



Horizon Blue Cross Blue Shield of New Jersey

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December 29, 2011

MS.3181 PP-04J MANAGED CARE CMC0002824B
GROUP BENEFITS ADMINISTRATOR
ORADELL BOE
350 PROSPECT AVENUE
ORADELL, NJ 07649-2035

RE: 082728

Subgroups: 0003, 0005, 0011, 0021,

Dear Group Benefits Administrator:

Enclosed is an amendment that revises the current description of the BlueCard[®] Program in your group policy. Please attach this amendment to your group policy. We have also enclosed, for issuance to your employees, a supply of booklet inserts that replace the BlueCard Program description currently appearing in the inserts.

As you know, the BlueCard Program allows covered persons to access coverage for medical services obtained outside of our service area and to benefit from provider arrangements negotiated by Blue Cross and/or Blue Shield licensees in other states.

These descriptions, called disclosures, are required by the Blue Cross and Blue Shield Association as a condition for participation in the BlueCard Program. They have been approved by both the Association and the New Jersey Department of Banking and Insurance. The Association requires us to issue these disclosures within a specific time frame. To ensure that we meet the Association's requirement, we are mailing these disclosures to all of our large group clients.

Please be assured that these revised disclosures do not affect your current benefits or the manner in which the BlueCard Program now operates. The Association requires these new disclosures because it believes they provide a better, more comprehensive description of its program.

We appreciate your business. If you have any questions, please contact your Horizon Blue Cross Blue Shield of New Jersey Account Executive.

Sincerely,

Al Bowles
Vice President
Commercial and Major Accounts Markets

Enclosures

CMC0002824B (W1111)
An Independent Licensee of the
Blue Cross and Blue Shield Association.

HORIZON HEALTHCARE SERVICES, INC.
RIDER FORM (REFORM/STANDARDS)

Policyholder	Group No.	Rider No.	Effective Date
ORADELL BOE-DA RETIREE	082728-0021	BlueCard	The later of June 1, 2011 and the Effective Date of the Contract

As of the above Effective Date, the Policy is amended as follows:

- I. Section "C. BlueCard" in the Policy's "General Rules" is replaced by the following section:

BLUECARD

Horizon BCBSNJ has a variety of relationships with other Blue Cross and/or Blue Shield Licensees. These are referred to generally as "Inter-Plan Programs." When Covered Persons access Covered Services and Supplies outside the geographic area Horizon BCBSNJ serves, the claims for those Covered Services or Supplies may be processed through one of these Inter-Plan Programs. If so, the claim will be presented to Horizon BCBSNJ for payment in accordance with the then current rules of these Inter-Plan Programs. The Inter-Plan Programs available to Covered Persons under this Policy are described generally below.

Typically, when Covered Persons access care outside the area Horizon BCBSNJ serves, they use healthcare Providers that have a contractual agreement (i.e., are "participating Providers") with the local Blue Cross and/or Blue Shield Licensee in that other area ("Host Blue"). But in some cases, Covered Persons may obtain care from non-participating Providers. Horizon BCBSNJ's payment practices when out-of area Covered Services and Supplies are obtained from such participating Providers are generally described below. The payment for Covered Services and Supplies obtained from non-participating Providers is as described elsewhere in this Policy.

A. BlueCard® Program

Under the BlueCard® Program, when Covered Persons under this Policy access Covered Services and Supplies within the geographic area served by a Host Blue, Horizon BCBSNJ is liable to the Policyholder for meeting its obligations under this Policy. But in accordance with the then current Inter-Plan Program rules, the Host Blue is responsible for providing such services as: (a) contracting with its Providers; and (b) handling most of its interactions with those Providers. The financial terms of the BlueCard Program are described generally below.

Liability Calculation Method Per Claim

The calculation of a Covered Person's liability on claims for Covered Services or Supplies processed through the BlueCard Program, if not a flat Copayment amount, will be based on the lower of: (a) the participating Provider's billed covered charges; or (b) the negotiated price made available to Horizon BCBSNJ by the Host Blue.

Host Blues may use various methods to determine a negotiated price. These depend on the terms of each Host Blue's Provider contracts. The negotiated price made available to Horizon BCBSNJ by the Host Blue may represent a negotiated payment that is one of the following:

- (i) an actual price. An actual price is a negotiated payment without any other increases or decreases; or
- (ii) an estimated price. An estimated price is a negotiated payment reduced or increased by a percentage to take into account: (a) certain payments negotiated with the Provider; and (b) other claim- and non-claim-related transactions. Such transactions may include, but are not limited to: anti-fraud and abuse recoveries; Provider refunds not applied on a claim-specific basis; retrospective settlements; and performance-related bonuses or incentives; or
- (iii) an average price. An average price is a percent of billed Covered Charges representing the aggregate payments negotiated by the Host Blue with: (a) all of its Providers; or (b) a similar classification of its Providers, taking into account other claim- and non-claim-related transactions. Such transactions may include the same ones as noted in (ii), above.

Host Blues using either an estimated price or an average price may prospectively increase or reduce such prices to correct for an over- or underestimation of past prices. Such an adjustment may mean that a current price reflects additional amounts or credits for claims that are: (a) already paid to Providers; or (b) anticipated to be paid to or received from Providers. But the amount paid by the claimant is final; no future price adjustment will result in increases or decreases to the pricing of past claims. The BlueCard Program requires that the price submitted by a Host Blue to Horizon BCBSNJ is a final price, regardless of any future adjustments based on the use of estimated or average pricing.

A small number of states require a Host Blue either: (a) to use a basis for determining Covered Person liability for Covered Services or Supplies that does not reflect the entire savings realized, or expected to be realized, on a particular claim; or (b) to add a surcharge. Should the state in which healthcare services are accessed mandate liability calculation methods that differ from the method described above, or require a surcharge, Horizon BCBSNJ would then calculate a Covered Person's liability in accordance with the law.

Return of Overpayments

Under the BlueCard Program, recoveries from a Host Blue or its participating Providers can arise in several ways. These include, but are not limited to: anti-fraud and abuse recoveries; healthcare Provider/Hospital audits; credit balance audits; Utilization Review refunds; and unsolicited refunds. In some cases, the Host Blue will engage a third party to aid in identifying and/or collecting recovery amounts. The fees of such a third party may be netted against the recovery. Recovery amounts determined in this way will be applied in accordance with Inter-Plan Program rules, which generally require correction on a claim-by-claim or prospective basis.

B. Negotiated (non-BlueCard Program) National Account Arrangements

As an alternative to the BlueCard Program described above, a Covered Person's claims for Covered Services and Supplies may be processed through a negotiated national account arrangement with one or more Host Blues.

If Horizon BCBSNJ has arranged with one or more Host Blues to provide customized networks with respect to the Policy, then the terms of any such arrangement shall apply.

The amount a Covered Person pays for Covered Services and Supplies under such an arrangement will be calculated based on the lower of either: (a) billed Covered Charges; or (b) the price that Horizon BCBSNJ has negotiated with the Host Blue under that arrangement. (Please refer to the description of negotiated price under Subsection A. BlueCard Program.)

Determinations of Covered Healthcare Services

If Horizon BCBSNJ determines that healthcare services are covered under this Policy, coverage of those services cannot be denied based on the Host Blue's network protocols. Also, under the BlueCard Program, the Covered Person cannot be denied coverage of healthcare services received outside of Horizon BCBSNJ's geographic Service Area if those services: (a) are covered by the network protocols of the Host Blue; and (b) are not specifically limited or excluded by this Policy.

Summary

To summarize the above, the BlueCard Program is basically a means by which Covered Persons under this Policy who receive covered services outside of Horizon BCBSNJ's area of operation can benefit from the discounts that another Blue Cross and Blue Shield Association Licensee has negotiated with Providers in its area of operation. The Program in no way affects the terms of this Policy with respect to a Covered Person's contractual liability for charges Incurred for a Covered Service or Supply. The calculation of that liability will be based on the lower of: (a) the billed charge for the Covered Service or Supply received in the other Licensee's area; or (b) a negotiated price determined by that other Licensee in accordance with (i), (ii) or (iii) under "Liability Calculation Method Per Claim", above.

If the other Licensee uses methods (ii) or (iii) to determine a price, and that price is adjusted later, the later adjusted price will only apply to claims Incurred on or after the date of the adjustment. Thus, these methods will not affect any payment(s) already made by a Covered Person for a Covered Service or Supply based on an earlier average or estimated price.

The determination of the price used to calculate a Covered Person's liability can also be affected by regulatory requirements of the state in which the Covered Service or Supply is received.

This provision also describes how a Covered Person's and Horizon BCBSNJ's liability for claims may be determined under negotiated non-BlueCard Program national account arrangements.

Any provision of the Policy not changed by this Rider shall remain in full force and effect. Attach this Rider to the Policy.

HORIZON HEALTHCARE SERVICES, INC.



By: _____
Vice President
Commercial and Major Accounts Markets



Horizon Blue Cross Blue Shield of New Jersey

Three Penn Plaza East
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MS.3154 PP-04J NONHMO CMC0002818B
GROUP BENEFITS ADMINISTRATOR
ORADELL BOE
350 PROSPECT AVENUE
ORADELL, NJ 07649-2035

RE: 082728
Subgroups: 0003, 0005, 0011, 0021,

Dear Group Benefits Administrator:

Enclosed you will find an amendment that forms part of your health care policy with Horizon Healthcare Services, Inc. Please attach this amendment to your policy.

This amendment is required to bring your policy into compliance with certain state-mandated requirements for autism and other developmental disabilities. Specifically, the amendment describes the coverage provisions for the diagnosis and treatment of autism and other developmental disabilities.

We have also included additional copies of the amendment for you to distribute to your employees explaining the policy changes.

If you have any questions, please contact your Account Executive.

Sincerely,

Al Bowles
Vice President
Commercial and Major Accounts Markets

Enclosures

CMC0002818B (W1011)

An Independent Licensee of the
Blue Cross and Blue Shield Association.

**HORIZON HEALTHCARE SERVICES, INC.
RIDER FORM (AUTISM)**

Group	Group No.	Rider No.	Effective Date
ORADELL BOE	082728-0003	Autism	the later of February 9, 2010 and the Effective Date of the Contract

As of the above Effective Date, the Policy/Booklet is amended as follows:

I. The section “Definitions” is changed to provide that the following definitions are added:

Developmental Disability(ies): A person’s severe chronic disability which:

- (a) is attributable to a mental or physical impairment, or a combination of them;
- (b) for the purposes solely of the provision of this Program entitled “Diagnosis and Treatment of Autism and Other Developmental Disabilities”, is manifest before age 22;
- (c) is likely to continue indefinitely;
- (d) results in substantial functional limitations in three or more of the following areas of major life activity: self-care; receptive and expressive language; learning; mobility; self-direction; the capacity for independent living or economic self-sufficiency; and
- (e) reflects the need for a combination and sequence of special inter-disciplinary or generic care, treatment or other services which are: (i) of lifelong or extended duration; and (ii) individually planned or coordinated.

Developmental Disability includes, but is not limited to, severe disabilities attributable to: mental retardation; autism; cerebral palsy; epilepsy; spina-bifida; and other neurological impairments where the above criteria are met.

Behavioral Interventions Based on Applied Behavioral Analysis (ABA):

Interventions or strategies, based on learning theory, that are intended to improve a person’s socially important behavior. This is achieved by using instructional and environmental modifications that have been evaluated through scientific research using reliable and objective measurements. These include the empirical identification of functional relations between behavior and environmental factors.

Such intervention strategies include, but are not limited to: chaining; functional analysis; functional assessment; functional communication training; modeling (including video modeling); procedures designed to reduce challenging and dangerous behaviors; prompting; reinforcement systems, including differential reinforcement, shaping and strategies to promote generalization.

Related Structured Behavioral Programs: Services given by a qualified Practitioner that are comprised of multiple intervention strategies, i.e., behavioral intervention

packages, based on the principles of ABA. These include, but are not limited to: activity schedules; discrete trial instruction; incidental teaching; natural environment training; picture exchange communication system; pivotal response treatment; script and script-fading procedures; and self-management.

- II. The definition of “Speech Therapy” in the section “Definitions” is replaced by the following:

Speech Therapy: Therapy that is by a qualified speech therapist and is described in a., b. or c:

- a. Speech therapy to restore speech after a loss or impairment of a demonstrated, previous ability to speak. Two examples of speech therapy that will not be covered are: (a) therapy to correct pre-speech deficiencies; and (b) therapy to improve speech skills that have not fully developed.
- b. Speech therapy to develop or improve speech to correct a defect that both: (a) existed at birth; and (b) impaired or would have impaired the ability to speak.
- c. Regardless of anything in a. or b. above to the contrary, speech therapy needed to treat a speech impairment of a Covered Person diagnosed with a Developmental Disability.

- III. The section “Summary of Covered Services and Supplies” is changed by the addition of the following subsection:

Diagnosis and Treatment of Autism and Other Developmental Disabilities

This Program provides coverage for charges for the screening and diagnosis of autism and other Developmental Disabilities.

If a Covered Person’s primary diagnosis is autism or another Developmental Disability, and regardless of anything in the Program to the contrary, the Program provides coverage for the following Medically Necessary and Appropriate Therapy Services, as prescribed in a treatment plan:

- a) Occupational Therapy needed to develop the Covered Person’s ability to perform the ordinary tasks of daily living;
- b) Physical Therapy needed to develop the Covered Person’s physical functions; and
- c) Speech Therapy needed to treat the Covered Person’s speech impairment.

Also, if: (a) a Covered Person’s primary diagnosis is autism; and (b) the Covered Person is under 21 years of age, in addition to coverage for certain Therapy Services, as described above, the Program also covers Medically Necessary and Appropriate: (a) Behavioral Interventions Based on Applied Behavioral Analysis (ABA); and (b) Related Structured Behavioral Programs. Such interventions and programs must be prescribed in a treatment plan.

Benefits for these services are payable on the same basis as for other conditions, and they are available under this provision whether or not the services are restorative. Benefits for the above Therapy Services available pursuant to this provision are payable separately

from those payable for other conditions and will not operate to reduce the Therapy Services benefits available under the Program for those other conditions.

Any treatment plan referred to above must: (a) be in writing; (b) be signed by the treating Practitioner; and (c) include: (i) a diagnosis; (ii) proposed treatment by type, frequency and duration; (iii) the anticipated outcomes stated as goals; and (iv) the frequency by which the treatment plan will be updated. With respect to the covered behavioral interventions and programs mentioned above, the term "Practitioner" shall also include a person who is credentialed by the national Analyst Certification Board as either: (a) a Board Certified Behavior Analyst-Doctoral; or (b) a Board Certified Behavior Analyst.

Horizon BCBSNJ may request more information if it is needed to determine the coverage under the Program. Horizon BCBSNJ may also require the submission of an updated treatment plan once every six months, unless Horizon BCBSNJ and the treating physician agree to more frequent updates.

If a Covered Person:

- a) is eligible for early intervention services through the New Jersey Early Intervention System;
- b) has been diagnosed with autism or other Developmental Disability; and
- c) receives Physical Therapy; Occupational Therapy; Speech Therapy; ABA; or Related Structured Behavioral Programs;

the portion of the family cost share attributable to such services is a Covered Charge under the Program. Any Deductible, Coinsurance or Copayment that applies under the Program to a non-specialist Practitioner Visit for treatment of an Illness or Injury will apply to the family cost share.

Therapy Services a Covered Person received through New Jersey Early Intervention will not reduce the Therapy Services otherwise available to the Covered Person under this provision.

Any provision of the Policy/Booklet not changed by this Rider shall remain in full force and effect. Attach this Rider to the Policy/Booklet.

HORIZON HEALTHCARE SERVICES, INC.



By: _____
Vice President
Commercial and Major Accounts Markets