Administrative Guide

For Employers, Brokers and TPA's

Massachusetts

The Harvard Pilgrim HMO
The Harvard Pilgrim POS
The Harvard Pilgrim PPO
The HPHC Insurance Company PPO

Including Information on:

- Important contacts
- Enrolling employees and dependents
- Reading your premium invoice
- Legislation

Harvard Pilgrim Health Care

This information applies to Harvard Pilgrim Health Care and its affiliate HPHC Insurance Company

Harvard Pilgrim Health Care and its affiliate, HPHC Insurance Company (“HPHC”) provide health benefits plans to Massachusetts based employers.

This *Administrative Guide* contains information on policies and procedures relative to the enrollment and administration of HPHC’s health plans. The *Administrative Guide* also includes general information, not intended as legal advice, on selected federal and state laws applicable to employer sponsored health plans. If any statement in the *Administrative Guide* conflicts with terms set forth in the *Benefit Handbook,* or *Employer Agreement*, the *Benefit Handbook,* or *Employer Agreement* controls. HPHC reserves the right to amend, modify or terminate the policies and procedures described in the *Administrative Guide* at any time.

Making Great Health Care a Little Easier

Thank you for choosing a Longtime Leader in Quality and Customer Service. For over 30 years, HPHC has built a reputation for outstanding clinical quality and customer service. HPHC was the first health insurer in the region to cover preventive measures like immunizations and routine health screenings, and we were the first in the country to cover heart transplants. According to NCQA's Quality Compass® 2002 report, HPHC received New England's highest member ratings in the "Rating of Health Plan" member satisfaction measure.*

HPHC has developed special **clinical outreach** and **education programs** for individuals at high risk for serious illness and hospitalization, as well as for people with asthma, diabetes, high-risk pregnancies, coronary artery disease, and congestive heart failure. In addition, HPHC has implemented nationally recognized prevention and wellness programs, including one of the nation's leading programs to help women manage menopause. According to the State of Managed Care Report recently issued by NCQA, HPHC rated among the top 15 NCQA-accredited health plans in the country in key measures of clinical performance.

In all HPHC does, our focus remains on our Mission:
To improve the health of the people we serve, and the health of society.

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Introduction

Welcome

Thank you for selecting Harvard Pilgrim Health Care or The HPHC Insurance Company (HPHC) for your employees' health benefits. We use the term "HPHC" to refer to both Harvard Pilgrim Health Care and The HPHC Insurance Company. This *Administrative Guide* is designed to answer your most common questions and to assist you with the completion of membership transactions, including instructions on enrollment procedures and premium payments. Words with special meanings are defined in the Glossary at the end of this *Administrative Guide*.

Important Notice to Employers, Brokers and Third Party Administrators

In order for HPHC to administer your plan effectively, it is important that Employer Groups, Brokers and Third Party Administrators (TPAs) notify HPHC of enrollments, changes in membership status and terminations within 60 days of the qualifying event.

Enrolling employees **prior to the effective date of their coverage** allows HPHC to send identification (ID) cards and other membership materials that inform members about their health benefits prior to their use of health services. Enrollments and changes received by HPHC more than **60 days** after the effective date of coverage will be denied by HPHC.

HPHC requires immediate notification of employee and dependent terminations. Certain participating providers are paid monthly based on current membership. Therefore, HPHC will continue payments to providers until you notify HPHC of the termination of a member's coverage. HPHC will process terminations retroactively to **no more than 60 days** beginning on the date of receipt of the termination. **Employers are required to pay applicable monthly premium due for coverage provided prior to the termination effective date.**

Timely communication from Employer Groups and Third Party Administrators allows HPHC to better manage membership information, delivery of care and your premium rates.

Benefit Plans

HPHC offers several health benefit plans. For purposes of this *Administrative Guide*, the term "the Plan(s)" refers to the HPHC health benefit plans. The *Administrative Guide* is intended for employers who offer one or more of the following plans on a fully insured basis:

The Harvard Pilgrim HMO is a health maintenance organization benefit plan. Members enrolled in the Harvard Pilgrim HMO must satisfy a residency requirement, select a Primary Care Physician (PCP) upon enrollment and obtain covered services from clinicians in the HPHC network. The PCP will provide or arrange for most covered services available under the Plan. HPHC offers a wide variety of HMO products, ranging from the traditional HMO to the Best Buy plans that include a deductible.

The Harvard Pilgrim POS (Point of Service) Plan operates like the HMO, but also gives Members the opportunity to choose to receive services outside HPHC's network. HPHC offers a variety of POS products, ranging from the traditional POS to the Best Buy plans that include a deductible. Generally, in-network coverage is subject to lower cost sharing than out-of-network coverage. Highlights of the POS plan include:

- In-network care with a proper PCP referral
- Out-of-network care from a non-participating provider, or a participating provider without a PCP referral, subject to applicable co-insurance and deductibles

The HPHC Insurance Company PPO (Preferred Provider Organization) allows Members to obtain covered services from participating and non-participating providers. PPO Members are not required to select a PCP. Members generally pay lower out-of-pocket costs for covered services received from participating providers. Highlights of this health benefits plan include:

- No requirement to choose a Primary Care Physician
- Self-referrals for all specialty care
- A typically lower Copayment or Coinsurance

for most services received from participating providers

- A Deductible and typically higher Coinsurance after the Deductible is satisfied for most services received from non-participating providers
- Please refer to the Be*nefit Handbook* for the specific cost sharing or other requirements for any of the above plans.

Medicare Products

HPHC offers Employers a Medicare wrap product called Medicare Enhance to its retirees ***Medicare Enhance*** *is an employer group indemnity plan that supplements Medicare coverage. To be eligible, members must be enrolled in Medicare Part A and B, enroll through a Massachusetts employer group, reside in the USA or one of its territories, and be an individual for whom Medicare is primary to the health benefits sponsored by the employer group. Members can receive care from any doctor or other health care provider that accepts Medicare. Underwritten by HPHC Insurance Company, Medicare Enhance covers the Medicare coinsurance and deductibles for Medicare-covered services as well as preventive care services.*

Additional information on this product may be received through your Sales Account Executive, Sales Department 1-800-848-9995.

Employer Materials

Upon the Employer Group's enrollment with HPHC, the designated benefits administrator will receive the following items:

- *Employer Agreement* including the Group Information Form and the dependent eligibility exhibit
- Benefit Handbook, Schedule of Benefits and any rider information
- Prescription drug coverage brochure (included if the group elects prescription drug coverage)
- Monthly premium invoices listing each employee and the corresponding premium
- Enrollment and marketing materials
- *Administrative Guide (*available online at www.harvardpilgrim.org)
- Correspondence about administrative news or specific events

Subscriber Materials

Upon receipt of complete and accurate enrollment information, HPHC will send to the subscriber:

- An ID card for each covered individual
- Benefit Handbook, Schedule of Benefits and any rider information
- Prescription drug coverage brochure (included if the group elects prescription drug coverage)
- *Your Member Savings* brochure with information about discounts and programs for fitness, weight loss and more
- Interpretation Services flyer with information about translation services
- Preventative Care Recommendations
- Online and Phone Services
- *Your Health* with articles on healthy lifestyles and HPHC updates
- Benefit update notifications describing significant benefit changes, as mandated by law or as agreed upon by the Employer Group and HPHC
- Notice of Privacy Practices

HPHC Contacts

HPHC's administrative departments are available to help when you have a question or need a particular service. This section outlines the departments to contact for assistance.

Sales

The Sales Department has overall responsibility for the Employer Group. You should contact your Sales Account Executive when you need:

- Information about your Employer Agreement or premium rates
- Information about your HPHC benefits plan
- HPHC forms or brochures

Sales Address

HARVARD PILGRIM HEALTH CARE
SALES DEPARTMENT
93 WORCESTER STREET
WELLESLEY, MA 02481

Telephone Number

1 (800) 848-9995
(617) 509-2500

Fax Number
(617) 509-2515

Account Services Department
Account Services provides overall customer service for issues related to enrollment processing, premium invoicing and eligibility. You should contact the Account Services Department when you have questions about:

- Submitting the enrollment/change forms through *HPHConnect*, EDI (Electronic Data Interchange), or an enrollment/change form.
- Eligibility
- Premium invoices
- Group administrative services

Account Services is located at:
HARVARD PILGRIM HEALTH CARE
ACCOUNT SERVICES DEPARTMENT
1600 CROWN COLONY DRIVE
QUINCY, MA 02169

Telephone Number:
1(800) 637-4751

If you are using *HPHConnect*, enrollments, changes, and terminations may be submitted online through *HPHConnect*.

Please send the **Enrollment/Change Form** and other related correspondence to HPHC:

Address
HARVARD PILGRIM HEALTH CARE
PO BOX 9185
QUINCY MA 02269

Please send **Premium Payments** to:
HARVARD PILGRIM HEALTH CARE
PO BOX 970050
BOSTON MA 02297-0050

Member Services
The Member Services Department is available to serve HPHC members directly. Member Services Representatives answer questions about benefits, policies and procedures. Your employees should call Member Services when they have questions about:

- Benefits and coverage
- Eligibility
- Claims
- ID cards (i.e., new or replacement) and Member materials
- Nongroup eligibility
- Primary Care Physician (PCP) changes (applies to The Harvard Pilgrim HMO and The Harvard Pilgrim POS)*

* Subscribers and members, 18 years old and older can access *HPHConnect* to order ID cards, make PCP changes, view a summary of benefits and print a copy of their specific Schedule of Benefits and Member Handbook for easy reference.

Member Services also investigates and responds to inquiries and concerns, and advises Members on the process for appealing coverage decisions.

Address
HARVARD PILGRIM HEALTH CARE
MEMBER SERVICES DEPARTMENT
1600 CROWN COLONY DRIVE
QUINCY MA 02169

Telephone Number
1 (888) 333-4742

Fax Number
(617) 509-1050

Members may also use HPHC's Interactive Voice Response System (IVR) for certain transactions. Your employees may call Member Services and use this automatic system to:

- Order Materials
- Order ID Cards
- Order Drug/Mail Order Brochure
- Check Eligibility
- Member Services offers free language interpretation services in many languages through Pacific Interpreters.
- Deaf and hard-of-hearing Members may call Member Services toll-free at 1 (800) 637-8257 for TTY service.

Insurance Liability Recovery (ILR)
The ILR Department coordinates with third parties to determine primary and secondary payment

responsibilities when other insurance benefits exist and when a third party may be responsible for claims payment. Attorneys, Employers, Insurance Carriers, Members and Providers may contact ILR with questions or to submit information relating to third party liability.

Addresses

HARVARD PILGRIM HEALTH CARE
QUINCY MA 02269

COORDINATION OF BENEFITS
PO BOX 699180

MOTOR VEHICLE ACCIDENTS
PO BOX 699187

WORKERS' COMPENSATION
PO BOX 699218

Telephone Number

1 (888) 888-4742 x 38999 or (617) 509-8999

Web-Based Services

Harvard Pilgrim Online, **www.harvardpilgrim.org**, contains a wide range of educational and interactive information about HPHC benefits, services and health programs. It is organized into three sections: For Employers/Brokers, For Members and For Providers. The most current version of this *Administrative Guide* is available on the web site in the Employers/Brokers section.

For Employers/Brokers
Employers are encouraged to manage their membership enrollment via the Internet by establishing online access with HPHC through *HPHConnect*. Employer Groups are provided with a Username and Password that gives you online access to your membership roster 24 hours a day, 7 days a week. Some of the features available to you are:

- Download a roster of enrollees awaiting approval, denied enrollees or active enrollees. Rosters can be saved to a spreadsheet and sorted as needed
- Compare your membership roster with HPHC's enrollment using an online roster verification tool
- Verify new enrollee's information and then approve, deny or hold applications for later action
- Adding/terminating subscribers and their dependents
- Editing subscriber/dependent information
- View your Schedule of Benefits online
- Receive your premium invoice online
- Set up administrative access for benefits representatives at your company.

HPHConnect puts you in control of enrollments, changes and terminations and ensures that the changes you enter are reflected in time for HPHC to produce an accurate monthly invoice. Enrollment policies and eligibility requirements must be followed to ensure coverage. Contact your Account Services Coordinator for more information at (800) 637-4751.

For Members
Members also have access to special web-based programs:

- *Web Library* allows members to research specific health questions, learn about health risks, and provides links to suggested health Web sites. HPHC's *Provider Directory* provides information that allows Members to choose their PCP. Maps and directions to the locations of providers are also provided.

  Note: The online *Provider Directory* is updated weekly; therefore, the information on the web site will be more current than printed copies.
- HPHC's three Tier Pharmacy Program provides the names of medications that are available in Tier 1, Tier 2 and Tier 3.
- With *HPHConnect*, Members can enroll online, add or remove dependents during qualifying events and update their PCP's address or phone numbers and review their Summary of Benefits (SOBs) their addresses or phone numbers.

There is also a public website that includes the following:

- Comprehensive listings of health education classes available to both HPHC Members and the general community.
- Guidelines for better health and safety.
- Information on wellness and seasonal health issues.

For Providers
Providers are able to obtain important online information about:

- HPHC's Formulary
- Physician Newsletters
- Updates and Advisories

Currently, providers have the ability to perform the following functions on *HPHConnect*:

- Patient Eligibility
- Claims Submission
- Claims Status
- Specialty Referrals
- Notification/Authorization

In addition, providers may also access Harvard Pilgrim Online (www.harvardpilgrim.org) for the following:

- Links to Medical Resources
  - General Health Sites
  - Medical Journals
  - Medical Schools/Education
- HPHC News and Information
  - "News to Use"
  - Provider Manual
  - "Clinician Corner"
  - "Network Leader"

Setting up your Account

HPHC establishes account structures to ensure that the receipt and processing of enrollment transactions and the collection, application and reconciliation of premium are accurate, timely and efficient. HPHC reserves the right to establish an account structure that is beneficial solely for the administration of eligibility. HPHC will set up your account as follows:

Standard Account Structure

Group Number: The Employer Group will be assigned a group number for each health benefits plan purchased. For example, if a customer purchases an HMO and a POS product, two group numbers will be assigned. Additional group numbers may be established by HPHC when system constraints or legal mandates deem it necessary.

Customer Account Number: Each group number will be assigned a single customer account number. HPHC reserves the right to establish separate customer account numbers to administer benefits for COBRA members if applicable. Additional customer account numbers may be established by HPHC when systems constraints or legal mandates deem it necessary.

Customized Account Structure

HPHC will make every effort to accommodate an Employer Group's proposed account structure, so long as the following requirements are met:

- The Employer Group must be in good standing, which means:
  - HPHC's policies are followed on a routine basis
  - Premium due is remitted in total and on time
  - Requests for changes to enrollment are communicated in a clear and timely manner according to HPHC's policies
- The effort associated with the set-up and administration is deemed reasonable by HPHC staff
- When an Employer Group's request for a proposed account structure is granted, the Employer Group must provide a complete and detailed accounting of the payment for each group and customer account number with the premium payment
- The Manager of Account Services must approve the Employer Group's requested customized account structure

Failure to meet ANY of these requirements will result in the establishment of a standard account structure.

Eligibility

HMO Residency Requirement

To be eligible for coverage under an HMO plan, a Member must live and maintain a permanent residence within HPHC's Enrollment Area at least nine months per year. From time to time, HPHC may change the cities and towns in the Enrollment Area.

A current list of cities and towns by zip code is available online at www.harvardpilgrim.org.

The residency requirement does not apply to:

- Full-time student dependents attending school outside the Enrollment Area
- Children covered under a Qualified Medical Support Order (QMSO)
- Members temporarily residing outside HPHC's Enrollment Area for no more than 12 months (for reasons such as non-recurring travel, sabbatical or work-related project) with HPHC approval.

For full-time students attending school outside the Enrollment Area, coverage differs slightly from the coverage received in the Enrollment Area. Please see the *Harvard Pilgrim Benefit Handbook* for details.

Members temporarily traveling outside the Enrollment Area may obtain covered services from any qualified provider. **(This is known as the "travel benefit.")** However, no coverage is provided under this benefit for the following:

- Services that the member could have foreseen the need for before leaving the area;
- Routine Care;
- Delivery outside the service area beyond the 37th week of pregnancy or after the member has been told that she is at risk for early delivery; and
- Follow up care that can wait until the member's return to the HPHC Enrollment Area.

If you have questions about these requirements, you may call the Account Services Department at 1(800) 637-4751.

POS and PPO Residency Requirement

Members in a POS or PPO plan are not required to reside in the HPHC enrollment area in order to be eligible for enrollment However, both small Employer Groups and large Employer Groups must comply with HPHC's eligibility requirements in order for the Employer Group to be eligible for POS or PPO coverage.

Employer Group eligibility requirements are as follows:

	Small Employer Groups (50 or fewer employees)	**Large Employer Groups (51 or more employees)**
POS Plans	At least 51% of eligible *and participating* employees must work within Massachusetts	At least 90% of eligible employees must reside in HPHC's enrollment area
PPO Plans	At least 51% of eligible *and participating* employees must work within Massachusetts	At least 51% of eligible employees must reside in HPHC's enrollment area

Subscriber Eligibility

An employee is eligible for group coverage when the employee:

(a) Is a full-time employee who normally works 30 or more hours a week, and

(b) If coverage is also offered to part-time employees, is a part-time employee who works at least 20 hours per week, and is hired for a period of at least 5 consecutive months, and

(c) Is enrolled through an Employer Group that is current in the payment of the applicable premium for coverage

A bona-fide employer/employee relationship must exist. Persons who are not bona-fide employees may be enrolled as subscribers under the following circumstances:

(a) When continuation of coverage is required by the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) or other applicable law; and

(b) When an employer allows an early retiree (or his or her dependents) to continue the HPHC coverage the early retiree received as an active employee and meets all HPHC underwriting guidelines, including payment of the same employer contribution as is paid for active employees.

Unless otherwise agreed to by HPHC, a temporary or seasonal employee, as defined below, is not eligible for coverage.

A "temporary employee" is an employee who works for Employer on either a full-time or part-time basis, whose employment is explicitly temporary in nature and does not exceed 12 consecutive weeks during the period from October 1 through September 30.

A "seasonal employee" is an employee (1) who is hired to perform services for wages by a seasonal Employer under M.G.L. c. 151A during the seasonal period in Employer's seasonal operations for a specific temporary seasonal period, (2) that has been notified by the Division of Unemployment Assistance that the employee is performing services in a seasonal employment for a seasonal employer, and (3) whose employment is limited to the beginning and ending dates of Employer's seasonal period and does not exceed 16 weeks.

Other categories of non-employees may be enrolled as subscribers with the written approval of HPHC.

Dependent Eligibility

Below are the standard eligibility criteria for dependents enrolled through Massachusetts Employer Groups offering an HPHC Plan. Employers may purchase additional coverage for dependents and may select different ages for the termination of dependents with the written approval of HPHC.

Unless an Employer Group has purchased coverage for additional categories of dependents, a dependent must be one of the following to be eligible for enrollment in the Plan:

1. The legal spouse of the subscriber. A legal spouse means the same-sex or opposite–sex spouse of the subscriber who has entered into a legally valid marriage or civil union in a jurisdiction where such marriage or civil union is legal. HPHC recognizes same-sex spouses and partners in a civil union subject to the employer's eligibility policies.
2. The former spouse of the subscriber, until either the subscriber or the former spouse remarries, or until the divorce judgment between them no longer requires the subscriber to provide health coverage to the former spouse, whichever comes first. (Please note: after the remarriage of the subscriber, a former spouse may continue coverage through an individual contract if the provision of such coverage is (1) required by the divorce judgment and (2) the applicable premium for such coverage is paid to HPHC. There is no coverage for the former spouse after he or she remarries.)
3. A child (including an adopted child) of the subscriber or spouse of the subscriber until the child's 26th birthday.
4. An unmarried child (including an adopted child) of the subscriber or spouse of the subscriber, age 26* years or older who meets each of the following requirements: (a) is currently Disabled; (b) was Disabled on his or her 26th birthday (c) lives either with the subscriber or spouse or in a licensed institution; and (d) remains financially dependent on the subscriber. The term "Disabled" means unable to engage in any substantial gainful activity by reason of a specific medically determinable physical or mental impairment which can be expected to last, or has lasted, for at least 12 months or result in death.
5. An unmarried child who is under the age of 19* for whom the subscriber or subscriber's spouse is the court appointed legal guardian. Proof of guardianship must be submitted to HPHC prior to enrollment.
6. The unmarried child of an enrolled dependent

* Age requirements for the termination of dependent coverage vary among employer groups, provided that they are adjusted upward for fully insured employer groups. Please refer to the Eligibility description in your Employer

Agreement or your Group Information Form for the age requirements that apply to your group.

The following categories of dependents are eligible **only if coverage is elected** by the employer and approved by HPHC:

- The subscriber's sole domestic partner in accordance with HPHC's eligibility guidelines. HPHC may request evidence of domestic partnership, including an affidavit attesting that the eligibility criteria for domestic partnership are met
- A dependent child of the subscriber's sole domestic partner under the terms and conditions described above as if such sole domestic partner were the subscriber's spouse

Note: HPHC reserves the right to request payroll records, copies of birth certificates, marriage certificates or other documents as may be necessary to verify Members' eligibility and Employer contributions under this Agreement.

Disabled Dependents

HPHC provides continued coverage for child dependents who qualify as disabled dependents as detailed above.

The term "Disabled" means unable to engage in any substantial gainful activity by reason of a specific medically determinable physical or mental impairment which can be expected to last, or has lasted for at least 12 months or result in death.

At the time of initial enrollment, or when the dependent reaches the age maximum while covered as an eligible dependent under the subscriber's HPHC policy, HPHC requires a statement from the treating physician attesting to the dependent's disability. Periodic re-certification is required for disabled dependents that have been approved for a limited time period.

Dependents verified as "permanently disabled" are eligible for the duration of the condition, until they lose eligibility. Eligibility may be lost by (1) marriage, (2) ceasing to be financially dependent on the subscriber, or (3) termination of the subscriber's contract.

It is the subscriber's responsibility to notify HPHC of changes in status that affect a dependent's eligibility. HPHC must receive such changes within 60 days of the effective date of the change.

Enrollment Effective Dates

Notification of Enrollment

Employers, Brokers and TPAs should be aware that HPHC must be notified of enrollment requests within 60 days of the qualifying event to ensure enrollees of their coverage rights established for them by The Health Insurance Portability and Accountability Act of 1996 (HIPAA) or other applicable law.

Notification of enrollments must be received by HPHC within 60 days of the effective date of coverage. If HPHC does not receive notification of enrollment within 60 days, the employee and/or the dependent(s) cannot be enrolled until the next open enrollment period or until a subsequent qualifying event. Please reference the "*Continuation Coverage*" section for specific timeframes regarding COBRA.

Enrolled members who are contained in the HPHC membership data files are considered covered members for whom premium is due. In addition, employers are required to pay monthly premiums for any member not properly terminated.

When Employees and Dependents May Enroll and Effective Dates of Coverage

Your eligible employees and their eligible dependents may enroll in the HPHC health plan(s) at the following times:

- During your company's annual open enrollment, or during a special open enrollment for your group as approved by HPHC. The effective date of coverage is the date stated on the *Group Information Form* or a date agreed upon by the Employer Group and HPHC.
- When an employee is newly hired or initially eligible under your company's policy. Your Employer Group may require a new employee to satisfy a probationary period before health care coverage begins. This policy must be specified on your *Group Information Form* and must be agreed to by HPHC. If your company does not require a probationary period, enrollment must become effective within 30 days of the date of hire, provided that proper enrollments are received by HPHC within 60 days of the effective date*.
- Upon a change in employment status making the employee eligible for coverage. For example, an existing employee may become newly eligible for coverage by increasing his hours from part-time to full-time. Coverage is effective either on the status change date or in accordance with the Employer Group's probationary period.
- Upon moving into the HPHC Enrollment Area as a permanent resident. Coverage is effective on the date permanent residency is established. (This requirement applies to The Harvard Pilgrim HMO only.)
- Pursuant to a court order. An employee may enroll a dependent child when a judgment, decree or order including a Qualified Medical Support Order (QMSO) is issued requiring health coverage for a child. Coverage is effective on the date specified in the court order.
- For enrollment to cover a domestic partner, coverage will be effective on the last day the affidavit requirements have been fulfilled.

* Changes in probationary periods may be made no more than twice within two contract years. Requests must be submitted in writing to your Account Executive and approved by HPHC prior to the submission of an enrollment requests reflecting this new probationary period.

In addition, HIPAA requires employers to offer special enrollment periods for eligible employees and their dependents as applicable in the following circumstances:

- When an employee and/or his dependents previously declined coverage with your Employer Group because other coverage was available, and subsequently lost such coverage involuntarily (including COBRA). In this instance, the employee must request coverage from the Employer Group no later than 30 days from the date of loss or exhaustion of prior coverage. The effective date of coverage must be no later than the first day of the first calendar month following the request for coverage. (Documentation of loss of coverage must be provided with enrollments.)

- When an employee gains a new dependent due to marriage, birth or adoption. In these instances, the employee must request coverage from the Employer Group no later than 30 days after the marriage, birth, adoption or placement for adoption. Both the new dependent(s) and the employee may enroll pursuant to such events.
  - -- For new enrollment due to marriage, the coverage effective date is the date of marriage or no later than the first calendar month following the request for coverage from the Employer Group;
  - -- For new enrollment due to birth or adoption, the coverage effective date is:
  - -- For a newborn, on the date of birth
  - -- For an adoptive child who has been living with the member and for whom the member has been receiving foster care payments, coverage is effective from the date of the petition to adopt
  - -- For an adoptive child placed in a subscriber's home by a licensed adoption agency for purposes of adoption, coverage will be effective on the date of such placement in the home
  - -- For an adoptive child placed with a subscriber for purposes of adoption by a licensed adoption agency in another state or in a foreign country, coverage is effective on the date the subscriber has legal and physical custody of the child. This means the subscriber has physical custody of the child and is free to return home with the child.

All health benefits under the Plan(s) are available to your employees as soon as they become effective
as members.

For additional reference on HIPAA, see the notice of Special Enrollment Rights provided in the Appendix.

Additional Provisions under Internal Revenue Code Section 125

According to Internal Revenue Service (IRS) regulations, a Cafeteria Plan must include a written plan document with rules concerning eligibility and qualifying events that allow an employee to make an election change.

The IRS regulations permit, but do not require, benefit election changes during the year based on a number of qualifying events such as:

- Changes in family status
- Separation from service
- Significant cost or coverage changes

If an Employer's HPHC plan is offered as a Section 125 Cafeteria Plan and there is an enrollment change that does not comply with HPHC's standard enrollment guidelines, HPHC will process the request provided it is a qualifying event designated in the Employer Group's Section 125 written plan document. To approve such Section 125 changes during the year, HPHC may request a copy of your written plan document.

Enrolling New Members

How to Enroll Employees and Dependents

HPHC offers three methods of enrollment, *HPHConnect (*our secure web-based enrollment tool), Electronic Data Interchange (used by employers to submit batch enrollment transactions electronically) and HPHC paper enrollment/change forms. Our standard method of enrollment is *HPHConnect*, which performs online validation to prevent the submission of incomplete or inaccurate enrollment transactions. *HPHConnect* provides faster processing time and improved service to our employers and their employees.

HPHConnect:

Enrollment requests for employees and their eligible dependent(s) can be submitted to HPHC via *HPHConnect*. This secure online web enrollment tool offers the option for employers, employees, brokers or third party administrators to enter enrollment information directly, eliminating the delays and streamlining the process associated with the manual entry of paper enrollment forms. Employers may choose to allow employees to add family members due to qualifying events, disenroll family members who are leaving the plan, change products offered by the employer and change their personal information (e.g., Primary Care Physician (PCP), name, address, phone number and email).

All enrollments, changes and terminations are sent to the employer for verification and approval, before being submitted electronically to HPHC.

For more information on *HPHConnect*, visit us online at www.harvardpilgrim.org or contact the Account Services Department at 1 (800) 637-4751.

Electronic Data Interchange:

Some employers have the option of using the Electronic Data Interchange (EDI) enrollment process. This high volume method for employers is used to submit enrollments or changes of their employee health benefits through a secure batch file transmission. The EDI process must be approved by HPHC before being used as a method of enrollment by an employer group.

Contact your Account Services Coordinator for more information regarding EDI.

Enrollment/Change Forms

For employers who are unable to submit enrollment requests via *HPHConnect* or EDI, HPHC will accept manually completed enrollment/change forms.

The enrollment/change form collects necessary Member information that is used for accurate enrollment. The HMO, POS and PPO plans each have their own enrollment/change form. The enrollment/change form must be filled out completely and legibly. When an employee completes the form, it should be returned directly to the employer's benefits officer. **Incomplete forms will delay enrollment processing and the issuance of ID cards and may result in a denial of enrollment.**

Please note that HPHC processes enrollment/change forms in the order in which they are received. Employers should submit them within 60 days of the qualifying event to ensure accurate and timely enrollment of employees. If HPHC does not receive the form prior to the effective date, services may be denied.

Notification of enrollment requests must be received within 60 days of the effective date of coverage. If HPHC does not receive notification of enrollment within 60 days, the employee and/or the dependent(s) cannot be enrolled until the next open enrollment period or until a subsequent qualifying event.

PCP Selection Requirements

Please be aware that all members are required to choose a PCP upon enrollment in The Harvard Pilgrim HMO and POS plans. Members of The Harvard Pilgrim POS plan must select a PCP to make use of their in-network benefits. The PCP is responsible for providing or arranging most of the member's medical care. Therefore, if a PCP is not selected, non-emergency and most specialty care may not be covered, or may be subject to additional member out-of-pocket expenses.

Note: In accordance with American Medical Association guidelines, HPHC prohibits a member from selecting a PCP who is an immediate family member.

Completing the Enrollment/Change Form to Enroll a Member

Please review the completed form to make sure all of the following spaces are filled in. (See sample form on the following page.)

1. Reason for Submission
2. Your Group/Company Name
3. Employee's Date of Hire
4. Your Group/Customer Account Number Number (this is located on your premium invoice), see sample on page **Error! Bookmark not defined.**
5. Effective Date of Enrollment/Change
6. Employee's Full Name, Address and Telephone Number(s)
7. Type of Coverage (i.e. individual, family)
8. Member's Name, Language Code, Date of Birth, Sex, Relationship Code, Social Security Number, PCP and Town selection for each member listed. Each person listed must also indicate if he is a current patient of the PCP he has chosen. (PCP selection applies only to The Harvard Pilgrim HMO and The Harvard Pilgrim POS plans.)
9. Full-Time Student Dependent Information (if applicable)
10. Employee Signature and Date
11. Employer Signature and Date

After reviewing each employee's application for completeness, employers should:

- Send the top copy of the application to HPHC's Enrollment and Billing Department
- Retain the middle yellow copy for your files
- Give the bottom pink copy to the employee for his records.

Completed enrollment/change forms must be mailed to:

HARVARD PILGRIM HEALTH CARE
PO BOX 9185
QUINCY MA 02269

Note: Whenever possible, HPHC should receive the enrollment form before the member's effective date of coverage. However, when a member needs urgent care in the next 24-48 hours, and HPHC has not yet received notification of the enrollment, you may call our Account Services Department at 1 (800) 637-4751 to confirm coverage.

The Harvard Pilgrim HMO Enrollment/Change Form

PO BOX 9185 • QUINCY, MA 02269
1-888-333-HPHC
www.harvardpilgrim.org

REASON FOR SUBMISSION (Please check all that apply) ❶

ENROLLMENT
- ☐ NEW HIRE
- ☐ ANNUAL OPEN ENROLLMENT
- ☐ COBRA
- ☐ P/T TO FT DATE _____
- ☐ LOSS OF INSURANCE (ATTACH DOCUMENTS)
- ☐ OTHER _____

CHANGE
- ☐ CHANGE COVERAGE TYPE
- ☐ ADD DEPENDENT LISTED BELOW
- ☐ TERMINATE DEPENDENT LISTED BELOW
- ☐ NAME/ADDRESS CHANGE
- ☐ LOSS OF INSURANCE (ATTACH DOCUMENTS
- ☐ MARRIAGE DATE _____
- ☐ OTHER _____

TERMINATION
- ☐ LEFT EMPLOYMENT
- ☐ VOLUNTARY CANCELLATION
- ☐ MOVED FROM SERVICE AREA
- ☐ NO LONGER ELIGIBLE
- ☐ DECEASED DATE _____
- ☐ OTHER _____

CONTRACT / ID NUMBER: H P _____ ❷ GROUP / COMPANY NAME _____ ❸ DATE OF HIRE _____ ❹ DIVISION _____ ❺ EFFECTIVE DATE _____

EMPLOYEE NAME ❻
FIRST _____ MIDDLE _____ LAST _____

ADDRESS
APT. NO _____ STREET _____ PO BOX _____
CITY _____ STATE _____ ZIP _____ COUNTY _____

TELEPHONE (HOME) ( ) _____ TELEPHONE (WORK) ( ) _____

❼ TYPE OF COVERAGE
- ☐ INDIVIDUAL
- ☐ 2-PERSON (Only where offered)
- ☐ FAMILY
- ☐ OTHER _____

PLEASE USE THE CODES LISTED BELOW TO COMPLETE DEPENDENT RELATION BLOCK

02 SPOUSE 03 UNMARRIED CHILD UNDER 19 04 UNMARRIED STEPCHILD UNDER 19
05 * UNMARRIED FULL-TIME STUDENT OVER AGE 19 06 HANDICAPPED (VERIFICATION REQUIRED) 07 EX-SPOUSE

IT IS VERY IMPORTANT THAT EACH MEMBER SELECT A PRIMARY CARE PHYSICIAN.
AS A PLAN MEMBER YOU MUST CHOOSE A PRIMARY CARE PHYSICIAN (PCP). IF YOU DO NOT HAVE A PCP, NON-EMERGENCY AND MOST SPECIALTY CARE MAY NOT BE COVERED.

FIRST MI LAST (IF NOT SAME AS EMPLOYEE)	LANGUAGE CODE	DATE OF BIRTH MO DAY YR	SEX	RELATION CODE	SOCIAL SECURITY NUMBER	SELECT A PRIMARY CARE PHYSICIAN AND TOWN FOR EACH MEMBER	ARE YOU A PRESENT PATIENT OF THIS DOCTOR?	PCP#
EMPLOYEE ❽		- -	M F	01	- -		Y N	
SPOUSE		- -	M F		- -		Y N	
DEPENDENT		- -	M F		- -		Y N	
DEPENDENT		- -	M F		- -		Y N	
DEPENDENT		- -	M F		- -		Y N	
DEPENDENT		- -	M F		- -		Y N	

LANGUAGE CODES (Optional)

WHAT LANGUAGE DO YOU SPEAK MOST OFTEN? PLEASE LIST THE APPROPRIATE CODE AFTER EACH MEMBER'S NAME. THIS INFORMATION WILL HELP US WORK TOWARD BEST MEETING YOUR NEEDS.

AS American Sign Language; CA Cantonese; CV Cape Verdean; EN English; FR French; HA Haitian; HM Hmong; IT Italian; KH Khmer; LO Laotian; MN Mandarin; PT Portuguese; RU Russian; SP Spanish; VI Vietnamese; OTHER ☐ _____ Specify

* IF YOU HAVE LISTED A FULL-TIME STUDENT(S) OVER AGE 19 BUT UNDER THE MAXIMUM STUDENT AGE, SUPPLY THE FOLLOWING INFORMATION:

STUDENT(S) NAME ❾ _____ NAME OF SCHOOL(S) _____

THIS INFORMATION MAY BE USED TO VERIFY ELIGIBILITY

HAVE YOU EVER BEEN A MEMBER OF Pilgrim Health Care, Harvard Community Health Plan, HCHP OF NE, HPHC OR HPHC OF NE? ☐ YES ☐ NO

IF YOU WOULD LIKE TO RECEIVE A MENU OF ELECTRONIC WAYS TO INTERACT WITH US, LIST YOUR E-MAIL ADDRESS HERE:

E-MAIL ADDRESS: _____ (OPTIONAL)

THE E-MAIL MENU YOU RECEIVE MAY INCLUDE CHOICES SUCH AS: SECURE E-MAIL WITH YOUR PHYSICIAN, REPLACEMENT OF HPHC MAILINGS WITH E-MAILS POINTING TO OUR WEB-SITES, HEALTH-RELATED UPDATES AND REMINDERS, AND OTHER POSSIBLE OPTIONS. CONFIDENTIAL E-MAIL WILL BE SENT THROUGH A SECURE WEB SITE, AND YOU WILL RECEIVE NOTIFICATION THAT THERE IS A MESSAGE FOR YOU AT THE SITE. NON-CONFIDENTIAL UPDATES AND REMINDERS YOU ELECT TO RECEIVE WILL BE SENT DIRECTLY TO THE E-MAIL ADDRESS LISTED ABOVE.

YOUR E-MAIL ADDRESS WILL BE STORED IN A PROTECTED DATABASE AND WILL REMAIN CONFIDENTIAL.

I UNDERSTAND THAT MEMBERSHIP WILL BECOME EFFECTIVE UPON ACCEPTANCE BY THE PLAN AND THAT BENEFITS UNDER THE PLAN WILL BE EXPLAINED IN A SEPARATE DOCUMENT. I ALSO UNDERSTAND THAT THE SUBROGATION PROVISION APPLICABLE TO MAINE MEMBERS, OUTLINED IN A SEPARATE DOCUMENT, PERMITS SUBROGATION PAYMENTS ON A JUST AND EQUITABLE BASIS. DURING MY MEMBERSHIP, I AUTHORIZE ANY HEALTH CARE PROVIDER OR OTHER HEALTH PLAN TO PROVIDE MEDICAL INFORMATION AND RECORDS TO THE PLAN, THE PLAN ADMINISTRATOR, OR PLAN AFFILIATED HEALTH CARE PROVIDERS. I ALSO AUTHORIZE THE PLAN, THE PLAN ADMINISTRATION, AND ANY PLAN HEALTH CARE PROVIDERS RENDERING SERVICES TO ME OR MY DEPENDENTS TO RECEIVE COPIES OF MY OR MY DEPENDENTS' MEDICAL RECORDS. I AUTHORIZE THE USE BY THE PLAN, AND ITS AGENTS, OR ANY INFORMATION OBTAINED HEREUNDER FOR THE DELIVERY OF HEALTH SERVICE, TO DETERMINE ELIGIBILITY AND ENTITLEMENT TO BENEFITS (INCLUDING REIMBURSEMENT BY THIRD PARTIES), FOR EDUCATION AND RESEARCH IN ACCORDANCE WITH GOVERNMENT REGULATIONS, AND FOR THE OTHER PLAN PROFESSIONAL ACTIVITIES SUCH AS UTILIZATION REVIEW, QUALITY ASSURANCE, CASE MANAGEMENT, REFERRAL AND AUTHORIZATION, DISEASE MANAGEMENT, FRAUD DETECTION AND CERTAIN OVERSIGHT ACTIVITIES, SUCH AS ACCREDITATION AND REGULATORY AUDITS. I UNDERSTAND THAT A COPY OF THIS FORM WILL BE GIVEN TO ME, OR TO MY AUTHORIZED REPRESENTATIVE, UPON REQUEST.
NEW HAMPSHIRE BASED GROUPS PLEASE NOTE: THE ENROLLED PARTICIPANT SHALL BE ALLOWED A GRACE PERIOD OF TEN (10) DAYS FOR MAKING ANY PAYMENT DUE UNDER CONTRACT (RSA 420-B:8-IV(B)).

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

THE EMPLOYEE, SPOUSE AND ALL DEPENDENTS AGE 18 YEARS AND OVER MUST SIGN THIS FORM FOR ENROLLMENT.

❿ EMPLOYEE SIGNATURE _____ DATE _____ DEPENDENT SIGNATURE (age 18 years - over) _____ DATE _____ DEPENDENT SIGNATURE (age 18 years - over) _____ DATE _____

SPOUSE SIGNATURE (if applicable) _____ DATE _____ DEPENDENT SIGNATURE (age 18 years - over) _____ DATE _____

⓫ EMPLOYER SIGNATURE _____ DATE _____

WHITE - HARVARD PILGRIM COPY YELLOW - EMPLOYER COPY PINK - EMPLOYEE COPY

Changing a Member's Status including Member Termination

Reporting a Change in a Member's Status

HPHC requires notice of certain changes in a member's status. An enrollment/change request must be submitted for the following:

- Change from one coverage type to another. For example, when an employee changes from individual to family coverage to add an eligible dependent or from family to individual coverage to remove a dependent.
- Change from one HPHC plan to another HPHC plan (for example, a change from The Harvard Pilgrim HMO to The Harvard Pilgrim POS). This may be done at the following times: on the anniversary date, during a special open enrollment approved by HPHC, or when a Member permanently moves into or out of the HPHC Enrollment Area
- Change in subscriber's or dependent's marital status
- Change in dependent status
- Addition of a dependent(s) due to birth, adoption or court order
- Change of the subscriber's or dependent's legal name
- Change of subscriber's or dependent's address that affects eligibility due to HPHC's Enrollment Area requirements
- Termination of dependent(s) who is no longer eligible or who will no longer be covered under the subscriber's policy

HPHC requests notice of Member changes or a Member termination of coverage prior to the effective date of the change or termination:

- If notification of an enrollment, re-enrollment or change request is received more than 60 days after the effective date, coverage will be denied and the requestor must wait for another qualifying event or the next open enrollment period for further consideration
- If notification of a Member termination request is received more than 60 days after the desired termination date, the termination date will be set 60 days retroactive beginning on the date the notice was received by HPHC, and the Employer will be required to pay the applicable monthly premium for coverage provided prior to the termination effective date.

Any member whose employer has an *HPHConnect* account can make the following changes online or by calling Member Services at 1 (888) 333-4742.

- Correction in the spelling of a member's name
- Change of address
- Change of PCP (not applicable to members of The Harvard Pilgrim PPO plan). The PCP change is effective on the date of the call
- Change in other insurance information affecting coordination of benefits
- Adding a newborn child to an existing family plan

Some employer groups require employees to notify them first of these changes. Contact the Account Services Department at 1-800-637-4751 if this applies to your company. HPHC will ensure the appropriate notation is placed in our system to prevent these changes from being made through our Member Services Department. However, Harvard Pilgrim cannot guarantee 100% compliance with this request and cannot be held liable for claims incurred.

Methods to Use When Reporting a Change in Member Status

HPHConnect

HPHConnect allows you and your employees to enter enrollment information directly, eliminating the delays and streamlining the process associated with the manual processing of paper enrollment/change forms. Employees may be given secured access to their HPHC enrollment records to make status changes. Once submitted, the changes are sent to the Employer for verification and approval, before being submitted electronically to HPHC.

EDI

If your group uses EDI for enrollment, changes in status must be sent according to the transmission format and schedule agreed to by the Employer Group and HPHC. Submitting enrollment transactions via EDI must first be approved by HPHC.

Enrollment/Change Form

The enrollment/change form must be filled out completely and legibly. After your employee has completed and signed the form, they should return it directly to you. (Please refer to page 14 for instructions on how to complete the Enrollment/Change Form.)

Please make special note of the following sections:

Section 1 - Reason for Submission: Check off the appropriate box for the type of change(s) being reported. For example, if an employee had individual coverage and wishes to add a dependent, he or she must change to family coverage. You should check the box marked "Change Coverage Type," and indicate that the change is from individual to family. Be sure to include any other changes such as name or address, and attach any supporting documentation.

Section 5 - In most cases, the effective date of coverage will be the date of the qualifying event. For a QMSO and/or court order please list the applicable date.

Section 6 - Employee's Full Name, Address and Telephone Number(s): If the employee is changing his/her name, only the new name should be listed.

Section 8 - For all Members: Full Name, Language Code, Date of Birth, Sex, Relationship Code, Social Security Number, and PCP and Town selection for each member listed. Each person listed must also indicate if he is an established patient of the PCP he has chosen. (PCP selection applies only to The Harvard Pilgrim HMO and POS plans.)

Terminating Subscriber Coverage

Reporting Subscriber Contract Terminations

HPHC requires notification from the Employer Group to terminate a subscriber's contract. Notice is required in the following cases: when an employee terminates employment, has a reduction in hours that results in a loss of eligibility for coverage; elects to voluntarily terminate membership, switches to another plan at open enrollment, or otherwise terminates his entire membership with HPHC.

Employers should notify HPHC prior to the effective date of the termination of employee coverage. If notice of a termination is received by HPHC more than 60 days after the desired termination date, the termination date will be set 60 days retroactive beginning on the date the notice was received by HPHC. Employers are responsible for the payment of any premium due for coverage provided prior to the termination effective date.

Coverage ends at midnight on the date a member's coverage is terminated. There is no coverage for any services received after midnight on the date a Member's coverage terminates. All authorizations for services issued by HPHC or participating providers assume confirmation of membership and are invalid after termination of membership, including retroactive terminations.

Methods for Reporting Subscriber Contract Terminations

Employers may report terminations by any of the following methods:

HPHConnect

Terminating employees and their dependents can occur through *HPHConnect.* Employers are encouraged to enter terminations immediately and receive confirmation of the termination through *HPHConnect*. This method is the most direct and reliable way to terminate Members prior to the next premium invoice cycle.

Terminations can also be completed using the online billing feature available in *HPHConnect*. If processed prior to the final bill date, entering terminations in this manner will automatically adjust the balance due for that billing month.

EDI

Termination information may be transmitted during the regularly scheduled file transfers between the Employer Group and HPHC.

Enrollment/Change Form

This form may be used to terminate the subscriber's entire contract. Please provide the following information: (See sample form on page 15)

- Reason for submission and check off Termination and reason for termination
- Your group/customer account number
- The Subscriber's ID number (HP contract or Social Security Number)
- The employee's full name and address
- The termination date in the "Effective Date" box*
- Employer signature and date. The employee's signature is not required on a subscriber termination

Do not mark up your monthly invoice or send in terminations with your premium payment. This will delay the processing of the terminations and the reflection of termination credits on your invoice. If you are reporting terminations for individual member(s) other than a subscriber, refer to the section "Reporting a Change in a Member's Status."

Consistent with HIPAA Privacy Rule provisions, if terminations and enrollments are reported via e-mail, information must be contained within a password-protected file prior to transmission.

* Please note that enrollment/change forms submitted to HPHC with termination effective dates on the first of the month will be changed to the last day of the previous coverage month when processed. For example, if the Enrollment/Change Form is received with an effective date of May 1st, HPHC will process the transaction effective April 30th. Coverage will be effective until midnight on April 30th.

Continuation Coverage

COBRA (Consolidated Omnibus Budget Reconciliation Act of 1986)

The federal law known as COBRA establishes requirements for employers to provide continuing health care benefits for employees and their dependents upon certain "qualifying events."

Who is subject to COBRA? Most employers with 20 or more employees are subject to COBRA and must offer employees and their eligible dependents the option to continue group health insurance coverage at the employee's expense for specific lengths of time. The federal government does not recognize domestic partners as eligible dependents and as such, they are not considered eligible COBRA beneficiaries. For Employer Groups that provide coverage for domestic partners, HPHC will approve requests from Employer Groups to offer COBRA continuation coverage to domestic partners. However, employers who exercise this option should consult their tax counsel to understand the tax implications of this choice.

What is a COBRA "qualifying event"? Under COBRA, a qualifying event is one of the following specified events that cause a covered employee or his or her spouse and dependents to lose regular health plan coverage:

- Termination of employment (other than for gross misconduct) or the reduction of hours of a covered employee
- Divorce or legal separation from a covered employee
- Death of a covered employee
- A covered employee's entitlement to Medicare
- A child's loss of dependent status under the group health plan (e.g. no longer student verified)
- The start of bankruptcy proceedings with respect to an employer that provides health plan coverage to retirees

According to COBRA, a loss of coverage means that health care benefits cease to be covered under the same terms and conditions as in effect immediately before the qualifying event. For example, a loss of coverage includes an increase in employee premium or contribution related to a reduction of hours. For employer bankruptcies, the term loss of coverage means a substantial elimination of coverage that occurs within 12 months before or after the date on which the bankruptcy proceedings begin.

Who is a Qualified Beneficiary Under COBRA? In general, a qualified beneficiary under COBRA is:

- Any individual who is covered under a group health plan, either as a covered employee or dependent, on the day before a qualifying event
- Any child born to or placed for adoption with a covered employee during a period of COBRA continuation of coverage
- With respect to the bankruptcy of an employer, any covered employee who retired on or before the date of any substantial elimination of group health coverage; and the spouse, surviving spouse, or dependent child of the covered employee provided such dependents were covered by the group health plan on the day before the bankruptcy qualifying event

A covered employee can be a qualified beneficiary only in connection with a qualifying event that is either the termination of employment or reduction of hours.

Table 3 summarizes qualifying events, eligible individuals and coverage periods. (See page 22)

When should COBRA coverage be elected? To elect COBRA coverage, an eligible individual has 60 days from the later of the date of the qualifying event or the date COBRA election notice is provided.

May COBRA coverage be extended? COBRA coverage generally lasts 18 months for subscribers and up to 36 months for eligible dependents. (See Table 3 on page 22) However, COBRA coverage may be extended in certain situations.

- **Disability extension:** Persons covered under COBRA due to a termination of employment or

a reduction in hours may obtain an 11-month COBRA extension due to disability. To be eligible for this extension, the employee or family members must be deemed disabled within 60 days of the qualifying event. All covered family members are entitled to the 11-month extension.

- **Extension for multiple qualifying events:** If more than one qualifying event occurs during the initial 18-month coverage period or the 11-month extension period, coverage may be extended up to a maximum of 36 months from the date of the original qualifying event. An example of a multiple qualifying event is when an employee elects COBRA coverage due to a reduction in hours (first qualifying event) and, subsequently, the employee's covered dependent loses eligibility due to reaching the maximum age under the Plan (second qualifying event). In this case, the covered dependent is entitled to an 18-month extension for a total of up to 36 months of COBRA coverage.

Other circumstances also may entitle an employee and eligible dependents to extend COBRA coverage. Employers should consult with their legal counsel for an understanding of such situations.

Employer Election Notification Responsibilities

Notifying employees, spouses and dependents of their rights under COBRA and notifying HPHC when persons elect to continue coverage is the Employer's responsibility. Below are COBRA notification requirements:

- Employers are required to provide a notice of COBRA rights to covered employees and spouses upon enrollment in a group health plan
- In the event of a covered employee's reduction of hours or termination, the Employer must notify the eligible individuals of their COBRA rights at the time of the qualifying event
- In the event of a dependent reaching maximum age, a divorce or a legal separation, the employee must notify the Employer within 60 days of the event. The Employer then has 14 days to notify the subscriber and dependent(s) of their COBRA rights
- In the event of the covered employee's death or Medicare entitlement or the employer's bankruptcy, the Employer has 14 days from the notice of such event to notify the eligible individuals of their COBRA rights
- Upon receipt of the notice of COBRA rights, eligible individuals have 60 days to elect COBRA. Each eligible Member has an independent right to elect COBRA coverage

Note: *Employers who utilize a TPA have an additional 30 days to notify their plan administrator.*

HPHC requests the following:

- As soon as possible after the qualifying event occurs (but within 60 days), submit a termination request via *HPHConnect*, approved EDI transaction or an enrollment/change form to remove the employee, spouse, and/or dependent(s) from your group coverage. This step will relieve you of your responsibility for those premium payments during the Member's election period
- When the eligible individual(s) elects the continuation coverage, submit an enrollment request via *HPHConnect* or approved EDI transaction. If an enrollment/change form is used, it must indicate the effective date of COBRA and the Reason for Submission as "COBRA Reinstatement"

Employer Responsibility to Respond to Member Eligibility Inquiries from Providers

From time to time, HPHC receives inquiries from medical providers about eligibility for coverage under the Employer Group's health plan. Under COBRA, employers have an obligation to respond to such inquiries.

HPHC's practice is to advise medical providers whether an individual is an active or inactive HPHC Member. However, HPHC may also inform the provider that only the Employer is able to give complete and definitive information on Member eligibility due to retroactive enrollments or disenrollments that may relate to COBRA election or other events. Employers are required to respond to any such provider inquiry with information about a member's coverage, including any applicable COBRA election period.

Premium Payment

As the Employer, you are responsible for collecting premium payments for those individuals covered under COBRA. Under COBRA law, you are allowed to charge up to 102% of the group premium amount. Subscribers, whose coverage is extended from 18 to 29 months due to Social Security disability, may be required to pay up to 150% of the group premium amount after the 18 months.

Exhaustion of COBRA Coverage

Persons who exhaust their continuation of group coverage under COBRA may be eligible for coverage in Harvard Pilgrim's Nongroup plan. (Please refer to the section entitled Nongroup Coverage for the eligibility requirements.) Members interested in applying for the Nongroup plan should call Member Services at 1 (888) 333-4742.

Nongroup enrollment is limited to defined open enrollment periods. For information on Nongroup enrollment rights, an individual may contact Member Services at 1 (888) 333-4742. The law also permits enrollment outside of an open enrollment period under certain circumstances, such as, in many instances, the loss of other health insurance coverage. In most instances, an individual must apply for nongroup coverage within 63 days of their loss of coverage or wait until the next open enrollment period.

For specific information on COBRA requirements and your responsibility under COBRA, you should consult your company's legal counsel. The penalties for noncompliance with COBRA are severe, and may lead to fines under the Internal Revenue Code, ERISA and the Public Health Service Act.

Additionally, you may obtain information on COBRA from the U.S. Department of Labor, Employee Benefits Security Administration (EBSA) at 1 (866) 444-EBSA (3272), or visit the Department of Labor's Web site at: http://www.dol.gov/dol/topic/health-plans/cobra.htm

Mini-COBRA under Massachusetts Law

(M.G.L. Chapter 176J Section 9)

"Mini-COBRA" is the Massachusetts law that establishes requirements for employers with 2-19 employees to provide continuation coverage for eligible employees and their eligible dependents. The coverage obligations under Mini-COBRA are essentially the same as those required by the federal COBRA statute.

See Table 3 on page 22 for continuation coverage qualifying events, eligible individuals, and the applicable coverage period.

HPHC requires all employers with 2-19 employees to provide eligible employees notice of their Mini-COBRA rights. This notice of rights must be given to employees and their spouses, if applicable, (1) at the time of hire, and (2) within 14 days of the date of the qualifying event. You must allow employees 60 days from the qualifying event or date of notice, whichever is later, to elect continuation coverage. Additionally, you must notify HPHC when the continuation period expires.

See the Appendix for a sample Notice of Rights under Mini-COBRA and a sample Election Letter/Form for Mini-COBRA coverage.

Table 3

Qualifying Events for Federal COBRA Continuation Coverage and Massachusetts Mini-COBRA Continuation Coverage

Qualifying Event	**Who is Eligible for Continuation Coverage**	**Standard Coverage Period**
Reduction of hours (may include strike, layoff, regular and medical leave of absence and military duty), or Termination of subscriber's employment (except termination for gross misconduct)	Subscriber and dependents	18 months*
Divorce or legal separation *(The remarriage of a subscriber is not a qualifying event.)*	Dependents	36 months
Subscriber becomes entitled to Medicare	Dependents	36 months
A child reaches the maximum age for group coverage as a dependent or the child is no longer a full-time student	Dependent child	36 months
Death of the subscriber	Dependents	36 months
Bankruptcy proceeding	Retiree Spouse of retiree and dependent child	Lifetime Until the retiree dies, then up to 36 months

** Coverage may be extended to a maximum of 29 months for the subscriber and dependents if any such Member is determined to be disabled for Social Security disability purposes within 60 days of the qualifying event.*

Continuation Coverage for Divorced or Separated Spouses

(M.G.L. Chapter 176G Section 5A and M.G.L. Chapter 175 Section 110I)

Massachusetts law requires all Employer Groups covered under an insured health plan in Massachusetts, including national Employer Groups, to provide continuation coverage through the Employer Group's health plan, at no additional premium, for divorced or separated spouses who otherwise would lose coverage due to loss of eligibility.

Coverage for divorced or separated spouses must continue through the Employer Group as long as the subscriber remains enrolled and until either the subscriber or the former spouse remarries (the only exception to this requirement must be established by a divorce decree). This coverage is available to the former spouse only while the subscriber continues to be a HPHC Member.

Upon remarriage of the subscriber, if the divorce decree requires the subscriber to continue to make coverage available to former spouse, HPHC and the Employer Group must comply with the divorce decree. In this case, the former spouse may obtain identical benefits and rates either through: (1) an individual policy under the Employer Group plan or (2) a special plan administered by and payable directly to HPHC.

Continuation Coverage due to Plant Closing or Partial Plant Closing

(M.G.L. Chapter 176G Section 4A and M.G.L. Chapter 175 Section 110D and 110G)

Massachusetts law requires Employer Groups to provide continuation coverage for existing Members who would otherwise lose coverage due to a plant closing or partial plant closing. Continuation coverage for plant closings must extend, at the Employer Group's expense, for 90 days or until the Member obtains similar coverage, whichever comes first. Employer Groups are responsible for notifying employees of their continuation rights under this law.

Nongroup Coverage

When a member loses coverage through your Employer Group, he or she may be eligible to enroll in a non-group plan issued by HPHC or one of its affiliated health plans. Such coverage is only available to residents of the states in which HPHC or one of its affiliates offer non group coverage at the time such coverage is sought. (At the time of this writing, HPHC and its affiliates offer non-group plans to residents of, Massachusetts and Maine.)

The applicant may enroll only in a non group plan available in his or her state of residence. Benefits vary by state and are different than those offered under the member's group plan.

To obtain non group coverage, a terminated member must:

- Apply for non group coverage within 63 days of the date coverage was terminated;
- Maintain his or her permanent residence in the HPHC enrollment area in a state in which HPHC or one of its affiliated health plans offers non group health maintenance organization coverage
- Not have been terminated from membership for cause, as listed in the *Benefit Handbook* for the terminating plan; and
- Pay the non group premium when due.

Please note that the rules concerning non group enrollment vary from state to state. For example, in some states, no coverage is available unless application is made within 63 days of the last day of coverage under the terminating plan. In other states, a late applicant may only be able to obtain coverage that is subject to a waiting period for most benefits.

For information on Nongroup rates and benefits, or to obtain a Nongroup application, please call the Member Services Department at 1 (888) 333-4742.

Medicare Eligibles

Letters to HPHC Members Approaching Age 65

HPHC will mail letters to Members who are approaching their 65th birthday concerning their Medicare coverage options. For employers that do not offer group retiree coverage, HPHC will mail Members information concerning their option to enroll in an HPHC a Medicare Supplement Plan. Where an employer provides group retiree coverage HPHC will mail Members a letter concerning their option to enroll in HPHC's Medicare Enhance Plan.

If you have questions on this process or the Medicare Supplement or Medicare Enhance products offered by HPHC, please contact your Sales Account Executive at 1 (800) 848-9995.

Medicare Secondary Payer Provisions (42 U.S.C. Section 1395y(b))

Employer Groups offering group health coverage to Medicare beneficiaries are required to comply with Medicare Secondary Payer (MSP) rules established by CMS, the federal agency that administers the Medicare program.

Under these rules, Medicare is the secondary payer and the employer-sponsored health plan is the primary payer for the following categories of Medicare beneficiaries:

- The "working aged," meaning people who:
  - are eligible for Medicare on the basis of age
  - are covered by an employer group health plan of an employer with 20 or more employees
  - have such group coverage by virtue of their own current employment or the current employment of their spouse
- People with disabilities, meaning people who:
  - are eligible for Medicare solely on the basis of disability (under age 65)
  - are covered by an employer group health plan of an employer with 100 or more employees
  - have such group coverage by virtue of their own current employment or the current employment of a family member
- People with permanent kidney failure or End Stage Renal Disease (ESRD) who:
  - became eligible for Medicare on the basis of ESRD when they were under age 65, and
  - are covered by an employer group health plan of an employer of any size by virtue of their own current or former employment or by the current or former employment of a family member.

For persons in this category, Medicare is the secondary payer and the group health plan is the primary payer for the first 30 months of Medicare entitlement.

Additionally, Medicare generally is the secondary payer for health services also covered by a workers' compensation law or plan, no-fault insurance (including automobile no-fault insurance), and any liability insurance policy or plan.

Employer MSP Responsibilities

Employers have numerous responsibilities under the MSP laws. To fully understand MSP obligations, HPHC encourages Employers to consult with their legal counsel. The following is an overview of selected Employer responsibilities under the MSP laws:

- Follow the MSP rules to correctly determine their number of employees
- Identify Medicare beneficiaries (both active employees and retirees) to whom the MSP provisions apply
- Ensure primary payment is made when Medicare is the secondary payer
- Ensure that there is no discrimination with respect to group health coverage for Medicare beneficiaries for whom Medicare is the secondary payer, and no incentive for such beneficiaries to reject group health coverage
- Respond to "data match" inquiries from CMS

The MSP provisions are highly technical. The above summary is intended as general information only. For specific information on MSP requirements and your responsibility under MSP provisions, consult your company's legal counsel.

For information on MSP requirements, you may write to U.S. Department of Health and Human Services, The Centers for Medicare & Medicaid Services, 6325 Security Boulevard, Baltimore, Maryland, 21207-5187.

PREMIUM

Online Billing

HPHC provides a free online billing service to employer groups via *HPHConnect.* Online billing allows you to manage your invoice in a secure environment, making bill payment quicker, easier and more accurate.

With online billing, you will receive a preliminary bill on or about the 10th of each month. This provides you with a "preview" of what your next month's bill will look like, allowing you to focus on any adjustments that need to be made.

HPHC's online billing also lets you select a final bill date to align with your business processes. The final bill will reflect your premium due based on all membership changes made since your preliminary bill was presented. You will be allowed to select one of the following dates: 11th, 15th, 20th or 25th as your final bill presentment date.

For more information about online billing, refer to your *Online Billing (?)*User Guide, visit us online at www.harvardpilgrim.org or contact the Account Services Department at 1-800-637-4751.

Paper Billing

If an Employer Group is unable to receive invoices online via *HPHConnect*, Harvard Pilgrim will provide a paper invoice each month and mail it approximately 15 days before the payment due date. Full premium payments are due on the first of the month for that coverage month (i.e. payment due by May 1st for the month of May).

Payment Terms

The following are HPHC's requirements for premium payments:

- You must "pay as billed," i.e., pay the full invoice amount
- You may not take credits until HPHC reflects them on your invoice. Doing so may result in the cancellation of your group coverage due to nonpayment
- Premium must be paid on either a "daily prorate" or "15-day wash" basis*
- Failure to remit premium on or before the beginning of the coverage period will result in either a delay in claims payment for your HPHC Members or in the loss of coverage**

In addition, please note the following requirement:

Ÿ COBRA premium payments and membership reports (with the exception of the first payment) must comply with HPHC's 60 day retroactive policy. HPHC requires formal notification of subscriber and Member COBRA terminations

If you have questions about termination credits, or payments not yet reflected on your invoice, please call the Account Services Department at
1 (800) 637-4751.

* *Small groups (1-50 eligible employees) are not allowed the "15-day wash" method.*

** *HPHC follows state regulations with respect to payment of claims when an Employer Group becomes delinquent.*

Premium Calculation

The current billing period premium is calculated by multiplying the current rate by the number of subscribers in each contract type. Debits and credits for prior month's retroactivity processed since your last invoice will also be included on this month's invoice.

HPHC calculates partial months of membership in two ways:

Ÿ The standard method is called the "daily prorate," and charges a prorated monthly rate for the actual days of membership. For example, if a subscriber is added with an effective date of the 7th of the month, you will be charged from the 7th of that month until the end of that month

- The actual prorated premium is calculated by taking the monthly rate, dividing it by the number of days in that month, and then multiplying that figure by the actual number of days of membership. Retroactive credits are calculated in the same manner

Ÿ The other method is called the "15-day wash," and charges premium based on the effective date of membership*

- Subscribers with effective dates on or before the 15th of the month will be billed for the entire month, but are covered only from their actual effective dates

- Subscribers with effective dates after the 15th of the month will not be billed for the first month but will be billed from the 1st day of the following month. Subscribers are covered only from their actual effective dates
- Subscribers with termination dates on or before the 15th of the month will not be billed for the month in which termination occurred, but are covered only through their actual termination dates
- Subscribers with termination dates after the 15th of the month will be billed for the entire month, in which termination occurred, but are covered only through their actual termination dates

*The anniversary date for Employer Groups billed on the "15-day wash" method must be the first of the month.

Reading Your Invoice Through Online Billing

Harvard Pilgrim Online Billing via *HPHConnect* is the most efficient, accurate and timely method for you to receive your invoice and make payments to HPHC on a monthly basis. This real-time management of invoices and enrollment information is also flexible, allowing you to have a different invoice view/payment setup for each Customer Account. Below are just some of the features available with Harvard Pilgrim Online Billing:

1) Preliminary Invoice Presentation
2) Electronic Payment Processing
3) Flexible Billing Date
4) Invoice History
5) Payment History if Paying Online

Harvard Pilgrim HealthCare

IMPORTANT: INVOICE ENCLOSED

ABC CORP
2 WASHINGTON STREET
PO BOX 2330
DENNIS, MA 02638-5031

INVOICE # :	200483194213
INVOICE DATE	02/11/13
BILL PERIOD :	03/01/13 - 03/31/13
PAYMENT DUE ON/BEFORE :	03/01/2013

CUSTOMER ACCOUNT # : ######0000

TOTAL CONTRACTS	4
TOTAL MEMBERS	8

PREVIOUS BALANCE	$	6,119.30
MEMOS	$	0.00
ADJUSTMENTS	$	-1,728.86
AMOUNT PAID	$	0.00
BALANCE FORWARD	$	4,390.44
CURRENT PREMIUMS	$	4,068.28
PLEASE PAY THIS AMOUNT	**$**	**8,458.72**

FOR QUESTIONS REGARDING YOUR INVOICE PLEASE CALL ACCOUNT SERVICES AT 1-800-637-4751
Tired of paperwork? Save time with Free Online Billing through HPHConnect!
Goodbye Paper. Hello Online Billing! Employers have given our Online Billing service an overall satisfaction score of 98%. Of the many features offered via this secured Web tool, you can select a final bill date, access invoice history, perform subscriber searches and choose to pay by check, wire or even direct debit. If you are already using HPHConnect, simply logon to HPHConnect, select the Online Billing option from the left hand navigation bar and follow the instructions to register. If you prefer to speak with one of our HPHConnect Service Center Representatives, just call us at 1-800-676-2769.

Including Harvard Pilgrim Health Care of New England and HPHC Insurance Company

FOLD AND DETACH AT PERFORATION

ABC CORP
2 WASHINGTON STREET
PO BOX 2330
DENNIS, MA 02638-5031

INVOICE # :	200483194213
INVOICE DATE :	02/11/13
BILL PERIOD :	03/01/13 - 03/31/13
PAYMENT DUE ON/BEFORE :	03/01/2013

PLEASE MAIL PAYMENT WITH THIS STUB TO:

HARVARD PILGRIM HEALTH CARE
P.O. BOX 970050
BOSTON, MA 02297-0050

CUSTOMER ACCOUNT # : ######0000

PLEASE PAY THIS AMOUNT **$8,458.72**

Enter Payment Amount Here
$

PLEASE DO NOT WRITE BELOW THIS LINE

0936150000 0004942042134 0000406828 0000845872DC

HARVARD PILGRIM HEALTH CARE
P.O. BOX 970050
BOSTON, MA 02297-0050

INVOICE # : 200483194213
INVOICE DATE : 02/11/13
BILL PERIOD : 03/01/13 - 03/31/13
PAYMENT DUE ON/BEFORE : 03/01/2013

CUSTOMER ACCOUNT # : ########0000

ABC CORP
2 WASHINGTON STREET
PO BOX 2330
DENNIS, MA 02638-5031

CONTRACT NUMBER	SUBSCRIBER'S NAME	COVERAGE EFFECTIVE	BILL FROM	BILL TO	CONTRACT TYPE	FAM SIZE	DAYS	PREMIUM AMOUNT
HP########		10/01/08	03/01/13	03/24/13	I	1	2	$669.23
HP########		03/25/05	03/01/13	03/24/13	D	2	24	$1,391.34
HP########		03/25/12	03/01/13	03/24/13	F	4	24	$2,007.71
							Total:	**$4,068.28**

ADJUSTMENT SECTION

CONTRACT NUMBER	SUBSCRIBER'S NAME	ADJ EFF	ADJ END	CONTRACT TYPE	DAYS	REMARKS	ADJUST AMOUNT
HP########		01/01/13	02/28/13	I	59	VC	-$1,728.86
						Total:	**-$1,728.86**

VC VOLUNTARY CANCELLATION

SUMMARY OF BILLING

CONT TYPE	BENEFIT PACKAGE	COUNT	DAYS	AMOUNT
D	W6	1	24	$1,391.34
F	W6	1	24	$2,007.71
I	W6	1	24	$669.23
			PREMIUM TOTAL	**$4,068.28**
D	W6	0	0	$0.00
F	W6	0	0	$0.00
I	W6	1	59	-$1,728.86
			ADJUSTMENT TOTAL	**-$1,728.86**

Reading Your Paper Invoice

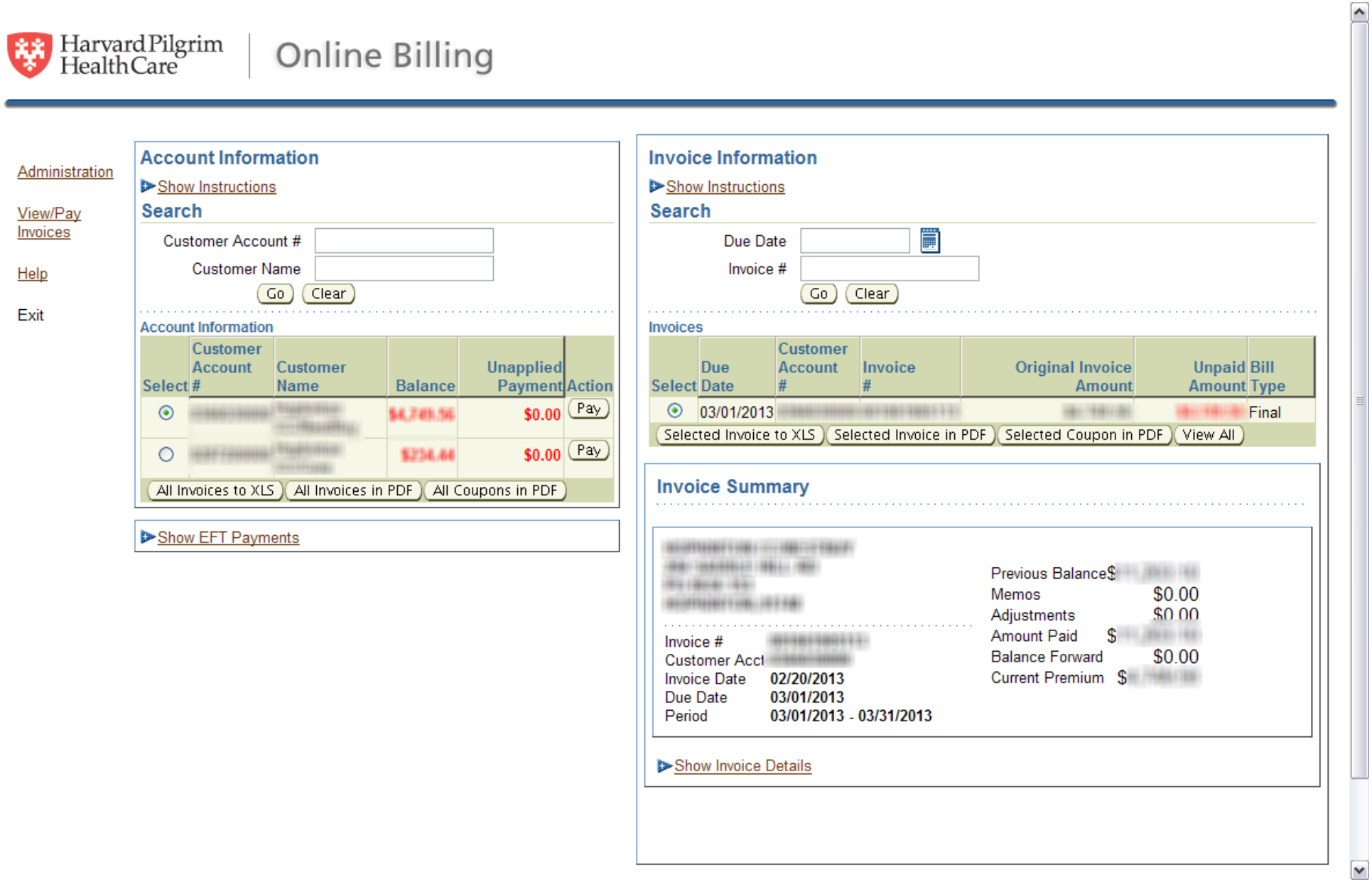
If you choose to receive a paper invoice each month, your invoice will contain a cover page, a list of all your covered employees and their applicable premium rates, a detailed adjustment section and a summary of current billing.

Important sections to note on the Summary Page of the paper invoice:

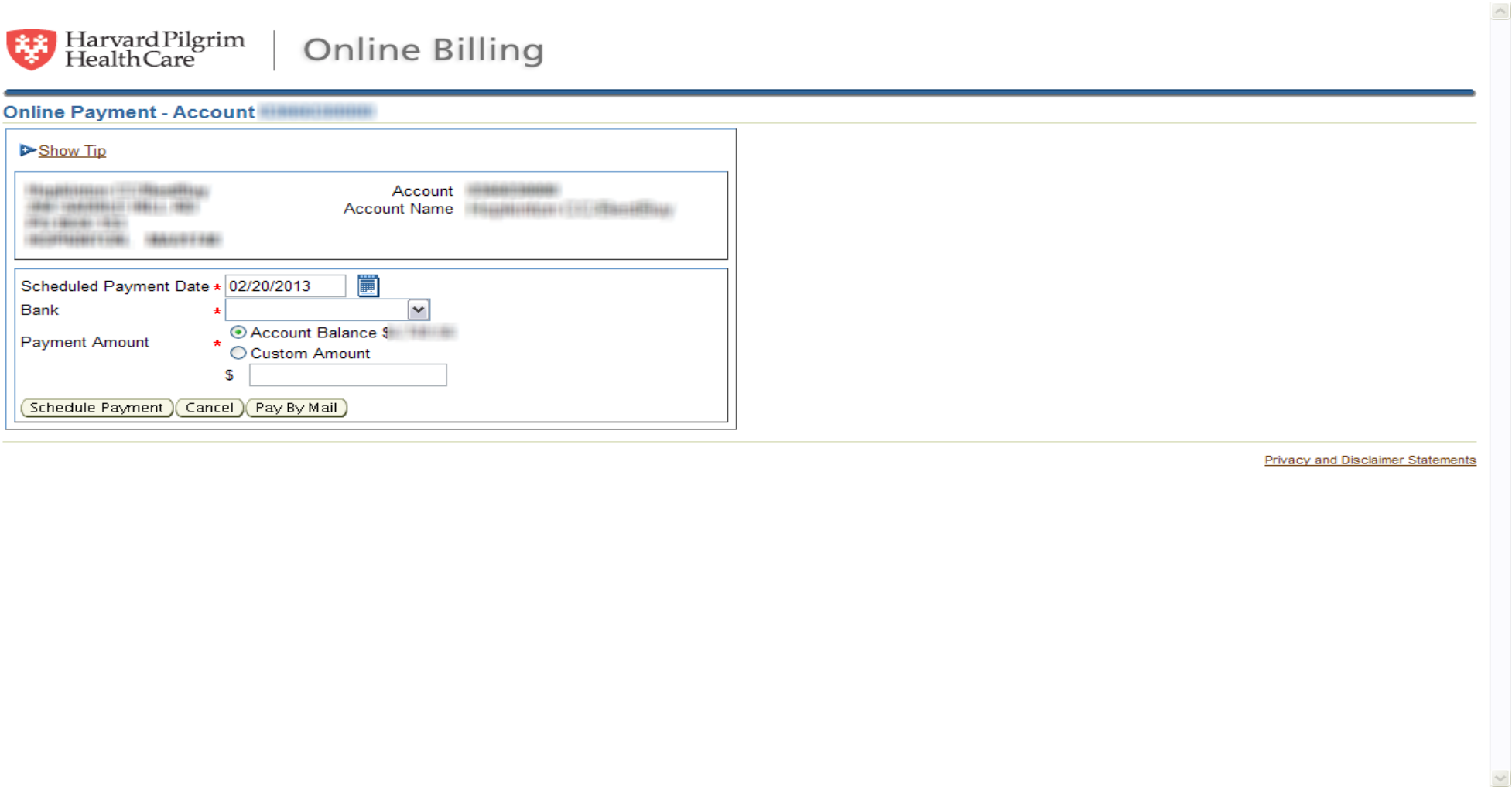
1) Invoice Number - Each invoice has a unique invoice number that should be referenced when you pay that invoice or if you have questions about that particular invoice.
2) Invoice Date – All transactions and payments processed on or before the invoice date are reflected on this invoice*.
3) Bill Period – The period of time for which you are currently being billed.
4) Payment Due On/Before Date – All premium payments are due on or before the first day of the coverage period.
5) Adjustments – Reflects the total of all retroactivity since your last invoice. These adjustments may reflect the addition of new employees, terminations and/or contract type changes.
6) Balance Forward – The amount remaining after the amount paid is subtracted from the previous balance, plus or minus any adjustments from the current month's invoice.
7) Current Premiums – Reflects premiumcharged for the current bill period, excluding adjustments.
8) Please Pay This Amount – This amount reflects the current premium plus or minus any previous balances and adjustments.

* *Paperenrollment transactions received less than ten (10) days prior to the invoice date may not be reflected on your current month's invoice*

Please note that it is the responsibility of the employer group to audit all Customer Accounts billed by HPHC on a monthly basis. Doing so will ensure that accurate membership is reflected on invoices and avoid any potential membership or premium discrepancies.



Account Information/Invoice Information/Invoice Summary Screen



Payment Screen

Invoice Summary

[redacted]

Invoice #
Customer Acct
Invoice Date 02/20/2013
Due Date 03/01/2013
Period 03/01/2013 - 03/31/2013

Previous Balance $[redacted]
Memos $0.00
Adjustments $0.00
Amount Paid $[redacted]
Balance Forward $0.00
Current Premium $[redacted]

Hide Invoice Details

Current Premium

Invoice	Contract Type	Benefit Package	Days	Subscribers	Premium
[redacted]	F	}W	120	5	$[redacted]
[redacted]	I	}W	48	2	[redacted]

Adjustments

Invoice	Contract Type	Benefit Package	Days	Subscribers	Premium
No results found.					

Manual Adjustments

Invoice	Adjustment date	Code	Reason	Amount
No results found.				

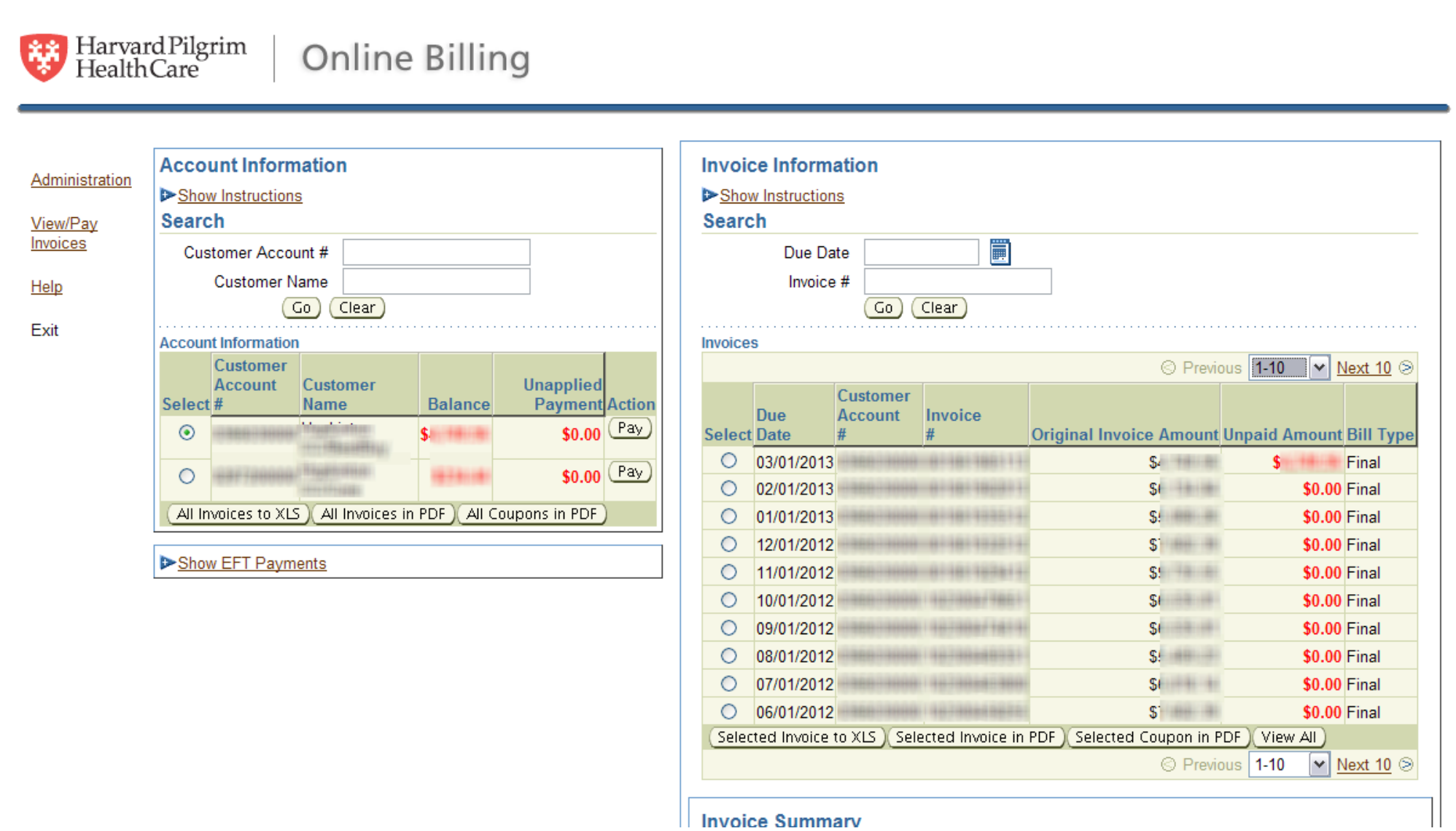
Click to Collapse Subscribers Area

Contract#
Last Name
Last 4 Digit of SSN
Find View All Clear

Subscriber Information

Contract #	Subscriber	From	To	Contract Type	Family Size	Days	Premium
HF[redacted]	[redacted]	03/01/2013	03/24/2013	F	4	24	$[redacted]
HF[redacted]	[redacted]	03/01/2013	03/24/2013	F	5	24	$[redacted]
HF[redacted]	[redacted]	03/01/2013	03/24/2013	I	1	24	$[redacted]
HF[redacted]	[redacted]	03/01/2013	03/24/2013	F	7	24	$[redacted]
HF[redacted]	[redacted]	03/01/2013	03/24/2013	F	6	24	$[redacted]
HF[redacted]	[redacted]	03/01/2013	03/24/2013	F	2	24	$[redacted]
HF[redacted]	[redacted]	03/01/2013	03/24/2013	I	1	24	$[redacted]

Invoice Detail Screen



Invoice History is under Invoice Information when you click on “View All”

Making Premium Payments

Payments are to be made based on the total amount due indicated on the invoice. Adjustments and any outstanding amounts due are calculated into the total amount due. Additional adjustments submitted after the bill date will be reflected on the next month's invoice. When submitting payment that applies to more than one customer account, HPHC must receive the Remittance Coupon for each customer account or a remittance advice statement indicating exactly what payment amount should be applied to each customer account. Without this remittance statement, there could be a substantial delay in the posting your payment, or your payment may be mis-applied to your account.

If you use a Third Party Administrator to manage your payments (or other activities), please notify the Account Services Department. Third Party Administrators are subject to the same requirements as Employer Groups for premium remittance and enrollment/termination processing.

In accordance with Massachusetts law, there is a 10-day grace period on premium payments. Late payments may be subject to a finance charge. HPHC may terminate an Employer Group for nonpayment of premium in accordance with its termination rights and will pursue collection activity for unpaid premiums through the date of termination.

Using Harvard Pilgrim Online Billing via *HPHConnect*, employer groups have the option to pay invoices through a HPHC Electronic Funds Transfer (EFT), by wire or check. For maximum flexibility, payment methods can even be made differently for each Group within your account.

Premium Payment Methods

The following methods may be used to remit your premium payments:

- **Direct Debit** (commercial customer accounts only):

  With your authorization, each month HPHC will automatically withdraw your payment amount from your bank account for the amount, and on the date, you specify. The bank account must either be a checking or savings account. This payment option can be established easily through the Direct Debit Setup/Edit screen within the online billing tool

- **Electronic Funds Transfer (EFT)**

  HPHC also accepts premium payments electronically by wire or Automatic Clearinghouse (ACH) transfer. In addition to the premium due, HPHC must receive a remittance advice on the same day as the EFT. HPHC's banking information is as follows:

  Wire

Bank:	Bank of America
ABA Routing Number:	026 009 593
Account Number:	561-02394

  ACH

Bank:	Bank of America
ABA Routing Number:	011 000 138
Account Number:	561-02394

  If you would like to remit your payment by EFT, please contact the Account Services Department at 1 (800) 637-4751 to discuss the details of this arrangement.

- **Check**

  HPHC utilizes an automated lock box service to ensure the most accurate and timely processing of your payment. Please forward your check, along with a printed coupon from the Summary Page of your online invoice or paper invoice, to the following address:

  HARVARD PILGRIM HEALTH CARE
  PO BOX 970050
  BOSTON MA 02297-0050

Form 5500 Schedule A

HPHC will provide health plan data used to complete Form 5500 Schedule A through its online self-service tool, HPHConnect or upon written request from the Employer Group or authorized Third Party Administrator. Information will be produced for each customer account unless otherwise requested. The following information will be provided:

- Insurance Carrier
- EIN
- NAIC Code
- Group Name
- Group Number
- Product Type
- Plan Year
- Total BilledPremium
- Total Paid Premium
- Premium Due and Unpaid at the End of the Plan Year
- Agency/Broker Name(s)
- Broker Commission Paid
- Broker Bonus Paid

A Plan administrator (such as an employer group or authorized third party administrator) can access Form 5500 Schedule A data via HPHConnect, our secure web-based administrative service too.l. The data is complied real time and presented in a reader-friendly view that can also be printed.

Written requests for Form 5500 Schedule A information should be directed to the Account Services Department at 1 (800) 637-4751. The request must include the following information:

- Group/Customer Account Names(s)
- Group/Customer Account Number(s)
- Plan Year(s) (e.g. January 1st, 2011 through December 31st, 2011
- Facsimile email or address for mailing of completed statements
- Contact name

Harvard Pilgrim Health Care certifies the data which it provides to plan administrators for Form 5500- Schedule A filing purposes. Harvard Pilgrim compiles commissions paid and fees received that are attributable to the invoice to which it is posted during the reporting period and based on the date the report is generated. Harvard Pilgrim includes in such compilation, bonus payments attributable to the plan's most recent calendar year. Once Harvard Pilgrim determines that it has all of the information applicable to the appropriate period and, in the case of bonuses, the calendar year, Harvard Pilgrim will make sure that all such information is made available on *HPHConnect* and will certify to the accuracy and completeness of such posted data, subject to disclosures which you will be made aware of as you access the data.

Employer Group Contract Renewal/Termination

Renewal Information

Your contract with HPHC renews on the effective date specified in your *Renewal Rate Letter* (or another date agreed to by the Employer Group and HPHC), unless terminated as described below.

Employer's Termination Rights

The Employer must give written notice to HPHC at least 30 days prior to the intended date of termination. If written notice is not received from the Employer Group at least 30 days prior to the requested termination date, HPHC will set the termination date at 30 days after the date HPHC receives written notice. In addition, the Employer Group will be responsible for the full premium amount up to the termination date established by HPHC. For example, if you choose to terminate coverage effective midnight June 30, HPHC must receive notificationof the termination by May 31.

HPHC's Termination Rights

The Plan is guaranteed renewable as required by state and federal laws, except under the following circumstances:

a) Termination or non-renewal for nonpayment of premium. HPHC may terminate your contract, or exercise its right not to renew your contract at the anniversary date due to nonpayment of premium.

b) Termination for Cause. HPHC may terminate your contract by giving 45 days written notice for any of the following reasons:

   i. Employer has committed fraud, misrepresented a person's eligibility as an employee or misrepresented information to determine the Employer's group size, participation rate, or premium rate.

   ii. Employer has failed to comply with HPHC's provisions, including but not limited to requirements concerning employer contribution to group premiums.

   iii. Employer is no longer actively engaged in business

c) Non–renewal for Cause. HPHC may refuse to renew your contract by giving notice at least 60 days prior to the Anniversary Date for any of the reasons stated in Paragraph b above, or for any of the following reasons

   i. Failure to comply with the minimum participation requirements.

   ii. Refusal to comply with HPHC's reasonable request for information, or for the verification of information, necessary to determine Employer's (or a Member's) eligibility for coverage under the Plan.

d) Termination Due to Withdrawal of Product. HPHC may terminate your contract by giving written notice at least 90 days prior to the date HPHC ceases to offer the Plan. In the event of such termination, HPHC will offer the Employer the option to purchase any other group health coverage HPHC offers (in Massachusetts) for which the Employer would be eligible.

e) Termination Due to Withdrawal From Market. HPHC may terminate your contract by giving written notice at least 180 days prior to the date HPHC ceases to offer coverage in the market.

Coverage for the subscriber and any covered family dependents will end when the contract with HPHC is terminated. For example, if your contract terminates effective June 30th, all benefits for your covered employees cease June 30th. Therefore, if an employee is receiving services such as hospitalization, the services will no longer be covered by HPHC beyond June 30th at midnight.

Third Party Liability

HPHC's Insurance Liability Recovery (ILR) Department determines when another insurer or party may be liable for expenses for services provided by HPHC and coordinates benefits as allowed by law. Other coverage may include other health benefit plans, medical payment policies, governmental benefits and Medicare.

Benefits in the Event of Other Coverage

When a Member is covered by two or more health benefit plans, one plan will be "primary" and the other plan will be "secondary." The benefits of the primary plan are determined before those of the secondary plan without considering the benefits of the secondary plan. The benefits of the secondary plan are determined after those of the primary plan and may be reduced because of the primary plan's benefits.

In the case of health benefit plans that contain provisions for the coordination of benefits (COB), the following rules shall decide which plan is primary and which plan is secondary:

- Dependent/non-dependent: The benefits of the plan that covers the person as an employee, or subscriber are determined before those of the plan that covers the person as a dependent
- A dependent child whose parents are not separated or divorced: The order of benefits is determined as follows:
  - the benefits of the plan of the parent whose birthday falls earlier in a year are determined before those of the plan of the parent whose birthday falls later in a year
  - if both parents have the same birthday, the benefits of the plan that covered the parent longer are determined before those of the plan that covered the other parent for a shorter period of time
  - however, if the other plan does not have the rule described above, but instead has a ruled based upon the gender of the parent, and if, as a result, the plans do not agree on the order of benefits, the rule in this plan (the "birthday rule") will determine the order of benefits
- Dependent Child/Separated or Divorced Parents:

  Unless a court order, of which HPHC has knowledge, specifies one of the parents as responsible for the health care benefits of the child, or if the court decree states that the parents have joint custody without specifying that one parent has responsibility for the health care expenses or health care coverage of the dependent child, the birthday rule applies. If there is no court decree the order of benefits is determined as follows:
  - first the plan of the parent with custody of the child
  - then, the plan of the spouse of the parent with custody of the child
  - finally, the plan of the parent not having custody of the child
- Active / Inactive Employee: The benefits of the plan that covers the person as an active employee are determined before those of the plan that covers the person as a laid-off or retired employee.
- Cobra or State Continuation Coverage: If a person whose coverage is provided under the right of continuation pursuant to federal or state law is also covered under another plan, the plan covering the person as an employee, member, subscriber or retiree (or as that person's dependent) is primary and the continuation coverage is secondary.
- Longer/Shorter Length of Coverage: If none of the above rules determines the order of benefits, the benefits of the plan that covered the employee, Member, or subscriber longer are determined before those of the plan that covered that person for the shorter time
- The Final Fall-Back Rule: If none of the preceding rules determines the primary plan, the allowable expenses shall be shared equally between the two plans.

Provider Payment when HPHC Coverage is Secondary

When a Member's HPHC coverage is secondary to a Member's coverage under another Health Benefit Plan, HPHC may suspend payment to a provider of services until the provider has properly submitted a claim to the primary plan and the claim has been

paid, in whole or in part, or denied by the primary plan. HPHC may recover any payments made for services in excess of HPHC's liability as the secondary plan, either before or after payment by the primary plan.

Medical Payment Policies

For Members who are entitled to benefits under the medical payment benefit of a motorcycle, boat, homeowners, hotel, restaurant, or other insurance policy, such coverage shall become primary to the coverage under the *Benefit Handbook* for services rendered in connection with a covered loss under that policy. The benefits under the *Benefit Handbook* shall not duplicate any benefits to which the Member is entitled under any medical payment policy or benefit. All sums payable for services provided under the *Benefit Handbook* to Members that are covered under any medical payment policy or benefit are payable to HPHC.

Workers' Compensation/Government Programs

If HPHC has information indicating that services provided to a Member are covered under Workers' Compensation, employer's liability or other program of similar purpose, or by a federal, state or other governmental agency, HPHC may suspend payment for such services until a determination is made whether payment will be made by such program. If HPHC provides or pays for services for an illness or injury covered under Workers' Compensation, employer's liability, or other program of similar purpose, or by a federal, state or other government agency, HPHC will be entitled to recovery of its expenses from the provider of services or the party or parties legally obligated to pay for such services.

Subrogation

Subrogation is a means by which HPHC and other health insurance carriers recover expenses of services where a third party is legally responsible for a Member's injury or illness.

If another person or entity is, or may be, liable to pay for services related to a Member's illness or injury which have been paid for or provided by HPHC, HPHC will be subrogated and succeed to all rights of the Member to recover against such person or entity 100% of the value of the services paid for or provided by HPHC.

HPHC will have the right to seek such recovery from, among others, the person or entity that caused the injury or illness, his liability carrier or the Member's own auto insurance carrier. In the event a Member has been reimbursed by another party for medical expenses provided or paid for by HPHC, HPHC shall be entitled to recover from such Member 100% of the amount the Member has received.

HPHC's right to recover 100% of the value of services paid or provided is not subject to any reduction for attorney's fees. HPHC's right to 100% recovery shall apply even if any recovery the Member receives for an illness or injury is designated or described as being for damages other than health care expenses.

To enforce its subrogation rights, HPHC will have the right to take legal action, with or without the Member's consent, against any party to secure recovery of the value of services provided or paid for by HPHC for which such party is, or may, be liable.

Nothing described herein shall be construed to limit HPHC's right to utilize any remedy provided by law to enforce its rights to subrogation.

Member Cooperation

The Member agrees to cooperate with HPHC in exercising its rights of subrogation and coordination of benefits under the *Benefit Handbook*. Such cooperation will include, but not be limited to, a) the provision of all information and documents requested by HPHC, b) the execution of any instruments deemed necessary by HPHC to protect its rights, c) the prompt assignment to HPHC of any monies received for services provided or paid for by HPHC, and d) the prompt notification to HPHC of any instances that may give rise to HPHC's rights. The Member further agrees to do nothing to prejudice or interfere with HPHC's rights to subrogation or coordination of benefits.

Failure of the Member to perform the obligations stated in this subsection shall render the Member liable to HPHC for any expenses HPHC may incur, including reasonable attorney's fees, in enforcing its rights.

HPHC's Rights

Nothing in this *Administrative Guide* or the *Benefit Handbook* shall be construed to limit HPHC's right to utilize any remedy provided by law to enforce its rights to subrogation or coordination of benefits.

Members Eligible for Medicare

For a Member who is eligible for Medicare by reason of End Stage Renal Disease, HPHC will be the primary payor for Covered Services during the "coordination period" specified by federal regulations at 42 CFR Section 411.62. Thereafter, Medicare will be primary payer. When Medicare is primary (or would be primary if the Member were timely enrolled) HPHC will pay for services only to the extent payments would exceed what would be payable by Medicare.

Note: The Benefit Handbook *provides more detailed information on coordination of payment in the event of other insurance. If you have additional questions, please call 1(888) 888-4742 x38999 or (617) 509-8999 and ask for Coordination of Benefits, Motor Vehicle Accidents or Workers' Compensation.*

Claims

Submitting a Claim

In most cases, Members will not receive bills from participating providers. Members may need to submit claims for reimbursement when they receive urgent or emergency services from a non-participating provider.

POS and PPO Members using out-of-network services may need to submit a bill for either payment or reimbursement if the provider does not or will not bill HPHC directly. Members may call HPHC's Member Services Department to request POS and PPO claim forms.

If an employee receives a bill for a covered service, he may ask the provider to bill HPHC on a standard health care claim form (i.e., HCFA 1500 or the UB-92 form). Claims should be sent to HPHC at the following address (listed on the back of the Member's ID card):

HARVARD PILGRIM HEALTH CARE
CLAIMS DEPARTMENT
PO BOX 699183
QUINCY MA 02269

If a Member pays a non-participating provider for a covered service, a request for reimbursement may be submitted to HPHC for payment consideration. The Member will need to send copies of itemized receipts from the provider or pharmacy (if the Employer Group offers this benefit) which shows proof of payment.

The following information is needed to process a Member's claim:

- The patient's full name
- The patient's date of birth
- The patient's HPHC ID number (on the front of the patient's ID card)
- The date the service was rendered
- A brief description of the illness or injury listing the diagnosis and procedure codes
- Provider name, address and tax ID number
- For pharmacy items, a drug store receipt stating (a) the name of the drug or medical supply; (b) the prescription number; and (c) the amount paid.

Note: All claims must be submitted in U.S. currency. HPHC may require additional information for some claims. Members with questions about claims may call HPHC's Member Services Department at 1 (888) 333-4742.

Member Confidentiality Policy

HPHC is committed to ensuring and safeguarding the confidentiality of its Members' information, including personal and medical information. HPHC staff access Member information only in connection with providing services and benefits and in accordance with HPHC's confidentiality policies. HPHC sometimes contracts with other organizations or entities to assist with the delivery of care or administration of benefits. Any such entity is informed of HPHC's confidentiality and privacy standards and is obligated to adhere to them. In addition, HPHC's contracted providers agree to protect the confidentiality of medical records, and cannot release a Member's records to a third party without the Member's authorization or unless allowed or required by law.

In order to provide coverage for treatment and administer services and benefits, there are times when HPHC will use and disclose protected health information (PHI) without a member's authorization. Examples include: use in professional and utilization review activities, such as coordination of care, referrals and authorizations, disease management, and quality assurance; verifying eligibility; fraud detection; and certain oversight activities, such as accreditation and regulatory audits. There may be other instances that HPHC will be required or permitted to release protected health information. For example, those instances where a member authorization has been obtained, when the release of such information is in connection with certain activities allowed or required by law, *or as otherwise allowed under the terms of the Benefit Handbook.*

Except as provided above, HPHC will not disclose to third parties Member specific information (i.e., information from which the Member is personally identifiable) without specific authorization from the Member, unless permitted by law. HPHC does not sell personal information.

Note: This policy is not intended to discourage Employer Groups from contacting HPHC with employee claim questions. However, HPHC will determine whether a specific member authorization is required based on the classification of the employer group, i.e., self or fully insured, and whether the appropriate documentation is in place to support release of protected health information without the member's authorization.

Select Federal and State Health Care Laws

The Health Insurance Portability and Accountability Act of 1996 (HIPAA)

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) applies to employer-sponsored health plans such as the plans offered by HPHC. HIPAA applies to all group plans, regardless of size, and makes it easier for persons who change jobs to remain continuously covered under employer-sponsored health plans while limiting restrictions due to pre-existing condition limitations. A pre-existing condition limitation may only apply to medical advice, diagnosis, care or treatment recommended or received within six months of enrollment, and may only last for 12 months (18 months for late enrollees) from enrollment.

HIPAA Certificates

HIPAA requires health plans to provide "Certificates of Creditable Coverage" to show how many months of health care coverage an individual had, up to a maximum of 18 months. The Certificate of Creditable Coverage also shows the date coverage ended. The purpose of a Certificate of Creditable Coverage is to prove to a new employer the number of months of "credit" a person has from a prior health plan. If there has not been a gap in coverage of 63 days or more, any pre-existing condition exclusion period in a new employer's health plan must be reduced by the number of days of coverage shown on the Certificate.

Certificates of Creditable Coverage must be provided at the following times:

- When an individual loses coverage under an employer sponsored plan, whether or not there is COBRA continuation coverage
- When coverage ends under COBRA (or similar state continuation provisions)
- Upon written request of a formerly covered individual within two years of loss of coverage

Consistent with these requirements, HPHC sends out Certificates of Creditable Coverage whenever a Member's coverage with HPHC (including COBRA coverage) ends and HPHC has received a termination notice from the Employer Group or Third Party Administrator acting on the Employer's behalf. HPHC's Member Services Department also provides Certificates, free of charge, in response to requests from former Members made within two years of the date coverage ends.

For additional information on HIPAA, you may consult the Department of Labor website at **http://www.dol.gov/dol/topic/health-plans/portability.htm**

HIPAA ADMINISTRATIVE SIMPLIFICATION

Privacy Rule

HIPAA Privacy Rule requires HPHC to provide individuals with an accurate and thorough description of possible uses and disclosures of their protected health information (PHI). HPHC is committed to ensuring the utmost privacy and security protection of member/patient PHI. In accordance with the requirements defined by HIPAA, we will provide our members with a Notice of Privacy Practices, a document which describes permitted uses and disclosures of PHI, outlines an individual's rights relating to their PHI and provides a description of how to file a complaint if the member feels there has been a breach of privacy.

Transaction and Code Set Rule

As of October 16, 2003, HPHC was able to accept standard enrollment/disenrollment and premium payment electronic transactions as defined by HIPAA.

HIPAA Security Rule

HPHC is committed to maintaining the confidentiality and the security of electronic protected health information (PHI). Appropriate processes and procedures have been put in place to support the confidentiality, integrity and availability of PHI when interacting with our employer groups and/or their identified representatives.

Women's Health and Cancer Rights Act of 1998

The Women's Health and Cancer Rights Act (WHCRA) established specific benefits for women enrolled in group health plans. Consistent with the WHCRA requirements, the Plan includes the following benefits with respect to a mastectomy:

- Reconstruction of the breast on which the mastectomy was performed
- Surgery and reconstruction of the other breast to produce a symmetrical appearance
- Prostheses for reconstruction
- Coverage for physical complication of all stages of mastectomy, including lymphedemas

The above care must be provided in consultation with the physician and patient. HPHC provides annual notice of these benefits to subscribers. Presently, we place this notice in the subscriber publication, *Your Health*.

Newborns' and Mothers' Health Protection Act of 1996

Newborns' and Mothers' Health Protection Act of 1996 requires group health plans to permit newborns and their mothers to remain in the hospital for at least 48 hours in the case of a vaginal delivery or 96 hours in the case of a cesarean delivery. Any decision to shorten the inpatient stay for the mother and the newborn will be made by the mother in consultation with the attending physician.

Massachusetts Mental Health Parity Act

The Massachusetts Mental Health Parity Act (MHPA) requires Massachusetts HMOs and health insurance carriers to provide coverage for the certain biologically based illnesses on a "parity basis," meaning without annual or lifetime limits unless the same are imposed on benefits for physical conditions.

Biologically based mental disorders are defined as schizophrenia, schisoaffective disorder, major depressive disorder, bipolar disorder, paranoia and other psychotic disorders, obsessive-compulsive disorder, panic disorder, delirium, dementia, affective disorders and any other biologically-based mental disorder appearing in the Diagnostic and Statistical Manual of the American Psychiatric Association (DSM) that is scientifically recognized and approved by the Commissioner of Mental Health.

MHPA also mandates parity coverage for the diagnosis and treatment of mental illnesses in children under age 19, and for the diagnosis and treatment of rape-related mental and emotional illnesses.

Additionally, MHPA requires a minimum benefit of 60 days if inpatient treatment and a minimum benefit of 24 outpatient visits in a 12-month period for the medically necessary diagnosis and treatment of non-parity mental conditions.

Appendix

Off Cycle Enrollment Rights

Under the Health Insurance Portability and Accountability Act (HIPAA), an employee who has declined enrollment for him/herself or dependents because of other health insurance coverage may enroll in the plan at any time if: (1) the employee's spouse or eligible dependent has lost other insurance; (2) employer contributions toward the dependent's coverage were terminated; (3) the employee marries; (4) the employee has a newborn or adoptive child. The employee must submit a written request for enrollment to the employer within 30 days of one of the qualifying events listed above.

Sample Notice of Rights under Mini COBRA

Chapter 176J, Section 9 of the Massachusetts General Laws requires small group carriers to provide for the continuation of health benefits called, "Continuation Coverage," to employees of small businesses with 2-19 employees. The companies are called "Covered Employers" in this notice. This coverage is offered at group rates in certain cases where coverage under the plan would otherwise end, called "Qualifying Events." This notice is intended to tell you, in brief form, about Continuation Coverage for the group health plan offered by [insert name of Employer Group] (called in this notice "Employer"). The group health plan offered by the Employer is called the "Plan." You should take the time to read this notice carefully. If you are married, your spouse should read it also.

If you are an employee covered by the Plan, you have a right to choose Continuation Coverage if you lose your group health coverage for either of the following reasons:

- You lose your job (for reasons other than gross misconduct on your part)
- You lose your coverage because your work hours are reduced

If you are the spouse of an employee covered by the Plan, you have the right to choose Continuation Coverage for yourself if you lose group health coverage under the Plan for any of the following four reasons:

- The death of your spouse
- Your spouse loses his or her job (for reasons other than gross misconduct) or is required to work fewer hours
- Divorce or legal separation from your spouse
- Your spouse becomes entitled to Medicare

Dependent children of an employee covered under the Plan have the right to choose Continuation Coverage if group health coverage under the Plan is lost for any of the five following reasons:

- The death of the employee-parent
- The employee-parent loses his or her job (for reasons other than gross misconduct) or is required to work fewer hours
- Parents' divorce or legal separation
- The employee-parent becomes entitled to Medicare
- The dependent ceases to be a "dependent child" under the terms of the Plan

Also, there may be a right to Continuation Coverage for certain eligible retirees and their spouses, surviving spouses, and dependent children if a Title 11 bankruptcy proceeding begins with regard to the Employer. If this takes place, you should contact HPHC's Member Services Department at the address and phone number included at the end of this notice.

To be eligible for Continuation Coverage, a spouse or child of the employee must have been covered under the plan as a dependent on the day before the Qualifying Event.

The employee or family member must inform the Employer of divorce or legal separation or if a child loses dependent status under the Plan. This must be done within 60 days of the date of the event or the date on which coverage would end under the Plan because of the event, whichever is later. The Employer will then inform HPHC.

Small group carriers may require small group employers/intermediaries to help with the administration of Continuation Coverage.

The Employer/Intermediary also has the responsibility to notify HPHC of the employee's death, termination of employment, reduction in hours of employment, or Medicare entitlement.

When your Employer is notified that one of these

events has occurred, within 14 days you will be notified that you have the right to choose Continuation Coverage. You have 60 days from the later of: (i) the date you lost coverage because of one of the events described above; or (ii) the date of the notice of your right to elect Continuation Coverage, to inform your Employer that you want Continuation Coverage. The letter provided with this notice includes a form that you can return to the Employer if you elect to continue coverage. If you choose to continue coverage, the Employer/Intermediary will advise HPHC of your decision. If you do not elect Continuation Coverage, your group health insurance coverage under the Plan will on the date of the Qualifying Event or the date through which your premiums have been paid. If you choose Continuation Coverage, you are entitled to coverage that is identical to the coverage provided by your former Employer to active employees.

An 18-month period of Continuation Coverage may be extended for up to 11 months (for a total of up to 29 months) if you have been found to be disabled under the Social Security Act within 60 days of the Qualifying Event. Also, you must advise HPHC within 60 days of such determination, and within the initial 18-month Continuation Coverage period. Your eligible dependents may also benefit from this 11-month extension. During the additional 11-month extension, the cost of the coverage may be as high as 150% of the applicable premium.

Additional Qualifying Events can occur while Continuation Coverage is in effect. Such events may extend an 18-month Continuation Coverage period to 36 months. In no event will coverage extend beyond 36 months after the initial Qualifying Event. You should notify your former Employer if a second Qualifying Event occurs during your Continuation Coverage period.

Your Continuation Coverage may end prior to the expiration of the 18-, 29-, or 36-month period for any of the following five reasons:

1. The former Employer no longer provides group health coverage;
2. You fail to pay the monthly charge for this coverage on time;
3. You become covered under another group health plan that does not contain any exclusions or limitations for any of your preexisting conditions;
4. You or your dependent(s) become entitled to Medicare; or
5. Coverage has been extended for up to 29 months due to disability and there has been a final ruling that you are no longer disabled. (You must notify your former Employer within 30 days of any such final determination. Your former Employer will then inform HPHC).

You do not have to show that you are insurable to choose Continuation Coverage. However, Continuation Coverage is provided subject to your eligibility for coverage under the Plan. The Employer/Intermediary and HPHC reserve the right to end your Continuation Coverage retroactively if you are found to be ineligible.

To continue coverage, you must pay 102% of the "Applicable Premium" for your coverage. The Applicable Premium is the premium that would apply for active employees of the Employer group. Please note that generally active employees only pay a portion of the premium, and the employer pays the rest. If you lose coverage as a result of a Qualifying Event, you pay the entire premium for your Continuation Coverage plus a 2% administrative fee. Your first payment must be made no later than 45 days after you elect to continue coverage. After the first payment, premium payments are due monthly, within 30 days of the due date.

Once your Continuation Coverage ends for any reason it cannot be reinstated. However, HPHC offers Nongroup health insurance coverage to eligible individuals and families.

This notice is a summary of the law and therefore is general in nature. The law itself and the rules of the Plan govern. If you have any questions about this notice, please contact the Member Services Department toll-free at 1 (888) 333-4742 weekdays between 8:00 a.m. and 5:30 p.m. If you are deaf or hard-of-hearing, call toll-free at 1 (800) 637-8257 for TTY services.

Sample Election Letter for Mini-COBRA

Date

CERTIFIED MAIL

Name
Address

Dear Name:

Please be advised that you are no longer eligible to be covered under our employee health plan as of (Date). However, you have the option to continue your benefits under the plan beyond this date. If you have dependents who were covered under the plan, you also have the option to continue their benefits.

You have 60 days from the date of this notice, or 60 days from the date your coverage ends, whichever is later, to notify us of your election. If you elect this option, your benefits will be continued until:

- Ÿ The expiration of _____- months following (Date);
- Ÿ You become covered under any other group health plan that does not contain any exclusion or limitation for any of your preexisting conditions;
- Ÿ You or your dependent(s) become entitled to Medicare benefits;
- Ÿ You fail to pay the monthly charge for this coverage on time; or
- Ÿ Our employee health plan is no longer in force; whichever event occurs first.

The current monthly charge is $ _____ for an Individual Plan and $ _____ for a Family Plan. This charge also includes a 2% administration fee. Your first payment will be for the period beginning on (Date) and ending on (Date). Therefore, the amount due will be $ _____ for an Individual Plan, or $ _____ for a Family Plan.

Your first payment must be received within 45 days of the date you sign this election form. Subsequently, you will be billed monthly. Each bill will indicate the amount due, the due date and where to send your payment.

If your first payment is not received on time, you will lose your option to continue coverage. We must receive any subsequent monthly payment within 30 days of the due date; otherwise your coverage will be canceled.
Please complete the bottom portion of both copies of this notice. Keep one copy for your records and return one copy to: _____. If you have any questions regarding this notice, please contact (Group) at the above address.

I wish to continue my employee benefits under your employee health plan.	Yes	No
I wish to continue my dependent benefits under the above plan.	Yes	No
My first payment is enclosed.	Yes	No
You will receive my first payment within 45 days.	Yes	No

_____ _____
Signature Date

Glossary

Anniversary Date:
The date agreed to by HPHC and the Employer Group upon which the yearly Employer Group premium rate is adjusted and benefits become effective. The *Benefit Handbook*, the *Schedule of Benefits*, Prescription Drug rider, and any other riders, and the Employer Agreement will terminate unless renewed on the Anniversary Date.

Benefit Handbook (or Member Agreement):
The legal document which sets forth the covered services, exclusions from coverage, and the conditions of coverage for Members enrolled in the Plan. The *Benefit Handbook* incorporates the *Schedule of Benefits* and any applicable riders. For Members enrolled in The Harvard Pilgrim POS Plan, the *Benefit Handbook* and Insurance Contract/Certificate constitute the governing legal documents.

Dependent:
A Member of the subscriber's family who meets the eligibility requirements for coverage through a subscriber as agreed upon by the Employer Group and HPHC. This eligibility is documented as part of the agreement between the Employer Group and HPHC.

Domestic Partner:
HPHC offers coverage for Domestic Partners as a rider. Under the rider, a Domestic Partner is a person of either the same or opposite gender as the Subscriber, who has a relationship with the Subscriber similar to that of a married spouse. As part of the enrollment process, HPHC requires Subscribers and their sole Domestic Partner to sign an affidavit attesting to, among other things, their intent to live together indefinitely and their intent to be jointly responsible for their common welfare and financial obligations.

Note: Please note that the term Domestic Partner may, on occasion also be referred to as Life Partner.

Employer Group:
An employer that has contracted with HPHC to provide health care coverage for its employees under the Plan.

Enrollment Area:
A list of cities and towns where HPHC Providers are available to manage a Member's care. Members of the HMO Plan, except for a dependent child attending an accredited educational institution or a child under a Qualified Medical Support Order, must maintain residence in the Enrollment Area and live there at least nine months of the year. HPHC may add cities and towns to the Enrollment Area from time to time.

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

HPHConnect:
HPHConnect is HPHC's web based administrative transaction service that provides the ability to facilitate transactions (like enrollments, changes, adds and terms) through the Internet, rather than through a paper-based process. *HPHConnect* gives employers and members the ability to enter their own information through a secure Internet connection, which leads to greater data accuracy and a reduction in the need for duplicative paper processes. For more information, contact the Account Services Department.

Harvard Pilgrim Health Care (HPHC):
Harvard Pilgrim Health Care is a Massachusetts corporation that is licensed as a Health Maintenance Organization (HMO) in the states of Massachusetts and Maine. HPHC provides or arranges for health care benefits to its Members through a network of primary care physicians, specialists and other providers.

The Harvard Pilgrim HMO:
A health maintenance organization plan that uses a primary care physician (PCP) to coordinate the Member's care. In most cases, the Member must obtain a referral from the PCP for specialty care services. The PCP generally uses one hospital for inpatient care and refers Members to specialists affiliated with that hospital. Members pay a small copayment for office visits. Routine lab services, x-rays, immunizations and prenatal care are covered in full.

The Harvard Pilgrim POS Plan:
A point of service plan that operates like the HMO but also allows Members to receive care outside the HPHC participating network. Members must select a primary care physician (PCP). Care received from participating providers with the proper PCP referral is covered in full after a small copayment for some covered services. Care received from a non-participating provider, or from a participating provider without the proper PCP referral, is covered at the out-of-network benefit payment level with the Member paying the required deductible and coinsurance.

The Harvard Pilgrim PPO:
A Preferred Provider Organization in which a Member does not select a PCP. The Member may use either participating providers and pay just a small copayment for some covered services or non-participating providers and pay the required deductible and coinsurance.

The HPHC Insurance Company:
A Massachusetts corporation licensed as an insurer in the state of Massachusetts.

The HPHC Insurance Company PPO:
A Preferred Provider Organization in which a Member does not select a PCP. The Member may use either participating providers and pay a relatively low coinsurance for covered services, or non-participating providers and pay a deductible and higher coinsurance.

Member:
Any subscriber or dependent covered by the health plan.

Primary Care Physician (PCP):
A physician in internal medicine, family practice, adolescent, pediatrics or geriatrics who is under contract with HPHC to provide and authorize a Member's care. A Member selects a PCP at any affiliated practice. The PCP may designate other HPHC providers to provide or authorize a Member's care.

Qualified Medical Support Order (QMSO):
A court order providing for coverage of a child under a group health plan that meets the requirements of ERISA. A child enrolled under a QMSO is subject to the same terms and limitations stated in the *Benefit Handbook*, prescription drug brochure and any riders. QMSO does not entitle a Member to the benefits described in the Student Dependent section if these dependents have a permanent residence outside the Enrollment Area.

Subscriber:
The person who meets the eligibility requirements described in this document or as agreed to by the Employer Group and HPHC and in whose name premium payments are made.