Plan Certificate

Prescription Drug Plan

January 2025

HAWAIʻI MEDICAL SERVICE ASSOCIATION

Prescription Drug Benefits Certificate

I. DEFINITIONS

When used in this Certificate, enrollment form, each membership card, and any supplements to this Certificate:

(1) **"Association"** is the HAWAIʻI MEDICAL SERVICE ASSOCIATION (HMSA), an independent licensee of the Blue Cross and Blue Shield Association.

(2) **"Beneficiary"** is you, any Member, or Dependent covered by this Certificate.

(3) **"Biological products"**, or biologics, are medical products. Many products are made from a variety of natural sources (i.e., human, animal, or microorganism). It may be produced by biotechnology methods and other cutting-edge technologies. Like drugs, some biologics are intended to treat diseases and medical conditions. Other products are used to prevent or diagnose diseases. Examples may include:

- Vaccines.
- Blood and blood products for transfusion and /or manufacturing into other products.
- Allergenic extracts, which are used for both diagnosis and treatment (for example allergy shots).
- Human cells and tissues used for transplantation (for example, tendons, ligaments and bone).
- Gene therapies.
- Cellular therapies.
- Test to screen potential blood donors for infectious agents such as HIV.

(4) **"Biosimilar product"** is a biological product that is FDA-approved based on a showing that it is highly similar to an already FDA-approved reference product. It has no clinically meaningful differences in terms of safety and effectiveness from the reference product. Only minor differences in clinically inactive components are allowable in biosimilar products.

In accordance with any applicable state and federal regulations and laws, an interchangeable biological product may be substituted for the reference product by a pharmacist without the intervention of the healthcare provider who prescribed the reference product.

(5) **"Brand Name Drug"** is a drug that is marketed under its distinctive trade name. A brand name drug is or at one time was protected by patent laws or deemed to be biosimilar by the U.S. Food and Drug Administration. A brand name drug is a recognized trade name prescription drug product, usually either the innovator product for new drugs still under patent protection or a more expensive product marketed under a brand name for multi-source drugs and noted as such in the national pharmacy database used by HMSA.

(6) **"Calendar Year"** is the period starting January 1 and ending December 31 of any year. The first Calendar Year for a new Beneficiary shall start on that Beneficiary's Effective Date and end on December 31 of the same year.

(7) **"Certificate"** is this document, i.e., the Prescription Drug Benefits Certificate and any supplements to this Certificate. The Agreement between HMSA and the Beneficiary is made up of this Certificate, any riders and/or amendments, the enrollment form, and the agreement between HMSA and the Member's employer or group sponsor.

(8) **"Child"** is a:

(a) Member's son, daughter, stepson or stepdaughter,

(b) Member's legally adopted child or a child placed with you for adoption,

(c) A child for whom the Member is the court-appointed guardian, or

(d) Member's eligible foster child (defined as an individual who is placed with you by an authorized placement agency or by judgment, decree or other court order),

(e) The child is under 26 years of age.

A Member's grandchild is not eligible for coverage under the Member's Certificate unless he or she meets one of the qualifications above.

(9) **"Copayment"** is a fixed percentage of the Eligible Charge or a fixed dollar amount that the Beneficiary is required to pay to the provider of services.

(10) **"Dependent"** is the Member's spouse and each eligible Child.

(11) **"Effective Date"** is the date on which a person is accepted as a Beneficiary, as set and noted by HMSA. It is the date when the Beneficiary is eligible for benefits under this Certificate. The date is subject to all applicable waiting periods under this Certificate.

(12) **"Eligible Charge"** is described in Section III (7). It is the charge HMSA uses to calculate a benefit payment for most covered services.

(13) **"Generic Drug"** is a drug or supply that is prescribed or dispensed under its commonly used generic name rather than a brand name. Generic drugs are not protected by patent and are identified by HMSA as "generic". A generic drug shall meet any one of the following:

(a) It is identical or therapeutically equivalent to its brand counterpart in dosage form, safety, strength, route of administration and intended use.

(b) It is a non-innovator product approved by the FDA under an Abbreviated New Drug Application (an application to market a duplicate drug that has been approved by the FDA under a full New Drug Application).

(c) It is defined as a generic by Medi-Span or an equivalent nationally recognized source.

(d) It is not protected by patents(s), exclusivity, or cross-licensure.

(e) Generic drugs include all single-source and multi-source generic drugs as set forth by a nationally recognized source selected and disclosed by HMSA. Unless explicitly defined or designated by HMSA, once a drug has been deemed a generic drug, it must be considered a generic drug for purposes of benefit administration.

(14) **"Group"** is an

(a) employing unit

(b) employee organization that has a collective bargaining agreement with an employer, or

(c) employer-based organization that is approved by HMSA.

Such employing unit or organization must have executed an Agreement with HMSA. By obtaining health plan coverage through the Group, the Member designates the Group as his or her administrator.

(15) **"HMSA Select Prescription Drug Formulary"** is a list of drugs by therapeutic category published by HMSA.

(16) **"Interchangeable biologic product"** is an FDA-approved biologic product that meets the additional standards for interchangeability to an FDA-approved reference product included in:

- The Hawaii list of equivalent generic drugs and biological products.
- The Orange Book.
- The Purple Book.
- Other published findings and approvals of the United States Food and Drug Administration.

In accordance with any applicable state and federal regulations and laws, an interchangeable biological product may be substituted for the reference product by a pharmacist without the intervention of the healthcare provider who prescribed the reference product.

(17) **"Member"** is the person who executes the enrollment form that is accepted, in writing, by HMSA. This person must be an employee of the Group, unless otherwise approved by HMSA. An employee is a person who works for the Group in return for wages or salary.

(18) **"Non-Preferred Formulary Drug"** is a Brand Name Drug, supply, or insulin that is not identified as preferred on the HMSA Select Prescription Drug Formulary.

(19) **"Oral Chemotherapy Drug"** is an FDA-approved oral cancer treatment that may be delivered for self-administration under the direction or supervision of a Provider outside of a hospital, medical office, or other clinical setting.

(20) **"Over-the-Counter Drugs"** means a drug that may be purchased without a prescription.

(21) **"Participating Provider"** is a provider of services who agrees with HMSA to collect not more than:

(a) a specified amount paid by HMSA and

(b) the Beneficiary's Copayment as specified in this Certificate. This applies to services covered by this Certificate that are provided to a Beneficiary.

(22) **"Preferred Formulary Drug"** is a Brand Name Drug, supply, or insulin identified as preferred on the HMSA Select Prescription Drug Formulary.

(23) **"Prescription Drug"** is a medication required by Federal law to be dispensed only with a prescription from a licensed provider. Medications that are available as both a Prescription Drug and a nonprescription drug are not covered as a Prescription Drug under this Certificate.

(24) **"Reference product"** refers to the original FDA-approved biologic product that a biosimilar is based.

II. ELIGIBILITY AND ENROLLMENT

(1) A person may enroll in this coverage under this Certificate when he or she is first eligible for this health plan coverage in accordance with his or her employer's rules for eligibility. If the person does not enroll in this coverage when he or she first becomes eligible or by the first day of the month immediately following the first four consecutive weeks of employment, he or she will not be eligible to enroll until the next open enrollment period. Open enrollment is held once a year. Exceptions may be made if it is shown to our satisfaction that there was unusual and justifiable cause for submitting the enrollment form late.

(2) The Member's spouse and each of the Member's Children 25 years of age and under are eligible for coverage as Dependents under this Certificate. The Member must enroll a Dependent with HMSA within 31 days of the date of eligibility. If a Dependent is not enrolled within 31 days of the date of eligibility, he or she may be enrolled only at the next open enrollment period. Open enrollment is held once a year.

If you decline enrollment in this plan for yourself or your dependents (including your spouse) because of other health plan coverage, you may be able to enroll yourself or your dependents in this plan at a later date if you or your dependents lose eligibility for that other coverage (or if the employer stops contributing toward your or your dependents' other coverage). You must enroll by complying with our usual enrollment process within 31 days after the other coverage ends (or after the employer stops contributing toward the other coverage).

You may enroll a newborn or adopted child, effective as of the date listed below, if you comply with the requirements described below and enroll the child in accord with our usual enrollment process:

(a) The birth date of a newborn, providing you comply with our usual enrollment process within 31 days of the child's birth.

(b) The date of adoption, providing you comply with our usual enrollment process within 31 days of the date of adoption.

(c) The birth date of a newborn adopted child, providing we get notice of your intent to adopt the newborn within 31 days of the child's birth.

(d) The date the child is placed with you for adoption, providing we get notice of the placement within 31 days of the placement. Placement occurs when you assume a legal obligation for total or partial support of the child in anticipation of adoption.

(3) You may enroll your child if he or she is disabled by providing us with written documentation acceptable to us demonstrating that:

(a) Your child is incapable of self-sustaining support because of a physical or mental disability.

(b) Your child's disability existed before the child turned 26 years of age.

(c) Your child relies primarily on you for support and maintenance as a result of his or her disability.

You must provide this documentation to us within 31 days of the child's 26th birthday, or anticipated enrollment with HMSA, and subsequently at our request but not more frequently than annually.

(4) Unless continuation is provided for in the Agreement, membership under this Certificate shall end on the earliest of the following events:

(a) For the Member – when the Member retires, termination of employment, severance from the Group, or termination of this Agreement,

(b) For the Member's spouse – when the Member's coverage is terminated or the marriage is dissolved,

(c) For the Member's Children – when the Member's coverage is terminated, or when a Child reaches the age of 26 years, unless such Child meets the provisions of paragraph II (4) below.

(5) The Member shall inform HMSA, in writing, if a Dependent ceases to be eligible for benefits on or before the first day of the month following the month in which eligibility ceased. If the Member fails to inform us of the Dependent's ineligibility, and we pay for services for the ineligible Dependent, the Member must reimburse HMSA for these payments.

(6) This Certificate shall take effect on the Member's Effective Date. Coverage for the Member and any Dependents initially listed on the enrollment form shall begin on the Member's Effective Date. This can take place if the Member's initial dues have been paid and HMSA has accepted the Member's enrollment form by giving written notice to the Member of his or her Effective Date.

III. CLAIM AND PAYMENT FOR SERVICES

(1) **Submission of Claim.** A claim for services covered by this Certificate will not be paid unless it is supported by the provider's report on the services. The Member is responsible for making sure that the provider gives this report to HMSA, on the correct forms, within one year of the date of services.

Once we get and process your claim, a report explaining your benefits will be provided. You may get copies of your report online through My Account on hmsa.com or by mail upon request. The Report To Member tells you how we processed the claim. It includes services performed, the actual charge, any adjustments to the actual charge, our eligible charge, the amount we paid, and the amount you owe.

If we need more details to make a decision about your claim, need more time to review your claim due to circumstances beyond our control or deny your claim, this report will let you know within 15 days of receipt of written claims or 7 days of receipt of claims filed electronically. If we need more details, you will have at least 45 days to provide it. Otherwise, we will reimburse you within 30 days of receipt of written claims and 15 days from receipt of claims filed electronically.

(2) **Payment for Services.**

(a) **Participating Provider.** For covered services from a Participating Provider, HMSA will pay benefits directly to the Participating Provider. Participating Providers have agreed to limit their charges to a specified amount. In addition, Participating Providers have agreed not to collect payment from you that is more than the Copayment noted in this Certificate.

(b) **Nonparticipating Provider.** HMSA does not have an agreement with nonparticipating providers. Nonparticipating providers may charge more than the Eligible Charge for any service. HMSA benefit payments for services rendered by nonparticipating providers will be a specified portion or percentage of the Eligible Charge for the service. For services from a nonparticipating provider the benefit level will be a lower percentage of the Eligible Charge than HMSA would pay to a Participating Provider. You are responsible for paying the specified Copayment plus the difference between the provider's charge and the Eligible Charge. Payment of claims from nonparticipating providers for services covered by this Certificate:

1. are not assignable;
2. shall be made directly to the provider, Member or Dependent. This decision is up to HMSA. In the case of the Member's death, payment shall be made to his or her executor, administrator, provider, spouse, or relative; and
3. shall not exceed the amount we would pay to a comparable Participating Provider for like services.

(c) **Unclaimed or Uncashed Benefit Checks.** A service charge will apply to benefit checks that have not been cashed, deposited, or otherwise negotiated by the Member before the check's expiration date. A schedule of current service charges can be provided on request.

(3) **Reimbursement for Services.** If you have paid for services covered by this Certificate, HMSA shall reimburse the Member under the terms of this Certificate. To receive payment for

such services, a Member must submit a claim within one year after the last day of services.

(4) **Late Claims.** No payment will be made on any claim submitted more than one year after the last day of services.

(5) **Payment Determination Criteria.** This Certificate covers only those services and supplies that meet all of the following Payment Determination Criteria:

(a) For the purpose of treating a medical condition.

(b) The most appropriate delivery or level of service, considering potential benefits and harms to the patient.

(c) Known to be effective in improving health outcomes; provided that:

1. Effectiveness is determined first by scientific evidence;

2. If no scientific evidence exists, then by professional standards of care; and

3. If no professional standards of care exists or if they exists but are outdated or contradictory, then by expert opinion; and

(d) Cost-effective for the medical condition being treated compared to alternative health interventions, including no intervention. For purposes of this paragraph, cost-effective shall not necessarily mean the lowest price.

Services that are not known to be effective in improving health outcomes include, but are not limited to, services that are experimental or investigational.

Definitions of terms and more details on the application of this Payment Determination Criteria are contained in the Patient's Bill of Rights and Responsibilities, Hawaii Revised Statutes § 432E-1.4. The current language of this statutory provision will be provided upon request. Requests should be submitted to HMSA's Customer Service Department.

The fact that a physician or other provider may prescribe, order, recommend, or approve a service or supply does not in itself mean that the service or supply meets the Payment Determination Criteria, even if it is listed as a covered service.

Participating providers may not bill or collect charges for services or supplies that do not meet HMSA's Payment Determination Criteria unless a written acknowledgement of financial responsibility, specific to the service, is obtained from you or your legal representative prior to the time services are rendered.

Participating providers may, however, bill you for services or supplies that are excluded from coverage without getting a written acknowledgement of financial responsibility from you or your representative. See Section VII(1).

More than one procedure, service, or supply may be appropriate to diagnose and treat your condition. In that case, we reserve the right to approve only the least costly treatment, service, or supply.

You may ask your physician to contact us to decide if the services that you need meet our Payment Determination Criteria or are excluded from coverage before you get the care.

(6) **Is the Care Consistent with HMSA's Medical Policies?** To be covered, the care you get must be consistent with the provider's scope of practice, state licensure requirements, and HMSA's medical policies. These are policies drafted by HMSA Medical Directors, many of whom are practicing physicians, who work with community physicians and nationally recognized authorities. Each policy provides detailed coverage criteria for when a specific service, drug, or supply meets the Payment Determination Criteria. If you have questions about the policies or would like a copy of a policy related to your care, please call HMSA.

(7) **Eligible Charges.** HMSA's benefit payments and the Beneficiary's Copayments for most services are based on the Eligible Charge for the services (i.e., the Beneficiary pays a specified percentage or portion of the Eligible Charge for each service). HMSA will not pay the portion of any charge that exceeds the Eligible Charge.

(a) Benefit payments for a covered service or drug are based on HMSA's Eligible Charge for such service or drug.

(b) The Eligible Charge for a covered service or drug is the lesser of the following charges:

1. The actual charge as shown on the claim, or

2. HMSA's Allowable Fee. This includes an allowance for dispensing the drug.

HMSA negotiates the cost of covered drugs and supplies from drug manufacturers or suppliers. This may include discounts, rebates, or other cost reductions. Any discounts or rebates that we get will not reduce the charges that your copayments are based on. We apply discounts and rebates to reduce prescription drug coverage rates for all prescription drug plans.

Participating Providers agree to accept the eligible charge as payment in full for covered drugs or supplies. Nonparticipating providers generally do not. Therefore, if you get drugs or supplies from a nonparticipating provider, you are responsible for a Copayment plus the difference between the actual charge and the eligible charge.

(c) General excise or other tax is not included in the Eligible Charge. You are responsible for paying all taxes.

(d) **Claims for Services Provided by Out-of-State Providers.** Benefit payments for covered services rendered outside Hawaii are based on the Eligible Charges for the same or comparable services rendered in Hawaii.

(8) **Qualified Medical Child Support Orders.** Qualified Medical Child Support Orders or QMCSOs are court orders that meet certain federal guidelines. These court orders require a person to provide health benefits coverage for a child. Claims for benefits for a Child covered by a QMCSO may be made by the Child or by the Child's custodial parent or court-appointed guardian. Any benefits otherwise payable to the Member with respect to any such claim shall be payable to the Child's custodial parent or court-appointed guardian. If you would like more information about how HMSA handles QMCSOs, you may call HMSA's Customer Service. Our phone number is listed on the back cover.

(9) **Special Provisions Relating to Medicaid and State Assistance.**

(a) Payments shall be made according to the rights as assigned by you or on your behalf, as required by Medicaid or any other State plan for medical aid under title XIX of the Social Security Act.

(b) Payments for benefits under this Plan will be made according to State Law, which provides for acquisition by the State of the following rights to payment.

(10) **Precertification Requests.**

(a) **HMSA's Response to Your Non-Urgent Precertification Request.** If your request for precertification is not urgent, we will respond to your request within a reasonable time that is appropriate to the medical circumstances of your case. We will respond within 15 days after we get your request. We may extend the time once for 15 days if we cannot respond to your request within the first 15 days and if it is due to circumstances beyond our control. If this happens, we will let you know before the end of the first 15 days. We will tell you why we are extending the time and the date we expect to have our decision. If we need more details from you or your provider, we will let you or your provider know and give you at least 45 days to provide it.

(b) **HMSA's Response to Your Urgent Precertification Request.** Your precertification request is urgent if the time periods that apply to a non-urgent request:

1. Could seriously risk your life, health, or your ability to regain maximum function, or

2. In the opinion of your treating physician, would subject you to severe pain that cannot be adequately managed without the care that is the subject of the request for precertification.

HMSA will respond to your urgent precertification request as soon as possible given the medical circumstances of your case. It will be no later than 72 hours after all information sufficient to make a determination is provided to us.

If you do not provide enough details for us to determine if or to what extent the care you request is covered, we will notify you within 24 hours after we get your request. We will let you know what details we need to respond to our request and give you a reasonable time to respond. You will have at least 48 hours to provide it.

(c) **Appeal of HMSA's Precertification Decision.** If you do not agree with HMSA's decision, you may appeal the decision.

(11) **Request for an Appeal.**

(a) **Writing Us to Request an Appeal.** If you wish to dispute a decision made by HMSA related to coverage, reimbursement, this Agreement, or any other decision or action by HMSA you must ask for an appeal. Your request must be in writing unless you are asking for an expedited appeal. We must

get it within one year from the date of the action or decision you are contesting. In the case of coverage or reimbursement disputes, this is one year from the date we first informed you of the denial or limitation of your claim, or of the denial of coverage for any requested service or supply. Send written request to:

HMSA Member Advocacy and Appeals
P.O. Box 1958
Honolulu, HI 96805-1958
Or, send us a fax at (808) 952-7546 or (808) 948-8206.

And, provide the information described in the section below labeled "What Your Request Must Include". Requests that do not comply with the requirements of this section will not be recognized or treated as an appeal by us.

If you have any questions about appeals, you can call us at (808) 948-5090, or toll free at 1-800-462-2085.

1. **Appeal of Our Precertification Decision.** We will respond to your appeal as soon as possible given the medical circumstances of your case. It will be within 30 days after we get your appeal.

2. **Appeal of Any Other Decision or Action.** We will respond to your appeal within 60 calendar days after we get your appeal.

3. **Expedited Appeal.** You may ask for an expedited appeal if the time periods for appeals above may:

a. Seriously risk your life or health,

b. Seriously risk your ability to gain maximum functioning, or

c. Subject you to severe pain that cannot be adequately managed without the care or treatment that is the subject of the appeal.

You may request expedited external review of our initial decision if you have requested an expedited internal appeal and the adverse benefit determination involves a medical condition for which the completion of an expedited internal appeal would meet the requirements above. The process for requesting an expedited external review is discussed below.

You may ask for an expedited appeal by calling us at (808) 948-5090, or toll free at 1-800-462-2085.

We will respond to your request for expedited appeal as soon as possible taking into account your medical condition. It will be no later than 72 hours after all information sufficient to make a determination is provided to us.

4. **Who Can Request an Appeal.** Either you or your authorized representative may ask for an appeal. Authorized representatives include:

a. Any person you authorize to act on your behalf as long as you follow our procedures. This includes filing a form with us. To get a form to authorize a person to act on your behalf, call us at (808) 948-5090, or toll free at 1-800-462-2085. (Requests for appeal from an authorized representative who is a physician or practitioner must be in writing unless you are asking for an expedited appeal.)

b. A court appointed guardian or an agent under a health care proxy.

c. A person authorized by law to provide substituted consent for you or to make health care decisions on your behalf.

d. A family member or your treating health care professional if you are unable to provide consent.

5. **What Your Request Must Include.** To be recognized as an appeal, your request must include all of this information:

a. The date of your request.

b. Your name and phone number (so we may contact you).

c. The date of the service we denied or date of the contested action or decision. For precertification for a service or supply, it is the date of our denial of coverage for the service or supply.

d. The subscriber number from your member card.

e. The provider name.

f. A description of facts related to your request and why you believe our action or decision was in error.

g. Any other details about your appeal. This may include written comments, documents, and records you would like us to review.

You should keep a copy of the request for your records. It will not be returned to you.

6. **Information Available from Us.** If your appeal relates to a claim for benefits or request for precertification, we will provide upon your request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim as defined by the Employee Retirement Income Security Act.

If our appeal decision denies your request or any part of it, we will provide an explanation, including the specific reason for denial, reference to the health plan terms on which our decision is based, a statement of your external review rights, and other information on our denial.

(b) **If You Disagree with Our Appeal Decision and You are Enrolled in a Group Plan that is not Self Funded.** If you are enrolled in a group plan that is not self-funded and you would like to appeal HMSA's decision, you must do one of the following:

- If you are appealing an issue of medical necessity, appropriateness, health care setting, level of care, or effectiveness; or a determination by HMSA that the service or treatment is experimental or investigational, you must request review by an Independent Review Organization (IRO) selected by the Insurance Commissioner.
- For all other issues, you must:
  - Request arbitration before a mutually selected arbitrator; or
  - File a lawsuit against HMSA under 29 USC 1132(a) unless your plan is one of the two bulleted types below in which case you must select arbitration:
    - A church plan as defined in 29 USC 2002(33) and no selection has been made in accord with 26 USC 410(d), or
    - A government plan as defined in 29 USC 1002(32).

1. **Request Review by Independent Review Organization (IRO) Selected by the Insurance Commissioner.** If you choose review by an IRO, you must submit your request to the Insurance Commissioner within 130 days of HMSA's decision on appeal to deny or limit the service or supply.

Unless you qualify for expedited external review of our appeal decision, before requesting review, you must have exhausted HMSA's internal appeals process or show that HMSA violated federal rules related to claims and appeals unless the violation was 1) de minimis; 2) non-prejudicial; 3) attributable to good cause or matters beyond HMSA's control; 4) in the context of an ongoing good-faith exchange of information; and 5) not reflective of a pattern or practice of non-compliance.

Your request must be in writing and include:

a. A copy of HMSA's final internal appeal decision.

b. A completed and signed authorization form releasing your medical records relevant to the subject of the IRO review. Copies of the authorization form are available from HMSA by calling (808) 948-5090, or toll free at 1-800-462-2085 or on HMSA.com.

c. A complete and signed conflict of interest form. Copies of the conflict of interest form are available from HMSA by calling (808) 948-5090, or toll free at 1-800-462-2085 or on HMSA.com.

d. A check for $15.00 made out to the Insurance Commissioner. It will be refunded to you if the IRO overturns HMSA's decision. You are not required to pay more than $60.00 in any calendar year.

You must send the request to the Insurance Commissioner at:

Hawaii Insurance Division
ATTN: Health Insurance Branch – External Appeals
335 Merchant Street, Room 213
Honolulu, HI 96813
Phone: (808) 586-2804

You will be informed by the Insurance Commissioner within 14 business days if your request is eligible for external review by an IRO.

You may submit more information to the IRO. It must be received by the IRO within 5 business days of your receipt of

notice that your request is eligible. Information received after that date will be considered at the discretion of the IRO.

The IRO will issue a decision within 45 calendar days of the IRO's receipt of your request for review.

The IRO decision is final and binding except to the extent HMSA or you have other remedies available under applicable federal or state law.

2. **Expedited IRO Review. You may request expedited IRO review if:**

a. You have requested an expedited internal appeal at the same time and the timeframe for completion of an expedited internal appeal would seriously jeopardize your life, health, or ability to gain maximum functioning or would subject you to severe pain that cannot be adequately managed without the care or treatment that is the subject of the adverse determination;

b. The timeframe for completion of a standard external review would seriously jeopardize your life, health, or ability to gain maximum functioning, or would subject you to severe pain that cannot be adequately managed without the care or treatment that is the subject of the adverse determination; or

c. If the final adverse determination concerns an admission, availability of care, continued stay, or health care service for which you received emergency services; provided you have not been discharged from a facility for health care services related to the emergency services.

Expedited IRO review is not available if the treatment or supply has been provided.

The IRO will issue a decision as expeditiously as your condition requires but in no event more than 72 hours after the IRO's receipt of your request for review.

3. **External Review of Decisions Regarding Experimental or Investigational Services.** You may request IRO review of an HMSA determination that the supply or service is experimental or investigational.

Your request may be oral if your treating physician certifies, in writing, that the treatment or supply would be significantly less effective if not promptly started.

Written requests for review must include, and oral requests must be promptly followed up with, the same documents described above for standard IRO review plus a certification from your physician that:

a. Standard health care services or treatments have not been effective in improving your condition;

b. Standard health care services or treatments are not medically appropriate for you; or

c. There is no available standard health care service or treatment covered by your plan that is more beneficial than the health care service or treatment that is the subject of the adverse action.

Your treating physician must certify in writing that the service recommended is likely to be more beneficial to you, in the physician's opinion, than any available standard health care service or treatment, or your licensed, board certified or board eligible physician must certify in writing that scientifically valid studies using accepted protocols demonstrate the service that is the subject of the external review is likely to be more beneficial to you than any available standard health care services or treatment.

The IRO will issue a decision as expeditiously as your condition requires but in no event more than 7 calendar days of the IRO's receipt of your request for review.

4. **Request Arbitration.** If you choose arbitration, you must submit a written request for arbitration to HMSA, Legal Services, P.O. Box 860, Honolulu, Hawaii 96808-0860. Your request for arbitration will not affect your rights to any other benefits under this plan. You must have fully complied with HMSA's appeals procedures described above and we must get your request for arbitration within one year of the decision rendered on appeal. In arbitration, one person (the arbitrator) reviews the positions of both parties and makes the final decision to resolve the issue. No other parties may be joined in the arbitration. The arbitration is binding and the parties waive their right to a court trial and jury.

Before arbitration starts, both parties (you and we) must agree on the person to be the arbitrator. If we both cannot agree within 30 days of your request for arbitration, either party may ask the First Circuit Court of the State of Hawaii to appoint an arbitrator.

The arbitration hearing shall be in Hawaii. The rules of the arbitration shall be those of the Dispute Prevention and Resolution, Inc. to the extent not inconsistent with this Section III (11). The arbitration shall be conducted in accord with the Federal Arbitration Act, 9 U.S.C. § 1 et seq., and such other arbitration rules as both parties agree upon.

The arbitrator will make a decision as quickly as possible and will give both parties a copy of this decision. The decision of the arbitrator is final and binding. No further appeal or court action can be taken except as provided under the Federal Arbitration Act.

HMSA will pay the arbitrator's fee. You must pay your attorney's or witness's fees, if you have any, and we must pay ours. The arbitrator will decide who will pay all other costs of the arbitration.

HMSA waives any right to assert that you have failed to exhaust administrative remedies because you did not select arbitration.

(c) **If You Disagree with Our Appeal Decision and You are Enrolled in a Self Funded Group Plan.** If you are enrolled in a self-funded group plan and you would like review of HMSA's appeal decision, you must do one of the following: (1) If you are appealing an issue of medical necessity, appropriateness, health care setting, level of care, or effectiveness; or a determination by HMSA that the service or treatment is experimental or investigational, you must request review by an Independent Review Organization (IRO) selected by HMSA at random from a panel of three IROs; (2) For all other issues, you must: (i) Request arbitration with your employer or group sponsor before a mutually selected arbitrator; or (ii) File a lawsuit against your employer or group sponsor under 29 USC 1132(a) unless your plan is one of the two bulleted types below in which case you must select review by an IRO or arbitration:

- A church plan as defined in 29 USC 2002(33) and no selection has been made in accord with 26 USC 410(d), or
- A government plan as defined in 29 USC 1002(32).

1. **Request Review by Independent Review Organization (IRO) Selected by HMSA.** If you choose review by an IRO you must submit your request in writing within 130 days of HMSA's appeal decision to deny or limit the service or supply. Send written requests to:

HMSA Member Advocacy and Appeals
P.O. Box 1958
Honolulu, HI 96805-1958

Or, send us a fax at (808) 952-7546 or (808) 948-8206

Within 6 business days following the date of receipt of your request, we will notify you in writing whether your appeal is eligible for external review.

We will assign an IRO to review your appeal. The IRO will inform you of its decision within 45 days after the IRO received the assignment from us.

The IRO decision is final and binding except to the extent HMSA or you have other remedies available under applicable federal or state law.

2. **Expedited Review by an IRO Selected by HMSA. You may request expedited external review if:**

a. The timeframe for completion of an expedited internal appeal would seriously jeopardize your life, health, or your ability to regain maximum functioning and you have filed an expedited internal appeal.

b. The timeframe for completion of standard external review would seriously jeopardize your life, health, or your ability to regain maximum functioning.

c. HMSA's internal appeal decision concerns an admission, availability of care, continued stay, or health care item or service for which you received emergency services and you have not been discharged from a facility.

Upon our determination that you meet the above criteria we will assign an IRO to review your appeal. The IRO will inform you of its decision as expeditiously as your condition or circumstances require but in no event more than 72 hours after it receives the assignment from us.

3. **Request Arbitration.** If you choose arbitration, with your employer or group sponsor, you must submit

a written request for arbitration to HMSA, Legal Services, P.O. Box 860, Honolulu, Hawaii 96808-0860. Your request for arbitration will not affect your rights to any other benefits under this plan. You must have fully complied with HMSA's appeals procedures described above and we must receive your request for arbitration within one year of the decision rendered on appeal. In arbitration, one person (the arbitrator) reviews the positions of both parties and makes the final decision to resolve the issue. No other parties may be joined in the arbitration. The arbitration is binding and the parties waive their right to a court trial and jury.

Before arbitration starts, both parties (you and your employer or group sponsor) must agree on the person to be the arbitrator. If you and your employer or group sponsor cannot agree within 30 days of your request for arbitration, either party may ask the First Circuit Court of the State of Hawaii to appoint an arbitrator.

The arbitration hearing shall be in Hawaii. The arbitration shall be conducted in accord with the Hawaii Uniform Arbitration Act, HRS Chapter 658A, and the rules of Dispute Prevention and Resolution, Inc., to the extent not inconsistent with this Section III (11), and such other arbitration rules as both parties agree upon. The arbitrator may hear and determine motions for summary disposition pursuant to HRS §658A-15(b). The arbitrator shall also hear and determine any challenges to the arbitration agreement and any disputes regarding whether a controversy is subject to an agreement to arbitrate. In order to make the arbitration hearing fair, expeditious and cost-effective, discovery by both parties shall be limited to requests for production of documents material to the claims or defenses in the arbitration. Limited depositions for use as evidence at the arbitration hearing may occur as authorized by HRS §658A-17(b).

The arbitrator will make a decision as quickly as possible and will give both parties a copy of this decision. The decision of the arbitrator is final and binding. No further appeal or court action can be taken except as provided under the Hawaii Uniform Arbitration Act.

Your employer or group sponsor will pay the arbitrator's fee. You must pay your attorney's or witness's fees, if you have any, and your employer or group sponsor must pay theirs. The arbitrator will decide who will pay all other costs of the arbitration.

Your employer or group sponsor waives any right to assert that you have failed to exhaust administrative remedies because you did not select arbitration.

IV. ANNUAL COPAYMENT MAXIMUM

The ***Annual Copayment Maximum*** for Prescription Drugs and Supplies is the maximum copayment amounts you pay in a calendar year for Prescription Drugs and Supplies. Once you meet the copayment maximum of $3,600 per person or $4,200 per family you are no longer responsible for copayment amounts for Prescription Drugs and Supplies unless otherwise noted.

The following amounts do not apply toward meeting the copayment maximum. You are responsible for these amounts even after you have met the copayment maximum

Payments for services subject to a maximum once you reach the maximum.

(1) The difference between the actual charge and the eligible charge that you pay when you get services from a nonparticipating provider.

(2) Payments for noncovered services.

(3) Any amounts you owe in addition to your copayment for covered services.

V. DRUG BENEFITS

HMSA's Pharmacy and Therapeutics Advisory Committee, composed of practicing physicians and pharmacists from the community, meet quarterly to assess drugs, including new drugs, for inclusion in HMSA's plans. Drugs that meet the Committee's standards for safety, efficacy, ease of use, and value are included in various plan formularies. More details on coverage under this plan follows.

Your prescription drug coverage provides benefits for drugs or supplies that are listed in this section. You will note that some of the benefits have limitations. These limitations describe criteria, circumstances or conditions that are necessary for a drug or supply to be a covered benefit. These limitations may also describe circumstances or conditions when a drug or supply is not a covered benefit. These limitations and benefits should be read with Section VII(1) "General Limitations and Exclusions", in order to identify all items excluded from coverage.

As may be required by law, including without limitation in response to State and/or Federal emergency declarations, this plan may provide expanded benefits and coverage policies not described in this Certificate. Up-to-date information related to such circumstances, including emergency declarations, will be posted on our website at www.hmsa.com.

Subject to the provisions of this Certificate, you are eligible to receive the following benefits when covered drugs and supplies are obtained with a prescription. Covered drugs and supplies must be 1) approved by the FDA, 2) prescribed by a licensed Provider and 3) dispensed by a licensed pharmacy or Provider. The use of such drugs must be for the diagnosis and treatment of an injury or illness. Drugs must be FDA approved for coverage:

(1) **Covered Prescription Drugs and Supplies.**

(a) Prescription Drugs (including contraceptives).

(b) Oral Chemotherapy Drugs.

(c) Insulin.

(d) The following diabetic supplies: syringes, needles, lancets, lancet devices, test strips, acetone test tablets, insulin tubing, and calibration solutions.

(e) Contraceptives – Over-the-counter (OTC) when you receive a written prescription for the OTC contraceptive.

(f) Diaphragms and Cervical Caps.

(g) Spacers and peak flow meters (limited to those listed in the HMSA Select Prescription Drug Formulary).

(h) Drugs Recommended by the U.S. Preventive Services Task Force (USPSTF).

(2) **Benefits for Covered Drugs.**

(a) **Generic Drugs.**

1. When obtained from a Participating Provider, you owe a $12 Copayment per drug to the Participating Provider. HMSA pays the Participating Provider 100% of the remaining Eligible Charge. For contraceptives, HMSA pays 100% of Eligible Charge. You owe no Copayment.

2. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 70% of the remaining Eligible Charge after deducting a $12 Copayment per drug when the claim is submitted.

(b) **Oral Chemotherapy Drugs.**

1. When obtained from a Participating Provider, HMSA pays 100% of Eligible Charge. You owe no Copayment.

2. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 100% of Eligible Charge when the claim is submitted.

(c) **Insulin.**

1. **Generic.**

a. When obtained from a Participating Provider, you owe a $12 Copayment per drug to the Participating Provider. HMSA pays the Participating Provider 100% of the remaining Eligible Charge.

b. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 70% of the remaining Eligible Charge after deducting a $12 Copayment per drug when the claim is submitted.

2. **Preferred Formulary.**

a. When obtained from a Participating Provider, you owe a $24 Copayment per drug to the Participating Provider. HMSA pays the Participating Provider 100% of the remaining Eligible Charge.

b. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 70% of the remaining Eligible Charge after deducting a $24 Copayment per drug when the claim is submitted.

3. **Other Prescription Drugs That Cost Less Than $80.**

a. When obtained from a Participating Provider, you owe a $24 Copayment per drug to the Participating Provider. HMSA pays the Participating Provider 100% of the remaining Eligible Charge.

b. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 70% of the remaining Eligible Charge after deducting a $24 Copayment per drug when the claim is submitted.

4. **Other Prescription Drugs That Cost More Than $80.**

a. When obtained from a Participating Provider, you owe 30% of Eligible Charge. HMSA pays the Participating Provider 70% of the Eligible Charge.

b. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 70% of the remaining Eligible Charge after deducting a $24 Copayment per drug when the claim is submitted.

(d) **Diabetic Supplies.**

1. **Preferred Formulary.**

a. When obtained from a Participating Provider, HMSA pays 100% of Eligible Charge. You owe no Copayment for diabetic supplies.

b. When obtained from a nonparticipating provider, you owe the entire charge for diabetic supplies. HMSA reimburses you 100% of Eligible Charge when the claim is submitted.

2. **Non-Preferred Formulary.**

a. When obtained from a Participating Provider, you owe a $24 Copayment for diabetic supplies. HMSA pays 100% of the remaining Eligible Charge.

b. When obtained from a nonparticipating provider, you owe the entire charge for diabetic supplies. HMSA reimburses you 100% of the remaining Eligible Charge after deducting a $24 Copayment when the claim is submitted.

(e) **Contraceptives – Over-the-counter (OTC).** Benefits are available when you receive a written prescription for the OTC contraceptive.

1. When obtained from a Participating Provider, HMSA pays 100% of Eligible Charge. You owe no Copayment for OTC contraceptives.

2. When obtained from a nonparticipating provider, you owe the entire charge for OTC contraceptives. HMSA reimburses you 70% of the remaining Eligible Charge after deducting a $12 Copayment when the claim is submitted.

(f) **Diaphragms and Cervical Caps.**

1. When obtained from a Participating Provider, HMSA pays 100% of Eligible Charge. You owe no Copayment.

2. When obtained from a nonparticipating provider, you owe the entire charge for the device. HMSA reimburses you 100% of the remaining Eligible Charge after deducting a $10 Copayment per device when the claim is submitted.

(g) **Spacers and Peak Flow Meters.**

1. When obtained from a Participating Provider, HMSA pays 100% of Eligible Charge. You owe no Copayment for spacers and peak flow meters.

2. When obtained from a nonparticipating provider, you owe the entire charge for spacers and peak flow meters. HMSA reimburses you 100% of Eligible Charge when the claim is submitted.

(h) **Drugs Recommended by the U.S. Preventive Services Task Force (USPSTF)**. Contact HMSA for a list of drugs recommended by the USPSTF. Examples of drugs recommended include, but are not limited to, aspirin and folic acid.

1. When obtained from a Participating Provider, HMSA pays 100% of Eligible Charge. You owe no copayment.

2. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 80% of the Eligible Charge when the claim is submitted.

(i) **All Other Covered Drugs.**

1. **Preferred Formulary.**

a. When obtained from a Participating Provider, you owe a $24 Copayment per drug to the Participating Provider. HMSA pays the Participating Provider 100% of the remaining Eligible Charge.

b. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 70% of the remaining Eligible Charges after deducting a $24 Copayment per drug when the claim is submitted.

2. **Other Prescription Drugs That Cost Less Than $80.**

a. When obtained from a Participating Provider, you owe a $24 Copayment per drug to the Participating Provider. HMSA pays the Participating Provider 100% of the remaining Eligible Charge.

b. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 70% of the remaining Eligible Charge after deducting a $24 Copayment per drug when the claim is submitted.

3. **Other Prescription Drugs That Cost More Than $80.**

a. When obtained from a Participating Provider, you owe 30% of Eligible Charge. HMSA pays the Participating Provider 70% of the Eligible Charge.

b. When obtained from a nonparticipating provider, you owe the entire charge for the drug. HMSA reimburses you 70% of the remaining Eligible Charge after deducting a $24 Copayment per drug when the claim is submitted.

(j) The Copayment amounts shown in Sections (2)(a) through (2)(i) above are for a maximum 30-day supply or fraction thereof. As used in this Certificate, a 30-day supply means a supply that will last you for a period consisting of 30 consecutive days. For example, if the prescribed drug must be taken by you only on the last five days of a one-month period, a 30-day supply would be the amount of the drug that you must take during those five days. If you get more than a 30-day supply under one prescription:

1. You must pay an additional Copayment for each 30-day supply or fraction thereof, and

2. The pharmacy will fill the prescription in the quantity specified by your Provider up to a 12-month supply for contraceptives. For all other drugs or supplies, the maximum benefit payment is limited to two more 30-day supplies or fractions thereof.

(k) **Non-Preferred Formulary Drug Copayment Exceptions**. You may qualify to purchase Non-Preferred Formulary drugs at the lower Preferred Formulary copayment if you have a chronic condition that lasts at least three months, and:

1. have tried and failed treatment with at least two lower tier formulary alternatives (or one drug in a lower tier if only one alternative is available) within the same or similar class of drug, or

2. all other comparable Generic or Preferred Formulary drugs are contraindicated based on your diagnosis, other medical conditions, or other medication therapy.

When prescription drugs become available as therapeutically equivalent over-the-counter drugs, they must have also been tried and failed before a Non-Preferred Formulary Drug Copayment Exception is approved. You have failed treatment if you meet 1, 2, or 3 below.

1. Symptoms or signs are not resolved after completion of treatment with the Generic or Preferred Formulary drugs at recommended therapeutic dose and duration. If there is no recommended therapeutic time, you must have had a meaningful trial and sub-therapeutic response.

2. You experienced a recognized and repeated adverse reaction that is clearly associated with taking the comparable Generic or Preferred Formulary drugs. Adverse reactions may include but are not limited to vomiting, severe nausea, headaches, abdominal cramping or diarrhea.

3. You are allergic to the comparable Generic or Preferred Formulary drugs. An allergic reaction is a state of hypersensitivity caused by exposure to an antigen resulting in harmful immunologic reactions on subsequent exposures. Symptoms may include but are not limited to skin rash, anaphylaxis or immediate hypersensitivity reaction.

This benefit requires precertification. You or your Provider must provide legible medical records that substantiate the requirements of this section in accord with HMSA's policies and to HMSA's satisfaction.

This exception is not applicable to diabetic supplies, controlled substances, off label uses, Non-Preferred Formulary medications if there is an FDA approved A rated generic equivalent, or if HMSA has a drug specific policy which has criteria different from the criteria in this section. You can call HMSA Customer Service to find out if HMSA has a drug policy specific to the drug prescribed for you.

(3) **Limitations on Covered Drugs.**

(a) **Limitations on Prescription Drugs.**

1. Products not approved by the U.S. Food and Drug Administration (FDA) are not covered, except those designated as covered in HMSA's Select Prescription Drug Formulary (for example Phenobarbital).

2. Compound preparations are covered if they contain at least one Prescription Drug that is not a vitamin or mineral. Subject to a and b below:

a. Compound drugs that are available as similar commercially available prescription drug products are not covered.

b. Compound drugs made with bulk chemicals are not covered.

c. Non-FDA approved drugs are not covered.

3. Coverage of vitamins and minerals that are Prescription Drugs is limited to:

a. The treatment of an illness that in the absence of such vitamins and minerals could result in a serious threat to your life. For example, folic acid used to treat cancer.

b. Sodium fluoride, if dispensed as a single drug (for example, without any additional drugs such as vitamins) to prevent tooth decay.

(b) **Drug Benefit Management.** HMSA has arranged with Participating Providers to assist in managing the use of certain drugs. This includes drugs listed in the HMSA Select Prescription Drug Formulary.

1. HMSA has identified certain kinds of drugs in the HMSA Select Prescription Drug Formulary that require the preauthorization of HMSA. The criteria for preauthorization are that:

a. the drug is being used as part of a treatment plan,

b. there are no equally effective drug substitutes, and

c. the drug meets Payment Determination and other criteria established by HMSA.

A list of these drugs in the HMSA Select Prescription Drug Formulary has been distributed to all Participating Providers.

2. Participating Providers may prescribe up to a 30-day supply for first time prescriptions of maintenance drugs and contraceptives. For subsequent refills, the Participating Provider prescribe up to a 12-month supply for contraceptives and a maximum 90-day supply for all other drugs or supplies after confirming that:

a. you have tolerated the drug without adverse side effects that may cause you to discontinue using the drug, and

b. your Provider has determined that the drug is effective.

(c) **Smoking Cessation Drugs.** Coverage of smoking cessation drugs is limited to 180 days of treatment per calendar year.

(d) This Certificate requires the substitution of Generic Drugs listed on the FDA Approved Drug Products with Therapeutic Equivalence Evaluations for a Brand Name Drug. Exceptions will be made when a Provider directs that substitution is not permissible. If you choose not to use the generic equivalent, HMSA will pay only the amount that would have been paid for the generic equivalent. This provision regarding reduced benefits shall apply even if the particular generic equivalent was out-of-stock or was not available at the pharmacy. You may seek other Participating Providers when purchasing a generic equivalent in cases when the particular generic equivalent is out-of-stock or not available at that pharmacy.

(e) Except for certain drugs managed under Drug Benefit Management, refills are available if indicated on your original prescription. The refill prescription must be purchased only after two-thirds of your prescription has already been used. For example, for coverage under this Certificate, if the previous supply was a 30-day supply, you may refill the prescription on the 21st day, but not earlier. At the discretion of your pharmacist, you may refill your prescriptions for maintenance drugs earlier if you need to synchronize such prescriptions to pick them up at the same time. Your copayment for each prescription may be adjusted accordingly. *Please Note:* Certain limitations or restrictions apply. Please see our Medication Synchronization policy at www.hmsa.com.

(f) There shall be no duplication or coordination between benefits of this drug plan and any other similar benefit of your HMSA medical plan.

(4) **HMSA's 90-Day at Retail Network and Mail Order Prescription Drug Program.**

(a) HMSA has contracted with selected providers to make prescription maintenance medications available for pickup or by mail.

1. You owe the contracted provider a $24 Copayment per Generic drug, a $48 Copayment per Preferred Formulary drug. HMSA pays 100% of the remaining charges. For contraceptives (Generic), HMSA pays 100% of Eligible Charge. You owe no Copayment.

2. Non-Preferred Formulary Drugs. You owe the contracted provider a $48 Copayment per drug when the cost of the drug is less than $160. For Non-Preferred Formulary Drugs that cost more than $160, you owe the contracted provider 30% of the eligible change. HMSA pays 100% of the remaining charges.

3. Oral Chemotherapy Drugs. You owe the contracted provider no Copayment for oral chemotherapy drugs. HMSA pays 100% of the charges.

4. Insulin. You owe the contracted provider a $24 Copayment per Generic drug and a $48 Copayment per Preferred Formulary drug. You owe a $48 Copayment per Non-Preferred Formulary drug when the cost of the drug is less than $160. For Non-Preferred Formulary drugs that cost more than $160, you owe the contracted provider 30% of the eligible charge. HMSA pays 100% of the remaining charges.

5. Diabetic Supplies. You owe the contracted provider no Copayment for Preferred Formulary diabetic supplies and a $48 Copayment per Non-Preferred Formulary diabetic supplies. HMSA pays 100% of the remaining charges.

6. Contraceptives - Over-the-counter (OTC). Benefits are available when you receive a written prescription for the OTC contraceptive. You owe the contracted provider no Copayment for OTC contraceptives. HMSA pays 100% of the charges.

7. Spacers and Peak Flow Meters. You owe the contracted provider no Copayment for spacers and peak flow meters. HMSA pays 100% of the charges.

8. USPSTF Recommended Drugs. You owe the contracted provider no Copayment for USPSTF recommended drugs. HMSA pays 100% of the charges.

(b) **HMSA's 90-Day at Retail Network and Mail Order Prescription Drug Program Limitations.**

1. Prescription Drugs are available only from contracted providers. Contact HMSA to get a list of providers. If you receive prescription maintenance drugs from a provider that does not contract with HMSA, no benefits will be paid.

2. Prescription Drugs are limited to prescribed maintenance medications taken on a regular or long-term basis.

3. The contracted provider will fill the prescription in the quantity specified by the Provider up to a 12-month supply for contraceptives. For all other drugs or supplies, copayment amounts are for a maximum 90-day supply or fraction thereof. A 90-day supply is a supply that will last for 90 consecutive days or a fraction thereof. These are examples on how your copayments are calculated:

a. You are prescribed a drug in pill form that must be taken only on the last five days of each month. A 90-day supply would be fifteen pills, the number of pills you must take during a three-month period. You owe the 90-day copayment even though the supply dispensed is fifteen pills.

b. You are prescribed a 30-day supply with two refills. The contracted pharmacy will fill the prescription in the quantity specified by the Provider, in this case 30 days, and will not send you a 90-day supply. You owe the 30-day copayment.

c. You are prescribed a 30-day supply of a drug that is packaged in less than 30-day quantity, for example, a 28-day supply. The pharmacy will fill the prescription by providing a 28-day supply. You owe the 30-day copayment. If you are prescribed a 90-day supply, the pharmacy would fill the prescription by giving you three packages each containing a 28-day supply of the drug. You would owe a 90-day copayment for the 84-day supply.

4. Unless the prescribing Provider requires the use of a Brand Name Drug, your prescription will be filled with the generic equivalent when available and permissible by law. If a

Brand Name Drug is required, it must be clearly indicated on the prescription.

5. Refills are available if indicated on your original prescription. The refill prescription must be purchased only after two-thirds of your prescription has already been used.

VI. DUES AND TERMS

(1) **Payment of Dues.** The Member and/or the Member's Group shall pay monthly dues promptly in advance on or before the first day of the month. HMSA will accept dues payments directly from:

- you,
- your employer or group sponsor,
- your family,
- government programs,
- Ryan White HIV/AIDS programs,
- Native American tribal organizations and/or governments, and religious institutions and other not-for-profit organizations where the following criteria is met:

- The assistance is provided on the basis of the insured's financial need;
- The organization is not a healthcare provider; and
- The organization is financially disinterested (i.e., the organization does not receive funding from an entity that has a pecuniary interest in the payment of health insurance claims and/or benefits).

In accordance with applicable law and regulatory guidance, HMSA declines dues payments from third-parties not included above. Notwithstanding the above, HMSA will not decline dues payments from third-parties for payments of dues for COBRA group health plan continuation coverage. Upon termination of a member's COBRA continuation coverage, and subsequent re-enrollment in other (non-COBRA) HMSA coverage, the general prohibition on third-party payments described above will apply.

(2) **Modification.** Except where otherwise expressly agreed to in writing between the Group and HMSA:

(a) HMSA has the right to increase the dues rates applicable to the Group if we give 30 days prior written notice to the Group of any increase.

(b) HMSA has the right to modify the Agreement if we give 30 days prior written notice to the Group of the change.

(3) **Terms of Coverage.** By submitting the enrollment form, the Member also accepts and agrees to the provisions of HMSA's constitution and bylaws now in force and as amended in the future. The Member also appoints the employer or Group as his or her administrator for dues payment and to send and receive all notices to and from HMSA concerning the plan.

(4) **Termination.**

(a) Except where otherwise expressly agreed to in writing between the Group and HMSA: the Member or the Member's agent may terminate this Agreement by giving 30 days notice, in writing, to the other party.

(b) HMSA may end the Agreement by giving 30 days notice, in writing, to an organization or employing unit upon that organization's or employing unit's failure to maintain HMSA's Group enrollment requirements.

(c) In the event the Group fails to pay monthly dues on or before the due date, HMSA may end the Agreement for failure to pay dues, unless all dues are brought current within 10 days of HMSA's written notice of default to the Group. HMSA will not be liable to pay any benefits for services done after the date of termination.

(d) HMSA is not liable to pay benefits for services for a Beneficiary enrolled in this plan under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) or the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) during any month for which dues have not been paid. All of your rights to benefits shall cease effective as of the last day for which the required dues were paid. The provisions of this paragraph shall apply whether or not HMSA has given any notice of default or termination to you or the Group.

VII. GENERAL PROVISIONS

(1) **General Limitations and Exclusions.** The limitations and exclusions provided under this Section VII shall be in addition to any limitations and exclusions provided elsewhere in this Certificate. Any drug or supply not specifically listed as an exclusion in this section or as a limitation exclusion in Section V "Prescription Drug Benefits" will not be covered unless it is described in Section IV, and meets all of the criteria, circumstances or conditions described, and it meets all of the criteria described in Section III under "Payment Determination Criteria". If a drug or supply does not meet the criteria described in Section V, then it should be considered an exclusion or drug or supply that is not covered. This section should be read with Section V in order to identify all items that are excluded from coverage.

(a) HMSA will not pay benefits for any services when you are entitled to receive disability benefits or compensation (or forfeits his or her rights thereto) under any Workers' Compensation or Employer's Liability Law for injury or illness. If you formally appeal the denial of a claim for Workers' Compensation, you shall notify HMSA of such appeal. HMSA will then provide benefits under this Certificate, but such benefits shall be considered an advance or loan to you. If the claim is declared eligible for benefits under Workers' Compensation or Employer's Liability Law or if you reach a compromise settlement of the Workers' Compensation claim, you agree to repay the advance or loan.

(b) HMSA will not pay benefits for any services:

1. when services for an injury or illness are provided without charge to you by any federal, state, territorial, municipal, or other government instrumentality or agency, or
2. when services for an injury or illness would have been provided without charge or collection but for the fact that the person is a Beneficiary under this Certificate.

(c) HMSA will not pay any benefits, to the extent that such benefits are payable, by reason of any fraudulent statement or other intentional misrepresentation that the Member or Member's employer made on an enrollment form for membership or in any claims for benefits. If HMSA pays such benefits before learning of any false statement, the Member or Member's employer are responsible for reimbursing HMSA for such payment.

(d) HMSA is not an insurer against nor liable for the negligence or other wrongful act or omission of any provider, provider's employee, or other person or for any act or omission of any Beneficiary.

(e) To the extent permitted by law, you are not covered for services required in the treatment of an injury or illness that results from an act of war or armed aggression, whether or not a state of war legally exists.

(f) HMSA will not pay benefits for treatment of illness or injury related to military service when you get treatment in a hospital operated by an agency of the United States government. HMSA will not cover services or supplies that are required to treat an illness or injury received while you are on active status in the military service.

(g) To the extent an item or service is a Covered Service under this Plan, and consistent with reasonable medical management techniques specified under this Plan with respect to the frequency, method, treatment or setting for an item or service, HMSA shall not discriminate based on a provider's license or certification, to the extent the provider is acting within the scope of the provider's license or certification under Hawaii law. HMSA is not required to accept all types of providers into its network. And HMSA has discretion governing provider reimbursement rates, which may be subject to quality, performance, or market standards and considerations.

(h) Except as otherwise stated in this Certificate or as designated as covered in the HMSA Select Prescription Drug Formulary, HMSA will not pay benefits in connection with:

1. Products not approved by the U.S. Food and Drug Administration (FDA).
2. Services not described as covered in this Certificate.
3. Agents used in skin tests to determine allergic sensitivity.
4. All drugs or services related to the diagnosis or treatment of infertility.
5. Any services in connection with the treatment of TMJ (temporomandibular joint) problems or malocclusion (misalignment of teeth or jaw), except for limited medical services related to the initial diagnosis of TMJ or malocclusion.

6. Any service, procedure, or supply that is directly or indirectly related to a non-covered service, procedure, or supply.

7. Appliances and other nondrug items.

8. Benefits under this Certificate when it is determined under coordination of benefit rules described below, that HMSA is secondary

9. Biofeedback and other forms of self-care or self-help training and any related diagnostic testing.

10. Complementary and alternative medicine services or supplies.

11. Convenience packaged drugs, including kits.

12. Convenience treatments, services or supplies.

13. Cosmetic services (services, supplies, or drugs that may improve the physical appearance, but do not restore or materially improve a bodily function, including related services such as laboratory tests, anesthesia, hospitalization, and complications of recent or past cosmetic surgeries, services, or supplies. This exclusion also applies to cosmetic services because of psychological or psychiatric reasons).

14. Drugs dispensed to a registered bed patient.

15. Drugs from foreign countries.

16. Drugs to treat sexual dysfunction except suppositories listed in the HMSA Select Prescription Drug Formulary and used to treat sexual dysfunction due to an organic cause as defined by HMSA.

17. Immunization agents.

18. Injectable drugs.

19. Lifestyle drugs and pharmaceutical products that improve a way or style of living rather than alleviating a disease. Lifestyle drugs that are not covered include, but are not limited to: creams used to prevent skin aging and drugs to enhance athletic performance.

20. Medical foods.

21. Over-the-counter drugs that may be purchased without a prescription.

22. Replacements for lost, stolen, damaged, or destroyed drugs and supplies.

23. Reversal of sterilization.

24. Services for cessation of smoking.

25. Services from a member of your immediate family or household.

26. Services or supplies we are prohibited from covering under the law.

27. Treatment of any complications as a result of recent or past cosmetic surgeries, services, or supplies or other services not covered under this Certificate -- regardless of how long ago such services were performed.

28. Treatment of baldness, including hair transplants and topical medications.

29. Unit dose drugs.

30. Weight loss or weight control programs.

(i) HMSA shall not be required to pay any claim until it determines that you received services covered by this Certificate. Payment will not be made for services not actually done.

(j) HMSA will not pay benefits under this Certificate when it is determined under coordination of benefit rules described below, that HMSA is secondary.

(2) **Default in Payment of Dues.** HMSA is not liable to pay any benefits provided under this Certificate if there shall be any default or delinquency in the payment of dues by the Member when services are done or charges incurred.

(3) **What Coordination of Benefits Means.**

(a) Coverage that Provides Same or Similar Coverage. You may have other benefit coverage that provides benefits that are the same or similar to this plan.

When this plan is primary, its benefits are determined before those of any other plan and without considering any other plan's benefits. When this plan is secondary, no benefits will be payable under this plan.

(b) What You Should Do. When you get services, let HMSA know if there is other coverage. Other coverage includes:

1. group insurance.
2. other group benefit plans.
3. nongroup insurance.
4. Medicare or other governmental benefits.
5. the medical benefits coverage in automobile insurance (whether issued on a fault or no fault basis).

You should also let HMSA know if the other coverage ends or changes. You will get a letter from HMSA if we need more details. To ensure proper payment, you should:

1. inform your provider by giving him or her information about the other coverage at the time services are rendered, and
2. indicate the other coverage when filling out a claim form by completing the appropriate boxes on the form.

(c) What HMSA Will Do. Once HMSA has the details about the other coverage, we will determine which coverage should pay first. If it is determined that this coverage does not pay first, no benefits under this Certificate will be paid. There are certain rules HMSA follows to help determine which plan pays first when there is other insurance or coverage that provides the same or similar benefits as this plan.

(4) **General Coordination Rules.**

This section lists four common coordination rules. The complete text of HMSA's coordination of benefits rules is available upon request.

(a) No Coordination Rules. The coverage without coordination of benefits rules pays first.

(b) Member Coverage. Your coverage as an employee pays before your coverage as a spouse or dependent child.

(c) Active Employee Coverage. Your coverage as the result of active employment pays before your coverage as a retiree or under which you are not actively employed.

(d) Earliest Effective Date. When none of the general coordination rules apply (including those not described above), the plan with the earliest continuous effective date pays first.

(5) **Dependent Children Coordination Rules.**

(a) Birthday Rule. For a child who is covered by both parents who are not separated or divorced and have joint custody, the coverage of the parent whose birthday occurs first in a calendar year pays first.

(b) Court Decree Stipulates. For a child who is covered by separated or divorced parents and a court decree says which parent has health/dental insurance responsibility, that parent's coverage pays first.

(c) Court Decree Does Not Stipulate. For a child who is covered by separated or divorced parents and a court decree does not stipulate which parent has health/dental insurance responsibility, then the coverage of the parent with custody pays first. The payment order for this dependent child is as follows:

1. custodial parent.
2. spouse of custodial parent.
3. non-custodial parent.
4. spouse of non-custodial parent.

(d) Earliest Effective Date. If none of these rules apply, the parent's coverage with the earliest continuous effective date pays first.

(6) **Automobile Coverage.**

If your injuries or illness are due to a motor vehicle accident or other event for which HMSA believes motor vehicle insurance coverage reasonably appears available under Hawaii Revised Statutes Chapter 431, Article 10C, then that motor vehicle coverage will pay before this coverage. You are responsible for any cost sharing payments required under such motor vehicle insurance coverage. We do not cover such cost sharing payments. Before we pay benefits under this coverage for an injury covered by motor vehicle insurance, you must give us a list of medical expenses paid by the motor vehicle insurance. The list must show the date expenses were incurred, the provider of service, and the amount paid by the motor vehicle insurance. We will review the list of expenses to verify that the motor vehicle insurance coverage available under Hawaii Revised Statutes Chapter 431, Article 10C is exhausted. After it is verified, you are eligible for covered services in accord with this Guide to Benefits.

Please note that you are also subject to the Third Party Liability Rules if:

(a) your injury or illness was caused or alleged to have been caused by someone else and you have or may have a right to recover damages or receive payment in connection with the illness or injury, or

(b) you have or may have a right to recover damages or receive payment without regard to fault (other than personal injury protection coverage available under Hawaii Revised Statutes Chapter 431, Article 10C-103.5).

Any benefits paid by HMSA under this section or the Third Party Liability Rules, are subject to the provisions described under Third Party Liability Rules.

(7) **Medicare Coordination Rules.**

(a) **This Plan Secondary Payer to Medicare**. If you receive services covered under both Medicare and this plan, and Medicare is allowed by law to be the primary payer, this plan will cover over and above what Medicare pays up to the Medicare approved charge not to exceed the amount this plan would have paid if it had been your only coverage. If you are entitled to Medicare benefits, we will begin paying benefits after all Medicare benefits (including lifetime reserve days) are exhausted.

(b) **Facilities or Providers Not Eligible or Entitled to Medicare Payment.** When services are rendered at a facility or by a provider that is not eligible or entitled to reimbursement from Medicare, and Medicare is allowed by law to be the primary payer, we will limit payment to an amount that supplements the benefits that would have been payable by Medicare had the facility or provider been eligible or entitled to such payments, regardless of whether or not Medicare benefits are paid.

(8) **Third Party Liability Rules.**

(a) **If You have Coverage Under Workers' Compensation or Motor Vehicle Insurance.** If you have or may have coverage under workers' compensation or motor vehicle insurance for the illness or injury, please note the following:

1. Workers' Compensation Insurance. If you have or may have coverage under workers' compensation insurance, such coverage will apply instead of the coverage under this Certificate. Medical expenses arising from injuries or illness covered under workers' compensation insurance are excluded from coverage under this Certificate.

2. Motor Vehicle Insurance. If you are or may be entitled to medical benefits from your automobile coverage, you must exhaust those benefits first, before receiving benefits from HMSA. Please refer to the section entitled "Automobile Coverage" for a detailed explanation of the rules applicable to your automobile coverage.

(b) **What Third Party Liability Means.** Third party liability is when you are injured or become ill and:

1. The illness or injury is caused or alleged to have been caused by someone else and you have or may have a right to recover damages or get payment in connection with the illness or injury; or

2. You have or may have a right to recover damages or get payment without regard to fault.

In such situations, any payment made by HMSA on your behalf in connection with such injury or illness will only be in accord with the following rules.

(c) **What You Need To Do.** Your cooperation is necessary for HMSA to determine its liability for coverage and to protect our rights to recover payments. We will provide benefits in connection with the injury or illness in accordance with the terms of this Certificate only if you cooperate by doing the following:

1. Give HMSA Timely Notice. You must give us timely notice in writing of each of the following: (i) your knowledge of any potential claim against any third party or other source of recovery in connection with the injury or illness; (ii) any written claim or demand (including legal proceeding) against any third party or against other source of recovery in connection with the injury or illness; and (iii) any recovery of damages (including any settlement, judgment, award, insurance proceeds, or other payment) against any third party or other source of recovery in connection with the injury or illness. To give timely notice, your notice must be no later than 30 calendar days after the occurrence of each of the events stated above;

2. Sign Requested Documents. You must promptly sign and deliver to HMSA all liens, assignments, and other documents we deem necessary to secure our rights to recover payments, and you hereby authorize and direct any person or entity making or receiving any payment on account of such injury or illness to pay to HMSA so much of such payment as necessary to discharge your reimbursement obligations described above;

3. Provide HMSA Information. You must promptly provide us with any and all information reasonably related to our investigation of our liability for coverage and our determination of our rights to recover payments. We may ask you to complete an Injury/Illness report form, and provide medical records and other relevant information;

4. Do Not Release Claims Without HMSA's Consent. You must not release, extinguish, or otherwise impair HMSA's rights to recover payments, without our express written consent; and

5. Cooperate With HMSA. You must cooperate in protecting HMSA's rights under these rules. This includes giving notice of HMSA's lien as part of any written claim or demand made against any third party or other source of recovery in connection with the illness or injury.

Any written notice required by these Rules must be sent to:

HMSA
Attn: 8 CA/Other Party Liability
P.O. Box 860
Honolulu, HI 96808-0860

If you do not cooperate with HMSA as described above, your claims may be delayed or denied, and HMSA will be entitled to reimbursement of payments made on your behalf to the extent that your failure to cooperate has resulted in erroneous payments of benefits or has prejudiced HMSA's rights to recover payments.

(d) **Payment of Benefits Subject to HMSA's Right to Recover its Payments.** If you have complied with the rules above, HMSA will pay benefits in connection with the injury or illness to the extent that the medical treatment would otherwise be a covered benefit payable under this Certificate. However, HMSA shall have a first-priority right to subrogation and reimbursement for any benefits we provide, from any recovery received from or on behalf of any third party or other source of recovery in connection with the injury or illness, including, but not limited to, proceeds from any:

1. settlement, judgment, or award;
2. motor vehicle insurance (other than personal injury protection benefits) including liability insurance or your underinsured or uninsured motorist coverage;
3. workplace liability insurance;
4. property and casualty insurance;
5. medical payments coverage under any automobile policy, premises or homeowners' medical payments coverage or premises or homeowner's insurance coverage;
6. medical malpractice coverage; or
7. any other payments from a source intended to compensate you for injuries resulting from an accident or alleged negligence.

As used herein, the term "Third Party," means any party that is, or may be, or is claimed to be responsible for illness or injuries to you. Such illness or injuries are referred to as "Third Party Injuries." "Third Party" includes any party responsible for payment of expenses associated with the care of treatment of Third Party Injuries.

If this plan pays benefits under this Guide to Benefits to you for expenses incurred due to Third Party Injuries, then the Plan retains the right to repayment of the full cost of all benefits provided by this plan on your behalf that are associated with the Third Party Injuries.

By accepting benefits under this plan, you specifically acknowledge the Plan's right of subrogation. In the event you suffer injuries for which a Third Party is responsible (such as someone injuring you in an accident), and the Plan pays benefits as a result of those injuries, the Plan will be subrogated and succeed to the right of recovery against such Third Party to the extent of the benefits the Plan has paid. This means that the Plan has the right, independently of you, to proceed against the Third Party responsible for your injuries to recover the benefits the Plan has paid. In order to secure the Plan's recovery rights, you agree to assign to the Plan any benefits or claims or rights of recovery you have under any automobile policy or other coverage, to the full extent of the Plan's subrogation and reimbursement claims. This assignment allows the Plan to pursue any claim you may have, whether or not you choose to pursue the claim.

By accepting benefits under this plan, you also specifically acknowledge the Plan's right of reimbursement. This right of reimbursement attaches when this plan has paid health care benefits for expenses incurred due to Third Party Injuries and you or your representative has recovered any amounts from a Third

Party. By providing any benefit under this Guide to Benefits, the Plan is granted an assignment of the proceeds of any settlement, judgment or other payment received by you to the extent of the full cost of all benefits provided by this plan. The Plan's right of reimbursement is cumulative with and not exclusive of the Plan's subrogation right and the Plan may choose to exercise either or both rights of recovery.

HMSA has a first lien on such recovery proceeds, up to the amount of total benefits HMSA pays or has paid related to the injury or illness. You must reimburse HMSA for any benefits paid, even if the recovery proceeds obtained (by settlement, judgment, award, insurance proceeds, or other payment):

1. do not specifically include medical expenses;
2. are stated to be for general damages only;
3. are for less than the actual loss or alleged loss you suffered due to the injury or illness;
4. are obtained on your behalf by any person or entity, including your estate, legal representative, parent, or attorney;
5. are without any admission of liability, fault, or causation by the third party or payor.

No court costs or attorney fees may be deducted from our lien.

HMSA's lien will attach to and follow such recovery proceeds even if you distribute or allow the proceeds to be distributed to another person or entity. HMSA's lien may be filed with the court, any third party or other source of recovery money, or any entity or person receiving payment regarding the illness or injury.

If HMSA is entitled to reimbursement of payments made on your behalf under these rules, and HMSA does not promptly receive full reimbursement pursuant to our request, we shall have a right to set-off from any future payments payable on your behalf under this Certificate.

HMSA's rights of reimbursement, lien, and subrogation described above, are in addition to all other rights of equitable subrogation, constructive trust, equitable lien and/or statutory lien HMSA may have for reimbursement of these payments, all of which rights are preserved and may be pursued at HMSA's option against you or any other appropriate person or entity.

For any payment made by HMSA under these rules, you are still responsible for your copayments, deductibles, timeliness in submission of claims, and other obligations under this Certificate.

Nothing in these Third Party Liability Rules shall limit HMSA's ability to coordinate benefits as described in this Certificate

(9) **Notice.** HMSA may give any notice required by this Certificate to the Group. Any written notice to HMSA required by this Certificate shall be sent to P.O. Box 860, Honolulu, Hawaii 96808-0860.

(10) **Confidential Information.** Your medical records and information about your care are confidential. HMSA does not use or disclose your medical information except as permitted or required by law. You may be required to provide information to HMSA about your medical treatment or condition. In accordance with law, HMSA may use or disclose your medical information (including providing this information to third parties) for the purpose of payment activities and health care operations such as quality assurance, disease management, provider credentialing, administering the plan, complying with government requirements, and research or education.

(11) **Verbal Representations.** No oral statement of any person shall modify or otherwise affect the benefits, limitations and exclusions of this Certificate, convey or void any coverage, or increase or reduce any benefits under this Certificate.

Serving you

Meet with knowledgeable, experienced health plan advisers. We'll answer questions about your health plan, give you general health and well-being information, and more. Hours of operation may change. Please go to **hmsa.com/contact** before your visit.

HMSA Center in Honolulu

818 Keeaumoku St.
Monday–Friday, 8 a.m.–5 p.m. | Saturday, 9 a.m.–2 p.m.

HMSA Center in Pearl City

Pearl City Gateway | 1132 Kuala St., Suite 400
Monday–Friday, 9 a.m.–6 p.m. | Saturday, 9 a.m.–2 p.m.

HMSA Center in Hilo

Waiakea Center | 303A E. Makaala St.
Monday–Friday, 9 a.m.–6 p.m. | Saturday, 9 a.m.–2 p.m.

HMSA Center in Kahului

Puunene Shopping Center | 70 Hookele St.
Monday–Friday, 9 a.m.–6 p.m. | Saturday, 9 a.m.–2 p.m.

HMSA Center in Lihue

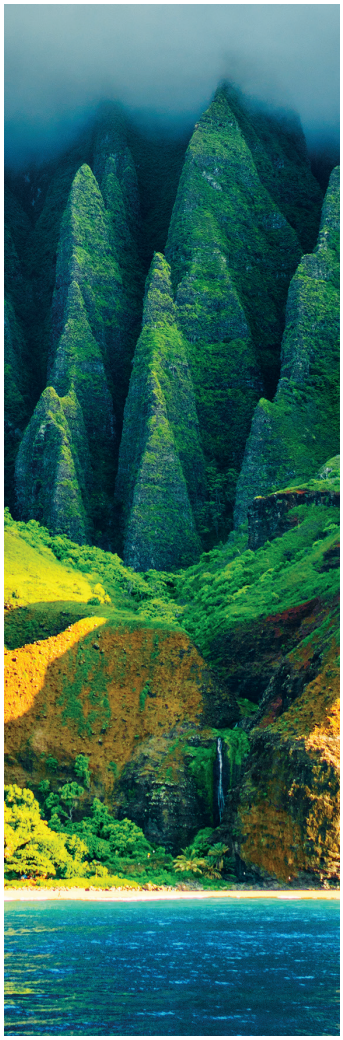
Kuhio Medical Center | 3-3295 Kuhio Highway, Suite 202
Monday–Friday, 8 a.m.–4 p.m

Contact HMSA. We're here with you.

Call (808) 948-6111 or 1 (800) 776-4672.

hmsa.com

@hmsahawaii



Together, we improve the lives of our members and the health of Hawaii.
Caring for our families, friends, and neighbors is our privilege.

hmsa

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