



North East Independent School District

8961 TESORO DRIVE – SAN ANTONIO, TEXAS 78217

IMPORTANT NOTICE OF YOUR RIGHT TO DOCUMENTATION OF HEALTH COVERAGE

CHANGES IN FEDERAL LAW MAY AFFECT YOUR HEALTH COVERAGE, OR THE COVERAGE OF YOUR DEPENDENTS, IF YOU ARE ENROLLED OR BECOME ELIGIBLE TO ENROLL IN THE NORTH EAST INDEPENDENT SCHOOL DISTRICT (NEISD) HEALTH COVERAGE PLAN DURING THE 2010-2011 SCHOOL YEAR.

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) was signed into law on August 21, 1996. HIPAA impacts group health plans, such as those provided by NEISD, by improving the availability and portability of health coverage. However, HIPAA provides that non-federal governmental plans that are self-funded, such as the plans provided by NEISD, can elect to be exempted from some or all of the main provisions of the Act.

NEISD is the plan sponsor of a self-funded, non-federal governmental group health plan that provides medical coverage benefits to employees of NEISD. Currently, NEISD has three separate self-funded health care plans that are administered by Blue Cross Blue Shield of Texas and HMO Blue Texas.

Section 102(a) of HIPAA (codified, in pertinent part, at 42 USC 300gg – 21), Section 146.180 of the HIPAA Regulations (45 CFR 146.180), and Section 2721(b)(2) of the Public Health Service Act allow plan sponsors of non-Federal governmental health plans to elect to be exempted from the following HIPAA and other requirements: (1) Standards relating to benefits for mothers and newborns; (2) Parity in the application of certain limits to mental health benefits; (3) required coverage for reconstructive surgery following mastectomies; and (4) Coverage of dependent students on a medically necessary leave of absence. Pursuant to such statutory and regulatory provisions, on December 13, 2010, the North East Independent School District elected to be exempted from several of such requirements.

This notice provides you with information regarding (1) the provisions of HIPAA and the Women's Health and Cancer Rights Act (WHCRA) from which NEISD has elected to be exempted, (2) how the exemption applies to participants under each of the three health coverage plans offered by NEISD, and (3) whether NEISD chooses to provide voluntarily any of the protections required under HIPAA and WHCRA from which NEISD has elected to be exempted, and if so, a list of which protections apply to plan participants.

(1) PREEXISTING CONDITIONS

HIPAA REQUIREMENTS:

HIPAA limits the circumstances under which health coverage may be excluded for medical conditions present before you enroll in an NEISD health care plan

(i.e., preexisting condition(s)). Under HIPAA, preexisting condition exclusion generally may not be imposed with respect to a participant or dependent unless the following requirements are satisfied:

- the preexisting condition exclusion must relate to a condition for which medical advice, diagnosis, care or treatment was recommended or received during the six-month period *prior* to an individual's enrollment date;
- a preexisting condition exclusion may not last for more than 12 months (18 months for a late enrollee) after an individual's enrollment date; and
- the 12-month (or 18-month) exclusion period must be reduced by the number of days of the individual's prior creditable coverage, excluding coverage before any break in coverage of 63 days or more.
- In addition, you are entitled to a certificate that will show evidence of your prior health coverage. Under HIPAA, if you buy health insurance other than through an employer group health plan, a certificate of prior coverage may help you obtain coverage, even if you have a medical condition that would otherwise be considered a preexisting condition.
- Newborns/Adopted Children/Pregnancy: a health plan may not impose any pre-existing condition exclusion with regard to a dependent child of a plan participant who is covered under any creditable coverage within 31 days of birth, date of adoption, or date of placement for adoption and subsequently enrolls in the health plan without a significant break in coverage. A group health plan may not impose a preexisting condition exclusion relating to pregnancy as a preexisting condition.
- Preexisting conditions may not be excluded for any child under the age of 19 who is covered under their parent's health plan.

NEISD COVERAGE:

➤ **HMO BLUE TEXAS:**

The HMO Blue Texas medical plan does **not** have a preexisting exclusion clause for any condition.

➤ **BLUE CHOICE LOW OPTION PPO:** **NEISD complies with state law requirements relating to preexisting conditions that are identical to the HIPAA requirements.**

NEISD will not impose any preexisting condition exclusion with regard to a child who, as of the last day of the 31-day period beginning with the date of

birth, is covered under the NEISD plan. Accordingly, if a newborn is enrolled in the NEISD group health plan within 31 days of birth, the NEISD group health plan will not impose any preexisting condition exclusion with regard to the child.

Additionally, NEISD will not impose any preexisting condition exclusion for any covered child under the age of 19.

BLUE CHOICE HIGH OPTION PPO:

NEISD complies with state law requirements relating to preexisting conditions that are identical to the HIPAA requirements.

NEISD will not impose any preexisting condition exclusion with regard to a child who, as of the last day of the 31-day period beginning with the date of birth, is covered under the NEISD plan. Accordingly, if a newborn is enrolled in the NEISD group health plan within 31 days of birth, the NEISD group health plan will not impose any preexisting condition exclusion with regard to the child.

Additionally, NEISD will not impose any preexisting condition exclusion for any covered child under the age of 19.

(2) SPECIAL ENROLLMENT PERIODS FOR INDIVIDUALS (AND CERTAIN DEPENDENT BENEFICIARIES)

HIPAA REQUIREMENTS:

- HIPAA provides that 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 the health coverage plan, provided that you are otherwise eligible for coverage under terms of the plan and you request enrollment within 31 days from the other coverage ending.
- HIPAA provides that if you become ineligible for Medicaid or CHIP and lose coverage, or if you become eligible for the State Premium Assistance Program for yourself or your dependents (including your spouse), you may enroll yourself or your dependents in the health coverage plan, provided that you are otherwise eligible for coverage under terms of the plan and you request enrollment within 60 days from the date of the event.
- 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 31 days from date of the marriage, birth, adoption, or placement for adoption.

- On or before the time an employee is offered the opportunity to enroll in a group health plan, the plan is required to provide the employee with a description of the plan's special enrollment rules.
- Effective dates of enrollment: Enrollment is effective with respect to an employee and a dependent who enroll in the plan due to loss of other coverage, not later than the first day of the first calendar month beginning after the date the completed request for enrollment is received. In the case of marriage, enrollment is effective not later than the first day of the first calendar month beginning after the date the completed request for enrollment is received by the plan. In the case of a dependent's birth, enrollment is effective on the date of such birth. In the case of a dependent's adoption, or placement for adoption, enrollment is effective on the date of such adoption or placement for adoption.

NEISD COVERAGE:

- **HMO BLUE TEXAS:**
NEISD complies with HIPAA requirements related to special enrollment periods, as follows:

NEISD complies with HIPAA special enrollment periods for individuals (and certain dependents) who are otherwise eligible for coverage under the terms of the plan and who previously declined coverage under the NEISD plan due to other health coverage. NEISD complies with HIPAA special enrollment periods for individuals who become a dependent of a participant through marriage, birth, adoption, or placement for adoption.

NEISD complies with HIPAA requirements regarding the effective dates of enrollment for individuals during a special enrollment period.

NEISD complies with HIPAA requirements providing for the special enrollment of an employee who is eligible, but not enrolled, for coverage under the terms of the plan and an individual who is a dependent of such employee if the employee would be a participant but for a prior election by the employee not to enroll in the plan during a previous enrollment period, and either (1) the employee and the individual become married; or (2) the employee and the individual are married and a child becomes a dependent of the employee through birth, adoption, or placement for adoption.

- **BLUE CHOICE LOW OPTION PPO:**
NEISD complies with HIPAA's requirements related to special enrollment periods, as follows:

NEISD complies with HIPAA special enrollment periods for individuals (and certain dependents) who are otherwise eligible for coverage under the terms of the plan and who previously declined coverage under the NEISD plan due

to other health coverage. NEISD complies with HIPAA special enrollment periods for individuals who become a dependent of a participant through marriage, birth, adoption, or placement for adoption.

NEISD complies with HIPAA requirements regarding the effective dates of enrollment for individuals during a special enrollment period.

NEISD complies with HIPAA requirements providing for the special enrollment of an employee who is eligible, but not enrolled, for coverage under the terms of the plan and an individual who is a dependent of such employee if the employee would be a participant but for a prior election by the employee not to enroll in the plan during a previous enrollment period, and either (1) the employee and the individual become married; or (2) the employee and the individual are married and a child becomes a dependent of the employee through birth, adoption, or placement for adoption.

➤ **BLUE CHOICE HIGH OPTION PPO:**
NEISD complies with HIPAA's requirements related to special enrollment periods, as follows:

NEISD complies with HIPAA special enrollment periods for individuals (and certain dependents) who are otherwise eligible for coverage under the terms of the plan and who previously declined coverage under the NEISD plan due to other health coverage. NEISD complies with HIPAA special enrollment periods for individuals who become a dependent of a participant through marriage, birth, adoption, or placement for adoption.

NEISD complies with HIPAA requirements regarding the effective dates of enrollment for individuals during a special enrollment period.

NEISD complies with HIPAA requirements providing for the special enrollment of an employee who is eligible, but not enrolled, for coverage under the terms of the plan and an individual who is a dependent of such employee if the employee would be a participant but for a prior election by the employee not to enroll in the plan during a previous enrollment period, and either (1) the employee and the individual become married; or (2) the employee and the individual are married and a child becomes a dependent of the employee through birth, adoption, or placement for adoption.

(3) PROHIBITIONS AGAINST DISCRIMINATING AGAINST INDIVIDUAL PARTICIPANTS AND BENEFICIARIES

HIPAA REQUIREMENTS:

A group health plan may not establish rules for eligibility in the health plan (including continued eligibility) of any individual to enroll under the terms of the plan based on any of the following health status-related factors in relation to the individual or a dependent of the individual: (1) health status; (2) medical condition (including both physical and mental illnesses); (3) claims experience; (4) receipt of health care; (5) medical history; (6) genetic information; (7) evidence of insurability (including conditions arising out of acts of domestic violence); (8) disability.

NEISD ELECTION/COVERAGE:

- **HMO BLUE TEXAS:**
NEISD complies with HIPAA's requirements prohibiting discrimination against participants and beneficiaries.

- **BLUE CHOICE LOW OPTION PPO:**
NEISD complies with HIPAA's requirements prohibiting discrimination against participants and beneficiaries.

- **BLUE CHOICE HIGH OPTION PPO:**
NEISD complies with HIPAA's requirements prohibiting discrimination against participants and beneficiaries.

(4) STANDARDS RELATING TO BENEFITS FOR MOTHERS AND NEWBORNS

HIPAA REQUIREMENTS:

A group health plan may not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child, following a normal vaginal delivery, to less than 48 hours, or restrict benefits for any hospital length of stay in connection with childbirth for the mother of a newborn child, following a cesarean section, to less than 96 hours, or require that a provider obtain authorization from the plan for prescribing any length of stay required. This section does not apply in any case in which the decision to discharge the mother or her newborn child prior to the expiration of the minimum length of stay otherwise required is made by an attending provider in consultation with the mother.

A group health plan may not (1) deny to the mother or her newborn child eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section; (2) provide monetary payments or rebates to the mother to encourage such mothers to accept less than the minimum protections available; (3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such

provider provided care to an individual participant or beneficiary; (4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary; or (5) restrict benefits for any portion of a period within a required hospital length of stay in a manner which is less favorable than the benefits provided for any preceding portion of such stay.

However, a group health plan is not prevented from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for hospital lengths of stay in connection with childbirth for a mother or newborn child under the plan, except that such coinsurance or other cost-sharing for any portion of a period within a required length of hospital stay may not be greater than such coinsurance or cost-sharing for any preceding portion of such stay.

NEISD ELECTION/COVERAGE:

➤ **HMO BLUE TEXAS:**

NEISD has elected to be exempted from HIPAA requirements prohibiting restriction of the period of hospitalization after birth for which benefits are payable to less than 48 hours for a vaginal delivery and 96 hours for a cesarean delivery. However, NEISD has elected to voluntarily comply with some of HIPAA's requirements related to hospitalization in connection with childbirth, as follows:

NEISD has elected to voluntarily comply with HIPAA requirements prohibiting restriction of the period of hospitalization after birth for which benefits are payable to less than 48 hours for a vaginal delivery and 96 hours for a cesarean delivery, unless the attending health care provider, in consultation with the mother, decides that an earlier discharge is appropriate. In addition, NEISD will not (1) deny to the mother of her newborn child eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section; (2) provide monetary payments or rebates to the mother to encourage such mothers to accept less than the minimum protections available; (3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such provider provided care to an individual participant or beneficiary; (4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary; or (5) restrict benefits for any portion of a period within a required hospital length of stay in a manner which is less favorable than the benefits provided for any preceding portion of such stay. NEISD will apply deductibles and coinsurance requirements as stated in the summary plan document for any inpatient hospital services.

➤ **BLUE CHOICE LOW OPTION PPO:**

NEISD has elected to be exempted from HIPAA requirements prohibiting restriction of the period of hospitalization after birth for which benefits are payable to less than 48 hours for a vaginal delivery and 96 hours for a cesarean delivery. However, NEISD has elected to voluntarily comply with some of HIPAA's requirements related to hospitalization in connection with childbirth, as follows:

NEISD has elected to voluntarily comply with HIPAA requirements prohibiting restriction of the period of hospitalization after birth for which benefits are payable to less than 48 hours for a vaginal delivery and 96 hours for a cesarean delivery, unless the attending health care provider, in consultation with the mother, decides that an earlier discharge is appropriate. In addition, NEISD will not (1) deny to the mother of her newborn child eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section; (2) provide monetary payments or rebates to the mother to encourage such mothers to accept less than the minimum protections available; (3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such provider provided care to an individual participant or beneficiary; (4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary; or (5) restrict benefits for any portion of a period within a required hospital length of stay in a manner which is less favorable than the benefits provided for any preceding portion of such stay. NEISD will apply deductibles and coinsurance requirements as stated in the summary plan document for any inpatient hospital services.

➤ **BLUE CHOICE HIGH OPTION PPO:**

NEISD has elected to be exempted from HIPAA requirements prohibiting restriction of the period of hospitalization after birth for which benefits are payable to less than 48 hours for a vaginal delivery and 96 hours for a cesarean delivery. However, NEISD has elected to voluntarily comply with some of HIPAA's requirements related to hospitalization in connection with childbirth, as follows:

NEISD has elected to voluntarily comply with HIPAA requirements prohibiting restriction of the period of hospitalization after birth for which benefits are payable to less than 48 hours for a vaginal delivery and 96 hours for a cesarean delivery, unless the attending health care provider, in consultation with the mother, decides that an earlier discharge is appropriate. In addition, NEISD will not (1) deny to the mother of her newborn child eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section; (2) provide monetary payments or rebates to the mother to encourage such mothers to accept less than the minimum protections available; (3) penalize or otherwise reduce or limit the reimbursement of an attending provider

because such provider provided care to an individual participant or beneficiary; (4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary; or (5) restrict benefits for any portion of a period within a required hospital length of stay in a manner which is less favorable than the benefits provided for any preceding portion of such stay. NEISD will apply deductibles and coinsurance requirements as stated in the summary plan document for any inpatient hospital services.

(5) PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS

HIPAA REQUIREMENTS:

A group health plan must treat mental health benefits no differently than medical and surgical benefits with respect to a plan's application of aggregate lifetime dollar limits, and annual dollar limits. HIPAA does not require a group health plan to provide mental health benefits; nor does it affect the terms and conditions (for example, cost sharing, limits on days of coverage, requirements regarding medical necessity, requirements that patients or providers obtain prior authorization for treatment, and requirements relating to primary care physicians' referrals for treatment) regarding the amount, duration, or scope of the mental health benefits, except as specifically provided in regard to parity of aggregate lifetime dollar limits and annual dollar limits.

NEISD ELECTION/COVERAGE:

➤ **HMO BLUE TEXAS:**

NEISD has elected to be exempted from HIPAA requirements prohibiting the treatment of mental health benefits differently than medical and surgical benefits with respect to the plan's lifetime or annual limitation. However, NEISD has elected to voluntarily comply with some of HIPAA's requirements that mental health benefits be treated no differently than medical and surgical benefits with respect to a plan's lifetime or annual limitation, as follows:

NEISD has elected to voluntarily comply with HIPAA requirements that mental health benefits will be treated no differently than medical and surgical benefits with respect to a plan's lifetime or annual limitation, which currently has no lifetime maximum limit. The group health plan will place limitations in regard to the terms and conditions of the coverage, such as preauthorization requirements, and co-payments.

➤ **BLUE CHOICE LOW OPTION PPO:**

NEISD has elected to be exempted from HIPAA requirements prohibiting the treatment of mental health benefits differently than

medical and surgical benefits with respect to the plan's lifetime or annual limitation. However, NEISD has elected to voluntarily comply with some of HIPAA's requirements that mental health benefits be treated no differently than medical and surgical benefits with respect to a plan's lifetime or annual limitation, as follows:

NEISD has elected to voluntarily comply with HIPAA requirements that mental health benefits will be treated no differently than medical and surgical benefits with respect to a plan's lifetime or annual limitation, which currently has no lifetime maximum limit. The group health plan will place limitations in regard to the terms and conditions of the coverage, such as preauthorization requirements, and co-payments.

➤ **BLUE CHOICE HIGH OPTION PPO:**

NEISD has elected to be exempted from HIPAA requirements prohibiting the treatment of mental health benefits differently than medical and surgical benefits with respect to the plan's lifetime or annual limitation. However, NEISD has elected to voluntarily comply with some of HIPAA's requirements that mental health benefits be treated no differently than medical and surgical benefits with respect to a plan's lifetime or annual limitation, as follows:

NEISD has elected to voluntarily comply with HIPAA requirements that mental health benefits will be treated no differently than medical and surgical benefits with respect to a plan's lifetime or annual limitation, which currently has no lifetime maximum limit. The group health plan will place limitations in regard to the terms and conditions of the coverage, such as preauthorization requirements, and co-payments.

(6) REQUIRED COVERAGE FOR RECONSTRUCTIVE SURGERY FOLLOWING MASTECTOMIES

WHCRA REQUIREMENTS:

In the case of a covered person receiving benefits under their plan in connection with a mastectomy and who elects breast reconstruction, coverage will be provided in a manner determined in consultation with the attending physician and the patient for: (i) reconstruction of the breast on which the mastectomy was performed; (ii) surgery and reconstruction of the other breast to produce a symmetrical appearance; and (iii) prostheses and treatment of physical complications at all stages of the mastectomy, including lymph edemas. Deductibles, co-insurance, and co-payment amounts will be the same as those applied to the other similarly covered medical services, such as surgery and prostheses.

NEISD ELECTION/COVERAGE:

- **HMO BLUE TEXAS:**
NEISD has elected to be exempted from the WHCRA requirements related to required coverage for reconstructive surgery following mastectomies. However, NEISD has elected to voluntarily comply with some of the WHCRA requirements related to such coverage as follows:

NEISD has elected to voluntarily comply with some of the WHCRA requirements relating to reconstructive surgery following mastectomies. In the case of a covered person receiving benefits under the plan in connection with a mastectomy and who elects breast reconstruction, coverage will be provided in a manner determined in consultation with the attending physician and the patient for (i) reconstruction of the breast on which the mastectomy was performed; (ii) surgery and reconstruction of the other breast to produce a symmetrical appearance; and (iii) prostheses and treatment of certain physical complications related to the mastectomy, including lymph edemas. Deductibles, co-insurance, and co-payment amounts will be the same as those applied to other similarly covered medical services, such as surgery and prostheses.

- **BLUE CHOICE LOW OPTION PPO:**
NEISD has elected to be exempted from the WHCRA requirements related to required coverage for reconstructive surgery following mastectomies. However, NEISD has elected to voluntarily comply with some of the WHCRA requirements related to such coverage as follows:

NEISD has elected to voluntarily comply with some of the WHCRA requirements relating to reconstructive surgery following mastectomies. In the case of a covered person receiving benefits under the plan in connection with a mastectomy and who elects breast reconstruction, coverage will be provided in a manner determined in consultation with the attending physician and the patient for (i) reconstruction of the breast on which the mastectomy was performed; (ii) surgery and reconstruction of the other breast to produce a symmetrical appearance; and (iii) prostheses and treatment of certain physical complications related to the mastectomy, including lymph edemas. Deductibles, co-insurance, and co-payment amounts will be the same as those applied to other similarly covered medical services, such as surgery and prostheses.

- **BLUE CHOICE HIGH OPTION PPO:**
NEISD has elected to be exempted from the WHCRA requirements related to required coverage for reconstructive surgery following mastectomies. However, NEISD has elected to voluntarily comply with some of the WHCRA requirements related to such coverage as follows:

NEISD has elected to voluntarily comply with some of the WHCRA requirements relating to reconstructive surgery following mastectomies. In

the case of a covered person receiving benefits under the plan in connection with a mastectomy and who elects breast reconstruction, coverage will be provided in a manner determined in consultation with the attending physician and the patient for (i) reconstruction of the breast on which the mastectomy was performed; (ii) surgery and reconstruction of the other breast to produce a symmetrical appearance; and (iii) prostheses and treatment of certain physical complications related to the mastectomy, including lymph edemas. Deductibles, co-insurance, and co-payment amounts will be the same as those applied to other similarly covered medical services, such as surgery and prostheses.

ADDITIONAL INFORMATION FOR PLAN PARTICIPANTS:

- The NEISD group health plans are required by federal law to furnish certificates of creditable coverage to plan participants in accordance with 45 CFR '146.115. You have the right to receive a certificate of prior health care coverage since July 1, 1996. Should you leave NEISD and obtain employment elsewhere, check with your new plan administrator to see if your new plan excludes coverage for preexisting conditions and if you need to provide a certificate or other documentation of your previous coverage. To obtain a certificate, complete the attached form and return it to the NEISD Employee Benefits Office at the address listed on the form.
- All information contained in this notice concerning NEISD's voluntary compliance with HIPAA requirements is subject to the summary plan descriptions for each medical plan offered by NEISD and its third party administrator, Blue Cross Blue Shield of Texas.
- You should read and consult your schedule of benefits to determine the specific benefits/requirements of your health care plan.
- You may obtain additional information or address questions to:

**Risk Management and Employee Benefits
North East Independent School District
8961 Tesoro Drive, Suite 209
San Antonio, Texas 78217
(210) 407-0187
Fax: (210) 804-7014**

- Additional information concerning the administration of your health care plan may be addressed to:

Blue Cross Blue Shield of Texas

**Customer Service Help line
1-800-521-2227**

Or

**HMO Blue Texas
Customer Service Help line
1-877-299-2377**