

Administrative Guide for HM Care Advantage



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HM CARE ADVANTAGE

A LIMITED BENEFIT MEDICAL PLAN

Introduction

Welcome to the HM Care Advantage Employer Administrative Guide. Please refer to this guide when you have questions about your HM Care Advantage plan. The guide provides information on important administrative topics. Updates to the Employer Administrative Guide are made available at www.hmcareadvantage.com.

If you need additional information:

- Check the How to Contact Us page in this guide. You will find addresses and phone numbers that can connect you with the information you need.
- Review the plan documents. Plan documents have more detail on many of the topics discussed in this Guide.
- Visit our web site, www.hmcareadvantage.com for general information about the HM Care Advantage product.



HM CARE ADVANTAGE A LIMITED BENEFIT MEDICAL PLAN

About HM Insurance Group

It's our policy to protect.

As the complex employee benefits market continues to change, employers are seeking solutions to manage their unique benefit needs. HM Insurance Group understands the challenges of today's market.

Utilizing our strength and experience in employee benefits, we've created a connected portfolio of products to deliver health risk solutions.

HM Insurance Group offers an expanded product portfolio, featuring HM Care Advantage, a limited benefit medical plan, along with our Worksite portfolio. Stop Loss, including medical reinsurance programs such as Provider Excess and HMO Reinsurance, adds to our solutions that address a range of risk situations confronting employers and carriers.

Our steadfast commitment to helping producers meet the needs of their clients remains constant. We remain approachable and dedicated to building committed producer relationships. The staff at HM Insurance Group is guided by passionate, accountable, collaborative and ethical behaviors. These principles form the foundation of our policy to protect.

About HM Insurance Group

HM Insurance Group works to protect businesses and their employees from potential financial losses associated with health costs. HM Insurance Group's connected portfolio of products and services helps to provide health risk solutions for clients.

HM Life Insurance Company and HM Life Insurance Company of New York have received "A-" (Excellent) ratings from A.M. Best Company, one of the country's oldest and most respected rating agencies.

We believe in creating mutual success and value the strong relationships we have with our partners and producers as essential to our future. Our select strategic business partners strengthen the products and services we offer and enhance our overall service to producers and their customers.

HM Insurance Group has a sound financial position with clearly demonstrated sustainable growth and profitability. Since 2003, corporate total gross revenues have nearly doubled.¹

Through its insurance companies, HM Insurance Group holds insurance licenses in 50 states and the District of Columbia. HM Insurance Group maintains sales offices across the country.

¹Source: HM Insurance Group Corporate Financial Reporting 2003-2008.



About Key Benefit Administrators

HM Insurance Group offers HM Care Advantage through a partnership with Key Benefit Administrators (KBA), a member of the Key Family of Companies. With more than 25 years experience in benefits management, the Key Family of Companies creatively packages goods and services that help solve business problems.

The Key Family of Companies collectively employs more than 500 people and has annualized revenues in excess of \$45 million. The organization has more than 2,800 corporate clients operating in 45 states, with administered benefits provided for more than 206,000 employees and more than 515,000 members in total.

The cornerstone of the Key Family of Companies is its two TPAs: Key Benefit Administrators, located in Indianapolis, Indiana, and Employee Benefit Services, Inc. (EBS), located in Fort Mill, South Carolina. Collectively, KBA and EBS are among the top five largest independently owned TPAs in the nation, with more than two million medical claims processed annually, representing approximately \$800 million in billed charges.

KBA's supporting infrastructure and experience in administering Limited Benefit Medical Plans allow them to be responsive to the needs of producers, employers and employees alike. All member questions and claims are handled by a single toll-free telephone number. Policyholders receive a single membership card to access all benefits.

With Web-based benefits administration, members may access their benefit and eligibility and review their explanation of benefits 24 hours a day, seven days a week, 365 days a year. In addition, KBA has a dedicated Customer Care Center and world-class claims and customer service.

KBA also has a full-time medical director as well as an available medical services staff of 16 nurses and network contracting expertise provided by KBA's sister company.

Key Family Administrators Customer Care Statistics For January 2008 - April 2009

| | Industry Standard | Corporate Goal | Achieved* |
|--|-------------------|-----------------|------------|
| Claims | | | |
| Turnaround Time | 10 Calendar Days | 7 Calendar Days | 3.17 Days |
| % of Claims Paid with 10 Business Days | 80% | 85% | 91.33% |
| <i>Claims Quality:</i> | | | |
| Financial Accuracy | 99% | 99% | 99.9% |
| Claim Payment Accuracy | Does Not Exist | 95% | 98.05% |
| Customer Service | | | |
| Average Speed to Answer | 30 Seconds | < 20 Seconds | 20 Seconds |

* For Voluntary Limited Benefit Medical Plan Programs



Plan Administrator Roles and Responsibilities

Your role as Plan Administrator is an important one.

You perform essential administrative duties with regard to your Group Policy/Employer Participation Certificate (EPC) and Certificate of Insurance for your employees. You also maintain records pertaining to eligibility, effective dates, enrollment and the amount and type of insurance in force.

The provisions in your Group Policy/EPC and Certificate of Insurance govern your group insurance program. Improper administration could result in incorrect billing or claim payment, a loss of benefits or the participating Employer/Policyholder being liable for a claim not covered by this insurance.

The principle responsibilities of a Plan Administrator are as follows:

- **Enroll New Employees**
Inform employees when they are eligible to apply for insurance **and** when their insurance becomes effective. Maintain signed and dated enrollment forms and submit them when required. Have each new insured employee complete an enrollment form before the end of the “eligibility waiting period.”
- **Pay Premiums**
The first premium statement is provided to you with your Group Policy/EPC and Certificate of Insurance. Premium is due on the 1st of each month. Premium billing statements are issued by the 10th of the month prior to the due date.
- **Report Enrollment Changes and Terminations**
Provide notification of all employee changes as soon as they become effective, including name and class changes. Provide the exact effective date of all changes. Prompt reporting of such changes will help prevent delays in claim payments and ensure accurate premium charges.
- **Approval for Group Insurance Literature**
Obtain prior written approval from HM Insurance Group for any written material you produce to describe your group insurance program. This includes brochures, newsletters, relevant portions of employee handbooks and any other summaries or descriptions of your Group Insurance.



How to Contact Us

For information regarding status of drug claims, benefits, enrollment, or premium billing and remittance, contact:

Key Benefit Administrators, Inc. (KBA)

866.225.9030

Monday – Friday

8:00 a.m. to 7:00 p.m. Eastern time

E-mail:

HMCareAdvantageCustomer@keybenefit.com

HM Care Advantage Call Center

800.481.9979

Monday – Friday

8:30 a.m. to 7:00 p.m. Eastern time

For information regarding value-added benefits, contact:

Complementary Wellness Discount Program

877.244.2465

Davis Vision (Insured and Discount Vision)

800.999.5431

Health Information On-Call

800.830.3998

800.464.0613 (TTY)

Caremark (Pharmacy Discount Card)

800.824.6349

www.caremark.com

For information regarding participating providers in the provider network, contact:

MultiPlan

800.672.2140

www.multipan.com

For information regarding COBRA Administration, contact:

HM Benefits Administrators

800.457.3397

Monday – Friday

7:30 a.m. to 7:30 p.m. Eastern time



Insurance Documents

You will receive a Group Policy and an employee Certificate of Insurance for each plan.

The Certificate of Insurance does not amend, alter or waive any provision in your Group Policy.

Your Group Policy and the Certificate of Insurance control your coverage. This guide will require you to refer to these documents when you have questions about specific situations regarding your insurance coverage. References to policy terminology and provisions are placed in quotation marks. To locate these terms and provisions in your Group Policy, check your "Index" or "Table of Contents."

If you have questions concerning the information in your Group Policy, please contact us.



HM Care Advantage Value-Added Products

These additional services are available to HM Care Advantage members.

Health Information On-Call

Employees may obtain information on a wide range of health topics, 24 hours a day, seven days a week at no cost. This toll-free service provides unlimited access to health coaches who provide information and support to help employees become more knowledgeable about health-related concerns.

Employees should call **800.830.3998 (TTY 800.464.0613)** and provide the identification number that appears on their HM Care Advantage membership card to speak to an advisor. This service is provided by Health Dialog Services Corporation.

Health Information On-Line

Employees may obtain lifestyle improvement programs, health information and resources on a range of topics including smoking cessation, nutrition, weight management, stress management, chronic conditions, back pain, insomnia, depression, diabetes and other general health topics through this online resource. The user-friendly Web site provides practical assistance and may be referenced at no charge...anytime, day or night.

Go to www.hmcareadvantage.com and click on Member Information. This Internet program is provided by HealthMedia® Inc.

Complementary Wellness Discount Program

Employees obtain savings on health-related products and services through a network of more than 35,000 practitioners and facilities. Discounts of up to 30% may be applied to products and services such as fitness centers, spas, personal trainers, yoga, acupuncture, massage therapy, vitamins/supplements, nutrition counseling, health-related magazines and more. In order to obtain a discount, employees must show their HM Care Advantage membership card. Employees are responsible for paying for services directly at the time service is rendered.

This program is provided by Healthways WholeHealth Networks, Inc. Participating service providers and retail outlets can be found by going to www.hmcareadvantage.com and clicking on Member Information or calling **877.244.2465**, Monday through Friday from 8 a.m. to 8 p.m. ET.

Vision Discount*

Employees and dependents may receive a routine eye examination once a year as well as obtain discounted charges for other services such as frames, spectacles, contact lenses and laser vision correction. Services must be provided by a network provider. An outline of benefits is included with the Employee Welcome Kit.

This vision plan is administered by Davis Vision, Inc. Names of Davis Vision contracted providers can be found by calling **800.999.5431** to access the Interactive Voice Response Unit or by going to www.hmcareadvantage.com and clicking on Member Information.



HM Care Advantage Value-Added Products (cont.)

Pharmacy Discount Card

Employees and dependents may obtain discounted pricing on prescription medicines at participating retail pharmacies. These discounts are available for brand and generic prescriptions with no limit on the number of prescriptions filled per year.

This is not insurance. Savings are available only at participating pharmacies. Savings may vary by drug and by pharmacy. The program administrator may obtain manufacturer rebates and other fees based on the purchase of some prescription drugs. These rebates and other fees may be retained by the program administrator or shared with you and/or your pharmacy.

This program is available through Caremark. A list of participating retail pharmacies can be obtained by calling 877.321.2652 or going to www.hmcareadvantage.com and clicking on Member Information.

*Replaced by insured vision coverage when insured coverage is provided.



Provider Network Discounts

Provider Network Discounts (optional)

When the Provider Network Discounts benefit is included in a plan, a covered person has the option to access the MultiPlan provider network. If he or she utilizes one of the participating providers (hospitals, physicians or ancillary care providers) in the network, discounts will apply that could lower out-of-pocket expenses. MultiPlan provides access to health care providers throughout the nation, including 4,500 acute care facilities, 98,000 ancillary locations, and more than 560,000 physicians. The provider network discounts continue to apply to the covered person's medical bills even after the benefits have been exhausted.

Information on MultiPlan participating providers can be obtained by calling **800.672.2140** or from the online MultiPlan provider directory at www.multiplan.com.



Eligibility and Enrollment

To become insured, an individual must meet the following provisions as described in the Certificate of Insurance:

1. Be an eligible employee
2. Complete the waiting period (if applicable)
3. Be actively at work

Enrolling New Employees and Dependents

The HM Care Advantage Enrollment Form is used to enroll new employees and process changes in family status, such as the birth of a child or a marriage, change of plan coverage, or termination. Each new enrollee should complete an HM Care Advantage Enrollment Form. Once completed, the form should be signed, dated and returned to the Plan Administrator. All Enrollment forms must be received within 31 days of the requested effective date. If the application is not received within 31 days, the new employee will be considered a late applicant, and the enrollment form must be resubmitted during the annual renewal.

Enrollment forms should be submitted to: Key Benefit Administrators, Inc., P.O. Box 519, Fort Mill, SC 29716, or they can be e-mailed to HMCareAdvantageEnroll@keybenefit.com.

Late Applicants

An eligible employee who does not apply for insurance under this policy within 31 days of the date he/she is first eligible will be considered a late applicant. Late applicants will be deferred to the next plan renewal date.

Eligible Dependents

Eligible dependents are the employee's lawful spouse, unless the spouse is eligible for coverage as an employee, and unmarried children 19 years of age or younger. Full-time college students may be covered until age 25. Proof of student status is required each year.

Eligible dependent children over the applicable age limit who cannot support themselves due to a disability are considered covered dependents. To qualify for this exception, the condition must have existed prior to the child's reaching the applicable age limit and must be documented by a physician.

Adding/Deleting Dependents

If an employee wishes to add or delete dependents due to a change in family status, the employee should complete the Enrollment Form with the proper box checked off. Examples of a change in dependent status include newly married employees who wish to change from employee only to employee plus spouse, or family coverage. Employees may wish to add a newborn child or other new dependent. Newborn children of the employee are automatically covered for 31 days **after birth**. To continue coverage of a newborn beyond 31 days, the employee must submit the change within the 31 day period.

Active Work Requirement

To become insured, an eligible employee must be actively at work.



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Employee Welcome Kit

After an employee is enrolled in HM Care Advantage, he/she will receive an Employee Welcome Kit. The kit contains the following information:

- Welcome Letter
- Certificate of Insurance
- Value-Added Benefits Information
- Claim Form(s)
- Identification card for medical, vision and value-added benefits
- Sample Explanation of Benefits (EOB)
- Instructions for Viewing EOBs Online
- Notice of Privacy Policy



Billing and Premium Remittance

Regular premium payments are required to keep Group Insurance benefits in effect.

List Billing

The first premium statement is prepared by KBA and delivered to you with your Group Policy/EPC. Each statement thereafter will be generated by the 10th of each month for the upcoming month. The bill will contain the names of all of your employees with the premium due for each employee.

Please note that you must pay as billed.

Premium is due on the 1st of the month. Checks should be made payable to:

Key Benefit Administrators, Inc.
P.O. Box 621949
Indianapolis, IN 46262-1949

To prevent lapses in coverage, your timely payment of premium is very important.

Payment must be received within the grace period stated in your Group Policy/EPC for insurance to remain in-force. Make checks payable as instructed above.

Please indicate changes that need to be made to your bill at the time of payment. For new enrollees or dependent changes, we will need a signed enrollment form. Terminations should be documented with the termination date and reason listed on your list bill and returned with your payment. The necessary adjustments will be made on your next bill.

Self-Billing

Premium is due on the first of the month.

Checks should be made payable to:

Key Benefit Administrators, Inc.
P.O. Box 621949
Indianapolis, IN 46262-1949

Wire transfers:

Payments also can be made via wire transfer. Contact customer service at **866.225.9030** for instructions.

You also must remit an electronic file (i.e., Excel spreadsheet) that indicates the name, Social Security Number (or Employee Number), along with the premium for each enrollee to: HMCareAdvantageEnroll@keybenefit.com. This file must match the premium remitted to us and should be sent at the same time the premium is mailed.

To prevent lapses in coverage, your timely payment of premium and proper submission of the electronic file is very important. Please review your policy for detailed information regarding policy grace periods.



Claim Submission

When a claim is incurred, the claimant should present his/her Identification Card to the provider. The Identification Card contains benefit information and instructions on how to file claims. Claimants should complete a copy of the claim form provided in their Employee Welcome Kit and submit it along with a copy of an itemized bill for the service rendered. Claimants will receive an Explanation of Benefits for all claims submitted. In most cases, claims will be submitted directly by the provider for payment.

A supply of claim forms is included with this Administrative Guide.

Claims should be mailed to:

P.O. Box 519
Fort Mill, SC 29716

Overnight Deliveries:

534 Rivercrossing Drive
Fort Mill, SC 29715

Claims can be faxed to:

866.225.9411



COBRA Administration Services

Your COBRA program is administered by HM Benefit Administrators.

All new hire employees will receive an initial notification of their COBRA rights.

COBRA Qualifying Events

The following are qualifying events for COBRA continuation:

- An employee (and his/her dependents) who loses health coverage due to a reduction in work hours or a termination of employment, excluding gross misconduct
- An employee's former spouse (and/or children) who loses coverage due to divorce or separation
- An employee's surviving spouse (and/or children) in the event of the employee's death
- An employee's spouse (and/or children) should an employee be entitled to Medicare
- An employee's child who no longer meets the definition of dependent (i.e., attainment of maximum age unless a full-time student meeting certain age requirements)

KBA will provide qualifying event information directly to HM Benefits Administrators. HM Benefit Administrators will issue a qualifying event notification to the employee. The employee will then have 60 days to elect COBRA coverage.

COBRA continuants have 45 days from the date of election to remit the first premium. Coverage will not be reinstated until receipt and processing of the initial premium. Initial premium mailed after the 45th day will not be accepted, and the right to continued coverage will be forfeited.

Once the initial premium payment is processed, bills will be mailed monthly. Premium payments must be made monthly and are due on the first of each coverage month. Payment must be made regardless of whether a bill is received or not. Delinquency notices will not be sent.

Length of COBRA Continuation

For individuals who have experienced termination of employment, the maximum continuation period is 18 months from the qualifying event date. For qualified dependents involved in a divorce or separation or who have been widowed or lost coverage based on Medicare, the maximum continuation period is 36 months from the qualifying event date.

Second Qualifying Events

If a dependent loses coverage due to an employee qualifying event and then experiences another event causing him/her to lose coverage again, he/she may be able to continue for 36 months dating from the beginning of the original qualifying event. Requests must be sent to HM Benefits Administrators (HMBA) within 60 days after the occurrence of the second qualifying event.



COBRA Administration Services (cont.)

End of COBRA Continuation

COBRA continuation ends when:

- A qualified person becomes covered by Medicare after the date of COBRA election;
- A qualified person becomes covered by another group health plan that does not contain a pre-existing condition limitation or exclusion or for which such a condition limitation does not apply because there has been enough previous coverage to satisfy the new plan's limitation period;
- Premium is not paid timely or in full;
- The employer's group health plan is terminated (though continuation may be completed under a replacement plan, if available);
- The end of the maximum continuation period is reached.

Payment Requirements

COBRA participants are required to pay the entire cost for the continued coverage and an additional two percent administrative fee allowed by COBRA. (For disabled and other continuants eligible for the 11-month extension, rates can be charged up to 150% of the total cost during the extension.)

Plan and/or Rate Changes During Continuation

Continued coverage is subject to the same rate and benefit changes as that of active members under the company medical benefit plan. The billing statement will reflect any group health plan rate changes when applicable. If rates change retroactively, the COBRA participant will be obligated to pay any premium differences that have become due.

Disability Extension

A qualified person(s) who the Social Security Administration determines to have been disabled prior to or within the first 60 days following a qualifying event can request an 11-month extension of continuation. This extension applies to all qualified beneficiaries. The disabled individual can be a covered employee or any other qualified beneficiary in the family. Rates can be charged up to 150% of the total cost during the extension.

Adding Coverage for Newly Acquired Dependents

Any qualified person may elect coverage for a newly acquired dependent (i.e., spouse, newborn child, etc.). The COBRA continuant must notify HM Benefits Administrators in writing to add coverage for the newly acquired dependent(s) within the same time period that applies to newly acquired dependents of active employees.

Group Health Coverage vs. Medicare

The COBRA participant can have other group health coverage or Medicare (Part A and/or B) if the other coverage was in effect prior to the COBRA election date. The continuation coverage may terminate early if the employee, spouse or dependent child(ren) become covered after the date of the COBRA election under another group health plan that does not contain any exclusion or limitation for any of the pre-existing conditions or Medicare benefits.



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HM Care Advantage is an HM Life Insurance Company of New York product administered by Key Benefit Administrators (KBA). The medical portion of the product provides group limited medical indemnity benefits; it does not provide major medical or comprehensive medical insurance. Based on the plan selected, Medical and Vision coverages are underwritten by HM Life Insurance Company of New York, New York, NY, under policy form series HM407, HL902 or similar. Administrative and/or customer support services when available are provided: for Health Information On-Call – Health Dialog Services Corporation; for Complementary Wellness Discount Program – Healthways WholeHealth Networks, Inc; for Health Information On-Line – HealthMedia[®] Inc.; for Pharmacy Discount Card – Caremark, Inc; for Vision – Davis Vision; for Provider Network Discounts – MultiPlan. Other administrative and/or customer support services may be provided by HM Benefits Administrators, Pittsburgh, PA. Certain exclusions and limitations may apply. See your certificate or other evidence of coverage for details. Coverage or service requested or the use of an association, franchise, trust or union may not be available.

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