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## Notice of Benefit or Coverage Changes for 2009

The 2009 Health Net of California, Inc. Group Hospital and Professional Service Agreement (GSA) and Evidences of Coverage (EOC), and Health Net Life Insurance Company (HNL) Group Insurance Policy (Policy) and Certificates of Insurance (COI) will include the changes that appear in this Notice for compliance with new laws and regulatory requirements and to address Health Net administrative changes. The following modifications apply to Commercial Large Group and Small Business Group (SBG) plans unless otherwise noted and will appear (where applicable) in GSAs/EOCs and Policies/COIs with the effective date of January 1, 2009 and later, unless otherwise noted. Please ensure that subscribers in your groups are informed of the changes described in this Notice.

Note: This explanation of changes provides a listing of planned changes known at this time that will become effective upon renewals beginning on or after January 1, 2009. Benefits are subject to further modification for subsequently enacted state or federal legislation.

### Changes to the GSA and Policy

1. **COBRA-like Coverage for Spouse** - A change to the description of COBRA-like coverage in the GSA and Policy was made to distinguish between the definition of "spouse" under California law and under federal law. New language reflects the broader meaning of "spouse" under California law due to a recent California Supreme Court ruling allowing same-sex marriages. (This text change is pending the outcome of Proposition 8 in the November 4, 2008 California election; an initiative which seeks a constitutional amendment to eliminate the right of same-sex couples to marry.) Applies to all products.
2. **Electronic Issuance of EOC/COI** - Information has been added to the GSA under the "Plan Benefits and *Evidence of Coverage*" heading and to the Policy under "Plan Benefits and Benefit Certificate" to describe how the EOC/COI can be accessed on-line, if so elected by the Group and Subscriber/Covered Person. Applies to all group commercial products.
3. **Grace Period for Payment of Premiums** - A new provision has been added to the "General Provisions" section of the Policy to explain that a grace period of 31 days will be granted for the payment of each premium falling due after the first premium. During the grace period the Policy will continue in force (subject to the right of HNL to cancel in accordance with the termination provision of the Policy). Revisions have also been made to the "Term of Policy" and "Premiums" provisions consistent with the new provision. These revisions comply with California insurance rules. Applies to PPO, EPO and Flex Net.

## **Changes and Clarifications to Medical Plans**

1. **Dependent Children on Leave of Absence from School** - Information has been added to the "Age Limit for Children" provision of the "Who is Eligible for Coverage" subsection of the "Eligibility, Enrollment and Termination" section of the EOC and COI providing that a dependent child who qualifies for coverage under the plan due to full-time student status may not be terminated from coverage for a period of up to 12 months while on a medical leave of absence from school, subject to the conditions and documentation requirements described. Coverage meets requirements of newly enacted legislation (SB 1168.) Applies to all products.
2. **Dependent Children Residing Outside the Service Area** - Clarifying information has been added to the "Eligibility, Enrollment and Termination" section of the COI to explain that children of the principal Covered Person or spouse who are full-time students residing outside the Service Area while in school remain eligible as long as the principal Covered Person works or maintains a permanent residence within the Service Area and the child meets the eligibility criteria. Complies with newly issued California Department of Insurance regulations. Applies to EPO.
3. **Health Evaluations** – Clarifying language has been added to the description of "Health Evaluations" in the "Covered Services and Supplies" section of the EOC to explain that coverage includes annual preventive physical examinations as directed by the member's Physician, or as otherwise medically indicated. Similar language has been added to "Preventive Care for Adults" and "Preventive Care for Children" in the COI. Applies to all products.
4. **Routine Physical Examinations** – Clarifying information has been added to "Routine Physical Examinations" in the "Exclusions & Limitations" section for plans that exclude coverage for routine physical examinations, and in the "Covered Services & Supplies" section for plans that include such coverage. New added language explains that a routine physical examination is one that is not otherwise medically indicated or Physician-directed and is obtained for the purposes of checking a Member's general health in the absence of symptoms or other nonpreventive purpose. Examples include examinations administered at the request of a third party, such as a school, camp or sports organization. Applies to all products.
5. **Members' Rights and Responsibilities** – A Members' Rights and Responsibilities Statement has been added to the "General Provisions" section. Applies to all products.
6. **Managed Health Network (MHN) Address Change** – The address to send appeals and grievances regarding mental disorders has been changed in the "General Provisions" section. Applies to HMO, EOA, SELECT, ELECT and EPO.
7. **HMO Silver Network** - Clarifying information has been added to show that in addition to emergency care, urgently needed care outside of 30-mile radius of the Physician Group by non-Silver Network providers is covered. Effective for new business/renewals July 1, 2008 and after. Applies to HMO Silver Network plans.
8. **Non-Severe Mental Health Benefit Changes** – Benefits have been modified to eliminate dollar limits for in-network non-severe mental health benefits for large groups. Impacted large groups have been moved to replacement benefit plans upon renewal beginning July 1, 2008. This benefit change complies with Department of Labor regulations implementing the Mental Health Parity Act of 1996. Applies to Large Group PPO and Large Group Flex Net.
9. **Residential Treatment Definition** - A definition of Residential Treatment Center has been added to the "Definitions" section to more clearly describe a facility where mental health or chemical dependency treatment can take place. Applies to PPO.

10. **Certification List** – A revision to the DME language in the Certification list was made to clarify that only the listed DME items require certification: power wheelchairs, scooters, hospital beds, and custom-made items. Effective July 1, 2008. Applies to SELECT, ELECT, PPO, Flex Net.
11. **Services Provided by Immediate Family Members** - The exclusion for coverage of services received from a family member was revised to clarify that the exclusion includes services resulting from referrals by a family member. Applies to PPO
12. **Electronic Issuance of EOC/COI** - Information has been added to the EOC under “Dear Health Net Member” following the cover page and under the “Sending and Receiving Notices” heading in the “Miscellaneous Provisions” section, and in the COI under “Notice” to describe that the EOC/COI can be accessed electronically on Health Net’s website, if so elected by the Group and Subscriber/Covered Person or can be received by U.S. mail. Applies to all products.
13. **Notice of Language Services** – A notice of language services available to enrollees at no cost has been added to the EOC/COI at the end of the booklet. This notice complies with recently issued California regulations regarding language assistance, effective January 1, 2009. Applies to all products.

### **Changes to Supplemental Prescription Drug Benefit Plans**

1. **Dollar Maximum for Prescription Drug Percentage Copayments** – Language in the EOC has been revised for those prescription drug benefit plans that have an optional copayment maximum for drugs with a percentage copayment. The optional copayment maximum for drugs with a percentage copayment will no longer apply to drugs under Level I and Level II. The copayment maximum will be available as a benefit variation only for Level III drugs with a percentage copayment. Applies to HMO, SELECT, ELECT and ELECT Open Access.
2. **Pharmacy’s Usual and Customary Charge** – The term “pharmacy’s usual and customary charge” has been replaced with “pharmacy’s retail price” for clarity in the “Prescription Drugs Schedule of Benefits & Copayments” section. Applies to all products.
3. **Brand Name Drug Deductible** – A clarification was made to the explanation of the Brand Name Drug Deductible. For plans with such a deductible, the Brand Name Drug Deductible will now be referred to as the “Prescription Drug Deductible, as required for Brand Name Drugs.” Effective July 1, 2008. Applies to all products.
4. **Off-Label Drugs** – Revisions clarifying the coverage criteria for off-label drugs have been made to “Off-Label Drugs” under the “Covered Services & Supplies” section and to “Non-approved Uses” under the “Exclusions & Limitations” section. Effective July 1, 2008. Applies to all products.

### **Changes and Clarifications to Supplemental Chiropractic and Acupuncture Benefit Plans**

#### **(Applies to HMO, SELECT, ELECT, ELECT Open Access and EPO)**

1. **Chiropractic Services Visit Limits** – Clarifying information has been added to “Chiropractic Services and Supplies” in the “Schedule of Benefits and Copayments” section to explain that a visit to a contracted chiropractor to obtain a second opinion generally will not count toward the Calendar Year visit limit if the member was referred by another contracted chiropractor.
2. **Office Visits for Chiropractic and Acupuncture Services** – The description of “Office Visits” in the “Chiropractic Services and Supplies” and “Acupuncture Services”

subsections of "Covered Services and Supplies" has been revised to explain coverage for a new patient exam and for established patient exams.

3. **Definition of Chiropractic Services** – The definition of "Chiropractic Services" in the "Definitions" section has been revised to provide a more detailed explanation of its meaning.

For more information regarding this Notice of Benefit or Coverage Changes for 2009, please call Broker Relations at (800) 448-4411.

A handwritten signature in cursive script that reads "Gina Stassi".

Gina Stassi  
Chief Commercial Officer