

Tennessee

State-Mandated Benefits



NORTH CAROLINA MUTUAL LIFE INSURANCE COMPANY

This insert is part of the Health Care Benefits Brochure and reflects insurance benefits mandated by the State of Tennessee.

■ **Eligible Employees and Dependents:** To be considered an eligible employee for coverage a person must be working regularly with the employer on a full time basis with an appropriate full-time wage. "Full Time" requires a minimum normal work week of 30 hours.

A dependent includes the employee's unmarried child under age 24, or under age 25 if the child is full time student. A dependent also includes an unmarried child of any age who is or becomes disabled due to mental retardation or physical handicap before age 24 and is dependent upon the employee.

■ **Newborn Children:** When employee only or employee/spouse coverage is in effect on the date of birth of a newborn, the newborn will automatically be covered for the first 31 days following the birth and coverage will terminate on the 32nd day. To continue coverage beyond 31 days, application must be made to add the newborn within 31 days of the birth. If you make application after that 31 day period, your newborn will be a late enrollee. If you decide not to continue coverage for your dependent child beyond the 31 day period, premium will be charged for the 31 days coverage was in force.

■ **Anesthesia in Conjunction with Dental Care:** This plan provides benefits for anesthesia, hospital and physician expenses associated with any inpatient/outpatient hospital dental procedures performed on a minor eight years of age or younger and that cannot be safely performed in a dental office setting.

■ **Mammogram:** This plan will provide one baseline mammogram for a female Insured who is age 35 but under 40; a mammogram every two years or more frequently based on the recommendation of the woman's physician, for women age 40 but under age 50, and a mammogram annually for a female Insured who is age 50 or older.

■ **Mastectomy Coverage:** Federal law requires that this plan pay benefits for charges for (1) reconstruction of the breast on which the mastectomy has been performed; (2) surgery and reconstruction of the other breast to produce symmetrical appearance; and (3) prostheses and physical complications of all stages of mastectomy, including lymphedemas; in a manner determined in consultation with the attending physician and the patient.

■ **Prostate Cancer Screening:** This plan will provide coverage for the early detection of prostate cancer for men age fifty (50) and older if a Physician determines that early detection for prostate cancer is Medically Necessary.

■ **Phenylketonuria (PKU):** This plan will provide coverage for testing, diagnosis and treatment of phenylketonuria including dietary management, formulas, case management intake and screening, assessment, comprehensive care planning and services under the supervision of a physician.

■ **Diabetes:** This plan will provide coverage for equipment, supplies and outpatient self-management training and education, including medical nutrition counseling, when prescribed by a physician as medically necessary for the treatment of diabetes.

■ **Temporomandibular Joint Disorder and Craniomandibular Disorder Coverage:** This plan will provide benefits for charges for Temporomandibular Joint Disorder and Craniomandibular Disorder coverage as mandated by the state of Tennessee and outlined in the certificate.

■ **Nervous or Mental Disorders:** For groups with 26 or more employees, this plan will provide coverage for the outpatient treatment of nervous or mental disorders at 50% up to 25 visits per calendar year and for inpatient treatment of nervous or mental disorders at 50% up to 20 days per calendar year. Alternate treatment may be provided if such treatment is less costly than inpatient confinement.

■ **Tennessee State Continuation of Coverage:** This plan provides for up to three months continuation of coverage for qualifying Tennessee residents who lose coverage. This provision is mandatory for all eligible employer plans and applies to individuals who meet the terms for loss of coverage outlined in the certificate and who have been insured under this policy for at least three months prior to termination with special provisions for dependents, pregnant individuals and as a result of plant closings. This continuation would run concurrent with any COBRA continuation for which the individual may be entitled.

RATE AND RENEWABILITY DISCLOSURE

Many states are requiring insurance companies to establish small group health rates within specific guidelines outlined by the state. They also require companies to provide written disclosure of their rating practices to you at the time of sale.

Class of Business

This notice pertains to small employer groups who elect to subscribe to and participate in the National Health Care Trust, insured by North Carolina Mutual Insurance Company.

Establishing Initial Group Rates

The rating guidelines we follow were designed and developed to promote fairness in the small group marketplace. These guidelines promote fairness by acknowledging the similarities of each group while recognizing some diversity.

The premium rates for groups enrolling for coverage with us for the first time are established through projections or estimates of future claims. These projections consider the specific benefits we currently offer, as well as the projected cost of health care and anticipated medical claims, for all groups. We also consider health status or duration of coverage in establishing or adjusting rates. In addition, rates are adjusted in accordance with the laws of your particular state.

Rate Guarantees and Changes

Our current practice is to guarantee each employer group's initial rates for 6 to 12 months from the effective date of coverage. This guarantee holds true provided the group's composition, geographic location, and benefits remain unchanged. The group's rates may be adjusted during the rate guarantee period whenever any one of the following occurs:

- If a group adds or eliminates employees;
- If age and sex compositions of the group change;
- If the business moves from one geographic rate area to another; or
- If the group changes its benefits in any way.

Our rate guarantees will change with market conditions. In general, we have the right to change premium rates on any date the terms of the plan are changed or on any premium due date as long as we provide advance written notice as provided by state law.

How Rate Increases are Determined

A group's rate increase will be adjusted due to factors such as medical inflation, claims experience, duration of coverage and current market conditions. We control the group's rate increase to the sum of the following:

- A percentage change made to new business rates since the last time rates were increased for the group;
- An adjustment of up to 15% annually and adjusted pro rata for rating periods of less than a year; and
- Any adjustment due to any change in coverage or case characteristics.

How Coverage is Renewed

All employers have the option to continue coverage with us, except in any of the following situations:

- Required premiums are not paid;
- Fraud or misrepresentation of the employer or an individual;
- Noncompliance with plan provisions, including minimum participation requirements and eligibility requirements of the plan; or
- Nonrenewal of all plans by us in a particular class of business, in which case all affected participating employers will be notified in advance according to state law.

Pre-existing Conditions and Late Entrants

A pre-existing conditions provision may apply to an employee or dependent. When it does, pre-existing conditions will not be covered for a period of time or benefits will be limited under the policy. The pre-existing condition waiting period may be reduced by the length of time an employee was covered by a prior qualifying plan. Late entrants may also be excluded from coverage for a period of time. These provisions will be described in the certificates issued to the employees and will never be more restrictive than the applicable laws of your state. Please refer to your outline of coverage for a listing of exclusions, limitations and pre-existing condition provisions.