



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE
INDIVIDUAL HEALTH COVERAGE PROGRAM

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ADVISORY BULLETIN 10-IHC-01

October 20, 2010

To: IHC Program Member Carriers that Issue Coverage
IHC Program Interested Parties

From: Ellen DeRosa
Executive Director

**Re: Adopted Amendments to Standard Plans A/50, B, C, D, and HMO and
Specimen Basic and Essential Plan**

On September 7, 2010 the Individual Health Coverage Program Board (IHC Board) issued two rule proposals, one proposing amendments to the standard plans A/50, B, C, D and HMO and the other proposing amendments to the specimen Basic and Essential (B&E) plan. The proposals were published in the October 18, 2010 *New Jersey Register*. The IHC Board used the special rulemaking process set forth at N.J.S.A. 17B:27A-16.1 for both proposals which allows for a comment period of at least 20 days which is measured from the date the IHC Board issued the proposals, in this case September 7, 2010. After that comment period the IHC Board may adopt the amendments. No comments were received during the public hearing on the amendments or during the period for written comments. At its meeting on October 4, 2010 the IHC Board voted to adopt the amendments as proposed. The notices of adoption are expected to appear in the November 1, 2010 *New Jersey Register*. The proposal and the adoption may already be found on the following website:
http://www.state.nj.us/dobi/division_insurance/ihcseh/ihcrulesadoptions.htm

The amendments were proposed in order to bring the standard plans the B&E plan into compliance with applicable State and Federal laws which were already in effect. Thus, the adopted amendments were effective immediately upon adoption on October 4, 2010. Recognizing that carriers have been administratively complying with both State and Federal laws and the fact that the process of amending policy and contract forms is lengthy and costly the IHC Board determined it appropriate to give carriers the option to implement the amendments to the forms by using the Compliance and Variability Rider set forth at N.J.A.C. 11:20 Appendix Exhibit D or by incorporating the change into the

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standard plans and the B&E plan. The IHC Board expects that all carriers will be using the new text for new issues and renewals no later than February 1, 2011. The text to be included on the Compliance and Variability rider by those carriers that choose that option is set forth below. Carrier may include bullets use other means to distinguish the various items set forth in the riders.

Text to be included on Exhibit D, Compliance and Variability Rider for Plans A/50, B, C or D

I. The **SCHEDULE OF INSURANCE AND PREMIUM RATES** is amended as follows:

The **Coinsurance** for the Policy is expanded to state that there is no Coinsurance for Preventive Care and the Coinsurance for all other Covered Charges remains unchanged.

[Note to carriers: The following Hospital Confinement Copayment item should be included only if the rider is amending Plan B]

The **Hospital Confinement Copayment** in Plan B is deleted in its entirety.

[Note to carriers: The following Copayment item should be included only if the rider is amending PPO or POS plans]

The **Copayment** for treatment, services and supplies given by a **Network** Provider is expanded to state that there is no Copayment for Preventive Care and the Copayment for all other Covered Charges remains unchanged.

The **Payment Limits** section is deleted and replaced with the following Payment Limits text:

Payment Limits: For Illness or Injury, We will pay up to the payment limit shown below:

Charges for Inpatient confinement in an Extended Care or Rehabilitation Center, per Calendar Year (combined benefits) 120 days

Charges for therapeutic manipulation per Calendar Year 30 visits

Charges for speech therapy per Calendar Year 30 visits

See below for the separate benefits available under the Diagnosis and Treatment of Autism and Other Developmental Disabilities Provision

Charges for cognitive therapy per Calendar Year 30 visits

See below for the separate benefits available under the Diagnosis and Treatment of Autism and Other Developmental Disabilities Provision

Charges for physical therapy per

Calendar Year 30 visits
See below for the separate benefits available under the
Diagnosis and Treatment of Autism and Other Developmental
Disabilities Provision

Charges for occupational therapy per
Calendar Year 30 visits
See below for the separate benefits available under the
Diagnosis and Treatment of Autism and Other Developmental
Disabilities Provision

Charges for physical, occupational and speech therapy per
Calendar Year provided under the Diagnosis and Treatment
of Autism and Other Developmental Disabilities Provision
(limit applies separately to each therapy and is in addition to
the therapy visits listed above) 30 visits

Charges for Applied Behavior Analysis per Calendar Year
(the maximum benefit is subject to annual adjustment beginning
in 2012) [\$36,000]

Charges for Preventive Care per Calendar Year as follows:
(Not subject to any Copayment, Cash Deductible or Coinsurance)

- for a Covered Person who is a Dependent child
for the first year of life \$750[*]
- for all other Covered Persons \$500[*]

[* The \$750 and \$500 limits do not apply if a Covered Person uses a Network Provider.]

*Note to carriers: Include the above asterisks and asterisk text if the plan provides both
network and non-network benefits.*

Charges for hearing aids for a Covered Person \$1,000 per hearing impaired
age 15 or younger ear per 24-month period

Charges for all treatment of Non-Biologically-based Mental Illnesses
and Substance Abuse, per Calendar Year
Inpatient Confinement 30 days *
Outpatient Care 20 visits

* [Subject to Our Pre-Approval,] Unused Inpatient days may be exchanged for additional
Outpatient visits, where each Inpatient day may be exchanged for two Outpatient visits.

Maximum Benefit (for all Illnesses
and Injuries) Unlimited

II. The **DEFINITIONS** section is amended as follows:

The Definition of dependent is deleted and replaced with the following:

Dependent means Your:

- a) Spouse;
- b) Dependent child who is under age 26.

Under certain circumstances, an incapacitated child is also a Dependent. See the **Eligibility** section of this Policy.

Your "Dependent child" includes:

- a) Your biological child,
- b) Your legally adopted child,
- c) Your step-child,
- d) The child of your civil union partner,
- e) the child of Your Domestic Partner, and
- f) children under a court appointed guardianship.

We treat a child as legally adopted from the time the child is placed in the home for purpose of adoption. We treat such a child this way whether or not a final adoption order is ever issued.

In addition to the Dependent Children described above, any other child over whom You have legal custody or legal guardianship or with whom You have a legal relationship or a blood relationship may be covered to the same extent as a Dependent Child under this Policy provided the child depends on You for most of the Child's support and maintenance and resides in Your household. (We may require that You submit proof of legal custody, legal guardianship, support and maintenance, residency in Your household, blood relationship or legal relationship, in Our Discretion.)

A Dependent does not include a person who resides in a foreign country. However, this does not apply to a person who is attending an Accredited School in a foreign country who is enrolled as a student for up to one year at a time.

At Our discretion, We can require proof that a person meets the definition of a Dependent.

The Definition of **Developmental Disability** is deleted and replaced with the following:

Developmental Disability or Developmentally Disabled means a severe, chronic disability that:

- a) is attributable to a mental or physical impairment or a combination of mental and physical impairments;
- b) is manifested before the Covered Person:
 - 1. attains age 22 for purposes of the Diagnosis and Treatment of Autism and Other Developmental Disabilities provision; or
 - 2. attains age 26 for all other provisions.
- c) is likely to continue indefinitely;
- d) results in substantial functional limitations in three or more of the following areas of major life activity: self-care; receptive and expressive language; learning; mobility; self-direction; capacity for independent living; economic self-sufficiency;

- e) reflects the Covered Person's need for a combination and sequence of special interdisciplinary or generic care, treatment or other services which are of, lifelong or of extended duration and are individually planned and coordinated. Developmental disability includes but is not limited to severe disabilities attributable to mental retardation, autism, cerebral palsy, epilepsy, spina-bifida and other neurological impairments where the above criteria are met.

The Definition of **Practitioner** is expanded by following additional paragraph:

For purposes of Applied Behavior Analysis as included in the Diagnosis and Treatment of Autism and Other Developmental Disabilities provision, Practitioner also means a person who is credentialed by the national Behavior Analyst Certification Board as either a Board Certified Behavior Analyst – Doctoral or as a Board Certified Behavior Analyst.

The Definitions of **Pre-Existing Condition** and **Pre-Existing Condition Limitation** are amended to state that the terms only apply to Covered Persons age 19 or older.

III. The **ELIGIBILITY** provision is amended as follows:

The first two paragraphs following the listing of Policyholder, Spouse, and Child are deleted and replaced with the following:

You may have an unmarried child with a mental or physical handicap, or developmental disability, who is incapable of earning a living. Subject to all of the terms of this section and the Policy, such a child may stay eligible for Dependent health benefits past this Policy's age 26 limit for eligible Dependents.

The child will stay eligible as long as the child is and remains unmarried and incapable of earning a living, if: a) the child's condition started before he or she reached this Policy's age limit; b) the child became covered under this Policy or any other policy or contract before the child reached the age limit and stayed continuously covered or covered after reaching such limit; and c) the child depends on You for most of his or her support and maintenance.

IV. The **COVERED CHARGES** provision is amended as follows:

[Note to carriers: The following Hospital Confinement Copayment item should be included only if the rider is amending Plan B]

The **Hospital Confinement Copayment** section in Plan B is deleted in its entirety.

The first paragraph of the **Prosthetic and Orthotic Appliances** provision is deleted and replaced with the following:

We pay benefits for Covered Charges incurred in obtaining an Orthotic Appliance or a Prosthetic Appliance if the Covered Person's Practitioner determines the appliance is medically necessary. The deductible, coinsurance or copayment as applicable to a [physician visit to a non Specialist Doctor] [PCP visit] for treatment of an Illness or Injury will apply to the Orthotic Appliance or Prosthetic Appliance.

V. The **COVERED CHARGES WITH SPECIAL LIMITATIONS** provision is amended as follows:

The Note at the end of the **Therapy Services** provision is deleted and replaced with the following:

Note: The limitations on Therapy Services contained in this Therapy Services provision do not apply to any therapy services that are received under the Home Health Care provision, or to services provided while a Covered Person is confined in a Facility or to therapy services received under the Diagnosis and Treatment of Autism or Other Developmental Disabilities provision.

A new provision entitled **Diagnosis and Treatment of Autism and Other Developmental Disabilities** is added.

Diagnosis and Treatment of Autism and Other Developmental Disabilities

We provide coverage for charges for the screening and diagnosis of autism and other developmental disabilities.

If a Covered Person's primary diagnosis is autism or another developmental disability We provide coverage for the following medically necessary therapies as prescribed through a treatment plan and subject to the benefit limits set forth below:

- a) occupational therapy where occupational therapy refers to treatment to develop a Covered Person's ability to perform the ordinary tasks of daily living;
- b) physical therapy where physical therapy refers to treatment to develop a Covered Person's physical function; and
- c) speech therapy where speech therapy refers to treatment of a Covered Person's speech impairment.

Coverage for occupational therapy is limited to 30 visits per Calendar Year. Coverage for physical therapy is limited to 30 visits per Calendar Year. Coverage for speech therapy is limited to 30 visits per Calendar Year. These therapy services are covered whether or not the therapies are restorative. The therapy services covered under this provision do not reduce the available therapy visits available under the Therapy Services provision.

If a Covered Person's primary diagnosis is autism, and the Covered Person is under 21 years of age, in addition to coverage for the therapy services as described above, We also cover medically necessary behavioral interventions based on the principles of applied behavior analysis and related structured behavioral programs as prescribed through a treatment plan. Coverage for applied behavior analysis is limited to [\$36,000] per Calendar Year, with that maximum benefit amount subject to annual adjustment beginning in 2012.

The treatment plan(s) referred to above must be in writing, signed by the treating physician, and must include: a diagnosis, proposed treatment by type, frequency and duration; the anticipated outcomes stated as goals; and the frequency by which the

treatment plan will be updated. We may request additional information if necessary to determine the coverage under the Policy. We may require the submission of an updated treatment plan once every six months unless We and the treating physician agree to more frequent updates.

If a Covered Person:

- a) is eligible for early intervention services through the New Jersey Early Intervention System; and
- b) has been diagnosed with autism or other developmental disability; and
- c) receives physical therapy, occupational therapy, speech therapy, applied behavior analysis or related structured behavior services

the portion of the family cost share attributable to such services is a Covered Charge under this Policy. The deductible, coinsurance or copayment as applicable to a [physician visit to a non Specialist Doctor] [PCP visit] for treatment of an Illness or Injury will apply to the family cost share.

The therapy services a Covered Person receives through New Jersey Early Intervention do not reduce the therapy services otherwise available under this Diagnosis and Treatment of Autism and Other Disabilities provision.

The last paragraph of the **Preventive Care** provision is deleted and replaced with the following:

These charges are not subject to the Cash Deductible or Coinsurance or Copayment, if any. [The \$750 and \$500 limits do not apply if a Covered Person uses a Network Provider.]

A new provision entitled Hearing Aids is added.

Hearing Aids

We cover charges for medically necessary services incurred in the purchase of a hearing aid for a Covered Person age 15 or younger. Coverage includes the purchase of one hearing aid for each hearing-impaired ear every 24 months subject to a maximum amount payable for each hearing aid of \$1,000. Coverage for all other medically necessary services incurred in the purchase of a hearing aid is unlimited. Such medically necessary services include fittings, examinations, hearing tests, dispensing fees, modifications and repairs, ear molds and headbands for bone-anchored hearing implants. The hearing aid must be recommended or prescribed by a licensed physician or audiologist.

The deductible, coinsurance or copayment as applicable to a [physician visit to a non Specialist Doctor] [PCP visit] for treatment of an Illness or Injury will apply to a hearing aid and the medically necessary services incurred in the purchase of a hearing aid.

VI. The **EXCLUSIONS** provision is amended as follows:

The educational exclusion is deleted and replaced with the following:

Services or supplies, the primary purpose of which is *educational* providing the Covered Person with any of the following: training in the activities of daily living; instruction in

scholastic skills such as reading and writing; preparation for an occupation; or treatment for behavior problems or learning disabilities except as otherwise stated in this Policy.

The hearing aids exclusion is deleted and replaced with the following:
Except as stated in the Newborn Hearing Screening and Hearing Aids provisions, Services or supplies related to *hearing aids and hearing exams* to determine the need for hearing aids or the need to adjust them.

The *Pre-Existing Condition Exclusion* is amended to state it applies only to a Covered Person age 19 or older. It does not apply to a Covered Person under age 19.

The War exclusion is deleted and replaced with the following:

Services or supplies received as a result of a *war*, or an act of war, if the Illness or Injury occurs while the Covered Person is serving in the military, naval or air forces of any country, combination of countries or international organization and Illness or Injury suffered as a result of special hazards incident to such service if the Illness or Injury occurs while the Covered Person is serving in such forces and is outside the home area.

Text to be included on Exhibit D, Compliance and Variability Rider for HMO Plans

I. The **SCHEDULE OF SERVICES AND SUPPLIES** is amended as follows:

The Primary Care Physician Services **Copayment** is amended to state that the copayment does not apply to services that are Preventive Care services.

[Note to carriers: The following Coinsurance item should be included only if the rider is amending an HMO plan that applies coinsurance]

The **Coinsurance** requirement is amended to state that Coinsurance does not apply to Preventive care Services.

The **LIMITATIONS ON SERVICES AND SUPPLIES** section is deleted and replaced with the following:

LIMITATIONS ON SERVICES AND SUPPLIES

Home Health Care Unlimited days, subject to Pre-Approval.

Hospice Services Unlimited days, subject to Pre-Approval.

Non-Biologically-Based Mental Illness and Substance Abuse

- Outpatient Visits 20 visits per Calendar Year.
- Inpatient Confinement 30 days per calendar year

[Subject to Pre-Approval, unused Inpatient days may be exchanged for additional Outpatient visits, where each Inpatient day may be exchanged for two Outpatient visits.]

Speech Therapy 30 visits per Calendar Year
See below for the separate benefits available under the
Diagnosis and Treatment of Autism or other Developmental
Disabilities provision

Cognitive Rehabilitation Therapy 30 visits per Calendar Year

Physical Therapy 30 visits per Calendar Year
See below for the separate benefits available under the
Diagnosis and Treatment of Autism or other Developmental
Disabilities provision

Occupational Therapy 30 visits per Calendar Year
See below for the separate benefits available under the
Diagnosis and Treatment of Autism or other Developmental
Disabilities provision

Charges for physical, occupational and speech therapy per
Calendar Year provided under the Diagnosis and Treatment
of Autism and Other Developmental Disabilities Provision
(limit applies separately to each therapy and is in addition to
the therapy visits listed above) 30 visits

Charges for Applied Behavior Analysis per Calendar Year
(the maximum benefit is subject to annual adjustment beginning
in 2012) [\$36,000]

Charges for hearing aids for a Member
age 15 or younger \$1,000 per hearing impaired
ear per 24-month period

Therapeutic Manipulation 30 visits per Calendar Year

**Skilled Nursing Facility/
Extended Care Center** Unlimited days, subject to Pre-Approval

II. The **DEFINITIONS** section is amended as follows:

The Definition of **Dependent** is deleted as replaced with the following:

DEPENDENT.

Your:

- a) Spouse;
- b) Dependent child who is under age 26.

Under certain circumstances, an incapacitated child is also a Dependent. See the
Eligibility section of this Contract.

Your " Dependent child" includes:

- a) Your biological child,
- b) Your legally adopted child,
- c) Your step-child,
- d) the child of Your civil union partner,
- e) the child of Your Domestic Partner and
- f) children under a court appointed guardianship.

We treat a child as legally adopted from the time the child is placed in the home for purpose of adoption. We treat such a child this way whether or not a final adoption order is ever issued. Also, any other child over whom You have legal custody or legal guardianship or with whom You have a legal relationship or a blood relationship is considered a Dependent Child under this Contract provided the child depends on You for most of the Child's support and maintenance and resides in Your household. (We may require that You submit proof of legal custody, legal guardianship, support and maintenance, residency in Your household, blood relationship or legal relationship, in Our Discretion.)

A Dependent does not include a person who resides in a foreign country. However, this does not apply to a person who is attending an Accredited School in a foreign country who is enrolled as a student for up to one year at a time.

At Our discretion, We can require proof that a person meets the definition of a Dependent.

The Definition of **Developmental Disability** is deleted and replaced with the following:

DEVELOPMENTAL DISABILITY or DEVELOPMENTALLY DISABLED. A severe, chronic disability that:

- a) is attributable to a mental or physical impairment or a combination of mental and physical impairments;
- b) is manifested before the [Member]:
 - 1. attains age 22 for purposes of the Diagnosis and Treatment of Autism and Other Developmental Disabilities provision;
 - 2. attains age 26 for all other provisions.
- c) is likely to continue indefinitely;
- d) results in substantial functional limitations in three or more of the following areas of major life activity: self-care; receptive and expressive language; learning; mobility; self-direction; capacity for independent living; economic self-sufficiency;
- e) reflects the [Member's] need for a combination and sequence of special interdisciplinary or generic care. Treatment or other services which are of lifelong or of extended duration and are individually planned and coordinated. Developmental disability includes but is not limited to severe disabilities attributable to mental retardation, autism, cerebral palsy, epilepsy, spina-bifida and other neurological impairments where the above criteria are met.

The Definition of **Practitioner** is expanded by following additional paragraph:

For purposes of Applied Behavior Analysis as included in the Diagnosis and Treatment of Autism and Other Developmental Disabilities provision, Practitioner also means a person who is credentialed by the national Behavior Analyst Certification Board as either a Board Certified Behavior Analyst – Doctoral or as a Board Certified Behavior Analyst.

The Definitions of **Pre-Existing Condition** and **Pre-Existing Condition Limitation** are amended to state that the terms only apply to Covered Persons age 19 or older.

III. The **ELIGIBILITY** provision is amended as follows:

The second paragraph following the listing of Policyholder, Spouse, and Child is deleted and replaced with the following:

The child will stay eligible as long as the child is and remains unmarried and incapable of earning a living, if: a) the child's condition started before he or she reached this Policy's age limit; b) the child became covered under this Policy or any other policy or contract before the child reached the age limit and stayed continuously covered or covered after reaching such limit; and c) the child depends on You for most of his or her support and maintenance.

IV. The **COVERED SERVICES AND SUPPLIES** provision is amended as follows:

Item 8 of the Outpatient Services section is deleted and replaced with the following:

8. **Orthotic or Prosthetic Appliances.** We cover charges incurred in obtaining an Orthotic Appliance or a Prosthetic Appliance if the [Member's] Practitioner determines the appliance is medically necessary. The deductible, coinsurance or copayment as applicable to a [physician visit to a non-Specialist Doctor] [PCP visit] for treatment of an Illness or Injury will apply to the Orthotic Appliance or Prosthetic Appliance.

The Orthotic Appliance or Prosthetic Appliance may be obtained from any Network licensed orthotist or prosthetist or any certified pedorthist.

Coverage for the appliances will be provided to the same extent as other charges under the Contract.

The Outpatient Services section is expanded to include a new item 20.

20) Hearing Aids We cover charges for medically necessary services incurred in the purchase of a hearing aid for a Member age 15 or younger. Coverage includes the purchase of one hearing aid for each hearing-impaired ear every 24 months subject to a maximum amount payable for each hearing aid of \$1,000. Coverage for all other medically necessary services incurred in the purchase of a hearing aid is unlimited. Such medically necessary services include fittings, examinations, hearing tests, dispensing fees, modifications and repairs, ear molds and headbands for bone-anchored hearing implants. The hearing aid must be recommended or prescribed by a licensed physician or audiologist.

The deductible, coinsurance or copayment as applicable to a [physician visit to a non Specialist Doctor] [PCP visit] for treatment of an Illness or Injury will apply to a hearing aid and the medically necessary services incurred in the purchase of a hearing aid.

The Note at the end of the **Therapy Services** section is deleted and replaced with the following:

Note: The limitations on Therapy Services contained in this Therapy Services provision do not apply to any Therapy Services that are received under the Home Health Care provision or to services provided while a Covered Person is confined in a Facility or to therapy services received under the Diagnosis and Treatment of Autism or Other Developmental Disabilities provision.

A new section entitled **Diagnosis and Treatment of Autism and Other Developmental Disabilities** is added to the Covered Services and Supplies provision.

(h) Diagnosis and Treatment of Autism and Other Developmental Disabilities We provide coverage for charges for the screening and diagnosis of autism and other developmental disabilities.

If a Member's primary diagnosis is autism or another developmental disability We provide coverage for the following medically necessary therapies as prescribed through a treatment plan and subject to the benefit limits set forth below:

- a) occupational therapy where occupational therapy refers to treatment to develop a Member's ability to perform the ordinary tasks of daily living;
- b) physical therapy where physical therapy refers to treatment to develop a Member's physical function; and
- c) speech therapy where speech therapy refers to treatment of a Member's speech impairment.

Coverage for occupational therapy is limited to 30 visits per Calendar Year. Coverage for physical therapy is limited to 30 visits per Calendar Year. Coverage for speech therapy is limited to 30 visits per Calendar Year. These therapy services are covered whether or not the therapies are restorative. The therapy services covered under this provision do not reduce the available therapy visits available under the Therapy Services provision.

If a Member's primary diagnosis is autism, and the Member is under 21 years of age, in addition to coverage for the therapy services as described above, We also cover medically necessary behavioral interventions based on the principles of applied behavior analysis and related structured behavioral programs as prescribed through a treatment plan. Coverage for applied behavior analysis is limited to [\$36,000] per Calendar Year, with that maximum benefit amount subject to annual adjustment beginning in 2012.

The treatment plan(s) referred to above must be in writing, signed by the treating physician, and must include: a diagnosis, proposed treatment by type, frequency and duration; the anticipated outcomes stated as goals; and the frequency by which the

treatment plan will be updated. We may request additional information if necessary to determine the coverage under the Policy. We may require the submission of an updated treatment plan once every six months unless We and the treating physician agree to more frequent updates.

If a Member:

- a) is eligible for early intervention services through the New Jersey Early Intervention System; and
- b) has been diagnosed with autism or other developmental disability; and
- c) receives physical therapy, occupational therapy, speech therapy, applied behavior analysis or related structured behavior services

the portion of the family cost share attributable to such services is a covered service under this Contract. The deductible, coinsurance or copayment as applicable to a [physician visit to a non Specialist Doctor] [PCP visit] for treatment of an Illness or Injury will apply to the family cost share.

The therapy services a Member receives through New Jersey Early Intervention do not reduce the therapy services otherwise available under this Diagnosis and Treatment of Autism and Other Disabilities provision.

V. The **EXCLUSIONS** provision is amended as follows:

The educational exclusion is deleted and replaced with the following:

Services or supplies, the primary purpose of which is **educational** providing the [Member] with any of the following: training in the activities of daily living; instruction in scholastic skills such as reading and writing; preparation for an occupation; or treatment for behavior problems or learning disabilities, except as otherwise stated in this Contract.

The *Pre-Existing Condition Exclusion* is amended to state it applies only to a Covered Person age 19 or older. It does not apply to a Covered Person under age 19.

The War exclusion is deleted and replaced with the following:

Services or supplies received as a result of a **war**, or an act of war, if the Illness or Injury occurs while the Covered Person is serving in the military, naval or air forces of any country, combination of countries or international organization and Illness or Injury suffered as a result of special hazards incident to such service if the Illness or Injury occurs while the Member is serving in such forces and is outside the home area.

Text to be included on Exhibit D, Compliance and Variability Rider for B&E Plans that employ the specimen form

I. The **DEFINITIONS** section is amended as follows:

The Definition of Dependent is deleted and replaced with the following:

DEPENDENT. Your:

- a) Spouse;
- b) Dependent child who is under age 26.

Under certain circumstances, an incapacitated child is also a Dependent. See the **Eligibility** section of this Policy.

Your " Dependent child" includes:

- a) Your biological child,
- b) Your legally adopted child,
- c) Your step-child,
- d) The child of Your civil union partner,
- e) the child of Your Domestic Partner if the child depends on You for most of his or her support and maintenance, and
- f) children under a court appointed guardianship.
- g) We treat a child as legally adopted from the time the child is placed in the home for purpose of adoption. We treat such a child this way whether or not a final adoption order is ever issued.

In addition to the Dependent Children described above, any other child over whom You have legal custody or legal guardianship or with whom You have a legal relationship or a blood relationship may be covered to the same extent as a Dependent Child under this Policy provided the child depends on You for most of the Child's support and maintenance and resides in Your household. (We may require that You submit proof of legal custody, legal guardianship, support and maintenance, residency in Your household, blood relationship or legal relationship, in Our Discretion.)

A Dependent does not include a person who resides in a foreign country. However, this does not apply to a person who is attending an Accredited School in a foreign country who is enrolled as a student for up to one year at a time.

At Our discretion, We can require proof that a person meets the definition of a Dependent.

The Definitions of **Pre-Existing Condition** and **Pre-Existing Condition Limitation** are amended to state that the terms only apply to Covered Persons age 19 or older.

II. The **ELIGIBILITY** provision is amended as follows:

The second paragraph following the listing of Policyholder, Spouse, and Child is deleted and replaced with the following:

The child will stay eligible as long as the child is and remains unmarried and incapable of earning a living, if: a) the child's condition started before he or she reached this Policy's age limit; b) the child became covered under this Policy or any other policy or contract before the child reached the age limit and stayed continuously covered or covered after reaching such limit; and c) the child depends on You for most of his or her support and maintenance.

III. The **COVERAGE SCHEDULE** is amended as follows:

The Copayments, Deductible and Coinsurance sections of the schedule are deleted and replaced with the following:

Copayments:

- Hospital Confinement \$500 per Covered Person per Period of Confinement

The Copayment does **not** apply to confinements for alcoholism, substance abuse or biologically based mental illness

- Outpatient and Ambulatory Surgery \$250 per Covered Person per Surgery
- Emergency Room Services Visit \$100 per Covered Person per Visit
- Outpatient Physical Therapy Visit \$20 per Covered Person per Visit
- All other Covered Services and Supplies None

[NOTE: You may be required to pay an amount in excess of the above Copayments if the Provider's bill exceeds the Allowed Charge, or if Coinsurance applies to the service.]
[Note to carriers: This text should be included when there is a possibility of balance billing.]

Deductible:

- Inpatient Care for Alcoholism, Substance Abuse or Biologically Based Mental Illness \$500 per Covered Person per Period of Confinement
- All other Covered Services and Supplies None

[Policy]holder Coinsurance:

- Alcohol and Substance Abuse Inpatient and Outpatient 30%
For Inpatient Care, Coinsurance applies *after* the payment of the Deductible
- Biologically Based Mental Illness Outpatient Care 30%
- All other Covered Services and Supplies NONE

IV. The **BENEFIT DEDUCTIBLES, COPAYMENTS AND COINSURANCE** section is deleted and replaced with the following:

BENEFIT DEDUCTIBLES, COPAYMENTS AND COINSURANCE

Cash Deductible: The Deductible is shown in the Coverage Schedule of this [Policy]. The Deductible applies **only** to inpatient confinements for Alcoholism, Substance Abuse and Biologically-Based Mental Illness. The Deductible applies separately to each Period of Confinement. The Deductible cannot be met with Non-Covered [Charges] [Services or Supplies]. .

Once the Deductible is met, We [pay benefits] [provide coverage] for inpatient confinements subject to the Coinsurance requirement and coverage limits. All charges must be incurred while You are insured by this [Policy].

Copayment: You must pay the applicable Copayment for each of the services shown in the Coverage Schedule. After the payment of the Copayment, We will pay [the Allowed Charges] [*Note to carriers: Carriers may omit the reference to allowed charge if issued as an HMO plan.*] for services and supplies, subject to the applicable coverage limits and maximum benefits as shown in the Coverage Schedule. [You may be required to pay an amount in excess of the Copayment if the charge the Provider bills exceeds the Allowed Charge] [*Note to carriers: Include this text if there is a possibility of balance billing.*]

Coinsurance: Coinsurance is the percentage of a Covered Charge that a Covered Person must pay for services and supplies as shown in the Coverage Schedule.

V. The **COVERED [CHARGES] [SERVICES OR SUPPLIES]** section is amended as follows:

The **Alcoholism and Substance Abuse** provision is deleted and replaced with the following:

Alcoholism and Substance Abuse: We [pay benefits] [provide coverage] for Inpatient and Outpatient treatment of Alcoholism and Substance Abuse. But We do not [pay] [cover] [for] Custodial Care, education, or training. [Benefits] [Coverage] for Inpatient care [are] [is] subject to the payment of the Inpatient Care Deductible and the Alcohol and Substance Abuse Coinsurance as shown on the Coverage Schedule. [Benefits] for Outpatient care [are] [is] subject to the payment of the Alcohol and Substance Abuse Coinsurance, as shown on the Coverage Schedule. [Benefits are] [Coverage is] limited, as shown on the Coverage Schedule. *Note:* The Coverage Limits for Alcohol and Substance Abuse are separate from the Coverage Limits for Hospital Confinement.

Treatment may be furnished by a Hospital or Substance Abuse Center.

The **Wellness Benefit** is deleted and replaced with the following:

Wellness Benefit: We cover wellness services and supplies. Wellness services and supplies include but are not limited to: routine physical examinations, diagnostic services, vaccinations, inoculations, x-ray, mammography, pap smear, bone density testing,

nicotine dependence treatment, screening tests related to wellness services. Benefits are limited as shown on the Coverage Schedule.

The **Pre-Existing Condition Limitation** is amended to state that it only applies to Covered Persons age 19 or older and does not apply to Covered Person under age 19.

VI. The **EXCLUSIONS** section is amended as follows:

Item 1 of the Services and Supplies is deleted and replaced with the following:

- 1) Services or supplies received as a result of a war, or an act of war, if the Illness or Injury occurs while the Covered Person is serving in the military, naval or air forces of any country, combination of countries or international organization and Illness or Injury suffered as a result of special hazards incident to such service if the Illness or Injury occurs while the Covered Person is serving in such forces and is outside the home area.