

**ARKANSAS COMPREHENSIVE HEALTH INSURANCE POOL (CHIP)
HSA-Qualified Plan Endorsement to Policy Form – CHIP HCTC- 101 (10/03)**

IMPORTANT: KEEP THIS ENDORSEMENT WITH YOUR POLICY

This Endorsement amends your Policy to allow you to choose a CHIP benefit plan with deductibles and other features that will qualify for use with a Health Savings Account (“HSA”). This Endorsement applies only to Insured Persons covered under an HSA-qualified benefit plan offered by CHIP (“HSA-Qualified Plan”).

For Insured Persons who have chosen an HSA-Qualified Plan, the Policy is amended as follows:

1. On page 6, following subsection R (containing the definition for “Health Coverage Tax Credit”), the following definitions are added as Subsections R-A and R-B:

“R-A. **Health Savings Account (“HSA”)** is a tax-exempt trust or custodial account established exclusively for the purpose of paying qualified medical expenses of the account beneficiary who, for the months for which contributions are made to an HSA, is covered under a high-deductible health plan.

R-B. **HSA-Qualified Plan** is health insurance offered by CHIP that meets the standards of federal law for use with an HSA.”

2. On page 11, subsection GG, regarding the definition of “Out of pocket Maximum,” is deleted and replaced with the following definition:

“GG. **Out-of-Pocket Maximum** means the maximum dollar amount of Deductible and Coinsurance that you pay out of your pocket for In-Network Covered Expenses and for prescription drugs, subject to the limitations and exclusions of this Policy. There is no Out-of-Pocket Maximum for Out-of-Network Covered Expenses (See subparagraph C. of SECTION IV – INFORMATION ABOUT YOUR BENEFITS.)”

3. On page 13, subparagraph (b) under paragraph (3) is deleted and replaced with the following:

“(b) all benefits for treatment of chemical and drug dependency, including prescription drugs, are limited to a maximum calendar year benefit of \$4,000 per Insured Person; all benefits for treatment of mental and nervous disorders, including prescription drugs, are limited to a maximum calendar year benefit of \$4,000 per Insured Person. See subparagraphs C.(3)(h) and (i) and subparagraphs C.(4)(e) and (f), below;”

4. On page 16, subparagraph (h) on benefits for residential care for chemical and drug dependency is deleted and replaced with the following:

“(h) Residential care for chemical 80%/100% 60%/80%

or drug dependency
(Subject to the maximum annual
benefit of \$4,000 for Covered
Expenses relating to chemical or
drug dependency)”

5. On page 16, subparagraph (i) on benefits for residential care for mental and nervous disorders is deleted and replaced with the following:

“(i) Residential care for mental or nervous disorders (Subject to the maximum annual benefit of \$4,000 for Covered Expenses relating to mental or nervous disorders)”	80%/100%	60%/80%
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6. On page 17, subparagraph (e) on benefits for outpatient treatment of chemical and drug dependency is deleted and replaced with the following:

“(e) Outpatient treatment of chemical or drug dependency (Subject to the maximum annual benefit of \$4,000 for Covered Expenses relating to chemical or drug dependency)”	80%/100%	60%/80%
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7. On page 17, subparagraph (f) on benefits for outpatient treatment of mental and nervous disorders is deleted and replaced with the following:

“(f) Outpatient treatment of mental or nervous disorders (Subject to the maximum annual benefit of \$4,000 for Covered Expenses relating to mental or nervous disorders)”	80%/100%	60%/80%
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8. On page 19 (and continuing to page 20), subsection C, entitled “Out of Pocket Maximum Expense,” is deleted and replaced with the following:

“C. **Annual Out-of-Pocket Maximum: HSA-Qualified Plan**

(1) **In-Network and Prescription Drugs.** An Insured Person with an HSA-Qualified Plan will reach his or her Annual Out-of-Pocket Maximum for In-Network Covered Expenses when he or she pays a total of \$3,250 for such expenses (the \$1,250 annual Deductible, plus \$2,000 in Coinsurance). For the purpose of calculating the Annual Out-of-Pocket Maximum, a Covered Expense that an Insured Person pays for

prescription drugs is considered an In-Network Covered Expense. After the Insured Person reaches his or her Out-of-Pocket Maximum, CHIP pays In-Network Covered Expenses at 100%.

(2) **Out-of-Network.** Coinsurance payments that an Insured Person pays for Covered Expenses of an Out-of-Network Provider do not count towards the annual Out-of-Pocket Maximum. However, once an Insured Person reaches the annual Out-of-Pocket Maximum, the percentage that CHIP pays for Out-of-Network Covered Expenses increases from 60% to 80% of Allowed Charges. It is important to keep in mind that an Insured Person may have to pay the difference between the benefits paid by this Policy and the amount of an Out-of-Network Provider's bill. In-Network Providers have agreed in a contract with the Administrator not to charge an Insured Person more than the Deductible and Coinsurance amounts for Covered Expenses. However, if an Out-of-Network Provider charges more than the Allowed Charge, the Out-of-Network provider may bill an Insured Person for balances over the CHIP payment level in addition to the Deductible and Coinsurance amounts.

(3) **No Impact on Limitations and Exclusions.** Annual Out-of-Pocket Maximum limitations do not affect the Policy's limitations or exclusions. For example, the Covered Expenses for mental or nervous disorders are limited to \$4,000 annually, and Covered Expenses for chemical or drug dependency are limited to \$4,000 annually. These limits apply regardless of whether the Insured Person has reached the annual Out-of-Pocket Maximum."

9. On page 22, the text of subsection D, entitled "Inpatient Care for Chemical and Drug Dependency," is deleted and replaced with the following:

"D. **Inpatient Care for Chemical or Drug Dependency.** Covered Expenses for inpatient care for chemical or drug dependency are subject to the maximum annual benefit of \$4,000 applicable to all Covered Expenses for chemical or drug dependency. This maximum annual benefit will be reduced by chemical or drug dependency benefits paid under a prior CHIP Policy."

10. On page 22, subsection E, entitled "Inpatient Care for Mental and Nervous Disorders," is deleted and replaced with the following:

"E. **Inpatient Care for Mental or Nervous Disorders.** Covered Expenses for inpatient care for mental or nervous disorders are subject to the maximum annual benefit of \$4,000 applicable to all Covered Expenses for mental or nervous disorders. This maximum annual benefit will be reduced by mental or nervous disorder benefits paid under a prior CHIP Policy."

11. On page 24, subsection K, entitled "Residential Care for Chemical and Drug Dependency," is deleted and replaced with the following:

"K. **Residential Care for Chemical or Drug Dependency.** Covered Expenses for residential care for chemical or drug dependency are subject to the

maximum annual benefit of \$4,000 applicable to all Covered Expenses for chemical or drug dependency. This maximum annual benefit will be reduced by chemical or drug dependency benefits paid under a prior CHIP Policy.”

12. On page 26, subparagraph (i), entitled “Outpatient Care for Chemical and Drug Dependency,” is deleted and replaced with the following:

“(i) **Outpatient Care for Chemical or Drug Dependency.** Physician services rendered in the diagnosis and/or treatment of chemical or drug dependency are subject to the maximum annual benefit of \$4,000 applicable to all Covered Expenses for chemical or drug dependency. This maximum annual benefit will be reduced by chemical or drug dependency benefits paid under a prior CHIP Policy.”

13. On page 26, subparagraph (j), entitled “Outpatient Care for Mental and Nervous Disorders,” is deleted and replaced with the following:

“(j) **Outpatient Care for Mental or Nervous Disorders.** Physician services rendered in the diagnosis and/or treatment of mental or nervous disorders are subject to the maximum annual benefit of \$4,000 applicable to all Covered Expenses for mental or nervous disorders. This maximum annual benefit will be reduced by mental or nervous disorder benefits paid under a prior CHIP Policy.”

14. On page 31 (and continuing on page 32), subsection D, entitled “Chemical and Drug Dependency,” is deleted and replaced with the following:

“D. **Chemical or Drug Dependency.**

The maximum annual Covered Expenses for inpatient or outpatient treatment of chemical or drug dependency, including treatment with prescription drugs, are limited to a total of \$4,000 per Insured Person. The maximum annual benefit will be reduced by chemical or drug dependency benefits paid under a prior CHIP Policy.”