Member

Benefit Handbook

Lane Community College

Group No.: G0021119
Preferred 20+500 VAR
Effective: 07/01/2014

PacificSource HEALTH PLANS

We're in it for the people.

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Welcome to your PacificSource group health plan. Your employer offers this coverage to help you and your family members stay well, and to protect you in case of illness, injury, or disease. Your plan includes a wide range of benefits and services, and we hope you will take the time to become familiar with them.

Using this Handbook

This handbook will help you understand how your plan works and how to use it. Please read it carefully and thoroughly.

Within this handbook you'll find Member Benefit Summaries for your medical plan and any other health benefits provided under your employer's group health policy. The summaries work with this handbook to explain your plan benefits. The handbook explains the services covered by your plan; the benefit summaries tell you how much your plan pays toward expenses and how much you're responsible for.

If anything is unclear to you, the PacificSource Customer Service staff is available to answer your questions. Please give us a call, visit us on the Internet, or stop by our office. We look forward to serving you and your family.

Governing Law

This plan must comply with both state and federal law, including required changes occurring after the plan's effective date. Therefore, coverage is subject to change as required by law.

PacificSource Customer Service Department
Phone (541) 684-5582 or (888) 977-9299
Email cs@pacificsource.com

PacificSource Headquarters
PO Box 7068, Springfield, OR 97475-0068
Phone (541) 686-1242 or (800) 624-6052

Website
PacificSource.com

Para asistirle en español, por favor llame el nùmero (800) 624-6052, extensión 5456.

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PacificSource HEALTH PLANS

Medical Benefit Summary
Preferred 20+500 VAR

POLICY INFORMATION

Group Name: Lane Community College
Group Number: G0021119
Plan Name: Preferred 20+500 VAR
Provider Network: PSN

EMPLOYEE ELIGIBILITY REQUIREMENTS

Minimum Hour Requirement: 20 hours per week
Waiting Period for New Employees: First of the month following date of hire

Annual Deductible	Per Person, Per Calendar Year	Per Family, Per Calendar Year
Participating Providers	$500	$1,250
Non-participating Providers	$1,000	$2,500
Out-of-Pocket Limit	**Per Person, Per Calendar Year**	**Per Family, Per Calendar Year**
Participating Providers	$2,000	$4,250
Non-participating Providers	$3,250	$7,000

The member is responsible for the above deductible and the following co-payments and co-insurance.

Service	Participating Providers:	Non-participating Providers:
Preventive Care		
Well baby/Well child care	No charge*	90% co-insurance
Routine physicals	No charge*	90% co-insurance
Well woman visits	No charge*	40% co-insurance
Routine mammograms	No charge*	90% co-insurance
Immunizations	No charge*	90% co-insurance
Routine colonoscopy, age 50-75	No charge*	40% co-insurance
Professional Services		
Office and home visits	$25 co-pay/visit*	40% co-insurance
Specialty office and home visits	$25 co-pay/visit*	40% co-insurance
Office procedures and supplies	No charge*	40% co-insurance
Surgery	20% co-insurance	40% co-insurance
Outpatient rehabilitation services	20% co-insurance	40% co-insurance
Hospital Services		
Inpatient room and board	20% co-insurance	40% co-insurance
Inpatient rehabilitation services	20% co-insurance	40% co-insurance
Skilled nursing facility care	20% co-insurance	40% co-insurance
Outpatient Services		
Outpatient surgery/services	20% co-insurance	40% co-insurance
Advanced diagnostic imaging	20% co-insurance	40% co-insurance
Diagnostic and therapeutic radiology and lab	20% co-insurance	40% co-insurance

Urgent and Emergency Services		
Urgent care center visits	$25 co-pay/visit*	40% co-insurance
Emergency room visits	$100 co-pay/visit plus 20% co-insurance*^	$100 co-pay/visit plus 40% co-insurance*^
Ambulance, ground	20% co-insurance	20% co-insurance
Ambulance, air	20% co-insurance	20% co-insurance
Maternity Services		
Physician/Provider services (global charge)	20% co-insurance	40% co-insurance
Hospital/Facility services	20% co-insurance	40% co-insurance
Mental Health/Chemical Dependency Services		
Office visits	$25 co-pay/visit*	40% co-insurance
Inpatient care	20% co-insurance	40% co-insurance
Residential programs	20% co-insurance	40% co-insurance
Other Covered Services		
Allergy injections	20% co-insurance	40% co-insurance
Durable medical equipment	20% co-insurance	40% co-insurance
Home health care	20% co-insurance	50% co-insurance
Alternative and chiropractic care	20% co-insurance	20% co-insurance
Transplants	No charge	40% co-insurance
Temporomandibular joint (TMJ) services	20% co-insurance	40% co-insurance
Infertility treatment	50% co-insurance	50% co-insurance

This is a brief summary of benefits. Refer to your handbook for additional information or a further explanation of benefits, limitations, and exclusions.

^ **Co-pay applies to ER physician and facility charges only.** Co-pay waived if admitted into hospital. For emergency medical conditions, non-participating providers are paid at the participating provider level.

* Not subject to annual deductible.

Additional Information

What is the annual deductible?

Your plan's deductible is the amount of money that you pay first, before your plan starts to pay. You'll see on the Medical Benefit Summary that many services, particularly preventive care, are covered by the plan without you needing to meet the deductible. The individual deductible applies if you enroll without dependents. If you and one or more dependents enroll, individual deductibles apply only until the family deductible has been met. Deductible expense is applied to the out-of-pocket limit.

Participating provider expense and non-participating provider expense apply together toward your deductibles.

What is the out-of-pocket limit?

The out-of-pocket limit is the most you'll pay for approved medical expenses during the plan year. Once the out-of-pocket limit has been met, the plan will pay 100% of covered charges for the rest of that year. The individual out-of-pocket limit applies if you enroll without dependents. If you and one or more dependents enroll, individual out-of-pocket limits apply only until the family out-of-pocket limit has been met. Be sure to check your Member Handbook, as there are some charges, such as non-essential health benefits, penalties and balance billed amounts that do not count toward the out-of-pocket limit.

Participating provider expense and non-participating provider expense apply together toward your out-of-pocket limits.

Annual change in deductible and/or out-of-pocket limit amounts

This plan's deductible and/or out-of-pocket limit amounts may be automatically adjusted upward every January 1 based on the rules set forth by Health and Human Services (HHS).

Payments to providers

Payment to providers is based on the prevailing or contracted PacificSource fee allowance for covered services. Although participating providers accept the fee allowance as payment in full, non-participating providers may not. Services of non-participating providers could result in out-of-pocket expense in addition to the percentage indicated.

Prescription Drug Benefit Summary
OR 15-30-50 750OP VAR

Your PacificSource health plan includes coverage for prescription drugs and certain other pharmaceuticals, subject to the information below. This prescription drug plan qualifies as creditable coverage for Medicare Part D.

PRESCRIPTION DRUG OUT-OF-POCKET LIMIT $750 per person

The amount you pay for covered prescriptions at participating pharmacies applies towards your plan's participating drug out-of-pocket limit. The co-payment and/or co-insurance for prescription drugs obtained from a participating pharmacy are waived during the remainder of a calendar year in which you have satisfied the prescription drug out-of-pocket limit. The limit applies to each member. Claims must be submitted by the participating pharmacy electronically. Differential between brand name and generics, and drugs obtained at a non-participating pharmacy do not apply toward the limit.

The amount you pay for covered prescriptions at participating pharmacies applies toward your plan's participating medical out-of-pocket limit shown on the Medical Benefit Summary.

Each time a covered pharmaceutical is dispensed, you are responsible for the co-payment and/or co-insurance below:

	Tier 1: Generic	Tier 2: Preferred	Tier 3: Non-preferred
Participating Retail Pharmacy^			
Up to a 34-day supply:	$15 co-pay	$30 co-pay	$50 co-pay
Participating Mail Order Service			
Up to a 90-day supply:	$15 co-pay	$60 co-pay	$100 co-pay
Non-participating Pharmacy			
Regardless of tier or day(s) supply:	Same as retail		
Tier 4 Specialty Drugs - Participating Specialty Pharmacy			
Up to a 34 day supply:	Same as mail order		
Tier 4 Specialty Drugs - Not filled through Participating Specialty Pharmacy			
Regardless of tier or day(s) supply:	Same as retail		

^Remember to show your PacificSource ID Card each time you fill a prescription at a retail pharmacy.

MAC B - Unless the physician requires the use of a brand name drug, the prescription will automatically be filled with a generic drug when available and permissible by state law. If you receive a brand name drug when a generic is available, you will be responsible for the brand name drug's co-payment and/or co-insurance plus the difference in cost between the brand name drug and its generic equivalent. If your physician requires the use of a brand name drug, the prescription will be filled with the brand name drug and you will be responsible for the brand name drug's co-payment and/or co-insurance.

See your member handbook for important information about your prescription drug benefit, including which drugs are covered, how the tiers work, limitations and more.

The following shows the vision benefit available under this plan for enrolled members for all vision exams, lenses, and frames furnished during any calendar year when performed or prescribed by a licensed ophthalmologist or licensed optometrist. Deductibles, co-payment, and/or co-insurance for covered charges apply to the medical plan's out-of-pocket limit.

If charges for a service or supply are less than the amount allowed, the benefit will be equal to the actual charge. If charges for a service or supply are greater than the amount allowed, the expense above the allowed amount is the member's responsibility and will not apply toward the member's medical plan deductible or out-of pocket limit.

Member Responsibility

Service/Supply	Participating Providers:	Non-participating Providers:
Enrolled Members Through Age 18		
Eye Exam	No charge*	No charge* up to $64.50 maximum then 100% co-insurance
Vision Hardware	No charge* for one pair per year for non-collection frames and/or lenses	No charge* for one pair per year up to $75, then 100% co-insurance for non-collection frames and/or lenses
Enrolled Members Age 19 and Older		
Eye Exam	No charge*	No charge* up to $64.50 maximum then 100% co-insurance
Single vision	No charge*	No charge* up to $105 maximum then 100% co-insurance
Bifocal	No charge*	No charge* up to $130 maximum then 100% co-insurance
Trifocal	No charge*	No charge* up to $150 maximum then 100% co-insurance
Lenticular	No charge*	No charge* up to $236 maximum then 100% co-insurance
Progressive	No charge* up to $116 maximum then 100% co-insurance	No charge* up to $116 maximum then 100% co-insurance
Frames	No charge* up to $125 maximum then 100% co-insurance	No charge* up to $125 maximum then 100% co-insurance
Contacts (in place of glasses)	No charge* up to $230 maximum then 100% co-insurance	No charge* up to $230 maximum then 100% co-insurance

* Not subject to annual deductible.

Benefit Limitations: enrolled members through age 18

'Collection' lenses and/or frames refers to brand name hardware when comparable non-brand/non-collection lenses and/or frames are available. Collection glasses (lenses and frames) are not covered.

- One vision exam every calendar year.
- One pair of non-collection glasses (lenses and frames) per calendar year. If the cost of the frame is over $175, preauthorization by PacificSource is required.

- In lieu of eyeglasses, elective contact lens services and materials are covered in full with the following limitations per calendar year:
  - Standard = 1 contact lens per eye (total 2 lenses); OR
  - Monthly = 6 lenses per eye (total 12 lenses); OR
  - Bi-weekly = 6 lenses per eye (total 12 lenses); OR
  - Dailies = 30 lenses per eye (total 60 lenses).

Benefit Limitations: enrolled members age 19 and older

- One vision exam every calendar year
- Lenses: One pair every calendar year
- Frames : Once every two calendar years
- Contact lenses : Once every calendar year
- Elective contact lenses are in lieu of frames and lenses

Exclusions

- Special procedures such as orthoptics or vision training
- Special supplies such as sunglasses (plain or prescription) and subnormal vision aids
- Tint
- Plano contact lenses
- Anti-reflective coating and scratch resistant coatings
- Separate charges for contact lens fitting
- Replacement of lost, stolen, or broken lenses or frames
- Duplication of spare eyeglasses or any lenses or frames
- Nonprescription lenses
- Visual analysis that does not include refraction
- Services or supplies not listed as covered expenses
- Eye exams required as a condition of employment, required by a labor agreement or government body
- Expenses covered under any worker’s compensation law
- Services or supplies received before this plan’s coverage begins or after it ends
- Charges for services or supplies covered in whole or in part under any medical or vision benefits provided by the employer
- Medical or surgical treatment of the eye

Important information about your vision benefits

Your PacificSource group health plan includes coverage for vision services, including prescription eyeglasses and contact lenses. To make the most of those benefits, it's important to keep in mind the following:

Participating Providers

PacificSource is able to add value to your vision benefits by contracting with a network of vision providers. Those providers offer vision services at discounted rates, which are passed on to you in your benefits.

Paying for Services

Please remember to show your current PacificSource ID card whenever you use your plan's benefits. Our provider contracts require participating providers to bill us directly whenever you receive covered services and supplies. Providers normally call PacificSource to verify your vision benefits and then bill us directly. Participating providers should not ask you to pay the full cost in advance. They may only collect your share of the expense up front, such as copayments and amounts over your plan's allowances. If you are asked to pay the entire amount in advance, tell the provider you understand they have a contract with PacificSource and should bill PacificSource directly.

Sales and Special Promotions

Vision retailers often use coupons and promotions to bring in new business, such as free eye exams, two-for-one glasses, or free lenses with purchase of frames. Because participating providers already discount their services through their contract with PacificSource, your plan's participating provider benefits cannot be combined with any other discounts or coupons. You can use your plan's participating provider benefits, or you can use your plan's non-participating provider benefits to take advantage of a sale or coupon offer. If you do take advantage of a special offer, the participating provider may treat you as an uninsured customer and require full payment in advance. You can then send the claim to PacificSource yourself, and we will reimburse you according to your plan's non-participating provider benefits.

Chiropractic Care Summary

Your plan's alternative care benefit allows you to receive treatment from licensed chiropractic care providers for medically necessary diagnosis and treatment of illness or injury. Refer to the Medical Benefit Summary for your deductible, co-payment, and/or co-insurance information.

PacificSource contracts with a network of chiropractic care providers, so you can reduce your out-of-pocket expense by using one of the participating providers. For a listing of participating providers in your area, please refer to your plan's participating provider directory, visit our website at PacificSource.com, or call our Customer Service Department.

Covered Services

- Services of a licensed chiropractor for medically necessary diagnosis and treatment of illness or injury, including chiropractic manipulations.

The combined benefit for all treatments, services, and supplies provided or ordered by chiropractic care providers is limited to 24 visits per person in any calendar year. Covered charges for any laboratory services, x-rays, radiology, and durable medical equipment provided or ordered by chiropractic care providers are subject to the deductibles, co-payments, and/or co-insurance stated in your Medical Benefit Summary.

Excluded Services

- Any service or supply excluded or not otherwise covered by the medical plan.
- Drugs, homeopathic medicines, or homeopathic supplies furnished by chiropractic care providers.

Alternative Care Summary

Your plan's alternative care benefit allows you to receive treatment from licensed alternative care providers for medically necessary diagnosis and treatment of illness or injury. Refer to the Medical Benefit Summary for your deductible, co-payment, and/or co-insurance information.

PacificSource contracts with a network of alternative care providers, so you can reduce your out-of-pocket expense by using one of the participating providers. For a listing of participating providers in your area, please refer to your plan's participating provider directory, visit our website at PacificSource.com, or call our Customer Service Department.

Covered Services

- Services of a licensed naturopath for medically necessary diagnosis and treatment of illness or injury.
- Acupuncture services of a licensed acupuncturist or physician when necessary for diagnosis and treatment of illness or injury.
- Services of a licensed massage therapist for medically necessary treatment of myofascial, neuromusculoskeletal, or pain syndromes.

The combined benefit for all treatments, services, and supplies provided or ordered by alternative care providers is limited to 24 visits per person in any calendar year. Covered charges for any laboratory services, x-rays, radiology, and durable medical equipment provided or ordered by alternative care providers are subject to the deductibles, co-payments, and/or co-insurance stated in your Medical Benefit Summary.

Excluded Services

- Any service or supply excluded or not otherwise covered by the medical plan.
- Drugs, homeopathic medicines, or homeopathic supplies furnished by alternative care providers.

NON-GRANDFATHERED HEALTH PLAN

The consumer protections of the Patient Protection and Affordable Care Act (PPACA) apply to this plan.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to your employer (the plan administrator), or you may contact PacificSource at:

PacificSource Health Plans
PO Box 7068
Springfield OR 97475-0068
Phone (541) 686-1242 or (800) 624-6052

If this plan is subject to ERISA, you may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1-866-444-3272 or www.dol.gov/ebsa/healthreform. This website has a table summarizing which protections do and do not apply to grandfathered health plans.

If this plan is not subject to ERISA, you may also contact the U.S. Department of Health and Human Services at www.healthreform.gov.

BECOMING COVERED

ELIGIBILITY

Employees

Your employer decides the minimum number of hours employees must work each week to be eligible for health insurance benefits. Your employer may also require new employees to satisfy a waiting period called the 'probationary waiting period' before they are eligible for benefits. Your employer's eligibility requirements, including the length of the probationary waiting period are shown in your Medical Benefit Summary. All employees who meet those requirements are eligible for coverage.

Family members

While you are insured under this plan, the following family members are also eligible for coverage:

- Your legal spouse or qualified domestic partner.
- Your, your spouse's, or your qualified domestic partner's natural or step children under age 26 regardless of the child's place of residence, marital status, or financial dependence on you.
- Your, your spouse's, or your qualified domestic partner's unmarried dependent children age 26 or over who are mentally or physically disabled. To qualify as dependents, they must have been continuously unable to support themselves since turning age 26 because of a mental or physical disability. PacificSource requires documentation of the disability from the child's physician, and will review the case before determining eligibility for coverage.
- A child placed for adoption with you, your spouse, or your qualified domestic partner. Placement for adoption means the assumption and retention by you, your spouse, or qualified domestic partner of a legal obligation for full or partial support and care of the child in anticipation of adoption of the child. Coverage will continue assuming continued eligibility under this plan unless placement is disrupted prior to legal adoption and the child is removed from placement.
- A foster child placed with you, your spouse, or your qualified domestic partner. Placement means an individual who is placed by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction. Coverage will continue assuming continued eligibility under this plan unless placement is disrupted and the child is removed from placement.
- A child placed in your, your spouse's, or your qualified domestic partner's guardianship. To be eligible for coverage, the child must be unmarried; not in a qualified domestic partnership; related to you by blood, marriage, or qualified domestic partnership; under age 19; AND for whom you are the court appointed legal custodian or guardian and for whom the subscriber or subscriber's spouse or qualified domestic partner provides at least 50 percent support.

No family or household members other than those listed above are eligible to enroll under your coverage.

ENROLLING DURING THE INITIAL ENROLLMENT PERIOD

Once you satisfy your employer's probationary waiting period, and meet the hours required for eligibility, you and your eligible family members become eligible for this plan. Starting on the date you become eligible, you and your family members have 31 days to enroll. We call this 31 day window the initial enrollment period. To enroll you must complete and sign an enrollment application provided by your employer. Return the application to your employer, and your employer will send to PacificSource.

If you miss your initial enrollment period, you will not be able to enroll in the plan later in the year, unless you have a special circumstance, called a 'qualifying event'. (For more information, see 'Special Enrollment Periods' and 'Late Enrollment' under the Enrolling After the Initial Enrollment Period section.)

Coverage for you and your enrolling family members begins on the day you satisfy your employer's probationary waiting period. The length of the probationary waiting period is stated in your Medical Benefit

Summary. Coverage will only begin if PacificSource receives your completed enrollment application and your employer's premium payment for that month.

ENROLLING NEW FAMILY MEMBERS

Newborns

Your eligible newborn child is eligible from the moment of birth for 31 days. If you wish to continue providing coverage for the child beyond 31 days, you must enroll them on the plan. To enroll the child, PacificSource must receive your completed enrollment application and any additional premium from your employer within 60 days of birth. If the baby is born the 1st through the 15th of the month, full premium is due. If the baby is born the 16th through the last day of the month, no premium is charged for that month. A claim for maternity care is not considered notification for the purpose of enrolling a newborn child. Anytime there is a delay in providing enrollment information, PacificSource may ask for legal documentation to confirm validity.

Adopted Children

When a child is placed in your home for adoption, you have 60 days from the date of placement to enroll them in your plan. To enroll the child, PacificSource must receive your completed enrollment application and any additional premium from your employer within 60 days of the placement. If the date of placement is the 1st through the 15th of the month, full premium is due. If the date of placement is the 16th through the last day of the month, no premium is charged for that month. Coverage for your new family members will begin on the date of placement. You may be required to submit a copy of the certificate of adoption or other legal documentation from a court or a child placement agency to complete enrollment.

Foster Children

When a foster child is placed in your home, you have 60 days from the date of placement to enroll them in your plan. To enroll the child, PacificSource must receive your completed enrollment application and any additional premium from your employer within 60 days of the placement. If the date of placement is the 1st through the 15th of the month, full premium is due. If the date of placement is the 16th through the last day of the month, no premium is charged for that month. Coverage for your new family members will begin on the date of placement. You may be required to submit a copy of the legal documentation from a court or a child placement agency to complete enrollment.

Family Members Acquired by Marriage

If you marry, you have 60 days from the date of the marriage to enroll your new spouse and any newly eligible dependent children in your plan. PacificSource must receive your completed enrollment application and any additional premium from your employer within 60 days of the marriage. If the date of marriage is the 1st through the 15th of the month, full premium is due. If the date of marriage is the 16th through the last day of the month, no premium is charged for the month. Coverage for your new family members will then begin on the date of the marriage. You may be required to submit a copy of your marriage certificate to complete enrollment.

Family Members Acquired by Qualified Domestic Partnership

If you and your same-gender domestic partner have been issued a Certificate of Registered Domestic Partnership, your domestic partner and your partner's dependent children are eligible for coverage during the 60 day initial enrollment period after the registration of the domestic partnership. PacificSource must receive your completed enrollment application and additional premium during the initial enrollment period. If the date of registration is the 1st through the 15th of the month, full premium is due. If the date of registration is the 16th through the last day of the month, no premium is charged for the month. Coverage for your new family members will then begin on the date of the registration of the domestic partnership. You may be required to submit a copy of your Certificate of Registered Domestic Partnership to complete enrollment.

Unregistered domestic partners and their children may also become eligible for enrollment. If you and your unregistered domestic partner meet the criteria on the Affidavit of Domestic Partnership supplied by your employer, your domestic partner and your partner's dependent children are eligible for coverage during the 60 day initial enrollment period after the requirements of the Affidavit of Domestic Partnership are satisfied. PacificSource must receive your completed enrollment application, a copy of your Affidavit of Domestic Partnership, and additional premium during the initial enrollment period. If the date of the registration is the 1st

through the 15th of the month, full premium is due. If the date of registration is the 16th through the last day of the month, no premium is charged for the month. Coverage for your new family members will then begin on the date the Affidavit of Domestic Partnership is received by PacificSource.

Family Members Placed in Your Guardianship

If a court appoints you custodian or guardian of an eligible dependent child, you have 60 days from the court appointment to enroll them in your plan. PacificSource must receive your completed enrollment application and any additional premium from your employer within 60 days of the court appointment. If the date of the court order is the 1st through the 15th of the month, full premium is due. If the date of the court order is the 16th through the last day of the month, no premium is charged for the month. Coverage will then begin on the date of the court order. You may be required to submit a copy of the court order to complete enrollment. When the court order terminates or expires, the child is no longer an eligible child.

Qualified Medical Child Support Orders

This health plan complies with qualified medical child support orders (QMCSO) issued by a state court or state child support agency. A QMCSO is a judgment, decree, or order, including approval of a settlement agreement, which provides for health benefit coverage for the child of a plan member.

If a court or state agency orders coverage for your spouse, qualified domestic partner, or child, you have 60 days from the date of the court order to enroll them in this plan. PacificSource must receive your completed enrollment application and any additional premium from your employer within 60 days of the court order. If the date of the court order is the 1st through the 15th of the month, full premium is due. If the date of court order is the 16th through the last day of the month, no premium is charged for the month. Coverage will become effective on the date of the court order. You may be required to submit a copy of the QMCSO to complete enrollment.

ENROLLING AFTER THE INITIAL ENROLLMENT PERIOD

Returning to Work after a Layoff

If you are laid off and then rehired by your employer, you will not have to satisfy another probationary waiting period. Your health coverage will resume the first day of the month after you return to work and again meet your employer's minimum hour requirement. If your family members were covered before your layoff, they can resume coverage at that time as well. You must re-enroll your family members by submitting an enrollment application within the 31 day initial enrollment period following your return to work.

Returning to Work after a Leave of Absence

If you return to work after an employer-approved leave of absence of 12 months or less, you will not have to satisfy another probationary waiting period. You will self-pay for your health insurance until first day of the month after you return to work and again meet your employer's minimum hour requirement. If your family members were covered before your leave of absence, they can resume coverage at that time as well. You must re-enroll your family members by submitting an enrollment application within the 31 day initial enrollment period following your return to work.

Returning to Work after Family Medical Leave

If you work for a company that employs 50 or more people, your employer is probably subject to the Family Medical Leave Act (FMLA). To find out if you have rights under FMLA, ask your health plan administrator. Under FMLA, if you return to work after a qualifying FMLA medical leave, you will not have to satisfy another probationary waiting period under this plan. Your health coverage will resume the day you return to work and meet your employer's minimum hour requirement. If your family members were covered before your leave, they can also resume coverage at that time if you re-enroll them within the 31 day initial enrollment period following your return.

Special Enrollment Periods

Employees cannot waive coverage for any reason.

- Special Enrollment Rule #1

  If you declined enrollment for yourself or your family members because of other health insurance coverage, you or your family members may enroll in the plan later if the other coverage ends. To do so, you must request enrollment within 60 days after the other health insurance coverage ends (or within 60

days after the other health insurance coverage ends if the other coverage is through Medicaid or a State Children's Health Insurance Program). Coverage will begin on the first day of the month after the other coverage ends.

- Special Enrollment Rule #2

  If you acquire new family members because of marriage, newly qualified domestic partnership, birth, or placement for adoption, you may be able to enroll yourself and/or your newly acquired family members at that time. To do so, you must request enrollment within 60 days after the marriage, qualification of the domestic partnership, birth, placement of foster child, or placement for adoption. In the case of marriage or qualified domestic partnership, coverage begins on the date of the marriage or qualification of the domestic partnership. In the case of birth, placement of foster child, or placement for adoption, coverage begins on the date of birth or placement.

- Special Enrollment Rule #3

  If you or your family members become eligible for a premium assistance subsidy under Medicaid or a state Children's Health Insurance Program (CHIP), you may be able to enroll yourself and/or your family members at that time. To do so, you must request enrollment within 60 days of the date you and/or your family members become eligible for such assistance. Coverage will begin on the first day of the month after becoming eligible for such assistance.

Late Enrollment

If you did not enroll during your initial enrollment period and you do not qualify for a special enrollment period, your enrollment will be delayed until the plan's next designated open enrollment period.

A 'late enrollee' is an otherwise eligible employee or family member who does not qualify for a special enrollment period explained above, and who:

- Did not enroll during the initial enrollment period; or
- Enrolled during the initial enrollment period but discontinued coverage later.

A late enrollee may enroll by submitting an enrollment application to your employer during the open enrollment period designated by your employer. When you or your family members enroll during the open enrollment period, plan coverage becomes effective the first day of the plan year.

PLAN SELECTION PERIOD

If your employer offers more than one benefit plan option, you may choose another plan option only upon your plan's anniversary date. You may select a different plan option by completing a selection form or application form. Coverage under the new plan option becomes effective on your plan's anniversary date.

WHEN COVERAGE ENDS

If you leave your job for any reason or your work hours are reduced below your employer's minimum requirement, coverage for you and your enrolled family members will end. Coverage ends on the last day of the last month in which you worked full time and for which a premium was paid. You may, however, be eligible to continue coverage for a limited time; please see the Continuation section of this handbook for more information.

You can voluntarily discontinue coverage for your enrolled family members at any time by completing a Termination of Dependent Coverage form and submitting it to your employer. Keep in mind that once coverage is discontinued, your family members may be subject to the late enrollment waiting period if they wish to re-enroll later.

Divorced Spouses

If you divorce, coverage for your spouse will end on the last day in which the divorce decree or legal separation is final. You must notify your employer of the divorce or separation, and continuation coverage may

be available for your spouse. If there are special child custody circumstances, please contact the PacificSource Membership Services Department. Please see the Continuation section for more information.

Dependent Children

When your enrolled child no longer qualifies as a dependent, their coverage will end on the day they become ineligible. Please see Eligibility in the Becoming Covered section of this handbook for information on when your dependent child is eligible beyond age 25. The Continuation section includes information on other coverage options for those children who no longer qualify for coverage.

Dissolution of Qualified Domestic Partnership

If you dissolve your qualified domestic partnership, coverage for your qualified domestic partner and their children not related to you by birth or adoption will end on the last day of the month in which the dissolution of the qualified domestic partnership is final. You must notify your employer of the dissolution of the qualified domestic partnership. Under Oregon state continuation laws, a registered domestic partner and their covered children may continue this policy's coverage under the same circumstances and to the same extent afforded an enrolled spouse and their enrolled children (see Oregon Continuation in the Continuation of Insurance section). Qualified domestic partners and their covered children are not recognized as qualified beneficiaries under federal COBRA continuation laws. Qualified domestic partners and their covered children may not continue this policy's coverage under COBRA independent of the employee (see COBRA Continuation in the Continuation of Insurance section).

Certificates of Creditable Coverage

A Certificate of Creditable Coverage, or 'COCC' is a document that provides evidence that you had health insurance coverage with us, and it will be useful when you apply for coverage in another health plan. After you or your family member's coverage under this plan ends, we will automatically generate an email and send you a certificate of creditable coverage by mail. We will send a separate certificate for any family members with an effective or termination date that differs from yours. For questions or requests regarding certificates of creditable coverage, you are welcome to contact our Customer Service Department at the number shown on the front page of this handbook.

CONTINUATION OF INSURANCE

Under federal law, you and your family members may have the right to continue this plan's coverage for a specified time. You and your family members may be eligible if:

- Your employment ends or you have a reduction in hours
- You take a leave of absence for military service
- You divorce or dissolve your qualified domestic partnership
- You die
- You become eligible for Medicare benefits if it causes a loss of coverage for your family members
- Your children no longer qualify as dependents

The following sections describe your rights to continuation under federal law, and the requirements you must meet to enroll in continuation coverage.

USERRA CONTINUATION

If you take a leave of absence from your job due to military service, you have continuation rights under the Uniformed Services Employment and Re-employment Rights Act (USERRA).

You and your enrolled family members may continue this plan's coverage if you, the employee, no longer qualify for coverage under the plan because of military service. Continuation coverage under USERRA is available for up to 24 months while you are on military leave. If your military service ends and you do not

return to work, your eligibility for USERRA continuation coverage will end. Premium for continuation coverage is your responsibility.

The following requirements apply to USERRA continuation:

- Family members who were not enrolled in the group plan cannot take continuation. The only exceptions are newborn babies and newly acquired eligible family members not covered by another group health plan.
- To apply for continuation, you must submit a completed Continuation Election Form to your employer within 31 days after the last day of coverage under the group plan.
- You must pay continuation premium to your employer by the first of each month. Your employer will include your continuation premium in the group's regular monthly payment. PacificSource cannot accept the premium directly from you.
- Your employer must still be insured by PacificSource. If your employer discontinues this plan, you will no longer qualify for continuation.

SURVIVING OR DIVORCED SPOUSES

If your group has 20 or more employees, or your group health plan has 20 or more subscribers, and you die or divorce, and your spouse is 55 years or older, your spouse may be able to continue coverage until eligible for Medicare or other coverage. Dependent children are subject to the group policy's age and other eligibility requirements. Some restrictions and guidelines apply; please see your employer for specific details.

COBRA CONTINUATION

If you work for an employer that has 20 or more employees, your employer is probably subject to the continuation of coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) as amended. To find out if you have continuation rights under COBRA, as your health plan administrator.

COBRA Eligibility

A 'qualifying event' is the event that causes your regular group coverage to end and makes you eligible for continuation coverage. When the following qualifying events happen, you may continue coverage for the lengths of time shown:

Qualifying Event	Continuation Period
Employee's termination of employment or reduction in hours	Employee, spouse, and children may continue for up to 18 months[1]
Employee's divorce	Spouse and children may continue for up to 36 months[2]
Employee's eligibility for Medicare benefits if it causes a loss of coverage	Spouse and children may continue for up to 36 months
Employee's death	Spouse and children may continue for up to 36 months[2]
Child no longer qualifies as a dependent	Child may continue for up to 36 months[2]

[1] If the employee or covered family member is determined disabled by the Social Security Administration within the first 60 days of COBRA coverage, all qualified beneficiaries may continue coverage for up to 29 months.

[2] The total maximum continuation period is 36 months, even if there is a second qualifying event. A second qualifying event might be a divorce, death, or child no longer qualifying as a dependent after the employee's termination or reduction in hours.

If your family members were not covered prior to your qualifying event, they may enroll in the continuation coverage while you are on continuation. They will be subject to the same rules that apply to active employees, including the late enrollment waiting period.

If your employment is terminated for gross misconduct, you and your family members are not eligible for COBRA continuation.

Qualified domestic partner's and their covered children may not continue this policy's coverage under COBRA independent of the employee.

When Continuation Coverage Ends

Your continuation coverage will end before the end of the continuation period above if any of the following occur:

- Your continuation premium is not paid on time.
- You become entitled to Medicare benefits.
- Your employer discontinues its health plan and no longer offers a group health plan to any of its employees.
- Your continuation period was extended from 18 to 29 months due to disability, and you are no longer considered disabled.

Type of Coverage

Under COBRA, you may continue any coverage you had before the qualifying event. If your employer provides both medical and dental coverage and you were enrolled in both, you may continue both medical and dental. If your employer provides only one type of coverage, or if you were enrolled in only one type of coverage, you may continue only that coverage.

COBRA continuation benefits are always the same as your employer's current benefits. Your employer has the right to change the benefits of its health plan or eliminate the plan entirely. If that happens, any changes to the group health plan will also apply to everyone enrolled in continuation coverage.

Your Responsibilities and Deadlines

You must notify your employer within 60 days if you divorce, or if your child no longer qualifies as a dependent. That will allow your employer to notify you or your family members of your continuation rights.

When your employer learns of your eligibility for continuation, your employer will notify you of your continuation rights and provide a Continuation Election Form. You then have 60 days from that date or 60 days from the date coverage would otherwise end, whichever is later, to enroll in continuation coverage by submitting a completed Election Form to your employer. If continuation coverage is not elected during that 60 day period, coverage will end on the last day of the last month you were an active employee.

If you or your employer do not provide these notifications within the time frames required by COBRA, PacificSource's responsibility to provide coverage under the group policy will end.

Continuation Premium

You or your family members are responsible for the full cost of continuation coverage. The monthly premium must be paid to your employer. PacificSource cannot accept continuation premium directly from you. You may make your first premium payment any time within 45 days after you return your Continuation Election Form to your employer. After the first premium payment, each monthly payment must reach your employer within 30 days of your employer premium due date. If your employer does not receive your continuation premium on time, continuation coverage will end. If your coverage is canceled due to a missed payment, it will not be reinstated for any reason. Premium rates are established annually and may be adjusted if the plan's benefits or costs change.

CONTINUATION WHEN YOU RETIRE

Continuation upon retirement is based on meeting all the retirement requirements set forth in your employment agreement with your employer.

If you retire, you and your insured family members are eligible to continue coverage subject to the following:

- You must apply for continued coverage within 60 days after retirement.
- You must be receiving benefits from PERS (Public Employee Retirement System) or from a similar retirement plan offered by your employer.

- You must have been continuously covered under the group's plan for at least 24 months prior to the retirement or you have a separation agreement with your employer dated prior to 7/1/2011.
- You are not enrolled in another group health plan with substantially the same or greater benefits at an equivalent cost.
- You are not eligible to participate as an employee in another group health plan with substantially the same or greater benefits at an equivalent cost.

You and/or your enrolled family members are responsible for paying the full premium.

Your continuation coverage will end when any one of the following occurs:

- When full premium is not paid or when your coverage is voluntarily terminated, your coverage will end on the last day of the month for which premium was paid.
- When you become eligible for Medicare coverage your coverage will end on the last day of the month preceding Medicare eligibility.
- When the regular group policy is terminated, your coverage will end on the date of termination.

Your family member's continuation coverage will end when any one of the following occurs:

- When full premium for the family member is not paid or when the family member's coverage is voluntarily terminated by you or your family member, coverage will end on the last day of the month for which premium was paid.
- When your dependent becomes eligible for Medicare coverage your dependent's coverage will end on the last day of the month preceding Medicare eligibility.
- When the regular group policy is terminated, your family member's coverage will end on the date of termination.

WORK STOPPAGE

Labor Unions

If you are a union member, you have certain continuation rights in the event of a labor strike. Your union is responsible for collecting your premium and can answer questions about coverage during the strike.

EXTENSION OF BENEFITS

If you are on an employer approved leave of absence, for any reason, you may continue coverage under active status for up to three months. Absences extending beyond this three months will be subject to the Continuation of Insurance provisions of this plan.

USING THE PROVIDER NETWORK

Your network name is listed on the front of the Medical Benefit Summary. We refer to the doctors, and other healthcare providers (including hospitals and facilities) as 'providers'. We contract with certain providers to provide services to our members for a set fee. The providers that we contract with are called 'participating providers' and the set fee they agree to is called the contracted allowable fee.

This section explains how your plan's benefits differ when you use participating and non-participating providers and explains how we apply the reimbursement rate. This information is not meant to prevent you from seeking treatment from any provider if you are willing to take increased financial responsibility for the charges incurred.

All healthcare providers are independent contractors. PacificSource cannot be held liable for any claim for damages or injuries you experience while receiving medical care.

PARTICIPATING PROVIDERS

Participating providers contract with PacificSource to furnish medical services and supplies to members enrolled in this plan for a set fee. That fee is called the contracted reimbursement rate. Participating providers agree not to charge more than the contracted reimbursement rate. Participating providers bill PacificSource directly, and we pay them directly. When you receive covered services or supplies from a participating provider, you are only responsible for the amounts stated in your Medical Benefit Summary. Depending on your plan, those amounts can include a deductible, co-payment, and/or co-insurance payment.

PacificSource contracts directly and/or indirectly with participating providers throughout our Oregon, Idaho, and Montana service areas and in bordering communities in southwest Washington. We also have an agreement with a nationwide provider network, The First Health® Network, which includes more than 550,000 participating physicians and 5,000 participating hospitals. The First Health providers outside our service area are also considered PacificSource participating providers under your plan.

It is not safe to assume that when you are treated at a participating medical facility, all services are performed by participating providers. Whenever possible, you should arrange for professional services such as surgery, anesthesiology, and emergency room care to be provided by a participating provider. Doing so will help you maximize your benefits and limit your out-of-pocket expenses.

Risk-sharing Arrangements

A participating provider contracts with PacificSource to furnish medical services and supplies to members enrolled in PacificSource health benefit plans for a set fee. That fee is called the contracted reimbursement rate. By agreement, a participating provider may not bill a member for any amount in excess of the contracted reimbursement rate. However, the agreement does not prohibit the provider from collecting co-payments, deductibles, co-insurance, and non-covered services from the member. And, if PacificSource was to become insolvent, a participating provider agrees to continue to provide covered services to a member for the duration of the period for which premium was paid to PacificSource on behalf of the member. Again, the participating provider may only collect applicable co-payments, deductibles, co-insurance, and amounts for non-covered services from the member.

NON-PARTICIPATING PROVIDERS

When you receive services or supplies from a non-participating provider, your out-of-pocket expense is likely to be higher than if you had used a participating provider. If the same services or supplies are available from a participating provider to whom you have reasonable access (explained in the next section), you may be responsible for more than the deductible, co-payment, and co-insurance amounts stated in your Medical Benefit Summary.

Allowable Fee

To maximize your plan's benefits, always make sure your healthcare provider is a PacificSource participating provider. Do not assume all services at a participating facility are performed by participating providers.

PacificSource bases payment to non-participating providers on our 'allowable fee' for the same services or supplies. We use several sources to determine the allowable fee, depending on the service or supply and the geographical area where it is provided. The allowable fee may be based on data collected from PacificSource Health Plans or nationally recognized databases.

In areas where our members have reasonable geographic access to a participating provider, the allowable fee for professional services is based on PacificSource's standard participating provider reimbursement rate or a contracted reimbursement rate. Outside the PacificSource Network service area and in areas where our members do not have reasonable access to a participating provider the allowable fee is based on the usual, customary, and reasonable charge (UCR) at the 85th percentile. UCR is based on data collected for a geographic area. Provider charges for each type of service are collected and ranked from lowest to highest. Charges at the 85th position in the ranking are considered to be the 85th percentile.

To calculate our payment to non-participating providers, we determine the allowable fee, and then subtract the non-participating provider co-insurance shown in the 'Non-participating Provider' column of your Medical

Benefit Summary. Our allowable fee is often less than the non-participating provider's charge. In that case, the difference between our allowable fee and the provider's billed charge is also your responsibility. That amount does not count toward this plan's out-of-pocket maximum. It also does not apply toward any deductibles or co-payments required by the plan. In any case, after any co-payments or deductibles, the amount PacificSource pays to a non-participating provider will not be less than 50 percent of the allowable fee for a like service or supply.

To maximize your plan's benefits, please check with us before receiving care from a non-participating provider. Our Customer Service Department can help you locate a participating provider in your area.

Example of Provider Payment

The following illustrates how payment could be made for a covered service billed at $120. In this example, the Medical Benefit Summary shows a participating providers co-insurance of 20 percent and a non-participating providers co-insurance of 30 percent. This is only an example; your plan's benefits may be different.

	Participating Provider	Non-participating Provider
Provider's usual charge	$120	$120
PacificSource's negotiated provider discount	$20	$0
PacificSource's allowable fee	$100	$100
Patient's co-insurance from Medical Benefit Summary	20%	30%
PacificSource's payment	$80	$70
Patient's amount of allowable fee	$20	$30
Charges above the allowable fee	$0	$20
Patient's total payment to provider	$20	$50
Percent of charge paid by PacificSource	80%	58%
Percent of charge paid by patient	20%	42%

When you receive covered services from a participating provider, you are only responsible for the amounts stated in your Medical Benefit Summary.

COVERAGE WHILE TRAVELING

Your PacificSource plan is powered by the PacificSource Network (PSN). The PSN Network covers Oregon, Idaho, Montana, southwest Washington, and eastern Washington. When you need medical services outside of the PSN Network, you can save out-of-pocket expense by using the participating providers available through The First Health® Network.

Nonemergency Care While Traveling

To find a participating provider outside the regions covered by your network, call The First Health® Network at (800) 226-5116. (The phone number is also printed on your PacificSource ID card for convenience.) Representatives are available at any time to help you find a participating physician, hospital, or other outpatient provider. Nonemergency care outside of the United States is not covered.

- If a participating provider is available in your area, your plan's participating provider benefits will apply if you use a participating provider.
- If a participating provider is available but you choose to use a non-participating provider, your plan's non-participating provider benefits will apply.

Emergency Services While Traveling

In medical emergencies (see the Covered Expenses - Emergency Services section of this handbook), your plan pays benefits at the participating provider level regardless of your location. Your covered expenses are based on our allowable fee. If you are admitted to a hospital as an inpatient following the stabilization of your emergency condition, your physician or hospital should contact the PacificSource Health Services Department at (888) 691-8209 as soon as possible to make a benefit determination on your admission. If you are admitted to a non-participating hospital, PacificSource may require you to transfer to a participating facility once your condition is stabilized in order to continue receiving benefits at the participating provider level.

FINDING PARTICIPATING PROVIDER INFORMATION

You can find up-to-date participating provider information:

- By asking your healthcare provider if he or she is a participating provider for your network.
- On the PacificSource website, PacificSource.com. Simply click on 'Find a Provider' and you can easily look up participating providers, specialists, behavioral health providers, and hospitals. You can also print your own customized directory. We can even send you a text with the provider's location and contact number.
- By contacting the PacificSource Customer Service Department. Our staff can answer your questions about specific providers. If you'd like a complete provider directory for your plan, just ask - we'll be glad to mail you a directory free of charge.
- By calling The First Health® Network at (800) 226-5116 if you live outside the area covered by your network.

TERMINATION OF PROVIDER CONTRACTS

PacificSource will notify you within ten days of learning of the termination of a provider contractual relationship if you have received services in the previous three months from such a provider when:

- A provider terminates a contractual relationship with PacificSource in accordance with the terms and conditions of the agreement;
- A provider terminates a contractual relationship with an organization under contract with PacificSource; or
- PacificSource terminates a contractual relationship with an individual provider or the organization with which the provider is contracted in accordance with the terms and conditions of the agreement.

Note: on the date a provider's contract with PacificSource terminates, they become a non-participating provider and any services you receive from them will be paid at the percentage shown in the 'Non-Participating Provider' column of your Medical Benefit Summary. To avoid unexpected costs, be sure to verify each time you see your provider that they are still participating in the network.

You may be entitled to continue with care with an individual provider for a limited period of time after the medical services contract terminates. Contact Customer Service for additional information.

COVERED EXPENSES

Understanding Medical Necessity

This plan provides comprehensive medical coverage when care is medically necessary to treat an illness, injury, or disease. Be careful - just because a treatment is prescribed by a healthcare professional does not mean it is medically necessary under the terms of this plan. Also remember that just because a service or supply is a covered benefit under this plan does not necessarily mean all billed charges will be paid.

Medically necessary services and supplies that are excluded from coverage under this plan can be found in the Benefit Limitations and Exclusions section of this handbook, as well as the section on Preauthorization. If you ever have a question about your plan benefits, contact the PacificSource Customer Service Department.

Understanding Experimental/Investigational Services

Except for specified Preventive Care services, the benefits of this group policy are paid only toward the covered expense of medically necessary diagnosis or treatment of illness, injury, or disease. This is true even though the service or supply is not specifically excluded. All treatment is subject to review for medical necessity. Review of treatment may involve prior approval, concurrent review of the continuation of treatment, post-treatment review or any combination of these. For additional information, see 'medically necessary' in the Definitions section of this handbook.

Be careful. Your healthcare provider could prescribe services or supplies that are not covered under this plan. Also, just because a service or supply is a covered benefit does not mean all related charges will be paid.

New and emerging medical procedures, medications, treatments, and technologies are often marketed to the public or prescribed by physicians before FDA approval, or before research is available in qualified peer-reviewed literature to show they provide safe, long term positive outcomes for patients.

To ensure you receive the highest quality care at the lowest possible cost, we review new and emerging technologies and medications on a regular basis. Our internal committees and Health Services staff make decisions about PacificSource coverage of these methods and medications based on literature reviews, standards of care and coverage, consultations, and review of evidence-based criteria with medical advisors and experts.

Eligible Healthcare Providers

This plan provides benefits only for covered expenses and supplies rendered by a physician (M.D. or O.D.), practitioner, nurse, hospital or specialized treatment facility, durable medical equipment supplier, or other licensed medical provider as specifically stated in this handbook. The services or supplies provided by individuals or companies that are not specified as eligible practitioners are not eligible for reimbursement under the benefits of this plan. For additional information, see 'practitioner', 'specialized treatment facility', and 'durable medical equipment supplier' in the Definitions section of this handbook.

To be eligible, the provider must also be practicing within the scope of their license. For example although a Doctor of Optometry is an eligible provider for vision exams, they are not eligible to provide chiropractic services.

After Hours and Emergency Care

If you have a true medical emergency, always go directly to the nearest emergency room, or call 911 for help.

If you're facing a non-life threatening emergency, contact your provider's office, or go to an Urgent Care facility. Urgent Care facilities are listed in our online provider directory at PacificSource.com. Simply enter your city and state or Zip code, then select Urgent Care in the 'Specialty Category' field.

Appropriate Setting

It is important to have services provided in the most suitable and least costly setting. For example, if you go to the Emergency Room to have a throat culture instead of going to a doctor's office or Urgent Care it could result in higher out of pocket expenses for you.

Deductible Carryover

The deductible must be satisfied only once in any calendar year, even though there may be several conditions treated. Covered expenses incurred during the last three months of the previous calendar year will be applied to the subsequent year's calendar year deductible subject to the following:

- The covered expenses were applied to the deductible;
- The covered expenses were incurred during the last three (3) months of the year; and
- The prior year's deductible was not satisfied.

Final determination of which expenses apply to the deductible will be based on the order in which charges are incurred, even if bills for charges are not received in that order.

Your Annual Out-of-Pocket Limit

This plan has an out-of-pocket limit provision to protect you from excessive medical expenses. The Medical Benefit Summary shows your plan's annual out-of-pocket limits for participating and/or non-participating providers. If you incur covered expenses over those amounts, this plan will pay 100 percent of eligible charges, subject to the allowable fee.

Your expenses for the following do not count toward the annual out-of-pocket limit:

- Charges over the allowable fee for services of non-participating providers
- Incurred charges that exceed amounts allowed under this plan

Charges over the allowable fee for services of non-participating providers, and incurred charges that exceed amounts allowed under this plan and charges not covered by this plan will continue to be your responsibility even after the out-of-pocket or stop-loss limit is reached.

PLAN BENEFITS

This plan provides benefits for the following services and supplies as outlined on your Medical Benefit Summary. These services and supplies may require you to satisfy a deductible, make a co-payment, and/or pay co-insurance, and they may be subject to additional limitations or maximum dollar amounts. For a medical expense to be eligible for payment, you must be covered under this plan on the date the expense is incurred. Please refer to your Medical Benefit Summary and the Benefit Limitations and Exclusions section of this handbook for more information.

PREVENTIVE CARE SERVICES

This plan covers the following preventive care services when provided by a physician, physician assistant, or nurse practitioner:

- **Routine physicals** for members age 22 and older according to the following schedule:
  - Ages 22-34: One exam every 48 months
  - Ages 35-59: One exam every 24 months
  - Ages 60 and over: One exam every 12 months

  Only laboratory work tests and other diagnostic testing procedures related to the routine physical exam are covered by this benefit. Any laboratory tests and other diagnostic testing procedures ordered during, but not related to, a routine physical examination are not covered by this preventive care benefit. Please see Outpatient Services in this section.
- One **routine eye exam and hearing exam** in any 24 month period for dependent children through age 18.
- **Well woman visits**, including the following:
  - **One routine gynecological exam** each calendar year for women 18 and over. Exams may include Pap smear, pelvic exam, breast exam, blood pressure check, and weight check. Covered lab services are limited to occult blood, urinalysis, and complete blood count.
  - **Routine preventive mammograms** for women as recommended.
    - There is no deductible, co-payment, and/or co-insurance for mammograms that are considered ‘routine’ according to the guidelines of the U.S. Preventive Services Task Force.
    - Diagnostic mammograms for any woman desiring a mammogram for medical cause. The deductible, co-payment, and/or co-insurance stated in your Medical Benefit Summary for ‘Outpatient Services - Diagnostic and Therapeutic Radiology and Lab ’applies to diagnostic mammograms related to the ongoing evaluation or treatment of a medical condition.
  - **Pelvic exams and Pap smear exams** for women 18 to 64 years of age annually, or at any time when recommended by a women’s healthcare provider.
  - **Breast exams** annually for women 18 years of age or older or at any time when recommended by a women’s healthcare provider for the purpose of checking for lumps and other changes for early detection and prevention of breast cancer.

  Members have the right to seek care from obstetricians and gynecologists for covered services without preapproval, preauthorization, or referral.
- **Colorectal cancer** screening exams and lab work including the following:
  - A fecal occult blood test
  - A flexible sigmoidoscopy

- A colonoscopy
  - A colonoscopy performed for routine screening purposes is considered to be a preventive service. The deductible, co-payment, and/or co-insurance stated in your Medical Benefit Summary for 'Preventive Care - Routine Colonoscopy' applies to colonoscopies that are considered 'routine' according to the guidelines of the U.S. Preventive Services Task Force for age 50 through 75.
  - A colonoscopy performed for evaluation or treatment of a known medical condition is considered to be Outpatient Surgery. The deductible, co-payment, and/or co-insurance stated in your Medical Benefit Summary for 'Professional Services - Surgery' and for 'Outpatient Services - Outpatient Surgery/Services' apply to colonoscopies related to ongoing evaluation or treatment of a medical condition.
- A double contrast barium enema

- **Prostate cancer screening**, including a digital rectal examination and a prostate-specific antigen test.
- **Well baby/well child care exams** for members age 21 and younger according to the following schedule:
  - At birth: One standard in-hospital exam
  - Ages 0-2: 12 additional exams during the first 36 months of life
  - Ages 3-21: One exam every 12 months

  Only laboratory tests and other diagnostic testing procedures related to a well baby/well child care exam are covered by this benefit. Any laboratory tests and other diagnostic testing procedures ordered during, but not related to, a well baby/well child care exam are not covered by this preventive care benefit. Please see Outpatient Services in this section.
- Standard age-appropriated childhood and adult **immunizations** for primary prevention of infectious diseases as recommended and adopted by the Centers for Disease Control and Prevention, American Academy of Pediatrics, American Academy of Family Physicians, or similar standard-setting body. Benefits do not include immunizations for more elective, investigative, unproven, or discretionary reasons (e.g. travel). Covered immunizations include, but may not be limited to the following:
  - Diphtheria, pertussis, and tetanus (DPT) vaccines, given separately or together
  - Hemophilus influenza B vaccine
  - Hepatitis A vaccine
  - Hepatitis B vaccine
  - Human papillomavirus (HPV) vaccine
  - Influenza virus vaccine
  - Measles, mumps, and rubella (MMR) vaccines, given separately or together
  - Meningococcal (meningitis) vaccine
  - Pneumococcal vaccine
  - Polio vaccine
  - Shingles vaccine for ages 60 and over
  - Varicella (chicken pox) vaccine
- **Tobacco cessation program services** are covered only when provided by a PacificSource approved program. Approved programs are available at no charge up to a maximum annual benefit of two quit attempts for members age 15 or older. Specific nicotine therapy will be covered according to the program's description. Tobacco cessation related medication prescribed in conjunction with an approved tobacco cessation program will be covered to the same extent this policy covers other prescription medications.

Any plan deductible, co-payment, and/or co-insurance amounts stated in your Medical Benefit Summary are waived for the following recommended preventive care services when provided by a participating provider:

- Services that have a rating of 'A' or 'B' from the U.S. Preventive Services Task Force (USPSTF);
- Immunizations recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention (CDC);
- Preventive care and screening for infants, children, and adolescents supported by the Health Resources and Services Administration (HRSA);
- Preventive care and screening for women supported by the HRSA that are not included in the USPSTF recommendations.

A and B list for preventive services can be found at:
http://www.uspreventiveservicestaskforce.org/uspstf/uspsabrecs.htm

The list of Women's preventive services can be found at: http://www.hrsa.gov/womensguidelines/

For enrollees who do not have Internet access, please contact PacificSource Customer Service at (541) 684-5582 or toll-free at 800-624-6052 for a complete description of the preventive services lists.

Current USPSTF recommendations include the September 2002 recommendations regarding breast cancer screening, mammography, and prevention, not the November 2009 recommendations.

PEDIATRIC SERVICES

This plan covers the following services for children through age 18 when provided by a participating provider:

- **Routine vision examinations** are covered on this plan. Benefits are subject to the deductible, co-payment, and/or co-insurance stated in your Vision Benefit Summary. See your Vision Benefit Summary for benefit details.
- **Vision hardware** including lenses, frames and contact lenses are covered on this plan. Benefits are subject to the deductible, co-payment, and/or co-insurance stated in your Vision Benefit Summary. See your Vision Benefit Summary for benefit details.

PROFESSIONAL SERVICES

This plan covers the following professional services when medically necessary:

- Services of a **physician (M.D., D.O., naturopathy, or other provider practicing within the scope of their license)**, for diagnosis or treatment of illness, injury, or disease.
- Services of a licensed **physician assistant** under the supervision of a physician.
- Services of a certified **surgical assistant, surgical technician, or registered nurse** (R.N.) when providing medically necessary services as a surgical first assistant during a covered surgery.
- Services of a **nurse practitioner**, including certified registered nurse anesthetist (C.R.N.A.) and certified nurse midwife (C.N.M.), or other provider practicing within the scope of their license, for medically necessary diagnosis or treatment of illness, injury, or disease.
- **Urgent care services** provided by a physician. 'Urgent care' means services for an unforeseen illness, injury, or disease that requires treatment within 24 hours to prevent serious deterioration of a patient's health. Urgent conditions are normally less severe than medical emergencies. Examples of conditions that could need urgent care are sprains and strains, vomiting, cuts, and severe headaches.
- **Outpatient rehabilitation/outpatient habilitation services** provided by a licensed physical therapist, occupational therapist, speech language pathologist, physician, or other practitioner licensed to provide physical, occupational, or speech therapy. Services must be prescribed in writing by a licensed physician, dentist, podiatrist, nurse practitioner, or physician assistant. The prescription must include site, modality, duration, and frequency of treatment. Total covered expenses for outpatient rehabilitation/habilitation services are limited to a combined maximum of 30 visits per calendar year subject to review by

PacificSource for medical necessity. Covered services are for the purpose of restoring certain functional losses due to disease illness or injury only and do not include maintenance services. Only treatment of neurologic conditions (e.g. stroke, spinal cord injury, head injury, pediatric neurodevelopmental problems, and other problems associated with pervasive developmental disorders for which rehabilitation services would be appropriate for children under 18 years of age) may be considered for additional benefits when criteria for supplemental services are met.

Services for speech therapy will only be allowed when needed to correct stuttering, hearing loss, peripheral speech mechanism problems, and deficits due to neurological disease or injury. Speech and/or cognitive therapy for acute illnesses, injuries, and disease are covered up to one year post injury when the services do not duplicate those provided by other eligible providers, including occupational therapists or neuropsychologists.

Outpatient pulmonary rehabilitation programs are covered when prescribed by a physician for patients with severe chronic lung disease that interferes with normal daily activities despite optimal medication management.

For related provisions, see 'motion analysis', 'vocational rehabilitation', and 'speech therapy' under 'Excluded Services - Types of Treatments' in the Benefit Limitations and Exclusions section of this handbook.

- Services of a licensed audiologist for medically necessary **audiological (hearing) tests**.
- Services of a dentist or physician to treat **injury of the jaw or natural teeth**. Services must be provided within 18 months of the injury. Except for the initial examination, services for treatment of an injury to the jaw or natural teeth require preauthorization to be covered.
- Services of a dentist or physician for **orthognathic (jaw) surgery** as follows:
  - When medically necessary to repair an accidental injury. Services must be provided within one year after the accident.
  - For removal of a malignancy, including reconstruction of the jaw within one year after that surgery.
- Services of a board-certified or board-eligible **genetic counselor** when referred by a physician or nurse practitioner for evaluation of genetic disease
- Treatment of **temporomandibular joint syndrome (TMJ)** for medical reasons only. All TMJ-related services, including but not limited to diagnostic and surgical procedures, must be medically necessary and preauthorized. Services are covered only when medically necessary due to a history of advanced pathologic process (arthritic degeneration) or in the case of severe acute trauma. Benefits for the treatment of TMJ and all related services are subject to the deductible, co-payment, and/or co-insurance stated in your Member Benefit Summary under 'Outpatient Services'. Benefits are limited to a lifetime maximum benefit of $3,000 per person.
- Medically necessary **telemedical health services** for health services covered by this plan when provided in person by a healthcare professional when the telemedical health service does not duplicate or supplant a health service that is available to the patient in person. The location of the patient receiving telemedical health services may include, but is not limited to: hospital; rural health clinic; federally qualified health center; physician's office; community mental health center; skilled nursing facility; renal dialysis center; or site where public health services are provided. Coverage of telemedical health services are subject to the same deductible, co-payment, or co-insurance requirements that apply to comparable health services provided in person.
- Services of a **naturopath, or acupuncturist** for medically necessary diagnosis and treatment of illness or injury. Benefits are subject to the deductible, co-payment, and/or co-insurance stated in your Member Benefit Summary under 'Outpatient Services'. See your Alternative Care Benefit Summary for benefit details.

- Services of a **chiropractor** for medically necessary diagnosis and treatment of illness or injury. Benefits are subject to the deductible, co-payment, and/or co-insurance stated in your Member Benefit Summary under 'Outpatient Services'. See your Chiropractic Care Benefit Summary for benefit details.

HOSPITAL AND SKILLED NURSING FACILITY SERVICES

This plan covers medically necessary **hospital inpatient services**. Charges for a hospital room are covered up to the hospital's semi-private room rate (or private room rate, if the hospital does not offer semi-private rooms). Charges for a private room are covered if the attending physician orders hospitalization in an intensive care unit, coronary care unit, or private room for medically necessary isolation. Coverage includes **eligible services** provided by a hospital owned or operated by the state, or any state approved mental health and developmental disabilities program.

In addition to the hospital room, covered inpatient hospital services may include (but are not limited to):

- Cardiac care unit
- Operating room
- Anesthesia and post-anesthesia recovery
- Respiratory care
- Inpatient medications
- Lab and radiology services
- Dressings, equipment, and other necessary supplies

The plan does not cover charges for rental of telephones, radios, or televisions, or for guest meals or other personal items.

Services of a **skilled nursing facility and convalescent homes** are covered for up to 100 days per calendar year when preauthorized by PacificSource. For skilled nursing benefits to renew after each stay the member must be discharged and at least 90 consecutive days must pass before readmission. Services must be medically necessary. Confinement for custodial care is not covered.

Inpatient rehabilitation services are covered when medically necessary to restore and improve lost body functions after illness, injury, or disease. The service must be consistent with the condition being treated, and must be part of a formal written treatment program prescribed by a physician. This benefit is limited to a maximum of 30 days per calendar year except in cases of head or spinal cord injury. Covered services for rehabilitation after a head or spinal cord injury are limited to 60 visits per condition, when criteria for supplemental services are met. Recreation therapy is only covered as part of an inpatient rehabilitation admission.

OUTPATIENT SERVICES

'Outpatient services are medical services that take place without being admitted to the hospital.' This plan covers the following outpatient care services:

- **Advanced diagnostic imaging procedures** that are medically necessary for the diagnosis of illness, injury, or disease. For purposes of this benefit, advanced diagnostic imaging procedures include CT scans, MRIs, PET scans, CATH labs, and nuclear cardiology studies. When services are provided as part of a covered emergency room visit, your plan's emergency room benefit applies.
- **Diagnostic radiology and laboratory procedures** provided or ordered by a physician, nurse practitioner, alternative care practitioner, or physician assistant. These services may be performed or provided by laboratories, radiology facilities, hospitals, and physicians, including services in conjunction with office visits.
- **Emergency room services**. The emergency room benefit stated in your Medical Benefit Summary covers all emergency medical screening and services, including any diagnostic test necessary for emergency care (including radiology, laboratory work, CT scans, and MRIs). The benefit does not cover further treatment

provided on referral from the emergency room. Emergency room services for physicians and facilities are subject to the deductible and/or co-insurance stated in your Medical Benefit Summary for Emergency Room Visits.

For emergency medical conditions, non-participating providers are paid at the participating provider level.

Emergency room charges for services, supplies, or conditions excluded from coverage under this plan are not eligible for payment.

- **Surgery** and other outpatient services. Benefits are based on the setting where services are performed.
  - For surgeries or outpatient services performed in a physician's office, the benefit stated in your Medical Benefit Summary for Professional Services - Office Procedures and Supplies applies.
  - For surgeries or outpatient services performed in an ambulatory surgical center or outpatient hospital setting, both the benefits shown on your Medical Benefit Summary for Professional Services - Surgery Charges and the Outpatient Services - Outpatient Surgery/Services apply.
- **Therapeutic radiology services, chemotherapy, and renal dialysis** provided or ordered by a physician. Covered services include a prescribed, orally administered anticancer medication used to kill or slow the growth of cancerous cells.
- Benefits for members who are receiving services for **end-stage renal disease (ESRD)**, who are eligible for Medicare, are limited to 125% of the current Medicare allowable amount for participating and non-participating ESRD service providers.

  Benefits will continue to be paid at the cost share level applied to other benefits in the same category for members who are not eligible for Medicare.

  In accordance with federal and state laws, there is an initial period where this policy will be primary to Medicare. Once that period of time has elapsed the plan will pay up to the amount it would have paid in the secondary position.
- Other medically necessary **diagnostic services** provided in a hospital or outpatient setting, including testing or observation to diagnose the extent of a medical condition.

EMERGENCY SERVICES

For emergency medical conditions, this plan covers services and supplies necessary to determine the nature and extent of the emergency condition and to stabilize the patient.

An emergency medical condition is an injury or sudden illness, including severe pain, so severe that a prudent layperson with an average knowledge of health and medicine would expect that failure to receive immediate medical attention would risk seriously damaging the health of a person or fetus in the case of a pregnant woman. Examples of emergency medical conditions include (but are not limited to):

- Unusual or heavy bleeding
- Sudden abdominal or chest pains
- Suspected heart attacks
- Major traumatic injuries
- Serious burns
- Poisoning
- Unconsciousness
- Convulsions or seizures
- Difficulty breathing
- Sudden fevers

If you need immediate assistance for a medical emergency, call 911*. If you have an emergency medical condition, you should go directly to the nearest emergency room or appropriate facility. Care for a medical emergency is covered at the participating provider percentage stated in your Medical Benefit Summary even if you are treated at a non-participating hospital.*

If you are admitted to a non-participating hospital after your emergency condition is stabilized, PacificSource may require you to transfer to a participating facility in order to continue receiving benefits at the participating provider level.

MATERNITY SERVICES

Maternity means, in any one pregnancy, all prenatal services including complications and miscarriage, delivery, postnatal services provided within six months of delivery, and routine nursery care of a newborn child. Maternity services are covered subject to the deductible, co-payments and/or co-insurance stated in your Medical Benefit Summary.

Services of a physician or a licensed certified nurse midwife for **pregnancy**. Services are subject to the same payment amounts, conditions, and limitations that apply to similar expenses for illness.

Please contact the PacificSource Customer Service Department as soon as you learn of your pregnancy. Our staff will explain your plan's maternity benefits and help you enroll in our free prenatal care program.

This plan provides **routine nursery care** of a newborn while the mother is hospitalized and eligible for pregnancy-related benefits under this plan if the newborn is also eligible and enrolled in this plan.

Special Information about Childbirth - PacificSource covers hospital inpatient services for childbirth according to the Newborns' and Mothers' Health Protection Act of 1996. This plan does not restrict the length of stay for the mother or newborn child to less than 48 hours after vaginal delivery, or to less than 96 hours after Cesarean section delivery. Your provider is allowed to discharge you or your newborn sooner than that, but only if you both agree. For childbirth, your provider does not need to preauthorize your hospital stay with PacificSource.

MENTAL HEALTH AND CHEMICAL DEPENDENCY SERVICES

This plan covers medically necessary crisis intervention, diagnosis, and treatment of mental health conditions and chemical dependency. Refer to the Benefit Limitations and Exclusions section of this handbook for more information on services not covered by your plan.

Providers Eligible for Reimbursement

A mental and/or chemical healthcare provider (see Definitions section of this handbook) is eligible for reimbursement if:

- The mental and/or chemical healthcare provider is authorized for reimbursement under the laws of your policy's state of issuance.
- The mental and/or chemical healthcare provider is accredited for the particular level of care for which reimbursement is being requested by the Joint Commission on Accreditation of Hospitals or the Commission on Accreditation of Rehabilitation Facilities; and
- The patient is staying overnight at the mental and/or chemical healthcare facility (see Definitions section of this handbook) and is involved in a structured program at least eight hours per day, five days per week; or
- The mental and/or chemical healthcare provider is providing a covered benefit under this policy.

Eligible mental and/or chemical healthcare providers are:

- A program licensed, approved, established, maintained, contracted with, or operated by the accrediting and licensing authority of the state wherein the program exists;
- A medical or osteopathic physician licensed by the State Board of Medical Examiners;
- A psychologist (Ph.D.) licensed by the State Board of Psychologists' Examiners;

- A nurse practitioner registered by the State Board of Nursing;
- A clinical social worker (L.C.S.W.) licensed by the State Board of Clinical Social Workers;
- A Licensed Professional Counselor (L.P.C.) licensed by the State Board of Licensed Professional Counselors and Therapists;
- A Licensed Marriage and Family Therapist (L.M.F.T.) licensed by the State Board of Licensed Professional Counselors and Therapists; and
- A hospital or other healthcare facility licensed by the Joint Commission on Accreditation of Hospitals or the Commission on Accreditation of Rehabilitation Facilities for inpatient or residential care and treatment of mental health conditions and/or chemical dependency.

Medical Necessity and Appropriateness of Treatment

- As with all medical treatment, mental health and chemical dependency treatment is subject to review for medical necessity and/or appropriateness. Review of treatment may involve pre-service review, concurrent review of the continuation of treatment, post-treatment review, or a combination of these. PacificSource will notify the patient and patient's provider when a treatment review is necessary to make a determination of medical necessity.
- A second opinion may be required for a medical necessity determination. PacificSource will notify the patient when this requirement is applicable.
- PacificSource must be notified of an emergency admission within two business days.
- Medication management by an M.D. (such as a psychiatrist) does not require review.
- Treatment of substance abuse and related disorders is subject to placement criteria established by the American Society of Addiction Medicine.

Mental Health Parity and Addiction Equity Act of 2008

This group health plan complies with all federal laws and regulations related to the Mental Health Parity and Addiction Equity Act of 2008.

HOME HEALTH AND HOSPICE SERVICES

- This plan covers **home health services** when preauthorized by PacificSource. Covered services include skilled nursing by a R.N. or L.P.N.; physical, occupational, and speech therapy; and medical social work services provided by a licensed home health agency. Private duty nursing is not covered. All home health services are limited to 180 visits per calendar year. Covered nursing services are limited to no more than two visits per day, all other providers limited to one visit per day.
- **Home infusion services** are covered when preauthorized by PacificSource. This benefit covers parenteral nutrition, medications, and biologicals (other than immunizations) that cannot be self-administered. Benefits are paid at the percentage stated in your Medical Benefit Summary for home healthcare.
- This plan covers **hospice services** when preauthorized by PacificSource. Hospice services are intended to meet the physical, emotional, and spiritual needs of the patient and family during the final stages of illness and dying, while maintaining the patient in the home setting. Services are intended to supplement the efforts of an unpaid caregiver. Hospice benefits do not cover services of a primary caregiver such as a relative or friend, or private duty nursing. PacificSource uses the following criteria to determine eligibility for hospice benefits:
  - The member's physician must certify that the member is terminally ill with a life expectancy of less than six months;
  - The member must be living at home;
  - A non-salaried primary caregiver must be available and willing to provide custodial care to the member on a daily basis; and

- The member must not be undergoing treatment of the terminal illness other than for direct control of adverse symptoms.

Only the following hospice services are covered:

- Home nursing visits
- Home health aides when necessary to assist in personal care
- Home visits by a medical social worker
- Home visits by the hospice physician
- Prescription medications for the relief of symptoms manifested by the terminal illness
- Medically necessary physical, occupational, and speech therapy provided in the home
- Home infusion therapy
- Durable medical equipment, oxygen, and medical supplies
- Respite care provided in a nursing facility to provide relief for the primary caregiver, subject to a maximum of five consecutive days and to a lifetime maximum benefit of 30 days. A member must be enrolled in a hospice program to be eligible for respite care benefits.
- Inpatient hospice care when provided by a Medicare-certified or state-certified program when admission to an acute care hospital would otherwise be medically necessary.
- Pastoral care and bereavement services

The member retains the right to all other services provided under this contract, including active treatment of non-terminal illnesses, except for services of another provider that duplicate the services of the hospice team.

DURABLE MEDICAL EQUIPMENT

- This plan covers **prosthetic and orthotic devices** that are medically necessary to restore or maintain the ability to complete activities of daily living or essential job-related activities and that are not solely for comfort or convenience. Benefits include coverage of all services and supplies medically necessary for the effective use of a prosthetic or orthotic device, including formulating its design, fabrication, material and component selection, measurements, fittings, static and dynamic alignments, and instructing the patient in the use of the device. Benefits also include coverage for any repair or replacement of a prosthetic or orthotic device that is determined medically necessary to restore or maintain the ability to complete activities of daily living or essential job-related activities and that is not solely for comfort or convenience.
- This plan covers **durable medical equipment** prescribed exclusively to treat medical conditions. Covered equipment includes crutches, wheelchairs, orthopedic braces, home glucose meters, equipment for administering oxygen, and non-power assisted prosthetic limbs and eyes. Durable medical equipment must be prescribed by a licensed M.D., D.O., N.P., P.A., D.D.S., D.M.D., or D.P.M. to be covered. This plan does not cover equipment commonly used for nonmedical purposes, for physical or occupational therapy, or prescribed primarily for comfort. Please see the Benefit Limitations and Exclusions section for information on items not covered. The following limitations apply to durable medical equipment:
  - This benefit covers the cost of either purchase or rental of the equipment for the period needed, whichever is less. Repair or replacement of equipment is also covered when necessary, subject to all conditions and limitations of the plan. If the cost of the purchase, rental, repair, or replacement is over $800, preauthorization by PacificSource is required.
  - Only expenses for durable medical equipment, or prosthetic and orthotic devices that are provided by a PacificSource contracted provider or a provider that satisfies the criteria of the Medicare fee schedule for Suppliers of Durable Medical Equipment, Prosthetics, Orthotics, Supplies (DMEPOS) and Other Items and Services are eligible for reimbursement. Mail order or Internet/Web based providers are not eligible providers.

- Purchase, rental, repair, lease, or replacement of a power-assisted wheelchair (including batteries and other accessories) requires preauthorization by PacificSource and is payable only in lieu of benefits for a manual wheelchair.
- The durable medical equipment benefit also covers lenses to correct a specific vision defect resulting from a severe medical or surgical problem, such as stroke, neurological disease, trauma, or eye surgery other than refraction procedures. Coverage is subject to the following limitations:
  - The medical or surgical problem must cause visual impairment or disability due to loss of binocular vision or visual field defects (not merely a refractive error or astigmatism) that requires lenses to restore some normalcy to vision.
  - The maximum allowance for glasses (lenses and frames), or contact lenses in lieu of glasses, is limited to one pair per year when surgery or treatment is performed on either eye. Other policy limitations, such as exclusions for extra lenses, other hardware, tinting of lenses, eye exercises, or vision therapy, also apply.
  - Benefits for subsequent medically necessary vision corrections to either eye (including an eye not previously treated) are limited to the cost of lenses only.
  - Reimbursement is subject to the deductible, co-payment, and/or co-insurance stated in your Medical Benefit Summary for durable medical equipment and is in lieu of, and not in addition to any other vision benefit payable.
- The durable medical equipment benefit also covers hearing aids for members 18 years of age and younger or 25 years of age and younger if the member is enrolled in a secondary school or an accredited educational institution. Coverage is limited to a maximum benefit of one hearing aid per ear, every 48 months. Hearing aids for members age 19 and over who are not enrolled in an accredited educational institution are covered at a maximum $800 every 36 months.
- Medically necessary treatment for sleep apnea and other sleeping disorders is covered when preauthorized by PacificSource. Coverage of oral devices includes charges for consultation, fitting, adjustment, follow-up care, and the appliance. The appliance must be prescribed by a physician specializing in evaluation and treatment of obstructive sleep apnea, and the condition must meet criteria for obstructive sleep apnea.
- Manual and electric breast pumps are covered at no cost per pregnancy when purchased or rented from a licensed provider, or purchased from a retail outlet. Hospital-grade breast pumps are not covered.
- Wigs following chemotherapy or radiation therapy are covered up to a maximum benefit of $150 per calendar year.

TRANSPLANT SERVICES

This plan covers certain medically necessary organ and tissue transplants. It also covers the cost of acquiring organs or tissues needed for covered transplants and limited travel expenses for the patient, subject to certain limitations.

All pre-transplant evaluations, services, treatments, and supplies for transplant procedures require preauthorization by PacificSource.

This plan covers the following medically necessary organ and tissue transplants:

- Kidney
- Kidney - Pancreas
- Pancreas whole organ transplantation
- Heart
- Heart - Lung

- Lung
- Liver
- Bone marrow, peripheral blood stem cell and high-dose chemotherapy when medically necessary
- Pediatric bowel

This plan only covers transplants of human body organs and tissues. Transplants of artificial, animal, or other non-human organs and tissues are not covered.

Expenses for the acquisition of organs or tissues for transplantation are covered only when the transplantation itself is covered under this contract, and is subject to the following limitations:

- Testing of related or unrelated donors for a potential living related organ donation is payable at the same percentage that would apply to the same testing of an insured recipient.
- Expense for acquisition of cadaver organs is covered, payable at the same percentage and subject to the same maximum dollar limitation, if any, as the transplant itself.
- Medical services required for the removal and transportation of organs or tissues from living donors are covered. Coverage of the organ or tissue donation is payable at the same percentage as the transplant itself if the recipient is a PacificSource member.
  - If the donor is not a PacificSource member, only those complications of the donation that occur during the initial hospitalization are covered, and such complications are covered only to the extent that they are not covered by another health plan or government program. Coverage is payable at the same percentage as the transplant itself.
  - If the donor is a PacificSource member, complications of the donation are covered as any other illness would be covered.
- Transplant related services, including human leukocyte antigen (HLA) typing, sibling tissue typing, and evaluation costs, are considered transplant expenses and accumulate toward any transplant benefit limitations and are subject to PacificSource's provider contractual agreements (see Payment of Transplant Benefits, below).

Travel and living expenses are not covered for the recipient's family members or the donor.

Payment of Transplant Benefits

If a transplant is performed at a participating Center of Excellence transplantation facility, covered charges of the facility are subject to plan deductibles (co-insurance and co-payment amounts after deductible are waived). If our contract with the facility includes the services of the medical professionals performing the transplant (such as physicians, nurses, and anesthesiologists), those charges are also subject to plan deductibles (co-insurance and co-payment amounts after deductible are waived). If the professional fees are not included in our contract with the facility, then those benefits are provided according to your Medical Benefit Summary.

If transplant services are available through a contracted transplantation facility but are not performed at a contracted facility, you are responsible for satisfying any deductibles, co-payments, and/or co-insurance stated in your Medical Benefit Summary. Services of non-participating medical professionals and facilities are paid at the non-participating provider percentages stated in your Medical Benefit Summary. The maximum benefit payment for transplant services of non-participating providers is 125% of the Medicare allowance.

PRESCRIPTION DRUGS

Using Your PacificSource Pharmacy Benefits

Refer to your Pharmacy Summary for your specific benefit information.

Your prescription drug plan qualifies as creditable coverage for Medicare Part D.

What happens when a brand name drug is selected (Mac B)

Unless the physician requires the use of a brand name drug, the prescription will automatically be filled with a generic drug when available and permissible by state law. If you receive a brand name drug when a generic is available, you will be responsible for the brand name drug's co-payment and/or co-insurance plus the difference in cost between the brand name drug and its generic equivalent. If your physician requires the use of a brand name drug, the prescription will be filled with the brand name drug and you will be responsible for the brand name drug's co-payment and/or co-insurance equivalent.

Retail Pharmacy Network

To use your PacificSource benefits, you must show the pharmacy plan number on your PacificSource ID card at the participating pharmacy to receive your plan's highest benefit level. When obtaining prescription drugs at a participating retail pharmacy, the PacificSource pharmacy benefits can only be accessed through the pharmacy plan number printed on your PacificSource ID card. That plan number allows the pharmacy to collect the appropriate deductible, co-payment, and/or co-insurance amount from you and bill PacificSource electronically for the balance.

Mail Order Service

This plan includes a participating mail order service for prescription drugs. Most, but not all, covered prescription drugs are available through this service. Questions about availability of specific drugs may be directed to the PacificSource Customer Service Department or to the plan's participating mail order service vendor. Forms and instructions for using the mail order service are available from PacificSource and on our website, PacificSource.com.

Specialty Drug Program

PacificSource contracts with a specialty pharmacy services provider for high-cost injectable medications and biotech drugs. A pharmacist-led CareTeam provides individual follow-up care and support to covered members with prescriptions for specialty medications by providing them strong clinical support, as well as the best drug pricing for these specific medications and biotech drugs. The CareTeam also provides comprehensive disease education and counseling, assesses patient health status, and offers a supportive environment for patient inquiries.

Participating provider benefits for specialty drugs are available when you use our specialty pharmacy services provider. Specialty drugs are not available through the participating retail pharmacy network or mail order service. More information regarding our exclusive specialty pharmacy services provider and health conditions and a list of drugs requiring preauthorization and/or are subject to pharmaceutical service restrictions is on our website, PacificSource.com.

Other Covered Pharmaceuticals

Supplies covered under pharmacy are in place of, not in addition to, those same covered supplies under the medical plan. Member cost share for items in this section are applied on the same basis as for other prescription drugs, unless otherwise noted.

Diabetic Supplies

- Insulin, diabetic syringes, lancets, and test strips are available for the plan's generic co-payment/co-insurance.
- Glucagon recovery kits for your plan's preferred brand name co-payment/co-insurance.
- Glucostix and glucose monitoring devices are not covered under this pharmacy benefit, but are covered under your medical plan's durable medical equipment benefit.

Contraceptives

Any deductible, co-payment, and/or co-insurance amounts are waived for Food and Drug Administration (FDA) approved contraceptive methods for all women with reproductive capacity, as supported by the Health Resources and Services Administration (HRSA), when provided by a participating pharmacy. If a generic exists, preferred brand contraceptives will remain subject to regular pharmacy plan benefits. When no generic

exists, preferred brand is covered at no cost. If a generic becomes available, the preferred brand will no longer be covered under preventive care.

Orally Administered Anticancer Medications

Orally administered anticancer medications used to kill or slow the growth of cancerous cells are available. Co-payments for orally administered anticancer medication are applied on the same basis as for other drugs. Orally administered anticancer medications covered under the pharmacy plan are in place of, not in addition to, those same covered drugs under the medical plan.

Limitations and Exclusions

- This plan only covers drugs prescribed by a licensed physician (or other licensed practitioner eligible for reimbursement under your plan) prescribing within the scope of his or her professional license, except for:
  - Over-the-counter drugs or other drugs that federal law does not prohibit dispensing without a prescription.
  - Drugs for any condition excluded under the health plan. That includes drugs intended to prevent fertility, treatments for obesity or weight loss, experimental drugs, and drugs available without a prescription (even if a prescription is provided) except for tobacco cessation drugs.
  - Some specialty drugs that are not self-administered are not covered by this pharmacy benefit, but are covered under the medical plan's office supply benefit.
  - Immunizations (although not covered by this pharmacy benefit, immunizations may be covered under the medical plan's preventive care benefit).
  - Drugs and devices to treat erectile dysfunction.
  - Drugs used as a preventive measure against hazards of travel.
  - Vitamins, minerals, and dietary supplements, except for prescription prenatal vitamins and fluoride products, and for services that have a rating of 'A' or 'B' from the U.S. Preventive Services Task Force (USPSTF).
- Certain drugs require preauthorization by PacificSource in order to be covered. An up-to-date list of drugs requiring preauthorization is available on our website, PacificSource.com.
- Certain drugs are subject to step therapy protocols. An up-to-date list of drugs subject to step therapy protocols is available on our website, PacificSource.com.
- PacificSource may limit the dispensing quantity through the consideration of medical necessity, generally accepted standards of medical practice, and review of medical literature and governmental approval status.
- Quantities for any drug filled or refilled are limited to no more than a 34 day supply when purchased at a retail pharmacy or a 90 day supply when purchased through mail order pharmacy service or a 30 day supply when purchased through a specialty pharmacy].
- For drugs purchased at non-participating pharmacies or at participating pharmacies without using the PacificSource pharmacy benefits, reimbursement is limited to an allowable fee.
- Non-participating pharmacy charges are not eligible for reimbursement unless you have a true medical emergency that prevents you from using a participating pharmacy. Drugs obtained at a non-participating pharmacy due to a true medical emergency are limited to a five day supply.
- Prescription drug benefits are subject to your plan's coordination of benefits provision.
- Early refills of prescription eye drops for treatment of glaucoma are allowed under the following circumstances:
  - If the member requests a refill less than 30 days after the date the original prescription was dispensed to the insured; and
  - The prescriber indicates on the original prescription that a specific number of refills will be needed; and

- The refill does not exceed the number of refills that the prescriber indicated; and
- If the prescription has not been refilled more than once during the 30 day period prior to the request for an early refill.

OTHER COVERED SERVICES, SUPPLIES, AND TREATMENTS

- This plan covers services of a state certified ground or air **ambulance** when private transportation is medically inappropriate because the acute medical condition requires paramedic support. Benefits are provided for emergency ambulance service and/or transport to the nearest facility capable of treating the condition. Air ambulance service is covered only when ground transportation is medically or physically inappropriate. Reimbursement to non-participating air ambulance services are based on 125% of the Medicare allowance. In some cases Medicare allowance may be significantly lower than the provider's billed amount. The provider may hold you responsible for the amount they bill in excess of the Medicare allowance, as well as applicable deductibles and co-insurance.
- This plan covers **biofeedback** to treat migraine headaches or urinary incontinence when provided by an otherwise eligible practitioner. Benefits are limited to a lifetime maximum of ten sessions.
- This plan covers **blood transfusions**, including the cost of blood or blood plasma.
- This plan covers removal, repair, or replacement of **breast prostheses** due to a contracture or rupture, but only when the original prosthesis was for a medically necessary mastectomy. Preauthorization by PacificSource is required, and eligibility for benefits is subject to the following criteria:
  - The contracture or rupture must be clinically evident by a physician's physical examination, imaging studies, or findings at surgery.
  - This plan covers removal, repair, and/or replacement of the prosthesis;
  - Removal, repair, and/or replacement of the prosthesis is not covered when recommended due to an autoimmune disease, connective tissue disease, arthritis, allergenic syndrome, psychiatric syndrome, fatigue, or other systemic signs or symptoms.
  - PacificSource may require a signed loan receipt/subrogation agreement before providing coverage for this benefit.
- This plan covers **breast reconstruction** in connection with a medically necessary mastectomy. Coverage is provided in a manner determined in consultation with the attending physician and patient for:
  - All stages of reconstruction of the breast on which the mastectomy was performed;
  - Surgery and reconstruction of the other breast to produce a symmetrical appearance;
  - Prostheses; and
  - Treatment of physical complications of the mastectomy, including lymphedema.

  Benefits for breast reconstruction are subject to all terms and provisions of the plan, including deductibles, co-payments, and/or co-insurance stated in your Medical Benefit Summary.
- This plan covers **cardiac rehabilitation** as follows:
  - Phase I (inpatient) services are covered under inpatient hospital benefits.
  - Phase II (short-term outpatient) services are covered subject to the deductible, co-payment, and/or co-insurance stated in your Medical Benefit Summary for diagnostic lab and x-ray. Benefits are limited to services provided in connection with a cardiac rehabilitation exercise program that does not exceed 36 sessions and that are considered reasonable and necessary.
  - Phase III (long-term outpatient) services are not covered.
- **Cochlear implants** and bilateral cochlear implants are covered when medically necessary.

- This plan covers IUD, diaphragm, and cervical cap **contraceptives and contraceptive devices** along with their insertion or removal. Contraceptive devices that can be obtained over the counter or without a prescription, such as condoms are not covered.
- This plan covers **corneal transplants**. Preauthorization is not required.
- In the following situations, this plan covers one attempt at **cosmetic or reconstructive surgery**:
  - When necessary to correct a functional disorder; or
  - When necessary due to a congenital anomaly; or
  - When necessary because of an accidental injury, or to correct a scar or defect that resulted from treatment of an accidental injury; or
  - When necessary to correct a scar or defect on the head or neck that resulted from a covered surgery.

  Cosmetic or reconstructive surgery must take place within 18 months after the injury, surgery, scar, or defect first occurred. Preauthorization by PacificSource is required for all cosmetic and reconstructive surgeries covered by this plan. For information on breast reconstruction, see 'breast prostheses' and 'breast reconstruction' in this section.
- This plan covers dental and orthodontic services for the treatment of **craniofacial anomalies** when medically necessary to restore function. Coverage includes but is not limited to physical disorders identifiable at birth that affect the bony structure of the face or head, such as a cleft palate, cleft lip, craniosynostosis, craniofacial microsomia and Treacher Collins syndrome. Coverage is limited to the least costly clinically appropriate treatment. Cosmetic procedures and procedures to improve on the normal range of functions are not covered. See the exclusions for cosmetic/reconstructive services, dental examinations and treatments, jaw surgery, and orthognathic surgery under the 'Excluded Services' section.
- This plan provides coverage for certain **diabetic equipment, supplies and training** as follows:
  - Diabetic supplies other than insulin and syringes (such as lancets, test strips, and glucostix) are covered subject to the deductible, co-payment, and/or co-insurance stated in your Medical Benefit Summary for durable medical equipment. You may purchase those supplies from any retail outlet and send your receipts to PacificSource, along with your name, group number, and member ID number. We will process the claim and mail you a reimbursement check.
  - Insulin pumps are covered subject to preauthorization by PacificSource.
  - Diabetic insulin and syringes are covered under your prescription drug benefit, if your plan includes prescription coverage. Lancets and test strips are also available under that prescription benefit in lieu of those covered supplies under the medical plan.
  - This plan covers outpatient and self-management training and education for the treatment of diabetes, subject to the deductible, co-payment and/or co-insurance for office visits stated in the Member Benefit Summary. To be covered, the training must be provided by a licensed health care professional with expertise in diabetes.
  - This plan covers medically necessary telemedical health services provided in connection with the treatment of diabetes (see Professional Services in this section).
- This plan covers **dietary or nutritional counseling** provided by a registered dietitian under certain circumstances. It is covered under the diabetic education benefit, or for management of inborn errors of metabolism (excluding obesity), or for management of anorexia nervosa or bulimia nervosa (to a lifetime maximum of five visits).
- This plan covers nonprescription **elemental enteral formula** ordered by a physician for home use. Formula is covered when medically necessary to treat severe intestinal malabsorption and the formula comprises a predominant or essential source of nutrition. Coverage is subject to the deductible, co-payment, and/or co-insurance stated in your Medical Benefit Summary for durable medical equipment.

- This plan covers routine **foot care** for patients with diabetes mellitus.
- **Hospitalization for dental procedures** is covered when the patient has another serious medical condition that may complicate the dental procedure, such as serious blood disease, unstable diabetes, or severe cardiovascular disease, or the patient is physically or developmentally disabled with a dental condition that cannot be safely and effectively treated in a dental office. Coverage requires preauthorization by PacificSource, and only charges for the facility, anesthesiologist, and assistant physician are covered. Hospitalization because of the patient's apprehension or convenience is not covered.
- This plan covers treatment for **inborn errors of metabolism** involving amino acid, carbohydrate, and fat metabolism for which widely accepted standards of care exist for diagnosis, treatment, and monitoring exist, including quantification of metabolites in blood, urine or spinal fluid or enzyme or DNA confirmation in tissues. Coverage includes expenses for diagnosing, monitoring and controlling the disorders by nutritional and medical assessment, including but not limited to clinical visits, biochemical analysis and medical foods used in the treatment of such disorders. Nutritional supplies are covered subject to the deductible, co-payment, and/or co-insurance stated in your Medical Benefit Summary for durable medical equipment.
- Infertility services are covered when medically necessary, subject to the co-payments, co-insurance amounts, and/or deductibles stated in the Medical Benefit Summary. In-vitro fertilization and procedures determined to be experimental or investigational in nature are not covered (see Excluded Services section). Infertility services from non-participating providers do not accumulate toward the medical out-of-pocket maximum.
- **Injectable drugs and biologicals** administered by a physician are covered when medically necessary for diagnosis or treatment of illness, injury, or disease. This benefit does not include immunizations (see Preventive Care Services in this section) or drugs or biologicals that can be self-administered or are dispensed to a patient.
- This plan covers **maxillofacial prosthetic services** when prescribed by a physician as necessary to restore and manage head and facial structures. Coverage is provided only when head and facial structures cannot be replaced with living tissue, and are defective because of disease, trauma, or birth and developmental deformities. To be covered, treatment must be necessary to control or eliminate pain or infection or to restore functions such as speech, swallowing, or chewing. Coverage is limited to the least costly clinically appropriate treatment, as determined by the physician. Cosmetic procedures and procedures to improve on the normal range of functions are not covered. Dentures and artificial larynx are also not covered.
- For **pediatric dental care** requiring general anesthesia, this plan covers the facility charges of a hospital or ambulatory surgery center. Benefits are limited to one visit annually and are subject to preauthorization by PacificSource.
- **Post-mastectomy care** is covered for hospital inpatient care for a period of time as determined by the attending physician and, in consultation with the patient determined to be medically necessary following a mastectomy, a lumpectomy, or a lymph node dissection for the treatment of breast cancer.
- The **routine costs of care associated with approved clinical trials** are covered. Benefits are only provided for routine costs of care associated with approved clinical trials. Expenses for services or supplies that are not considered routine costs of care are not covered. For more information, see 'routine costs of care' in the Definitions section of this handbook. A 'qualified individual' is someone who is eligible to participate in an 'approved clinical trial'. If a participating provider is participating in an approved clinical trial, the qualified individual may be required to participate in the trial through that participating provider if the provider will accept the individual as a participant in the trial.
- **Sleep studies** are covered when ordered by a pulmonologist, neurologist, otolaryngologist, or certified sleep medicine specialist, and when performed at a certified sleep laboratory.
- This plan covers medically necessary therapy and services for the treatment of **traumatic brain injury**.
- This plan covers **tubal ligation and vasectomy** procedures.

- **Routine vision examinations** are covered for enrolled adults on this plan. Benefits are subject to the deductible, co-payment, and/or co-insurance stated in your Vision Benefit Summary. See your Vision Benefit Summary for benefit details.
- **Vision hardware** including lenses, frames and contact lenses are covered for enrolled adults. Benefits are subject to the deductible, co-payment, and/or co-insurance stated in your Vision Benefit Summary. See your Vision Benefit Summary for benefit details.

BENEFIT LIMITATIONS AND EXCLUSIONS

Least Costly Setting for Services

Covered services must be performed in the least costly setting where they can be provided safely. If a procedure can be done safely in an outpatient setting but is performed in a hospital inpatient setting, this plan will only pay what it would have paid for the procedure on an outpatient basis.

EXCLUDED SERVICES

Types of Treatment - This plan does not cover the following:

- Abdominoplasty for any indication
- Academic skills training
- Any amounts in excess of the allowable fee for a given service or supply
- Aversion therapy
- Benefits not stated - Services and supplies not specifically described as benefits under the group health policy and/or any endorsement attached hereto
- Biofeedback (other than as specifically noted under the Covered Expenses - Other covered Services, Supplies, and Treatment section)
- Care and related services designed essentially to assist a person in maintaining activities of daily living, e.g. services to assist with walking, getting in/out of bed, bathing, dressing, feeding, and preparation of meals, homemaker services, special diets, rest crew, day care, and diapers. Custodial care is only covered in conjunction with respite care allowed under this policy's hospice benefit (see Covered Expenses - Hospital, Skilled Nursing Facility, Home Health, and Hospice Services).
- Charges for phone consultations, missed appointments, get acquainted visits, completion of claim forms, or reports PacificSource needs to process claims
- Charges over the usual, customary, and reasonable fee (UCR) - Any amount in excess of the UCR for a given service or supply
- Charges that are the responsibility of a third party who may have caused the illness, injury, or disease or other insurers covering the incident (such as workers' compensation insurers, automobile insurers, and general liability insurers)
- Chelation therapy including associated infusions of vitamins and/or minerals, except as medically necessary for the treatment of selected medical conditions and medically significant heavy metal toxicities
- Computer or electronic equipment for monitoring asthmatic, diabetic, or similar medical conditions or related data
- Cosmetic/reconstructive services and supplies - Except as specified in the Covered Expenses - Other Covered Services, Supplies, and Treatments section of this policy. Services and supplies, including drugs, rendered primarily for cosmetic/reconstructive purposes and any complications as a result of non-covered cosmetic/reconstructive surgery. Cosmetic/reconstructive services and supplies are those performed primarily to improve the body's appearance and not primarily to restore impaired function of the body, unless the area needing treatment is a result of congenital anomaly.

- Court-ordered sex offender treatment programs
- Day care or custodial care - Care and related services designed essentially to assist a person in maintaining activities of daily living, e.g. services to assist with walking, getting in/out of bed, bathing, dressing, feeding, preparation of meals, homemaker services, special diets, rest crews, day care, and diapers. Custodial care is only covered in conjunction with respite care allowed under this plan's hospice benefit. For related provisions, see 'Hospital and Skilled Nursing Facility Services' and 'Home Health and Hospice Services' in the Covered Expenses section of this handbook.
- Dental examinations and treatment - For the purpose of this exclusion, the term 'dental examinations and treatment' means services or supplies provided to prevent, diagnose, or treat diseases of the teeth and supporting tissues or structures. This includes services, supplies, hospitalization, anesthesia, dental braces or appliances, or dental care rendered to repair defects that have developed because of tooth loss, or to restore the ability to chew, or dental treatment necessitated by disease. For related provisions, see 'hospitalization for dental procedures' under 'Other Covered Services, Supplies, and Treatments' in the Covered Expenses section of this handbook.
- Drugs and biologicals that can be self administered (including injectables), other than those provided in a hospital emergency room, or other institutional setting, or as outpatient chemotherapy and dialysis, which are covered
- Drugs, homeopathic medicines, or homeopathic supplies furnished by an alternative care provider.
- Drugs or medications not prescribed for inborn errors of metabolism, diabetic insulin, or autism spectrum disorder that can be self-administered (including prescription drugs, injectable drugs, and biologicals), unless given during a visit for outpatient chemotherapy or dialysis or during a medically necessary hospital, emergency room or other institutional stay.
- Educational or correctional services or sheltered living provided by a school or halfway house, except outpatient services received while temporarily living in a shelter
- Electronic Beam Tomography (EBT)
- Equine/animal therapy
- Equipment commonly used for nonmedical purposes or marketed to the general public
- Equipment used primarily in athletic or recreational activities. This includes exercise equipment for stretching, conditioning, strengthening, or relief of musculoskeletal problems
- Experimental or investigational procedures - Your PacificSource plan does not cover experimental or investigational treatment. By that, we mean services, supplies, protocols, procedures, devices, chemotherapy, drugs or medicines or the use thereof that are experimental or investigational for the diagnosis and treatment of the patient. It includes treatment that, when and for the purpose rendered: Has not yet received full U.S. government agency approval (e.g. FDA) for other than experimental, investigational, or clinical testing; is not of generally accepted medical practice in your policy's state of issuance or as determined by PacificSource in consultation with medical advisors, medical associations, and/or technology resources; is not approved for reimbursement by the Centers for Medicare and Medicaid Services; is furnished in connection with medical or other research; or is considered by any governmental agency or subdivision to be experimental or investigational, not reasonable and necessary, or any similar finding.

  An experimental or investigational service is not made eligible for benefits by the fact that other treatment is considered by your healthcare provider to be ineffective or not as effective as the service or that the service is prescribed as the most likely to prolong life.

  When making benefit determinations about whether treatments are investigational or experimental, we rely on the above resources as well as: expert opinions of specialists and other medical authorities; published articles in peer-reviewed medical literature; external agencies whose role is the evaluation of new technologies and drugs; and external review by an independent review organization.

  The following will be considered in making the determination whether the service is in an experimental and/or investigational status: whether there is sufficient evidence to permit conclusions concerning the

effect of the services on health outcomes; whether the scientific evidence demonstrates that the services improve health outcomes as much or more than established alternatives; whether the scientific evidence demonstrates that the services' beneficial effects outweigh any harmful effects; and whether any improved health outcomes from the services are attainable outside an investigational setting.

If you or your provider has any concerns about whether a course of treatment will be covered, we encourage you to contact our Customer Service Department. We will arrange for medical review of your case against our criteria, and notify you of whether the proposed treatment will be covered.

- Eye exercises and eye refraction - therapy, and procedures - Orthoptics, vision therapy, and procedures intended to correct refractive errors
- Family planning - Services and supplies for artificial insemination, in vitro fertilization, treatment of infertility, erectile dysfunction, frigidity, or surgery to reverse voluntary sterilization.
  - Infertility - Services and supplies, surgery, treatment, or prescriptions to prevent, or cure infertility or to induce fertility (including Gamete and/or Zygote Interfallopian Transfer; i.e. GIFT or ZIFT).
  - For purposes of this plan, infertility is defined as:
    - Male: Low sperm counts or the inability to fertilize an egg
    - Female: The inability to conceive or carry a pregnancy to 12 weeks
- Fitness or exercise programs and health or fitness club memberships
- Food dependencies
- Foot care (routine) - Services and supplies for corns and calluses of the feet, conditions of the toenails other than infection, hypertrophy or hyperplasia of the skin of the feet, and other routine foot care, except in the case of patients being treated for diabetes mellitus
- Genetic (DNA) testing - DNA and other genetic tests, except for those tests identified as medically necessary for the diagnosis and standard treatment of specific diseases
- Growth hormone injections or treatments, except to treat documented growth hormone deficiencies
- Homeopathic treatment
- Hypnotherapy
- Immunizations when recommended for or in anticipation of exposure through travel or work.
- Instructional or educational programs, except diabetes self-management programs unless medically necessary.
- Jaw - Services or supplies for developmental or degenerative abnormalities of the jaw, malocclusion, dental implants, or improving placement of dentures
- Learning disorders
- Maintenance supplies and equipment not unique to medical care
- Marital/partner counseling
- Mattresses and mattress pads are only covered when medically necessary to heal pressure sores.
- Mental health treatments for V-code conditions as listed in the current Diagnostic and Statistical Manual (DSM) of the American Psychiatric Association which, according to the DSM, are not attributable to a mental health disorder or disease
- Mental illness does not include -relationship problems (e.g. parent-child, partner, sibling, or other relationship issues), except the treatment of children five years of age or younger for parent-child relational problems (V61.20), physical abuse of a child, sexual abuse; neglect of a child (V61.21), or bereavement (V62.82).

  The following are also excluded: court-mandated psychological evaluations for child custody determinations; voluntary mutual support groups such as Alcoholics Anonymous; adolescent wilderness

treatment programs; mental examinations for the purpose of adjudication of legal rights; psychological testing and evaluations not provided as an adjunct to treatment or diagnosis of a stress management, parenting skills, or family education; assertiveness training; image therapy; sensory movement group therapy; marathon group therapy; sensitivity training; and psychological evaluation for sexual dysfunction or inadequacy.

- Modifications to vehicles or structures to prevent, treat, or accommodate a medical condition
- Motion analysis, including videotaping and 3-D kinematics, dynamic surface and fine wire electromyography, including physician review
- Myeloablative high dose chemotherapy, except when the related transplant is specifically covered under the transplantation provisions of this plan. For related provisions, see ‘Transplant Services’ in the Covered Expenses section of this handbook.
- Narcosynthesis
- Naturopathic supplies
- Nicotine related disorders
- Obesity or weight control - Surgery or other related services or supplies provided for weight control or obesity (including all categories of obesity), whether or not there are other medical conditions related to or caused by obesity. This also includes services or supplies used for weight loss, such as food supplementation programs and behavior modification programs, regardless of the medical conditions that may be caused or exacerbated by excess weight, and self-help or training programs for weight control. Obesity screening and counseling are covered for children and adults; see the ‘dietary or nutritional counseling’ section under ‘Other Covered Services’.
- Oral/facial motor therapy for strengthening and coordination of speech-producing musculature and structures
- Orthopedic shoes and shoe modifications.
- Orthognathic surgery - Services and supplies to augment or reduce the upper or lower jaw, except as specified under ‘Professional Services’ in the Covered Expenses section of this handbook. For related provisions, see the exclusions for ‘jaw surgery’ in this section.
- Osteopathic manipulation, except for treatment of disorders of the musculoskeletal system
- Over-the-counter medications or nonprescription drugs
- Panniculectomy for any indication
- Paraphilias
- Personal items such as telephones, televisions, and guest meals during a stay at a hospital or other inpatient facility
- Physical or eye examinations required for administrative purposes such as participation in athletics, admission to school, or by an employer
- Private nursing service
- Programs that teach a person to use medical equipment, care for family members, or self administer drugs or nutrition (except for diabetic education benefit)
- Psychoanalysis or psychotherapy received as part of an educational or training program, regardless of diagnosis or symptoms that may be present
- Recreation therapy - Outpatient
- Rehabilitation - Functional capacity evaluations, work hardening programs, vocational rehabilitation, community reintegration services, and driving evaluations and training programs

- Replacement costs for worn or damaged durable medical equipment that would otherwise be replaceable without charge under warranty or other agreement
- Scheduled and/or non-emergent medical care outside of the United States
- Screening tests - Services and supplies, including imaging and screening exams performed for the sole purpose of screening and not associated with specific diagnoses and/or signs and symptoms of disease or of abnormalities on prior testing (including but not limited to total body CT imaging, CT colonography and bone density testing).This does not include preventive care screenings listed under 'Preventive Care Services' in the Covered Expenses section of this handbook.
- Self-help or training programs
- Sensory integration training
- Services for individuals 18 years of age or older with intellectual disabilities which are generally provided by your State Dept. of Health and Welfare for those with Developmental Disabilities
- Services of providers who are not eligible for reimbursement under this plan. An individual organization, facility, or program is not eligible for reimbursement for services or supplies, regardless of whether this plan includes benefits for such services or supplies, unless the individual, organization, facility, or program is licensed by the state in which services are provided as an independent practitioner, hospital, ambulatory surgical center, skilled nursing facility, durable medical equipment supplier, or mental and/or chemical healthcare facility. To the extent PacificSource maintains credentialing requirements the practitioner or facility must satisfy those requirements in order to be considered an eligible provider.
- Services or supplies available to you from another source, including those available through a government agency
- Services or supplies for which no charge is made, for which the member is not legally required to pay, or for which a provider or facility is not licensed to provide even though the service or supply may otherwise be eligible. This exclusion includes services provided by the member, or by an immediate family member.
- Services or supplies with no charge, or which your employer would have paid for if you had applied, or which you are not legally required to pay for. This includes services provided by yourself or an immediate family member.
- Services otherwise available - These include but are not limited to:
  - Services or supplies for which payment could be obtained in whole or in part if the member applied for payment under any city, county, state (except Medicaid), or federal law; and
  - Services or supplies the member could have received in a hospital or program operated by a federal government agency or authority, except otherwise covered expenses for services or supplies furnished to a member by the Veterans' Administration of the United States that are not military service-related.

  This exclusion does not apply to covered services provided through Medicaid or by any hospital owned or operated by the policy's state of issuance or any state-approved community mental health and developmental disability program.
- Services required by state law as a condition of maintaining a valid driver license or commercial driver license.
- Services, supplies, and equipment not involved in diagnosis or treatment but provided primarily for the comfort, convenience, intended to alter the physical environment, or education of a patient. This includes appliances like adjustable power beds sold as furniture, air conditioners, air purifiers, room humidifiers, heating and cooling pads, home blood pressure monitoring equipment, light boxes, conveyances other than conventional wheelchairs, whirlpool baths, spas, saunas, heat lamps, tanning lights, and pillows.
- Sexual disorders - Services or supplies for the treatment of sexual dysfunction or inadequacy unless medically necessary to treat a mental health issue and diagnosis. For related provisions, see the exclusions for 'family planning', and 'mental illness' in this section.

- Sex reassignment - Procedures, services or supplies related to a sex reassignment unless medically necessary. For related provisions, see exclusions for ‘mental illness’ in this section.

  Excluded procedures include, but are not limited to: staged gender reassignment surgery, including breast augmentation; penile implantation; liposuction, thyroid chondroplasty, laryngoplasty, or shortening of the vocal cords, and/or hair removal specifically to assist the appearance of other characteristics of gender reassignment.
- Snoring - Services or supplies for the diagnosis or treatment of snoring and/or upper airway resistance disorders, including somnoplasty
- Social skill training
- Speech therapy - Oral/facial motor therapy for strengthening and coordination of speech-producing muscles and structures, except as medically necessary in the restoration or improvement of speech following a traumatic brain injury or for a child 17 years of age or younger diagnosed with a pervasive developmental disorder.
- Support groups
- Training or self-help health or instruction
- Transplants - Any services, treatments, or supplies for the transplantation of bone marrow or peripheral blood stem cells or any human body organ or tissue, except as expressly provided under the provisions of this plan for covered transplantation expenses. For related provisions see ‘Transplant Services’ in the Covered Expenses section of this handbook.
- Treatment after insurance ends - Services or supplies a member receives after the member’s coverage under this plan ends, except as follows:
  - If this policy is replaced by another group health policy while the member is hospitalized, PacificSource will continue paying covered hospital expenses until the member is released or benefits are exhausted, whichever occurs first.
- Treatment not medically necessary - Services or supplies that are not medically necessary for the diagnosis or treatment of an illness, injury, or disease. For related provisions, see ‘medically necessary’ in the Definitions section and ‘Understanding Medical Necessity’ in the Covered Expenses section of this handbook.
- Treatment of any illness, injury, or disease resulting from an illegal occupation or attempted felony, or treatment received while in the custody of any law enforcement authority
- Treatment of any work-related illness, injury, or disease, unless you are the owner, partner, or principal of the employer group insured by PacificSource, injured in the course of employment of the employer group insured by PacificSource, and are otherwise exempt from, and not covered by, state or federal workers’ compensation insurance. This includes illness, injury, or disease caused by any for-profit activity, whether through employment or self employment.
- Treatment of intellectual disabilities
- Treatment prior to enrollment - Services or supplies a member received prior to enrolling in coverage provided by this plan, such as inpatient stays or admission to a hospital, skilled nursing facility or specialized facility that began before the patient’s coverage under this plan.
- Treatment while incarcerated - Services or supplies a member receives while in the custody of any state or federal law enforcement authorities or while in jail or prison
- Unwilling to release information - Charges for services or supplies for which a member is unwilling to release medical or eligibility information necessary to determine the benefits payable under this plan
- Vocational rehabilitation, functional capacity evaluations, work hardening programs, community reintegration services, and driving evaluations and training programs, except as medically necessary in the restoration or improvement of speech following a traumatic brain injury or for a child 17 years or younger diagnosed with a pervasive development disorder.

- War-related conditions - The treatment of any condition caused by or arising out of an act of war, armed invasion, or aggression, or while in the service of the armed forces

PREAUTHORIZATION

Coverage of certain medical services and surgical procedures requires a benefit determination by PacificSource before the services are performed. This process is called 'preauthorization'.

Preauthorization is necessary to determine if certain services and supplies are covered under this plan, and if you meet the plan's eligibility requirements.

Your medical provider can request preauthorization from the PacificSource Health Services Department by phone, fax, mail, or email. If your provider will not request preauthorization for you, you may contact us yourself. In some cases, we may ask for more information or require a second opinion before authorizing coverage.

Because of the changing nature of medicine, PacificSource continually reviews new technologies and standards of medical practice. The list of procedures and services requiring preauthorization is therefore subject to revision and update. **The list is not intended to suggest that all the items included are necessarily covered by the benefits of this policy**. You'll find the most current preauthorization list on our website, PacificSource.com.

Services requiring preauthorization:

- All inpatient admissions to a hospital (not including emergency room care), skilled nursing facility or a rehabilitation facility, all emergency hospitalizations (PacificSource must be notified within two business days, or as soon as reasonably possible) and all hospital birthing center admissions for maternity/delivery services
- All outpatient surgical procedures
- All inpatient, residential and day or partial hospitalization treatment services for Mental Health and Chemical dependency conditions
- All human organ/tissue transplant related services
- All restoration of head/facial structures: Limited dental services
- All PET, CT, CTA, MRI and MRA imaging and nuclear cardiac study services
- All home healthcare services
- All hospice services
- All medical supplies, appliances, prosthetic and orthotic devices, and durable medical equipment in excess of $800
- All outpatient hospitalization and anesthesia for dental
- All outpatient cardiac rehabilitation services

If your treatment is not preauthorized, you can still seek treatment, but you will be held responsible for the expense if it is not medically necessary or is not covered by this plan. Remember, any time you are unsure if an expense will be covered, contact the PacificSource Customer Service Department.

Notification of PacificSource's benefit determination will be communicated by letter, fax, or electronic transmission to the hospital, the provider, and you. If time is a factor, notification will be made by telephone and followed up in writing.

PacificSource reserves the right to employ a third party to perform preauthorization procedures on its behalf.

In a medical emergency, services and supplies necessary to determine the nature and extent of the emergency condition and to stabilize the patient are covered without preauthorization requirements. PacificSource must be notified of an emergency admission to a hospital or specialized treatment center as an inpatient within two business days.

If your provider's preauthorization request is denied as not medically necessary or as experimental, your provider may appeal our benefit determination. You retain the right to appeal our benefit determination independent from your provider.

CASE MANAGEMENT

Case management is a service provided by Registered Nurses with specialized skills to respond to the complexity of a member's healthcare needs. Case management services may be initiated by PacificSource when there is a high utilization of health services or multiple providers, or for health problems such as, but not limited to, transplantation, high risk obstetric or neonatal care, open heart surgery, neuromuscular disease, spinal cord injury, or any acute or chronic condition that may necessitate specialized treatment or care coordination. When case management services are implemented, the nurse care manager will work in collaboration with the patient's PCP and the PacificSource Medical Director to enhance the quality of care and maximize available health plan benefits. A case manager may authorize benefits for supplemental services not otherwise covered by this policy (See Individual Benefits Management in this section).

PacificSource reserves the right to employ a third party to assist with, or perform the function of, case management.

INDIVIDUAL BENEFITS MANAGEMENT

Individual benefits management addresses, as an alternative to providing covered services, PacificSource's consideration of economically justified alternative benefits. The decision to allow alternative benefits will be made by PacificSource on a case-by-case basis. PacificSource's determination to cover and pay for alternative benefits for an individual shall not be deemed to waive, alter or affect PacificSource's right to reject any other or subsequent request or recommendation. PacificSource may elect to provide alternative benefits if PacificSource and the individual's attending provider concur in the request for and in the advisability of alternative benefits in lieu of specified covered services, and, in addition, PacificSource concludes that substantial future expenditures for covered services for the individual could be significantly diminished by providing such alternative benefits under the individual benefit management program (See Case Management above).

UTILIZATION REVIEW

PacificSource has a utilization review program to determine coverage of hospital admissions. This program is administered by our Health Services Department. All hospital admissions are reviewed by PacificSource Nurse Case Managers, who are all registered nurses and certified case managers. Questions regarding medical necessity, possible experimental or investigational services, appropriate setting, and appropriate treatment are forwarded to the PacificSource Medical Director for review and benefit determination.

PacificSource reserves the right to delegate a third party to assist with or perform the function of utilization management.

Authorization of Hospital Admissions

When a PacificSource member is admitted to a hospital within the area covered by PacificSource's provider networks (see the Using the Provider Network - Coverage While Traveling section), the hospital calls PacificSource to verify the patient's eligibility and benefits. The hospital gives us information about the patient's diagnosis, procedure, and attending physician and we use this information to evaluate how long each patient is expected to remain hospitalized.

This is called the 'target length of stay.' We use the target length of stay to monitor the patient's progress and plan for any necessary follow-up care after the patient is discharged.

The PacificSource Health Services Department assigns the target length of stay based on the patient's diagnosis and/or procedure. For standard hospitalizations, we use written procedures that were developed based on the following guidelines:

- Milliman & Robertson Optimal Recovery Guidelines

- HCIA Length of Stay by Diagnosis & Operation, Western Region, 50th percentile
- Standard of practice in your policy's state of issue

If we are unable to assign a target length of stay based on those guidelines, our Nurse Case Manager contacts the hospital for more specific information about the case. We then use that information to assign a target length of stay for the patient.

Extension of Hospital Stays

If a patient's hospital stay extends beyond the targeted length of stay, a Nurse Case Manager contacts the hospital to obtain current information about the patient's medical progress and assign a new target length of stay or begin planning for the patient's discharge. The PacificSource Medical Director may review the case to determine if extended hospitalization meets coverage criteria.

Occasionally, patients choose to extend their hospital stay beyond the length the attending physician considers medically necessary. Charges for hospital days and services beyond those determined to be medically necessary are the member's responsibility.

Timeliness for Responding to Coverage Request

When PacificSource receives a request for coverage of an admission or extension of a hospital stay, we are generally able to provide an answer that same day. If we do not have enough information to make a benefit determination, we request further information and attempt to provide a determination on the day we receive that information. If a member is discharged before we receive the information we need, the case is reviewed retrospectively by the Nurse Case Manager and the Medical Director for a determination regarding coverage.

Questions About Specific Utilization Review Decisions

If you would like information on how we reached a particular utilization review benefit determination, please contact our Health Services Department by phone at (541) 684-5584 or (888) 691-8209, or by email at healthservices@pacificsource.com.

CLAIMS PAYMENT

How to File a Claim

When a PacificSource participating provider treats you, your claims are automatically sent to PacificSource and processed. All you need to do is show your PacificSource ID card to the provider.

If you receive care from a non-participating provider, the provider may submit the claim to PacificSource for you. If not, you are responsible for sending the claim to us for processing. Your claim must include a copy of your provider's itemized bill. It must also include your name, PacificSource ID number or social security number, group name, group number, and the patient's name. If you were treated for an accidental injury, please include the date, time, place, and circumstances of the accident.

All claims for benefits must be turned in to PacificSource within 90 days of the date of service. If it is not possible to submit a claim within 90 days, turn in the claim with an explanation as soon as possible. In some cases PacificSource may accept the late claim. We will never pay a claim that was submitted more than a year after the date of service, though.

All claims should be sent to:

PacificSource Health Plans
Attn: Claims
PO Box 7068
Springfield, OR 97475-0068

Claim Handling Procedures

A claim for benefits under this plan will be examined by PacificSource on a pre-service, concurrent, and/or a post-services basis. Each time your claim is examined, a new claims determination will be made regarding the

category (pre-service, concurrent, or post-service) into which the claim falls at that particular time. In each case, PacificSource must render a claim determination within a prescribed period of time.

Pre-service claims - Your plan subjects the receipt of benefits for some services or supplies to a preauthorization review. Although a preauthorization review is generally done on a pre-service basis, it may in some case be conducted on a post-service basis. Unless a response is needed sooner due to the urgency of the situation, a pre-service preauthorization review will be completed and notification made to you and your medical provider as soon as possible, generally within two working days, but no later than 15 days within receipt of the request.

Urgent care claims - If the time period for making a non-urgent care determination could seriously jeopardize your life, health or ability to regain maximum function, or would subject you to severe pain that cannot be adequately managed without the care or treatment that is proposed, a preauthorization review will be completed as soon as possible, generally within 24 hours, but no later than 72 hours of receipt of the request.

Concurrent care review - Inpatient hospital or rehabilitation facilities, skilled nursing facilities, intensive outpatient, and residential behavioral healthcare require concurrent review for a benefit determination with regard to an appropriate length of stay or duration of service. Benefit determinations will be made as soon as possible but no later than one working day of receipt of all the information necessary to make such a determination.

Post-service claims - A claim determination that involves only the payment of reimbursement of the cost of medical care that has already been provided will be made as soon as reasonably possible but no later than 30 days from the day after receiving the claim.

Retrospective review - A claim for benefits for which the service or supply requires a preauthorization review but was not submitted for review on a pre-service basis will be reviewed on a retrospective basis within 30 working days after receipt of the information necessary to make a claim determination.

Extension of time - Despite the specified timeframes, nothing prevents the member from voluntarily agreeing to extend the above timeframes. Unless additional information is needed to process your claim, PacificSource will make every effort to meet the timeframes stated above. If a claim cannot be paid within the stated timeframes because additional information is needed, we will acknowledge receipt of the claim and explain why payment is delayed. If we do not receive the necessary information within 15 days of the delay notice, we will either deny the claim or notify you every 45 days while the claim remains under investigation. No extension is permitted for urgent care claims.

Payment of claims - PacificSource has the sole right to pay benefits to the member, the provider, or both jointly. Neither the benefits of this policy nor a claim for payment of benefits under the policy are assignable in whole or in part to any person or entity.

Adverse benefit determinations - A decision made to reduce or deny benefits applied on a pre-service, post-service, or concurrent care basis may be appealed in accordance with the plan's Appeals procedures (see Complaints, Grievances, and Appeals section below).

Questions About Claims

If you have questions about the status of a claim, you are welcome to contact the PacificSource Customer Service Department. You may also contact Customer Service if you believe a claim was denied in error. We will review your claim and your group policy benefits to determine if the claim is eligible for payment. Then we will either reprocess the claim for payment, or contact you with an explanation.

Benefits Paid in Error

If PacificSource makes a payment to you that you are not entitled to, or pays a person who is not eligible for payment, we may recover the payment. We may also deduct the amount paid in error from your future benefits if PacificSource receives an agreement from you in writing.

In the same manner, if PacificSource applies medical expense to the plan deductible that would not otherwise be reimbursable under the terms of this policy; we may deduct a like amount from the accumulated deductible amount and/or recover payment of medical expense that would have otherwise been applied to the deductible.

Examples of amounts recoverable under this provision include, but are not limited to benefits provided for incurred expense for the treatment of an excluded medical condition. The fact that a medical expense was applied to the plan's deductible or a drug was provided under the plan's prescription drug program does not in itself create an eligible expense or infer that benefits will continue to be provided for an otherwise excluded condition.

COORDINATION OF BENEFITS

If you, or your enrolled family members, are covered by more than one group insurance plan, PacificSource will work with your other insurance carriers to pay up to 100 percent of your covered expenses. This is called 'coordination of benefits'. We do this so you receive the maximum benefits available from all sources for the cost of your care.

When benefits are coordinated, one plan pays benefits first (the 'primary coverage') and the other pays based on the remaining balance (the 'secondary coverage'). If your primary and/or secondary coverage include a deductible, you will be required to satisfy each of those deductibles concurrently before benefits are available. The secondary plan shall credit to its deductible any amounts it would have credited to its deductible in the absence of the primary plan. This plan's rules for coordination of benefits are consistent with the requirements of coordination of benefits provision in Oregon Insurance regulations.

Here is how this plan's benefits are coordinated with your other group coverage:

- If the other plan does not include 'coordination of benefits,' that plan is primary and this plan is secondary.
- If you are covered as an employee on one plan and a dependent on another, the plan that covers you as an employee is primary.
  - When a child is covered under both parents' policies and the parents are either married or are living together (regardless of whether or not they have ever been married):
  - The parent whose birthday falls first in a calendar year has the primary plan; or
  - If both parents have the same birthday, the parent who has been covered the longest has the primary plan.

  EXAMPLE *If your birthday is March 1 and your spouse's birthday is October 15, your plan is primary for your children.*
- When a child is covered under both parents' policies and the parents are divorced, separated, or not living together (regardless of whether or not they have ever been married):
  - If a court order specifies that one parent is responsible for the child's healthcare expenses, the mandated parent's coverage is primary regardless of custody.
  - If a court order specifies that both parents are responsible for the child's healthcare expenses, the parent whose birthday falls first in a calendar year has the primary plan. If both parents have the same birthday, the parent who has been covered the longest has the primary plan.
  - If a court order specifies that both parents have joint custody without specifying that one parent has responsibility for the child's healthcare expenses, the parent whose birthday falls first in a calendar year has the primary plan. If both parents have the same birthday, the parent who has been covered the longest has the primary plan.
- If there is no court order, the order of benefits for the child are as follows:
  - The custodial parent's coverage is primary;
  - The spouse or qualified domestic partner of the custodial parent's coverage pays second;
  - The natural parent without custody's coverage pays third; and
  - The spouse or qualified domestic partner of the natural parent without custody's coverage pays fourth.

- If a plan covers you as an active employee or a dependent of an active employee, and another plan covers you as inactive, laid off or retired, the plan that covers you as an active employee, or dependent of an active employee is primary.
- If none of these rules apply, the coverage that has been in place longest is primary.

Most insurance companies send you an explanation of benefits, or EOB, when they pay a claim. If your other plan's coverage is primary, send PacificSource the other plan's EOB with your original bill and we will process your claim. If this plan is primary, send your PacificSource EOB and the original bill to your other insurance company. In most cases that is all the insurer needs to process your claim.

If you receive more than you should when your benefits are coordinated, you will be expected to repay any over-payment.

Coordination with Medicare

Employers with 20 or more employees: If you are Medicare eligible due to age, this plan is usually the primary payer and Medicare is secondary. This rule applies to you and your enrolled dependents only if you are an active employee

Employers with 19 or fewer employees: If you are Medicare eligible due to age, this plan only pays the portion of covered charges that would not be paid by Medicare Parts A and B. This rule applies regardless of whether you are actually enrolled in Medicare Parts A and B. In other words, this plan pays secondary for anyone eligible for Medicare Parts A and B, even if they have not enrolled in Medicare.

If you are Medicare eligible due to age, and your employer has 19 or fewer employees, and you have not applied for both Medicare Parts A and B, please contact the PacificSource Membership Services Department immediately. We may arrange to pay your claims without a reduction in benefits until your next opportunity to enroll in Medicare coverage. You can reach Membership Services by phone at (541) 684-5583 or toll-free (866) 999-5583, or by email at membership@pacificsource.com

- *Medicare disabled and end-stage renal disease (ESRD) patients:* The rules above may not apply to disabled people under 65 and ESRD patients enrolled in Medicare. For information on coordination of benefits in those situations, please contact PacificSource.

THIRD PARTY LIABILITY

Third party liability means claims that are the responsibility of someone other than PacificSource. The liable party may be a person, firm, or corporation. Auto accidents and 'slip-and-fall' property accidents are examples of common third party liability cases. If you use this plan's benefits for an illness or injury you think may involve another party, contact PacificSource immediately.

A third party includes liability and casualty insurance, and any other form of insurance that may pay money to or on behalf of a member, including but not limited to uninsured motorist coverage, under-insured motorist coverage, premises med-pay coverage, Personal Injury Protection (PIP) coverage, homeowner's insurance, and workers' compensation insurance.

If you use this plan's benefit for an illness or injury you think may involve another party, contact PacificSource right away.

When we receive a claim that might involve a third party, we will send you a questionnaire to help us determine responsibility.

In all third party liability situations, this plan's coverage is secondary. By enrolling in this plan, you automatically agree to the following terms regarding third party liability situations:

- If PacificSource pays any claim determined to be the responsibility of another party, you will hold the right of recovery against the other party in trust for PacificSource.
- PacificSource is entitled to reimbursement for any paid claims if there is a settlement or judgment from the other party. This is so regardless of whether the other party or insurer admits liability or fault.

- PacificSource may subtract a proportionate share of the reasonable attorney's fees you incurred from the money you are to pay back to PacificSource.
- PacificSource may ask you to take action to recover medical expenses we have paid from the responsible party. PacificSource may also assign a representative to do so on your behalf. If there is a recovery, PacificSource will be reimbursed for any expenses or attorney's fees out of that recovery.
- If you receive a third party settlement, that money must be used to pay your related medical expenses incurred both before and after the settlement. If you have ongoing medical expenses after the settlement, PacificSource may deny your related claims until the full settlement (less reasonable attorney's fees) has been used to pay those expenses.
- In a third party liability situation, PacificSource will ask you to agree to the third party liability terms of the group health policy by signing an agreement. PacificSource is not required to pay benefits until that agreement is signed and returned.

Motor Vehicle and Other Accidents

If you are involved in a motor vehicle accident or other accident, your related medical expenses are not covered by this plan if they are covered by any other type of insurance policy.

PacificSource may pay your medical claims from the accident if an insurance claim has been filed with the other insurance company and that insurance has not yet paid. But before we do that, you must sign a written agreement to reimburse PacificSource out of any money you recover.

By enrolling in this plan, you agree to the terms in the previous section regarding third party liability.

On-the-Job Illness or Injury and Workers' Compensation

This plan does not cover any work-related illness or injury, including those arising from self-employment. The only exception is if you are an owner, partner, or principal of the employer group insured by PacificSource, injured in the course of employment of the employer group insured by PacificSource, and are otherwise exempt from, and not covered by, state or federal workers' compensation insurance.

If you are not the owner, partner, or principal of this group then PacificSource may pay your medical claims if a workers' compensation claim has been denied on the basis that the illness or injury is not work related, and the denial is under appeal. But before we do that, you must sign a written agreement to reimburse PacificSource out of any money you recover from the workers' compensation coverage.

The contractual rules for third party liability, motor vehicle and other accidents, and on-the-job illness or injury are complicated and specific. Please refer to your group policy for complete details, or contact the PacificSource Third Party Claims Department.

Your policy will remain in effect upon timely payment of the full premium until whichever of the following events first occurs:

- The employee takes full-time employment with another employer; or

Six months from the date the employee first makes payment under this provision.

COMPLAINTS, GRIEVANCES, AND APPEALS

Questions, Concerns, or Complaints

PacificSource understands that you may have questions or concerns about your benefits, eligibility, the quality of care you receive, or how we reached a claim determination or handled a claim. We try to answer your questions promptly and give you clear, accurate answers.

If you have a question, concern, or complaint about your PacificSource coverage, please contact our Customer Service Department. Many times our Customer Service staff can answer your question or resolve an issue to your satisfaction right away. If you feel your issues have not been addressed, you have the right to submit a grievance and/or appeal in accordance with this section.

GRIEVANCE PROCEDURES

If you are dissatisfied with the availability, delivery, or the quality of healthcare services; or claims payment, handling or reimbursement for healthcare services; or matters pertaining to the contractual relationship between you and PacificSource, you may file a grievance in writing. PacificSource will attempt to address your grievance, generally within 30 days of receipt (see How to Submit Grievances or Appeals below).

APPEAL PROCEDURES

First Internal Appeal: If you believe PacificSource has, reduced or terminated a healthcare item or service, or failed or refused to provide or make a payment in whole or in part for a healthcare item or service, that is based on any of the reasons listed below, you or your authorized representative may appeal (request a review) our decision. Except in the case of an expedited review request, the request for appeal must be made in writing and within 180 days of the adverse benefit determination (see How to Submit Grievances or Appeals below). You may appeal if there is an adverse benefit determination based on a:

- Denial of eligibility for or termination of enrollment in a healthcare plan;
- Rescission or cancellation of your policy;
- Imposition of a source-of-injury exclusion*, network exclusion, annual benefit limit or other limitation on otherwise covered services or items;
- Determination that a healthcare item or service is experimental, investigational or not medically necessary, effective or appropriate; or
- Determination that a course or plan of treatment you are undergoing is an active course of treatment for the purpose of continuity of care.

  * Source-of-injury exclusions cannot exclude injuries resulting from a medical condition or domestic violence.

PacificSource staff involved in the initial adverse benefit determination will not be involved in the internal appeal.

You or your authorized representative may submit additional comments, documents, records and other materials relating to the adverse benefit determination that is the subject of the appeal.

You will receive continued coverage under the health benefit plan for otherwise covered services pending the conclusion of the internal appeals process. If PacificSource makes payment for any service or item on your behalf that is later determined not to be a covered service or item, you will be expected to reimburse PacificSource for the non-covered service or item.

Second Internal Appeal: If you are not satisfied with the first internal appeal decision, you may request an additional review. Your appeal and any additional information not presented with your first internal appeal should be forwarded to PacificSource within 60 days of the first appeal response.

Request for Expedited Response: If there is a clinical urgency to do so, you or your authorized representative may request in writing or orally, an expedited response to an internal or external review of an adverse benefit determination. To qualify for an expedited response, your attending physician must attest to the fact that the time period for making a non-urgent benefit determination could seriously jeopardize your life or health or your ability to regain maximum function or would subject you to severe pain that cannot be adequately managed without the healthcare service or treatment that is the subject of the request. If your appeal qualifies for an expedited review and would also qualify for external review (see External Independent Review below) you may request that the internal and external reviews be performed at the same time.

External Independent Review: If your dispute with PacificSource relates to an adverse benefit determination that a course or plan of treatment is not medically necessary; is experimental or investigational; is not an active course of treatment for purposes of continuity of care; or is not delivered in an appropriate healthcare setting and with the appropriate level of care, you or your authorized representative may request an external review by an independent review organization (see How to Submit Grievances or Appeals below).

Your request for an independent review must be made within 180 days of the date of the second internal appeal response. External independent review is available at no cost to you, but is generally only available when coverage has been denied for the reasons stated above and only after all internal grievance levels are exhausted.

PacificSource may, at its discretion and with your consent, waive the requirements of compliance with the internal appeals process and have a dispute referred directly to external review. You shall be deemed to have exhausted internal appeals if PacificSource fails to strictly comply with its appeals process and with state and federal requirements for internal appeals. If PacificSource fails to comply with the decision of the independent review organization assigned under Oregon law, you have a private right of action (sue) against PacificSource for damages arising from an adverse benefit determination subject to the external review.

If you have questions regarding Oregon's external review process, you may contact the Oregon Insurance Division at (503) 947-7984 or the toll-free message line at (888) 877-4894.

Timelines for Responding to Appeals

You will be afforded two levels of internal appeal and, if applicable to your case, an external review. PacificSource will acknowledge receipt of an appeal no later than seven days after receipt. A decision in response to the appeal will be made within 30 days after receiving notice of the appeal.

The above time frames do not apply if the period is too long to accommodate the clinical urgency of a situation, or if you do not reasonably cooperate, or if circumstances beyond your or our control prevent either party from complying with the time frame. In the case of a delay, the party unable to comply must give notice of delay, including the specific circumstances, to the other party.

Information Available with Regard to an Adverse Benefit Determination

The final adverse benefit determination will include:

- A copy of the specific internal rule or guideline PacificSource used in the adverse benefit determination; and
- An explanation of the scientific or clinical judgment for the adverse benefit determination, if the adverse benefit determination is based on medical necessity, experimental treatment, or a similar exclusion.

Upon request, PacificSource will provide you with any additional documents, records or information that are relevant to the adverse benefit determination.

HOW TO SUBMIT GRIEVANCES OR APPEALS

Before submitting a grievance or appeal, we suggest you contact our Customer Service Department with your concerns. You can reach us by phone at the phone number shown on the first page of this Handbook, or by email at cs@pacificsource.com. Issues can often be resolved at this level. Otherwise, you may file a grievance or appeal by:

Writing to:

PacificSource Health Plans
Attn: Grievance Review
PO Box 7068
Springfield, OR 97475-0068

Emailing a message to lc@pacificsource.com, with 'Grievance' as the subject

Faxing your message to (541) 225-3628

If you are unsure of what to say or how to prepare a grievance, please call our Customer Service Department. We will help you through the grievance process and answer any questions you have.

Assistance Outside PacificSource

You have the right to file a complaint or seek other assistance from the Oregon Insurance Division. Assistance is available:

By calling (503) 947-7984 or the toll-free message line at (888) 877-4894

By writing to:

The Oregon Insurance Division
Consumer Advocacy Unit
PO Box 14480
Salem, OR 97309-0405

Through the Internet at http://insurance.oregon.gov/consumer/consumer.html

Or by email at cp.ins@state.or.us

RESOURCES FOR INFORMATION AND ASSISTANCE

Assistance in Other Languages

PacificSource members who do not speak English may contact our Customer Service Department for assistance. We can usually arrange for a multilingual staff member or interpreter to speak with them in their native language.

Information Available from PacificSource

PacificSource makes the following written information available to you free of charge. You may contact our Customer Service Department by phone, mail, or email to request any of the following:

- A directory of participating healthcare providers under your plan
- Information about our drug formulary
- A copy of our annual report on complaints and appeals
- A description (consistent with risk-sharing information required by the Centers for Medicare and Medicaid Services, formerly known as Health Care Financing Administration) of any risk-sharing arrangements we have with providers
- A description of our efforts to monitor and improve the quality of health services
- Information about how we check the credentials of our network providers and how you can obtain the names and qualifications of your healthcare providers
- Information about our preauthorization and utilization review procedures
- Information about any healthcare plan offered by PacificSource

Information Available from the Oregon Insurance Division

The following consumer information is available from the Oregon Insurance Division:

- The results of all publicly available accreditation surveys
- A summary of our health promotion and disease prevention activities
- Samples of the written summaries delivered to PacificSource policyholders
- An annual summary of grievances and appeals against PacificSource
- An annual summary of our utilization review policies
- An annual summary of our quality assessment activities
- An annual summary of the scope of our provider network and accessibility of healthcare services

You can request this information by contacting the Oregon Insurance Division by writing to the Oregon Insurance Division, Consumer Advocacy Unit, PO Box 14489, Salem, OR 97309-0405 or by phone at (503) 947-7984, or the toll-free message line at (888) 877-4894, on the Internet at http://insurance.oregon.gov/consumer/consumer.html, or by email at cp.ins@state.or.us.

FEEDBACK AND SUGGESTIONS

As a PacificSource member you are encouraged to help shape our corporate policies and practices. We welcome any suggestions you have for improving your plan or our services.

You may send comments or feedback using the 'Contact Us' form on our website, PacificSource.com. You may also write to us at:

PacificSource Health Plans
Attn: Executive Vice President and Chief Operating Officer
PO Box 7068
Springfield, OR 97475-0068

RIGHTS AND RESPONSIBILITIES

PacificSource is committed to providing you with the highest level of service in the industry. By respecting your rights and clearly explaining your responsibilities under this plan, we will promote effective healthcare.

Your Rights as a Member:

- You have a right to receive information about PacificSource, our services, our providers, and your rights and responsibilities.
- You have a right to expect clear explanations of your plan benefits and exclusions.
- You have a right to be treated with respect and dignity.
- You have a right to impartial access to healthcare without regard to race, religion, gender, national origin, or disability.
- You have a right to honest discussion of appropriate or medically necessary treatment options. You are entitled to discuss those options regardless of how much the treatment costs or if it is covered by this plan.
- You have a right to the confidential protection of your medical records and personal information.
- You have a right to voice complaints about PacificSource or the care you receive, and to appeal decisions you believe are wrong.
- You have a right to participate with your healthcare provider in decision-making regarding your care.
- You have a right to know why any tests, procedures, or treatments are performed and any risks involved.
- You have a right to refuse treatment and be informed of any possible medical consequences.
- You have a right to refuse to sign any consent form you do not fully understand, or cross out any part you do not want applied to your care.
- You have a right to change your mind about treatment you previously agreed to.
- You have a right to make recommendations regarding PacificSource Health Plans' member rights and responsibilities policy.

Your Responsibilities as a Member:

- You are responsible for reading this benefit handbook and all other communications from PacificSource, and for understanding your plan's benefits. You are responsible for contacting PacificSource Customer Service if anything is unclear to you.
- You are responsible for making sure your participating provider obtains preauthorization for any services that require it before you are treated.
- You are responsible for providing PacificSource with all the information required to provide benefits under your plan.

- You are responsible for giving your healthcare provider complete health information to help accurately diagnose and treat you.
- You are responsible for telling your providers you are covered by PacificSource and showing your ID card when you receive care.
- You are responsible for being on time for appointments, and calling your provider ahead of time if you need to cancel.
- You are responsible for any fees the provider charges for late cancellations or 'no shows'.
- You are responsible for contacting PacificSource if you believe you are not receiving adequate care.
- You are responsible to supply information to the extent possible that PacificSource needs in order to administer your benefits or your medical providers need in order to provide care.
- You are responsible to follow plans and instructions for care that you have agreed to with your doctors.
- You are responsible for understanding your health problems and participating in developing mutually agreed upon goals, to the degree possible.

PRIVACY AND CONFIDENTIALITY

PacificSource has strict policies in place to protect the confidentiality of your personal information, including your medical records. Your personal information is only available to the PacificSource staff members who need that information to do their jobs.

Disclosure outside PacificSource is allowed only when necessary to provide your coverage, or when otherwise allowed by law. Except when certain statutory exceptions apply, state law requires us to have written authorization from you (or your representative) before disclosing your personal information outside PacificSource. An example of one exception is that we do not need written authorization to disclose information to a designee performing utilization management, quality assurance, or peer review on our behalf.

PLAN ADMINISTRATION

Group Insurance Contract

This plan is fully insured. Benefits are provided under a group insurance contract between your employer and PacificSource Health Plans. Your employer - the policyholder - has a copy of the group insurance contract, which contains specific information regarding eligibility and benefits. Under the group insurance contract, PacificSource - not the policyholder - is responsible for paying claims. However, the policyholder and PacificSource share responsibility for administering the plan's eligibility and enrollment requirements. The policyholder has given PacificSource discretionary authority to determine eligibility for benefits under the plan and to interpret the terms of the plan.

Our address is:

PacificSource Health Plans
PO Box 7068
Springfield, OR 97475-0068

Plan Funding

Insurance premiums for employees are paid in whole or in part by the plan sponsor (your employer) out of its general assets. Any portion not paid by the plan sponsor is paid by employee payroll deductions.

Plan Changes

The terms, conditions, and benefits of this plan may be changed from time to time. The following people have the authority to accept or approve changes or terminate this plan:

- The policyholder's board of directors or other governing body
- The owner or partners of the business

- Anyone authorized by the above people to take such action

The plan administrator is authorized to apply for and accept policy changes on behalf of the policyholder.

If changes occur, PacificSource will provide your plan administrator with information to notify you of changes to your plan. Your plan administrator will then communicate any benefit changes to you.

If your group health contract terminates and your employer does not replace the coverage with another group policy, your employer is required by law to advise you in writing of the termination. When this plan's group policy terminates, PacificSource will notify your employer about any available options for you to continue your coverage, such as state continuation.

Legal Procedures

You may not take legal action against PacificSource to enforce any provision of the group contract until 60 days after your claim is submitted to us. Also, you must exhaust this plan's claims procedures before filing benefits litigation. You may not take legal action against PacificSource more than three years after the deadline for claim submission has expired.

EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA)

Generally, health benefit plans subject to ERISA include employer-sponsored plans, but do not include governmental and church plans or any other statute-exempt plan. If the plan under which you are covered is an ERISA plan, you have the right to bring civil action under ERISA section 502 to enforce your current or future rights under the terms of the plan or to recover benefits due you. Although PacificSource offers you the opportunity of a second level appeal and an independent review, ERISA permits civil action after you have received our decision at the first level appeal as described under Complaints, Grievances, and Appeals - Appeal Procedures section.

Your rights under ERISA

As a participant in an ERISA plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). The policyholder (your employer) is the 'plan administrator' as defined in ERISA. The plan administrator is an agent of those individually enrolled under the group policy, and is not the agent of PacificSource. ERISA states that all plan participants are 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.
- Receive a summary of the plan's annual financial report (Form 5500 Series). The plan administrator is required by law to provide each participant with a copy of this summary annual report only in a year in which the plan has to file an annual report.

Continue group health plan coverage.

- Continue healthcare coverage for yourself or family members if there is a loss of coverage under the plan as a result of a qualifying event. You or your family members may have to pay for such coverage. Review this summary plan description and the documents governing the plan on the rules governing your continuation coverage rights.
- Reduction or elimination of exclusionary periods of coverage 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 continuation coverage, when your 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 an exclusion period of six months (12 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 benefit or exercising any rights under ERISA.

Enforce your rights

If your claim for a 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 (see Complaints, Grievances, and Appeals - Appeal Procedures section).

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 and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay 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. (A claimant will need to exhaust the plan's claims procedure before filing benefits litigation; see the Complaints, Grievances, and Appeals Appeal Procedures section and the first paragraph of this section.) In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of 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 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 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.

DEFINITIONS

Wherever used in this plan, the following definitions apply to the terms listed below, and the masculine includes the feminine and the singular includes the plural. For the purpose of this plan, 'employee' includes the employer when covered by this plan. Other terms are defined where they are first used in the text.

Accident means an unforeseen or unexpected event causing injury that requires medical attention.

Advanced diagnostic imaging means diagnostic examinations using CT scans, MRIs, PET scans, CATH labs, and nuclear cardiology studies.

Adverse benefit determination means PacificSource's denial, reduction, or termination of a healthcare item or service, or PacificSource's failure or refusal to provide or to make a payment in whole or in part for a healthcare item or service that is based on PacificSource's:

- Denial of eligibility for or termination of enrollment in a health benefit plan;
- Rescission or cancellation of a policy or coverage;
- Imposition of a source-of-injury exclusion*, network exclusion, annual benefit limit or other limitation on otherwise covered items or services;
- Determination that a healthcare item or service is experimental, investigational, or not medically necessary, effective, or appropriate; or
- Determination that a course or plan of treatment that a member is undergoing is an active course of treatment for purposes of continuity of care.

  * Source-of-injury exclusions cannot exclude injuries resulting from a medical condition or domestic violence.

Allowable fee is the dollar amount established by PacificSource for reimbursement of charges for specific services or supplies provided by non-participating providers. PacificSource uses several sources to determine the allowable fee. Depending on the service or supply and the geographical area in which it is provided, the allowable fee may be based on data collected from PacificSource Health Plans or nationally recognized databases.

Ambulatory surgical center means a facility licensed by the appropriate state or federal agency to perform surgical procedures on an outpatient basis.

Appeal means a written or verbal request from a member or, if authorized by the member, the member's representative, to change a previous decision made by PacificSource concerning;

- Access to healthcare benefits, including an adverse benefit determination made pursuant to utilization management;
- Claims payment, handling or reimbursement for healthcare services;
- Matters pertaining to the contractual relationship between a Member and PacificSource;
- Rescissions of member's benefit coverage by PacificSource; and
- Other matters as specifically required by law.

Approved clinical trials are Phase I, II, III, or IV clinical trials for the prevention, detection, or treatment of cancer or another life-threatening condition or disease.

- Funded by the National Institutes of Health, the Centers for Disease Control and Prevention, the Agency for Healthcare Research and Quality, the Centers for Medicare and Medicaid Services, the United States Department of Defense or the United States Department of Veterans Affairs;
- Supported by a center or cooperative group that is funded by the National Institutes of Health, the Centers for Disease Control and Prevention, the Agency for Healthcare Research and Quality, the Centers for Medicare and Medicaid Services, the United States Department of Defense or the United States Department of Veterans Affairs;
- Conducted as an investigational new drug application, an investigational device exemption or a biologics license application subject to approval by the United States Food and Drug Administration; or
- Exempt by federal law from the requirement to submit an investigational new drug application to the United States Food and Drug Administration.

Authorized representative is an individual who by law or by the consent of a person may act on behalf of the person.

Benefit determination means the activity taken to determine or fulfill PacificSource's responsibility for provisions under this health benefit plan and provide reimbursement for healthcare in accordance with those provisions. Such activity may include:

- Eligibility and coverage determinations (including coordination of benefits), and adjudication or subrogation of health benefit claims;
- Review of healthcare services with respect to medical necessity (including underlying criteria), coverage under the health plan, appropriateness of care, experimental/investigational treatment, justification of charges; and
- Utilization review activities, including precertification and preauthorization of services and concurrent and retrospective review of services.

Calendar year means the 12-month period beginning on each January 1 and ending on the next December 31.

Cardiac rehabilitation refers to a comprehensive program that generally involves medical evaluation, prescribed exercise, and cardiac risk factor modification. Education, counseling, and behavioral interventions are sometimes used as well. Phase I refers to inpatient services that typically occur during hospitalization for heart attack or heart surgery. Phase II refers to a short-term outpatient program, usually involving ECG-monitored exercise. Phase III refers to a long-term program, usually at home or in a community-based facility, with little or no ECG monitoring.

Chemical dependency means the addictive relationship with any drug or alcohol characterized by either a physical or psychological relationship, or both, that interferes with the individual's social, psychological, or physical adjustment to common problems on a recurring basis. Chemical dependency does not include addiction to, or dependency on, tobacco products or foods.

Chemical dependency treatment facility means a treatment facility that provides a program for the treatment of alcoholism or drug addiction pursuant to a written treatment plan approved and monitored by a physician or addiction counselor licensed by the state; and is licensed or approved as a treatment center by the department of public health and human services, is licensed by the state where the facility is located.

Co-insurance means a defined percentage of the allowable fee for covered services and supplies the member receives. It is the percentage the member is responsible for, not including co-pays and deductible. The co-insurance the member is responsible for is listed in the Medical Benefit Summary for participating and non-participating providers.

Complaint means an expression of dissatisfaction directly to PacificSource that is about a specific problem encountered by a member, or about a benefit determination by PacificSource or an agent acting on behalf of PacificSource, and that includes a request for action to resolve the problem or change the benefit determination. Complaint does not include an inquiry.

Congenital anomaly means a condition existing at or from birth that is a significant deviation from the common form or function of the body, whether caused by a hereditary or developmental defect or disease. The term significant deviation is defined to be a deviation which impairs the function of the body and includes but is not limited to the conditions of cleft lip, cleft palate, webbed fingers or toes, sixth toes or fingers, or defects of metabolism and other conditions that are medically diagnosed to be congenital anomalies.

Contract year means a 12-month period beginning on the date the insurance contract is issued or the anniversary of the date the insurance contract was issued. If changes are made to the insurance contract on a date other than the anniversary of issuance, a new contract year may start on the date the changes become effective if so agreed by PacificSource and the policyholder. A contract year may or may not coincide with a calendar year.

Contracted allowable fee is an amount PacificSource agrees to pay a participating provider for a given service or supply through direct or indirect contract.

Co-payment (also referred to as 'co-pay') is fixed up-front dollar amount the member is required to pay for certain covered services. The co-pay applicable to a specific covered service is listed under that specific benefit in the Medical Benefit Summary.

Covered expense is an expense for which benefits are payable under by this policy subject to applicable deductible, co-payment, co-insurance, out-of-pocket maximum, or other specific limitations.

Creditable coverage means a member's prior health coverage that meets the following criteria:

- There was no more than a 63 day break between the last day of coverage under the previous policy and the first day of coverage under this policy. The 63 day limit excludes the employer's eligibility waiting period.
- The prior coverage was one of the following types of insurance: group coverage (including Federal Employee Health Benefit Plans and Peace Corps), individual coverage (including student health plans), Medicaid, Medicare, TRICARE, Indian Health Service or tribal organization coverage, state high-risk pool coverage, and public health plans.

Deductible means the portion of the healthcare expense that must be paid by the member before the benefits of this plan are applied.

Dependent children means any natural, step, adopted or eligible child you, your spouse, or your qualified domestic partner are legally obligated to support or contribute support for. This may include eligible siblings, nieces, nephews, foster children, or under age 19 who are unmarried, or not in a qualified domestic partnership, if you are the court appointed legal custodian or guardian. Grandchildren under age 26 who are unmarried and not in a domestic partnership are eligible if the granchild's parent is a covered dependent of the subscriber. Eligible dependent children may be covered under the policy only if they meet the eligibility requirements of the policy (see Becoming Covered - Eligibility).

Drug List is a list of approved brand name medications used to treat various medical conditions. The Drug List is developed by the pharmacy benefits management company and PacificSource.

Durable medical equipment means equipment that can withstand repeated use; is primarily and customarily used to serve a medical purpose rather than convenience or comfort; is generally not useful to a person in the absence of an illness or injury; is appropriate for use in the home; and is prescribed by a physician. Examples of durable medical equipment include but are not limited to hospital beds, wheelchairs, crutches, canes, walkers, nebulizers, commodes, suction machines, traction equipment, respirators, TENS units, and hearing aids.

Durable medical equipment supplier means a PacificSource contracted provider or a provider that satisfies the criteria in the Medicare Qualify Standards for Suppliers of Durable Medical Equipment, Prosthetics, Orthotics, Supplies (DMEPOS) and Other Items and Services handbook.

Elective surgery or procedure refers to a surgery or procedure for a condition that does not require immediate attention and for which a delay would not have a substantial likelihood of adversely affecting the health of the patient.

Eligible employee means an employee who works on a regularly scheduled basis, with a normal workweek of 17.5 or more hours. Eligible employee does not include employees who work on a temporary, seasonal or substitute basis. Employees who have been employed for fewer than 30-90 days are not eligible employees unless the employer and PacificSource so agree. Eligible employees may be covered under the group health policy only if they meet the eligibility requirements according to the terms of the policy (see Administrative Provisions - Eligibility).

Emergency medical condition means a medical condition:

- That manifests itself by acute symptoms of sufficient severity, including severe pain that a prudent layperson possessing an average knowledge of health and medicine would reasonably expect that failure to receive immediate medical attention would:
  - Place the health of a person, or an unborn child in the case of a pregnant woman, in serious jeopardy;
  - Result in serious impairment to bodily functions; or
  - Result in serious dysfunction of any bodily organ or part; or
- With respect to a pregnant woman who is having contractions, for which there is inadequate time to affect a safe transfer to another hospital before delivery or for which a transfer may pose a threat to the health or safety of the woman or the unborn child.

Emergency medical screening exam means the medical history, examination, ancillary tests, and medical determinations required to ascertain the nature and extent of an emergency medical condition.

Emergency services means, with respect to an emergency medical condition:

- An emergency medical screening exam that is within the capability of the emergency department of a hospital, including ancillary services routinely available to the emergency department to evaluate such emergency medical condition; and
- Such further medical examination and treatment as are required under 42 U.S.C. 1395dd to stabilize the patient to the extent the examination and treatment are within the capability of the staff and facilities available at a hospital.

Employee means any individual employed by an employer.

Endorsement is a written attachment that alters and supersedes any of the terms or conditions set forth in this policy.

Enrollee means an employee, family member of the employee, or individual otherwise eligible and enrolled for coverage under this plan. In this policy, enrollee is referred to as subscriber or member.

Experimental or investigational procedures means services, supplies, protocols, procedures, devices, chemotherapy, drugs or medicines, or the use thereof, that are experimental or investigational for the diagnosis and treatment of illness, injury, or disease.

- Experimental or investigational services and supplies include, but are not limited to, services, supplies, procedures, devices, chemotherapy, drugs or medicines, or the use thereof, which at the time they are rendered and for the purpose and in the manner they are being used:
  - Have not yet received full U.S. government agency required approval (e.g., FDA) for other than experimental, investigational, or clinical testing;
  - Are not of generally accepted medical practice in your policy's state of issue or as determined by medical advisors, medical associations, and/or technology resources;
  - Are not approved for reimbursement by the Centers for Medicare and Medicaid Services;
  - Are furnished in connection with medical or other research; or
  - Are considered by any governmental agency or subdivision to be experimental or investigational, not considered reasonable and necessary, or any similar finding.
- When making decisions about whether treatments are investigational or experimental, PacificSource relies on the above resources as well as:
  - Expert opinions of specialists and other medical authorities;
  - Published articles in peer-reviewed medical literature;
  - External agencies whose role is the evaluation of new technologies and drugs; and
  - External review by an independent review organization.
- The following will be considered in making the determination whether the service is in an experimental and/or investigational status:
  - Whether there is sufficient evidence to permit conclusions concerning the effect of the services on health outcomes;
  - Whether the scientific evidence demonstrates that the services improve health outcomes as much or more than established alternatives;
  - Whether the scientific evidence demonstrates that the services' beneficial effects outweigh any harmful effects; and

- Whether any improved health outcomes from the services are attainable outside an investigational setting.

External appeal or review means the request by an appellant for an independent review organization to determine whether PacificSource's internal appeal decisions are correct.

Generic drugs are drugs that, under federal law, require a prescription by a licensed physician (M.D. or D.O.) or other licensed medical provider and are not a brand name medication. By law, generic drugs must have the same active ingredients as the brand name medication and are subject to the same standards of their brand name counterpart.

Geographical area - PacificSource has direct and indirect provider contracts to offer services to members in Oregon, Idaho, Montana, and bordering communities in southwest Washington. PacificSource also has an agreement with a nationwide provider network to offer services to members while traveling throughout the United States.

Global charge means a lump sum charge for maternity care that includes prenatal care, labor and delivery and post-delivery care. Ante partum services such as amniocentesis, cordocentesis, chronionic villus sampling, fetal stress test, and fetal non-stress test are not considered part of global maternity services and are reimbursed separately.

Grievance means:

- A request submitted by a member or an authorized representative of a member;
  - In writing, for an internal appeal or an external review; or
  - In writing or orally, for an expedited internal review or an expedited external review; or
- A written complaint submitted by a member or an authorized representative of a member regarding:
  - The availability, delivery, or quality of a healthcare service;
  - Claims payment, handling, or reimbursement for healthcare services and, unless the member has not submitted a request for an internal appeal, the complaint is not disputing an adverse benefit determination; or
  - Matters pertaining to the contractual relationship between a member and PacificSource.

Habilitation services are those designed to assist individuals in acquiring, retaining and improving the self-help, socialization, and adaptive skills necessary to reside successfully in home and community based settings.

Health benefit plan means any hospital expense, medical expense, or hospital or medical expense policy or certificate, healthcare contractor or health maintenance organization subscriber contract, or any plan provided by a multiple employer welfare arrangement or by another benefit arrangement defined in the federal Employee Retirement Income Security Act of 1974, as amended, to the extent that plan is subject to state regulation.

Hearing aids mean any non-disposable, wearable instrument or device designed to aid or compensate for impaired human hearing and any necessary ear mold, part, attachments or accessory for the instrument or device, except batteries and cords. Hearing aids include any amplifying device that does not produce as its output an electrical signal that directly stimulates the auditory nerve. For the purpose of this definition, such amplifying devices include air conduction and bone conduction devices, as well as those that provide vibratory input to the middle ear.

Home healthcare means services provided by a licensed home health agency in the member's place of residence that is prescribed by the member's attending physician as part of a written plan of care. Services provided by home healthcare include:

- Nursing;
- Home health aide services;

- Physical therapy;
- Occupational therapy;
- Speech therapy;
- Hospice therapy;
- Medical supplies and equipment suitable for use in the home; and
- Medically necessary personal hygiene, grooming and dietary assistance.

Homebound means the ability to leave home only with great difficulty with absences infrequently and of short duration. Infants and toddlers will not be considered homebound without medical documentation that clearly establishes the need for home skilled care. Lack of transportation is not considered sufficient medical criterion for establishing that a person is homebound.

Hospital means an institution licensed as a 'general hospital' or 'intermediate general hospital' by the appropriate state agency in the state in which it is located.

Illness includes a physical or mental condition that results in a covered expense. Physical illness is a disease or bodily disorder. Mental illness is a psychological disorder that results in pain or distress and substantial impairment of basic or normal functioning.

Incentive drugs are approved medications used to treat certain chronic conditions for a reduced co-payment. The incentive drug list is developed by the pharmacy benefits management company and PacificSource.

Incurred expense means charges of a healthcare provider for services or supplies for which a member becomes obligated to pay. The expense of a service is incurred on the day the service is rendered, and the expense of a supply is incurred on the day the supply is delivered.

Initial enrollment period means a period of days set by your employer that determines when an individual is first eligible to enroll.

Injury means bodily trauma or damage that is independent of disease or infirmity. The damage must be caused solely through external and accidental means and does not include muscular strain sustained while performing a physical activity. (For muscular strain, see definition of 'illness'.)

Inquiry means a written request for information or clarification about any subject matter related to the member's health benefit plan.

Internal appeal means a review by PacificSource of an adverse benefit determination made by PacificSource.

Large employer means an employer who employed an average of at least 51 employees on business days during the preceding calendar year and who employs at least two employees on the first day of the contract year.

Leave of absence is a period of time off work granted to an employee by the employer at the employee's request and during which the employee is still considered to be employed and is carried on the employment records of the employer. A leave can be granted for any reason acceptable to the employer, including disability and pregnancy.

Lifetime maximum or lifetime benefit means the maximum benefit that will be provided toward the expenses incurred by any one person while the person is covered by a PacificSource insurance policy issued to the employer sponsoring this group health benefit plan. If any covered expense that includes a lifetime maximum benefit amount is deemed to be an 'essential health benefit' as determined by the Secretary of the U.S. Department of Health and Human Services, the lifetime maximum amount will not apply to that covered expense in accordance with the standards established by the Secretary.

Mastectomy is the surgical removal of all or part of a breast or a breast tumor suspected to be malignant.

Medical supplies means items of a disposable nature that may be essential to effectively carry out the care a physician has ordered for the treatment or diagnosis of an illness, injury, or disease. Examples of medical supplies include but are not limited to syringes and needles, splints and slings, ostomy supplies, sterile dressings, elastic stockings, enteral foods, drugs or biologicals that must be put directly into the equipment in

order to achieve the therapeutic benefit of the durable medical equipment or to assure the proper functioning of this equipment (e.g. Albuterol for use in a nebulizer).

Medically necessary means those services and supplies that are required for diagnosis or treatment of illness, injury, or disease and that are:

- Consistent with the symptoms or diagnosis and treatment of the condition;
- Consistent with generally accepted standards of good medical practice in your policy's state of issue, or expert consensus physician opinion published in peer-reviewed medical literature, or the results of clinical outcome trials published in peer-reviewed medical literature;
- As likely to produce a significant positive outcome as, and no more likely to produce a negative outcome than, any other service or supply, both as to the illness, injury, or disease involved and the patient's overall health condition;
- Not for the convenience of the member or a provider of services or supplies;
- The least costly of the alternative services or supplies that can be safely provided. When specifically applied to a hospital inpatient, it further means that the services or supplies cannot be safely provided in other than a hospital inpatient setting without adversely affecting the patient's condition or the quality of medical care rendered.

Services and supplies intended to diagnose or screen for a medical condition in the absence of signs or symptoms, or of abnormalities on prior testing, including exposure to infectious or toxic materials or family history of genetic disease, are not considered medically necessary under this definition (see General Exclusions - Screening tests).

Member means an individual insured under a PacificSource health policy.

Mental and/or chemical healthcare facility means a corporate or governmental entity or other provider of services for the care and treatment of chemical dependency and/or mental or nervous conditions which is licensed or accredited by the Joint Commission on Accreditation of Hospitals or the Commission on Accreditation of Rehabilitation Facilities for the level of care which the facility provides.

Mental and/or chemical healthcare program means a particular type or level of service that is organizationally distinct within a mental and/or chemical healthcare facility.

Mental and/or chemical healthcare provider means a person that has met the credentialing requirements of PacificSource, is otherwise eligible to receive reimbursement under the policy and is:

- A healthcare facility;
- A residential program or facility where appropriately licensed or accredited by the Commission on Accreditation of Hospitals or the Commission on Accreditation of Rehabilitation Facilities;
- A day or partial hospitalization program;
- An outpatient service; or
- An individual behavioral health or medical professional authorized for reimbursement under Oregon law.

Mental or nervous conditions means all disorders listed in the 'Diagnostic and Statistical Manual of Mental Disorders, DSM-5, Fifth Edition' except for:

- Intellectual Development Disorder, Global Developmental Delay, and Unspecified Intellectual Disability (diagnostic codes 317, 318.0, 318.1, 318.2, 319);
- Learning Disorders related to difficulties in learning and using academic skills which include impairment in reading, written expression, and mathematics (diagnostic codes 315.00, 315.1, 315.2);
- Paraphilias which include criminal offenses and are generally treated in correctional settings (diagnostic codes 302.4, 302.81, 302.89, 302.2, 302.83, 302.84, 302.82, 302.9); and

- ‘V’ codes (diagnostic codes V15.81 through V71.02 - except for the treatment of children five years of age or younger for parent-related relational problems (V61.20), physical or sexual abuse (V61.21), or bereavement (V62.82)).

Non-participating provider is a provider of covered medical services or supplies that does not directly or indirectly hold a provider contract or agreement with PacificSource.

Non-preferred drugs are covered brand name medications not on the applicable state drug list which can be found on the PacifcSource.com website.

Orthotic devices means rigid or semirigid devices supporting a weak or deformed leg, foot, arm, hand, back or neck or restricting or eliminating motion in a diseased or injured leg, foot, arm, hand, back or neck. Benefits for orthotic devices include orthopedic appliances or apparatus used to support, align, prevent, or correct deformities or to improve the function of movable parts of the body. An orthotic device differs from a prosthetic in that, rather than replacing a body part, it supports and/or rehabilitates existing body parts. Orthotic devices are usually customized for an individual’s use and are not appropriate for anyone else. Examples of orthotic devices include but are not limited to Ankle Foot Orthosis (AFO), Knee Ankle Foot Orthosis (KAFO), Lumbosacral Orthosis (LSO), and foot orthotics.

Participating provider means a physician, healthcare professional, hospital, medical facility, or supplier of medical supplies that directly or indirectly holds a provider contract or agreement with PacificSource.

Physical/occupational therapy is comprised of the services provided by (or under the direction and supervision of) a licensed physical or occupational therapist. Physical/occupational therapy includes emphasis on examination, evaluation, and intervention to alleviate impairment and functional limitation and to prevent further impairment or disability.

Physician means a state-licensed Doctor of Medicine (M.D.) or a Doctor of Osteopathy (D.O.).

Physician assistant is a person who is licensed by an appropriate state agency as a physician assistant.

Practitioner means Doctor or Medicine (M.D.), Doctor of Osteopathy (D.O.), Doctor of Dental Surgery (D.D.S.), Doctor of Dental Medicine (D.M.D.), Doctor of Podiatry Medicine (D.P.M.), Doctor of Chiropractic (D.C.), Doctor of Optometry (O.D.), Licensed Nurse Practitioner (including Certified Nurse Midwife (C.N.M.) and Certified Registered Nurse Anesthetist (C.R.N.A.)), Registered Physical Therapist (R.P.T.), Speech Therapist, Occupational Therapist, Psychologist (Ph.D.), Licensed Clinical Social Worker (L.C.S.W.), Licensed Professional Counselor (L.P.C.), Licensed Marriage and Family Therapist (LMFT), Licensed Psychologist Associate (LPA), Physician Assistant (PA), Audiologist, Acupuncturist, , and Licensed Massage Therapist.

Prescription drugs are drugs that, under federal law, require a prescription by a licensed physician (M.D. or D.O.) or other licensed medical provider.

Primary Care Physician or Primary Care Practitioner (PCP) means a designated family practitioner, pediatrician, internist, nurse practitioner, or women’s care specialist on the PacificSource provider panel chosen by an enrolled person to be responsible for the enrolled person’s continuing medical care. The PCP is responsible for coordinating use of healthcare resources to best meet the enrolled person’s healthcare needs.

Prosthetic devices (excluding dental) means artificial limb devices or appliances designed to replace in whole or in part an arm or a leg. Benefits for prosthetic devices include coverage of devices that replace all or part of an internal or external body organ, or replace all or part of the function of a permanently inoperative or malfunctioning internal or external organ, and are furnished on a physician’s order. Examples of prosthetic devices include but are not limited to artificial limbs, cardiac pacemakers, prosthetic lenses, breast prosthesis (including mastectomy bras), and maxillofacial devices.

Qualified domestic partner means:

- **Registered domestic partner** means a same gender individual, age 18 or older, who is joined in a domestic partnership, and whose domestic partnership is legally registered in any state.
- **Unregistered domestic partner** means an individual of same or opposite gender who is joined in a domestic partnership with the subscriber and meets the following criteria:

- Is at least 18 years of age;
- Not related to the policyholder by blood closer than would bar marriage in the state where they have permanent residence and are domiciled;
- Shares jointly the same permanent residence with the policyholder for at least six months immediately preceding the date of application to enroll and intent to continue to do so indefinitely;
- Has an exclusive domestic partnership with the policyholder and has no other domestic partner;
- Does not have a legally binding marriage nor has had another domestic partner within the previous six months;
- Was mentally competent to consent to contract when the domestic partnership began and remains mentally competent.

Rehabilitation services and devices are those medically necessary to aid in re-learning skills or functions necessary to overcome or recover from an illness or diagnosis that is covered by this health plan.

Rescind or rescission means to retroactively cancel or discontinue coverage under a health benefit plan or group or individual health insurance policy for reasons other than failure to timely pay required premiums or required contributions toward the cost of coverage.

Routine costs of care mean medically necessary services or supplies covered by the health benefit plan in the absence of a clinical trial. Routine costs of care do not include:

- The drug, device, or service being tested in the clinical trial unless the drug, device, or service would be covered for that indication by the policy if provided outside of a clinical trial;
- Items or services required solely for the provisions of the drug, device, or service being tested in the clinical trial;
- Items or services required solely for the clinically appropriate monitoring of the drug, device, or service being tested in the clinical trial;
- Items of services required solely for the prevention, diagnosis, or treatment of complications arising from the provision of the drug, device, or service being tested in the clinical trial;
- Items or services that are provided solely to satisfy data collection and analysis needs and that are not used in the direct clinical management of the patient;
- Items or services customarily provided by a clinical trial sponsor free of charge to any participant in the clinical trial; or
- Items or services that are not covered by the policy if provided outside of the clinical trial.

Skilled nursing facility or convalescent home means an institution that provides skilled nursing care under the supervision of a physician, provides 24-hour nursing service by or under the supervision of a registered nurse (R.N.), and maintains a daily record of each patient. Skilled nursing facilities must be licensed by an appropriate state agency and approved for payment of Medicare benefits to be eligible for reimbursement.

Specialized treatment facility means a facility that provides specialized short-term or long-term care. The term specialized treatment facility includes ambulatory surgical centers, birthing centers, chemical dependency/substance abuse day treatment facilities, hospice facilities, inpatient rehabilitation facilities, mental and/or chemical healthcare facilities, organ transplant facilities, psychiatric day treatment facilities, residential treatment facilities, skilled nursing facilities, substance abuse treatment facilities, and urgent care treatment facilities.

Specialty drugs are high dollar oral, injectable, infused or inhaled biotech medications prescribed for the treatment of chronic and/or genetic disorders with complex care issues that have to be managed. The major conditions these drugs treat include but are not limited to: cancer, HIV/AIDS, hemophilia, hepatitis C, multiple sclerosis, Crohn’s disease, rheumatoid arthritis, and growth hormone deficiency.

Specialty pharmacies specialize in the distribution of specialty drugs and providing pharmacy care management services designed to assist patients in effectively managing their condition.

Stabilize means to provide medical treatment as necessary to ensure that, within reasonable medical probability, no material deterioration of an emergency medical condition is likely to occur during or to result from the transfer of the patient from a facility; and with respect to a pregnant woman who is in active labor, to perform the delivery, including the delivery of the placenta.

Step therapy means a program that requires the member to try lower-cost alternative medications (Step 1 drugs) before using more expensive medications (Step 2 drugs). The program will not cover a brand name, or second-line medication, until less expensive, first-line/generic medications in the same therapeutic class have been tried first.

Subscriber means an employee or former employee insured under a PacificSource health policy. When a family unit that does not include an employee or former employee is insured under a policy, the oldest family member is referred to as the subscriber.

Surgical procedure means any of the following listed operative procedures:

- Procedures accomplished by cutting or incision
- Suturing of wounds
- Treatment of fractures, dislocations, and burns
- Manipulations under general anesthesia
- Visual examination of the hollow organs of the body including biopsy, or removal of tumors or foreign body
- Procedures accomplished by the use of cannulas, needling, or endoscopic instruments
- Destruction of tissue by thermal, chemical, electrical, laser, or ultrasound means

Telemedical means the use of interactive audio, video, or other telecommunications technology in compliance with HIPAA 42 USC 1320d. Telemedical does not include the use of audio-only telephone, email, or facsimile transmissions.

Tobacco cessation program means a program recommended by a physician that follows the United States Public Health Services guidelines for tobacco cessation. Tobacco cessation program includes education and medical treatment components designed to assist a person in ceasing the use of tobacco products. Note: only PacificSource approved tobacco cessation programs are covered under this plan when benefits are provided for tobacco cessation.

Urgent care treatment facility means a healthcare facility whose primary purpose is the provision of immediate, short-term medical care for minor, but urgent, medical conditions.

Usual, customary, and reasonable fee (UCR) is the dollar amount established by PacificSource for reimbursement of eligible charges for specific services or supplies provided by non-participating providers. PacificSource uses several sources to determine UCR. Depending on the service or supply and the geographical area in which it is provided, UCR may be based on data collected from PacificSource Health Plans or nationally recognized databases.

A non-participating provider may charge more than the limits established by the definition of UCR. Charges that are eligible for reimbursement but exceed the UCR are the member's responsibility (see Non-participating Providers in the Using the Provider Network section).

Waiting period means the period that must pass with respect to the individual before the individual is eligible to be covered for benefits under the terms of the group health plan.

Women's healthcare provider means an obstetrician, gynecologist, physician assistant or nurse practitioner specializing in women's health, or certified nurse midwife practicing within the applicable scope of practice.

Our Privacy Policy

PacificSource HEALTH PLANS

This notice describes how medical information about you may be used and disclosed, and how you can get access to this information. Please review it carefully.

Our Commitment to Ensure Your Privacy

The privacy of your medical information is important to us. Although we are required by law to maintain the privacy of your protected health information and provide you with this notice, we are sincere in our pledge to ensure the confidentiality of your nonpublic personal information, including your medical records. This information pertains to you and any covered dependents, so please be sure to share it with any family members covered under your plan.

We protect your health information through a framework of policies and procedures that govern when and how our employees may use, disclose, or otherwise discuss that information. These protections extend to internal oral, written, and electronic protected health information across our organization. Should a breach of your unsecured protected health information occur, we will notify you as required by law.

How We May Use and Disclose Medical Information About You

We may share a member's personal information for the purpose of claims processing and payment. By signing an application for enrollment, the member acknowledges that personal information can be shared for that express purpose.

We may use and disclose medical information as follows:

Treatment

We may share your information with doctors or hospitals to help them provide medical care to you. For example, we might create a treatment plan with your doctor to help improve your health.

Payment

We may use and disclose medical information to process your medical claims or coordinate your benefits with other health plans. For example, we may need to disclose medical information to determine your eligibility for benefits, or to examine medical necessity.

Healthcare Operations

We may use and disclose medical information for regular health plan operations. For example, we may disclose medical information to underwrite your policies (although we are prohibited from using or disclosing protected health information that is genetic information for such a purpose), ensure proper billing, engage in case coordination or case management, protect you against fraud, and provide you with excellent customer service. Please note that we are prohibited from using or disclosing protected health information that is genetic information about you for underwriting purposes.

Business Associates

Business associates provide necessary services to our organization through contracts. Some examples of business associates are prescription drug benefit administrators, utilization management organizations, and entities that perform quality assurance or peer review on our behalf. We may disclose the minimum necessary medical information to our business associates so they can perform the job we have asked them to do. To protect your medical information, we require our business associates to appropriately safeguard your information. We will not share your information with these outside groups unless there is a business need to do so and they agree to keep it protected. We require our business partners to treat your private information with the same high degree of confidentiality that we do.

Plan Administration

We may share enrollment information with your employer to verify your coverage and your family's coverage for benefits. We may share summary data that cannot be individually identified. We do not share any other information with employers unless we have your written authorization.

Marketing

We will never sell information about you to any third party for marketing or any other purpose not described in this notice. Further, we do not use personal information for investigative consumer research or reporting.

Individuals Involved in Your Care or Payment for Your Care

We may disclose your medical information to a family member, friend, or other person who you indicate is involved in your care or payment for your care. This only pertains to your medical information that is directly relevant to their involvement. We will only make this disclosure if you agree or when required or authorized by law. In the event of your incapacity or in an emergency, we will disclose your medical information based on our professional judgment of whether the disclosure would be in your best interest.

As Required By Law and For Law Enforcement

We may use or disclose your medical information when required or permitted by federal, state, or local law, or by a court order.

Public Health and Safety

We may disclose medical information about you to the extent necessary to avert a serious and imminent threat to your health or safety or the health or safety of others.

State and Federal Agencies

We may be required to report information to state and federal agencies that regulate us, such as the United States Department of Health and Human Services.

Lawsuits and Disputes

If you are involved in a lawsuit or dispute, we may disclose medical information about you in response to a court or administrative order. We may also disclose medical information about you in response to a subpoena, discovery request, or other lawful process by someone else involved

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in the dispute. We will only make such disclosures if efforts have been made to tell you about the request.

Military and National Security
Under certain circumstances, we may disclose to military authorities the medical information of armed forces personnel. To authorized federal officials, we may disclose medical information required for lawful intelligence, counterintelligence, and other national security activities.

Workers' Compensation
We may disclose medical information to coordinate benefits with workers' compensation insurance carriers.

Information About Health-Related Benefits
We, or our Business Associate, may communicate to you about other services or health-related benefits that may be of interest to you.

Other Uses and Disclosures
If we use or disclose your information for any reason other than those listed above, we will first obtain your written authorization. State laws may prohibit us from disclosing the following types of sensitive personal information without your authorization: chemical dependency, mental health, psychotherapy, genetic, or HIV/AIDS records. If you give us written authorization, you may revoke it at any time. This will not affect information that has already been shared. Examples of uses or disclosure that require your authorization include the release of psychotherapy notes, to market unrelated products to you, and if your protected health information is going to be sold. Please note that we do not use or disclose your personal information for marketing of unrelated products, nor do we sell your personal information.

Your Rights Regarding Your Medical Information

You have these rights regarding protected health information we maintain about you:

Right to Inspect and Copy
You have the right to inspect and obtain a copy of most information we maintain about you. To do so, request and complete a form we will provide. You may be charged a fee for the cost of copying your records.

Right to Request a Correction
If you believe that medical information we have about you is incorrect or incomplete, you have the right to ask us to change or amend the information. To do so, request and complete a correction form available from us.

Right to an Accounting of Disclosures
You have the right to request a list of disclosures we have made of your medical information for purposes other than treatment, payment, healthcare operations, and other limited activities. To do so, request and complete a form available from us. Your request may not be for a record of more than six years and may not include dates before April 14, 2003.

Right to Request Restrictions
You have the right to ask us to restrict how we use or disclose your information for treatment, payment, or healthcare operations. You also have the right to ask us to restrict information we may give to those involved in your care, such as a family member or friend. You must make this request using a form we will provide. While we may honor your request for restrictions, we are not required to agree to these restrictions, unless the request relates to a health care item or service that you paid for in full and disclosure is not otherwise required by law. If we agree, we will comply with your request unless the information is needed to provide you with emergency treatment or comply with a legal requirement.

Right to Request Confidential Communications
You have the right to ask that we communicate with you about health matters in a certain way or at a certain location. We will attempt to accommodate all reasonable requests and may require that you make your request in writing.

Right to Receive a Paper Copy of This Notice
You have the right to ask for a paper copy of this notice at any time, and it will always be available on our website at PacificSource.com/privacy.aspx.

If you wish to exercise any of these rights, please contact PacificSource. You will find our contact information below

How to Report a Problem or File a Complaint

You may contact any of the people listed below to report a problem or file a complaint. You must do so in writing. Your benefits will not be affected by any complaints you make. We will not take any action against you for filing a complaint, cooperating in an investigation, or refusing to agree to something that you believe is unlawful.

Changes to this Notice of Privacy Practices

This Notice of Privacy Practices takes effect on April 14, 2003, and will remain in effect until we update or replace it. In the future, we may change our Notice of Privacy Practices. Any changes will apply to medical information we already have about you as well as any information we receive in the future. Before we make a significant change to our privacy practices, we will change this notice and supply a copy to you within 60 days.

You may request that this notice be mailed to you at any time, and it will always be available on our website at PacificSource.com/privacy.aspx.

Contact Information

If you have any questions about this notice or want more information, you're welcome to contact us.

PacificSource Health Plans

Contact:	Customer Service Department, PacificSource Health Plans
Office Hours:	Monday through Friday, 8:00 A.M. to 5:00 P.M.
Address:	PO Box 7068 Springfield, OR 97475
Telephone:	(541) 684-5582 or toll-free (888) 977-9299
Fax:	541) 684-5264
Email:	cs@pacificsource.com
Website:	PacificSource.com

Health and Human Services

Contact:	Office for Civil Rights, U.S. DHHS
Address:	2201 Sixth Ave - Mail Stop RX-11 Seattle, WA 98121
Telephone:	(206) 615-2290
TDD:	(206) 615-2296
Fax:	(206) 615-2297
Email:	ocrcomplaint@hhs.gov

InTouch Online Access to Your Information

Access Your Coverage Information and Wellness Resources Online with InTouch

We know your busy schedule doesn't always coincide with our customer service hours. To help, we offer PacificSource InTouch for Members, a secure website available to any individual who is covered under a PacificSource health plan.

Once you've registered, you can review claim and coverage information, check your family enrollment history, find resources to help you manage your health, and more—at your convenience from any computer with Internet access.

PacificSource InTouch for Members is easy to use

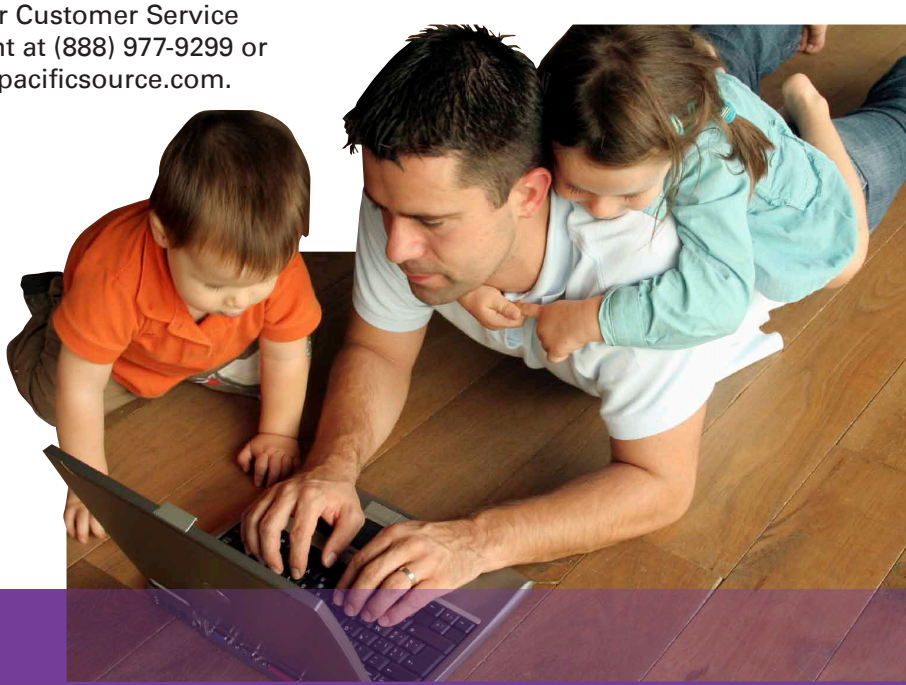
- Look up coverage information and review benefit summaries in your Member Handbook
- Check the status of a claim and access your claim history
- View Explanation of Benefits (EOB) statements for paid claims
- Go paperless by setting your preferences to receive notices such as EOB alerts by email
- Change your address
- Check your out-of-pocket amounts
- Order new and print temporary ID cards
- Use Health Manager to take a health risk assessment and participate in wellness programs

Register for InTouch Today!

1. Have your PacificSource Member ID card or your Social Security number handy.
2. Go to PacificSource.com.
3. Click on the Register Now link in the upper right corner of your screen.
4. Follow the instructions.

If you have questions, please contact our Customer Service Department at (888) 977-9299 or email cs@pacificsource.com.

With InTouch for Members, you have secure online access to your coverage information and a variety of health and wellness resources.



PacificSource HEALTH PLANS

Direct: 541.684.5582
Toll Free: 888.977.9299

PacificSource.com