite or any other material to make the gums rigid is excluded. It does not matter whether their purpose is to improve conditions inside or outside the mouth (oral cavity). These services, supplies or expenses are not covered even if they are used to prepare a patient for services or procedures that are plan benefits. For example, braces on the teeth are excluded for any purpose, even to prepare a person with a cleft palate for surgery on the bones of the jaw or because of injury of natural teeth. This exclusion does not apply, except as indicated above for braces or other orthodontic appliances, to those services by a physician to treat or replace natural teeth which are harmed by accidental injury covered under [Other Covered Services](#).

Services provided through **teleconsultation**.

Dental treatment for or related to **temporomandibular joint (TMJ) disorders**. This includes Phase II according to the guidelines approved by the Academy of Craniomandibular Disorders. These treatments permanently alter the teeth or the way they meet and include such services as balancing the teeth, shaping the teeth, reshaping the teeth, restorative treatment, treatment involving artificial dental structures such as crowns, bridges or dentures, full mouth rehabilitation, dental implants, treatment for irregularities in the position of the teeth (such as braces or other orthodontic appliances) or a combination of these

treatments.

Travel, even if prescribed by your physician (not including ambulance services otherwise covered under the plan).

Services or expenses for or related to organ, tissue or cell **transplants** except specifically as allowed by this plan.

W

Services or expenses for an accident or illness resulting from active participation in **war**, or any act of war, declared or undeclared, or from active participation in riot or civil commotion.

Services or expenses rendered for any disease, injury or condition arising out of and in the course of employment for which benefits and/or compensation is available in whole or in part under the provisions of any **workers' compensation** or employers' liability laws, state or federal. This applies whether you fail to file a claim under that law. It applies whether the law is enforced against or assumed by the group. It applies whether the law provides for hospital or medical services as such. It applies whether the provider of those services was authorized as required by the law. Finally, it applies whether your group has insurance coverage for benefits under the law.

CLAIMS AND APPEALS

Claims for benefits under the plan can be post-service, pre-service, or concurrent. This section of your booklet explains how we process these different types of claims and how you can appeal a partial or complete denial of a claim.

You must act on your own behalf or through an authorized representative if you wish to exercise your rights under this section of your booklet. An authorized representative is someone you designate in writing to act on your behalf. We have developed a form that you must use if you wish to designate an authorized representative. You can obtain the form by calling our customer service department. You can also go to our Internet web site at www.bcbsal.com and ask us to mail you a copy of the form. If a person is not properly designated as your authorized representative, we will not be able to deal with him or her in connection with the exercise of your rights under this section of your booklet.

For urgent pre-service claims, we will presume that your provider is your authorized representative unless you tell us otherwise in writing.

Post-Service Claims

What Constitutes a Claim: For you to obtain benefits after medical services have been rendered or supplies purchased (a post-service claim), we must receive a properly completed and filed claim from you or your provider.

In order for us to treat a submission by you or your provider as a post-service claim, it must be submitted on a properly completed standardized claim form or, in the case of electronically filed claims, must provide us with the data elements that we specify in advance. Most providers are aware of our claim filing requirements and will file claims for you. If your provider does not file your claim for you, you should call our customer service department and ask for a claim form. Tell us the type of service or supply for which you wish to file a claim (for example, hospital, physician, or pharmacy), and we will send you the proper type of claim form. When you receive the form, complete it, attach an itemized bill, and send it to us at 450 Riverchase Parkway East, Birmingham, Alabama 35244-2858. Claims must be submitted and received by us within 24 months after the service takes place to be eligible for benefits.

If we receive a submission that does not qualify as a claim, we will notify you or your provider of the additional information we need. Once we receive that information, we will process the submission as a claim.

Processing of Claims: Even if we have received all of the information that we need in order to treat a submission as a claim, from time to time we might need additional information in order to determine whether the claim is payable. If we need additional information, we will ask you to furnish it to us, and we will suspend further processing of your claim until the information is received. You will have 90 days to provide the information to us. In order to expedite our receipt of the information, we may request it directly from your provider. If we do this, we will send you a copy of our request. However, you will remain responsible for seeing that we get the information on time.

Ordinarily, we will notify you of our decision within 30 days of the date on which your claim is filed. If it is necessary for us to ask for additional information, we will notify you of our decision within 15 days after we receive the requested information. If we do not receive the information, your claim will be considered denied at the expiration of the 90-day period we gave you for furnishing the information to us.

In some cases, we may ask for additional time to process your claim. If you do not wish to give us additional time, we will go ahead and process your claim based on the information we have. This may result in a denial of your claim.

Pre-Service Claims

A pre-service claim is one in which you are required to obtain approval from us before services or supplies are rendered. For example, you may be required to obtain preadmission certification of inpatient hospital benefits. Or you may be required to obtain a pre-procedure review of other medical services or supplies in order to obtain coverage under the plan.

In order to file a pre-service claim you or your provider must call our Health Management Department at 205-988-2245 or 1-800-248-2342 (toll-free). You must tell us your contract number, the name of the facility in which you are being admitted (if applicable), the name of a person we can call back, and a phone number to reach that person. You may also, if you wish, submit pre-service claims in writing. Written pre-service claims should be sent to us at 450 Riverchase Parkway East, Birmingham, Alabama 35244-2858.

Non-urgent pre-service claims (for example, those relating to elective services and supplies) must be submitted to us during our regular business hours. Urgent pre-service claims can be submitted at any time. Emergency admissions to a hospital do not require you to file a pre-service claim so long as you provide notice to us within 48 hours of the admission and we certify the admission as both medically necessary and as an emergency admission. You are not required to precertify an inpatient hospital admission if you are admitted to a Concurrent Utilization Review Program (CURP) hospital by a Preferred Medical Doctor (PMD Physician). If your plan provides chiropractic, physical therapy, or occupational therapy benefits and you receive covered treatment from an in-network chiropractor, in-network physical therapist, or in-network occupational therapist, your provider is responsible for initiating the precertification process for you. For home health care and hospice benefits (if covered by your plan), see the previous sections of this booklet for instructions on how to precertify treatment.

If you attempt to file a pre-service claim but fail to follow our procedures for doing so, we will notify you of the failure within 24 hours (for urgent pre-service claims) or five days (for non-urgent pre-service claims). Our notification may be oral, unless you ask for it in writing. We will provide this notification to you only if (1) your attempt to submit a pre-service claim was received by a person or organizational unit of our company that is customarily responsible for handling benefit matters, and (2), your submission contains the name of a member, a specific medical condition or symptom, and a specific treatment or service for which approval is being requested.

Urgent Pre-Service Claims: We will treat your claim as urgent if a delay in processing your claim could seriously jeopardize your life, health, or ability to regain maximum function or, in the opinion of your treating physician, a delay would subject you to severe pain that cannot be managed without the care or treatment that is the subject of your claim. If your treating physician tells us that your claim is urgent, we will treat it as such.

If your claim is urgent, we will notify you of our decision within 72 hours. If we need more information, we will let you know within 24 hours of your claim. We will tell you what further information we need. You will then have 48 hours to provide this information to us. We will notify you of our decision within 48

hours after we receive the requested information. Our response may be oral; if it is, we will follow it up in writing within three days. If we do not receive the information, your claim will be considered denied at the expiration of the 48-hour period we gave you for furnishing the information to us.

Non-Urgent Pre-Service Claims: If your claim is not urgent, we will notify you of our decision within 15 days. If we need more information, we will let you know before the 15-day period expires. We will tell you what further information we need. You will then have 90 days to provide this information to us. In order to expedite our receipt of the information, we may request it directly from your provider. If we do this, we will send you a copy of our request. However, you will remain responsible for seeing that we get the information on time. We will notify you of our decision within 15 days after we receive the requested information. If we do not receive the information, your claim will be considered denied at the expiration of the 90-day period we gave you for furnishing the information to us.

Courtesy Pre-Determinations: For some procedures we encourage, but do not require, you to contact us before you have the procedure. For example, if you or your physician thinks a procedure might be excluded as cosmetic, you can ask us to determine beforehand whether the procedure is cosmetic or reconstructive. We call this type of review a courtesy pre-determination. If you ask for a courtesy pre-determination, we will do our best to provide you with a timely response. If we decide that we cannot provide you with a courtesy pre-determination (for example, we cannot get the information we need to make an informed decision), we will let you know. In either case, courtesy pre-determinations are not pre-service claims under the plan. When we process requests for courtesy pre-determinations, we are not bound by the time frames and standards that apply to pre-service claims. In order to request a courtesy pre-determination, you or your provider should call our customer service department.

Concurrent Care Determinations

Determinations by Us to Limit or Reduce Previously Approved Care: If we have previously approved a hospital stay or course of treatment to be provided over a period of time or number of treatments, and we later decide to limit or reduce the previously approved stay or course of treatment, we will give you enough advance written notice to permit you to initiate an appeal and obtain a decision before the date on which care or treatments are no longer approved. You must follow any reasonable rules we establish for the filing of your appeal, such as time limits within which the appeal must be filed.

Requests by You to Extend Previously Approved Care: If a previously approved hospital stay or course of treatment is about to expire, you may submit a request to extend your approved care. You may make this request in writing or orally either directly to us or through your treating physician or a hospital representative. The phone numbers to call in order to request an extension of care are as follows:

- For inpatient hospital care, call 205-988-2245 or 1-800-248-2342 (toll-free).
- For in-network physical therapy or occupational therapy (if covered by your plan) call 205-220-7202.
- For care from an in-network chiropractor (if covered by your plan) call 205-220-6128.

If your request for additional care is urgent, and if you submit it no later than 24 hours before the end of your pre-approved stay or course of treatment, we will give you our decision within 24 hours of when your request is submitted. If your request is not made before this 24-hour time frame, and your request is urgent, we will give you our determination within 72 hours. If your request is not urgent, we will treat it as a new claim for benefits, and will make a determination on your claim within the pre-service or post-service time frames discussed above, as appropriate.

Your Right To Information

You have the right, upon request, to receive copies of any documents that we relied on in reaching our decision and any documents that were submitted, considered, or generated by us in the course of reaching our decision. You also have the right to receive copies of any internal rules, guidelines, or protocols that we may have relied upon in reaching our decision. If our decision was based on a medical or scientific determination (such as medical necessity), you may also request that we provide you with a statement explaining our application of those medical and scientific principles to you. If we obtained

advice from a health care professional (regardless of whether we relied on that advice), you may request that we give you the name of that person. Any request that you make for information under this paragraph must be in writing. We will not charge you for any information that you request under this paragraph.

Appeals

The rules in this section of this booklet allow you or your authorized representative to appeal any adverse benefit determination. An adverse benefit determination includes any one or more of the following:

- Any determination we make with respect to a post-service claim that results in your owing any money to your provider other than copayments you make, or are required to make, to your provider;
- Our denial of a pre-service claim; or,
- An adverse concurrent care determination (for example, we deny your request to extend previously approved care).

In all cases other than determinations by us to limit or reduce previously approved care, you have 180 days following our adverse benefit determination within which to submit an appeal.

How to Appeal Post-Service Adverse Benefit Determinations: If you wish to file an appeal of an adverse benefit determination relating to a post-service claim we recommend that you use a form that we have developed for this purpose. The form will help you provide us with the information that we need to consider your appeal. To get the form, you may call our customer service department. You may also go to our Internet web site at www.bcbsal.com. Once there, you may request a copy of the form.

If you choose not to use our appeal form, you may send us a letter. Your letter must contain at least the following information:

- The patient's name;
- The patient's contract number;
- Sufficient information to reasonably identify the claim or claims being appealed, such as date of service, provider name, procedure (if known), and claim number (if available). (The best way to satisfy this requirement is to include a copy of your claims report with your appeal.); and,
- A statement that you are filing an appeal.

You must send your appeal to the following address:

Blue Cross and Blue Shield of Alabama
Attention: Customer Service Appeals
P.O. Box 12185
Birmingham, Alabama 35202-2185

Please note that if you call or write us without following the rules just described for filing an appeal, we will not treat your inquiry as an appeal. We will, of course, do everything we can to resolve your questions or concerns.

How to Appeal Pre-Service Adverse Benefit Determinations: You may appeal an adverse benefit determination relating to a pre-service claim in writing or over the phone.

If over the phone, you should call the appropriate phone number listed below:

- For inpatient hospital care and admissions, call 205-988-2245 or 1-800-248-2342 (toll-free).
- For in-network physical therapy or occupational therapy (if covered by your plan) call 205-220-7202.
- For care from an in-network chiropractor (if covered by your plan) call 205-220-6128.

If in writing, you should send your letter to the appropriate address listed below:

- For inpatient hospital care and admissions:

Blue Cross and Blue Shield of Alabama
Attention: Health Management – Appeals
P.O. Box 2504
Birmingham, Alabama 35201-2504

or

- For in-network physical therapy, occupational therapy, or care from an in-network chiropractor (when covered by your plan):

Blue Cross and Blue Shield of Alabama
Attention: Health Management – Appeals
P.O. Box 362025
Birmingham, Alabama 35236

Your written appeal should provide us with your name, contract number, the name of the facility or provider involved, and the date or dates of service.

Please note that if you call or write us without following the rules just described for filing an appeal, we will not treat your inquiry as an appeal. We will, of course, do everything we can to resolve your questions or concerns.

Conduct of the Appeal: We will assign your appeal to one or more persons within our organization who are neither the persons who made the initial determination nor subordinates of those persons. If resolution of your appeal requires us to make a medical judgment (such as whether services or supplies are medically necessary), we will consult a health care professional who has appropriate expertise. If we consulted a health care professional during our initial decision, we will not consult that same person or a subordinate of that person during our consideration of your appeal.

If we need more information, we will ask you to provide it to us. In some cases we may ask your provider to furnish that information directly to us. If we do this, we will send you a copy of our request. However, you will remain responsible for seeing that we get the information. If we do not get the information, it may be necessary for us to deny your appeal.

Time Limits for Our Consideration of Your Appeal: If your appeal arises from our denial of a post-service claim, we will notify you of our decision within 60 days of the date on which you filed your appeal.

If your appeal arises from our denial of a pre-service claim, and if your claim is urgent, we will consider your appeal and notify you of our decision within 72 hours. If your pre-service claim is not urgent, we will give you a response within 30 days.

If your appeal arises out of a determination by us to limit or reduce a hospital stay or course of treatment that we previously approved for a period of time or number of treatments, (see [Concurrent Care Determinations](#) above), we will make a decision on your appeal as soon as possible, but in any event before we impose the limit or reduction.

If your appeal relates to our decision not to extend a previously approved length of stay or course of treatment (see [Concurrent Care Determinations](#) above), we will make a decision on your appeal within 72 hours (in urgent pre-service cases), 30 days (in non-urgent pre-service cases), or 60 days (in post-service cases).

In some cases, we may ask for additional time to process your appeal. If you do not wish to give us additional time, we will go ahead and decide your appeal based on the information we have. This may result in a denial of your appeal.

If You Are Dissatisfied After Exhausting Your Mandatory Plan Administrative Remedies: If you have filed an appeal and are dissatisfied with our response, you may do one or more of the following:

- You may ask our customer service department for further help;
- You may file a voluntary appeal (discussed below); or,

- You may file a lawsuit in federal court under Section 502(a) of ERISA or in the forum specified in your plan if your claim is not a claim for benefits under Section 502(a) of ERISA.

Voluntary Appeals: If we have given you our appeal decision and you are still dissatisfied, you may file a second appeal (called a voluntary appeal). If your voluntary appeal relates to a pre-service adverse benefit determination, you may file your appeal in writing or over the phone. If over the phone, you should call the phone number you called to submit your first appeal. If in writing, you should send your letter to the same address you used when you submitted your first appeal.

Your written appeal must state that you are filing a voluntary appeal.

If you file a voluntary appeal (whether oral or written), we will not assert in court a failure to exhaust administrative remedies if you fail to exhaust the voluntary appeal. We will also agree that any defense based upon timeliness or statutes of limitations will be tolled during the time that your voluntary appeal is pending. In addition, we will not impose any fees or costs on you as part of your voluntary appeal.

You may ask us to provide you with more information about voluntary appeals. This additional information will allow you to make an informed judgment about whether to request a voluntary appeal.

Insurance Department

If you have general insurance questions or if you are dissatisfied with an appeal decision from Blue Cross and Blue Shield of Alabama, you have the right to contact the Alabama Department of Insurance. For health insurance questions, contact the DOI by phone at 334-241-4141. The mailing address is P.O. Box 303351, Montgomery, Alabama 36130-3351. The web address is www.aldoi.gov.

COBRA

COBRA is the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272, Title X). If COBRA applies, you may be able to temporarily continue coverage under the plan beyond the point at which coverage would otherwise end because of a life event known as a "qualifying event." After a qualifying event, COBRA coverage may be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the plan is lost because of a qualifying event. You are not entitled to buy COBRA coverage if you are employed as a nonresident alien who received no U.S. source income, nor may your family members buy COBRA.

Not all group health plans are covered by COBRA. You must contact your plan administrator (normally your group) to determine whether this plan is covered by COBRA.

COBRA coverage can be particularly important for several reasons. First, it will allow you to continue group health care coverage beyond the point at which you would ordinarily lose it. Second, it can prevent you from incurring a break in coverage (persons with 63-day breaks in creditable coverage may be required to satisfy pre-existing condition exclusion periods if they obtain health coverage elsewhere). And third, it could allow you to qualify for coverage under state law. For example, in Alabama you may qualify for coverage under the Alabama Health Insurance Program (AHIP). See the section [Coverage Options After COBRA Ends](#) for more information. You do not have to demonstrate evidence of insurability in order to qualify for COBRA coverage.

By law, COBRA benefits are required to be the same as those made available to similarly situated active employees. If the group changes the plan coverage, coverage will also change for you. You will have to pay for COBRA coverage. Your cost will equal the full cost of the coverage plus a two percent administrative fee. Your cost may change over time, as the cost of benefits under the plan changes.

If the group stops providing health care through Blue Cross, Blue Cross will stop administering your COBRA benefits. You should contact your group to determine if you have further rights under COBRA.

COBRA Rights for Covered Employees

If you are a covered employee, you will become a qualified beneficiary if you lose coverage under the plan

because either one of the following qualifying events happens:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

COBRA coverage will continue for up to a total of 18 months from the date of your termination of employment or reduction in hours, assuming you pay your premiums on time. If, apart from COBRA, your group continues to provide coverage to you after your termination of employment or reduction in hours (regardless of whether such extended coverage is permitted under the terms of the plan), the extended coverage you receive will ordinarily reduce the time period over which you may buy COBRA benefits.

If you are on a leave of absence covered by the Family and Medical Leave Act of 1993 (FMLA), and you do not return to work, you will be given the opportunity to buy COBRA coverage. The period of your COBRA coverage will begin when you fail to return to work following the expiration of your FMLA leave or you inform your group that you do not intend to return to work, whichever occurs first.

If the plan provides health coverage for retired employees, sometimes filing a proceeding in bankruptcy under Title 11 of the United States Bankruptcy Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to the group, and the bankruptcy results in the loss of coverage of any covered retired employee, the retired employee will become a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse, and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage.

COBRA Rights for a Covered Spouse and Dependent Children

If you are covered under the plan as a spouse or a dependent child of a covered employee, you will become a qualified beneficiary if you would otherwise lose coverage under the plan as a result of any of the following events:

- The covered employee dies;
- The covered employee's hours of employment are reduced;
- The covered employee's employment ends for any reason other than his or her gross misconduct;
- The covered employee becomes enrolled in Medicare;
- Divorce of the covered employee and spouse; or,
- For a dependent child, the dependent child loses dependent child status under the plan.

When the qualifying event is a divorce or a child losing dependent status under the plan, you must timely notify the plan administrator of the qualifying event. You must provide this notice within 60 days of the event or within 60 days of the date on which coverage would be lost because of the event, whichever is later. See the section called [Notice Procedures](#) for more information about the notice procedures you must use to give this notice.

If you are a covered spouse or dependent child, the period of COBRA coverage will generally last up to a total of 18 months in the case of a termination of employment or reduction in hours and up to a total of 36 months in the case of other qualifying events, provided that premiums are paid on time. If, however, the covered employee became enrolled in Medicare before the end of his or her employment or reduction in hours, COBRA coverage for the covered spouse and dependent children will continue for up to 36 months from the date of Medicare enrollment or 18 months from the date of termination of employment or reduction in hours, whichever period ends last.

If you are a child of the covered employee or former employee and you are receiving benefits under the plan pursuant to a qualified medical child support order, you are entitled to the same rights under COBRA as a dependent child of the covered employee.

If your coverage is canceled in anticipation of divorce and a divorce later occurs, the divorce may be a qualifying event even though you actually lost coverage under the plan earlier. If you timely notify the plan administrator of your divorce and can establish that your coverage was canceled in anticipation of

divorce, COBRA coverage may be available to you beginning on the date of your divorce (but not for the period between the date your coverage ended and the date of the divorce).

Extensions of COBRA for Disability

If you or a covered member of your family is or becomes disabled under Title II (OASDI) or Title XVI (SSI) of the Social Security Act and you timely notify the plan administrator, the 18-month period of COBRA coverage for the disabled person may be extended to up to 11 additional months (for a total of up to 29 months) or the date the disabled person becomes covered by Medicare, whichever occurs sooner. This 29-month period also applies to any non-disabled family members who are receiving COBRA coverage, regardless of whether the disabled individual elects the 29-month period for him or herself. The 29-month period will run from the date of the termination of employment or reduction in hours. For this disability extension to apply, the disability must have started at some time before the 60th day of COBRA coverage and must last at least until the end of the 18-month period of COBRA coverage.

The cost for COBRA coverage after the 18th month will be 150% of the full cost of coverage under the plan, assuming that the disabled person elects to be covered under the disability extension. If the only persons who elect the disability extension are non-disabled family members, the cost of coverage will remain at 102% of the full cost of coverage.

For a spouse and children, the disability extension may be further extended to 36 months if another qualifying event (death, divorce, enrollment in Medicare, or loss of dependent status) occurs during the 29-month period. See the following discussion under [Extensions of COBRA for Second Qualifying Events](#) for more information about this.

For this disability extension of COBRA coverage to apply, you must give the plan administrator timely notice of Social Security's disability determination before the end of the 18-month period of COBRA coverage and within 60 days after the later of (1) the date of the initial qualifying event, (2) the date on which coverage would be lost because of the initial qualifying event, or (3) the date of Social Security's determination. You must also notify the plan administrator within 30 days of any revocation of Social Security disability benefits. See the section called [Notice Procedures](#) for more information about the notice procedures you must use to give this notice.

Extensions of COBRA for Second Qualifying Events

For a spouse and children receiving COBRA coverage, the 18-month period may be extended to 36 months if another qualifying event occurs during the 18-month period, if you give the plan administrator timely notice of the second qualifying event. The 36-month period will run from the date of the termination of employment or reduction in hours.

This extension is available to a spouse and children receiving COBRA coverage if the covered employee or former employee dies, becomes enrolled in Medicare, or gets divorced, or if the child stops being eligible under the plan as a dependent child, *but only if the event would have caused the spouse or child to lose coverage under the plan had the first qualifying event not occurred.* For example, if a covered employee is terminated from employment, elects family coverage under COBRA, and then later enrolls in Medicare, this second event will rarely be a second qualifying event that would entitle the spouse and children to extended COBRA coverage. This is so because, for almost all plans that are subject to COBRA, this event would not cause the spouse or dependent children to lose coverage under the plan if the covered employee had not been terminated from employment.

For this 18-month extension to apply, you must give the plan administrator timely notice of the second qualifying event within 60 days after the event occurs or within 60 days after the date on which coverage would be lost because of the event, whichever is later. See the section [Notice Procedures](#) for more information about the notice procedures you must use to give this notice.

Notice Procedures

If you do not follow these notice procedures or if you do not give the plan administrator notice within the required 60-day notice period, you will not be entitled to COBRA or an extension of COBRA as a result of an initial qualifying event of divorce or loss of dependent child status, a second qualifying event or Social Security's disability determination.

Any notices of initial qualifying events of divorce or loss of dependent child status, second qualifying events or Social Security disability determinations that you give must be in writing. Your notice must be received by the plan administrator or its designee no later than the last day of the required 60-day notice period unless you mail it. If mailed, your notice must be postmarked no later than the last day of the required 60-day notice period.

For your notice of an initial qualifying event that is a divorce or a child losing dependent status under the plan and for your notice of a second qualifying event, you must mail or hand-deliver your notice to the plan administrator. If the initial or second qualifying event is a divorce, your notice must include a copy of the divorce decree. For your convenience, you may ask the plan administrator for a free copy of the Notice by Qualified Beneficiaries form that you may use to give your notice.

For your notice of Social Security's disability determination, if you are instructed to send your COBRA premiums to Blue Cross, you must mail or hand-deliver your notice to Blue Cross at the following address: Blue Cross and Blue Shield of Alabama, Attention: Customer Accounts, 450 Riverchase Parkway East, Birmingham, Alabama 35298-0001, or fax your notice to Blue Cross at 205-220-6884 or 1-888-810-6884 (toll-free). If you do not send your COBRA premiums to Blue Cross, you must mail or hand-deliver your notice to the plan administrator.. Your notice must also include a copy of Social Security's disability determination. For your convenience, you may ask the plan administrator for a free copy of the Notice by Qualified Beneficiaries form that you may use to give your notice.

Adding New Dependents to COBRA

You may add new dependents to your COBRA coverage under the circumstances permitted under the plan. Except as explained below, any new dependents that you add to your COBRA coverage will not have independent COBRA rights. This means, for example, that if you die, they will not be able to continue coverage.

If you are the covered employee and you acquire a child by birth or placement for adoption while you are receiving COBRA coverage, then your new child will have independent COBRA rights. This means that if you die, for example, your child may elect to continue receiving COBRA benefits for up to 36 months from the date on which your COBRA benefits began.

If your new child is disabled within the 60-day period beginning on the date of birth or placement of adoption, the child may elect coverage under the disability extension if you timely notify the plan administrator of Social Security's disability determination as explained above.

Medicare and COBRA Coverage

You should consider whether it is beneficial to purchase COBRA coverage. After you retire, your COBRA coverage will be secondary to Medicare with respect to services or supplies that are covered, or would be covered upon proper application, under Medicare. This means that, regardless of whether you have enrolled in Medicare, your COBRA coverage after retirement will not cover most of your hospital, medical and prescription drug expenses. Call the benefits coordinator at your group for more information about this.

If you think you will need both Medicare and COBRA after your retirement, you should enroll in Medicare on or before the date on which you make your election to buy COBRA coverage. If you do this, COBRA coverage for your dependents will continue for a period of 18 months from the date of your retirement or 36 months from the date of your Medicare enrollment, whichever period ends last. Your COBRA coverage will continue for a period of 18 months from the date of your retirement. If you do not enroll in Medicare on or before the date on which you make your election to buy COBRA coverage, your COBRA

benefits will end when your Medicare coverage begins. Your covered dependents will have the opportunity to continue their own COBRA coverage.

If you do not want both Medicare and COBRA for yourself, your covered family members will still have the option to buy COBRA when you retire. However, if your covered family members become enrolled in Medicare after electing COBRA, their COBRA coverage will end. See the [Early Termination of COBRA](#) section of this booklet for more information about this.

Electing COBRA

After the plan administrator receives timely notice that a qualifying event has occurred, the plan administrator is responsible for (1) notifying you that you have the option to buy COBRA, and (2), sending you an application to buy COBRA coverage.

You have 60 days within which to elect to buy COBRA coverage. The 60-day period begins to run from the later of (1) the date you would lose coverage under the plan, or (2), the date on which the group notifies you that you have the option to buy COBRA coverage. Each qualified beneficiary has an independent right to elect COBRA coverage. You may elect COBRA coverage on behalf of your spouse, and parents may elect COBRA coverage on behalf of their children. An election to buy COBRA coverage will be considered made on the date sent back to the group.

Once the group has notified us that your coverage under the plan has ceased, we will retroactively terminate your coverage and rescind payment of all claims incurred after the date coverage ceased. If you elect to buy COBRA during the 60-day election period, and if your premiums are paid on time, we will retroactively reinstate your coverage and process claims incurred during the 60-day election period.

Because there may be a lag between the time your coverage under the plan ends and the time we learn of your loss of coverage, it is possible that we may pay claims incurred during the 60-day election period. If this happens, you should not assume that you have coverage under the plan. The only way your coverage will continue is if you elect to buy COBRA and pay your premiums on time.

COBRA Premiums

Your first COBRA premium payment must be made no later than 45 days after you elect COBRA coverage. That payment must include all premiums owed from the date on which COBRA coverage began. This means that your first premium could be larger than the monthly premium that you will be required to pay going forward. You are responsible for making sure the amount of your first payment is correct. You may contact the plan administrator to confirm the correct amount of your first payment.

After you make your first payment for COBRA coverage, you must make periodic payments for each subsequent coverage period. Each of these periodic payments is due on the first day of the month for that coverage period. There is a grace period of 30 days for all premium payments after the first payment. However, if you pay a periodic payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, any claim you submit for benefits will be suspended as of the first day of the coverage period and then processed by the plan only when the periodic payment is received. If you fail to make a periodic payment before the end of the grace period for that coverage period, you will lose all rights to COBRA coverage under the plan.

Payment of your COBRA premiums is deemed made on the day sent.

The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC). Under the new tax provisions, "eligible individuals" can either take a tax credit or get advance payment of 65% of the allowed amount of premiums paid for qualified health insurance, including COBRA coverage. If you have questions about these new tax provisions, you may call the Health Coverage Tax Credit Customer Contact Center at 1-866-628-4282 (toll-free). TTD/TTY callers may call at 1-866-626-4282 (toll-free). More information about the Trade Act is also available at http://www.doleta.gov/tradeact/2002act_index.cfm.

Early Termination of COBRA

Your COBRA coverage will terminate early if any of the following events occurs:

- The group no longer provides group health coverage to any of its employees;
- You do not pay the premium for your continuation coverage on time;
- After electing COBRA coverage, you become covered under another group health plan that does not contain any exclusion or limitation on any pre-existing condition that you may have or you have sufficient creditable coverage to preclude application of the new plan's pre-existing condition exclusion period to you;
- After electing COBRA coverage, you become enrolled in Medicare; or,
- You are covered under the additional 11-month disability extension and there has been a final determination that the disabled person is no longer disabled for Social Security purposes.

In addition, COBRA coverage can be terminated if otherwise permitted under the terms of the plan. For example, if you submit fraudulent claims, your coverage will terminate.

If your group stops providing health care through Blue Cross, you will cease to receive any benefits through us for any and all claims incurred after the effective date of termination of our contract with the group. This is true even if we have been billing your COBRA premiums prior to the date of termination. It is the responsibility of your group, not Blue Cross, to notify you of this termination. You must contact your group directly to determine what arrangements, if any, your group has made for the continuation of your COBRA benefits.

Coverage Options After COBRA Ends

If you exhaust your COBRA coverage you may be eligible for a conversion health contract from Blue Cross. Please contact Blue Cross to determine whether a conversion contract is available. Conversion contracts have more limited coverage than COBRA coverage.

You may also qualify for coverage under state law. In Alabama, you can continue coverage through the Alabama Health Insurance Plan (AHIP). You can reach AHIP by calling the State Employees' Insurance Board in Montgomery, Alabama. In other states, you should call the state insurance department. If you elect to buy a conversion contract instead of enrolling in AHIP, you will not be able to enroll at a later date in AHIP.

By contrast, if COBRA coverage ends because you stop paying for it, then you will not have any further coverage under the group health plan and you will not be eligible to buy conversion coverage (if available) and you may not qualify for continued coverage under any applicable state law program. For example, in Alabama, you would not qualify for continued coverage under AHIP.

If you have any further questions about COBRA or if you change marital status, or you or your spouse or child changes address, please contact your plan administrator. Additional information about COBRA can also be found at the web site of the Employee Benefits Security Administration of the United States Department of Labor.

RESPECTING YOUR PRIVACY

To administer this plan we need your medical information from physicians, hospitals and others. To decide if your claim should be paid or denied or whether other parties are legally responsible for some or all of your expenses, we need records from health care providers and other plan administrators. By applying for coverage and participating in this plan, you agree that we may obtain, use and release all records about you and your minor dependents that we need in order to administer this plan or to perform any function authorized or permitted by law. You further direct all other persons to release all records to us about your minor dependents that we need to administer this plan. If you or any provider refuses to provide records, information or evidence we request within reason, we may deny your benefit payments.

Additionally, we may use or disclose your personal health information for treatment, payment or health care operations, or as permitted or authorized by law pursuant to the privacy regulations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). We have prepared a privacy notice that explains our obligations and your rights under the HIPAA privacy regulations. To request a copy of our notice or to receive more information about our privacy practices or your rights, please contact us at the following contact office:

Blue Cross and Blue Shield of Alabama
Privacy Office
P.O. Box 2643
Birmingham, Alabama 35202-2643

You may also go to our web site at www.bcbsal.com for a copy of our privacy notice.

GENERAL INFORMATION

Delegation of Discretionary Authority to Blue Cross

The group has delegated to us the discretionary responsibility and authority to determine claims under the plan, to construe, interpret, and administer the plan, and to perform every other act necessary or appropriate in connection with our provision of benefits and/or administrative services under the plan. Whenever we make reasonable determinations that are neither arbitrary nor capricious in our administration of the plan, those determinations will be determinative, subject only to your right of review under the plan and thereafter to judicial review to determine whether our determination was arbitrary or capricious.

Notice

We give you notice when we mail it or send it electronically to you or your group at the latest address we have. You and your group are assumed to receive notice three days after we mail it. Your group is your agent to receive notices from us about the plan. The group is responsible for giving you all notices from us. We are not responsible if your group fails to do so.

Unless otherwise specified in this booklet, if you are required to provide notice to us, you should do so in writing, including your full name and contract number, and mail the notice to us at 450 Riverchase Parkway East, P.O. Box 995, Birmingham, Alabama 35298-0001.

Correcting Payments

While we try to pay all claims quickly and correctly, we do make mistakes. If we pay you or a provider in error, the payee must repay us. If he does not, we may deduct the amount paid in error from any future amount paid to you or the provider. If we deduct it from an amount paid to you, it will be reflected in your claims report.

Responsibility for Providers

We are not responsible for what providers do or fail to do. If they refuse to treat you or give you poor or dangerous care, we are not responsible. We need not do anything to enable them to treat you.

Misrepresentation

If you make any material misrepresentation in applying for coverage, when we learn of this we may terminate your coverage back to the effective date on which your coverage began as listed in our records. We need not refund any payment for your coverage. If your group materially misrepresents its

application it will be as though the plan never took effect, and we need not refund any payment for any member.

Governing Law

The law governing the plan and all rights and obligations related to the plan shall be ERISA, to the extent applicable. To the extent ERISA is not applicable, the plan and all rights and obligations related to the plan shall be governed by, and construed in accordance with, the laws of the state of Alabama, without regard to any conflicts of law principles or other laws that would result in the applicability of other state laws to the plan.

Termination of Benefits and Termination of the Plan

Our obligation to provide or administer benefits under the plan may be terminated by us at any time by giving 90 days written notice to the group, so long as we are discontinuing the sale of this health benefit plan to all small employer groups within the meaning of applicable Alabama law, and the following requirements are satisfied: (a) If the group is a small employer within the meaning of applicable Alabama law, we will offer the group the option to purchase any other group health plan that we offer at the time to small employers in the State of Alabama; and, (b) We will act uniformly without regard to the particular claims experience of the group or the health status of any current or future members of the plan.

Our obligation to provide or administer benefits under the plan may be terminated by us at any time by giving 180 days written notice to the group, so long as we are similarly terminating all group health plans delivered or issued for delivery to small employers within the meaning of applicable Alabama law

If the group fails to pay us the amounts due under the contract within the time period specified therein, our obligation to provide or administer benefits under the plan will terminate automatically and without notice to you or the group as of the date due for payment. The fiduciary obligation, if any, to notify you of this termination belongs to the group, not to us.

Subject to any conditions or restrictions in our contract with the group, the group may terminate the plan at any time through action by its authorized officers by giving us written notice as provided for in the contract. In the event of termination of the plan, all benefit payments by us will cease as of the effective date of termination, regardless of whether notice of the termination has been provided to you by the group or us. The fiduciary obligation, if any, to notify you of this termination belongs to the group, not to us.

If for any reason our services are terminated under the contract, you will cease to receive any benefits by us for any and all claims incurred after the effective date of termination. In some cases, this may mean retroactive cancellation by us of your plan benefits. This is true for active subscribers, retirees, COBRA beneficiaries and dependents of either. Any fiduciary obligation to notify you of our termination belongs to the group, not to us.

Changes in the Plan

By giving a 30-day notice to the group, we may amend any and all provisions of the plan or the amount of fees that you or your group must pay for coverage under the plan. The fiduciary obligation to notify you of these changes belongs to the group, not us. The plan amendment will be effective whether or not the group has notified you of the amendment. Payment of premiums by the group after the effective date of the amendment will constitute acceptance by you and the group of the changes. Any changes that we make to coverage under the plan will apply uniformly to all groups that are covered under this type of plan.

Except as otherwise provided in the contract, no representative or employee of Blue Cross is authorized to amend or vary the terms and conditions of the plan or to make any agreement or promise not specifically contained in the plan documents or to waive any provision of the plan documents. This means, in part, that no representative, employee, or agent of Blue Cross may make any changes to the plan over the telephone or verbally.

DEFINITIONS

Accidental Injury: A traumatic injury to you caused solely by an accident.

Allowed Amount: Benefit payments for covered services are based on the amount of the provider's charge that we recognize for payment of benefits. This amount is limited to the lesser of the provider's charge for care or the amount of that charge that is determined by us to be allowable depending on the type of provider utilized and the state in which services are rendered, as described below:

In-Network Providers: Blue Cross and/or Blue Shield plans contract with providers to furnish care for a negotiated price. This negotiated price is often a discounted rate, and the in-network provider normally accepts this rate (subject to any applicable copayments, coinsurance, or deductibles that are the responsibility of the patient) as payment in full for covered care. The negotiated price applies only to services that are covered under the plan and also covered under the contract that has been signed with the in-network provider.

Each local Blue Cross and/or Blue Shield plan determines (1) which of the providers in its service area will be considered in-network providers, (2), which subset of those providers will be considered BlueCard PPO providers, and (3), the services or supplies that are covered under the contract between the local Blue Cross and/or Blue Shield plan and the provider.

See [Out-of-Area Copayments and Coinsurance](#), earlier in this booklet, for a description of the contracting arrangements that exist outside the state of Alabama.

Out-of-Network Providers: The allowed amount for care rendered by out-of-network providers is often determined by the Blue Cross and/or Blue Shield plan where services are rendered. This amount may be based on the negotiated rate payable to in-network providers or may be based on the average charge for the care in the area. In other cases, Blue Cross and Blue Shield of Alabama determines the allowed amount using historical data and information from various sources such as, but not limited to:

- The charge or average charge for the same or a similar service;
- Pricing data from the local Blue Cross and/or Blue Shield plan where services are rendered;
- The relative complexity of the service;
- The in-network allowance in Alabama for the same or a similar service;
- Applicable state health care factors;
- The rate of inflation using a recognized measure; and,
- Other reasonable limits, as may be required with respect to outpatient prescription drug costs.

For services provided by an out-of-network provider, the provider may bill the member for charges in excess of the allowed amount. The allowed amount will not exceed the amount of the provider's charge.

Ambulatory Surgical Center: A facility that provides surgical services on an outpatient basis for patients who do not need to occupy an inpatient, acute care hospital bed. In order to be considered an ambulatory surgical facility under the plan, the facility must meet the conditions for participation in Medicare.

Application: The subscriber's original application form and any written supplemental application we accept.

Assisted Reproductive Technology (ART): Any combination of chemical and/or mechanical means of obtaining gametes and placing them into a medium (whether internal or external to the human body) to enhance the chance that reproduction will occur. Examples of ART include, but are not limited to, in vitro fertilization, gamete intrafallopian transfer, zygote intrafallopian transfer and pronuclear stage tubal transfer.

Blue Cross: Blue Cross and Blue Shield of Alabama, except where the context designates otherwise.

BlueCard Program: An arrangement among Blue Cross Plans by which a member of one Blue Cross Plan receives benefits available through another Blue Cross Plan located in the area where services occur. The BlueCard program is explained in more detail in other sections of this booklet, such as [In-Network Benefits](#) and [Out-of-Area Copayments and Coinsurance](#).

Concurrent Utilization Review Program (CURP): A program implemented by us and in-network hospitals in the Alabama service area to simplify the administration of preadmission certifications and concurrent utilization reviews.

Contract: Unless the context requires otherwise, the terms "contract" and "plan" are used interchangeably. The contract includes our financial agreement or administrative services agreement with the group.

Cosmetic Surgery: Any surgery done primarily to improve or change the way one appears, cosmetic surgery does not primarily improve the way the body works or correct deformities resulting from disease, trauma, or birth defect. For important information on cosmetic surgery, see the exclusion under [Health Benefit Exclusions](#) for cosmetic surgery.

Custodial Care: Care primarily to provide room and board for a person who is mentally or physically disabled.

Diagnostic: Services performed in response to signs or symptoms of illness, condition, or disease or in some cases where there is family history of illness, condition, or disease.

Durable Medical Equipment (DME): Equipment we approve as medically necessary to diagnose or treat an illness or injury or to prevent a condition from becoming worse. To be durable medical equipment an item must be made to withstand repeated use, be for a medical purpose rather than for comfort or convenience, be useful only if you are sick or injured, and be related to your condition and prescribed by your physician to use in your home.

Employer: Unless the context otherwise requires, the terms "employer" and "group" have the same meaning.

ERISA: The Employee Retirement Income Security Act of 1974. ERISA does not apply to all plans; contact your group to find out if your plan is covered by ERISA.

Family Coverage: Coverage for a subscriber and one or more dependents.

Group: The employer or other organization that has contracted with us to provide or administer group health benefits pursuant to the plan.

Home Health Coverage: Skilled nursing visits ordered by a physician, rendered in a patient's home by a Registered Nurse or Licensed Practical Nurse and billed by a home health agency. Any pre-certification requirements and/or any specified benefit maximums are applicable to the skilled nursing visits only. Other services included are home infusion therapy and medications administered by a home health agency. Services such as speech therapy, occupational therapy and physical therapy may be billed by a home health agency; however, they are considered under the major medical/other covered services portion of the contract and not considered under home health coverage.

Hospice Coverage: Hospice service includes supplies or drugs included in the daily fee for hospice care rendered by a hospice provider to a terminally ill member when a physician certifies the member's life expectancy to be less than six months.

Hospital: Any institution that is classified by us as a "general" hospital using, as we deem applicable, generally available sources of information. In the [Mental Health and Substance Abuse Benefits](#) section of this booklet we sometimes refer to hospitals as general hospitals.

In-Network Provider: A provider is considered to be an in-network provider if, and only to the extent that, the provider is furnishing a service or supply that is specified as an in-network benefit under the terms of the contract between the provider and the Blue Cross and/or Blue Shield plan (or its affiliates). Examples include BlueCard PPO providers, Preferred Medical Doctors (PMD physicians), and

Participating Pharmacies. A provider will be considered an in-network provider only if the local Blue Cross and/or Blue Shield plan designates the provider as a BlueCard PPO provider for the service or supply being furnished. This means that if you receive a service or supply from a provider that has a contractual relationship with a Blue Cross and/or Blue Shield plan but is not designated by the local Blue Cross and/or Blue Shield plan as a BlueCard PPO provider, we will pay at the out-of-network level of benefits.

Inpatient: A registered bed patient in a hospital; provided that we reserve the right in appropriate cases to reclassify inpatient stays as outpatient services, as explained above in [Inpatient Hospital Benefits](#) and [Outpatient Hospital Benefits](#).

Investigational: Any treatment, procedure, facility, equipment, drugs, drug usage, or supplies that either we have not recognized as having scientifically established medical value, or that does not meet generally accepted standards of medical practice. When possible, we develop written criteria (called medical criteria) concerning services or supplies that we consider to be investigational. We base these criteria on peer-reviewed literature, recognized standards of medical practice, and technology assessments. We put these medical criteria in policies that we make available to the medical community and our members. We do this so that you and your providers will know in advance, when possible, what we will pay for. If a service or supply is considered investigational according to one of our published medical criteria policies, we will not pay for it. If the investigational nature of a service or supply is not addressed by one of our published medical criteria policies, we will consider it to be non-investigational only if the following requirements are met:

- The technology must have final approval from the appropriate government regulatory bodies;
- The scientific evidence must permit conclusions concerning the effect of the technology on health outcomes;
- The technology must improve the net health outcome;
- The technology must be as beneficial as any established alternatives; and,
- The improvement must be attainable outside the investigational setting.

It is important for you to remember that when we make determinations about the investigational nature of a service or supply we are making them solely for the purpose of determining whether to pay for the service or supply. All decisions concerning your treatment must be made solely by your attending physician and other medical providers.

Medical Emergency: A medical condition that occurs suddenly and without warning with symptoms which are so acute and severe as to require immediate medical attention to prevent permanent damage to the health, other serious medical results, serious impairment to bodily function, or serious and permanent lack of function of any bodily organ or part.

Medically Necessary or Medical Necessity: We use these terms to help us determine whether a particular service or supply will be covered. When possible, we develop written criteria (called medical criteria) that we use to determine medical necessity. We base these criteria on peer-reviewed literature, recognized standards of medical practice, and technology assessments. We put these medical criteria in policies that we make available to the medical community and our members. We do this so that you and your providers will know in advance, when possible, what we will pay for. If a service or supply is not medically necessary according to one of our published medical criteria policies, we will not pay for it. If a service or supply is not addressed by one of our published medical criteria policies, we will consider it to be medically necessary only if we determine that it is:

- Appropriate and necessary for the symptoms, diagnosis, or treatment of your medical condition;
- Provided for the diagnosis or direct care and treatment of your medical condition;
- In accordance with standards of good medical practice accepted by the organized medical community;
- Not primarily for the convenience and/or comfort of you, your family, your physician, or another provider of services;
- Not “investigational”; and,

- Performed in the least costly setting, method, or manner, or with the least costly supplies, required by your medical condition. A "setting" may be your home, a physician's office, an ambulatory surgical facility, a hospital's outpatient department, a hospital when you are an inpatient, or another type of facility providing a lesser level of care. Only your medical condition is considered in deciding which setting is medically necessary. Your financial or family situation, the distance you live from a hospital or other facility, or any other non-medical factor is not considered. As your medical condition changes, the setting you need may also change. Ask your physician if any of your services can be performed on an outpatient basis or in a less costly setting.

It is important for you to remember that when we make medical necessity determinations, we are making them solely for the purpose of determining whether to pay for a medical service or supply. All decisions concerning your treatment must be made solely by your attending physician and other medical providers.

Member: A subscriber or eligible dependent who has coverage under the plan.

Mental Health Disorders and Substance Abuse: These are mental disorders, mental illness, psychiatric illness, mental conditions, and psychiatric conditions. These disorders, illnesses, and conditions are considered mental health disorders and substance abuse whether they are of organic, biological, chemical, or genetic origin. They are considered mental health disorders and substance abuse regardless of how they are caused, based, or brought on. Mental health disorders and substance abuse include, but are not limited to, psychoses, neuroses, schizophrenic-affective disorders, personality disorders, and psychological or behavioral abnormalities associated with temporary or permanent dysfunction of the brain or related system of hormones controlled by nerves. They are intended to include disorders, conditions, and illnesses listed in the current Diagnostic and Statistical Manual of Mental Disorders.

Out-of-Network Provider: A provider who is not an in-network provider.

Outpatient: A patient who is not a registered bed patient of a hospital. For example, a patient receiving services in the outpatient department of a hospital or in a physician's office is an outpatient; provided that we reserve the right in appropriate cases to reclassify outpatient services as inpatient stays, as explained above in [Inpatient Hospital Benefits](#) and [Outpatient Hospital Benefits](#).

Physician: One of the following when licensed and acting within the scope of that license at the time and place you are treated or receive services: Doctor of Medicine (M.D.), Doctor of Osteopathy (D.O.), Doctor of Dental Surgery (D.D.S.), Doctor of Medical Dentistry (D.M.D.), Doctor of Chiropractic (D.C.), Doctor of Podiatry (D.P.M.), Doctor of Optometry (O.D.).

With respect to the following non-physicians, we will treat professional services as though they have been provided by a physician, subject to the terms of any applicable contracts with providers:

- Psychologists who are licensed by the state in which they practice (Ph.D., Psy.D. or Ed.D.), as defined in Section 27-1-18 of the Alabama Code or other applicable state law.
- In-network Certified Registered Nurse Practitioners who are practicing within the scope of their license and in collaboration with an in-network M.D. or D.O.
- Certified Nurse Midwives who are practicing within the scope of their license and in collaboration with an in-network M.D. or D.O.
- Physician Assistants (P.A.s) (including P.A.s who assist in surgery) when (1) the P.A. is employed by and acting under the direct supervision of a M.D. or D.O. who is an in-network provider; (2) the P.A. is acting within the scope of his or her license and is in compliance with the rules, regulations, and parameters applicable under local law to the P.A.; and (3), the services of the P.A. would have been covered if provided directly by the M.D. or D.O.

Plan: The plan is the group health benefit plan of the employer, as amended from time to time. The plan documents consist of the following:

- This benefit booklet, as amended;
- Our contract with the group, as amended;

- Any benefit matrices upon which we have relied with respect to the administration of the plan; and,
- Any draft benefit booklets that we are treating as operative. By “operative,” we mean that we have provided a draft of the booklet to the group that will serve as the primary, but not the sole, instrument upon which we base our administration of the plan, without regard to whether the group finalizes the booklet or distributes it to the plan's members.

If there is any conflict between any of the foregoing documents, we will resolve that conflict in a manner that best reflects the intent of the group and us as of the date on which claims were incurred. Unless the context requires otherwise, the terms "plan" and "contract" have the same meaning.

Plan Administrator: The group that sponsors the plan and is responsible for its overall administration. If the plan is covered under ERISA, the group referred to in this definition is the “administrator” and “sponsor” of the plan within the meaning of section 3(16) of ERISA.

Preadmission Certification: The procedures used to determine whether a member requires treatment as a hospital inpatient prior to a member's admission, or within 48 hours or the next business day after the admission in the case of an emergency admission, based upon medically recognized criteria.

Preferred Medical Doctor: A physician who has an agreement with Blue Cross and Blue Shield of Alabama to provide surgical and medical services to members entitled to benefits under the PMD program.

Pregnancy: The condition of and complications arising from a woman having a fertilized ovum, embryo or fetus in her body – usually, but not always, in the uterus – and lasting from the time of conception to the time of childbirth, abortion, miscarriage or other termination.

Preventive or Routine: Services performed prior to the onset of signs or symptoms of illness, condition or disease or services which are not diagnostic.

Private Duty Nursing: A session of four or more hours during which continuous skilled nursing care is furnished to you alone.

Psychiatric Specialty Hospital: An institution that is classified as a psychiatric specialty facility by such relevant credentialing organizations as we or any Blue Cross and/or Blue Shield plan (or its affiliates) determines. A psychiatric specialty hospital does not include a substance abuse facility.

Subscriber: The employee whose application for coverage under the contract is made and accepted by Blue Cross and/or the group – depending upon which organization is responsible for making eligibility determinations.

Substance Abuse: The uncontrollable or excessive abuse of addictive substances, such as (but not limited to) alcohol, drugs, or other chemicals and the resultant physiological and/or psychological dependency that develops with continued use.

Substance Abuse Facility: Any institution that is classified as a substance abuse facility by such relevant credentialing organizations as we or any Blue Cross and/or Blue Shield plan (or its affiliates) determine and that solely provides residential and/or outpatient substance abuse rehabilitation services.

Teleconsultation: Consultation, evaluation, and management services provided to patients via telecommunication systems without personal face-to-face interaction between the patient and health care provider. Teleconsultations include consultations by e-mail or other electronic means.

We, Us, Our: Blue Cross and Blue Shield of Alabama.

You, Your: The subscriber or member as shown by the context.

STATEMENT OF ERISA RIGHTS

The following statement is required by federal law and regulation, to the extent applicable to the plan.

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

Receive Information About Your Plan and Benefits

Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies. You are entitled to receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Continue Group Health Plan Coverage

Continue health care coverage for yourself, spouse or dependents if there is a loss of coverage under the plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this booklet plan description and the documents governing the plan on the rules governing your COBRA continuation coverage rights.

Reduction or elimination of exclusionary periods of coverage for pre-existing conditions under your group health plan, if you have creditable coverage from another plan. You should be provided a certificate of creditable coverage, free of charge, from your group health plan or health insurance issuer when you lose coverage under the plan, when you become entitled to elect COBRA continuation coverage, when your COBRA continuation coverage ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage. Without evidence of creditable coverage, you may be subject to a pre-existing condition exclusion for 12 months (18 months for late enrollees) after your enrollment date in your coverage.

Prudent Actions By Plan Fiduciaries

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

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan administrator and do not receive them within 30 days, you may file suit in a Federal court (unless your plan has a binding arbitration clause). In such a case, the court may require the plan administrator, which is not Blue Cross, to provide the materials and pay you up to \$110 a day until you receive the materials,

unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court after you have exhausted your administrative remedies under the plan. In addition, if you disagree with the plan administrator's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Administrative Information

To comply with ERISA's technical requirements for a summary plan description, your group must furnish the following information: name of the plan; name and address of the employer; name, address and telephone number of the plan sponsor and the plan administrator; employer identification number (EIN) from the IRS; name and address of the plan's agent for legal purposes; and the plan year ending date.

Blue Cross provides you with the following information:

- The plan sponsor and plan administrator is the employer. The employer is responsible for discharging all obligations that ERISA and its regulations impose upon plan sponsors and plan administrators, such as delivering summary plan descriptions, annual reports, and COBRA notices when required by law.
- The plan provides hospital and medical benefits as administered under an administrative services agreement between Blue Cross and Blue Shield of Alabama and the employer. Blue Cross has complete discretion to interpret and administer the provisions of the plan. The administrative functions performed by Blue Cross include paying claims, determining medical necessity, etc. The plan benefits are underwritten.
- The employer currently intends to continue the plan as described herein, but reserves the right, in its discretion, to amend, reduce or terminate the plan and coverage at any time for active employees, retirees, former employees, and all dependents.
- This is an employer-employee shared cost plan. The sources of the contributions to this plan are currently the employer and the employee in relative amounts as determined by the employer from time to time. While the employer may change its level of contribution at any time, the employer must always contribute at least a portion of the employee's premiums. Any information concerning what is to be paid by the employee in the future will be furnished by the employer in writing and will constitute a part of this plan. Your contribution is determined by the employer based on the plan's experience and other factors.