



# Employer Guide

*for the Harvard Pilgrim HMO, POS  
and PPO plans*

**Massachusetts**

## Including information on:

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



This *Employer Guide* contains information on policies and procedures relative to the enrollment and administration of Harvard Pilgrim Health Care's health plans. The *Employer 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 *Employer Guide* conflicts with terms set forth in the *Harvard Pilgrim Benefit Handbook*, *Member Agreement*, or *Employer Agreement*, the latter documents control. Harvard Pilgrim reserves the right to amend, modify or terminate the policies and procedures described in the *Employer Guide* at any time.

## ***Making Life Better is Our Life's Work***

For over 30 years, Harvard Pilgrim has built a reputation for outstanding clinical quality and customer service. Harvard Pilgrim 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. Our programs for asthma, heart disease, cancer and AIDS have gained national accolades over the years. That's what has made us one of the best health plans in the country, as reported in *Newsweek* and other consumer publications.

Year after year, Harvard Pilgrim has been ranked among the best in the country by independent organizations for member responsiveness and member service. We are proud to say that we meet the highest standards for clinical quality and customer satisfaction and that our preventive care and disease management programs are best-in-class in our industry.

In all Harvard Pilgrim 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 (Harvard Pilgrim) for your employees' health benefits. This *Employer 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 *Employer Guide*.

## Important Notice to Employers and Third Party Administrators

In order for Harvard Pilgrim to administer your plan effectively, Harvard Pilgrim requires the Employer Group or Third Party Administrator (TPA) to notify Harvard Pilgrim of enrollments, changes in membership status and terminations in a timely and accurate manner.

Enrolling employees **prior to the effective date of their coverage** allows Harvard Pilgrim to send identification (ID) cards and other membership materials allowing sufficient time to educate members prior to their need for health services. Enrollments and changes received by Harvard Pilgrim more than **60 days** after the effective date of coverage will be rejected by Harvard Pilgrim.

### Harvard Pilgrim requires immediate notification of employee and dependent terminations.

Because providers are paid monthly based on current membership, payments to providers will continue until you notify Harvard Pilgrim of the termination of a member's coverage. Therefore, if Harvard Pilgrim is not notified in a timely manner, Harvard Pilgrim will process the termination retroactively to **no more than 60 days** from 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 Harvard Pilgrim to better manage membership information, delivery of care and your premium rates.

## Harvard Pilgrim Health Care's Benefit Plans

Harvard Pilgrim offers several health benefit plans. For purposes of the *Employer Guide*, "the Plan(s)" refers to the Harvard Pilgrim health benefit plans. The *Employer 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 traditional health maintenance organization benefits plan. Members enrolled in the Harvard Pilgrim HMO must satisfy a residency requirement and must also select a Primary Care Physician (PCP) upon enrollment. The PCP will provide or arrange for most covered services available under the Plan. Members are responsible for small co-payments for some covered services.

**The Harvard Pilgrim POS (Point of Service) Plan** operates like the HMO, but also gives Members the opportunity to choose to receive their care or service outside Harvard Pilgrim's network. Highlights of the POS plan include:

- In-network care covered in full with a proper PCP referral
- Out-of-network care from a non-participating provider, or a participating provider without a proper PCP referral, covered in full after deductibles and co-insurance have been met

**The Harvard Pilgrim PPO (Preferred Provider Organization)** is similar to the POS product in that it offers in-network services at a small co-pay and allows Members to access care from non-contracted providers (with deductibles and co-insurance). Highlights of the PPO product include:

- No requirement to choose a primary care physician
- Self-referrals for all specialty care

*Note: Harvard Pilgrim also offers Medicare supplemental products called Pilgrim Enhance 65 and Pilgrim Preferred 65, and a Medicare+Choice plan called First Seniority. Information on these products may be received through your Sales Account Executive.*

## Employer Materials

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

- *Employer Agreement* including the Group Application and the Eligibility Description
- *Benefit Handbook\** including the *Schedule of Benefits* and any rider information
- Monthly premium invoices listing each employee and the corresponding premium
- Enrollment and marketing materials
- *Employer Guide*
- Correspondence about administrative news or specific events

## Subscriber Materials

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

- An ID card for each covered individual
- *Benefit Handbook* including the *Schedule of Benefits* and any rider information
- Prescription drug coverage brochure (included if the group elects prescription drug coverage)
- *Provider Directory* listing the participating providers organized by specialty and location
- *Wellness First* brochure with information about discounts and programs for fitness, weight loss and more
- Interpretation Services flyer with information about translation services
- *Your Health* with articles on healthy lifestyles and Harvard Pilgrim updates
- Benefit update notifications describing significant benefit changes, as mandated by law or as agreed upon by the Employer Group and Harvard Pilgrim

*\*This document also may be referred to as the Member Agreement. Hereafter the document will be referred to as the Benefit Handbook.*

## Important Contact Information

Harvard Pilgrim'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 agreement or premium rates
- Answers to questions about Harvard Pilgrim or general questions about the health care industry
- Harvard Pilgrim forms or brochures

### 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

### Enrollment and Billing

The Enrollment and Billing Department processes enrollment/change forms, produces group invoices and applies premium payments as received. You should contact the Enrollment and Billing Department when you have questions about:

- Submitting the Enrollment/Change forms via paper-based process or through *HPHConnect*
- Eligibility
- Premium invoices
- Online group administration services

Enrollment and Billing is located at:  
1600 CROWN COLONY DRIVE  
QUINCY MA 02169

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

If you are using a paper-based process, please send the Enrollment/Change Form, Subscriber Termination Summary and other related correspondence to:

**Address**

HARVARD PILGRIM HEALTH CARE  
ENROLLMENT AND BILLING DEPT.  
PO BOX 9185  
QUINCY MA 02269

**Telephone Number**

1 (800) 637-4751

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 your Harvard Pilgrim 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
- Information on the drugs included in the Harvard Pilgrim Formulary
- Eligibility status
- Claim status
- ID cards (i.e., lost, new) and Member materials
- Nongroup eligibility
- Primary Care Physician (PCP) changes (applies to The Harvard Pilgrim HMO and The Harvard Pilgrim POS)\*

\* If you have given *HPHConnect* access to your employees, they can change PCPs for themselves and their families through *HPHConnect*.

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 contact Harvard Pilgrim's Member Services Department by using the department email address: [memberservices@hphc.org](mailto:memberservices@hphc.org).
- 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. Employers and Members 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 699183

MOTOR VEHICLE ACCIDENTS  
PO BOX 699187

WORKERS' COMPENSATION  
PO BOX 699218

**Telephone Number**

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

## Harvard Pilgrim Health Online

Harvard Pilgrim Online, [www.harvardpilgrim.org](http://www.harvardpilgrim.org), contains a wide range of educational and interactive information about Harvard Pilgrim 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 *Employer Guide* is also available on the web site in the Employers/Brokers section.

### For Employers

Employers are encouraged to manage their membership enrollment via the Internet by establishing online access with Harvard Pilgrim through *HPHConnect*. Your Account Executive may set up online access for the benefits administrators at your company. *HPHConnect* gives you online access to your membership roster and allows you to do the following at any time:

- 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 roster with Harvard Pilgrim's using an online roster verification tool
- Verify new enrollees information and then approve, deny or hold applicants for later action
- Disenroll employees

*HPHConnect* puts you in control of enrollments, changes and terminations and ensures that the changes you enter are reflected in time for Harvard Pilgrim to produce an accurate monthly invoice. Enrollment policies and eligibility requirements must be followed to ensure coverage. Contact your Sales Account Executive for more information.

### For Members

Members also have access to special web-based programs:

- *DoHealth* allows Members to research specific health questions, learn about health risks, and provides the latest health news
- *Specialists Online* provides a medical Question & Answer for general health questions
- Harvard Pilgrim's *Provider Directory* provides information that allows Members to choose their PCP. Maps and directions to the locations of providers are also provided

- Harvard Pilgrim Drug Formulary provides the names of medications that are available in generic and brand/formulary for determining the best use of the Harvard Pilgrim three-tier prescription drug benefit
- With *HPHConnect*, Members can enroll online, search for and select PCPs, change their PCPs, add or remove dependents during qualifying events and change their addresses or phone numbers

Other visitors may obtain information to guide them to better health, including:

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

Note: The online *Provider Directory* is updated monthly; therefore, the information on the web site will be more accurate than printed copies.

### For Providers

Providers are able to obtain important information about:

- Harvard Pilgrim's Formulary
- Physician Newsletters
- Updates and Advisories

# *Setting up your Account Structure*

Harvard Pilgrim 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. Harvard Pilgrim reserves the right to establish an account structure that is beneficial solely for the administration of eligibility. Harvard Pilgrim will set up your account as follows:

## **Standard Account Structure**

**Group Number:** The Employer Group will be granted a single group number for each product/benefit package 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 Harvard Pilgrim when system constraints or legal mandates deem it necessary.

**Division Number:** Each group number will be assigned a single division. Harvard Pilgrim reserves the right to establish separate divisions to administer benefits for COBRA members if applicable. Additional division numbers may be established by Harvard Pilgrim when systems constraints or legal mandates deem it necessary.

## **Custom Account Structure**

Harvard Pilgrim 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:
  - Harvard Pilgrim'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 Harvard Pilgrim's policies
- The effort associated with the set-up and administration is deemed reasonable by Harvard Pilgrim 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 division with the premium payment
- The Employer Group processes enrollment directly with Harvard Pilgrim without the aid of a third party administrator. (An Employer Group whose enrollment is processed through a third party administrator will be granted the standard account structure only)
- The Director of Enrollment & Billing must approve the Employer Group's requested account structure

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

# Eligibility

## Residency Requirement

**(This requirement applies to the Harvard Pilgrim HMO only.)**

To be eligible for coverage under The Harvard Pilgrim HMO plan, a Member must live and maintain a permanent residence within Harvard Pilgrim's Enrollment Area at least nine months per year.\* (Members who work but do not live within Harvard Pilgrim's Enrollment Area are not eligible for The Harvard Pilgrim HMO.) From time to time, Harvard Pilgrim may change the cities and towns in the Enrollment Area. An Enrollment and Billing Representative can confirm the cities and towns in the Enrollment Area.

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 Harvard Pilgrim's Enrollment Area for no more than 12 months (for reasons such as non-recurring travel, sabbatical or work-related project)

For full-time students outside the Enrollment Area, care differs slightly from care received in the Enrollment Area as outlined in the *Benefit Handbook*. For children covered under a QMSO and for Members temporarily residing outside Harvard Pilgrim's Enrollment Area, out-of-area benefits are limited to care that is not foreseeable while the Member is outside the Enrollment Area – i.e. routine and preventive care will not be covered.

If you have questions about these requirements, you may call Enrollment and Billing at 1 (800) 637-4751.

\* Members of The Harvard Pilgrim POS and The Harvard Pilgrim PPO plans are not required to live within Harvard Pilgrim's Enrollment Area. However, at least 90% of the eligible and participating employees of an Employer Group must live within Harvard Pilgrim's Enrollment Area.

## Subscriber Eligibility

An employee is eligible for group coverage when the employee:

- Is a permanent full-time employee who works a normal work week of 30 or more hours, OR (if coverage also is offered to part-time employees) is a permanent part-time employee who works at least one-half the amount of hours of a regular full-time workweek, and who is hired for a period of at least 4 months
- Receives the minimum employer contribution
- Enrolls in an Employer Group that is up-to-date in the payment of the applicable premium of coverage

In addition, an employer/employee relationship or a business-like bond must exist. Board of Directors and subcontractors may be eligible for coverage with Harvard Pilgrim approval. Early retirees are eligible provided the minimum employer contribution is the same as for active employees.

Note: If the Employer's guidelines are different, Harvard Pilgrim must approve them before the employee may be considered for eligibility.

## Dependent Eligibility

To be eligible as a dependent under Harvard Pilgrim, a dependent must be one of the following:

- The spouse of the subscriber
- The former spouse of the subscriber, until the subscriber or the former spouse remarries unless the divorce judgment specifically states otherwise (in accordance with M.G.L. Chapter 176G, Section 5A)
- An unmarried child (including an adopted child) of the subscriber or spouse of the subscriber who is under the age of 19 years\*, who: (a) resides regularly with the subscriber or spouse; or (b) qualifies as a dependent for federal tax purposes; or (c) for whom the subscriber is required by agreement or court order to provide health care coverage
- An unmarried child (including an adopted child)

of the subscriber or spouse of the subscriber, who is at least 19 years of age but not yet 25 years of age\*, who is enrolled as a full-time student in an accredited educational institution and who meets the requirements of (a), (b), or (c) above (See below, **Student Dependents**, for additional information)

- An unmarried child (including an adopted child) of the subscriber or spouse of the subscriber, age 19 years\* or older who: (a) is incapable of self-sustaining employment by reason of a physical or mental disability as determined by Harvard Pilgrim and (b) was covered by Harvard Pilgrim or any of its affiliates prior to attaining age 19 or has had continuous group health insurance coverage from the onset of the disability prior to joining Harvard Pilgrim (See below, **Dependents with Disabilities**, for additional information)
- 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 Harvard Pilgrim prior to enrollment
- The child of an eligible dependent of the subscriber until such time as the parent is no longer a dependent (in accordance with M.G.L. Chapter 176G, Section 4)
- The subscriber's sole spousal equivalent/domestic partner in accordance with Harvard Pilgrim's eligibility criteria. Harvard Pilgrim may request evidence of spousal equivalency/domestic partnership, including an affidavit attesting that the eligibility criteria for spousal equivalency/domestic partnership are met\*\*
- A dependent child of the subscriber's sole spousal equivalent/domestic partner under the terms and conditions described in sections above as if such sole spousal equivalent/domestic partner were the subscriber's spouse\*\*

\* Age requirements vary among employer groups. Please refer to the Eligibility Description section of either your Employer Agreement or your Group Application for the age requirements that apply to your group.

\*\* Coverage for spousal equivalent/domestic partner is optional and requires Harvard Pilgrim's approval. Please refer to the Eligibility Description section of either your Employer Agreement or your Group Application for the dependent eligibility guidelines that apply to your group.

Note: Harvard Pilgrim 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.

### **Dependents with Disabilities**

- Harvard Pilgrim may request proof of continuous group health insurance coverage prior to enrollment.
- At the time of initial enrollment, or when the dependent reaches the age maximum, Harvard Pilgrim 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 due to marriage, or until the subscriber's contract terminates or is changed to remove the disabled dependent.

### **Student Dependents**

In general, membership of a dependent child ends as of the child's 19th birthday or the date of marriage, whichever occurs first. However, continued coverage as a dependent is available to an unmarried child over age 19, but under age 25\*, who is enrolled and verified by Harvard Pilgrim as a full-time student at an accredited educational institution.

For The Harvard Pilgrim HMO plan, dependents that are verified full-time students, or are covered under a QMSO, are not required to live within Harvard Pilgrim's Enrollment Area at least nine months per year.

**Table 1** summarizes the process for verifying student status for dependents 19 and older.

**Table 1**  
Student Verification Process

<b>If the dependent is...</b>	<b>Then Harvard Pilgrim will...</b>
Under age 19 at the time of enrollment	Enroll as a dependent. Approximately two months before the dependent's 19 <sup>th</sup> birthday, Harvard Pilgrim will send a letter outlining student dependent coverage and requesting verification of student status.
Over age 19 at the time of enrollment	Verify student status from the school information provided on the application. If additional information is required, Harvard Pilgrim will contact the subscriber to obtain verification prior to enrollment of the dependent.
Over age 19, but is newly eligible because he is returning to school	Require verification of full-time student status prior to enrollment of the dependent. The effective date of coverage will either be the first of the month classes begin, or the first day of classes.

Harvard Pilgrim verifies full-time student status at the beginning of each school year by sending a Student Verification Affidavit to the subscriber. The completed affidavit must be returned to Harvard Pilgrim so that the dependent's eligibility for student dependent coverage may be determined.

**Table 2** outlines when Harvard Pilgrim will terminate student dependent coverage and is based on Harvard Pilgrim's standard dependent age maximum of 19 and student dependent age maximum of 25.\*

Members may contact Members Services at 1 (888) 333-4742 or refer to their *Benefit Handbook* for more information about special benefits and eligibility requirements for students, or to obtain extra Student Verification Affidavits.

Students who fail to respond to the annual verification will be removed effective September 30th.\* Both the subscriber and the Employer Group will be notified of former student dependents who have been terminated as a result of this annual verification process. Changes in the contract type may result when a student dependent is terminated from the subscriber's policy. (For example, if there is a family contract covering two members and a student terminates, Harvard Pilgrim will adjust the contract type to individual to reflect the termination of the dependent.)

**Table 2**  
Termination of Student Coverage

<b>When a student dependent...</b>	<b>Then coverage terminates...</b>
Turns 19 and a Student Affidavit is not returned	On the day before the Member's 19 <sup>th</sup> birthday
Turns 19 and a Student Affidavit is returned but student is not full time or otherwise a valid student dependent	On the day before the Member's 19 <sup>th</sup> birthday
Turns 25 and is still a student dependent	On the day before the Member's 25 <sup>th</sup> birthday
Completes a semester in May or June and is no longer a full-time student	September 30 <sup>th</sup>
Completes a semester in December or January and is no longer a full-time student	March 31 <sup>st</sup>
Completes a semester anytime other than May, June, Dec. or Jan. and is no longer a full-time student	60 days after the actual last day of classes
Changes from full-time to part-time status, withdrawals or takes a leave of absence from classes before the end of the semester; Between 08/01 and 09/30= Between 10/01 and 12/31= Between 01/01 and 03/31= Between 04/01 and 07/31=	09/30 The date of the event 03/31 The date of the event
Takes a medical leave of absence Between 08/01 and 09/30= Between 10/01 and 12/31=  Between 01/01 and 03/31= Between 04/01 and 07/31=	09/30 60 days from the date of the event as recorded at the Registrar's office 03/31 60 days from the date of the event as recorded at the Registrar's office
(HMO only) Moves permanently outside the Plan Enrollment Area and is not a student	The date of notification or identification by Harvard Pilgrim
Marries	The date of marriage
Ceases to meet eligibility guidelines	The date the Member ceases to be eligible
Subscriber's policy terminates	The date of the event
Is termed due to untruthful information on the Affidavit	15 days after the date of notification by Harvard Pilgrim

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

\* Age requirements vary among employer groups. Please refer to the *Eligibility Description* section of either your *Employer Agreement* or your *Group Application* for the age requirements that apply to your group.

# ***Enrollment Effective Dates***

## **Notification of Enrollment**

Employers and TPAs should be aware that Harvard Pilgrim must be notified of enrollment requests in a timely and accurate manner to ensure enrollees of their coverage rights established for them by HIPAA or other applicable law.

**Notification must be received by Harvard Pilgrim within 60 days of the effective date of coverage. If Harvard Pilgrim 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.**

Enrolled Members who are contained in the Harvard Pilgrim 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 Harvard Pilgrim 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 Harvard Pilgrim. The effective date of coverage is the date stated on the *Group Application* or a date agreed upon by the Employer Group and Harvard Pilgrim
- 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 Application* and must be agreed to by Harvard Pilgrim. If your company does not require a probationary period, enrollment must become effective within 30 days of the date of hire, provided that proper enrollment forms are received by Harvard Pilgrim 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 Harvard Pilgrim 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

In addition, HIPAA (The Health Insurance Portability and Accountability Act of 1996) 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 (including COBRA). In this case, 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 submitted with the Enrollment/Change Forms.)
- 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. The new dependent(s) and the employee may enroll pursuant to such events
  - For enrollment due to marriage, coverage will be effective no later than the first day of the first calendar month following the request for coverage from the Employer Group;
  - For enrollment due to birth or adoption, coverage will be effective as follows:

- 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 will be 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 that date
- For an adoptive child placed with a subscriber for purposes of adoption by a licensed adoption agency at a location outside of Massachusetts, coverage may begin on the date the subscriber has legal and physical custody of the child

qualifying event designated in the Employer Group's Section 125 written plan document. To approve such Section 125 changes during the year, Harvard Pilgrim may request a copy of your written plan document.

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**

Harvard Pilgrim recognizes that some employer groups offer a Section 125 Cafeteria Plan with the choice of cash or certain qualified benefits including health benefits. 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

Most of the mid-year election changes permitted by Section 125 also are allowed by Harvard Pilgrim. However, if an Employer Group requests an enrollment change that does not comply with Harvard Pilgrim's standard enrollment guidelines, Harvard Pilgrim will process the request provided it is a

# ***Enrolling New Members***

## **How to Enroll Employees and Dependents**

To enroll employees and their eligible dependent(s), you must submit a complete enrollment notification form. Harvard Pilgrim prefers that you use Harvard Pilgrim's standard Enrollment/Change Form to complete enrollment and change transactions. However, enrollment data may be accepted on a generic enrollment/change form or on an employer-generated enrollment report, as long as the format has been approved by the Harvard Pilgrim Enrollment and Billing Department and all the necessary information is provided.

In addition, Harvard Pilgrim also has technologies that support the electronic submission of enrollment data. The first is known as Electronic Data Interchange (EDI). The second is a web-based technology called *HPHConnect* that allows enrollment transactions through a secure Internet connection. Please contact your Sales Account Executive for further information.

Employers are required to submit Enrollment/Change Forms as early as possible to ensure accurate and timely enrollment of employees. If Harvard Pilgrim does not receive the Enrollment form prior to the effective date, services may be denied. Please note that Harvard Pilgrim's Enrollment and Billing Department processes enrollment forms in the order in which they were received.

**Notification of enrollment must be received within 60 days of the effective date of coverage. If Harvard Pilgrim 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 Primary Care Physician (PCP) upon enrollment in The Harvard Pilgrim HMO and The Harvard Pilgrim POS plans. 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, Harvard Pilgrim prohibits a Member from selecting a PCP who is an immediate family member.

## **Completing the Enrollment/Change Form to Enroll a Member**

The Enrollment/Change Form collects necessary Member information that is used for accurate enrollment. It includes important disclosures about membership under the Plan. The HMO, POS and PPO plans have their own enrollment change form. The Enrollment/Change Form must be filled out completely and legibly. Shaded areas are for use by Harvard Pilgrim. When an employee completes the form, it should be returned directly to you.

**Incomplete forms will delay enrollment processing and the issuance of ID cards and may result in a denial of enrollment.**

Please review the completed form to make sure all of the following spaces are filled in. (See sample form on page 14.)

1. Reason for Submission
2. Your Group/Company Name
3. Employee's Date of Hire
4. Your Group/Division Number (located in the upper center of your invoice), see sample on page 29.
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 and Dependent (age 18 and over) Signature and Date
11. Employer Signature and Date

After reviewing each employee's application for completeness and legibility, you should:

- Send the top copy of the application to Harvard Pilgrim'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  
ENROLLMENT AND BILLING DEPT.  
PO BOX 9185  
QUINCY MA 02269

Note: Whenever possible, Harvard Pilgrim should receive the enrollment form before the Member's effective date of coverage. However, when a Member needs care in the next 24-48 hours, and Harvard Pilgrim has not yet received notification of the enrollment, you may call our Enrollment and Billing Department at 1 (800) 637-4751. You will be given a tracking number that should be written on the enrollment form and then faxed to the Enrollment and Billing Department for expedited processing.

### **Enrolling Members Online through *HPHConnect***

Harvard Pilgrim now offers employers the option of online enrollment, changes and terminations. Online enrollment offers employers the option for employees, employers or brokers to enter enrollment information directly, eliminating the delays and costs associated with the manual processing of paper enrollment forms. At the employer's option, employees may be given secured access to their own Harvard Pilgrim enrollment records to make address and other demographic changes as they occur. All enrollments, changes and terminations are sent to the Employer for verification and approval, before being submitted electronically to Harvard Pilgrim.

Please contact your Sales Account Executive for more information about *HPHConnect*.



# *Changing a Member's Status including Member Termination*

## **Reporting a Change in a Member's Status**

In the following instances, the Employer Group must notify Harvard Pilgrim of changes in status that affect Member eligibility by submitting an Enrollment/Change Form:

- 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
- Change from one Harvard Pilgrim plan to another Harvard Pilgrim 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 Harvard Pilgrim, or when a Member permanently moves into or out of the Harvard Pilgrim Enrollment Area
- Change in subscriber or dependent's marital status
- Change in dependent status
- Addition of a dependent(s) due to adoption
- Change of the subscriber or dependent's legal name
- Change of subscriber or dependent's address that impacts eligibility due to Harvard Pilgrim'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

## **Harvard Pilgrim 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 from the date the notice was received by Harvard Pilgrim, and the Employer will be required to pay the applicable monthly premium for coverage provided prior to the termination effective date

An employee may make the following changes at any time by calling Member Services at 1 (888) 333-4742. It is not necessary to use the Enrollment/Change Form in the instances listed below:

- 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

## **Completing the Enrollment/Change Form to Change a Member's Status**

The Enrollment/Change Form should be filled out completely and legibly. Shaded areas are for use by Harvard Pilgrim. After your employees have completed and signed the form, they should return it directly to you. (Please refer to page 12 for instructions on how to fill out the Enrollment/Change Form.) If your group uses EDI for enrollment, changes in status must be sent according to the transmission schedule agreed to by the Employer Group and Harvard Pilgrim.

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 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** - Effective Date of Change: Usually the date of the qualifying event.

**Section 6** - Employee's Full Name, Address and Telephone Number(s): If the employee is changing his name, this line should list the new name.

**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 a regular patient of the PCP he has chosen. (PCP selection applies only to The Harvard Pilgrim HMO and The Harvard Pilgrim POS plans.)

### **Changing a Member's Status Online through *HPHConnect***

*HPHConnect* allows you and your employees to enter enrollment information directly, eliminating the delays and costs associated with the manual processing of paper Enrollment/Change forms. Employees may be given secured access to their Harvard Pilgrim enrollment records to make address and other demographic changes as they occur. All enrollments, changes and terminations are sent to the Employer for verification and approval, before being submitted electronically to Harvard Pilgrim.

Please contact your Sales Account Executive for more information about *HPHConnect*.

# Terminating Subscriber Coverage

## Reporting Subscriber Contract Terminations

Harvard Pilgrim requires an Application/Change Form or other approved form of notification from the Employer Group to terminate a subscriber's contract when an employee terminates employment, has a reduction in hours, elects to voluntarily terminate membership, switches to another plan at open enrollment, or otherwise terminates his entire membership with Harvard Pilgrim. The subscriber's termination date is determined by the Employer Group and must be communicated to Harvard Pilgrim in a timely manner.

**Employers are required to notify Harvard Pilgrim immediately or prior to the effective date of the termination of employee coverage. If notice of a termination is received by Harvard Pilgrim more than 60 days after the desired termination date, the termination date will be set 60 days retroactive from the date the notice was received by Harvard Pilgrim. 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 Harvard Pilgrim or participating providers assume confirmation of membership and are invalid after termination of membership.

## Methods for Reporting Subscriber Contract Terminations

Do not mark up your monthly invoice or send in terminations with your premium payment. This could 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."

There are several possible ways to terminate a subscriber's contract (including all eligible dependents):

### Online Terminations

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 invoice cycle.

### 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 14.)

- Reason for submission and check off Termination and reason for termination
- Your group/division name and number
- The HP contract/ID number 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

### Subscriber Termination Summary Form

The Subscriber Termination Summary form may be used to terminate one or several subscribers from your group plan. Please do not use this form to terminate dependents from the subscriber's policy; instead use the Enrollment/Change Form.

Please provide the following information: (See sample form on page 19);

- Your Group/Division Name and Number
- Date — the date you are completing the request
- The Subscriber's ID Number (HP number or Social Security Number)
- Subscriber's Name
- Last Day of Coverage (effective date of termination)

- Term Code
- Comments

If you do not have a Subscriber Termination Summary form, you may request a supply from your Sales Account Executive.

#### **Company Letterhead**

While Harvard Pilgrim prefers the use of standard termination forms, you may report subscriber terminations on your company's letterhead. Please provide all the information that is requested on the Subscriber Termination Summary Form and send the termination notice to Harvard Pilgrim's Enrollment and Billing Department.

#### **Employer Generated Termination Reports**

Harvard Pilgrim prefers that employers use the standard Harvard Pilgrim Subscriber Termination Summary Form or the Enrollment/Change Form. However, Harvard Pilgrim will allow the use of employer generated termination reports as long as they contain all the necessary data elements required for subscriber termination, and the format is approved in advance by Harvard Pilgrim.

#### **EDI Reporting**

Disenrollment/termination information may be transmitted during the regularly scheduled file transfers between the Employer Group and Harvard Pilgrim. Transmission via EDI requires employers to provide information in a specific format. Please contact your Sales Account Executive to apply for EDI.

Note: Reporting of terminations and enrollments via regular email is not allowed due to the confidentiality of this information and because transmissions via email are not secure.

# Harvard Pilgrim

P.O. BOX 9185  
 QUINCY, MA 02269  
 1-888-333-HPHC (4742)

## EMPLOYEE/SUBSCRIBER TERMINATION SUMMARY

Please list subscribers who are to be removed from your Harvard Pilgrim Health Care group coverage. Be sure that the effective date of removal is within the allowed 60 day retroactivity limit. HPHC will send each terminated employee who is eligible information on converting to non-group coverage. The "non-group conversion" privilege permits employees to convert to non-group membership without filing a health statement and without a lapse in coverage. To be sure your employees receive this important information, please include the appropriate termination code. Occasionally, eligible employees may not receive the conversion information in the mail. Please remind employees that they are responsible for obtaining the non-group conversion application. Non-group conversion does not happen automatically; employees must apply for conversion within 30 days of receiving the application, or lose the conversion privilege. Conversion information and applications are available from Member Services, 1-888-333-HPHC.

NOTE: THIS FORM TO BE USED FOR TERMINATION OF ENTIRE POLICY.

GROUP/DIVISION NAME: \_\_\_\_\_ DATE \_\_\_\_\_

	Group/Division No.	Subscriber ID No.	Subscriber Name	Last Day of Coverage	*Term Code	Comments
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

\*Termination Codes:

CT - Cobra Termination  
 DE - Deceased  
 LA - Leave of Absence  
 LE - Left Employment

LO - Laid Off  
 MO - Moved Out of Area  
 NE - No Longer Eligible  
 NS - Non-Payment/Cobra

OI - Transferred to another Plan  
 RE - Retired  
 TR - Transferred to another HPHC Product  
 VC - Voluntary Cancellation  
 ST - Strike

# 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.” Since its implementation in 1986, COBRA has been amended many times by various sources of federal law including Omnibus Budget Reconciliation Act of 1989 and 1993 (OBRA), the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and other federal law. Most recently, the Internal Revenue Service (IRS) issued final regulations on COBRA that are effective for qualifying events occurring in plan years beginning in 2000.

**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 their own 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 (large groups only), Harvard Pilgrim will grant requests from Employer Groups to offer COBRA continuation coverage to domestic partners. 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 the 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
- 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 the termination of employment or reduction of hours.

Table 3 summarizes qualifying events, eligible individuals and coverage periods. (See page 23)

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

**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 23.) However, COBRA coverage may be extended in certain situations.

- **Disability extension:** Persons covered under COBRA due to termination from 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 Notification Responsibilities**

Notifying employees, spouses and dependents of their rights under COBRA and notifying Harvard Pilgrim 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, the eligible individuals have 60 days to elect COBRA. Each eligible Member may independently elect COBRA coverage

Harvard Pilgrim requests the following:

- As soon as possible after the qualifying event occurs (but within 60 days), submit an Enrollment/Change Form or other such approved notification 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 another Enrollment/Change Form indicating 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, Harvard Pilgrim receives inquiries from medical providers about individuals' eligibility for coverage under the Employer Group's health plan. The final regulations of COBRA, effective in 2000, clarify that the Employer has an obligation to respond to such inquiries.

Harvard Pilgrim's practice is to advise medical providers whether an individual is an active or inactive Harvard Pilgrim Member. However, Harvard Pilgrim 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. According to the new COBRA regulations, employers are required to respond to any such provider inquiry with full 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 or Medicare plan. (Please refer to the section entitled Nongroup Coverage for the eligibility requirements.) Members interested in applying for the Nongroup plan or one of Harvard Pilgrim's Medicare plans should call Member Services at 1 (888) 333-4742. (Members applying for the Nongroup plan must satisfy all eligibility requirements.) Applications must be received within 63 days of the date group coverage under COBRA ends to ensure continuous coverage.

**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, Pension and Welfare Benefits Administration at (617) 565-9600, or visit the Department of Labor's Web site at <http://www.dol.gov/dol/pwba>.**

### **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 the next page for continuation coverage qualifying events, eligible individuals, and the applicable coverage period.

Harvard Pilgrim 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 Harvard Pilgrim within 60 days of the qualifying event, and you must also notify Harvard Pilgrim 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**

<b>Qualifying Event</b>	<b>Who is Eligible for Continuation Coverage</b>	<b>Standard Coverage Period</b>
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 <i>(The remarriage of a subscriber is not a qualifying event.)</i>	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, Plus 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)**

Massachusetts law requires all employer groups, 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. This coverage is available to the former spouse only while the subscriber continues to be a Harvard Pilgrim Member. The only exception to this requirement must be established by a divorce decree.

Upon remarriage of the subscriber, if the divorce decree requires the subscriber to continue to make coverage available to former spouse, Harvard Pilgrim 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 Harvard Pilgrim. Employers may not require divorced spouses to elect COBRA or Mini-COBRA coverage in place of continuation coverage for divorced or separated spouses.

## **Continuation Coverage due to Plant Closing or Partial Plant Closing**

### **(M.G.L. Chapter 176G Section 4A)**

Massachusetts law requires the Employer Group 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 ever comes first. Employer Groups are responsible for notifying employees of their continuation rights under this law.

# *Nongroup Coverage*

## **Members No Longer Eligible for Group Coverage**

When a Member loses coverage with your Employer Group, he may be eligible to enroll in nongroup coverage in the following Harvard Pilgrim health plans:

- Harvard Pilgrim’s Nongroup First Seniority Medicare program. For information about First Seniority, Members may call Harvard Pilgrim’s Sales Department at 1 (800) 779-7723.
- The Harvard Pilgrim HMO for Nongroup Members. As required by M.G.L. Chapter 176M, Harvard Pilgrim offers a “guaranteed issue” Nongroup HMO plan with comprehensive health benefits to Massachusetts residents. There is no waiting period and no health screening. To be eligible, applicants must satisfy all of the following requirements:
  - Live and maintain a permanent residence within Harvard Pilgrim’s Massachusetts Enrollment Area at least 9 months of the year
  - Not have access to group health coverage through an employer
  - Not have been terminated from membership in the health plan for cause, as listed in the *Benefit Handbook*
  - Not be eligible for coverage as a dependent through a health plan in which the subscriber or spouse is enrolled or eligible for enrollment
  - Not be eligible for continuation coverage under COBRA or Massachusetts Mini-COBRA continuation coverage
  - Not be enrolled in Medicare or Medicaid
  - Not be self-employed

To ensure coverage without interruption, former Members must apply within 63 days of the termination of prior coverage. If an applicant does not apply within this time period, he must wait until the annual statewide open enrollment period from September 1 through October 31, for coverage effective December 1.

For information on Nongroup rates and benefits, or to obtain a Nongroup application, please call Harvard Pilgrim’s Member Services Department at 1 (888) 333-4742. At the time of this writing, Harvard Pilgrim offers Nongroup health plans in Massachusetts, New Hampshire and Maine. The applicant may enroll only in a Nongroup plan offered in his state of residence. Persons who may be eligible for Medicaid coverage should contact the MassHealth Offices at 1 (800) 841-2900.

*Note: At this time, Harvard Pilgrim does not offer a POS or PPO plan for Nongroup Members; however, former POS and PPO Members may apply for the Harvard Pilgrim HMO plan for Nongroup Members.*

# Medicare Eligibles

## Letters to Harvard Pilgrim Members Approaching Age 65

In accordance with Health Care Financing Administration (HCFA) regulations, Harvard Pilgrim sends letters to Members approaching their 65th birthday regarding their option to enroll in Harvard Pilgrim's Medicare+Choice health plan, First Seniority. Harvard Pilgrim sends these letters only to Members who reside within the First Seniority service area. Members may receive variations of the letter based on their place of residence and delivery site.

If you have questions on this process or are interested in purchasing a First Seniority Employer Group plan, please contact your Sales Account Executive at 1 (800) 848-9995.

If you currently sponsor a First Seniority group plan, please refer to the First Seniority *Employer Guide* for additional information.

## 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 HCFA, 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, Harvard Pilgrim 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 HCFA

**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.**

**Additionally, for information on MSP requirements, you may write to U.S. Department of Health and Human Services, Health Care Financing Administration, 6325 Security Boulevard, Baltimore, Maryland, 21207-5187.**

# Premiums

Harvard Pilgrim generates a premium invoice each month and mails it approximately 15 days before the payment due date. Harvard Pilgrim requires full premium payments on or before the beginning of the coverage period.

## Payment Terms

The following are Harvard Pilgrim's requirements for premium payments:

- You must "pay as billed," i.e., pay the full invoice amount
- You may not take credits until Harvard Pilgrim reflects them on your invoice. Doing so may result in the cancellation of your group coverage due to nonpayment
- Premiums 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 Harvard Pilgrim Members or in the loss of coverage\*\*

In addition, please note the following requirements:

- For Medicare eligible retirees who elect Harvard Pilgrim's First Seniority product through your group, you must continue to pay the active employee premium rate until HCFA approves the First Seniority application and effective date
- COBRA premium payments and membership reports (with the exception of the first payment) must comply with Harvard Pilgrim's 60 day retroactive policy. Harvard Pilgrim 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 Enrollment and Billing Department at 1 (800) 637-4751.

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

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

## Premium Calculation

The current billing period premiums are 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.

Harvard Pilgrim calculates partial months of membership in two ways:

- 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
- 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 Premium Invoice

Each month, you will receive a premium invoice that contains a cover page (See page 29), a list of all your covered employees and their applicable rates, a detailed adjustment section and a summary of current billings.

1. Contact Person - Please make sure that this invoice is addressed to the attention of the appropriate person in your organization. If the contact person changes or if there is a change in your mailing address, please call Harvard Pilgrim's Enrollment and Billing Department directly at 1 (800) 637-4751 to have this information updated
2. Group/Division Number - Whenever you make an inquiry about your group or submit an Enrollment/Change Form, be sure to indicate your Group/Division Number
3. Invoice Number - Each invoice has an invoice number that should be referenced when you pay that invoice or if you have any questions about that particular invoice
4. Invoice Date - All transactions and payments processed on or before the invoice date are reflected on this invoice\*
5. Bill Period - The period of time for which you are currently being billed
6. Payment Due On/Before Date - All premium payments are due on or before the first of the coverage period
7. Memos – Not applicable
8. Adjustments - The figure shown as 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
9. Balance Forward - The amount remaining after the amount paid is subtracted from the previous balance, plus or minus any adjustments
10. Current Premiums - Reflects premium charged for the current bill period, but does not include any adjustments
11. Please Pay This Amount - This amount reflects the current premiums plus or minus any adjustments. This amount may also reflect any outstanding amounts due
12. Return Payment Stub – When making your payment, the bottom portion of the cover page of your invoice should be detached, and returned with your payment. Mail your payments along with the Return Payment stub to the address listed on the stub. (A pre-addressed envelope is enclosed with your invoice for your convenience.)

\* *Transactions received less than five (5) days prior to the invoice date may not be reflected on your current month's invoice.*

*Note: Enrollments, changes and terminations should NOT be submitted with your payment.*

# Sample of Premium Invoice

Summary Page 04140 000001 1A

**HARVARD PILGRIM HEALTH CARE**  
**P.O. BOX 9185**  
**QUINCY, MA 02269**

**2**  
 DIVISION# 0654320000

000001

**3** INVOICE # 100000047706

**4** INVOICE DATE 03/11/00

**5** BILL PERIOD: 04/01/00 - 04/30/00

**6** PAYMENT DUE ON/BEFORE: 04/01/00

**1**  
 ATTN: JOHN SAMPLE  
 ABC PIZZA COMPANY  
 123 MAPLE STREET  
 BOSTON MA 02115

TOTAL CONTRACTS	59
TOTAL MEMBERS	166
<b>7</b> PREVIOUS BALANCE	\$25,000.00
<b>8</b> MEMO	\$0.00
<b>9</b> ADJUSTMENTS	\$400.00
<b>10</b> AMOUNT PAID	\$25,000.00-
<b>11</b> BALANCE FORWARD	\$400.00
CURRENT PREMIUMS	\$27,000.00
<b>**PLEASE PAY THIS AMOUNT</b>	<b>\$27,400.00</b>

IF YOU HAVE ANY CHANGES OR ADDITIONS, PLEASE MAIL NECESSARY FORMS TO THE ATTENTION OF ENROLLMENT AND BILLING AT THE ADDRESS NOTED ABOVE

**\*\* PLEASE MAIL PAYMENT TO \*\***  
 HARVARD PILGRIM HEALTH CARE  
 P.O. BOX 970050  
 BOSTON, MA 02297-0050

---

**12**  
 JOHNSAMPLE  
 ABCPIZZACOMPANY  
 123 MAPLE STREET  
 BOSTON MA 02115

DIVISION# 0654320000

TOTAL CONTRACTS	59
TOTAL MEMBERS	166
PREVIOUS BALANC	\$25,000.00
MEMOS	\$0.00
ADJUSTMENT	\$400.00
AMOUNT PAID	\$25,000.00
BALANCE FORWARD	\$400.00
CURRENT PREMIUMS	\$27,000.00
<b>**PLEASE PAY THIS AMOUNT</b>	<b>\$27,400.00</b>

**\*\* PLEASE MAIL PAYMENT TO \*\***  
 HARVARD PILGRIM HEALTH CARE  
 P.O. BOX 970050  
 BOSTON, MA 02297-0050

INVOICE # 100000047706

INVOICE DATE 03/11/00

BILL PERIOD: 04/01/00 - 04/30/00

PAYMENT DUE ON/BEFORE: 04/01/00

06010300026100000047706800000005667160000000566716DC

## Making Premium Payments

Payment consists of the amount due for current premiums plus or minus any adjustment amount reflected on the invoice and any outstanding amounts due. When submitting payment that applies to more than one division, Harvard Pilgrim must receive the Return Payment stub for each division or a remittance advice statement indicating exactly what payment amount should be applied to each division. Without this remittance statement, there could be a substantial delay in the posting, or a misapplication of your payment to your account.

If you choose to use a Third Party Administrator to manage your payments (or other activities), please notify the Enrollment and Billing 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. Harvard Pilgrim 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.**

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

- **Electronic Funds Transfer (EFT)**

Harvard Pilgrim prefers that Employer Groups remit premium payments electronically by wire or Automatic Clearinghouse (ACH) transfer. In addition to the premium due, Harvard Pilgrim must receive a remittance advice on the same day as the EFT. Harvard Pilgrim's banking information is as follows:

<b>Bank:</b>	FleetBoston
<b>ABA Routing Number:</b>	011 000 390
<b>Account Number:</b>	561-02394

If you would like to remit your payment by EFT, please contact the Cash Applications area of the Enrollment and Billing Department at 1 (888) 888-4742 to discuss the details of this arrangement.

- **Check**

Harvard Pilgrim utilizes an automated lock box service to ensure the most accurate and timely processing of your payment. Please forward your check, along with the Return Payment stub from the bottom of the cover page of your premium invoice, to the following address:

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

## Self-billing

Self-billing is an exception to Harvard Pilgrim policy and is available only to groups with 51 or more eligible employees. All requests to self-bill must be approved in advance by Harvard Pilgrim's Enrollment and Billing Department prior to the commencement of self-billing. Employer Groups may be allowed to self-bill only if they meet certain criteria and routinely conform to all Harvard Pilgrim policies. The Employer Group must:

- Submit an electronic premium payment report with the payment. If the payment report is not available by the premium due date, payment should be sent to Harvard Pilgrim by the due date, with the payment report to follow electronically as soon as it is available; but no later than 10 business days after payment is made. The premium payment report should include, by division, the name and Social Security number of each subscriber covered during the month, the contract type (e.g., individual, family, etc.), the rate and the total amount paid for each contract, including retroactivity;
- Pay on a "15-day wash" basis (see "Premium Calculation" section on page 27); and
- Respond to status inquiries by Harvard Pilgrim within 10 business days.

Please contact your Sales Account Executive for additional self-billing information or to request Harvard Pilgrim's specific electronic file format.

*Note: The premium payment report cannot be used as notification of new enrollments, changes, terminations or COBRA transactions. Alterations to enrollment records or omissions of enrollment records on a remittance advice are NOT considered formal notification and therefore will not be processed until Harvard Pilgrim receives a completed Enrollment/Change Form, Subscriber Termination Summary form, or other such approved notification.*

## **Schedule A/Form 5500**

Harvard Pilgrim will produce Schedule A/Form 5500 information upon written request from the Employer Group or the Third Party Administrator. Generally, a separate statement will be produced for each division unless otherwise requested. The following information will be provided:

- Insurance Carrier
- Group Name
- Group Division Number
- Plan Type
- Plan Year
- Premium Rates
- Total Billed
- Total Paid
- Premium Due and Unpaid at the End of the Plan Year
- Number of Members
- Agent/Broker Names
- Commissions Paid

Requests for Schedule A/Form 5500 information should be directed to the Enrollment and Billing Department.

# ***Employer Group Contract Renewal/Termination***

## **Renewal Information**

Your contract with Harvard Pilgrim begins on the original effective date specified in your *Employer Agreement* and renews from year to year on the established anniversary date (or another date agreed to by the Employer Group and Harvard Pilgrim), unless terminated as described below.

## **Employer's Termination Rights**

The Employer must give written notice to Harvard Pilgrim 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, Harvard Pilgrim will set the termination date at 30 days after the date Harvard Pilgrim receives written notice. In addition, the Employer Group will be responsible for the full premium amount up to the termination date established by Harvard Pilgrim. For example, if you choose to terminate coverage effective midnight June 30, Harvard Pilgrim must receive notification of the termination by May 31.

## **Harvard Pilgrim's Termination Rights**

The Plan(s) is subject to guaranteed renewability as required by state and federal laws, except under the following circumstances:

- a) Termination or non-renewal for nonpayment of premium. Harvard Pilgrim may terminate the Agreement, or exercise its right not to renew the Agreement at the anniversary date due to nonpayment of premium.
- b) Termination or non-renewal for cause. Harvard Pilgrim may terminate the Agreement at any time, or exercise its right not to renew the Agreement at the anniversary date, or by giving written notice to the Employer 60 days prior to the effective date of termination under the following conditions:
  - i. fraud or intentional misrepresentation of material fact concerning coverage, including information about employee eligibility or information necessary for Harvard Pilgrim to determine the Employer's group size, participation rate, or premium rate;

- ii. failure to comply with Harvard Pilgrim's contribution requirements;
- iii. Employer is no longer actively engaged in business
- iv. for coverage made available only through Associations, if the Employer's membership in the Association ceases.

Harvard Pilgrim's written notice to Employer shall include the specific reason for the termination as described above.

- c) Non-renewal relative to participation requirements. Harvard Pilgrim may exercise its right not to renew the Agreement at the anniversary date if the Employer fails to meet Harvard Pilgrim's group participation requirements.

Coverage for the subscriber and any covered family dependents will end when the contract with Harvard Pilgrim 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 Harvard Pilgrim beyond June 30th at midnight.

## ***Third Party Liability***

Harvard Pilgrim's Insurance Liability Recovery (ILR) Department determines when another insurer or party may be liable for expenses for services provided by Harvard Pilgrim 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, Member 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 rule 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 Harvard Pilgrim has knowledge, specifies one of the parents as responsible for the health care benefits of the child, 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
- 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

If a Member is covered by a Health Benefit Plan that does not have provisions governing the coordination of benefits between plans, that plan will be the primary plan.

### **Provider Payment when Harvard Pilgrim Coverage is Secondary**

When a Member's Harvard Pilgrim coverage is secondary to a Member's coverage under another Health Benefit Plan, Harvard Pilgrim 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. Harvard Pilgrim may recover any payments made for services in excess of Harvard Pilgrim'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 motor vehicle, 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 Harvard Pilgrim.

## **Workers' Compensation/Government Programs**

If Harvard Pilgrim 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, Harvard Pilgrim may suspend payment for such services until a determination is made whether payment will be made by such program. If Harvard Pilgrim 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, Harvard Pilgrim 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 Harvard Pilgrim 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 Harvard Pilgrim, Harvard Pilgrim 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 Harvard Pilgrim.

Harvard Pilgrim 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 cases of uninsured or underinsured motorist coverage. In the event a Member has been reimbursed by another party for medical expenses provided or paid for by Harvard Pilgrim, Harvard Pilgrim shall be entitled to recover from such Member 100% of the amount the Member has received.

Harvard Pilgrim's right to recover 100% of the value of services paid or provided is not subject to any reduction for attorney's fees. Harvard Pilgrim'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, Harvard Pilgrim 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 Harvard Pilgrim for which such party is, or may, be liable.

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

### **Member Cooperation**

The Member agrees to cooperate with Harvard Pilgrim 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 Harvard Pilgrim, b) the execution of any instruments deemed necessary by Harvard Pilgrim to protect its rights, c) the prompt assignment to Harvard Pilgrim of any monies received for services provided or paid for by Harvard Pilgrim, and d) the prompt notification to Harvard Pilgrim of any instances that may give rise to Harvard Pilgrim's rights. The Member further agrees to do nothing to prejudice or interfere with Harvard Pilgrim'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 Harvard Pilgrim for any expenses Harvard Pilgrim may incur, including reasonable attorney's fees, in enforcing its rights.

### **Harvard Pilgrim's Rights**

Nothing in this *Employer Guide* or the *Benefit Handbook* shall be construed to limit Harvard Pilgrim'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, Harvard Pilgrim 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) Harvard Pilgrim will pay for services only to the extent payments would exceed what would be payable by Medicare.

*Note: The Benefit Handbook provides complete 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 Harvard Pilgrim directly. Members may call Harvard Pilgrim'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 Harvard Pilgrim on a standard health care claim form (i.e., HCFA 1500 or the UB-82/92 form). Claims should be sent to Harvard Pilgrim 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 Harvard Pilgrim 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 Harvard Pilgrim 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. Harvard Pilgrim may require additional information for some claims. Members with questions about claims may call Harvard Pilgrim's Member Services Department at 1 (888) 333-4742.*

## Member Confidentiality Policy

Harvard Pilgrim is committed to ensuring and safeguarding the confidentiality of its Members' information, including personal and medical information. Harvard Pilgrim staff access Member information only in connection with providing services and benefits and in accordance with Harvard Pilgrim's confidentiality policies. Harvard Pilgrim sometimes contracts with other organizations or entities to assist with the delivery of care or administration of benefits. Any such entity is informed of Harvard Pilgrim's confidentiality and privacy standards and is obligated to adhere to them. In addition, Harvard Pilgrim'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 consent or unless required by law.

As a condition of enrolling in a Harvard Pilgrim health benefit plan, the Member consents to certain uses or disclosures of information which are necessary for the provision and administration of services and benefits. 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. Harvard Pilgrim will disclose information only in accordance with the enrollment consent or (1) when the Member specifically authorizes the disclosure; (2) in connection with certain activities allowed under law, such as research; (3) when required by law; or (4) as otherwise allowed under the terms of the *Benefit Handbook*.

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

*Note: This policy is not intended to discourage Employer Groups from contacting Harvard Pilgrim with employee claim questions. However, if resolution of the claims matter involves discussion of patient personal or medical information, Harvard Pilgrim will need to resolve the matter directly with the patient, or will require a release from the patient to discuss such information with a representative of the Employer Group.*

# *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 Harvard Pilgrim. 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, Harvard Pilgrim sends out Certificates of Creditable Coverage whenever a Member’s coverage with Harvard

Pilgrim (including COBRA coverage) ends and Harvard Pilgrim has received a termination notice from the Employer Group or Third Party Administrator acting on the Employer’s behalf. Harvard Pilgrim’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 call the Division of Labor’s (DOL) Pension and Welfare Benefits Administration for an implementation pamphlet at 1 (800) 998-7542 or (617) 565-9600.

This pamphlet also is available on the DOL web site at <http://www.dol.gov/dol/pwba>.

## **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
- Prosthesis 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. Harvard Pilgrim 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.

## **The Mental Health Parity Act of 1996**

The Mental Health Parity Act of 1996 (MHPA) provides for parity between mental health benefits and medical benefits. Specifically, the law prohibits the imposition of an annual dollar limit or aggregate dollar lifetime limit on mental health benefits if none exists for medical and surgical benefits. Additionally, if the health plan has annual or lifetime limits for medical and surgical benefits, the law requires the same limits on mental health benefits.

MHPA does not require a group health plan to provide mental health benefits, nor does it establish coverage requirements, such as the duration or scope of benefits including limits on outpatient visits or inpatient stays, beyond the parity mandate.

The MHPA became effective for group health plans for plan years beginning on or after January 1, 1998.

## **Massachusetts Mental Health Parity Act**

On May 2, 2000, the Governor of Massachusetts signed into law the Massachusetts Mental Health Parity Act (Massachusetts MHPA). This Act requires Massachusetts HMOs and other health insurance carriers to provide coverage for the certain biologically based illnesses on a “nondiscriminatory 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.

The Act also mandates coverage for the treatment of other mental disorders and requires mental health coverage to include a range of inpatient and outpatient services intended to provide necessary care in the most appropriate setting. In addition, this Act mandates coverage on a nondiscriminatory basis 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.

The provisions of this Act will be implemented between January 1, 2001 and January 1, 2002 as required by law.

# Appendix

## Notice of Special Enrollment Rights

If you are declining enrollment for yourself or your dependents (including your spouse) because of other health insurance coverage, you may in the future be able to enroll yourself or your dependents in this health plan, provided that you request enrollment within 30 days after your other coverage ends. In addition, if you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may be able to enroll yourself and your dependents, provided that you request enrollment within 30 days after the marriage, birth, adoption, or placement for adoption. (CFR 146.117 (c).)

## Sample Notice of Rights

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 Harvard Pilgrim’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 Harvard Pilgrim.

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 Harvard Pilgrim 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 Harvard Pilgrim 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 Harvard Pilgrim 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 Harvard Pilgrim).

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 Harvard Pilgrim 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 all of the 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, Harvard Pilgrim offers Nongroup health insurance coverage to eligible individuals and families. Call the Harvard Pilgrim Member Services Department for more information.

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

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:

- The expiration of \_\_\_\_\_ - months following (Date);
- You become covered under any other group health plan that does not contain any exclusion or limitation for any of your preexisting conditions;
- You or your dependent(s) become entitled to Medicare benefits;
- You fail to pay the monthly charge for this coverage on time; or
- 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 Harvard Pilgrim 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 Harvard Pilgrim. This eligibility is documented as part of the agreement between the Employer Group and Harvard Pilgrim.

**Employer Group:**

An entity that has contracted with Harvard Pilgrim to provide health care coverage for its employees under the Plan.

**Enrollment Area:**

A list of cities and towns where Harvard Pilgrim 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. Harvard Pilgrim 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* provides the ability to facilitate administrative 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 your Harvard Pilgrim Sales Account Executive.

**Harvard Pilgrim Health Care (Harvard Pilgrim):**

Harvard Pilgrim Health Care is a Massachusetts corporation that is licensed as a Health Maintenance Organization (HMO) in the states of Massachusetts and Maine. Harvard Pilgrim 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 Harvard Pilgrim 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 receive care in full after paying the required deductible and coinsurance.

**Member:**

Any subscriber or dependent covered by the health plan.

**Primary Care Physician (PCP):**

A physician in internal medicine, family practice, general practice, or pediatrics who is under contract with Harvard Pilgrim to provide and authorize a Member's care. A Member selects a PCP at the Harvard Vanguard Medical Associates, a medical group or Individual Physician Practice. The PCP may designate other Harvard Pilgrim 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 Harvard Pilgrim and in whose name premium payments are made.









Harvard Pilgrim has been granted Excellent Accreditation by the National Committee for Quality Assurance (NCQA) for its HMO and Point-Of-Service products in Massachusetts and Maine. Excellent is NCQA's highest accreditation outcome and is granted only to those plans that demonstrate levels of service and clinical quality that meet or exceed NCQA's rigorous requirements for consumer protection and quality improvement. Plans earning this accreditation level must also achieve HEDIS<sup>®</sup> results that are in the highest range of national or regional performance.



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