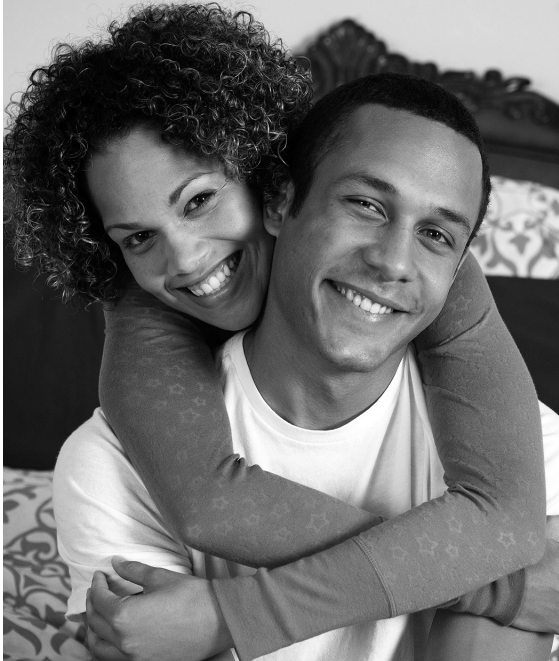




BluePreferred HSA

Maryland

IRS Contribution Change



There is a change to the maximum contribution amounts listed in the *Opening a Health Savings Account* page of this brochure.

Effective January 1, 2012 the IRS maximum contribution will be \$3,100 for self only coverage and \$6,250 for family coverage.

For more information, please contact your broker or, call one of our product specialists at 800-544-8703 Monday-Friday, 8 a.m. - 5 p.m. or visit the IRS website at www.IRS.gov.



CareFirst BlueCross BlueShield is the business name of Group Hospitalization and Medical Services, Inc. CareFirst BlueCross BlueShield and CareFirst BlueChoice, Inc. are independent licensees of the Blue Cross and Blue Shield Association. ® Registered trademark of the Blue Cross and Blue Shield Association. ® Registered trademark of CareFirst of Maryland, Inc.

Welcome

Why You Should Choose BluePreferred HSA



No one can predict life's ups and downs. Emergencies, illnesses and health issues can happen at any time. That's why it's a smart strategy to cover yourself with a health insurance plan – one that can protect your savings against high medical bills. And now, you can do that with a BluePreferred HSA plan from CareFirst BlueCross BlueShield (CareFirst).

Consider the advantages of membership:

- Lower-cost insurance coverage and tax-free investment options, all rolled into one plan.
- Preventive office visits and screenings covered at no charge – no deductible, not even a copay.
- Nationwide coverage for all your health care needs.
- The freedom to use any doctor you want.
- Broad provider network with negotiated discount rates mean lower out-of-pocket costs.
- Dedicated, local customer service representatives.
- Discounts on health and wellness services.
- Prescription drug benefits.

Make sure you're covered by a company you can trust. A company that has been there for more of your neighbors, coworkers and friends than any other. And one that will be there for you – CareFirst BlueCross BlueShield.

Table of Contents

BluePreferred HSA

Advantages	1
How the Plan Works	2
Summary of Benefits	3
HSA Individual Example	4
HSA Family Example	5
Opening a Health Savings Account	6
What You Should Know About BluePreferred HSA	7
Dental and Vision	8
Health + Wellness	9
Apply Today	11
Privacy Practices	12
Compensation and Premium Disclosure Statement	13
Rights and Responsibilities	15
Experimental/Investigational Services	19

BluePreferred HSA

Advantages



BluePreferred HSA is for people like you: people who don't like the high cost of health care coverage and who want control of their financial future.

Until recently, you could pay a high price each month for a health plan – even if you were never sick. Or, you could go without insurance, paying more than necessary for occasional doctor visits and prescriptions. But you know that a catastrophic health situation could leave you financially stranded. Why take that risk? A sudden illness or emergency could cost tens – even hundreds – of thousands of dollars, threatening your financial security.

Now, you have protection against the high cost of medical care.

Just look at the built-in cost savings you'll get as a BluePreferred HSA member:

- **Reduced monthly premiums.** BluePreferred HSA plans have higher deductibles, giving you a lower monthly premium cost and allowing you to spend – or save – that money elsewhere.
- **Preventive care benefit.** You'll pay nothing – not even a copay for in-network preventive office visits and screenings. These work to keep you healthy, and can help you spend less money on health care in the long run.
- **Reduced doctor's office costs.** Because of CareFirst's negotiating power, you'll pay less for doctors and hospitals than you would pay without insurance.
- **Prescription drugs.** Again, you'll pay CareFirst's negotiated rates for prescription drugs, saving you money over the high cost of retail drugs. And once you meet your deductible, you'll pay predictable copayments for prescriptions.
- **Tax-free savings account.** Your health savings account funds may be deposited into any investment option permitted under IRS guidelines; the earnings accumulate tax-free*.

Enrolling in BluePreferred HSA is a great option for health care coverage – one which can protect you against catastrophic health expenses without costing a lot of money up front. And, BluePreferred HSA also allows you to invest the money you save, tax-free*.

**Consult your tax advisor.*

BluePreferred HSA

How the Plan Works

A BluePreferred HSA plan provides health care coverage—at a lower monthly rate, than our standard BluePreferred plans. And, when you open your health savings account, you'll be able to invest your savings, tax-free*.

It's your hard-earned money. If you don't need medical attention, you'll save. But in the event of a medical emergency, let CareFirst cover you. With a BluePreferred HSA plan, you will know what your maximum out-of-pocket expenses will be in any given year. And, you can rest easy knowing that your BluePreferred coverage has unlimited lifetime benefits for covered medical services.

**Consult your tax advisor.*

With a BluePreferred HSA plan, you can see any doctor you like**. However, you'll notice significant savings when you use doctors within CareFirst's Regional Preferred Provider Network, which includes over 33,000 providers and 68 hospitals in the CareFirst service area. With in-network providers, you'll pay less in coinsurance. And, in-network providers cannot bill you for amounts over the rates negotiated by CareFirst.

*** If you go out-of-network, an out-of-network deductible and an out-of-pocket limit apply.*

Allowed Benefit is the amount CareFirst has agreed to pay for a covered service.

Choose from two deductible options.

The higher your deductible, the lower your monthly premium.

Option 1: \$1,200 Individual Deductible

	In-Network	Out-of-Network
1. First, you pay all costs you incur for health care until you meet the annual DEDUCTIBLE .***	Individual: \$1,200 Family: \$2,400	Individual: \$2,400 Family: \$4,800
2. Next, CareFirst pays medical costs at the specified level of COINSURANCE . You pay the remaining balance.	80% of Allowed Benefit	60% of Allowed Benefit
3. Your payments for covered expenses in any year will not exceed your OUT-OF-POCKET LIMIT .	Individual: \$2,800 Family: \$5,600	Individual: \$5,000 Family: \$10,000
4. Once you meet your out-of-pocket limit, CareFirst pays all remaining charges for the rest of the calendar year.	100% of Allowed Benefit	100% of Allowed Benefit

Option 2: \$2,700 Individual Deductible

	In-Network	Out-of-Network
1. First, you pay all costs you incur for health care until you meet the annual DEDUCTIBLE .***	Individual: \$2,700 Family: \$5,400	Individual: \$5,400 Family: \$10,800
2. Next, CareFirst pays medical costs at the specified level of COINSURANCE . You pay the remaining balance.	100% of Allowed Benefit	80% of Allowed Benefit
3. Your payments for covered expenses in any year will not exceed your OUT-OF-POCKET LIMIT .	Individual: \$3,200 Family: \$6,400	Individual: \$6,400 Family: \$12,800
4. Once you meet your out-of-pocket limit, CareFirst pays all remaining charges for the rest of the calendar year.	100% of Allowed Benefit	100% of Allowed Benefit

****For preventive care and screenings, there is no charge and no deductible.*

BluePreferred HSA

Summary of Benefits

Medical Benefits	\$1,200 Deductible	\$2,700 Deductible
Preventive Services		
Adult Physicals (including routine OB/GYN visits)	No charge for office visit and screenings	No charge for office visit and screenings
Well-Baby and Child Care (including exams and immunizations)	No charge for office visit and screenings	No charge for office visit and screenings
Mammograms, PAP Tests and Prostate Screening & Colorectal Screening	No charge	No charge
Office Visits, Labs and Testing		
Office Visit for Illness	\$30 per visit after deductible	\$30 per visit after deductible
X-ray and Lab Tests	20% of Allowed Benefit after deductible	No charge after deductible
Allergy Testing and Treatment	20% of Allowed Benefit after deductible	No charge after deductible
Emergency Care		
Emergency Room	20% of Allowed Benefit after deductible	No charge after deductible
Urgent Care Center	20% of Allowed Benefit after deductible	No charge after deductible
Ambulance (when medically necessary)	20% of Allowed Benefit after deductible	No charge after deductible
Hospitalization		
Inpatient Facility Services (including maternity*)	20% of Allowed Benefit after deductible	No charge after deductible
Inpatient Physician Services	20% of Allowed Benefit after deductible	No charge after deductible
Outpatient Facility Services	20% of Allowed Benefit after deductible	No charge after deductible
Outpatient Physician Services	20% of Allowed Benefit after deductible	No charge after deductible
Mental Health Coverage—Outpatient (Pre-certification is required for inpatient services)	Visits 1-5: 20% of Allowed Benefit after deductible Visits 6-30: 35% of Allowed Benefit after deductible Visits 31+: 50% of Allowed Benefit after deductible	
Prescription Drug Benefits**		
Deductible	Combined with medical deductible	Combined with medical deductible
Generic Copay	\$10 after deductible	\$10 after deductible
Preferred Brand Copay	\$25 after deductible	\$25 after deductible
Non-Preferred Brand Copay	\$45 after deductible	\$45 after deductible

* **Please Note:** Optional (extended) maternity and prenatal benefits may be added for you or your covered spouse. For an additional \$126 per month, you'll receive benefits for covered pre- and post-natal care as well as covered inpatient physician services associated with the delivery. ***If you add maternity coverage, at any time, and you are pregnant on the effective date of your coverage, there will be a 10-month pre-existing condition exclusion period for extended maternity and related services.***

** 50% coinsurance on self-administered injectables with a \$75 per fill maximum.

- CareFirst has made it even easier to manage your costs by combining the medical and prescription deductibles. Money you spend toward covered prescriptions and medical care will go toward meeting the same annual deductible. In addition, all money you pay for medical and prescription costs will go toward meeting the out-of-pocket limit.
- Your annual deductible can be met by a combination of family members receiving care, or just one family member receiving care. Once you meet the deductible

each year, CareFirst begins paying benefits at the specified coinsurance level.

- **There is a 10-month waiting period for coverage on pre-existing conditions. Individuals under the age of 19 who apply for coverage, will not be denied for pre-existing conditions.**
- Care received out-of-network, including behavioral health care providers, is subject to higher deductibles, coinsurance and out-of-pocket limits, plus charges over the allowed benefit.

HSA Individual Example

Maria



Maria is 30 years old and an avid cyclist. She carries her own health insurance since her husband's company doesn't provide her with coverage. Maria switched to BluePreferred HSA when she learned about the lower rates and tax-free investment options. In fact, Maria was able to invest the money she saved in monthly premiums in her new health savings account.

Maria recently injured her knee. Thankfully, a short rehabilitation with a doctor specializing in sports medicine has her cycling once again.

Maria saved almost \$1,000 a year in health insurance premiums when she switched to a BluePreferred HSA plan. She has chosen to invest the maximum amount in her health savings account – \$3,050 per year – to take full advantage of the tax benefits.

BluePreferred HSA \$1,200

Year One		Year Two	
Annual Deductible	\$ 1,200	Annual Deductible	\$ 1,200
HSA Contribution for Year 1*	\$ 3,050	HSA Balance from Year 1	\$ 2,550
		HSA Contribution for Year 2*	\$ 3,050
		HSA Balance at Beginning of Year 2	\$ 5,600
Health Expenses:		Health Expenses:	
Preventive Care: covered in full	\$ 0	Preventive Care: covered in full	\$ 0
Office Visits	\$ 150	Sports Medicine Office Visits	\$ 150
Lab Tests	\$ 100	Lab Tests	\$ 100
Prescription Drugs	\$ 250	Rehabilitation	\$ 2,000
		Prescription Drugs	\$ 300
		X-Rays	\$ 200
Total Health Expenses	\$ 500	Total Health Expenses	\$ 2,750
Amount Paid with HSA Dollars	\$ 500	Amount Paid by CareFirst	\$ 1,550
Additional Amount Paid by Maria	\$ 0	Amount Paid with HSA Dollars	\$ 1,200
		Amount Paid by Maria	\$ 0
Amount in HSA at end of Year 1**	\$ 2,550	Amount in HSA at end of Year 2**	\$ 4,400

* Assume benefit period and contributions occur on January 1.

** Does not include interest accrued in Maria's Health Savings Account.

HSA Family Example

The Walkers



Cheryl and Norman Walker are an active, energetic couple whose children have recently graduated from college. They left their jobs to start their dream career in catering. They enrolled in BluePreferred HSA with a \$5,400 annual deductible. Recently, Norman had to be hospitalized overnight. He made several visits to his doctor and received prescription drugs. Now he's ready to get back to cooking.

The Walkers saved about \$2,000 a year in premiums when they switched from their employer plan to a BluePreferred HSA plan with an annual family deductible of \$5,400. Cheryl and Norman contributed the maximum amount to their HSA – \$6,150 – which is all tax-deductible.

BluePreferred HSA \$2,700

Year One		Year Two	
Annual Family Deductible	\$ 5,400	Annual Family Deductible	\$ 5,400
HSA Contribution for Year 1*	\$6,150	HSA Balance from Year 1	\$ 5,385
		HSA Contribution for Year 2*	\$ 6,150
		HSA Balance at Beginning of Year 2	\$11,535
Health Expenses:		Health Expenses:	
Preventive Care: covered in full	\$ 0	Preventive Care: covered in full	\$ 0
Office Visits @ \$30/visit	\$ 90	Hospitalization	\$ 7,000
Lab Tests	\$ 200	Lab Tests	\$ 100
X-Rays	\$ 75	Prescription Drugs	\$ 200
Urgent Care	\$ 200		
Prescription Drugs	\$ 200		
Total Health Expenses	\$ 765	Total Health Expenses	\$ 7,300
Amount Paid with HSA Dollars	\$ 765	Amount Paid by CareFirst	\$1,900
Amount Paid by the Walkers	\$ 0	Amount Paid with HSA Dollars	\$ 5,400
		Amount Paid by the Walkers	\$ 0
Amount in HSA at end of Year 1**	\$ 5,385	Amount in HSA at end of Year 2**	\$ 6,135

* Assume benefit period and contributions occur on January 1.

** Does not include interest accrued in the Walker's Health Savings Account.

BluePreferred HSA

Opening a Health Savings Account

BluePreferred HSA is designed to work along with a health savings account. A health savings account is almost like an individual retirement account (IRA) for health expenses. And CareFirst has made it easy for you to open a health savings account by partnering with The Bancorp Bank*, offering a wide range of personal and business financial services. Just consider how it can work for you.

You'll have money to invest.

- Instead of paying for traditional, high-cost health insurance, enroll in our low-cost BluePreferred HSA.
- Take the money you save on monthly premiums, and invest it in a tax-free health savings account. Under current IRS rules, you can deposit up to \$3,050 for self-only coverage and \$6,150 if you have family coverage. (Each year these amounts may be adjusted upward for inflation.)
- The Bancorp Bank offers BluePreferred HSA account holders a range of financial investment options once the account balance reaches \$2,500, increasing your potential earning power.
- Begin earning interest with your first contribution.

Your money stays in your control.

- You can use the money in your health savings account to pay for smaller medical expenses, including your deductible and copayments, knowing your BluePreferred HSA plan will handle any larger medical expenses you may incur.
- Or, you can leave the money in your health savings account earning interest, or growing through other investments the bank provides.
- Bottom line: you decide when to spend your money on medical costs for you or your dependents, even if they're not covered under your BluePreferred HSA plan.

* An independent company that does not provide CareFirst BlueCross BlueShield products or services. The company is solely responsible for its products or services mentioned herein.

You never lose your investment.

- Unlike the old flexible spending accounts with reimbursements for medical expenses, there is no "use-it-or-lose-it" policy. You are not obligated to use the money you contribute by the end of each year.
- Your money can remain in your health savings account and keep earning interest as long as you want it to.

You can take it with you.

- Because the health savings account is yours, it is completely portable. That means you can take it with you when you change jobs, change your medical coverage, become unemployed or move out of state.
- At age 65, you can use the money as retirement savings, or continue to use it for medical expenses.

You get three levels of tax savings.

- All money you contribute is tax-deductible, even if you don't itemize your deductions.
- All earnings on the money in your account are tax-free**.
- All withdrawals for qualified medical expenses are tax-free.
- For additional information, you can visit the IRS website at www.IRS.gov or call (800) 829-3676.

It's easy to use.

- Use your Bancorp Bank-issued CareFirst debit card to access money in your health savings account to pay for eligible expenses.
- The Bancorp Bank provides full online services***. Easily view your account, investments and expenditures, any time of the day or night at www.my-healthsavingsaccount.com or toll-free at (866) 435-1373.

** Consult your financial advisor.

*** Individual charges may apply.

What You Should Know About BluePreferred HSA and Bancorp Bank

You can open a health savings account if you:

- Have coverage under a health savings account-qualified plan such as the BluePreferred HSA Plan.
- Have no other first-dollar medical coverage.
- Are not enrolled in Medicare.
- Cannot be claimed as a dependent on someone else's tax return.

Eligible Medical Expenses

You can use the money in your health savings account to pay for a wide range of medical services incurred by you, your spouse, or your dependent children—even if they aren't covered by your health plan. These services include medical, dental and vision care. Your health savings account can also be used to pay for qualified long-term care insurance as well as Medicare premiums. You generally cannot use the money to pay your health insurance premiums, unless you are covered under COBRA or you are receiving unemployment benefits.

Effective January 1, 2011 over-the-counter drugs and medicines are not considered eligible expenses unless a member has a prescription from their physician.

Choosing a bank for your health savings account

Many banks or other financial institutions have a health savings account program available. You are free to evaluate the programs offered by each institution, and choose whichever suits your needs the best. However, for your convenience, CareFirst has researched many banks and has chosen to partner with The Bancorp Bank. A nationally recognized commercial bank, The Bancorp Bank provides many benefits to people who want the advantages of a health savings account, but don't get their insurance through a group plan.

Some key advantages of a BluePreferred HSA, administered by The Bancorp Bank, include:

- No application or account set-up fees.
- No monthly maintenance fee if your account balance is greater than \$2,500. Fee is also waived for the first 90-days if your account balance is \$1,500 and you have a monthly electronic deposit being made into your account. Otherwise, a low maintenance fee is deducted directly from your account.
- Earn interest on your account from day one.
- Gain access to investment vehicles once your balance reaches \$2,500.
- Access to a wide range of deposit locations and electronic deposit options, including an exclusive internet money mover service, wire and electronic bank transfers, direct deposit, credit card, ATM, personal check or money order.
- Free Bancorp-issued CareFirst Visa check card for easy payment of medical expenses when you desire.
- Full online access to monitor your account.
- All Bancorp Bank account depositors are FDIC insured up to \$250,000.

When you apply for BluePreferred HSA, your contact information will be sent to our preferred bank, The Bancorp Bank, who will send you information on how to set up your health savings account. Or, sign up for your health savings account right away by visiting www.my-healthsavingsaccount.com.

Dental and Vision

Dental *(Optional)*

Regular preventive dental care is an important part of staying healthy.

Individual Select Dental HMO offers you dental care with predictable copayments for routine and major dental services such as:

- Preventive dental care
- Surgical extractions
- Root canal therapy
- Orthodontic treatment

As a member of our Dental Health Maintenance Organization (Dental HMO) plan, you'll select a general dentist from a network of 580+ participating providers to coordinate all your dental care needs. When specialized care is needed, your general dentist will recommend a specialist within the Dental HMO network.

We also offer a separate dental plan, **Individual Select Preferred** offers a larger dental network of over 4,000 participating providers, coverage for preventive and diagnostic dental care, and potential in-network savings for major procedures.

If you have questions regarding dental coverage or wish to inquire about participating providers, or to learn about other dental options please contact a Product Specialist at (800) 544-8703.

Vision *(Optional)*

You have the option of adding eye care benefits to your medical plan through our network administrator, Davis Vision*. Benefits include annual eye examinations at participating providers for a \$10 copay at the time of service and discounts of approximately 30% on eyeglass frames and lenses or contact lenses. For medical eye care, please follow your normal medical procedures.

To qualify for benefits, you must select the same type of coverage as the medical portion of your plan. To apply for vision coverage simply check "Yes" next to Vision Benefits on the application.

Your vision benefits are not available until you are approved for medical coverage. Once you have been approved for coverage, you will be provided with more specific information about your vision program.

To locate a vision provider, contact Davis Vision, Inc. at **(800) 783-5602** or visit www.carefirst.com.

Type of Coverage: You Pay (monthly):

Individual	\$2.00
Individual and Child(ren)	\$4.00
Individual and Adult	\$4.00
Family	\$5.00

*An independent company that does not provide CareFirst BlueCross BlueShield products or services. The company is solely responsible for its products or services mentioned herein.

As a BluePreferred HSA member you are encouraged to take advantage of the Health + Wellness program, at no additional charge. Whether you're looking for health and wellness tips or support to manage a health condition – you'll find it with Health + Wellness.

Options / Blue365 Discount Programs

As a member, you have access to discounts on fitness centers, acupuncture, spas, massages, chiropractic care, nutritional counseling, laser vision correction, and more! Visit www.carefirst.com/options to learn more.

Nurse Line—FirstHelp™

Any time, day or night you can speak with a nurse. Registered nurses are available to answer your health care questions and help guide you to the most appropriate care. Simply call (800) 535-9700 and a registered nurse will ask about your symptoms and help you decide on the best source of care.

My Care First Website

Take an active role in managing your health and visit My Care First at www.carefirst.com/mycarefirst. Find nearly 300 interactive health related tools, a multi-media section with more than 400 podcasts, and recipes you can search by food group or dietary restrictions. Plus, there are videos and tutorials on chronic diseases and an encyclopedia with information on more than 3,000 conditions.

Vitality Magazine

Our member magazine has tools to help you achieve a healthier lifestyle. Vitality provides you with updates to your health care plan, a variety of health and wellness topics, including food and nutrition, physical fitness and preventive health. As a member, you will receive Vitality magazine three times per year.



Health and wellness programs and resources help you and your family live a healthy life.

Health News

Sign up for our monthly electronic member newsletter to receive health-related articles and recipes via email. Visit www.carefirst.com/healthnews to subscribe to information about:

- Making healthy choices.
- Adding physical activity to your day.
- Preparing nutritious and delicious recipes.
- Getting the best health care.
- Managing chronic conditions.

Health Assessment

Start by taking our Health Assessment, a confidential survey on your lifestyle choices that includes topics like nutrition, physical activity and tobacco use. You can also record your health measurements, including blood pressure, cholesterol, blood sugar and body mass index. After completing the Health Assessment, you will receive a personalized health report on your current health status. The report will identify health risk factors and discuss the likelihood of developing chronic conditions like heart disease, high blood pressure and diabetes. The purpose of the Health Assessment is to give you the information and tools you need to make positive lifestyle choices and improve your quality of life.

Visit *My Account* at www.carefirst.com and click on the tab Manage My Health, then select Health Assessment and Coaching. If you do not have Internet access, please call (866) 454-5375 for a printed copy of the Health Assessment.

.

Telephonic Health Coaching

Depending on the results of your Health Assessment, a health coach may call you. The Telephonic Health Coaching program is designed to help you build confidence as you learn new skills and positive lifestyle behaviors. You can interact with your coach through a private, secure Web-based message board and by phone. You and your coach will work together to develop a personalized plan with milestones for achieving goals. Your coach will monitor your progress and provide guidance and support as needed.

Online Health Coaching

To help you meet your health goals, take advantage of our confidential Web-based health coaching program to help you improve in the following areas:

- Weight management
- Stress management
- Smoking cessation
- Physical activity
- Overcoming depression
- Care for your back

Once you complete your health risk assessment, you'll receive an email with details on accessing online health coaching programs.

Health Advising

After you complete the Health Assessment, a health advisor may contact you. The health advisor can answer your questions and discuss your results. The Health Advising session is usually 10-15 minutes long.

Apply Today for BluePreferred HSA

Three ways to apply!

Applying for BluePreferred HSA couldn't be easier. To be eligible, each family member applying must be a resident of the state of Maryland, and must complete a medical questionnaire.

1. Apply online and be approved in as little as 24 hours at www.carefirst.com/individual, or
2. Fill out and mail the enclosed application. Send no money when you apply. We'll begin processing your application right away, or
3. Apply through your broker.

Steps to apply.

1. Review the plan benefits and premiums.

The enclosed rate chart, which indicates coverage type and age, shows your monthly premium.

2. Choose a coverage type.

Select from:

- Individual
- Individual and Child(ren)*
- Individual and Adult **
- Family (two eligible adults and eligible dependents)

* "Child" means your eligible child up to age 26. Eligibility requirements are defined in the contract.

** "Adult" means the Spouse or Domestic Partner who satisfies the eligibility requirements defined in the contract.

3. Choose a plan.

Select from 2 options:

- Our \$1,200 (Individual) /\$2,400 (Family) deductible option
- Our \$2,700 (Individual) /\$5,400 (Family) deductible option

4. Decide on optional coverage.

Make sure you check "yes" in the Maternity/Vision benefit selection area if you would like maternity and/or vision benefits added to your plan for an additional monthly cost.

Enrolling in a Health Savings Account is easy, too!

Once you are enrolled in BluePreferred HSA you will receive information from The Bancorp Bank about how to set up your health savings account.

Once you have submitted your application, you can call the Application Status Hotline at (877) 746-7515 with questions. Your coverage will become effective the first of the month following the month in which we approve your application.

If you have questions, please call our Product Specialists at (410) 356-8000 or toll free at (800) 544-8703, Monday-Friday 8 a.m. – 5 p.m. Or, visit the CareFirst website at: www.carefirst.com/individual.

Pay Your Premium Online with eBilling!

As a member, you can save time and take advantage of our online billing system called eBilling.

With eBilling you can:

- Set up recurring monthly payments with your checking account or credit card.
- View and pay your monthly bill online 24 hours a day, 7 days a week.
- Check the status of your payment and any outstanding balances.

Once you become a member, you'll be able to set up your eBilling account through *My Account* located at www.carefirst.com/myaccount.

Privacy Practices

Our Commitment to Our Members

When you apply for any type of insurance, you disclose information about yourself and/or members of your family. The collection, use and disclosure of this information are regulated by law. Safeguarding your personal information is something that we take very seriously at CareFirst. CareFirst is providing this notice to inform you of what we do with the information you provide to us.

Categories of Personal Information We May Collect

We may collect personal, financial and medical information about you from various sources, including:

- Information you provide on applications or other forms, such as your name, address, social security number, salary, age and gender.
- Information pertaining to your relationship with CareFirst, its affiliates or others, such as your policy coverage, premiums and claims payment history.
- Information (as described in preceding paragraphs) that we obtain from any of our affiliates.
- Information that we receive about you from other sources, such as your employer, your provider and other third parties.

How Your Information Is Used

We use the information we collect about you in connection with underwriting or administration of an insurance policy or claim, or for other purposes allowed by law. At no time do we disclose your personal, financial and medical information to anyone outside of CareFirst unless we have proper authorization from you or we are permitted or required to do so by law. We maintain physical, electronic and procedural safeguards in accordance with federal and state standards that protect your information.

In addition, we limit access to your personal, financial and medical information to those CareFirst employees, brokers, benefit plan administrators, consultants, business partners, providers and agents who need to know this information to conduct CareFirst business or to provide products or services to you.

Disclosure of Your Information

In order to protect your privacy, affiliated and nonaffiliated third parties of CareFirst are subject to strict confidentiality laws. Affiliated entities are companies that are a part of the CareFirst corporate family and include health maintenance organizations, third party administrators, health insurers, long-term care insurers and insurance agencies. In certain situations, related to our insurance transactions involving you, we disclose your personal, financial and medical information to a nonaffiliated third party that assists us in providing services to you. When we disclose information to these critical business partners, we require these business partners to agree to safeguard your personal, financial and medical information and to use the information only for the intended purpose, and to abide by the applicable law. The information CareFirst provides to these business partners can only be used to provide services we have asked them to perform for us or for you and/or your benefit plan.

Changes in Our Privacy Policy

CareFirst periodically reviews its policies and reserves the right to change them. If we change the substance of our privacy policy, we will continue our commitment to keep your personal, financial and medical information secure – it is our highest priority. Even if you are no longer a CareFirst customer, our privacy policy will continue to apply to your records. You can always review our current privacy policy online at www.carefirst.com.

Compensation and Premium Disclosure Statement

Our compensation to providers who offer health care services and behavioral health care services to our insured members or enrollees may be based on a variety of payment mechanisms such as fee-for-service payments, salary, or capitation. Bonuses may be used with these various types of payment methods.

If you desire additional information about our methods of paying providers, or if you want to know which method(s) apply to your physician, please call our Member Services Department at the number listed on your identification card, or write to:

**Group Hospitalization and Medical Services
doing business as CareFirst BlueCross BlueShield
840 First Street, NE
Washington, DC 20065
Attention: Member Services**

A. Methods of Paying Physicians

The following definitions explain how insurance carriers may pay physicians (or other providers) for your health care services.

The examples show how Dr. Jones, an obstetrician/gynecologist, would be compensated under each method of payment.

Salary: A physician (or other provider) is an employee of the HMO and is paid compensation (monetary wages) for providing specific health care services.

Since Dr. Jones is an employee of an HMO, she receives her usual bi-weekly salary regardless of how many patients she sees or the number of services she provides. During the months of providing pre-natal care to Mrs. Smith, who is a member of the HMO, Dr. Jones' salary is unchanged. Although Mrs. Smith's baby is delivered by Cesarean section, a more complicated procedure than a vaginal delivery, the method of delivery will not have an effect upon Dr. Jones' salary.

Capitation: A physician (or group of physicians) is paid a fixed amount of money per month by an HMO for each patient who chooses the physician(s) to be his or her doctor. Payment is fixed without regard to the volume of services that an individual patient requires.

Under this type of contractual arrangement, Dr. Jones participates in an HMO network. She is not employed by the HMO. Her contract with the HMO stipulates that she is paid a certain amount each month for patients who select her as their doctor. Since Mrs. Smith is a member of the HMO, Dr. Jones monthly payment does not change as a result of her providing ongoing care to Mrs. Smith. The capitation amount paid to Dr. Jones is the same whether or not Mrs. Smith requires obstetric services.

Fee-for-Service: A physician (or other provider) charges a fee for each patient visit, medical procedure, or medical service provided. An HMO pays the entire fee for physicians it has under contract and an insurer pays all or part of that fee, depending on the type of coverage. The patient is expected to pay the remainder.

Dr. Jones' contract with the insurer or HMO states that Dr. Jones will be paid a fee for each patient visit and each service she provides. The amount of payment Dr. Jones receives will depend upon the number, types, and complexity of services, and the time she spends providing services to Mrs. Smith. Because Cesarean deliveries are more complicated than vaginal deliveries, Dr. Jones is paid more to deliver Mrs. Smith's baby than she would be paid for a vaginal delivery. Mrs. Smith may be responsible for paying some portion of Dr. Jones' bill.

Discounted Fee-for-Service: Payment is less than the rate usually received by the physician (or other provider) for each patient visit, medical procedure, or service. This arrangement is the result of an agreement between the payer, who gets lower costs and the physician (or other provider), who usually gets an increased volume of patients.

Like fee-for-service, this type of contractual arrangement involves the insurer or HMO paying Dr. Jones for each

Compensation and Premium Disclosure Statement

patient visit and each delivery; but under this arrangement, the rate, agreed upon in advance, is less than Dr. Jones' usual fee. Dr. Jones expects that in exchange for agreeing to accept a reduced rate, she will serve a certain number of patients. For each procedure that she performs, Dr. Jones will be paid a discounted rate by the insurer or HMO.

Bonus: A physician (or other provider) is paid an additional amount over what he or she is paid under salary, capitation, fee-for-service, or other type of payment arrangement. Bonuses may be based on many factors, including member satisfaction, quality of care, control of costs and use of services.

An HMO rewards its physician staff or contracted physicians who have demonstrated higher than average quality and productivity. Because Dr. Jones has delivered so many babies and she has been rated highly by her patients and fellow physicians, Dr. Jones will receive a monetary award in addition to her usual payment.

Case Rate: The HMO or insurer and the physician (or other provider) agree in advance that payment will cover a combination of services provided by both the physician (or other provider) and the hospital for an episode of care.

This type of arrangement stipulates how much an insurer or HMO will pay for a patient's obstetric services. All office visits for prenatal and postnatal care, as well as the delivery, and hospital-related charges are covered by one fee. Dr. Jones, the hospital, and other providers (such as an anesthesiologist) will divide payment from the insurer or HMO for the care provided to Mrs. Smith.

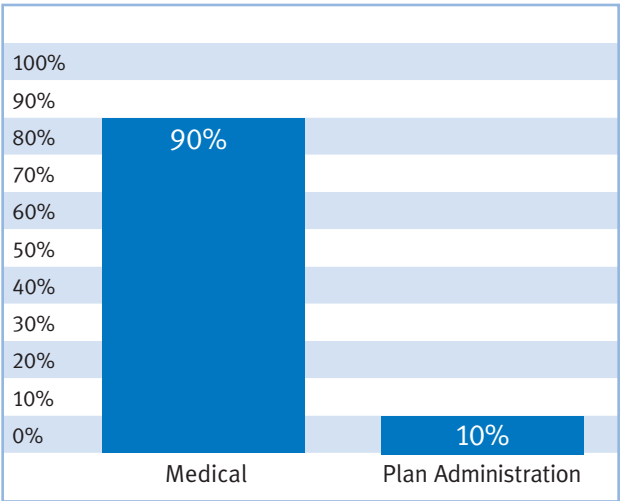
B. Percentage of Provider Payment Methods

For its Indemnity and Preferred Provider Organization (PPO) products, CareFirst BlueCross BlueShield contracts directly with physicians. All physicians are reimbursed on a discounted fee-for-service basis.

C. Distribution of Premium Dollars

The bar graph below illustrates the proportion of every \$100 in premium used by CareFirst BlueCross BlueShield to pay physicians (or other providers) for medical care expenses, and the proportion used to pay for plan administration.

These numbers represent an average for all Indemnity accounts based on our annual statement. The ratio of direct medical care expenses to plan administration will vary by account.



Rights and Responsibilities

Notice of Privacy Practices

CareFirst BlueCross BlueShield is committed to keeping the confidential information of members private. Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), we are required to send our Notice of Privacy Practices to members. The notice outlines the uses and disclosures of protected health information, the individual's rights and CareFirst's responsibility for protecting the member's health information.

To see our Notice of Privacy Practices, go to www.carefirst.com and click on "Privacy Statement" at the bottom of the page, click on "Health Information" then click on "Notice of Privacy Practices." Or call the Member Services telephone number on your member ID card.

Member Satisfaction

CareFirst wants to hear your concerns and/or complaints so that they may be resolved. We have procedures that address medical and non-medical issues. If a situation should occur for which there is any question or difficulty, here's what you can do:

- If your comment or concern is regarding the quality of service received from a CareFirst representative or related to administrative problems (e.g., enrollment, claims, bills, etc.) you should contact Member Services. If you send your comments to us in writing, please include your member ID number and provide us with as much detail as possible regarding any events. Please include your daytime telephone number so that we may contact you directly if we need additional information.
- If your concern or complaint is about the quality of care or quality of service received from a specific provider, contact Member Services. A representative will record your concerns and may request a written summary of the issues. To write to us directly with a quality of care or service concern, you can:
 - Send an email to:
quality.care.complaints@carefirst.com
 - Fax a written complaint to: (301) 470-5866
 - Write to: **CareFirst BlueCross BlueShield**
Quality of Care Department, P.O. Box 17636
Baltimore, MD 21297

If you send your comments to us in writing, please include your identification number and provide us with as much detail as possible regarding the event or incident. Please include your daytime telephone number so that we may contact you directly if we need additional information. Our Quality of Care Department will investigate your concerns, share those issues with the provider involved and request a response. We will then provide you with a summary of our findings. CareFirst member complaints are retained in our provider files and are reviewed when providers are considered for continuing participation with CareFirst.

These procedures are also outlined in your Evidence of Coverage.

If you wish, you may also contact the appropriate jurisdiction's regulatory department regarding your concern:

Virginia:

Complaint Intake, Office of Licensure and Certification, Virginia Department of Health,
9960 Maryland Drive, Suite 401,
Richmond, VA 23233-1463
Phone #: (800) 955-1819 or (804) 367-2106
Fax #: (804) 527-4503

Office of the Managed Care Ombudsman,
Bureau of Insurance
P.O. Box 1157, Richmond, VA 23218
Phone #: 1-877-310-6560 or (804) 371-9032

District of Columbia:

Department of Insurance, Securities and Banking
801 1st Street, NE, Suite 701, Washington, DC 20002
Phone #: (202) 727-8000

Maryland:

Maryland Insurance Administration,
Inquiry and Investigation, Life and Health,
200 St. Paul Place, Suite 2700,
Baltimore, MD 21202
Phone #: (800) 492-6116 or (410) 468-2244
Office of Health Care Quality, Spring Grove Center,
Bland-Bryant Building, 55 Wade Avenue,
Catonsville, MD 21228
Phone #: (410) 402-8016 or (877) 402-8218

Rights and Responsibilities

Hearing Impaired

To contact a Member Services representative, please choose the appropriate hearing impaired assistance number below, based on the region in which your coverage originates.

Maryland Relay Program: (800) 735-2258

National Capital Area TTY: (202) 479-3546

Please have your Member Services number ready.

For assistance in resolving a Billing or Payment Dispute with the Health Plan or a Health Care Provider, contact the Health Education and Advocacy Unit of the Consumer Protection Division of the **Office of the Attorney General** at:

Health Education and Advocacy Unit,
Consumer Protection Division,
Office of the Attorney General,
200 St. Paul Place, 16th Floor, Baltimore, MD 21202
Phone: (410) 528-1840 or (877) 261-8807 • Fax:
(410) 576-6571 web site: www.oag.state.md.us

Language Assistance:

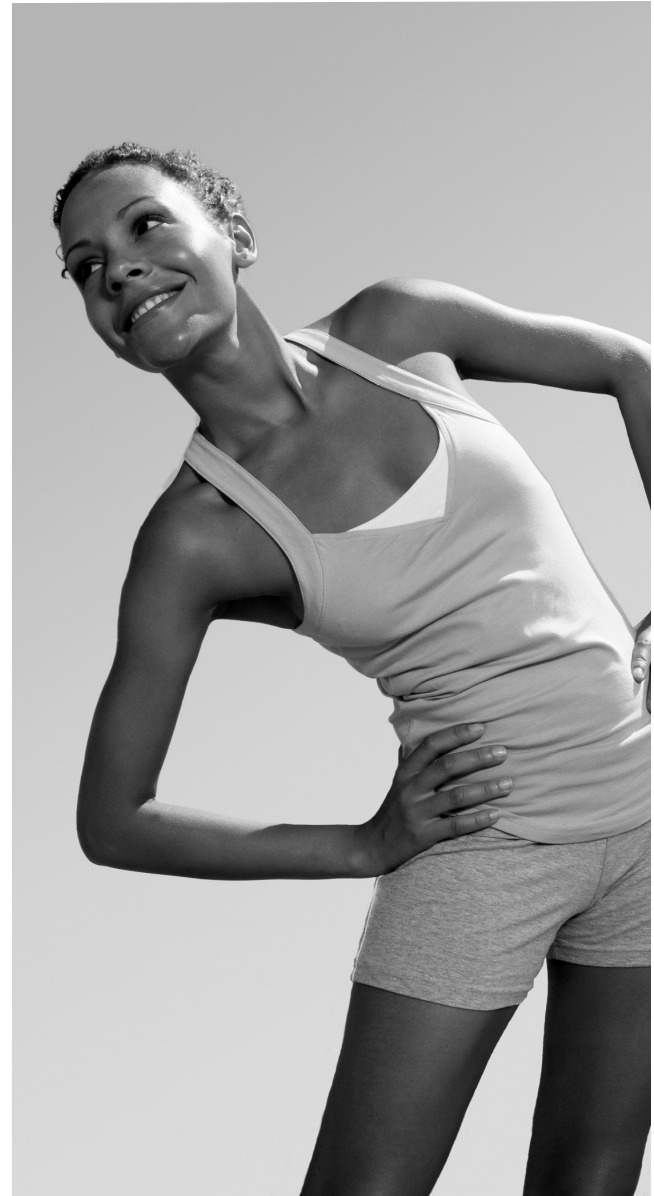
Interpreter services are available through Member Services. When calling Member Services, inform the representative that you need language assistance.

Please Note: CareFirst appreciates the opportunity to improve the level of quality of care and services available for you. As a member, you will not be subject to disenrollment or otherwise penalized as a result of filing a complaint or appeal.

Confidentiality of Subscriber/ Member Information

All health plans and providers must provide information to members and patients regarding how their information is protected. You will receive a Notice of Privacy Practices from CareFirst or your health plan, and from your providers as well, when you visit their office.

CareFirst has policies and procedures in place to protect the confidentiality of member information. Your confidential information includes Protected Health Information (PHI),



whether oral, written or electronic, and other nonpublic financial information. Because we are responsible for your insurance coverage, making sure your claims are paid, and that you can obtain any important services related to your health care, we are permitted to use and disclose (give out) your information for these purposes. Sometimes we are required by law to disclose your information in certain situations. You also have certain rights to your own protected health information on your behalf.

Rights and Responsibilities

Our Responsibilities

We are required by law to maintain the privacy of your PHI, and to have appropriate procedures in place to do so. In accordance with the federal and state Privacy laws, we have the right to use and disclose your PHI for treatment, payment activities and health care operations as explained in the Notice of Privacy Practices. We may disclose your protected health information to the plan sponsor/employer to perform plan administration function. The Notice is sent to all policy holders upon enrollment.

Your Rights

You have the following rights regarding your own Protected Health Information. You have the right to:

- Request that we restrict the PHI we use or disclose about you for payment or health care operations.
- Request that we communicate with you regarding your information in an alternative manner or at an alternative location if you believe that a disclosure of all or part of your PHI may endanger you.
- Inspect and copy your PHI that is contained in a designated record set including your medical record.
- Request that we amend your information if you believe that your PHI is incorrect or incomplete.
- An accounting of certain disclosures of your PHI that are for some reasons other than treatment, payment, or health care operations.
- Give us written authorization to use your protected health information or to disclose it to anyone for any purpose not listed in this notice.

Inquiries and Complaints

If you have a privacy-related inquiry, please contact the CareFirst Privacy Office at (800) 853-9236 or send an email to privacy.office@carefirst.com.

Members' Rights and Responsibilities Statement

Members have the right to:

- Be treated with respect and recognition of their dignity and right to privacy.

- Receive information about the health plan, its services, its practitioners and providers, and members' rights and responsibilities.
- Participate with practitioners in decision-making regarding their health care.
- Participate in a candid discussion of appropriate or medically necessary treatment options for their conditions, regardless of cost or benefit coverage.
- Make recommendations regarding the organization's members' rights and responsibilities.
- Voice complaints or appeals about the health plan or the care provided.

Members have a responsibility to:

- Provide, to the extent possible, information that the health plan and its practitioners and providers need in order to care for them.
- Understand their health problems and participate in developing mutually agreed upon treatment goals to the degree possible.
- Follow the plans and instructions for care that they have agreed on with their practitioners.
- Pay copayments or coinsurance at the time of service.
- Be on time for appointments and to notify practitioners/providers when an appointment must be canceled.

Eligible Individuals' Rights Statement Wellness and Health Promotion Services

Eligible individuals have a right to:

- Receive information about the organization, including wellness and health promotion services provided on behalf of the employer or plan sponsors; organization staff and staff qualifications; and any contractual relationships.
- Decline participation or disenroll from wellness and health promotion services offered by the organization.
- Be treated courteously and respectfully by the organization's staff.

Rights and Responsibilities

- Communicate complaints to the organization and receive instructions on how to use the complaint process that includes the organization's standards of timeliness for responding to and resolving complaints and quality issues.

Habilitative Services

CareFirst provides coverage for habilitative services to members younger than the age of 19. This includes habilitative services to treat congenital or genetic birth defects, including a defect existing at or from birth, a hereditary defect, autism or an autism spectrum disorder, and cerebral palsy.

Habilitative services include speech, physical and occupational therapies. CareFirst must pre-approve all habilitative services. Any deductibles, copayments and coinsurance required under your contract apply. Policy maximums and benefit limits apply. Habilitative services are not counted toward any visit maximum for therapy services.

Please note that any therapies provided through the school system are not covered by this benefit. This coverage applies only to Maryland members. Check your contract coverage to determine if you are eligible to receive these benefits. If you have questions regarding any of these services, contact Member Services at the telephone number on your member ID card.

Required Home Visits and Mastectomy-Related Services

CareFirst provides coverage for home visits to members who undergo a mastectomy (the surgical removal of all or part of the breast) or the surgical removal of a testicle. Coverage includes one home visit that occurs within 24 hours after discharge from the hospital or outpatient facility and an additional home visit if prescribed by the member's doctor. To be eligible, the member must be in the hospital less than 48 hours or have the procedure performed on an outpatient basis. In addition, a member who has been in the hospital for at least 48 hours following a Mastectomy is eligible for a home visit if prescribed by the Member's physician. This coverage applies to Maryland members. Please check your contract coverage to determine if you are eligible for these surgical procedure benefits.

CareFirst offers other benefits for mastectomy-related services, including:

- A minimum hospital stay of not less than forty-eight (48) hours following a Mastectomy.
- All stages of reconstruction of the breast that underwent the mastectomy.
- Surgery and reconstruction of the other breast to produce a symmetrical appearance.
- Prosthesis (artificial breast) and treatment of the physical complications that occur at all stages of the mastectomy, including lymphedema (swelling).

You and your physician will determine the appropriate plan to treat your condition. These benefits will be provided subject to the same deductibles and coinsurance applicable to other medical and surgical benefits covered under your health plan. Please refer to your Benefit Guide or Agreement for more details or call Member Services at the telephone number on your member ID card.

Care for Mothers, Newborns

Under the Newborns' and Mothers' Health Protection Act, CareFirst offers coverage for inpatient hospitalization services for a mother and newborn child for a minimum of:

- 48 hours of inpatient hospitalization care after an uncomplicated vaginal delivery.
- 96 hours of inpatient hospitalization care after an uncomplicated cesarean section.

If the mother and newborn remain in the hospital for at least the length of time provided, coverage includes:

- A home visit if prescribed by the attending physician.
- The mother may request a shorter length of stay if, after talking with her physician, she decides that less time is needed for her recovery.

If the mother and newborn have a shorter hospital stay than listed above, coverage includes one home visit scheduled to occur within 24 hours after hospital discharge and an additional home visit if prescribed by the attending physician.

Experimental/Investigational Services

PLEASE NOTE: Experimental/investigational services are not covered under this health plan.

CareFirst's definition of Experimental Medical Care also referenced as Experimental/Investigational Services is as follows:

The term "experimental/Investigational" describes services or supplies that are in the developmental stage and are in the process of human or animal testing. Services or supplies that do not meet all (5) of the criteria listed below are deemed to be experimental/investigational:

1. The technology* must have final approval from the appropriate government regulatory bodies; and
2. The scientific evidence must permit conclusions concerning the effect of the technology on health outcomes; and
3. The technology must improve the net health outcome; and
4. The technology must be as beneficial as any established alternatives; and
5. The improvement must be attainable outside the investigational setting.

**Technology includes drugs, devices, processes, systems or techniques.*



Policy Form Numbers:
MD/BP/DB/IEA (10/07)
MD/CF/BP/IEA DOCS (4/08)
MD/CF/DB/HSA SOB (4/08)
MD/CF/DB/ELIG (R. 5/08)
MD/CF/IND HSA RX3 (7/06)
And any amendments



CareFirst of Maryland, Inc.
10455 Mill Run Circle
Owings Mills, MD 21117
Group Hospitalization and Medical Services, Inc.
840 First Street, NE
Washington, DC 20065
www.carefirst.com

Benefits provided under the Agreement are not a grandfathered health benefit plan under the Patient Protection and Affordable Care Act.

CareFirst BlueCross BlueShield is the shared business name of CareFirst of Maryland, Inc. and Group Hospitalization and Medical Services, Inc. which are independent licensees of the Blue Cross and Blue Shield Association. ® Registered trademark of the Blue Cross and Blue Shield Association. ® Registered trademark of CareFirst of Maryland, Inc. If you reside in either Prince George's or Montgomery county, then a Group Hospitalization and Medical Services, Inc. policy will be issued. For Baltimore City and all other counties in the state of Maryland, a CareFirst of Maryland, Inc. policy will be issued.