

Certificate of Insurance & Summary Plan Description



**NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM
DAKOTA PLAN**

Dakota Retiree Plan

July 1, 2009

Health Care Coverage



Blue Cross Blue Shield of North Dakota
NDPERS Service Center

Questions? Our Service Center staff is available to answer questions about your coverage

Call the Service Center: Monday through Friday
8:00 a.m. - 5:00 p.m. – CST
(701) 282-1400
or
1-800-223-1704

North Dakota Relay Service: 1-800-366-6888

Office Address and Hours: You may visit our Home Office during normal business hours

Monday through Friday
8:00 a.m. - 4:30 p.m. – CST

Blue Cross Blue Shield of North Dakota
4510 13th Ave. South
Fargo, North Dakota 58121

Mailing Address: You may write to us at the following address:

Blue Cross Blue Shield of North Dakota
4510 13th Ave. South
Fargo, North Dakota 58121

BCBSND Internet Address: www.BCBSND.com

NDPERS Internet Address: www.nd.gov/ndpers

Your employer has established an employee welfare benefit plan for Eligible Employees and their Eligible Dependents. The following Certificate of Insurance is provided to you in the same manner as required under the Employee Retirement Income Security Act of 1974. Every attempt has been made to provide concise and accurate information. This Certificate of Insurance and the NDPERS Service Agreement is the official benefit plan document for the employee welfare benefit plan established by the Plan Administrator. In case of conflict between this Certificate of Insurance and the NDPERS Service Agreement, the provisions of the NDPERS Service Agreement will control.

Although it is the intention of the Plan Administrator to continue the employee welfare benefit plan for an indefinite period of time, the Plan Administrator reserves the right, whether in an individual case or in general, to eliminate the Benefit Plan.

BCBSND shall construe and interpret the provisions of the Service Agreement, the Certificate of Insurance and related documents, including doubtful or disputed terms and to determine all questions of eligibility; and to conduct any and all reviews of claims denied in whole or in part.

PLAN NAME

North Dakota Public Employees Retirement System – Dakota Retiree Plan

NAME AND ADDRESS OF EMPLOYER (PLAN SPONSOR)

NDPERS
400 East Broadway, Suite 505
Box 1657
Bismarck, North Dakota 58502

PLAN SPONSOR'S IRS EMPLOYER IDENTIFICATION NUMBER

45-0282090

TYPE OF WELFARE PLAN

Health

TYPE OF ADMINISTRATION

This employee welfare benefit plan is fully insured through BCBSND and issued by BCBSND.

NAME AND ADDRESS OF BCBSND

Blue Cross Blue Shield of North Dakota (BCBSND)
4510 13th Avenue South
Fargo, North Dakota 58121

PLAN ADMINISTRATOR'S NAME, BUSINESS ADDRESS AND BUSINESS TELEPHONE NUMBER

North Dakota Public Employees Retirement System
400 East Broadway, Suite 505
Box 1657
Bismarck, North Dakota 58502
1-800-803-7377
701-328-3900

NAME AND ADDRESS OF AGENT FOR SERVICE OF LEGAL PROCESS

Plan Administrator:

Sparb Collins
North Dakota Public Employees Retirement System
400 East Broadway, Suite 505
Bismarck, North Dakota 58502

BCBSND:

Daniel E. Schwandt
Blue Cross Blue Shield of North Dakota
4510 13th Avenue South
Fargo, North Dakota 58121

Service of legal process may be made upon a Plan trustee or the Plan Administrator.

TITLE OF EMPLOYEES AUTHORIZED TO RECEIVE PROTECTED HEALTH INFORMATION

Benefit Programs Division
Research & Benefit Program Development Division
Accounting & IT Division
Administrative Services Division
Internal Audit Division
Executive Director

This includes every employee, class of employees, or other workforce person under control of the Plan Sponsor who may receive the Member's Protected Health Information relating to payment under, health care operations of, or other matters pertaining to the Benefit Plan in the ordinary course of business. These identified individuals will have access to the Member's Protected Health Information only to perform the plan administrative functions the Plan Sponsor provides to the Benefit Plan. Such individuals will be subject to disciplinary action for any use or disclosure of the Member's Protected Health Information in breach or in violation of, or noncompliance with, the privacy provisions of the Benefit Plan. The Plan Sponsor shall promptly report any such breach, violation, or noncompliance to the Plan Administrator; will cooperate with the Plan Administrator to correct the breach, violation and noncompliance to impose appropriate disciplinary action on each employee or other workforce person causing the breach, violation, or noncompliance; and will mitigate any harmful effect of the breach, violation, or noncompliance on any Member whose privacy may have been compromised.

STATEMENT OF ELIGIBILITY TO RECEIVE BENEFITS

Retirees or surviving spouses who are age 65 or entitled to Medicare and are receiving a retirement benefit from the Public Employees Retirement System, the Highway Patrolmen's Retirement System, the Teachers' Insurance and Annuity Association of America-College Retirement Equities Fund (TIAA-CREF), the Job Service Retirement System, Judges' Retirement System, the Teachers' Fund for Retirement (TFFR), or an eligible public retirement system are eligible to receive benefits.

An eligible retiree or surviving spouse is entitled to coverage if an application is submitted within 31 days of Medicare entitlement. Each eligible retiree may elect to enroll his/her Eligible Dependents. Eligible employees includes Medicare eligible retired and terminated employees and their Eligible Dependents who remain eligible to participated in the uniform group insurance program pursuant to applicable state law as provided in NDCC section 54-52.1-03(3). Medicare eligible and non-Medicare eligible members will receive separate Benefit Plans. For a comprehensive description of eligibility refer to the NDPERS web site. To obtain an application you must contact the NDPERS office by writing: NDPERS, Box 1657, Bismarck, ND 58502 or by calling 701-328-3900 or 1-800-803-7377.

Eligibility to receive benefits under the Benefit Plan is initially determined by the Plan Administrator. When an eligible employee meets the criteria for eligibility, a membership application must be completed. BCBSND has the ultimate decision making authority regarding eligibility to receive benefits.

DESCRIPTION OF BENEFITS

Refer to page 1 Covered Services Section.

SOURCES OF PREMIUM CONTRIBUTIONS TO THE PLAN AND THE METHOD BY WHICH THE AMOUNT OF CONTRIBUTION IS CALCULATED

The contributions for single and family coverage are paid by the retiree or surviving spouse. For retirees or surviving spouses that are eligible for the Retiree Health Insurance Credit Program, contributions are calculated using the accrued health credit as an offset to the gross premium.

END OF THE YEAR DATE FOR PURPOSES OF MAINTAINING THE PLAN'S FISCAL RECORDS

June 30

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SECTION 1 INTRODUCTION

This Benefit Plan describes the benefits available to You as a person enrolled under the Dakota Retiree - Blue Cross Blue Shield of North Dakota Medicare supplement Benefit Plan.

This Benefit Plan, together with Your application for coverage, is a legal agreement between Blue Cross Blue Shield of North Dakota (BCBSND), and You, the Subscriber, as named on Your Identification Card.

The benefits described are available as long as the required premium is paid. Changes to provisions or premium amounts by BCBSND will be sent to the Subscriber's address as shown on BCBSND records by ordinary mail no less than 31 days prior to the effective date of change.

Benefits described in this Benefit Plan are available to You for Your personal use only and cannot be transferred or assigned. Any attempt to transfer or assign the benefits of this Benefit Plan to ineligible persons will result in automatic termination of this Benefit Plan by BCBSND.

The Subscriber hereby expressly acknowledges and understands that BCBSND is an independent corporation operating under a license with the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the "Association") permitting BCBSND to use the Blue Cross and Blue Shield Service Marks in the state of North Dakota, and that BCBSND is not contracting as an agent of the Association. The Subscriber further acknowledges and agrees this Benefit Plan was not entered into based upon representations by any person or entity other than BCBSND and that no person, entity, or organization other than BCBSND shall be held accountable or liable to the Subscriber for any of BCBSND's obligations to the Subscriber created under this Benefit Plan. This paragraph shall not create any additional obligations whatsoever on the part of BCBSND other than those obligations created under other provisions of this Benefit Plan.

SECTION 2 COVERED SERVICES

This Benefit Plan supplements Your Medicare Part A and Part B coverage by providing benefits for that portion of Medicare Cost Sharing Amounts applied to Medicare Eligible Expenses not paid by Medicare. Medicare Cost Sharing Amounts include Medicare Deductible, Coinsurance and Copayment Amounts. The benefits available under this Benefit Plan shall automatically change to coincide with any changes in the applicable Medicare Deductible, Coinsurance and Copayment Amounts. Premium may be modified to reflect such changes in the Cost Sharing Amounts.

You are entitled to the following covered services subject to the terms, conditions and limitations of this Benefit Plan.

2.1 INPATIENT HOSPITAL SERVICES

- A. The Medicare Part A Deductible Amount applied during the initial 60 days of an inpatient Hospital Admission in a Benefit Period.
- B. The Medicare Coinsurance Amounts applied to Medicare Eligible Expenses for days 61 through 90 of an Admission in any Benefit Period.

- C. The Medicare Coinsurance Amounts applied to Medicare Eligible Expenses for Lifetime Reserve Days utilized after the 90th day of an Admission in any Benefit Period.
- D. If an Admission continues beyond the 90th day and the Subscriber has utilized all of the Lifetime Reserve Days, benefits will be available for Medically Necessary care up to a lifetime maximum of an additional 365 days.

2.2 BLOOD SERVICES

- A. The first 3 pints of blood under Medicare Part A.
- B. The first 3 pints of blood and Medicare Coinsurance Amount applied under Medicare Part B.

2.3 SKILLED NURSING FACILITY SERVICES

Actual billed charges, up to the Medicare Coinsurance Amount, for days 21 through 100 of a Medicare Eligible Skilled Nursing Facility Admission. No benefits will be available if the Admission is not approved by Medicare.

2.4 MEDICARE PART B ELIGIBLE EXPENSES

The Medicare Deductible and Coinsurance Amounts, or in the case of Hospital outpatient department services paid under a prospective payment system, the Copayment Amounts, applied to Medicare Eligible Expenses, regardless of Hospital confinement.

2.5 MEDICARE PART B EXCESS CHARGES

In addition to the Medicare Deductible and Coinsurance Amounts, this Benefit Plan provides benefits for the difference between the actual Medicare Part B allowed charge and the actual charge for the service as billed, not to exceed any charge limitation established by the Medicare program.

2.6 BENEFITS FOR EMERGENCY CARE IN A FOREIGN COUNTRY

If You require care or treatment while You are outside of the United States, You will be entitled to benefits at 80% of the allowed charge for those Medically Necessary services that would have been Medicare Eligible Expenses, as well as the covered services provided by this Benefit Plan, if the care or treatment is received during the first 60 consecutive days of the trip. Benefits will be subject to a Calendar Year deductible amount of \$250 and a lifetime benefit maximum of \$50,000.

SECTION 3 EXCLUSIONS

3.1 EXCLUSIONS

No benefits are available for:

1. Services received prior to the Effective Date of this Benefit Plan.
2. Services when benefits are provided by any governmental unit or social agency, except for Medicaid, or when payment has been made under Medicare Part A or Part B. Medicare Part A and Part B will be considered the primary payor with respect to benefit payments unless otherwise required by federal law.
3. Services that are experimental or investigative in nature or that are not Medically Necessary as determined by Medicare.
4. Outpatient prescription drugs, unless eligible under Medicare.
5. Services received from a Hospital or a distinct part of a Hospital located in the United States that is not certified by Medicare.
6. Custodial care provided in a Hospital or by a home health agency.
7. Skilled Nursing Facility care costs beyond what is covered by Medicare and this Benefit Plan.
8. Surgery and related services intended solely to improve appearance, but not to restore bodily function or to correct deformity resulting from disease, trauma, congenital or developmental anomalies or previous therapeutic processes.
9. Services when benefits are provided or available under any workers' compensation, employers' liability or similar law, or motor vehicle no-fault plan, unless prohibited by law.
10. Services, treatments or supplies that are not a Medicare Eligible Expense.

SECTION 4 GENERAL PROVISIONS

4.1 PAYMENT OF PREMIUM

- A. This Benefit Plan continues and renews each month subject to the payment of premium and benefit plan provisions in effect on the date of renewal.
- B. All premium is due and payable before the first of the month. If premium is not received before the date due, a grace period of 31 days is allowed. The Subscriber remains responsible for payment of any premium due during the grace period.

In the event of termination for nonpayment of premium, reinstatement of this Benefit Plan will be at the sole discretion of and subject to conditions established by BCBSND.

- C. If a Subscriber is enrolled under a Benefit Plan for which premium amounts are determined according to age and it is determined the age has been misstated or miscalculated, premium adjustments will be made as follows:

1. If premium amounts were paid in excess of the amount due, the excess premium will be refunded.
2. If the premium amount billed was less than required for the age, premium will be increased on the next billing date.

4.2 AUTOMATIC PAYMENT WITHDRAWAL

By completing the automatic payment withdrawal authorization, the Subscriber authorizes their financial institution to periodically deduct the current premium from their bank account and to remit same to NDPERS. This authorization will continue in effect until revoked in writing by the Subscriber. To cancel an automatic withdrawal authorization, notification must be received in writing by the NDPERS office by the 15th of the month prior to the month the change is effective.

4.3 TIME LIMIT ON CERTAIN DEFENSES

The validity of this Benefit Plan may not be contested, except for nonpayment of premium, after it has been in force for 2 years, beginning on the individual Subscriber's Effective Date. Further, the validity of this Benefit Plan may not be contested on the basis of a statement made relating to insurability by any Subscriber after continuous coverage has been in force for 2 years during the Subscriber's lifetime, unless the statement is written and signed by such Subscriber. This time limit does not apply to fraudulent misstatements.

4.4 NOTICE AND PROOF OF CLAIM

The Subscriber is responsible for providing BCBSND with written notice and proof of a claim for benefits within 24 months after the occurrence or commencement of a loss for which benefits are available under this Benefit Plan. The written notice and proof of claim must include the information necessary for BCBSND to determine benefits.

4.5 PAYMENT OF CLAIMS

Payment of claims will be made upon receipt of written notice and proof of a claim as provided in Section 4.4.

4.6 PHYSICAL EXAMINATIONS

BCBSND at its own expense may require a physical examination of the Subscriber as often as necessary during the pendency of a claim and may require an autopsy in case of death if the autopsy is not prohibited by law.

4.7 LIMITATION OF ACTIONS

No legal action may be brought for payment of benefits under this Benefit Plan prior to the expiration of 60 days following BCBSND's receipt of a claim for covered services or later than 3 years after the expiration of the time within which notice and proof of claim is required by this Benefit Plan.

4.8 PREMIUM REFUND/DEATH OF THE SUBSCRIBER

In the event of the Subscriber's death, BCBSND will refund to the Plan Administrator (NDPERS) all premiums paid beyond the month of the Subscriber's death, within 31 days after receiving notice of the death.

4.9 **SUSPENSION OF COVERAGE**

- A. If the Subscriber is eligible for Medicaid benefits, the premium and benefits under this Benefit Plan will be suspended at the request of the Subscriber for the period (not to exceed 24 months) in which the Subscriber has applied for and is determined to be entitled under Medicaid. The Subscriber must request this suspension within 90 days of becoming eligible for Medicaid. Upon receipt of timely notice, BCBSND will return to the Subscriber that portion of the premium attributable to the period of Medicaid eligibility, subject to adjustment for paid claims.
- B. If the Subscriber is no longer entitled to Medicaid, this Benefit Plan shall be reinstated (effective the date of termination of Medicaid eligibility) if the Subscriber provides notice of loss of Medicaid eligibility to BCBSND within 90 days after the date of such loss and pays the premium due from that date.
- C. If the Subscriber is eligible for coverage under a group health plan, the premium and benefits under this Benefit Plan will be suspended at the request of the Subscriber for any period that may be provided by federal regulation. If the Subscriber loses coverage under the group health plan, this Benefit Plan will be reinstated effective the date of loss of group coverage, if the Subscriber provides notice of loss of group coverage to BCBSND within 90 days after the date of such loss and pays the premium due from that date.
- D. Reinstatement of coverage as described in paragraphs B and C:
 - 1. may not provide for any waiting period with respect to treatment of preexisting conditions;
 - 2. must provide for coverage that is substantially equivalent to the coverage in effect before suspension; and
 - 3. must provide for classification of premium on terms at least as favorable to the Subscriber as the terms that would have applied had the coverage not been suspended.

4.10 **CANCELLATION OF THIS OR PREVIOUS BENEFIT PLANS**

- A. The Subscriber may cancel this Benefit Plan at any time by giving written notice to NDPERS in advance of the requested cancellation date. Coverage will be cancelled the 1st of the month following NDPERS's receipt of the request for cancellation. Premium paid beyond the date of cancellation will be refunded.
- B. This Benefit Plan supersedes all Benefit Plans previously issued by BCBSND.
- C. BCBSND may cancel this Benefit Plan for the following reasons:
 - 1. Nonpayment of required premium.
 - 2. Misrepresentation of a material fact by the Subscriber.

4.11 **ASSIGNMENT OF RECORDS**

The Subscriber agrees that any Health Care Provider or person(s) having information relating to an illness or injury for which benefits are claimed under this Benefit Plan may furnish such information to BCBSND upon request.

The Subscriber authorizes the Centers for Medicare and Medicaid Services to furnish information as to any payments under Medicare Part A or Part B to BCBSND for use in determining benefit payment under this Benefit Plan. BCBSND agrees to use this information only for the stated purpose.

4.12 **CONFIDENTIALITY**

All Protected Health Information (PHI) maintained by BCBSND under this Benefit Plan is confidential. Any PHI about You (the Subscriber) under this Benefit Plan obtained by BCBSND from You or from a Health Care Provider may not be disclosed to any person except:

- A. Upon a written, dated, and signed authorization by the Subscriber or prospective Subscriber or by a person authorized to provide consent for a minor or an incapacitated person;
- B. If PHI identifies the Health Care Provider, upon a written, dated, and signed approval by the Health Care Provider. However, BCBSND may disclose PHI to the Health Care Data Committee for the enhancement of price competition in the health care market. BCBSND may also disclose to a Health Care Provider, as part of a contract or agreement in which the Health Care Provider is a party, data or information that identifies a Health Care Provider as part of mutually agreed upon terms and conditions of the contract or agreement;
- C. If the data or information does not identify either the Subscriber or prospective Subscriber or the Health Care Provider, the data or information may be disclosed upon request for use for statistical purposes or research;
- D. Pursuant to statute or court order for the production or discovery of evidence; or
- E. In the event of a claim or litigation between the Subscriber or prospective Subscriber and BCBSND in which the PHI is pertinent.

This section may not be construed to prevent disclosure necessary for BCBSND to conduct health care operations, including utilization review or management consistent with state law, to facilitate payment of a claim, to analyze health plan claims or health care records data, to conduct disease management programs with Health Care Providers, or to reconcile or verify claims under a shared risk or capitation arrangement. This section does not apply to PHI disclosed by BCBSND as part of a research project approved by an institutional review board established under federal law. This section does not apply to PHI disclosed by BCBSND to the insurance commissioner for access to records of BCBSND for purposes of enforcement or other activities related to compliance with state or federal laws.

BCBSND has implemented administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of Your PHI that BCBSND creates, receives, maintains, or transmits.

4.13 **PRIVACY OF PROTECTED HEALTH INFORMATION**

BCBSND will not disclose the Subscriber's Protected Health Information (PHI) to the Group unless the Group certifies that the Benefit Plan has been amended to incorporate the privacy restrictions required under federal and state law, and agrees to abide by them.

BCBSND will disclose the Subscriber's PHI to the Group to carry out administrative functions under the terms of the Benefit Plan, but only in accordance with applicable federal and state law. Any disclosure to and use by the Group of the Subscriber's PHI will be subject to and consistent with this section. BCBSND will not disclose the Subscriber's PHI to the Group unless such disclosures are included in a notice of privacy practices distributed to the Subscriber. BCBSND will not disclose the Subscriber's PHI to the Group for actions or decisions related to the Subscriber's employment or in connection with any other benefits made available to the Subscriber.

The following restricts the Group's use and disclosure of the Subscriber's PHI:

- A. The Group will neither use nor further disclose the Subscriber's PHI except as permitted by the Benefit Plan or required by law.
- B. The Group will ensure that anyone who receives the Subscriber's PHI agrees to the restrictions and conditions of the Benefit Plan with respect to the Subscriber's PHI.
- C. The Group will not use or disclose the Subscriber's PHI for actions or decisions related to the Subscriber's employment or in connection with any other benefit made available to the Subscriber.
- D. The Group will promptly report to the Plan Administrator any use or disclosure of the Subscriber's PHI that is inconsistent with the uses and disclosures allowed under this section upon learning of such inconsistent use or disclosure.
- E. In accordance with federal law, the Group will make PHI available to the Subscriber who is the subject of the information. Such information is subject to amendment and, upon proper notice, the Group will amend the Subscriber's PHI where appropriate.
- F. The Group will document disclosures it makes of the Subscriber's PHI so the Plan Administrator is able to provide an accounting of disclosures as required under applicable state and federal law.
- G. The Group will make its internal practices, books, and records relating to its use and disclosure of the Subscriber's PHI available to the Plan Administrator and to the U.S. Department of Health and Human Services as necessary to determine compliance with federal law.
- H. The Group will, where feasible, return or destroy all Subscribers PHI in whatever form or medium received from the Plan Administrator, including all copies of and any data or compilations derived from and allowing identification of any Subscriber when the Subscriber's PHI is no longer needed for the plan administration functions for which the disclosure was made. If it is not feasible to return or destroy all Subscriber PHI, the Group will limit the use or disclosure of any Subscriber PHI to those purposes that make the return or destruction of the information infeasible.

4.14 NOTICE OF PRIVACY PRACTICES

BCBSND maintains a Notice of Privacy Practices. This Notice of Privacy Practices outlines BCBSND's uses and disclosures of PHI, sets forth BCBSND's legal duties with respect to PHI and describes Your rights with respect to PHI. You can obtain a Notice of Privacy Practices by contacting Member Services at the telephone number and address on the back of Your Identification Card or by visiting the BCBSND website.

4.15 SECURITY MEASURES FOR ELECTRONIC PROTECTED HEALTH INFORMATION

- A. The Group will implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Subscribers' electronic PHI that the Group creates, receives, maintains, or transmits on the Plan Administrator's behalf.
- B. The Group will report to the Plan Administrator any attempted or successful (1) unauthorized access, use, disclosure, modification, or destruction of Subscribers' electronic PHI or (2) interference with the Group's system operations in the Group's information systems, of which the Group becomes aware, except any such security incident that results in disclosure of Subscribers' PHI not permitted by the Benefit Plan must be reported to the Plan Administrator as required by 4.13 (D).
- C. The Group will support the adequate separation between the Group and the Plan Administrator, as specified in the Benefit Plan, with reasonable and appropriate security measures.

4.16 CONFORMITY WITH STATE STATUTES

Any provision of this Benefit Plan that, on its effective date, is in conflict with the statutes of the state of North Dakota on such date is hereby amended to conform to the minimum requirements of such statutes.

4.17 CERTIFICATE OF CREDITABLE COVERAGE

When coverage under this Benefit Plan is terminated, BCBSND will, within a reasonable period of time, issue a Certificate of Creditable Coverage to the Subscriber. Certificates of Creditable Coverage may also be obtained from BCBSND upon request within 24 months after coverage is terminated. Certificates of Creditable Coverage will only reflect continuous coverage provided through BCBSND.

SECTION 5 OTHER PARTY LIABILITY

5.1 MEDICAL PAYMENT BENEFIT COORDINATION

If a Subscriber is eligible for medical payment benefits provided by any other collectible insurance as a result of an injury, the benefits available under this Benefit Plan will be reduced by and coordinated with the medical payment benefits provided by any other collectible insurance not prohibited from coordination of benefits.

5.2 RIGHTS OF SUBROGATION, REIMBURSEMENT AND ASSIGNMENT

If BCBSND pays benefits for covered services to or for a Subscriber for any injury or condition caused or contributed to by the act or omission of any third party, BCBSND shall have certain rights of assignment, subrogation and/or reimbursement as set forth below. BCBSND has full discretionary authority to determine whether to exercise any or all of said rights.

A Subscriber must notify BCBSND of the circumstances of the injury or condition, cooperate with BCBSND in doing whatever is necessary to enable BCBSND to assert these rights, and do nothing to prejudice them. The rights stated herein apply automatically in any applicable situation. BCBSND has no obligation to notify a Subscriber of BCBSND's intent to exercise one or more of these rights and BCBSND's failure to provide such a notice shall not constitute a waiver of these rights.

If a Subscriber does not comply with these provisions or otherwise prejudices the rights of BCBSND to assignment, subrogation or reimbursement, BCBSND shall have full discretion to withhold payment of any future benefits to or for the Subscriber and to off set the benefits already paid to or for the Subscriber against the payment of any future benefits to or for the Subscriber regardless of whether or not said future benefits are related to the injury or condition.

- A. Right of Assignment and/or Subrogation: If a Subscriber fails to bring a claim against a third party (including any person, firm or corporation which may be liable for or on behalf of the third party), BCBSND has the right to bring said claim as the assignee and/or subrogee of the Subscriber and to recover any benefits paid under this Benefit Plan.
- B. Right of Reimbursement: If a Subscriber makes any recovery from a third party (including any person, firm or corporation which may be liable for or on behalf of the third party), whether by judgment, settlement or otherwise, the Subscriber must notify BCBSND of said recovery and must reimburse BCBSND to the full extent of any benefits paid by BCBSND, not to exceed the amount of the recovery. This right of reimbursement shall apply to any such recovery to the extent of any benefits paid under this Benefit Plan even if the Subscriber has not received full compensation for the injury or condition. Any recovery the Subscriber may obtain is conclusively presumed to be for the reimbursement of benefits paid by BCBSND until BCBSND has been fully reimbursed.

SECTION 6 DEFINITIONS

This section defines the terms used in this Benefit Plan. These terms will be capitalized throughout this Benefit Plan when referred to in the context defined. BCBSND shall determine the interpretation and application of the definitions in each and every situation.

- 6.1 **ACCIDENT** - an accidental bodily injury or injuries for which Medicare benefits are provided as the direct result of an accident, independent of disease or bodily infirmity or any other cause, while this Benefit Plan is in force. Injuries do not include injuries for which benefits are provided or available under any workers' compensation, employers' liability or similar law, or motor vehicle no-fault plan, unless prohibited by law.
- 6.2 **ADMISSION** - entry into a facility as a registered inpatient for treatment and care when ordered by a Health Care Provider.

- 6.3 **BCBSND** - Blue Cross Blue Shield of North Dakota, a legal trade name of Noridian Mutual Insurance Company.
- 6.4 **BENEFIT PERIOD** - a Benefit Period begins the first day a Subscriber enters a Hospital or Skilled Nursing Facility as a Medicare patient and ends 60 consecutive days after a Subscriber is discharged from the Hospital or Skilled Nursing Facility. A new Benefit Period begins when 60 days without a Hospital or Skilled Nursing Facility stay have elapsed.
- 6.5 **BENEFIT PLAN** - the agreement with BCBSND, including the Subscriber's membership application, Identification Card, this Benefit Plan, the benefit plan attachment and any supplements, endorsements, attachments, addenda or amendments.
- 6.6 **CALENDAR YEAR** - the period starting with the Subscriber's Effective Date and ending on December 31 of that year. Each Calendar Year shall start on January 1 and end on December 31 of that year.
- 6.7 **COST SHARING AMOUNTS** - the portion of Medicare Eligible Expenses not covered by Medicare.
- A. **Medicare Coinsurance Amount** - a part of the charge for Your Hospital or medical care that Medicare does not pay, expressed as a percentage of the allowance for the Medicare Eligible Expense.
- B. **Medicare Copayment Amount** - a predetermined dollar amount established by Medicare under a prospective payment system for some outpatient Hospital services.
- C. **Medicare Deductible Amount** - a specified dollar amount of Medicare Eligible Expenses that You are responsible for before Medicare will begin making payments for covered services.
- 6.8 **EFFECTIVE DATE** - the date the Subscriber's coverage under this Benefit Plan begins.
- 6.9 **GROUP** - the Plan Sponsor that has signed an agreement with BCBSND to provide health care benefits for Subscribers.
- 6.10 **HEALTH CARE PROVIDER** - a Doctor of Medicine (M.D.), a Doctor of Osteopathy (D.O.) or a Board Eligible Oral Surgeon (D.D.S.), who is licensed and registered under the laws of the state in which the services are provided. To qualify under this Benefit Plan, the Health Care Provider must also be classified as eligible under Medicare.
- 6.11 **HOSPITAL** - an institution, licensed and operated in accordance with state law, that is engaged in providing inpatient and outpatient diagnostic and therapeutic services for the diagnosis, treatment and care of sick and injured persons by or under the direct supervision of Health Care Providers.
- 6.12 **IDENTIFICATION CARD** - a card issued in the Subscriber's name identifying the Benefit Plan number.
- 6.13 **LIFETIME RESERVE DAYS** - an additional 60 days of Medicare Eligible Expenses for Hospital care You may use once in a lifetime. These days are not renewable.
- 6.14 **MEDICALLY NECESSARY** - services, supplies or treatments provided by a Health Care Provider to treat an illness or injury that satisfy all the following criteria:

- A. The services, supplies or treatments are medically required and appropriate for the diagnosis and treatment of the Subscriber's illness or injury;
 - B. The services, supplies or treatments are consistent with professionally recognized standards of health care; and
 - C. The services, supplies or treatments do not involve costs that are excessive in comparison with alternative services that would be effective for diagnosis and treatment of the Subscriber's illness or injury.
- 6.15 **MEDICARE** - the programs established by Title I, Part I of Public Laws 89-97 as enacted by the Congress of the United States of America and any later amendments of the laws (known as the Health Insurance for the Aged Act).
- 6.16 **MEDICARE ELIGIBLE EXPENSES** - those health care expenses that are covered services under Part A or Part B of Medicare that are recognized as reasonable and Medically Necessary by Medicare.
- 6.17 **MEDICARE PART A** - the part of Medicare insurance that includes Hospital inpatient, Skilled Nursing Facility and home health care benefits. It is sometimes referred to as Medicare Hospital insurance.
- 6.18 **MEDICARE PART B** - the part of Medicare insurance that includes Health Care Provider's services, outpatient Hospital care, home health care and many other health services and supplies not covered by Medicare Hospital insurance.
- 6.19 **PLAN ADMINISTRATOR** - North Dakota Public Employees Retirement System (NDPERS).
- 6.20 **PROTECTED HEALTH INFORMATION (PHI)** - individually identifiable health information, including summary and statistical information, collected from You or on Your behalf that is transmitted by or maintained in electronic media, or transmitted or maintained in any other form or medium and that:
- A. is created by or received from a Health Care Provider, health care employer, or health care clearinghouse;
 - B. relates to Your past, present or future physical or mental health or condition;
 - C. relates to the provision of health care to You;
 - D. relates to the past, present, or future payment for health care to You or on Your behalf; or
 - E. identifies You or could reasonably be used to identify You.

Educational records and employment records are not considered PHI under federal law.

6.21 **QUALIFYING PREVIOUS COVERAGE** - with respect to an individual, health benefits or coverage provided under any of the following:

- A. A group health benefit plan;
- B. A health benefit plan;
- C. Medicare Part A or Part B;
- D. Medicaid, other than coverage consisting solely of benefits under a program for distribution of pediatric vaccines;
- E. TRICARE (the health care program for military dependents and retirees);
- F. A medical care program of the Indian Health Service or of a tribal organization;
- G. A state health benefit risk pool, including coverage issued under N.D. Cent. Code §26.1-08;
- H. A Federal Employees Health Benefits Program;
- I. A public health plan as defined in federal regulations; and
- J. A health benefit plan under §5(e) of the Peace Corps Act [Pub. L. 87-293; 75 Stat. 612; 22 U.S.C. 2504(e)].

Qualifying Previous Coverage must be continuous until at least 63 days prior to the Subscriber's Effective Date under this Benefit Plan.

6.22 **SICKNESS** - an illness or disease of a Subscriber that first manifests itself after the Effective Date of this Benefit Plan while this Benefit Plan was in force. This does not include sickness or disease for which benefits are available under any workers' compensation, occupational disease, employers' liability or similar law.

6.23 **SKILLED NURSING FACILITY** - a nursing facility with the staff and equipment to give skilled nursing care and/or skilled rehabilitation services and other related health services.

6.24 **SUBSCRIBER** - You, the individual whose application for coverage has been appropriately submitted.

6.25 **UNITED STATES** - all 50 states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and for purposes of services provided on board ship, the territorial waters adjoining the land areas of the United States.

6.26 **YOU AND YOUR** - also referred to as the Subscriber.