

**Notice of Amendment to the Summary Plan Description (Planbook)**  
**HEALTH RESOURCES, INC.**  
**Dental Health Options**  
**Effective April 14, 2004**

Please insert these pages into the front section of your Planbook

**CONTINUATION COVERAGE RIGHTS UNDER COBRA**

*Each subscriber (employee, spouse and legal guardian of dependent children) must read this section.*

**Introduction**

Under the provisions of the Consolidate Omnibus Budget and Reconciliation Act of 1986 (COBRA), a member and their eligible dependents are guaranteed rights to continue health coverage that would otherwise be lost due to the occurrence of certain events. This section contains important information to inform you of your rights and obligations under COBRA if you experience one of these events in the future.

COBRA continuation coverage is a temporary continuation of coverage.

**This section generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.**

Your employer is responsible for administering COBRA continuation coverage.

**COBRA Continuation Coverage**

COBRA continuation coverage is continuation of Plan coverage when coverage would otherwise end due to a life event known as a “qualifying event”. Specific qualifying events are listed in the following Table (A). COBRA continuation coverage must be offered to each person who is a “qualified beneficiary”. A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Under the plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If qualified covered employees and/or their eligible family members lose their coverage under the Plan, this Table (A) shows the events that will allow them to continue coverage under COBRA eligible plans. The coverage period listed is the *maximum* coverage period allowed.

<b>TABLE A</b>		
<b><i>Qualifying Events</i></b>	<b><i>Qualified Beneficiary</i></b>	<b><i>Maximum Coverage</i></b>
Termination, other than for gross misconduct	Employee	18 months
Hours of Employment Reduced	Spouse Dependent Child	
Employee Enrolls in Medicare	Spouse	36 months
Divorce or Legal Separation	Dependent Child	
Death of Covered Employee		
Loss of "Dependent Child" Status	Dependent Child	36 months

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the employer has been notified that coverage was lost due to the occurrence of a qualifying event.

When the qualifying event is the end of employment or reduction of hours of employment, or death of the employee, the employer must notify the Plan Administrator (if other than the employer) of the qualifying event within 30 days following the date coverage ends.

**For the other qualifying events (divorce or legal separation of the employee and spouse, or a dependent's child losing eligibility for coverage as a dependent child), you must notify your employer. The Plan requires you notify your employer within 60 days after the qualifying event occurs.** COBRA continuation coverage will then be offered to each qualified beneficiary. For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will begin on the date that the Plan coverage would otherwise have been lost.

*There are two ways in which the 18-month period of COBRA continuation coverage can be extended.*

#### **Disability extension of 18-month period of continuation coverage**

**If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled at any time during the first sixty 60 days of COBRA continuation coverage and you notify your employer in a timely fashion, you and your entire family can receive an additional 11 months of COBRA continuation coverage, for a maximum of 29 months. You must make sure your employer is notified of the Social Security Administration's determination within 60 days of the date of the determination and before the 18-month period of COBRA continuation coverage.**

#### **Second qualifying event extension of 18-month period of continuation coverage**

If your family experiences another qualifying event while receiving COBRA continuation coverage, the spouse and dependent children in your family can get additional months of COBRA continuation coverage, for a total maximum of 36 months. The extension is available to the spouse and dependent children if the former employer dies, enrolls in Medicare, or gets divorced or legally separated. The extension is also available to a dependent child when that child stops being eligible under the plan as a dependent child. **In all of these cases, you must make sure that the employer is notified of the second qualifying event within 60 days of the second qualifying event.**

#### **If You Have Questions**

If you have questions about your COBRA continuation coverage, you should contact your employer, or you may contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA). Addresses and phone numbers of Regional and District EBSA offices are available through EBSA's website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa).

#### **Keep Your Plan Informed of Address Changes**

**In order to protect your family's rights, you should keep your employer informed of any changes in the addresses of family members.** You should also keep a copy of any notices you send to your employer.

## NOTICE OF PRIVACY PRACTICES

In compliance with certain applicable laws, the Gramm-Leach-Bliley Act (GLBA) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Health Resources, Inc. and its subsidiaries (HRI) have adopted these policies.

HRI acknowledges participants' privacy rights as specified in these laws, and has adopted policies and procedures to ensure your privacy rights are protected.

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**THIS NOTICE DESCRIBES HOW NONPUBLIC PERSONAL FINANCIAL INFORMATION (NPFI) AND PROTECTED HEALTH INFORMATION (PHI) ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN ACCESS THIS INFORMATION. IN THIS NOTICE, WE EXPLAIN HOW WE PROTECT THE PRIVACY OF YOUR PHI AND NPFI, AND HOW WE WILL ALLOW IT TO BE USED AND GIVEN OUT ("DISCLOSED"). WE ARE REQUIRED TO PROVIDE YOU WITH A COPY OF THIS NOTICE OF PRIVACY PRACTICES UPON REQUEST. WE MUST FOLLOW THE PRIVACY PRACTICES DESCRIBED IN THIS NOTICE WHILE IT IS IN EFFECT.**

### **Our Commitment Regarding Your Confidential Information:**

We understand the importance of your Nonpublic Personal Financial Information (NPFI) and Protected Health Information (PHI), hereafter know as "confidential information", and follow strict policies (in accordance with state and federal privacy laws) to keep your information private.

### **Our Privacy Principles:**

- We do not sell customer confidential information.
- We do not provide customer confidential information to persons or organizations outside HRI and our Business Associates for marketing purposes.
- We contractually require any person or organization providing products or services on our behalf to protect the confidentiality of information we obtain from you.
- We afford prospective and former customers the same protections as existing customers with the respect to the use of confidential information.

Your privacy is a high priority for us and it is treated with the highest degree of respect. We collect and use confidential information we believe is necessary to administer our business and to provide you with customer service. We use confidential information to underwrite your policies, process your claims, ensure proper billing, and service your accounts. We share confidential information as necessary to handle your claims and to protect you against fraud and unauthorized transactions. However, we want to emphasize that we are committed to maintaining the privacy of this information in accordance with law. All individuals with access to confidential information about our customers are required to follow this policy.

### **Confidential Information Collected:**

- Confidential information includes demographic data, that can reasonably be used to identify you and that relates to your past, present or future physical or mental health, the provision of health care to you, or the payment for that care.
- Confidential information includes your name, address, date of birth, marital status, sex, social security number, dental information, and enrollee information, including information about your transactions with us, such as claim history and premium payments (COBRA).

### **Information Disclosed:**

- We may provide confidential information to you in order to supply you with information about your plan benefits, or if you request to inspect your confidential information.
- We may provide your confidential information to health care providers and to our business associates who request confidential information for payment-related activities and for health care operations.
- We may provide your confidential information to someone who has the legal right to act on your behalf.
- We may provide confidential information to the extent necessary to comply with laws related to workers' compensation or similar programs.

- We may provide confidential information without your written permission for matters in the public interest such as public health and safety activities or averting a serious threat to the health or safety of others.
- We may provide confidential information that we collect to third-parties involved in the underwriting, processing, servicing and marketing of your HRI insurance products. We will not provide this information to any other third party for purposes other than set forth above unless we have a written agreement that requires such third party to protect the confidentiality of this information or your written authorization.
- The law or the courts may require us to provide confidential information to persons or agencies involved in regulatory, enforcement, or civil or criminal judicial activities.
- We do not disclose any confidential information about our customers to anyone except as permitted or required by law.

**Security of Your Confidential Information:**

- Access of your confidential information is available from us only to persons involved in underwriting, processing information, marketing company products, or providing dental care for your benefit. Access must be granted to those entities to enable them to provide the excellent service you have come to expect from HRI.
- We maintain physical, electronic, and procedural safeguards that comply with state and federal standards to guard your confidential information.
- If we become aware that an item of confidential information may be materially inaccurate, we will make a reasonable effort to re-verify its accuracy and correct any error as appropriate.

**Individual Rights:**

- You have a right to learn about the nature and substance of any confidential information HRI has in its files about you. We reserve the right to charge a reasonable cost-based fee for copying and postage.
- You have the right to an accounting of certain disclosures of your confidential information.
- You have the right to request we place restrictions on the way we use and disclose your confidential information.
- You have a right to inspect your confidential information and request that we amend it in your files.
- We communicate decisions related to payment and benefits, which may contain confidential information, to the subscriber. Individual members who believe that this practice may endanger them may request that we communicate with them using a reasonable alternative means or location.

**Duties:**

- HRI is required to abide by the terms of this Notice, and reserves the right to change the terms of this notice at any time, provided that applicable law permits such changes. These revised practices will apply to your confidential information regardless of when it was created or received. Before we make a material change to our privacy practices, we will provide you with a revised Notice of Privacy Practices.
- Where multiple state or federal laws protect the privacy of your confidential information, we will follow the requirements that provide the greatest privacy protection

**Further information:**

If you need more information about our privacy policy, or are concerned that we may have violated your privacy rights, please contact our Privacy Officer at the corporate address listed on the back of your planbook.

You may also submit a written complaint to:

Region V, Office of Civil Rights  
 U.S. Department of Health and Human Services  
 233 North Michigan Avenue, Suite 240  
 Chicago, IL 60601  
 Voice mail: (312) 866-2359 Fax: (313) 866-1807

*We support your right to protect the privacy of your confidential information. We will not take action against you if you file a complaint with us or with the U.S. Department of Health and Human Services.*