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**State:** Pennsylvania **Filing Company:** Independence Blue Cross  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.003 Other  
**Product Name:** IBC Long Term Care  
**Project Name/Number:** /

## Filing at a Glance

Company: Independence Blue Cross  
Product Name: IBC Long Term Care  
State: Pennsylvania  
TOI: LTC03I Individual Long Term Care  
Sub-TOI: LTC03I.003 Other  
Filing Type: Rate - Other (Not M.U. or G.I. Product)  
Date Submitted: 05/17/2017  
SERFF Tr Num: INAC-131027495  
SERFF Status: Assigned  
State Tr Num: INAC-131027495  
State Status: Received Review in Progress  
Co Tr Num:

Implementation: 07/01/2017  
Date Requested:  
Author(s): David Walker, Yaling Xie  
Reviewer(s): Jim Laverty (primary)  
Disposition Date:  
Disposition Status:  
Implementation Date:

### State Filing Description:

Proposed aggregate 42.3% increase on 1,648 policyholders of IBC's LTC forms 5018, 5019, 5024, 5025, 5311, and 5313.

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## General Information

Project Name: Status of Filing in Domicile:  
Project Number: Date Approved in Domicile:  
Requested Filing Mode: Domicile Status Comments:  
Explanation for Combination/Other: Market Type: Individual  
Submission Type: New Submission Individual Market Type:  
Overall Rate Impact: Filing Status Changed: 05/18/2017  
State Status Changed: 05/18/2017  
Deemer Date: Created By: Yaling Xie  
Submitted By: Yaling Xie Corresponding Filing Tracking Number:  
State TOI: LTC03I Individual Long Term Care

### Filing Description:

Attached is IBC's Long Term Care rate filing 2017

## Company and Contact

### Filing Contact Information

Jonathan Forster, jonathan.forster@ibx.com  
1901 Market St 215-241-3636 [Phone]  
39th Floor  
Philadelphia, PA 19103

### Filing Company Information

Independence Blue Cross CoCode: 54704 State of Domicile:  
1901 Market Street Group Code: 936 Pennsylvania  
Philadelphia, PA 19103 Group Name: Independence Blue Company Type: LAH  
(215) 241-2215 ext. [Phone] Cross State ID Number:  
FEIN Number: 23-0370270

## Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:

SERFF Tracking #:

INAC-131027495

State Tracking #:

INAC-131027495

Company Tracking #:

State:

Pennsylvania

Filing Company:

Independence Blue Cross

TOI/Sub-TOI:

LTC03I Individual Long Term Care/LTC03I.003 Other

Product Name:

IBC Long Term Care

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## Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Independence Blue Cross	42.300%	42.300%	\$1,137,614	1,648	\$3,824,452	100.500%	19.500%

**SERFF Tracking #:**

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**State Tracking #:**

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Pennsylvania

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## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Forms	5018, 5019, 5024, 5025, 5311, 5313	New		5018.pdf, 5019.pdf, 5024 pt 1.pdf, 5024 pt 2.pdf, 5025.pdf, 5311.pdf, 5313.pdf,

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
Telephone: (215) 563-5692

A non-profit corporation regulated by the Insurance Department of the Commonwealth of Pennsylvania.

**COMPREHENSIVE LONG TERM CARE INSURANCE POLICY**

Approved, Effective 5-31-95

for

JOHN A. DOE  
1234 Main Street  
Anytown, Anystate 99999

Pennsylvania Insurance Department

By Baslyn S. Rhodes

We at Independence Blue Cross, the Insurer, are pleased to issue this long term care insurance Policy to you, the Insured. This Policy provides coverage for Skilled, Intermediate, and Custodial Care services and is nonparticipating.

Caution: The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

Notice to Buyer: This Policy may not cover all of the costs associated with longterm care incurred by you during the period of coverage. You are advised to review carefully all Policy limitations.

**THIS POLICY IS GUARANTEED RENEWABLE**

We cannot cancel or refuse to renew this Policy until benefits have been exhausted, as long as you pay premiums on time. We can change the premiums, but only if we do so for all similar Policies issued in the State on the same Policy form as this Policy. We will notify you in writing at least 30 days in advance of any such premium change.

**30 DAY RIGHT TO EXAMINE YOUR POLICY**

You have 30 days from the day of delivery of this Policy to examine it. If you are not satisfied with this Policy for any reason, you have the right to return it to us at the above address within 30 days of receiving it. We will refund the full amount of any premium you have paid, and void the Policy from its start.

**THIS IS NOT A MEDICARE SUPPLEMENT POLICY.**

**IF YOU ARE ELIGIBLE FOR MEDICARE, PLEASE REVIEW THE BUYERS GUIDE FOR MEDICARE SUPPLEMENT INSURANCE THAT IS AVAILABLE FROM INDEPENDENCE BLUE CROSS.**

If you have any questions, please contact your sales representative or Independence Blue Cross at the above address.

Policy Form #: 5018 (R 2/95)

IMPORTANT NOTICE ABOUT THIS LONG TERM CARE POLICY

This is long term care insurance issued in accordance with the laws of Pennsylvania. This Policy may not cover all of the costs that you will incur for long term care during the period of coverage. Long term care costs vary and are expected to increase over time. We encourage you to periodically review your coverage in relation to the costs of long term care services in your community.

ATTEST:

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Patricia R. Hatler  
General Counsel and  
Corporate Secretary

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G. Fred DiBona, Jr., Esq.  
President and  
Chief Executive Officer

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SECTION 1

INDEPENDENCE BLUE CROSS  
COMPREHENSIVE LONG TERM CARE INSURANCE  
SCHEDULE OF BENEFITS

Policy Number:                      Effective Date: \_\_\_\_\_ :  
Name & Address of Insured:        Premium Amount: \_\_\_\_\_ :  
\_\_\_\_\_                              Payment Mode:    \_\_\_\_\_ :  
\_\_\_\_\_  
\_\_\_\_\_                              Birth Date: \_\_\_\_\_ :

**A.      Coverage & Benefits**

You will be paid actual charges up to the daily dollar amount shown below for the benefits under the Comprehensive Long Term Care Policy.

1. Nursing Home Care                \$ \_\_\_\_\_ per day

Community-Based Services

2. Home Health Care                \$ \_\_\_\_\_ per day

3. Adult Day Care                    \$ \_\_\_\_\_ per day

4. Respite Care  
- Institutional                        \$ \_\_\_\_\_ per day

- At Home                              \$ \_\_\_\_\_ per day

5. Personal Independence  
Fund                                    \$ 1500 \_\_\_\_\_

Your Lifetime Dollar Maximums for Nursing Home services and Community-Based services are shown below. The Lifetime Dollar Maximums are equal to the daily dollar amount selected above multiplied by the number of days of coverage you selected on your application which is identified in parentheses below.

Benefits

Lifetime Dollar Maximum

Nursing Home Lifetime  
Dollar Maximum:                      \$ \_\_\_\_\_ ( \_\_\_\_\_ days)

Community-Based Services  
Lifetime Dollar Maximum: \$ \_\_\_\_\_ ( \_\_\_\_\_ days)

Benefit Increase Rider: \_\_\_\_\_ yes \_\_\_\_\_ no

If yes: \_\_\_\_\_ 5% for 10 yrs\*;  
\_\_\_\_\_ 5% for 20 yrs\*;  
\_\_\_\_\_ 5% compounded increase  
over the length of the  
Policy.

\* These riders increase your Daily Dollar Benefit by 5% of the original amount each year for the number of years chosen. See the Outline of Coverage for a graph which illustrates the effects of these Riders.

**B. Deductible Period**

The number of days you must receive Covered Services before your Policy will pay benefits to you. Your Deductible Period can be satisfied by receiving any combination of Covered Services under this Policy. Your Deductible Period is for:

\_\_\_\_\_ 30 days \_\_\_\_\_ 90 days

**C. Waiver of Premium**

You will not be required to pay premiums after receiving 90 days of paid Nursing Home benefits, Home Health Care or Adult Day Care Benefits within a Benefit Period. This Waiver of Premium provision does not apply to Respite Care or the Personal Independence Fund benefits.

**D. Benefit Limits: Non-Renewable Lifetime Dollar Maximums**

The total of all benefits payable under this Policy will not exceed your Nursing Home Lifetime Dollar Maximum or your Community-Based Services Lifetime Dollar Maximum. Once you have received the lifetime maximums: (1) No further benefits are payable under this Policy; and (2) You are not eligible to renew or convert this Policy to another Policy underwritten by Independence Blue Cross.

**E. Effective Date**

This Schedule of Benefits is effective on the date shown above. This Schedule of Benefits supercedes any other Schedule of Benefits we may have provided you for this

Policy. Prior Schedules are terminated as of the Effective Date of this Schedule. This shall not interrupt the continuity of the Policy.

**SECTION 2: KEY POLICY PROVISIONS**

**THIS POLICY IS A CONTRACT BETWEEN US AND YOU  
THIS SECTION DESCRIBES THE DOCUMENTS THAT MAKE UP THE  
CONTRACT BETWEEN US AND YOU AND SOME OF THE MOST IMPORTANT  
RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.**

**A. Importance of Correct Information on the Application**

Caution: The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

**INDEPENDENCE BLUE CROSS**  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

**B. Entire Contract/Contract Changes**

This Policy, its riders if any, the attached Schedule of Benefits and the Application are the entire contract between us and you. No change in this Policy will be effective until it is approved by one of our officers. This approval must be noted on or attached to this Policy. No agent may change the Policy or waive any of its provisions. Any future rider or endorsement which modifies your coverage, must be signed by you to be effective, unless it increases your benefits without increasing

your premium or is required by law. Riders or endorsements must always be signed by us to become effective.

**C. Effective Date/Time Periods**

The coverage under this Policy begins on the Effective Date shown on Your Schedule of Benefits. All time periods begin and end at 12:01 A.M. your local time.

**D. Time Limit on Certain Defenses**

After three (3) years from the Effective Date of this Policy, only fraudulent misstatements on your application may be used to void this Policy, or to deny any claim that commenced after the expiration of such three year period.

**E. Misstatement of Age**

If you have misstated your age so that your premium was lower than what would have applied at your correct age, benefits will remain the same and the unpaid portion of the premium will be charged to you. Any such premiums due may be paid in one lump sum or deducted from continuing claim payments. Failure to pay this portion will result in the cancellation of your Policy. Further premiums will be charged based on your correct age at the Policy application date.

If you have misstated your age so that your premium was higher than would have been applied at your correct age, we will refund the difference.

If based on your correct age at the time of issue you would not have been eligible to purchase this Policy, we will rescind

the Policy and our liability to you will be limited to the amount of premiums paid.

**F. Other Long Term Care Insurance**

You can be covered under only one Long Term Care Policy and Rider(s) to that Policy with us. If you are covered under any other Long Term Care Policy issued by us, you must choose which Policy will be effective. We will void the other Policy and refund the premiums paid for any insurance which is not effective.

**G. Access to Medical Records**

You agree that when a claim is made under this Policy, you consent to give us the right to obtain from you or from any other source all medical records, copies of records, testimony, or other information needed by us to adjudicate and/or process the claim. You also agree to give subsequent consent to updated release of this information if required by us.

**H. Physical Examination**

We have the right to require a medical, functional disability, and/or cognitive status exam by medical and other health professionals deemed appropriate by us, at the time of application for this Policy, when a claim is made, and at reasonable intervals while you are claiming continued benefits. You will not have to pay for an exam if it is required.

**I. Alternative Benefits Provision**

If we decide, on a case-by-case basis, to make an exception

to some part of this Policy, it would not obligate us to do the same for everyone, nor would it affect our right to administer this Policy in strict accordance with its provisions.

**J. Recovery of Overpayments**

If an overpayment is made to you because of an error in claims processing, we will explain the error and you must return the overpayment amount to us at our request.

**K. Conformity With Other State Statutes**

If any provision of this Policy is in conflict with the applicable laws of the state in which you reside, the provision is amended to conform to the minimum requirements of such laws on the effective date of those laws.

**L. Subrogation**

In the event any payment is made to you under this Policy, we will be subrogated and will succeed to your rights of recovery against any person or organization, except against insurers on policies of insurance issued to and in your name. You will execute and deliver such instruments and take such action as we may reasonably require to secure such rights. You will not do anything to prejudice our subrogation rights. Our right of subrogation will be unenforceable where prohibited by law.

**M. Legal Actions**

You cannot sue for recovery under this Policy until you have exhausted your appeal rights under the Policy. You cannot institute a lawsuit against us after three (3) years from the

time a proof of claim is required to be furnished.

**N. Headings Not Controlling**

Headings used in this Policy are for reference purposes only and shall not change the substance of the provisions of this Policy.

**O. Disclosure**

The Insured hereby expressly acknowledges that this agreement constitutes a contract solely between the Insured and Independence Blue Cross, which is an independent corporation operating under license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans (the "Association") permitting Independence Blue Cross to use the Blue Cross Service Mark in southeastern Pennsylvania, and that Independence Blue Cross is not contracting as an agent of the Association. The Insured further acknowledges and agrees that this agreement was not entered into based upon representations by any person other than Independence Blue Cross and that no person, entity or organization other than Independence Blue Cross shall be accountable or liable to the Insured for any of Independence Blue Cross' obligations to the Insured created under this agreement. This paragraph shall not create any additional obligations whatsoever on the part of Independence Blue Cross other than those obligations created under other provisions of this agreement.

**SECTION 3: LIMITATIONS OR CONDITIONS ON ELIGIBILITY FOR BENEFITS**

**THIS SECTION DESCRIBES CONDITIONS THAT YOU MUST MEET IN ORDER TO BE ELIGIBLE TO RECEIVE PAID BENEFITS UNDER THE POLICY. IT EXPLAINS THE DEDUCTIBLE PERIOD, BENEFIT PERIOD AND BENEFIT APPROVAL PROCESS.**

In order to qualify for paid benefits under this Policy, you must:

- A. Meet the Deductible Period as described in this Policy;  
and,
- B. Receive Covered Services as described in this Policy;  
and,
- C. Complete the Benefit Approval Process.

**A. Deductible Period Before Paid Benefits Can Begin**

You must receive Covered Services for a certain number of days before we will begin to pay benefits under the Policy. This period of time is known as the Deductible Period, and it is shown on your schedule of benefits. We must have approved your eligibility for benefits in order for you to count those days of care toward the Deductible Period. (See Benefit Approval Process under Section 3: D.)

You may count any days on which you were eligible and during which you received Nursing Home Care, Home Health Care or Adult Day Care toward the Deductible Period.

**B. Benefit Period**

The benefit period is a period of time that begins when you start to receive paid benefits under the Policy and ends when you have not received Covered Services for one hundred eighty (180) consecutive days. Once a benefit period has ended, you must satisfy another Deductible Period in order to receive paid benefits again.

**C. Covered Services**

In order to qualify for paid benefits under this Policy, you must receive Covered Services as described in the following Sections:

Nursing Home Care:	Section 4
Home Health Care:	Section 5
Adult Day Care:	Section 6
Respite Care:	Section 7
Personal Independence Fund:	Section 8

**D. Benefit Approval Process**

**YOUR RESPONSIBILITIES:**

In order to qualify for paid benefits under this Policy, you must notify us prior to receiving Covered Services and complete the Benefit Approval Process which is described below under "Our Responsibilities".

**How To Contact Us:**

Your notice should be given to us in writing at the address we provide to you and should include the following: Your name,

address and telephone number, your Policy number and your intention to seek benefits under the Policy by filing a claim.

It is very important that you notify us prior to making your first claim for benefits. This is necessary so that we can determine when you have met your Deductible Period and when you will be eligible for Covered Services based on your Cognitive Impairment, or your need for assistance in performing the Activities of Daily Living.

**OUR RESPONSIBILITIES:**

We will carry out the following steps which make up the **Benefit Approval Process** in order to determine your need for Covered Services:

1. Determine your eligibility for Nursing Home services based on your inability to perform three out of the six Activities of Daily Living (ADL), or Cognitive Impairment as defined in this Policy.
2. Determine your eligibility for Home Health Care, Adult Day Care, Respite Care or the Personal Independence Fund based on your inability to perform two out of the six Activities of Daily Living (ADL) as defined in this Policy, due to physical conditions or Cognitive Impairment.
3. Approve the Covered Services for which benefits will be paid under the Policy.
4. Approve the provider(s) you have chosen. You may select the Nursing Home, Home Health Care Agency or the

provider of your choice as long as it meets the requirements in this Policy.

We will certify that the provider meets those requirements as part of determining your eligibility for benefits. We are not responsible for the conduct or misconduct of providers, their ability to deliver services, or any of their actions. You should let us know if and when you change from one provider to another.

**E. Description of Activities of Daily Living (ADL)**

A person will be considered unable to perform an Activity of Daily Living (ADL) if he or she requires hands-on services and/or continual supervision and direction from another person in order to carry out the activity.

We will use the following six Activities of Daily Living (ADL) to determine functional loss:

Eating

Eating is the process of getting food by any means - from the receptacle (plate, cup, glass, bottle, etc.) into the body. It is the process of consuming after food is placed in front of the individual. It includes bringing the food to the mouth, chewing, swallowing and manipulating food on plate.

Dressing

Dressing is the process of putting on, fastening, and taking off all items of clothing, braces, and artificial limbs worn daily by the individual. Dressing includes obtaining and replacing the items from their storage area in the immediate

environment. Clothing refers to the clothing usually worn daily by the individual. Individuals who wear pajamas or gown with robe and slippers as their usual attire are considered dressed.

### Bathing

Bathing is the process of washing the body or body parts, including getting the bathing water and/or equipment, whether using a shower, or tub, or basin. The place of bathing may be a bathroom or other room such as a bedroom.

### Transferring

Transferring is the process of moving from one sitting or lying position to another sitting or lying position (e.g., from bed to a chair, or from a wheelchair to a sofa), coming to a standing position and/or repositioning to prevent skin breakdown.

### Toileting

Toileting is the process of getting to and from the toilet room for elimination, transferring on and off the toilet, cleansing self after elimination, and adjusting clothes. A commode in any location may be considered the "toilet room," only if in addition to meeting the criteria for "toileting," the individual empties, cleanses, and replaces the receptacle without assistance from another person.

### Continence

Continence refers to the ability to control bowel or bladder function or to use a special device or appliance and to empty and clean it oneself.

**SECTION 4: DESCRIPTION OF NURSING HOME BENEFITS**

**THIS SECTION DESCRIBES THE COVERED NURSING HOME SERVICES, THE AMOUNT OF BENEFIT PAYMENTS AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

**A. Covered Services**

This Policy covers your confinement as an inpatient in a licensed Nursing Home as defined in this Policy. It will pay for Skilled Care, Intermediate Care or Custodial Care.

**B. Nursing Home**

A Nursing Home is a facility that must meet the following minimum requirements:

1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
2. Provides room and board for a charge to ill, disabled or infirm persons; and
3. Is primarily engaged in providing Skilled Care, Intermediate Care and/or Custodial Care which is supervised by one or more physicians; and
4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or a licensed vocational nurse; and
5. Maintains clinical records including medical documentations and control of medications; and

6. Meets required standards for administering medication;  
and
7. Is not, other than incidentally:
  - (a) an acute care general hospital; or
  - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
  - (c) a place that provides living arrangements for people not suffering from a specific physical illness or injury; or
  - (d) a place that provides retirement living.

C. Benefit Payment Amount

We will pay actual charges up to your maximum daily Nursing Home benefit as shown on your schedule of benefits. If the actual daily charge is less than the maximum daily Nursing Home benefit amount, the difference will remain as part of your Nursing Home Lifetime Dollar Maximum.

D. Conditions That Must Be Met To Receive Paid Benefits

1. The Policy must be in force, with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Nursing Home Lifetime Dollar Maximum shown on your schedule of benefits; and
4. You must have completed the required Deductible Period;

and

5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**SECTION 5: DESCRIPTION OF HOME HEALTH CARE BENEFITS**

**THIS SECTION DESCRIBES THE COVERED HOME HEALTH CARE SERVICES, THE AMOUNT OF BENEFIT PAYMENTS AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

**A. Covered Services**

This Policy covers Home Health Care services provided in your home or in another place where you reside, except in an Institutional Setting, by the following personnel of a Home Health Care Agency as defined in this Policy:

1. Registered Nurse, Licensed Practical Nurse or licensed vocational nurse;
2. Therapists including licensed physical, occupational, respiratory, speech or audiologist, and nutritionist; and,
3. Home Health Aide and Homemakers

We will pay Home Health Care benefits for a maximum of seven (7) days per week, but not for both Home Health Care and Adult Day Care on a single day. We will not pay for Home Health Care on a day in which you received payment for Nursing Home care under this Policy.

**B. Home Health Care Agency**

Home Health Care Agency is an organization or part thereof, that meets the following minimum requirements:

1. Is licensed as a Home Health Care Agency by the Commonwealth of Pennsylvania or the state in which the agency operates; and
2. Is primarily engaged in providing Home Health Care Services; and
3. The supervision of Home Health Care services is provided by a physician or Registered Nurse.

**C. Benefit Payments**

We will pay actual charges up to your maximum daily Home Health Care Benefit as shown on your schedule of benefits. If the actual daily charge is less than the maximum daily Home Health Care benefit amount, the difference will remain as part of your Community-Based Lifetime Dollar Maximum.

**D. Conditions That Must Be Met to Receive Paid Benefits:**

1. The Policy must be in force with all premiums paid or due; and
2. You must receive Covered Services under The Policy; and
3. You must not have reached the Community-Based Lifetime Dollar Maximum shown on your schedule of benefits; and
4. You must have completed the required Deductible Period; and
5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**SECTION 6: DESCRIPTION OF ADULT DAY CARE BENEFITS**

**THIS SECTION DESCRIBES THE COVERED ADULT DAY CARE SERVICES, THE AMOUNT OF BENEFIT PAYMENTS, AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

**A. Covered Services**

This Policy covers services in an Adult Day Care Facility as defined in this Policy. Covered services include, but are not limited to, the following:

1. Assistance with Activities of Daily Living and personal hygiene;
2. A planned program of social, nutritional, health, educational, and developmental activities suited to the needs and abilities of participants;
3. At least one complete meal per day, including physician ordered special diets, and nutritional snacks as appropriate;
4. Health monitoring and information;
5. Supervision and/or administration of medications;
6. Referral to and arrangements for specialized health, therapeutic, rehabilitation and social services.

We will pay Adult Day Care Facility benefits for a maximum of seven (7) days per week, but not for both Home Health Care and

an Adult Day Care Facility on a single day. We will not pay for Adult Day Care on a day in which you received payment for Nursing Home care under this Policy.

**B. Adult Day Care Facility**

Adult Day Care Facility is an organization that meets the following minimum requirements:

1. Is licensed by the Commonwealth of Pennsylvania or the state in which it operates; and,
2. Provides a program of restorative and maintenance services within a protective non-residential setting, for part of a 24-hour day, to adults who are not capable of full-time independent living; and,
3. Provides services and activities including assistance in the performance of the Activities of Daily Living and personal hygiene; and a planned program of social, nutritional, health, educational and developmental activities designed to meet the needs of participants.

**C. Benefit Payments**

We will pay actual charges up to your maximum daily Adult Day Care benefit as shown on your schedule of benefits. If the actual daily charge is less than the maximum daily Adult Day Care benefit amount, the difference will remain as part of your Community-Based Lifetime Dollar Maximum.

**D. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Community-Based Lifetime Dollar Maximum shown on your schedule of benefits; and
4. You must have completed the required Deductible Period; and
5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**SECTION 7: DESCRIPTION OF RESPITE CARE BENEFITS**

**THIS SECTION DESCRIBES THE COVERED RESPITE CARE SERVICES, THE AMOUNT OF BENEFIT PAYMENTS, AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

**A. Covered Services**

This Policy covers up to 24-hours a day of Respite Care in your home by a Home Health Care Agency, as defined in this Policy, or in an established Respite Care program operated by a Nursing Home or other facility. It will pay for no more than five (5) days of Respite Care in any six (6) month period.

The purpose of Respite Care is to provide temporary relief for a primary unpaid caregiver who is providing care in your home and assisting you in the performance of Activities of Daily Living, and without whose assistance you could not perform those activities.

**B. Benefit Payments**

We will pay actual charges up to the maximum daily amount as shown on your schedule of benefits.

We will pay up to the maximum daily Nursing Home benefit for an inpatient Respite Care stay in an approved Respite Care program. We will pay up to the maximum daily Home Health Care Benefit for Respite Care services received in the home.

If the actual daily charge is less than the maximum daily benefit amount, the difference will remain as part of your

Lifetime Dollar Maximum. An inpatient Respite Care stay will be charged against your Nursing Home Lifetime Dollar Maximum; Respite Care provided in the home will be charged against your Community-Based Lifetime Dollar Maximum.

C. Conditions That Must Be Met To Receive Paid Benefits

1. The Policy must be in force with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the applicable Lifetime Dollar Maximum shown on your schedule of benefits; and
4. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**NOTE:** You do not have to complete a Deductible Period in order to receive Respite Care benefits.

**SECTION 8: DESCRIPTION OF THE PERSONAL INDEPENDENCE FUND BENEFITS**

**THIS SECTION DESCRIBES THE PERSONAL INDEPENDENCE FUND COVERAGE, THE AMOUNT OF BENEFIT PAYMENTS, AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

**A. Covered Services**

The Policy will pay up to \$1500 to reimburse you for expenses which will reduce dependency and prevent you from requiring a more intensive and expensive level of care. You may use the Personal Independence Fund exclusive of or in combination with other Covered Services under the Policy. These expenses must be part of a Plan of Care approved by us and agreed to by the insured. Examples of such expenses include grab bars, non-skid surfaces in a bathroom, or adding a ramp for wheelchair accessibility.

**B. Benefit Payments**

We will pay for benefits that we have approved in an amount not to exceed the Personal Independence Fund maximum of \$1500.

**C. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Personal Independence

Fund maximum or your Community-Based Services Lifetime Dollar Maximum shown on your schedule of benefits .

4. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**NOTE:** You do not have to complete a Deductible Period to receive benefits under the Personal Independence Fund.

SECTION 9: GENERAL EXCLUSIONS AND LIMITATIONS

A. We will not approve or cover services:

1. Rendered outside of the United States and its territories; or
2. Provided in a Hospital or psychiatric care facility; or
3. For the treatment of Mental and Nervous Disorders as defined in this Policy, except that this exclusion does not apply to the following: Primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain; or
4. For the evaluation or treatment of alcoholism and drug addiction; or
5. For illness, treatment or medical conditions arising out of:
  - War or act of War (whether declared or undeclared);
  - Participation in a felony, riot or insurrection;
  - Service in the armed forces or units auxiliary thereto;
  - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
  - Aviation (this applies only to nonfare-paying passengers).
6. Treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program, other than

Medicaid, any state or federal workers' compensation, employer's liability or occupational disease law, a motor vehicle no-fault law; or

7. For which services are provided by an Immediate Family Member as defined in this Policy; and services for which no charge is made in the absence of insurance; or

8. Not precertified by us.

9. Not specifically stated as covered in this Policy.

SECTION 10: GRIEVANCE POLICY

If you believe a decision we have made regarding your Policy is incorrect, you may ask us to reconsider it by sending to us a written request within 60 days of the date of the decision. We will review any additional information provided by you, your doctor, the provider of services and other sources. If we change our decision, we will inform you in writing within 60 days and pay any benefits due as a result.

If we maintain our decision, we will inform you in writing and you may appeal again to us in writing within 60 days of such notice. We will take your appeal to a panel of impartial qualified professionals who are knowledgeable about insurance and long term care. We will notify you in writing of the decision within 60 days.

**SECTION 11:      CLAIMS INFORMATION**

**THIS SECTION EXPLAINS WHAT YOU HAVE TO DO TO FILE A CLAIM FOR BENEFIT PAYMENTS, HOW WE PROCESS A CLAIM, AND OTHER RIGHTS AND RESPONSIBILITIES UNDER THE POLICY.**

**A.   Advance Notice of Your First Claim**

You must notify us in writing when you have a claim for benefits. Please refer to Section 3: "Requirements to Qualify for Paid Benefits" for the type of information we will need in order to process your claim.

When we receive your notice, we will (1) complete the Benefit Approval Process (2) notify you if you are eligible for payments and (3) send claim forms to you for filing proof of loss.

If you are eligible, payments for Covered Services can be made for services you received on or after the date you notified us and for up to 60 days prior to that date.

**B.   Filing Continuing Claims After Your First Claim**

A written proof of loss should be given to us within 90 days after the end of each month for which benefits are to be paid. We will give you claim forms to provide this proof of loss. If you do not have claim forms, the requirement for proof can be met by giving us a written statement including the following: Your name, address, Policy number, the kind of care or services you are receiving, name and address of the provider, a copy of the bill for the services, and the time periods for

which you are claiming benefits.

We may reduce or deny a claim if proof of loss is not provided to us within 12 months from the date of loss. If you are legally incapacitated, someone legally authorized to act on your behalf must file the proof of loss within the 12 month period.

**C. Payment of Claims**

We will evaluate your claim based on the provisions of the Policy, including the Benefit Approval Process, and the information provided by you, the provider of service and other sources.

We will inform you in writing if you are not eligible for benefits or if your claim is denied for any reason.

If you are eligible for payments, we will pay benefits to you or to a person legally authorized to act on your behalf. Any outstanding claim at your death will be paid to your estate.

SECTION 12: PREMIUM PAYMENT INFORMATION

THIS SECTION EXPLAINS THE REQUIREMENTS FOR PREMIUM PAYMENT, WHAT HAPPENS IF PREMIUMS ARE NOT PAID ON TIME, AND THE WAIVER OF PREMIUM PROVISIONS.

A. Premium Payment

This Policy will be kept in force by the payment of the correct premium on or before the due date as shown on your bill. Premiums are payable to us.

Notice of Change - By giving written notice to you at least 30 days before a change is effective, we may change the renewal premium for coverage under this Policy.

Cancellation by You - You may cancel the Policy at any time by giving us written notice. Pre-paid unearned premiums will be returned on the first of the month following the month in which we receive your notice of cancellation.

Cancellation by Us - If you do not pay the premium, in full, on or before the due date, we will grant you a 30 day Grace Period. If the full premium is not paid before the end of the Grace Period, we will send a Notice of Cancellation to you and to the Third Party you have chosen. The Cancellation will occur 30 days after receipt of the Notice, (this 30 day period is called the Notice Period). The Notice shall be deemed received 5 days after the date it is mailed. If you or the Third Party you designate pay your premium before the end of the Notice Period, your Policy will not be cancelled. If the premium is not paid, the Policy will be cancelled retroactive to the last date for

which the premium was paid in full.

No claims will be paid for any period during which premiums have not been paid in full, except as provided for in this Section, under Paragraph B Extension of Benefits. Any partial payment of premium will be refunded to you.

Reinstatement for Cognitive Impairment or Loss of Functional Capacity: If this Policy is cancelled before your benefits have been exhausted, we will provide reinstatement of coverage if we receive the following within 6 months after the last date for which the premium was paid in full:

- 1) proof that you were Cognitively Impaired or that you suffered a Loss of Functional Capacity at the time this Policy was cancelled; and
- 2) an assessment by us confirming that you were Cognitively Impaired (including, but not limited to Alzheimer's Disease), or that you suffered a Loss of Functional Capacity; and
- 3) payment of all past-due premiums for the Policy and all Riders that were in force immediately prior to the last due date.

This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation. If you became eligible for benefits during the reinstatement period, these benefits will be payable; subject to any applicable Deductible Period, your Lifetime Dollar Maximum, and all other provisions of this Policy and its Riders. This information can be submitted by you or by your Third Party.

**B. Extension of Benefits**

If your Policy terminates while you are receiving Nursing Home benefits, we will continue to pay for your Nursing Home stay provided that you meet all of the following:

- 1) You satisfy your Deductible Period; and
- 2) You meet the benefit eligibility criteria of the Policy; and
- 3) You have not exhausted your Lifetime Maximum.

Payment for Nursing Home benefits under the Extension of Benefits provision will end:

- 1) The day that your institutionalization in a Nursing Home ends; or
- 2) When you exhaust your Lifetime Maximum benefits.

An Extension of Benefits occurs after your Policy is terminated. This does not prevent the termination of your Policy. If your Policy terminates and you receive an Extension of Benefits, you can still seek Reinstatement of your coverage if you act within the time period set for in this Policy. See Paragraph A (above) for details.

### **C. Waiver of Premium**

If your premiums are paid up to date and you have received 90 days of any combination of paid Nursing Home, Home Health Care, or Adult Day Care benefits within a 180 day time period, your future premiums will be waived. This premium waiver will begin on the 91st day of paid benefits and will end when:

1. Your confinement in a Nursing Home ends; or
2. Your Home Health Care or Adult Day Care benefits end; or
3. You exhaust your Lifetime Dollar Maximum, whichever comes first.

If your confinement in a Nursing Home ends first, or you no longer require Home Health Care or Adult Day Care benefits, your Policy will remain in force if you continue to pay your premium when due.

A waiver of premiums will not occur if you are receiving paid benefits under the Extension of Benefits provisions.

**D. Exhaustion of Your Lifetime Maximum**

When your Lifetime Dollar Maximum is exhausted, this Policy will terminate. No further benefits will be payable to you and you do not have to pay any more premiums if this occurs. We will refund any premiums paid by you after your Lifetime Dollar Maximum is exhausted.

SECTION 13: DEFINITIONS OF IMPORTANT TERMS

- A. Adult Day Care - Means a program for six or more individuals of social and health-related services provided during the day in a community group setting for the purpose of supporting frail, impaired elderly or other adults with a disability who can benefit from care in a group setting outside the home.
- B. Adult Day Care Facility - Means an organization that meets the following minimum requirements:
1. Is licensed by the Commonwealth of Pennsylvania or the state in which it operates; and
  2. Provides an Adult Day Care program within a protective non-residential setting, for part of a 24-hour day and
  3. Provides services and activities including assistance in the performance of the Activities of Daily Living and personal hygiene; and a planned program of social, nutritional, health, educational and developmental activities designed to meet the needs of participants.
- C. Activities of Daily Living - Means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: eating, bathing, dressing, transferring, toileting and continence.
- D. Benefit Approval Process - Means the process used to determine your eligibility, approve the services and accept the provider, before you may count these services toward the Deductible Period and before benefits are paid.
- E. Cognitive Impairment - Means the deterioration in or loss of your intellectual capacity which requires continual supervision to protect you or others. We will measure Cognitive Impairment by standardized tests and clinical evidence and will base it upon your impairment as indicated by loss in the following areas:
1. Your deductive or abstract reasoning; or
  2. Your short or long term memory; or
  3. Your recognition of yourself, where you are, time of

day, month or year.

- F. **Covered Services** - Means services for which we will pay benefits under this Policy.
- G. **Custodial Care** - Means care which meets all of the following requirements:
1. Is primarily designed to assist you in the Activities of Daily Living; and
  2. Can be provided by a person who does not require professional training or skills.
- H. **Deductible Period** - Means the number of days of care which must be paid by you or another party before we will begin to make payments under this Policy.
- I. **Effective Date** - Means the date your Policy begins as shown on our records and the schedule of benefits. We will issue this date only after we have received initial premium, accepted your completed application, and approved you for coverage.
- J. **Home Health Care Agency** - Means an organization or part thereof, that meets the following minimum requirements:
1. Is licensed as a Home Health Care Agency by the Commonwealth of Pennsylvania or the state in which the agency operates; and
  2. Is primarily engaged in providing Home Health Care services; and
  3. The supervision of Home Health Care services is provided by a physician or Registered Nurse.
- K. **Home Health Aide** - Means a person who is employed by a Home Health Care Agency and whose routine functions include assisting with personal care services, performing household tasks in direct connection to a patient's health care needs, as well as the recording and reporting of the patient's condition. If state or local

licensing/certification exists, the person must be licensed/certified as a Home Health Aide where the service is performed. A Home Health Aide may not include you, your spouse, or any Immediate Family Member.

- L. **Home Health Care Services** - Means medical and non-medical services provided to ill, disabled or infirm persons in their residences, except in an institutional setting. These services include those of a Registered Nurse, Licensed Practical Nurse, licensed vocational nurse, Therapist, Home Health Aide, and/or a Homemaker.
  
- M. **Hospital** - Means an organization licensed as a Hospital, or approved for operation by the applicable State Agency in which it is located and approved by the Joint Commission on Accreditation of Hospitals, or by the American Osteopathic Hospital Association.
  
- Q. **Immediate Family Member** - Means your spouse, parent, child, sister, brother, grandparents, mother-in-law or step-mother, father-in-law or step-father, step-child, son-in-law, daughter-in-law, sister-in-law, brother-in-law, or any individual who ordinarily resides in your household.
  
- O. **Insured** - Means the person ("you," "your") who has signed the Policy application, has been accepted for coverage by us and for whom the proper premium is currently being paid.
  
- P. **Insurer** - Means Independence Blue Cross, we, us.
  
- Q. **Institutional Setting** - Means a Hospital, Nursing Home, hospice, rehabilitation center or similar establishment or institution. Such an establishment cannot be considered your home for the purpose of receiving Home Health Care benefits.
  
- R. **Intermediate Care** - Means care which meets all of the following requirements:
  - 1. Is primarily designed to provide intermittent professional nursing care; and
  - 2. Is performed by a Registered Nurse (RN), a Licensed Practical Nurse (LPN), or a licensed vocational nurse (LVN); and
  - 3. Is provided under the orders of a licensed physician.

- S. **Licensed Practical Nurse** - Means a professional nurse who, where licensing is required, holds a valid license as a Licensed Practical Nurse (LPN) from the state in which the nursing service is performed. The Licensed Practical Nurse may not include you, your spouse, or any Immediate Family Member. The term Licensed Practical Nurse (LPN) shall include a licensed vocational nurse (LVN) and any other similarly designated nurse in those states in which a professional nurse is designated as other than an LPN and for whom licensing is required.
- T. **Medicare** - Means the program under the Health Insurance for the Aged Act -- Title XVIII of the Social Security Amendments of 1965, or Health Insurance for the Aged Act (42 U.S.C.A. §§ 1395-1395ccc).
- U. **Mental and Nervous Disorders** - Means and includes neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder.
- V. **Nursing Home** - Means a facility that must meet the following minimum requirements:
1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
  2. Provides room and board for a charge to ill, disabled or infirm persons; and
  3. Is primarily engaged in providing Skilled Care, Intermediate Care and/or Custodial Care which is supervised by one or more licensed physicians or Registered Nurses; and
  4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or licensed vocational nurse; and
  5. Maintains clinical records including medical documentations and control of medications; and
  6. Meets required standards for administering medication; and
  7. Is not, other than incidentally:
    - (a) an acute care general hospital; or
    - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
    - (c) a place that provides living arrangements for

- people not suffering from a specific physical illness or injury; or  
(d) a place that provides retirement living.

- W. **Policy** - Means this contract, application and any attached riders or endorsements.
- X. **Registered Nurse** - Means a professional nurse legally entitled to the designation of "RN" who, where licensing is required, holds a valid license as an RN from the state in which the nursing service is performed. Registered Nurse may not include you or any Immediate Family Member.
- Y. **Respite Care** - Means care that is provided for the temporary relief of a primary caregiver providing care for you in the home and assisting you in the performance of Activities of Daily Living, and without whose assistance you could not perform those activities.
- Z. **Skilled Care** - Means care which meets all of the following requirements:
1. Is designed to provide 24-hour professional nursing care; and
  2. Is performed by trained health professionals such as a Registered Nurse or Therapist; and
  3. Is performed under the orders of a licensed physician.
- AA. **Therapist** - Means a physical therapist, occupational therapist, respiratory therapist, speech pathologist or audiologist, or nutritionist who is licensed in the state where the services are performed. Therapist may not include you, your spouse, an Immediate Family Member, or someone who ordinarily resides in your home.

INDEPENDENCE BLUE CROSS  
ANNUAL BENEFIT INCREASE OPTIONS  
RIDER TO  
COMPREHENSIVE LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the **Independence Blue Cross Comprehensive Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

**ANNUAL BENEFIT INCREASE OPTIONS**

A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home, Home Health Care, Adult Day Care, and Respite Care benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit. The Personal Independence Fund maximum benefit will remain the same.

B. Annual Benefit Increase Options

Your daily dollar amounts will increase by 5% of the original daily dollar benefit for 10 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

Policy Form # 5018 (ABI -- 10)

Approved, Effective 5-31-95

Pennsylvania Insurance Department

By Boslyn S. Rhodes

INDEPENDENCE BLUE CROSS

ANNUAL BENEFIT INCREASE OPTIONS  
RIDER TO  
COMPREHENSIVE LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the Independence Blue Cross Comprehensive Long Term Care Insurance Policy.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

ANNUAL BENEFIT INCREASE OPTIONS

A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home, Home Health Care, Adult Day Care, and Respite Care benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit. The Personal Independence Fund maximum benefit will remain the same.

B. Annual Benefit Increase Options

Your daily dollar amounts will increase by 5% of the original daily dollar benefit for 20 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

Policy Form # 5018 (ABI -- 20)

Approved, Effective 5-31-95

Pennsylvania Insurance Department

By Boslyn S. Rhodes

INDEPENDENCE BLUE CROSS  
ANNUAL BENEFIT INCREASE OPTIONS  
RIDER TO  
COMPREHENSIVE LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the **Independence Blue Cross Comprehensive Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

ANNUAL BENEFIT INCREASE OPTIONS

A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home, Home Health Care, Adult Day Care, and Respite Care benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit. The Personal Independence Fund maximum benefit will remain the same.

B. Annual Benefit Increase Options

Your daily dollar amounts will experience a 5% compounded increase in the daily dollar benefit for the length of the Policy.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

Policy Form # 5018 (ABI -- Comp)

Approved, Effective 5-31-95

Pennsylvania Insurance Department

By Reilyn S. Rhodes

INDEPENDENCE BLUE CROSS  
1901 MARKET STREET  
PHILADELPHIA, PENNSYLVANIA 19103-1480  
215-241-2400

Approved, Effective 5-31-95

Pennsylvania Insurance Department

By Baslyn S. Rhodes

**COMPREHENSIVE LONG TERM CARE INSURANCE POLICY**

**OUTLINE OF COVERAGE**

(for Policy Number 5018 (R -- 2/95))

Caution: The issuance of this Comprehensive Long Term Care Insurance Policy is based on your responses to the questions on your application. A copy of your application is enclosed. If your answers are incorrect or untrue, Independence Blue Cross (IBC) has the right to deny benefits or rescind your Policy. The best time to clear up any questions is now before a claim arises! If for any reason, any of your answers are incorrect, contact IBC at the above address.

*Notice to Buyer: This Policy may not cover all of the costs associated with longterm care incurred by you during the period of coverage. You are advised to review carefully all Policy limitations.*

1. This Policy is an individual Policy of IBC which was issued in the Commonwealth of Pennsylvania.
2. PURPOSE OF OUTLINE OF COVERAGE: This outline of coverage provides a very brief description of the important features of the Policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual Policy contains governing contractual provisions. This means that the Policy sets forth in detail the rights and obligations of both you and IBC. Therefore, if you purchase this coverage or any other coverage, it is important that you READ YOUR POLICY CAREFULLY!
3. TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE OR DISCONTINUED.
  - A. RENEWABILITY: THIS POLICY IS GUARANTEED RENEWABLE. This means you have the right, subject to the terms of your Policy, to continue this Policy as long as you pay your premiums on time. IBC cannot change any of the terms of your Policy on its own, except to increase your benefits at no additional cost or to comply with State law. IBC MAY INCREASE THE PREMIUMS YOU PAY.

- B. The Policy provides for the waiver of premium payment after any combination of 90 days of paid Nursing Home care, Home Health Care or Adult Day Care within a Benefit Period.
- C. IBC can change your premium, but only if we do so for all Policies like yours on a class basis, or if you elect to add benefits or riders to this Policy. Any premium change will be based upon your age at the time of issue.

4. TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED.

If you are not satisfied with the Policy, you may return it within 30 days from the day of delivery for a full refund of any premium paid. This Policy provides for refunding premiums if you surrender this Policy, but not upon your death.

5. THIS IS NOT A MEDICARE SUPPLEMENT COVERAGE. If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from IBC.

- A. Neither IBC nor its sales representative represents Medicare, the federal government or any state government.

6. LONG TERM CARE COVERAGE. Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a Nursing Home, in the community, or in the home.

This Policy pays actual charges for covered long term care expenses, up to the daily dollar amounts you select, subject to Policy limitations and requirements.

7. BENEFITS PROVIDED IN THIS POLICY.

A. Policy Coverage: This Policy provides coverage for Nursing Home care, and Community-Based Services, including Home Health Care, Adult Day Care, and Respite Care. In addition, the Policy includes a Personal Independence Fund with a fixed lifetime dollar amount to help maintain your independence in your home. This Policy also includes an annual benefit increase option that, if purchased, will increase the daily dollar amount selected by you.

B. Deductible Period: This is the period of time you must

receive Covered Services before IBC will begin to pay benefits to you. You may select either a 30-day or 90-day Deductible Period. You can count any days on which you were eligible and during which you received Nursing Home care, Home Health Care or Adult Day Care toward the Deductible Period. A Deductible does not have to be satisfied in order to receive Respite Care or services under the Personal Independence Fund.

C. Waiting Period: Other than the Deductible Period noted above, there is no other waiting period or preexisting condition period that must be satisfied in order to receive benefits under the Policy.

D. Institutional Benefits: IBC will pay for Skilled, Intermediate, and Custodial Care in a Nursing Home as defined in the Policy. We will pay for Nursing Home care based on the daily dollar amount that you select below, ranging in \$10 increments from:

\$60 to \$200 per day.

IBC will pay the lessor of actual charges or the daily amount selected by you.

E. Community-Based Service Benefits: Home Health Care services include Skilled and Custodial Care. We will pay actual charges up to half of your Nursing Home daily dollar amount for the services of a Registered Nurse, Licensed Practical Nurse, licensed vocational nurse, Therapist, Nutritionist, Home Health Aide, and/or Homemaker.

Adult Day Care: The Policy will pay for services in a licensed Adult Day Care Facility. IBC will pay actual charges up to half of your Nursing Home daily dollar amount. IBC will not pay for Adult Day Care and Home Health Care on a single day.

Respite Care: IBC will cover up to 24 hours a day of Respite Care in your home by a Home Health Care Agency, or in an established Respite Care program operated by a Nursing Home or other facility. IBC will pay actual charges up to half of your Nursing Home daily dollar amount when Respite Care is received in your home. IBC will pay actual charges up to the maximum daily Nursing Home dollar amount when Respite Care is received in an institution. This benefit is available for up to five days in each six month period. The purpose of Respite Care is to provide relief for a primary unpaid caregiver who is providing care in your home.

Personal Independence Fund: The Policy will pay up to the specified maximum you selected for expenses which will reduce dependency and prevent you from requiring a more intensive and expensive level of care. No Deductible Period

has to be satisfied in order to receive this service. This service may be used exclusive of, or in combination with, other Covered Services under this Policy.

F. Lifetime Dollar Maximums: Covered Services under this Policy are subject to a Nursing Home Lifetime Dollar Maximum benefit amount and a Lifetime Dollar Maximum benefit amount for Community-Based Services. The Lifetime Dollar Maximum benefit amounts are selected by you and represent the total dollar amount of insurance benefits that are payable under the Policy. You select these amounts by first selecting the number of days you will be able to receive Covered Services under the Policy from the options below:

For Nursing Home care:

730 days; (2 years)	1,460 days; (4 years)	or 2,190 days (6 years)
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For Community-Based services:

365 days; (1 year)	730 days; (2 years)	or 1,095 days (3 years)
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The number of days you select as your benefit maximums are then converted to your Lifetime Dollar Maximums by multiplying the number of days by the daily dollar amount you selected in Section D. above. This determines your actual Policy limits, or Lifetime Dollar Maximums for Nursing Home Care and Community-Based Services.

G. How to Receive Benefits Under the Policy: In order to receive benefits under this Policy, the following must occur:

- 1) You must satisfy the Deductible Period you have chosen;
- 2) Services must be covered under the Policy; and,
- 3) You must complete the Benefit Approval Process by contacting IBC prior to receiving care in order to allow us to determine your eligibility for services. A determination will be made based on:

For Nursing Home Benefits -- your inability to perform three out of six Activities of Daily Living (ADL) due to physical conditions and/or cognitive impairment.

For Home Health Care, Adult Day Care, Respite Care and the Personal Independence Fund benefits -- your inability to perform two out of six Activities of Daily Living (ADL) due to physical conditions and/or cognitive impairment.

8. LIMITATIONS AND EXCLUSIONS

- A. We will not approve or cover services which are provided by an Immediate Family Member as defined in the Policy; and services for which no charge is made in the absence of insurance. All persons, organizations, and facilities which provide care must be licensed as specified in the Policy and must be approved by us.
- B. We will not approve or cover services:
1. Rendered outside of the United States and its territories; or
  2. Provided in a Hospital or psychiatric care facility; or
  3. For the treatment of Mental and Nervous Disorders as defined in this Policy, except that this exclusion does not apply to the following: Primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain; or
  4. For the evaluation or treatment of alcoholism and drug addiction; or
  5. For illness, treatment or medical conditions arising out of:
    - War or act of War (whether declared or undeclared);
    - Participation in a felony, riot or insurrection;
    - Service in the armed forces or units auxiliary thereto;
    - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
    - Aviation (this applies only to nonfare-paying passengers).
  6. Treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program other than Medicare or Medicaid; any state or federal workers' compensation, employer's liability or occupational disease law; a motor vehicle no-fault law; or

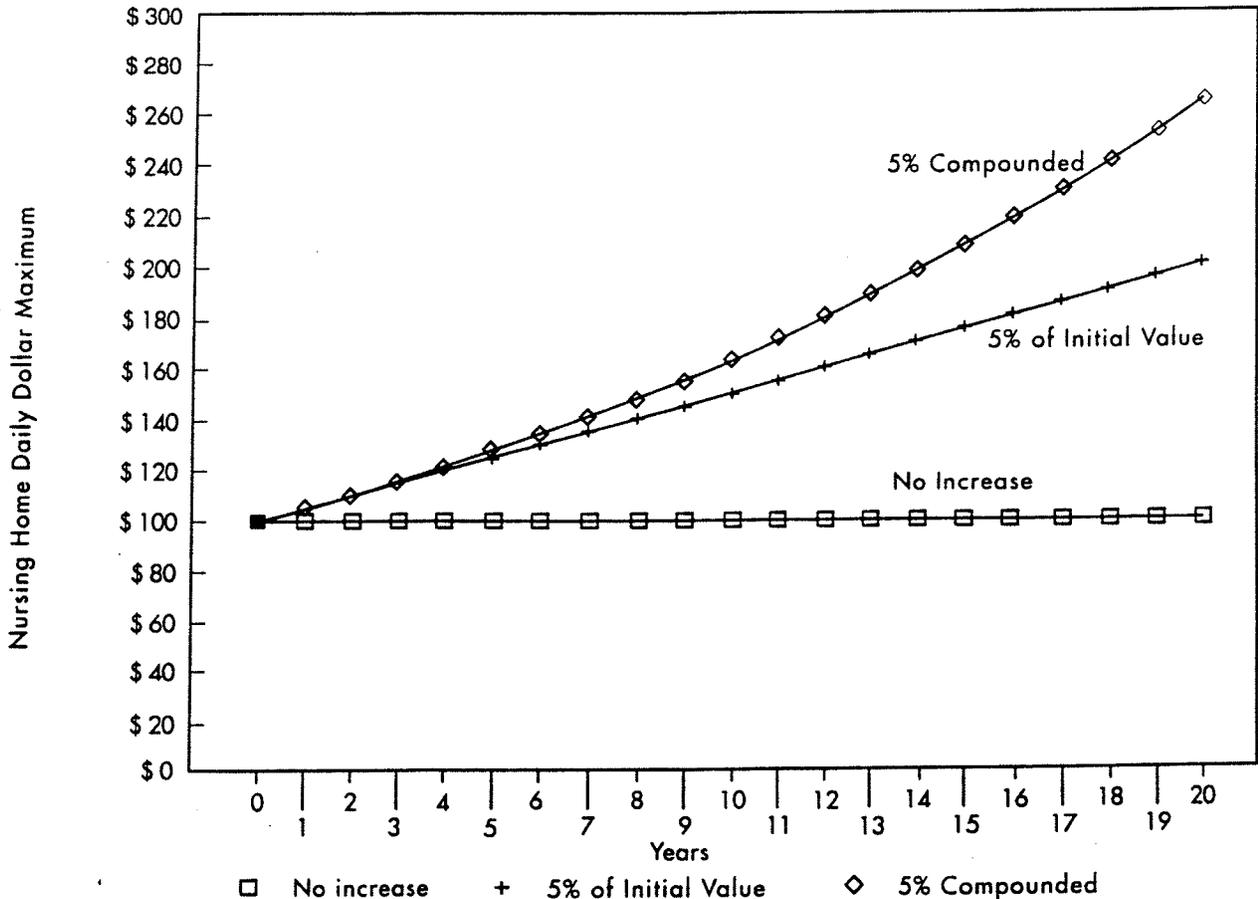
THE POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG TERM CARE NEEDS.

9. RELATIONSHIP OF COST OF CARE AND BENEFITS. Because the cost of long term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted.

A. IBC's Comprehensive Long Term Care Policy offers three Annual Benefit Increase Options that will increase your Nursing Home, Home Health Care, Adult Day Care and Respite Care daily benefits. One option provides a 5% compounded increase in the daily dollar amount over the length of the Policy. The other Options increase your original Nursing Home daily benefits by 5% each year for 10 or 20 years, depending upon which option you select. The unused portion of the Lifetime Dollar Maximum will increase as well.

The Chart below shows how a policy with a \$100 daily maximum increases over 20 years with the above benefit increase options compared to the same type of policy without the benefit increase options.

**\$100 Per Day Nursing Home Benefit With and Without Benefit Increase Options**



- B. You may request changes to any of the Benefit levels you selected for this Policy after the initial purchase. You may select any of the Benefit options we offer at the time you apply for a change.
- C. You will be subject to another health screening before we approve your application to increase benefits. If approved, your premiums will increase by the amounts we normally charge at the time the changes you select and are approved. However, we will use your original issue age to determine your premium increase.
- D. There are no other methods by which your benefits will increase other than the Annual Benefit Increase Option or applying to change your benefits.

10. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS.

The Policy covers loss due to primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain.

11. PREMIUM

The Policy premium is based on your age and benefit selection at the time of policy purchase. Your premium will not increase unless it increases for an entire class of people. If you choose one of the Annual Benefit Increase Options, your initial premium will start off higher. It will remain the same over the life of your Policy, unless there is an increase in premium for an entire class of people.

COVERAGE	ANNUAL PREMIUM
_____ Comprehensive Policy	\$ _____
_____ Comprehensive Policy with Annual Benefit Increase Option	\$ _____

The Policy will be issued or delivered based on the information provided on the application completed by you.

12. ADDITIONAL FEATURES.

Medical underwriting will be used to determine your eligibility for this long term care Policy.

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
Telephone: (215) 563-5692

A non-profit corporation regulated by the Insurance Department of the Commonwealth of Pennsylvania.

**NURSING HOME LONG TERM CARE INSURANCE POLICY**

Approved, Effective 5-31-95

for

JOHN A. DOE  
1234 Main Street  
Anytown, Anystate 99999

Pennsylvania Insurance Department

By Dorlyn J. Rhodes

We at Independence Blue Cross, the Insurer, are pleased to issue this long term care insurance Policy to you, the Insured. This Policy provides coverage for Skilled, Intermediate, and Custodial Care services and is nonparticipating.

Caution: The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

Notice to Buyer: This Policy may not cover all of the costs associated with longterm care incurred by you during the period of coverage. You are advised to review carefully all Policy limitations.

**THIS POLICY IS GUARANTEED RENEWABLE**

We cannot cancel or refuse to renew this Policy until benefits have been exhausted, as long as you pay premiums on time. We can change the premiums, but only if we do so for all similar Policies issued in the State on the same Policy form as this Policy. We will notify you in writing at least 30 days in advance of any such premium change.

**30 DAY RIGHT TO EXAMINE YOUR POLICY**

You have 30 days from the day of delivery of this Policy to examine it. If you are not satisfied with this Policy for any reason, you have the right to return it to us at the above address within 30 days of receiving it. We will refund the full amount of any premium you have paid, and void the Policy from its start.

**THIS IS NOT A MEDICARE SUPPLEMENT POLICY.**

**IF YOU ARE ELIGIBLE FOR MEDICARE, PLEASE REVIEW THE BUYERS GUIDE FOR MEDICARE SUPPLEMENT INSURANCE THAT IS AVAILABLE FROM INDEPENDENCE BLUE CROSS.**

If you have any questions, please contact your sales representative or Independence Blue Cross at the above address.

Policy Form #: 5019 (R 2/95)

IMPORTANT NOTICE ABOUT THIS LONG TERM CARE POLICY

This is long term care insurance issued in accordance with the laws of Pennsylvania. This Policy may not cover all of the costs that you will incur for long term care during the period of coverage. Long term care costs vary and are expected to increase over time. We encourage you to periodically review your coverage in relation to the costs of long term care services in your community.

ATTEST:

\_\_\_\_\_  
Patricia R. Hatler  
General Counsel and  
Corporate Secretary

\_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and  
Chief Executive Officer

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SECTION 1

INDEPENDENCE BLUE CROSS  
COMPREHENSIVE LONG TERM CARE INSURANCE  
SCHEDULE OF BENEFITS

Policy Number: \_\_\_\_\_ Effective Date: \_\_\_\_\_:  
Name & Address of Insured: \_\_\_\_\_ Premium Amount: \_\_\_\_\_:  
\_\_\_\_\_ Payment Mode: \_\_\_\_\_:  
\_\_\_\_\_  
\_\_\_\_\_ Birth Date: \_\_\_\_\_:

A. Coverage & Benefits

You will be paid actual charges up to the daily dollar amount shown below for the benefits under the Comprehensive Long Term Care Policy.

1. Nursing Home Care \$ \_\_\_\_\_ per day

Your Lifetime Dollar Maximums for Nursing Home services is shown below. The Lifetime Dollar Maximums are equal to the daily dollar amount selected above multiplied by the number of days of coverage you selected on your application which is identified in parentheses below.

Benefits Lifetime Dollar Maximum

Nursing Home Lifetime Dollar Maximum: \$ \_\_\_\_\_ (\_\_\_\_ days)

Benefit Increase Rider:  yes  no

If yes: \_\_\_\_\_ 5% for 10 yrs\*;  
\_\_\_\_\_ 5% for 20 yrs\*;  
\_\_\_\_\_ 5% compounded increase  
over the length of the  
Policy.

\* These riders increase your Daily Dollar Benefit by 5% of the original amount each year for the number of years chosen. See the Outline of Coverage for a graph which illustrates the effects of these Riders.

**B. Deductible Period**

The number of days you must receive Covered Services before your Policy will pay benefits to you. Your Deductible Period can be satisfied by receiving any combination of Covered Services under this Policy. Your Deductible Period is for:

\_\_\_\_\_30 days            \_\_\_\_\_90 days

**C. Waiver of Premium**

You will not be required to pay premiums after receiving 90 days of paid Nursing Home benefits.

**D. Benefit Limits: Non-Renewable Lifetime Dollar Maximums**

The total of all benefits payable under this Policy will not exceed your Nursing Home Lifetime Dollar Maximum or your Community-Based Services Lifetime Dollar Maximum. Once you have received the lifetime maximums: (1) No further benefits are payable under this Policy; and (2) You are not eligible to renew or convert this Policy to another Policy underwritten by Independence Blue Cross.

**E. Effective Date**

This Schedule of Benefits is effective on the date shown above. This Schedule of Benefits supercedes any other Schedule of Benefits we may have provided you for this Policy. Prior Schedules are terminated as of the Effective Date of this Schedule. This shall not interrupt the continuity of the Policy.

**SECTION 2: KEY POLICY PROVISIONS**

**THIS POLICY IS A CONTRACT BETWEEN US AND YOU  
THIS SECTION DESCRIBES THE DOCUMENTS THAT MAKE UP THE  
CONTRACT BETWEEN US AND YOU AND SOME OF THE MOST IMPORTANT  
RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.**

**A. Importance of Correct Information on the Application**

Caution: The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

**INDEPENDENCE BLUE CROSS**  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

**B. Entire Contract/Contract Changes**

This Policy, its riders if any, the attached Schedule of Benefits and the Application are the entire contract between us and you. No change in this Policy will be effective until it is approved by one of our officers. This approval must be noted on or attached to this Policy. No agent may change the Policy or waive any of its provisions. Any future rider or endorsement which modifies your coverage, must be signed by you to be effective, unless it increases your benefits without increasing

your premium or is required by law. Riders or endorsements must always be signed by us to become effective.

**C. Effective Date/Time Periods**

The coverage under this Policy begins on the Effective Date shown on Your Schedule of Benefits. All time periods begin and end at 12:01 A.M. your local time.

**D. Time Limit on Certain Defenses**

After three (3) years from the Effective Date of this Policy, only fraudulent misstatements on your application may be used to void this Policy, or to deny any claim that commenced after the expiration of such three year period.

**E. Misstatement of Age**

If you have misstated your age so that your premium was lower than what would have applied at your correct age, benefits will remain the same and the unpaid portion of the premium will be charged to you. Any such premiums due may be paid in one lump sum or deducted from continuing claim payments. Failure to pay this portion will result in the cancellation of your Policy. Further premiums will be charged based on your correct age at the Policy application date.

If you have misstated your age so that your premium was higher than would have been applied at your correct age, we will refund the difference.

If based on your correct age at the time of issue you would not have been eligible to purchase this Policy, we will rescind

the Policy and our liability to you will be limited to the amount of premiums paid.

**F. Other Long Term Care Insurance**

You can be covered under only one Long Term Care Policy and Rider(s) to that Policy with us. If you are covered under any other Long Term Care Policy issued by us, you must choose which Policy will be effective. We will void the other Policy and refund the premiums paid for any insurance which is not effective.

**G. Access to Medical Records**

You agree that when a claim is made under this Policy, you consent to give us the right to obtain from you or from any other source all medical records, copies of records, testimony, or other information needed by us to adjudicate and/or process the claim. You also agree to give subsequent consent to updated release of this information if required by us.

**H. Physical Examination**

We have the right to require a medical, functional disability, and/or cognitive status exam by medical and other health professionals deemed appropriate by us, at the time of application for this Policy, when a claim is made, and at reasonable intervals while you are claiming continued benefits. You will not have to pay for an exam if it is required.

**I. Alternative Benefits Provision**

If we decide, on a case-by-case basis, to make an exception

to some part of this Policy, it would not obligate us to do the same for everyone, nor would it affect our right to administer this Policy in strict accordance with its provisions.

**J. Recovery of Overpayments**

If an overpayment is made to you because of an error in claims processing, we will explain the error and you must return the overpayment amount to us at our request.

**K. Conformity With Other State Statutes**

If any provision of this Policy is in conflict with the applicable laws of the state in which you reside, the provision is amended to conform to the minimum requirements of such laws on the effective date of those laws.

**L. Subrogation**

In the event any payment is made to you under this Policy, we will be subrogated and will succeed to your rights of recovery against any person or organization, except against insurers on policies of insurance issued to and in your name. You will execute and deliver such instruments and take such action as we may reasonably require to secure such rights. You will not do anything to prejudice our subrogation rights. Our right of subrogation will be unenforceable where prohibited by law.

**M. Legal Actions**

You cannot sue for recovery under this Policy until you have exhausted your appeal rights under the Policy. You cannot institute a lawsuit against us after three (3) years from the

time a proof of claim is required to be furnished.

**N. Headings Not Controlling**

Headings used in this Policy are for reference purposes only and shall not change the substance of the provisions of this Policy.

**O. Disclosure**

The Insured hereby expressly acknowledges that this agreement constitutes a contract solely between the Insured and Independence Blue Cross, which is an independent corporation operating under license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans (the "Association") permitting Independence Blue Cross to use the Blue Cross Service Mark in southeastern Pennsylvania, and that Independence Blue Cross is not contracting as an agent of the Association. The Insured further acknowledges and agrees that this agreement was not entered into based upon representations by any person other than Independence Blue Cross and that no person, entity or organization other than Independence Blue Cross shall be accountable or liable to the Insured for any of Independence Blue Cross' obligations to the Insured created under this agreement. This paragraph shall not create any additional obligations whatsoever on the part of Independence Blue Cross other than those obligations created under other provisions of this agreement.

**SECTION 3: LIMITATIONS OR CONDITIONS ON ELIGIBILITY FOR BENEFITS**

**THIS SECTION DESCRIBES CONDITIONS THAT YOU MUST MEET IN ORDER TO BE ELIGIBLE TO RECEIVE PAID BENEFITS UNDER THE POLICY. IT EXPLAINS THE DEDUCTIBLE PERIOD, BENEFIT PERIOD AND BENEFIT APPROVAL PROCESS.**

In order to qualify for paid benefits under this Policy, you must:

- A. Meet the Deductible Period as described in this Policy;  
and,
- B. Receive Covered Services as described in this Policy;  
and,
- C. Complete the Benefit Approval Process.

**A. Deductible Period Before Paid Benefits Can Begin**

You must receive Covered Services for a certain number of days before we will begin to pay benefits under the Policy. This period of time is known as the Deductible Period, and it is shown on your schedule of benefits. We must have approved your eligibility for benefits in order for you to count those days of care toward the Deductible Period. (See Benefit Approval Process under Section 3: D.)

You may count any days on which you were eligible and during which you received Nursing Home Care.

**B. Benefit Period**

The benefit period is a period of time that begins when you start to receive paid benefits under the Policy and ends when you have not received Covered Services for one hundred eighty (180) consecutive days. Once a benefit period has ended, you must satisfy another Deductible Period in order to receive paid benefits again.

**C. Covered Services**

In order to qualify for paid benefits under this Policy, you must receive Covered Services as described in the following Sections:

Nursing Home Care:                      Section 4

**D. Benefit Approval Process**

**YOUR RESPONSIBILITIES:**

In order to qualify for paid benefits under this Policy, you must notify us prior to receiving Covered Services and complete the Benefit Approval Process which is described below under "Our Responsibilities".

**How To Contact Us:**

Your notice should be given to us in writing at the address we provide to you and should include the following: Your name, address and telephone number, your Policy number and your intention to seek benefits under the Policy by filing a claim.

It is very important that you notify us prior to making your first claim for benefits. This is necessary so that we can determine when you have met your Deductible Period and when you will be eligible for Covered Services based on your Cognitive Impairment, or your need for assistance in performing the Activities of Daily Living.

**OUR RESPONSIBILITIES:**

We will carry out the following steps which make up the **Benefit Approval Process** in order to determine your need for Covered Services:

1. Determine your eligibility for Nursing Home services based on your inability to perform three out of the six Activities of Daily Living (ADL), or Cognitive Impairment as defined in this Policy.
2. Approve the Covered Services for which benefits will be paid under the Policy.
3. Approve the provider(s) you have chosen. You may select the Nursing Home of your choice as long as it meets the requirements in this Policy.

We will certify that the provider meets those requirements as part of determining your eligibility for benefits. We are not responsible for the conduct or misconduct of providers, their ability to deliver services, or any of their actions. You should let us know if and when you change from one provider to another.

E. Description of Activities of Daily Living (ADL)

A person will be considered unable to perform an Activity of Daily Living (ADL) if he or she requires hands-on services and/or continual supervision and direction from another person in order to carry out the activity.

We will use the following six Activities of Daily Living (ADL) to determine functional loss:

Eating

Eating is the process of getting food by any means - from the receptacle (plate, cup, glass, bottle, etc.) into the body. It is the process of consuming after food is placed in front of the individual. It includes bringing the food to the mouth, chewing, swallowing and manipulating food on plate.

Dressing

Dressing is the process of putting on, fastening, and taking off all items of clothing, braces, and artificial limbs worn daily by the individual. Dressing includes obtaining and replacing the items from their storage area in the immediate environment. Clothing refers to the clothing usually worn daily by the individual. Individuals who wear pajamas or gown with robe and slippers as their usual attire are considered dressed.

Bathing

Bathing is the process of washing the body or body parts, including getting the bathing water and/or equipment, whether using a shower, or tub, or basin. The place of bathing may be a

bathroom or other room such as a bedroom.

### Transferring

Transferring is the process of moving from one sitting or lying position to another sitting or lying position (e.g., from bed to a chair, or from a wheelchair to a sofa), coming to a standing position and/or repositioning to prevent skin breakdown.

### Toileting

Toileting is the process of getting to and from the toilet room for elimination, transferring on and off the toilet, cleansing self after elimination, and adjusting clothes. A commode in any location may be considered the "toilet room," only if in addition to meeting the criteria for "toileting," the individual empties, cleanses, and replaces the receptacle without assistance from another person.

### Continence

Continence refers to the ability to control bowel or bladder function or to use a special device or appliance and to empty and clean it oneself.

SECTION 4: DESCRIPTION OF NURSING HOME BENEFITS

THIS SECTION DESCRIBES THE COVERED NURSING HOME SERVICES, THE AMOUNT OF BENEFIT PAYMENTS AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.

A. Covered Services

This Policy covers your confinement as an inpatient in a licensed Nursing Home as defined in this Policy. It will pay for Skilled Care, Intermediate Care or Custodial Care.

B. Nursing Home

A Nursing Home is a facility that must meet the following minimum requirements:

1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
2. Provides room and board for a charge to ill, disabled or infirm persons; and
3. Is primarily engaged in providing Skilled Care, Intermediate Care and/or Custodial Care which is supervised by one or more physicians; and
4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or a licensed vocational nurse; and
5. Maintains clinical records including medical documentations and control of medications; and

6. Meets required standards for administering medication;  
and
7. Is not, other than incidentally:
  - (a) an acute care general hospital; or
  - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
  - (c) a place that provides living arrangements for people not suffering from a specific physical illness or injury; or
  - (d) a place that provides retirement living.

C. Benefit Payment Amount

We will pay actual charges up to your maximum daily Nursing Home benefit as shown on your schedule of benefits. If the actual daily charge is less than the maximum daily Nursing Home benefit amount, the difference will remain as part of your Nursing Home Lifetime Dollar Maximum.

D. Conditions That Must Be Met To Receive Paid Benefits

1. The Policy must be in force, with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Nursing Home Lifetime Dollar Maximum shown on your schedule of benefits; and
4. You must have completed the required Deductible Period;

and

5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

SECTION 5:        GENERAL EXCLUSIONS AND LIMITATIONS

A. We will not approve or cover services:

1. Rendered outside of the United States and its territories; or
2. Provided in a Hospital or psychiatric care facility; or
3. For the treatment of Mental and Nervous Disorders as defined in this Policy, except that this exclusion does not apply to the following: Primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain; or
4. For the evaluation or treatment of alcoholism and drug addiction; or
5. For illness, treatment or medical conditions arising out of:
  - War or act of War (whether declared or undeclared);
  - Participation in a felony, riot or insurrection;
  - Service in the armed forces or units auxiliary thereto;
  - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
  - Aviation (this applies only to nonfare-paying passengers).
6. Treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program, other than

Medicaid, any state or federal workers' compensation, employer's liability or occupational disease law, a motor vehicle no-fault law; or

7. For which services are provided by an Immediate Family Member as defined in this Policy; and services for which no charge is made in the absence of insurance; or

8. Not precertified by us.

9. Not specifically stated as covered in this Policy.

SECTION 6: GRIEVANCE POLICY

If you believe a decision we have made regarding your Policy is incorrect, you may ask us to reconsider it by sending to us a written request within 60 days of the date of the decision. We will review any additional information provided by you, your doctor, the provider of services and other sources. If we change our decision, we will inform you in writing within 60 days and pay any benefits due as a result.

If we maintain our decision, we will inform you in writing and you may appeal again to us in writing within 60 days of such notice. We will take your appeal to a panel of impartial qualified professionals who are knowledgeable about insurance and long term care. We will notify you in writing of the decision within 60 days.

SECTION 7:        CLAIMS INFORMATION

THIS SECTION EXPLAINS WHAT YOU HAVE TO DO TO FILE A CLAIM FOR BENEFIT PAYMENTS, HOW WE PROCESS A CLAIM, AND OTHER RIGHTS AND RESPONSIBILITIES UNDER THE POLICY.

A.    Advance Notice of Your First Claim

You must notify us in writing when you have a claim for benefits. Please refer to Section 3: "Requirements to Qualify for Paid Benefits" for the type of information we will need in order to process your claim.

When we receive your notice, we will (1) complete the Benefit Approval Process (2) notify you if you are eligible for payments and (3) send claim forms to you for filing proof of loss.

If you are eligible, payments for Covered Services can be made for services you received on or after the date you notified us and for up to 60 days prior to that date.

B.    Filing Continuing Claims After Your First Claim

A written proof of loss should be given to us within 90 days after the end of each month for which benefits are to be paid. We will give you claim forms to provide this proof of loss. If you do not have claim forms, the requirement for proof can be met by giving us a written statement including the following: Your name, address, Policy number, the kind of care or services you are receiving, name and address of the provider, a copy of the bill for the services, and the time periods for which you are

claiming benefits.

We may reduce or deny a claim if proof of loss is not provided to us within 12 months from the date of loss. If you are legally incapacitated, someone legally authorized to act on your behalf must file the proof of loss within the 12 month period.

**C. Payment of Claims**

We will evaluate your claim based on the provisions of the Policy, including the Benefit Approval Process, and the information provided by you, the provider of service and other sources.

We will inform you in writing if you are not eligible for benefits or if your claim is denied for any reason.

If you are eligible for payments, we will pay benefits to you or to a person legally authorized to act on your behalf. Any outstanding claim at your death will be paid to your estate.

SECTION 8: PREMIUM PAYMENT INFORMATION

THIS SECTION EXPLAINS THE REQUIREMENTS FOR PREMIUM PAYMENT, WHAT HAPPENS IF PREMIUMS ARE NOT PAID ON TIME, AND THE WAIVER OF PREMIUM PROVISIONS.

A. Premium Payment

This Policy will be kept in force by the payment of the correct premium on or before the due date as shown on your bill. Premiums are payable to us.

Notice of Change - By giving written notice to you at least 30 days before a change is effective, we may change the renewal premium for coverage under this Policy.

Cancellation by You - You may cancel the Policy at any time by giving us written notice. Pre-paid unearned premiums will be returned on the first of the month following the month in which we receive your notice of cancellation.

Cancellation by Us - If you do not pay the premium, in full, on or before the due date, we will grant you a 30 day Grace Period. If the full premium is not paid before the end of the Grace Period, we will send a Notice of Cancellation to you and to the Third Party you have chosen. The Cancellation will occur 30 days after receipt of the Notice, (this 30 day period is called the Notice Period). The Notice shall be deemed received 5 days after the date it is mailed. If you or the Third Party you designate pay your premium before the end of the Notice Period, your Policy will not be cancelled. If the premium is not paid, the Policy will be cancelled retroactive to the last date for

which the premium was paid in full.

No claims will be paid for any period during which premiums have not been paid in full, except as provided for in this Section, under Paragraph B Extension of Benefits. Any partial payment of premium will be refunded to you.

Reinstatement for Cognitive Impairment or Loss of Functional Capacity: If this Policy is cancelled before your benefits have been exhausted, we will provide reinstatement of coverage if we receive the following within 6 months after the last date for which the premium was paid in full:

- 1) proof that you were Cognitively Impaired or that you suffered a Loss of Functional Capacity at the time this Policy was cancelled; and
- 2) an assessment by us confirming that you were Cognitively Impaired (including, but not limited to Alzheimer's Disease), or that you suffered a Loss of Functional Capacity; and
- 3) payment of all past-due premiums for the Policy and all Riders that were in force immediately prior to the last due date.

This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation. If you became eligible for benefits during the reinstatement period, these benefits will be payable; subject to any applicable Deductible Period, your Lifetime Dollar Maximum, and all other provisions of this Policy and its Riders. This information can be submitted by you or by your Third Party.

**B. Extension of Benefits**

If your Policy terminates while you are receiving Nursing Home benefits, we will continue to pay for your Nursing Home stay provided that you meet all of the following:

- 1) You satisfy your Deductible Period; and
- 2) You meet the benefit eligibility criteria of the Policy; and
- 3) You have not exhausted your Lifetime Maximum.

Payment for Nursing Home benefits under the Extension of Benefits provision will end:

- 1) The day that your institutionalization in a Nursing Home ends; or
- 2) When you exhaust your Lifetime Maximum benefits.

An Extension of Benefits occurs after your Policy is terminated. This does not prevent the termination of your Policy. If your Policy terminates and you receive an Extension of Benefits, you can still seek Reinstatement of your coverage if you act within the time period set for in this Policy. See Paragraph A (above) for details.

**C. Waiver of Premium**

If your premiums are paid up to date and you have received 90 days of paid Nursing Home benefits within a 180 day time period, your future premiums will be waived. This premium waiver will begin on the 91st day of paid benefits and will end when:

1. Your confinement in a Nursing Home ends; or
2. You exhaust your Lifetime Dollar Maximum, whichever comes first.

If your confinement in a Nursing Home ends first, your Policy will remain in force if you continue to pay your premium when due.

A waiver of premiums will not occur if you are receiving paid benefits under the Extension of Benefits provisions.

**D. Exhaustion of Your Lifetime Maximum**

When your Lifetime Dollar Maximum is exhausted, this Policy will terminate. No further benefits will be payable to you and you do not have to pay any more premiums if this occurs. We will refund any premiums paid by you after your Lifetime Dollar Maximum is exhausted.

SECTION 9: DEFINITIONS OF IMPORTANT TERMS

- A. Activities of Daily Living - Means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: eating, bathing, dressing, transferring, toileting and continence.
- B. Benefit Approval Process - Means the process used to determine your eligibility, approve the services and accept the provider, before you may count these services toward the Deductible Period and before benefits are paid.
- C. Cognitive Impairment - Means the deterioration in or loss of your intellectual capacity which requires continual supervision to protect you or others. We will measure Cognitive Impairment by standardized tests and clinical evidence and will base it upon your impairment as indicated by loss in the following areas:
1. Your deductive or abstract reasoning; or
  2. Your short or long term memory; or
  3. Your recognition of yourself, where you are, time of day, month or year.
- D. Covered Services - Means services for which we will pay benefits under this Policy.
- E. Custodial Care - Means care which meets all of the following requirements:
1. Is primarily designed to assist you in the Activities of Daily Living; and
  2. Can be provided by a person who does not require professional training or skills.
- F. Deductible Period - Means the number of days of care which must be paid by you or another party before we will begin to make payments under this Policy.

- G. **Effective Date** - Means the date your Policy begins as shown on our records and the schedule of benefits. We will issue this date only after we have received initial premium, accepted your completed application, and approved you for coverage.
- H. **Hospital** - Means an organization licensed as a Hospital, or approved for operation by the applicable State Agency in which it is located and approved by the Joint Commission on Accreditation of Hospitals, or by the American Osteopathic Hospital Association.
- I. **Immediate Family Member** - Means your spouse, parent, child, sister, brother, grandparents, mother-in-law or step-mother, father-in-law or step-father, step-child, son-in-law, daughter-in-law, sister-in-law, brother-in-law, or any individual who ordinarily resides in your household.
- J. **Insured** - Means the person ("you," "your") who has signed the Policy application, has been accepted for coverage by us and for whom the proper premium is currently being paid.
- K. **Insurer** - Means Independence Blue Cross, we, us.
- L. **Institutional Setting** - Means a Hospital, Nursing Home, hospice, rehabilitation center or similar establishment or institution.
- M. **Intermediate Care** - Means care which meets all of the following requirements:
1. Is primarily designed to provide intermittent professional nursing care; and
  2. Is performed by a Registered Nurse (RN), a Licensed Practical Nurse (LPN), or a licensed vocational nurse (LVN); and
  3. Is provided under the orders of a licensed physician.
- N. **Licensed Practical Nurse** - Means a professional nurse who, where licensing is required, holds a valid license as a Licensed Practical Nurse (LPN) from the state in which the nursing service is performed. The Licensed Practical Nurse may not include you, your spouse, or any Immediate Family Member. The term Licensed Practical Nurse (LPN) shall include a licensed vocational nurse (LVN) and any other similarly designated nurse in those states in which a

professional nurse is designated as other than an LPN and for whom licensing is required.

- O. **Medicare** - Means the program under the Health Insurance for the Aged Act -- Title XVIII of the Social Security Amendments of 1965, or Health Insurance for the Aged Act (42 U.S.C.A. §§ 1395-1395ccc).
- P. **Mental and Nervous Disorders** - Means and includes neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder.
- Q. **Nursing Home** - Means a facility that must meet the following minimum requirements:
1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
  2. Provides room and board for a charge to ill, disabled or infirm persons; and
  3. Is primarily engaged in providing Skilled Care, Intermediate Care and/or Custodial Care which is supervised by one or more licensed physicians or Registered Nurses; and
  4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or licensed vocational nurse; and
  5. Maintains clinical records including medical documentations and control of medications; and
  6. Meets required standards for administering medication; and
  7. Is not, other than incidentally:
    - (a) an acute care general hospital; or
    - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
    - (c) a place that provides living arrangements for people not suffering from a specific physical illness or injury; or
    - (d) a place that provides retirement living.
- R. **Policy** - Means this contract, application and any attached riders or endorsements.
- S. **Registered Nurse** - Means a professional nurse legally

entitled to the designation of "RN" who, where licensing is required, holds a valid license as an RN from the state in which the nursing service is performed. Registered Nurse may not include you or any Immediate Family Member.

T. **Skilled Care** - Means care which meets all of the following requirements:

1. Is designed to provide 24-hour professional nursing care; and
2. Is performed by trained health professionals such as a Registered Nurse or Therapist; and
3. Is performed under the orders of a licensed physician.

U. **Therapist** - Means a physical therapist, occupational therapist, respiratory therapist, speech pathologist or audiologist, or nutritionist who is licensed in the state where the services are performed. Therapist may not include you, your spouse, an Immediate Family Member, or someone who ordinarily resides in your home.

INDEPENDENCE BLUE CROSS  
ANNUAL BENEFIT INCREASE OPTIONS  
RIDER TO  
NURSING HOME LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the Independence Blue Cross Nursing Home Long Term Care Insurance Policy.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

ANNUAL BENEFIT INCREASE OPTIONS

A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit.

B. Annual Benefit Increase Options

Your daily dollar amount will increase by 5% of the original daily dollar benefit for 10 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

Policy Form # 5019 (ABI -- 10) Approved, Effective 5-31-95

Pennsylvania Insurance Department

By Poslynn J. Rhodes

INDEPENDENCE BLUE CROSS  
ANNUAL BENEFIT INCREASE OPTIONS  
RIDER TO  
NURSING HOME LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the Independence Blue Cross Nursing Home Long Term Care Insurance Policy.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

ANNUAL BENEFIT INCREASE OPTIONS

A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit.

B. Annual Benefit Increase Options

Your daily dollar amount will increase by 5% of the original daily dollar benefit for 20 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

Policy Form # 5019 (ABI -- 20)

Approved Effective 5-31-95

Pennsylvania  
By Poslym S. Rhodes

INDEPENDENCE BLUE CROSS  
ANNUAL BENEFIT INCREASE OPTIONS  
RIDER TO  
NURSING HOME LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the Independence Blue Cross Nursing Home Long Term Care Insurance Policy.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

ANNUAL BENEFIT INCREASE OPTIONS

A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit.

B. Annual Benefit Increase Options

Your daily dollar amounts will experience a 5% compounded increase in the daily dollar benefit for the length of the Policy.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

Permit

By Boakym S. Rhodes 5-31-95

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

Approved: 5-31-95

Pennsylvania Insurance Commissioner  
By Boslyn S. Rhodes

INDEPENDENCE BLUE CROSS  
1901 MARKET STREET  
PHILADELPHIA, PENNSYLVANIA 19103-1480  
215-241-2400

**NURSING HOME LONG TERM CARE INSURANCE POLICY  
OUTLINE OF COVERAGE**

(for Policy Number 5019 (R -- 2/95))

Caution: The issuance of this Long Term Care Insurance Policy is based on your responses to the questions on your application. A copy of your application is enclosed. If your answers are incorrect or untrue, Independence Blue Cross (IBC) has the right to deny benefits or rescind your Policy. The best time to clear up any questions is now before a claim arises! If for any reason, any of your answers are incorrect, contact IBC at the above address.

*Notice to Buyer: This Policy may not cover all of the costs associated with longterm care incurred by you during the period of coverage. You are advised to review carefully all Policy limitations.*

1. This Policy is an individual Policy of IBC which was issued in the Commonwealth of Pennsylvania.
2. **PURPOSE OF OUTLINE OF COVERAGE:** This outline of coverage provides a very brief description of the important features of the Policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual Policy contains governing contractual provisions. This means that the Policy sets forth in detail the rights and obligations of both you and IBC. Therefore, if you purchase this coverage or any other coverage, it is important that you **READ YOUR POLICY CAREFULLY!**
3. **TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE OR DISCONTINUED.**
  - A. **RENEWABILITY: THIS POLICY IS GUARANTEED RENEWABLE.** This means you have the right, subject to the terms of your Policy, to continue this Policy as long as you pay your premiums on time. IBC cannot change any of the terms of your Policy on its own, except to increase your benefits at no additional cost or to comply with State law. IBC **MAY INCREASE THE PREMIUMS YOU PAY.**

- B. The Policy provides for the waiver of premium payment after any combination of 90 days of paid Nursing Home care within a Benefit Period.
- C. IBC can change your premium, but only if we do so for all Policies like yours on a class basis, or if you elect to add benefits or riders to this Policy. Any premium change will be based upon your age at the time of issue.

4. TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED.

If you are not satisfied with the Policy, you may return it within 30 days from the day of delivery for a full refund of any premium paid. This Policy provides for refunding premiums if you surrender this Policy, but not upon your death.

5. THIS IS NOT A MEDICARE SUPPLEMENT COVERAGE. If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from IBC.

- A. Neither IBC nor its sales representative represents Medicare, the federal government or any state government.

6. LONG TERM CARE COVERAGE. Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a Nursing Home, in the community, or in the home.

This Policy pays actual charges for covered long term care expenses, up to the daily dollar amounts you select, subject to Policy limitations and requirements.

7. BENEFITS PROVIDED IN THIS POLICY.

A. Policy Coverage: This Policy provides coverage for Nursing Home care. This Policy also includes an annual benefit increase option that, if purchased, will increase the daily dollar amount selected by you.

B. Deductible Period: This is the period of time you must receive Covered Services before IBC will begin to pay benefits to you. You may select either a 30-day or 90-day Deductible Period. You can count any days on which you were eligible and during which you received Nursing Home care toward the Deductible Period.

C. Waiting Period: Other than the Deductible Period noted above, there is no other waiting period or preexisting condition period that must be satisfied in order to receive benefits under the Policy.

D. Institutional Benefits: IBC will pay for Skilled, Intermediate, and Custodial Care in a Nursing Home as defined in the Policy. We will pay for Nursing Home care based on the daily dollar amount that you select below, ranging in \$10 increments from:

\$60 to \$200 per day.

IBC will pay the lessor of actual charges or the daily amount selected by you.

E. Lifetime Dollar Maximums: Covered Services under this Policy are subject to a Nursing Home Lifetime Dollar Maximum benefit amount. The Lifetime Dollar Maximum benefit amounts are selected by you and represent the total dollar amount of insurance benefits that are payable under the Policy. You select these amounts by first selecting the number of days you will be able to receive Covered Services under the Policy from the options below:

For Nursing Home care:

730 days;	1,460 days;	or 2,190 days
(2 years)	(4 years)	(6 years)

The number of days you select as your benefit maximums are then converted to your Lifetime Dollar Maximums by multiplying the number of days by the daily dollar amount you selected in Section D. above. This determines your actual Policy limits, or Lifetime Dollar Maximums for Nursing Home Care.

**F** How to Receive Benefits Under the Policy: In order to receive benefits under this Policy, the following must occur:

- 1) You must satisfy the Deductible Period you have chosen;
- 2) Services must be covered under the Policy; and,
- 3) You must complete the Benefit Approval Process by contacting IBC prior to receiving care in order to allow us to determine your eligibility for services. A determination will be made based on:

For Nursing Home Benefits -- your inability to perform three out of six Activities of Daily Living (ADL) due to physical conditions and/or cognitive impairment.

8. LIMITATIONS AND EXCLUSIONS

- A. We will not approve or cover services which are provided by an Immediate Family Member as defined in the Policy; and services for which no charge is made in the absence of insurance. All persons, organizations, and facilities which provide care must be licensed as specified in the Policy and must be approved by us.
- B. We will not approve or cover services:
1. Rendered outside of the United States and its territories; or
  2. Provided in a Hospital or psychiatric care facility; or
  3. For the treatment of Mental and Nervous Disorders as defined in this Policy, except that this exclusion does not apply to the following: Primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain; or
  4. For the evaluation or treatment of alcoholism and drug addiction; or
  5. For illness, treatment or medical conditions arising out of:
    - War or act of War (whether declared or undeclared);
    - Participation in a felony, riot or insurrection;
    - Service in the armed forces or units auxiliary thereto;
    - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
    - Aviation (this applies only to nonfare-paying passengers).
  6. Treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program other than Medicare or Medicaid; any state or federal workers' compensation, employer's liability or occupational disease law; a motor vehicle no-fault law; or

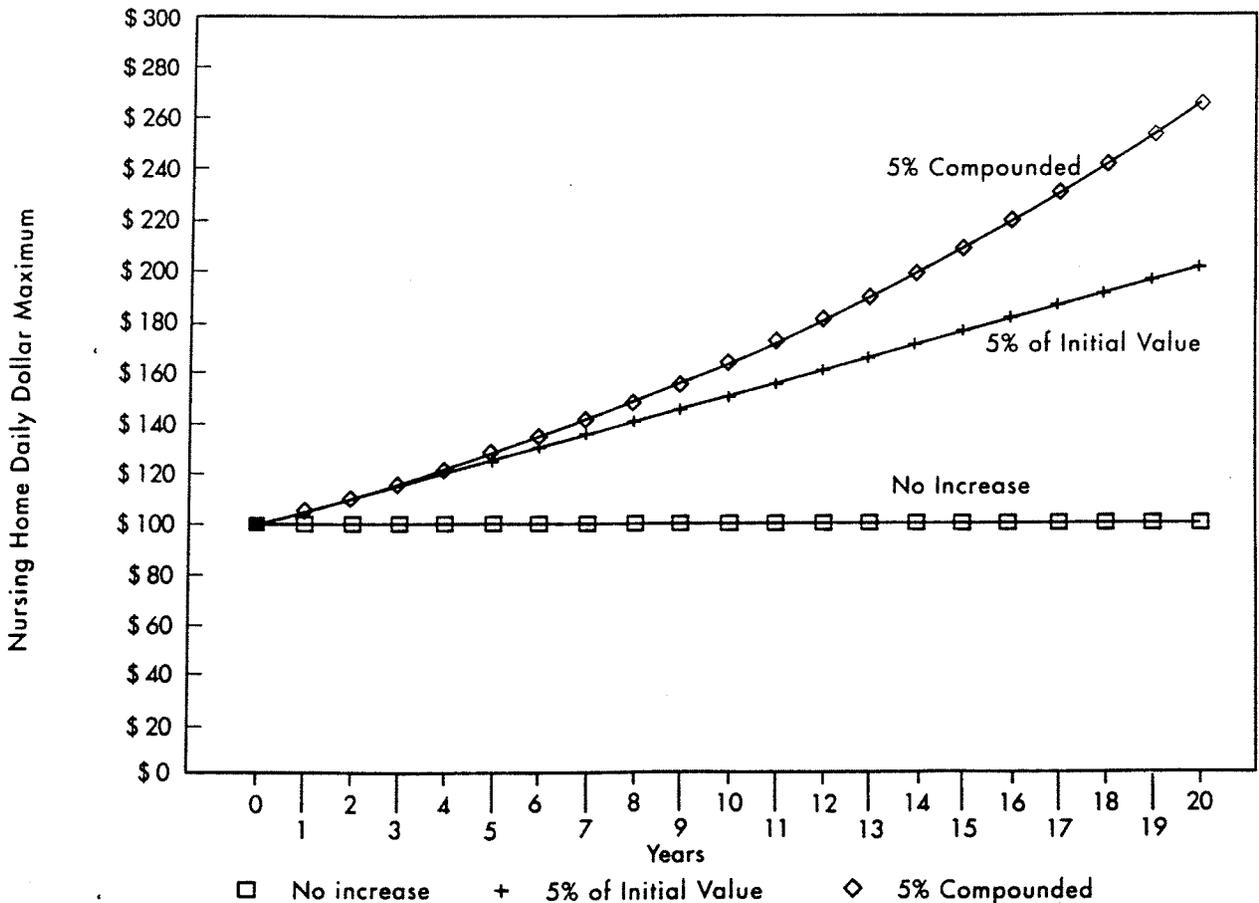
THE POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG TERM CARE NEEDS.

9. RELATIONSHIP OF COST OF CARE AND BENEFITS. Because the cost of long term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted.

A. IBC's Long Term Care Policy offers three Annual Benefit Increase Options that will increase your Nursing Home daily benefits. One increases benefits by 5% compounded increase in the daily dollar amount over the length of the Policy. The other Options increase your original Nursing Home daily benefits by 5% each year for 10 or 20 years, depending upon which option you select. The unused portion of the Lifetime Dollar Maximum will increase as well.

The Chart below shows how a policy with a \$100 daily maximum increases over 20 years with the above benefit increase options compared to the same type of policy without the benefit increase options.

**\$100 Per Day Nursing Home Benefit With and Without Benefit Increase Options**



- B. You may request changes to any of the Benefit levels you selected for this Policy after the initial purchase. You may select any of the Benefit options we offer at the time you apply for a change.
- C. You will be subject to another health screening before we approve your application to increase benefits. If approved, your premiums will increase by the amounts we normally charge at the time the changes you select and are approved. However, we will use your original issue age to determine your premium increase.
- D. There are no other methods by which your benefits will increase other than the Annual Benefit Increase Options or applying to change your benefits.

10 ~~11~~. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS.

The Policy covers loss due to primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain.

11 ~~12~~. PREMIUM

The Policy premium is based on your age and benefit selection at the time of policy purchase. Your premium will not increase unless it increases for an entire class of people. If you choose one of the Annual Benefit Increase Options, your initial premium will start off higher. It will remain the same over the life of your Policy, unless there is an increase in premium for an entire class of people.

COVERAGE	ANNUAL PREMIUM
_____ Nursing Home Long Term Care Policy	\$ _____
_____ Nursing Home Long Term Care Policy with Annual Benefit Increase Option	\$ _____

The Policy will be issued or delivered based on the information provided on the application completed by you.

12. ADDITIONAL FEATURES.

Medical underwriting will be used to determine your eligibility for this long term care Policy.

5024 Part 1

# Comprehensive Long Term Care

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## OUTLINE OF COVERAGE

Approved, Effective 2-2-96  
Pennsylvania Insurance Department  
By Barbara S. Rhodes



Independence  
Blue Cross



## INDEPENDENCE BLUE CROSS

1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
215-563-5692

### COMPREHENSIVE LONG TERM CARE INSURANCE POLICY OUTLINE OF COVERAGE

(for Policy Form number 5024)

*Caution:* The issuance of this Comprehensive Long Term Care Insurance Policy (Policy Form 5024) is based on your responses to the questions on your application. A copy of your application is enclosed. If your answers are incorrect or untrue, Independence Blue Cross (IBC) has the right to deny benefits or rescind your Policy. The best time to clear up any questions is now before a claim arises! If for any reason, any of your answers are incorrect, contact IBC at the above address.

1. This Policy is an individual Policy of IBC which was issued in the Commonwealth of Pennsylvania.

*Notice to Buyer: This policy may not cover all of the costs associated with long term care incurred by you during the period of coverage. You are advised to review carefully all policy limitations.*

2. **PURPOSE OF OUTLINE OF COVERAGE** This outline of coverage provides a very brief description of the important features of the Policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual Policy contains governing contractual provisions. This means that the Policy sets forth in detail the rights and obligations of both you and IBC. Therefore, if you purchase this coverage or any other coverage, it is important that you **READ YOUR POLICY CAREFULLY!**

3. **TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE OR DISCONTINUED**

- A. **RENEWABILITY: THIS POLICY IS GUARANTEED RENEWABLE.** This means you have the right, subject to the terms of your Policy, to continue this Policy as long as you pay your premiums on time. IBC cannot change any of the terms of your Policy on its own, except that, in the future IT MAY INCREASE THE PREMIUMS YOU PAY.
- B. If your Policy is cancelled because you failed to pay your premiums due to a Cognitive Impairment (including, but not limited to Alzheimer's Disease) or a Loss of Functional Capacity, it is possible to have your Policy reinstated. We will reinstate your Policy if we receive proof that you were Cognitively Impaired or had a Loss of Functional Capacity when the premiums were due, and all past due premiums are received within 5 months after the date of termination. This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation.

- C. The Policy provides for the waiver of premium payment after you receive paid Nursing Home benefits or after you receive any combination of 90 days of paid Alternate Care Facility, Home Health Care or Adult Day Care benefits within a 180 day time period.
- D. We can change your premium, but only if we do so for all Policies like yours on a class basis, or if you elect to add benefits or riders to this Policy. Any premium change will be based on your age at the time of issue.

#### **4. TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED**

- A. If you are not satisfied with the Policy, you may return it within 30 days from the day of delivery for a full refund of any premium paid.
- B. This Policy does contain a provision that in the event of your death or cancellation of this Policy, we will refund any unearned, prepaid premiums to you or your estate.

#### **5. THIS IS NOT MEDICARE SUPPLEMENT COVERAGE** If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from IBC.

- A. Neither IBC nor its authorized sales representatives represent Medicare, the federal government or any state government.

#### **6. LONG TERM CARE COVERAGE** Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a Nursing Home, in the community, or in the home.

This Policy pays actual charges for covered long term care expenses, up to the daily dollar amounts you select, subject to Policy limitations and requirements.

#### **7. BENEFITS PROVIDED IN THIS POLICY**

- A. *Policy Coverage:* This Policy provides coverage for care in a Nursing Home or Alternate Care Facility and Community-Based Services, including Home Health Care, Adult Day Care, and Respite Care. In addition, the Policy includes a Personal Independence Fund to help maintain your independence in your home. This Policy also includes Annual Benefit Increase Options that if purchased, will increase the daily dollar benefit selected by you.
- B. *Deductible Period:* This is the period of time you must receive Covered Services before IBC will begin to pay benefits to you. You may select either a 30-day or 90-day Deductible Period. You can count any days on which you were eligible and during which you received Nursing Home, Alternate Care Facility, Home Health Care or Adult Day Care benefits toward the Deductible Period. A Deductible Period does not have to be satisfied in order to receive Respite Care or services under the Personal Independence Fund. You only have to satisfy the Deductible Period once in your lifetime under the Policy.
- C. *Waiting Period:* Other than the Deductible Period noted above, there is no other waiting period or pre-existing condition period that must be satisfied in order to receive benefits under the Policy.

- D. *Institutional Benefits*: IBC will pay for Skilled, Intermediate, and Custodial Care in a Nursing Home, or in an Alternate Care Facility, as defined in the Policy.

For Nursing Home care, we will pay actual charges up to the Nursing Home daily dollar benefit that you select below, ranging in \$10 increments from:

\$60 to \$250 per day.

We will pay the actual charges of Alternate Care Facility benefits, up to 60% of the Nursing Home daily dollar benefit.

- E. *Community-Based Service*: This includes Home Health Care, Adult Day Care, Respite Care, and Personal Independence Fund benefits.

Home Health Care services include Skilled, Intermediate and Custodial Care.

We will pay for the services of a Registered Nurse, Licensed Practical Nurse, licensed vocational nurse, Therapist, Nutritionist, Aide, or Homemaker. We will pay for Home Health Care based on actual charges up to the Community-Based daily dollar amount you select:

- 50% of the Nursing Home Daily Dollar Benefit
- 75% of the Nursing Home Daily Dollar Benefit
- 100% of the Nursing Home Daily Dollar Benefit

*Adult Day Care*: The Policy will pay for services in a licensed Adult Day Care Facility. We will pay for Adult Day Care based on actual charges up to the Community-Based daily dollar amount you selected for Home Health Care benefits.

*Respite Care*: IBC will cover up to 24 hours a day of Respite Care in your home by a Home Health Care Agency, or in an established Respite Care program operated by a Nursing Home or other facility. IBC will pay actual charges up to the Nursing Home daily dollar benefit you select when Respite Care is received in an institution or in your home. This benefit is available for up to seven days in each six month period. The purpose of Respite Care is to provide relief for a primary unpaid caregiver who is providing care in your home.

*Personal Independence Fund*: The Policy will pay up to a lifetime dollar maximum of \$3,000 for expenses which will reduce dependency and prevent you from requiring a more intensive and expensive level of care. A Deductible Period does not need to be satisfied in order to receive this service. This service may be used exclusive of, or in combination with, other Covered Services under this Policy.

- F. *Lifetime Dollar Maximum*: Covered Services under this Policy are subject to a Lifetime Dollar Maximum. This determines your actual Policy limits for Nursing Home and Community-Based services.

The Lifetime Dollar Maximum is determined from the benefit options selected by you and represents the total dollar amount of insurance benefits that are payable under the Policy for Nursing Home and Community-Based services.

The Lifetime Dollar Maximum is determined by multiplying the Nursing Home daily dollar benefit you choose (ranging from \$60 to \$250 per day—see (D) above) by a Lifetime Maximum Factor.

The options for the Lifetime Maximum Factor are:

730; 1,460; 2,190; or Unlimited days

G. *How to Receive Benefits Under the Policy:* In order to receive benefits under this Policy, the following must occur:

1. You must satisfy the Deductible Period you have chosen;
2. Services must be covered under the Policy; and,
3. You must complete the Benefit Approval Process by contacting IBC prior to receiving care in order to allow us to determine your eligibility for services. A determination will be made based on the following:

For Nursing Home and Alternate Care Facility benefit—Your inability to perform three out of six Activities of Daily Living (ADL) and/or have a Cognitive Impairment.

For Home Health Care, Adult Day Care, Respite Care and the Personal Independence Fund benefits—Your inability to perform two out of six Activities of Daily Living (ADL) and/or have a Cognitive Impairment.

The term Activities of Daily Living means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: eating, bathing, dressing, transferring, toileting and continence.

## 8. LIMITATIONS AND EXCLUSIONS

- A. We will not approve or cover services which are provided by an Immediate Family Member as defined in the Policy; and services for which no charge is made in the absence of insurance. All persons, organizations, and facilities which provide care must meet the requirements of the Policy.
- B. We will not approve or cover services:
  1. Rendered outside of the United States and its territories; or
  2. Provided in a Hospital or psychiatric care facility; or
  3. For the treatment of Mental and Nervous Disorders as defined in this Policy; or
  4. For the evaluation or treatment of alcoholism and drug addiction; or
  5. For illness, treatment or medical conditions arising out of:
    - War or act of War (whether declared or undeclared);
    - Participation in a felony, riot or insurrection;
    - Service in the armed forces or units auxiliary thereto;
    - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
    - Aviation (this applies only to nonfare-paying passengers).
  6. For treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program other than Medicaid; any state or federal workers' compensation, employer's liability or occupational disease law; a motor vehicle no-fault law; or
  7. Not precertified by us; or
  8. Not specifically stated as covered in this Policy.
- C. To the extent permitted by law, we will not pay for Covered Services in excess of allowable charges for service(s) and/or supply(ies) recognized as covered:

1. In any institution owned or operated by any local or state government, United States government or any agency of a local, state or United States government; or
2. Under Medicare, Medicare Risk Contracting Program(s) or Medicare Supplement Policy(ies).

**THE POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG TERM CARE NEEDS.**

**9. RELATIONSHIP OF COST OF CARE AND BENEFITS** Because the cost of long term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted.

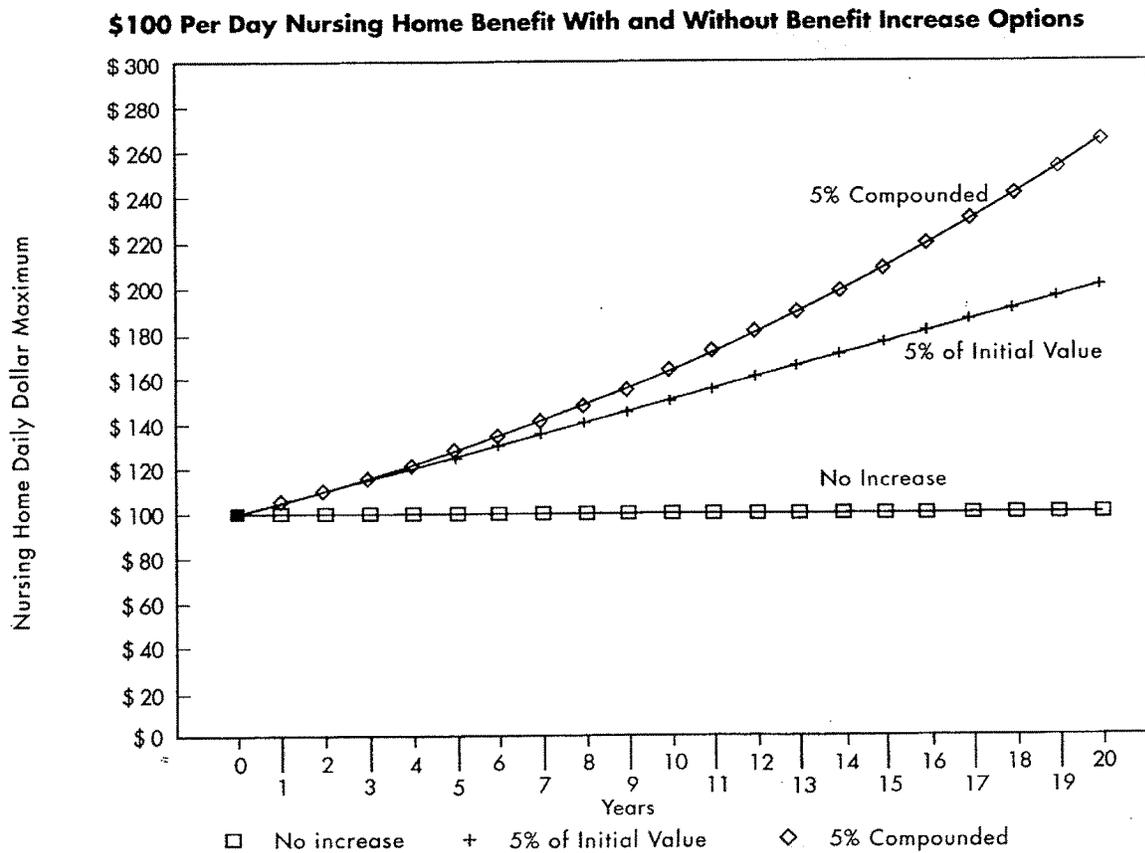
IBC's Comprehensive Long Term Care Policy offers three Annual Benefit Increase Options that will increase your Nursing Home, Alternate Care Facility, Home Health Care, and Adult Day Care daily benefits in one of the following ways, which you select.

- a. 5% of the original daily dollar amount for 10 years;
- b. 5% of the original daily dollar amount for 20 years; or
- c. 5% compounded increase in the daily dollar amount over the length of the Policy.

The unused portion of the Lifetime Dollar Maximum will increase as well.

Each option is available at initial Policy purchase for a higher premium. Your premium will not automatically increase to pay for this option.

The Chart below shows how a policy with a \$100 daily maximum increases over 20 years with the above benefit increase options compared to the same type of policy without the benefit increase options.



**10. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS**

The Policy covers loss due to primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain.

**11. PREMIUM**

The Policy premium is based on your age and benefit selection at the time of Policy purchase. Your premium will not increase unless it increases for an entire class of people. If you choose one of the Annual Benefit Increase Options, your initial premium will start off higher. It will remain the same over the life of your Policy, unless there is an increase in premium for an entire class of people.

<b>COVERAGE</b>	<b>ANNUAL PREMIUM</b>
_____ Comprehensive Long Term Care Policy	\$ _____
_____ Comprehensive Long Term Care Policy with Annual Benefit Increase Option	\$ _____

The Policy will be issued or delivered based on the information provided on the application completed by you.

**12. ADDITIONAL FEATURES**

- a. If you and your spouse each apply, and are accepted for a long term care Policy with us, you will both receive a premium discount of 10%.
- b. We will pay to reserve a Nursing Home or Alternate Care Facility bed if your stay is interrupted due to a hospitalization. We will pay for up to 30 days in each facility during a single calendar year.
- c. Medical underwriting will be used to determine your eligibility for this Policy.

# LONG TERM CARE INSURANCE



**Independence  
Blue Cross**

1901 Market Street, Philadelphia, PA 19103-1480

Independence Blue Cross is an Independent Licensee  
of the Blue Cross and Blue Shield Association.  
Form # 5180 12/95



# Comprehensive Long Term Care --- Policy

Approved, Effective 2-2-96

Pennsylvania Insurance Department

By Roslyn S. Rhodes



Independence  
Blue Cross



## INDEPENDENCE BLUE CROSS

Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
Telephone: (215) 563-5692

*A non-profit corporation regulated by the Insurance Department  
of the Commonwealth of Pennsylvania.*

### COMPREHENSIVE LONG TERM CARE INSURANCE POLICY

for  
JOHN A. DOE  
1234 Main Street  
Anytown, Anystate 99999

We at Independence Blue Cross, the Insurer, are pleased to issue this long term care insurance Policy to you, the Insured. This Policy provides coverage for Skilled, Intermediate, and Custodial Care services and is nonparticipating.

*Caution:* The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises. If, for any reason, any of your answers are incorrect, contact us at this address.

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

*Notice to Buyer: This Policy may not cover all of the costs associated with long-term care incurred by you during the period of coverage. You are advised to review carefully all Policy limitations.*

#### THIS POLICY IS GUARANTEED RENEWABLE

We cannot cancel or refuse to renew this Policy until benefits have been exhausted, as long as you pay premiums on time. We can change the premiums, but only if we do so for all similar Policies issued in the State on the same Policy form as this Policy. We will notify you in writing at least 30 days in advance of any such premium change.

#### 30 DAY RIGHT TO EXAMINE YOUR POLICY

You have 30 days from the day of delivery of this Policy to examine it. If you are not satisfied with this Policy for any reason, you have the right to return it to us at the above address within 30 days of receiving it. We will refund the full amount of any premium you have paid, and void the Policy from its start.

#### THIS IS NOT A MEDICARE SUPPLEMENT POLICY.

**IF YOU ARE ELIGIBLE FOR MEDICARE, PLEASE REVIEW THE  
BUYERS GUIDE FOR MEDICARE SUPPLEMENT INSURANCE  
THAT IS AVAILABLE FROM INDEPENDENCE BLUE CROSS.**

If you have any questions, please contact your sales representative or Independence Blue Cross at the above address.

**IMPORTANT NOTICE ABOUT THIS LONG TERM CARE POLICY**

This is long term care insurance issued in accordance with the laws of Pennsylvania. This certifies that your application has been approved, and upon payment of the required premium, you are entitled to the long term care benefits set forth in accordance with the terms and conditions described in this Policy.

ATTEST:

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Patricia R. Hatler  
General Counsel and  
Corporate Secretary

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G. Fred DiBona, Jr., Esq.  
President and  
Chief Executive Officer

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## **SECTION 1: KEY POLICY PROVISIONS**

**THIS POLICY IS A CONTRACT BETWEEN US AND YOU.**

**THIS SECTION DESCRIBES THE DOCUMENTS THAT MAKE UP THE CONTRACT BETWEEN US AND YOU AND SOME OF THE MOST IMPORTANT RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.**

### **A. Importance of Correct Information on the Application**

Caution: The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

### **B. Entire Contract/Contract Changes**

This Policy, its riders, if any, the attached Schedule of Benefits and the Application are the entire contract between us and you. No change in this Policy will be effective until it is approved by one of our officers. This approval must be noted on or attached to this Policy. No agent may change the Policy or waive any of its provisions. Any future rider or endorsement which modifies your coverage, must be signed by you to be effective, unless it increases your benefits without increasing your premium or is required by law. Riders or endorsements must always be signed by us to become effective.

### **C. Effective Date/Time Periods**

The coverage under this Policy begins on the Effective Date shown on Your Schedule of Benefits. All time periods begin and end at 12:01 A.M. your local time.

### **D. Time Limit on Certain Defenses**

After three (3) years from the Effective Date of this Policy, only fraudulent misstatements on your application may be used to void this Policy, or to deny any claim that commenced after the expiration of such three year period.

### **E. Misstatement of Age**

If you have misstated your age so that your premium was lower than what would have applied at your correct age, benefits will remain the same and the unpaid portion of the premium will be charged to you. Any such premiums due may be paid in one lump sum or deducted from continuing claim payments. Failure to pay this portion will result in the cancellation of your Policy. Further premiums will be charged based on your correct age at the Policy application date.

If you have misstated your age so that your premium was higher than would have been applied at your correct age, we will refund the difference.

If based on your correct age at the time of issue you would not have been eligible to purchase this Policy, we will rescind the Policy and our liability to you will be limited to the amount of premiums paid.

#### **F. Other Long Term Care Insurance**

You can be covered under only one long term care Policy, and Rider(s) to that Policy, with us. If you are covered under any other long term care Policy issued by us, you must choose which Policy will be effective. We will void the other Policy and refund the unearned premium amount paid for any insurance which is not effective.

#### **G. Access to Medical Records**

You agree that when a claim is made under this Policy, you consent to give us the right to obtain from you or from any other source all medical records, copies of records, testimony, or other information needed by us to adjudicate and/or process the claim. You also agree to give subsequent consent to updated release of this information if required by us.

#### **H. Physical Examination**

We have the right to require a medical, functional disability, and/or cognitive status exam by medical and other health professionals deemed appropriate by us, at the time of application for this Policy, when a claim is made, and at reasonable intervals while you are claiming continued benefits. After the policy is issued, you will not have to pay for an exam if it is required by us.

#### **I. Alternative Benefits Provision**

If we decide, on a case-by-case basis, to make an exception to some part of this Policy, it would not obligate us to do the same for everyone, nor would it affect our right to administer this Policy in strict accordance with its provisions.

#### **J. Recovery of Overpayments**

If an overpayment is made to you because of an error in claims processing, we will explain the error and you must return the overpayment amount to us at our request.

#### **K. Conformity With Other State Statutes**

If any provision of this Policy is in conflict with the applicable laws of the state in which you reside, the provision is amended to conform to the minimum requirements of such laws on the effective date of those laws.

#### **L. Subrogation**

In the event any payment is made to you under this Policy, we will be subrogated and will succeed to your rights of recovery against any person or organization, except against insurers on policies of insurance issued to and in your name. You will execute and deliver such instruments and take such action as we may reasonably require to secure such rights. You will not do anything to prejudice our subrogation rights. Our right of subrogation will be unenforceable where prohibited by law.

## **M. Legal Actions**

You cannot sue for recovery under this Policy until you have exhausted your appeal rights under the Policy. You cannot institute a lawsuit against us after three (3) years from the time a proof of claim is required to be furnished.

## **N. Headings Not Controlling**

Headings used in this Policy are for reference purposes only and shall not change the substance of the provisions of this Policy.

## **O. Determinations**

In all cases we shall determine what satisfies the definitions and provisions of this contract, including which providers, and services are eligible for reimbursement.

## **P. Disclosure**

The Insured hereby expressly acknowledges that this agreement constitutes a contract solely between the Insured and Independence Blue Cross, which is an independent corporation operating under license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans (the "Association") permitting Independence Blue Cross to use the Blue Cross Service Mark in southeastern Pennsylvania, and that Independence Blue Cross is not contracting as an agent of the Association. The Insured further acknowledges and agrees that this agreement was not entered into based upon representations by any person other than Independence Blue Cross and that no person, entity or organization other than Independence Blue Cross shall be accountable or liable to the Insured for any of Independence Blue Cross' obligations to the Insured created under this agreement. This paragraph shall not create any additional obligations whatsoever on the part of Independence Blue Cross other than those obligations created under other provisions of this agreement.

## **SECTION 2: LIMITATIONS OR CONDITIONS ON ELIGIBILITY FOR BENEFITS**

**THIS SECTION DESCRIBES CONDITIONS THAT YOU MUST MEET IN ORDER TO BE ELIGIBLE TO RECEIVE PAID BENEFITS UNDER THE POLICY. IT EXPLAINS THE DEDUCTIBLE PERIOD, AND BENEFIT APPROVAL PROCESS.**

In order to qualify for paid benefits under this Policy, you must:

- A. Meet the Deductible Period as described in this Policy; and,
- B. Receive Covered Services as described in this Policy; and,
- C. Complete the Benefit Approval Process.

### **A. Deductible Period Before Paid Benefits Can Begin**

You must receive Covered Services for a certain number of days before we will begin to pay benefits under the Policy. This period of time is known as the Deductible Period, and it is shown on your Schedule of Benefits. We must have approved your eligibility for benefits in order for you to count those days of care toward the Deductible Period. (See Benefit Approval Process under Section 2:C.)

You may count any days on which you were eligible and during which you received care in a Nursing Home, Alternate Care Facility, or by a Home Health Care Agency, Homemaker Agency or Adult Day Care Facility, as defined in this Policy, toward the Deductible Period. You only have to satisfy the Deductible Period once in your lifetime under this Policy.

## **B. Covered Services**

In order to qualify for paid benefits under this Policy, you must receive Covered Services as described in the following Sections:

Nursing Home Care:	Section 3
Alternate Care Facility:	Section 4
Home Health Care:	Section 5
Adult Day Care:	Section 6
Respite Care:	Section 7
Personal Independence Fund:	Section 8

## **C. Benefit Approval Process**

### **YOUR RESPONSIBILITIES:**

*In order to qualify for paid benefits under this Policy, you must notify us prior to receiving Covered Services and complete the Benefit Approval Process which is described below under "Our Responsibilities."*

### **HOW TO CONTACT US:**

Your notice should be given to us in writing at the address we provide to you and should include the following: Your name, address and telephone number, your Policy number and your intention to seek benefits under the Policy by filing a claim.

It is very important that you notify us prior to making your first claim for benefits. This is necessary so that we can determine when you have met your Deductible Period and when you will be eligible for Covered Services.

### **OUR RESPONSIBILITIES:**

We will carry out the following steps which make up the **Benefit Approval Process** in order to determine your need for Covered Services:

1. Determine your eligibility for Nursing Home or Alternate Care Facility services based on your inability to perform three out of the six Activities of Daily Living (ADL), or your Cognitive Impairment, as defined in this Policy.
2. Determine your eligibility for Home Health Care, Adult Day Care, Respite Care or the Personal Independence Fund services based on your inability to perform two out of the six Activities of Daily Living (ADL), or your Cognitive Impairment, as defined in this Policy.
3. Approve the Covered Services for which benefits will be paid under the Policy.
4. Approve the provider(s) you have chosen. *You may select the Nursing Home, Alternate Care Facility, Home Health Care Agency, or other provider of your choice as long as the provider meets the requirements in this Policy.*

We will certify that the provider meets those requirements as part of determining your eligibility for benefits. We are not responsible for the conduct or misconduct of providers, their ability to deliver services, or any of their actions. You should let us know if and when you change from one provider to another.

#### **D. Description of Activities of Daily Living (ADL)**

A person will be considered unable to perform an Activity of Daily Living (ADL) if he or she requires hands-on services and/or continual supervision and direction from another person in order to carry out the activity.

We will use the following six Activities of Daily Living (ADL) to determine functional loss:

##### ***Eating***

Eating is the process of getting food by any means from the receptacle (plate, cup, glass, bottle, etc.) into the body. It is the process of consuming after food is placed in front of the individual. It includes bringing the food to the mouth, chewing, swallowing and manipulating food on the plate.

##### ***Dressing***

Dressing is the process of putting on, fastening, and taking off all items of clothing, braces, and artificial limbs worn daily by the individual. Dressing includes obtaining and replacing the items from their storage area in the immediate environment. Clothing refers to the clothing usually worn daily by the individual.

##### ***Bathing***

Bathing is the process of washing the body or body parts, including getting the bathing water and/or equipment, whether using a shower, or tub, or basin. The place of bathing may be a bathroom or other room such as a bedroom.

##### ***Transferring***

Transferring is the process of moving from one sitting or lying position to another sitting or lying position (e.g., from bed to a chair, or from a wheelchair to a sofa), coming to a standing position and/or repositioning to prevent skin breakdown.

##### ***Toileting***

Toileting is the process of getting to and from the toilet room for elimination, transferring on and off the toilet, cleansing self after elimination, and adjusting clothes. A commode in any location may be considered the "toilet room," only if in addition to meeting the criteria for "toileting," the individual empties, cleanses, and replaces the receptacle without assistance from another person.

##### ***Continence***

Continence refers to the ability to control bowel or bladder function or to use a special device or appliance and to empty and clean it oneself.

### **SECTION 3: DESCRIPTION OF NURSING HOME BENEFITS**

**THIS SECTION DESCRIBES THE COVERED NURSING HOME SERVICES, THE AMOUNT OF BENEFIT PAYMENTS AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

#### **A. Covered Services**

This Policy covers your confinement as an inpatient in a licensed Nursing Home as defined in this Policy. It will pay for Skilled Care, Intermediate Care, and Custodial Care.

#### **B. Nursing Home**

A Nursing Home is a facility that must meet the following minimum requirements:

1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
2. Provides room and board for a charge to ill, disabled or infirm persons; and
3. Is primarily engaged in providing Skilled Care, or Intermediate Care, which is supervised by one or more physicians, and/or Custodial Care; and
4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or a licensed vocational nurse; and
5. Maintains clinical records including medical documentation and control of medications; and
6. Meets required standards for administering medication; and
7. Is not, other than incidentally:
  - (a) an acute care general hospital; or
  - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
  - (c) a place that provides living arrangements for people not suffering from a specific physical illness or injury; or
  - (d) a place that provides retirement living.

#### **C. Benefit Payment Amount**

We will pay actual charges up to the maximum Nursing Home daily dollar benefit shown on your Schedule of Benefits. If the actual daily charge is less than the maximum Nursing Home daily dollar benefit, the difference will remain as part of your Lifetime Dollar Maximum.

#### **D. Bed Reservation Feature**

If, after you are admitted to a Nursing Home, you become hospitalized and are charged to reserve your accommodation in a Nursing Home, we will continue to pay the actual daily charge up to the maximum Nursing Home daily dollar benefit, or credit your Deductible Period, if applicable. We will do this for a total of 30 days per calendar year to ensure that your Nursing Home bed is reserved for your return. It is necessary that we be notified in

writing of your admittance to the hospital and your desire to have us pay to continue to reserve your Nursing Home bed.

**E. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force, with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Lifetime Dollar Maximum shown on your Schedule of Benefits; and
4. You must have completed the required Deductible Period; and
5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**SECTION 4: DESCRIPTION OF ALTERNATE CARE FACILITY BENEFITS**

**THIS SECTION DESCRIBES THE COVERED ALTERNATE CARE FACILITY SERVICES, THE AMOUNT OF BENEFIT PAYMENT, AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

**A. Covered Services**

This Policy covers your confinement in an Alternate Care Facility which meets the requirements of this Policy. This Policy will pay for Skilled, Intermediate, and Custodial Care in an Alternate Care Facility.

**B. Alternate Care Facility**

An Alternate Care Facility is primarily engaged in providing Custodial Care on an ongoing basis to a minimum of 15 individuals at the same location and meets all of the following minimum requirements:

- provides 24 hour a day care to individuals unable to perform Activities of Daily Living or who have Cognitive Impairment;
- is licensed by the Commonwealth of Pennsylvania, or the state in which the agency operates, to provide such care;
- provides room and board for a charge;
- provides three meals per day and accommodates special dietary needs;
- has an awake employee who is physically present for 24 hours per day, trained and ready to respond to the care needs of individuals within the facility;
- has special arrangements for referral to required medical, therapeutic, rehabilitation and social services; and
- meets required standards for handling, supervising and administering drugs and biologicals.

Such requirements are typically met by assisted living facilities and some personal care homes. They are generally not met by independent living units or individual residences.

### **C. Benefit Payments**

We will pay actual charges up to the maximum Alternate Care Facility daily dollar benefit as shown on your Schedule of Benefits. If the actual daily charge is less than the maximum Alternate Care Facility daily dollar benefit, the difference will remain as part of your Lifetime Dollar Maximum.

### **D. Bed Reservation Feature**

If, after you are admitted to an Alternate Care Facility, you become hospitalized and are charged to reserve your accommodation in the Alternate Care Facility, we will continue to pay the actual daily charges up to the maximum Alternate Care Facility daily dollar benefit or credit your Deductible Period, whichever is applicable. We will do this for a total of 30 days per calendar year to ensure that your Alternate Care Facility bed is reserved for your return. It is necessary that we be notified in writing of your admittance to the hospital and your desire to have us pay to continue to reserve your Alternate Care Facility bed.

### **E. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Lifetime Dollar Maximum shown on your Schedule of Benefits; and
4. You must have completed the required Deductible Period; and
5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

## **SECTION 5: DESCRIPTION OF HOME HEALTH CARE BENEFITS**

**THIS SECTION DESCRIBES THE COVERED HOME HEALTH CARE SERVICES, THE AMOUNT OF BENEFIT PAYMENTS AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

### **A. Covered Services**

This Policy covers Home Health Care services provided in your home or in another place where you reside, except in an Institutional Setting, by the following personnel of a Home Health Care Agency and, or a Homemaker Agency, as defined in this Policy:

1. Registered Nurse, Licensed Practical Nurse or licensed vocational nurse;
2. Therapists including licensed physical, occupational, respiratory, speech or audiologist, and nutritionist; and,
3. Home Health Aides and Homemakers.

We will not pay for Home Health Care on a day in which you received payment for Nursing Home or Alternate Care Facility benefits under this Policy.

## **B. Home Health Care Agency and Homemaker Agency**

### **1. Home Health Care Agency:**

A Home Health Care Agency is an organization, or part thereof, that meets the following minimum requirements:

- Is licensed as a Home Health Care Agency by the Commonwealth of Pennsylvania or the state in which the agency operates; and
- Is primarily engaged in providing Home Health Care Services; and
- The supervision of Home Health Care services is provided by a physician or Registered Nurse.

### **2. Homemaker Agency:**

A Homemaker Agency is an organization or part thereof, that meets the following minimum requirements:

- Is licensed as a Homemaker Agency by the Commonwealth of Pennsylvania or the state in which the agency operates (if the state licenses such agencies); and
- Is accredited by the National HomeCaring Council Foundation for Hospice and Homecare, or other similar accreditation body which we approve; and
- Is primarily engaged in providing Custodial Care by trained Home Health Aides and Homemakers.

## **C. Benefit Payments**

We will pay actual charges up to your maximum Home Health Care daily dollar benefit as shown on your Schedule of Benefits. If the actual daily charge is less than the maximum Home Health Care daily dollar benefit, the difference will remain as part of your Lifetime Dollar Maximum.

## **D. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Lifetime Dollar Maximum shown on your Schedule of Benefits; and
4. You must have completed the required Deductible Period; and
5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

## **SECTION 6: DESCRIPTION OF ADULT DAY CARE BENEFITS**

### **THIS SECTION DESCRIBES THE COVERED ADULT DAY CARE SERVICES, THE AMOUNT OF BENEFIT PAYMENTS, AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

#### **A. Covered Services**

This Policy covers services in an Adult Day Care Facility as defined in this Policy. Covered services include, but are not limited to, the following:

1. Assistance with Activities of Daily Living and personal hygiene;
2. A planned program of social, nutritional, health, educational, and developmental activities suited to the needs and abilities of participants;
3. At least one complete meal per day, including physician ordered special diets, and nutritional snacks as appropriate;
4. Health monitoring and information;
5. Supervision and/or administration of medications;
6. Referral to and arrangements for specialized health, therapeutic, rehabilitation and social services.

We will not pay for Adult Day Care on a day in which you received payment for Nursing Home or Alternate Care Facility benefits under this Policy.

#### **B. Adult Day Care Facility**

Adult Day Care Facility is an organization that meets the following minimum requirements:

1. Is licensed by the Commonwealth of Pennsylvania or the state in which it operates; and,
2. Provides a program of restorative and maintenance services within a protective non-residential setting, for part of a 24-hour day, to adults who are not capable of full-time independent living; and,
3. Provides services and activities including assistance in the performance of the Activities of Daily Living and personal hygiene; and a planned program of social, nutritional, health, educational and developmental activities designed to meet the needs of participants.

#### **C. Benefit Payments**

We will pay actual charges up to your maximum Adult Day Care daily dollar benefit as shown on your Schedule of Benefits. If the actual daily charge is less than the maximum Adult Day Care daily dollar benefit, the difference will remain as part of your Lifetime Dollar Maximum.

**D. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Lifetime Dollar Maximum shown on your Schedule of Benefits; and
4. You must have completed the required Deductible Period; and
5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**SECTION 7: DESCRIPTION OF RESPITE CARE BENEFITS**

**THIS SECTION DESCRIBES THE COVERED RESPITE CARE SERVICES, THE AMOUNT OF BENEFIT PAYMENTS, AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

**A. Covered Services**

This Policy covers up to 24-hours a day of Respite Care in your home by a Home Health Care Agency, as defined in this Policy, or in an established Respite Care program operated by a Nursing Home or other facility. It will pay for no more than seven (7) days of Respite Care in any six (6) month period.

The purpose of Respite Care is to provide temporary relief for a primary unpaid caregiver who is providing care in your home and assisting you in the performance of Activities of Daily Living, and without whose assistance you could not perform those activities.

**B. Benefit Payments**

We will pay actual charges up to the maximum Nursing Home daily dollar benefit as shown on your Schedule of Benefits for an inpatient Respite Care stay in an approved Respite Care program and for Respite Care services received in the home.

If the actual daily charge is less than the maximum Nursing Home daily dollar benefit, the difference will remain as part of your Lifetime Dollar Maximum.

**C. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Lifetime Dollar Maximum shown on your Schedule of Benefits; and
4. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**NOTE:** You do not have to complete a Deductible Period in order to receive Respite Care benefits.

## **SECTION 8: DESCRIPTION OF THE PERSONAL INDEPENDENCE FUND BENEFITS**

**THIS SECTION DESCRIBES THE PERSONAL INDEPENDENCE FUND COVERAGE, THE AMOUNT OF BENEFIT PAYMENTS, AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

### **A. Covered Services**

The Policy will pay up to a specified maximum to reimburse you for expenses which will reduce dependency and prevent you from requiring a more intensive and expensive level of care. You may use the Personal Independence Fund exclusive of, or in combination with other Covered Services under the Policy. These expenses must be part of a plan of care approved by us and agreed to by the Insured. Examples of such expenses include grab bars, non-skid surfaces in a bathroom, or adding a ramp for wheelchair accessibility.

### **B. Benefit Payments**

We will pay for benefits that we have approved in an amount not to exceed the Personal Independence Fund maximum shown on your Schedule of Benefits.

### **C. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Personal Independence Fund maximum, or your Lifetime Dollar Maximum shown on your Schedule of Benefits; and
4. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**NOTE:** You do not have to complete a Deductible Period to receive benefits under the Personal Independence Fund.

## **SECTION 9: GENERAL EXCLUSIONS AND LIMITATIONS**

### **A. We will *not* approve or cover services:**

1. Rendered outside of the United States and its territories; or
2. Provided in a Hospital or psychiatric care facility; or
3. For the treatment of Mental and Nervous Disorders as defined in this Policy, except that this exclusion does not apply to the following: Primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain; or
4. For the evaluation or treatment of alcoholism and drug addiction; or
5. For illness, treatment or medical conditions arising out of:
  - War or act of War (whether declared or undeclared);
  - Participation in a felony, riot or insurrection;
  - Service in the armed forces or units auxiliary thereto;

- Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
  - Aviation (this applies only to nonfare-paying passengers).
6. For treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program, other than Medicaid, any state or federal workers' compensation, employer's liability or occupational disease law, a motor vehicle no-fault law; or
  7. For which services are provided by an Immediate Family Member as defined in this Policy; and services for which no charge is made in the absence of insurance; or
  8. Not precertified by us, or
  9. Not specifically stated as covered in this Policy.

To the extent permitted by law, we will not pay for Covered Services in excess of allowable charges for service(s) and/or supply(ies) recognized as covered:

1. In any institution owned or operated by any local or state government, United States government or any agency of a local, state or United States government; or
2. Under Medicare, Medicare Risk Contracting Program(s) or Medicare Supplement Policy(ies).

We reserve the right to make the final determination of what is covered and what is excluded. However, our right to make the final determination does not infringe your right to appeal these decisions.

## **SECTION 10: GRIEVANCE POLICY**

If you believe a decision we have made regarding your Policy is incorrect, you may ask us to reconsider it by sending to us a written request within 60 days of the date of the decision. We will review any additional information provided by you, your doctor, the provider of services and other sources. If we change our decision, we will inform you in writing within 60 days and pay any benefits due as a result.

If we maintain our decision, we will inform you in writing and you may appeal again to us in writing within 60 days of such notice. We will take your appeal to a panel of impartial qualified professionals who are knowledgeable about insurance and long term care. We will notify you in writing of the decision within 60 days.

## **SECTION 11: CLAIMS INFORMATION**

**THIS SECTION EXPLAINS WHAT YOU HAVE TO DO TO FILE A CLAIM FOR BENEFIT PAYMENTS, HOW WE PROCESS A CLAIM, AND OTHER RIGHTS AND RESPONSIBILITIES UNDER THE POLICY.**

### **A. Advance Notice of Your First Claim**

You must notify us in writing when you have a claim for benefits. Please refer to Section 2: "Limitations or Conditions on Eligibility for Benefits" for the type of information we will need in order to process your claim.

When we receive your notice, we will (1) complete the Benefit Approval Process (2) notify you if you are eligible for payments and (3) send claim forms to you for filing proof of loss.

If you are eligible, payments for Covered Services can be made for services you received on or after the date you notified us and for up to 60 days prior to that date.

### **B. Filing Continuing Claims After Your First Claim**

A written proof of loss should be given to us within 90 days after the end of each month for which benefits are to be paid. We will give you claim forms to provide this proof of loss. If you do not have claim forms, the requirement for proof can be met by giving us a written statement including the following: Your name, address, Policy number, the kind of care or services you are receiving, name and address of the provider, a copy of the bill for the services, and the time periods for which you are claiming benefits.

We may reduce or deny a claim if proof of loss is not provided to us within 12 months from the date of loss. If you are legally incapacitated, someone legally authorized to act on your behalf must file the proof of loss within the 12 month period.

### **C. Payment of Claims**

We will evaluate your claim based on the provisions of the Policy, including the Benefit Approval Process, and the information provided by you, the provider of service and other sources.

We will inform you in writing if you are not eligible for benefits or if your claim is denied for any reason.

If you are eligible for payments, we will pay benefits to you or to a person legally authorized to act on your behalf. Any outstanding claim at your death will be paid to your estate.

## **SECTION 12: PREMIUM PAYMENT INFORMATION**

**THIS SECTION EXPLAINS THE REQUIREMENTS FOR PREMIUM PAYMENT, WHAT HAPPENS IF PREMIUMS ARE NOT PAID ON TIME, AND THE WAIVER OF PREMIUM PROVISIONS.**

### **A. Premium Payment**

This Policy will be kept in force by the payment of the correct premium on or before the due date as shown on your bill. Premiums are payable to us.

**Notice of Change** — By giving written notice to you at least 30 days before a change is effective, we may change the renewal premium for coverage under this Policy.

**Cancellation by You** — You may cancel the Policy at any time by giving us written notice. Pre-paid, unearned premiums will be returned on the first of the month following the month in which we receive your notice of cancellation.

**Cancellation by Us** — If you do not pay the premium, in full, on or before the due date, we will grant you a 30 day Grace Period. If the full premium is not paid before the end of the Grace Period, we will send a Notice of Cancellation to you and to the Third Party you have chosen. The Cancellation will occur 30 days after receipt of the Notice (this 30 day period is

called the Notice Period). The Notice shall be deemed received 5 days after the date it is mailed. If you or the Third Party you designate pay your premium before the end of the Notice Period, your Policy will not be cancelled. If the premium is not paid, the Policy will be cancelled retroactive to the last date for which the premium was paid in full.

No claims will be paid for any period during which premiums have not been paid in full, except as provided for in this Section, under Paragraph B. *Waiver of Premium*. Any partial payment of premium will be refunded to you.

**Reinstatement for Cognitive Impairment or Loss of Functional Capacity** — If this Policy is cancelled before your benefits have been exhausted, we will provide reinstatement of coverage if we receive the following within 5 months after the last date for which the premium was paid in full:

1. proof that you were Cognitively Impaired or that you suffered a Loss of Functional Capacity at the time this Policy was cancelled; and
2. an assessment by us confirming that you were Cognitively Impaired (including, but not limited to Alzheimer's Disease), or that you suffered a Loss of Functional Capacity; and
3. payment of all past-due premiums for the Policy and all Riders that were in force immediately prior to the last due date.

This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation. If you became eligible for benefits during the reinstatement period, these benefits will be payable; subject to any applicable Deductible Period, your Lifetime Dollar Maximum, and all other provisions of this Policy and its Riders. This information can be submitted by you or by your Third Party.

## **B. Waiver of Premium**

You may qualify for a waiver of premium under certain circumstances. You will not have to pay premium if these circumstances occur. If you pre-paid your premium, then you will receive a credit for unearned premium during the waiver period.

1. The Premium Waiver begins:
  - a. While in a Nursing Home, if the following occurs:
    - i. You satisfy your Deductible Period; and
    - ii. You begin receiving paid Nursing Home benefits.

You are responsible for paying your premiums up to the date a waiver becomes effective due to your receiving paid Nursing Home benefits. If you fail to pay your premiums and your Policy is not terminated before you enter a Nursing Home, we will pay benefits after you satisfy the Deductible Period. We will not interrupt your benefits while you are in the Nursing Home, but we will seek to collect past due premiums owed from before you entered the Nursing Home.

b. While receiving other benefits if:

- i. Your premiums are paid in full prior to the premium waiver taking effect; and
- ii. You satisfy your Deductible Period; and
- iii. You receive any combination of 90 days of paid Alternate Care Facility, Home Health Care, or Adult Day Care benefits within a 180 day time period.

You cannot qualify for a Premium Waiver by receiving Respite Care benefits or Personal Independence Fund benefits.

2. The premium waiver will end when the following occurs:

- a. Your confinement in a Nursing Home or Alternate Care Facility ends; or
- b. Your Home Health Care or Adult Day Care benefits end; or
- c. You exhaust your Lifetime Dollar Maximum, whichever comes first.

If the premium waiver ends for any reason, other than exhaustion of your Lifetime Dollar Maximum, we will resume billing you for premium. Your Policy will remain in force if you have paid us all premiums owed prior to entering a Nursing Home (if this was the reason for your waiver). You must continue to pay your premium when due after the premium waiver ends. If you do not pay premiums due to us, we will follow the steps outlined in the portion of Paragraph A (above) titled *Cancellation by Us*.

### **C. Exhaustion of Your Lifetime Maximum**

When your Lifetime Dollar Maximum is exhausted, this Policy will terminate. No further benefits will be payable to you and you do not have to pay any more premiums if this occurs. We may also collect any premiums you may have owed to us prior to exhaustion of benefits.

## **SECTION 13: DEFINITIONS OF IMPORTANT TERMS**

- A. Adult Day Care** — Means a program for six or more individuals of social and health-related services provided during the day in a community group setting for the purpose of supporting frail, impaired elderly or other adults with a disability who can benefit from care in a group setting outside the home.
- B. Adult Day Care Facility** — Means an organization that meets the following minimum requirements:
  1. Is licensed by the Commonwealth of Pennsylvania or the state in which it operates; and
  2. Provides an Adult Day Care program within a protective non-residential setting, for part of a 24-hour day; and
  3. Provides services and activities including assistance in the performance of the Activities of Daily Living and personal hygiene; and a planned program of social, nutritional, health, educational and developmental activities designed to meet the needs of participants.

- C. *Activities of Daily Living*** — Means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: eating, bathing, dressing, transferring, toileting and continence.
- D. *Alternate Care Facility*** — Means an organization that is primarily engaged in providing Custodial Care on an ongoing basis to a minimum of 15 individuals at the same location and meets all of the following minimum requirements:
1. provides 24 hour a day care to individuals unable to perform Activities of Daily Living or who have Cognitive Impairment; and
  2. is licensed by the Commonwealth of Pennsylvania, or the state in which the agency operates, to provide such care; and
  3. provides room and board for a charge; and
  4. provides three meals per day and accommodates special dietary needs; and
  5. has an awake employee who is physically present for 24 hours per day, trained and ready to respond to the care needs of individuals within the facility; and
  6. has special arrangements for referral to required medical, therapeutic, rehabilitation and social services; and
  7. meets required standards for handling, supervising and administering drugs and biologicals.

Such requirements are met by assisted living facilities and some personal care homes. They are generally not met by independent living units and individual residences.

- E. *Benefit Approval Process*** — Means the process used to determine your eligibility, approve the services and accept the provider, before you may count these services toward the Deductible Period and before benefits are paid.
- F. *Cognitive Impairment*** — Means the deterioration in or loss of your intellectual capacity which requires continual supervision to protect you or others. We will measure Cognitive Impairment by standardized tests and clinical evidence and will base it upon your impairment as indicated by loss in the following areas:
1. Your deductive or abstract reasoning; or
  2. Your short or long term memory; or
  3. Your recognition of yourself, where you are, time of day, month or year.
- G. *Covered Services*** — Means services for which we will pay benefits under this Policy.
- H. *Custodial Care*** — Means care which meets all of the following requirements:
1. Is primarily designed to assist you in the Activities of Daily Living; and
  2. Can be provided by a person who does not require professional training or skills.
- I. *Deductible Period*** — Means the number of days of care which must be paid by you or another party before we will begin to make payments under this Policy. You will have only one Deductible Period in your lifetime under this Policy.

- J. *Effective Date*** — Means the date your Policy begins as shown on our records and the Schedule of Benefits. We will issue this date only after we have received initial premium, accepted your completed application, and approved you for coverage.
- K. *Home Health Care Agency*** — Means an organization or part thereof, that meets the following minimum requirements:
1. Is licensed as a Home Health Care Agency by the Commonwealth of Pennsylvania or the state in which the agency operates; and
  2. Is primarily engaged in providing Home Health Care services; and
  3. The supervision of Home Health Care services is provided by a physician or Registered Nurse.
- L. *Home Health Aide*** — Means a person who is employed by a Home Health Care Agency or a Homemaker Agency as defined in the Policy, and whose routine functions include assisting with personal care services, as well as the recording and reporting of the patient's condition. If state or local licensing/certification exists, the person must be licensed/certified as a Home Health Aide where the service is performed. A Home Health Aide may not include you, your spouse, or any Immediate Family Member.
- M. *Home Health Care Services*** — Means medical and non-medical services provided to ill, disabled or infirm persons in their residences, except in an institutional setting. These services include those of a Registered Nurse, Licensed Practical Nurse, licensed vocational nurse, Therapists, Home Health Aide, and Homemaker.
- N. *Homemaker Agency*** — Means an organization or part thereof, that meets the following minimum requirements:
1. Is accredited by the National Home Caring Council Foundation for Hospice and Homecare, or other similar accreditation body which we approve;
  2. Is primarily engaged in providing Custodial Care by trained aides/Homemakers; and
  3. Is licensed as a Homemaker Agency by the Commonwealth of Pennsylvania or the state in which the agency operates (if the state licenses such agencies).
- O. *Homemaker*** — Means a person who is employed by a Home Health Care Agency or a Homemaker Agency as defined in the Policy, and whose routine functions include assistance with performing household tasks when persons are unable to do so on their own. These tasks may include: doing laundry and preparing meals. If state or local licensing/certification exists, the person must be licensed/certified as a Homemaker where the service is performed. A Homemaker may not include you, your spouse, or any Immediate Family Member.
- P. *Hospital*** — Means an organization licensed as a Hospital, or approved for operation by the applicable State Agency in which it is located and approved by the Joint Commission on Accreditation of Hospitals, or by the American Osteopathic Hospital Association.
- Q. *Immediate Family Member*** — Means your spouse, parent, child, sister, brother, grandparents, mother-in-law or step-mother, father-in-law or step-father, step-child, son-in-law, daughter-in-law, sister-in-law, brother-in-law, or any individual who ordinarily resides in your household.

- R. *Insured*** — Means the person (“you,” “your”) who has signed the Policy application, has been accepted for coverage by us and for whom the proper premium is currently being paid.
- S. *Insurer*** — Means Independence Blue Cross, we, us.
- T. *Institutional Setting*** — Means a Hospital, Nursing Home, hospice, rehabilitation center or similar establishment or institution. Such an establishment cannot be considered your home for the purpose of receiving Home Health Care benefits.
- U. *Intermediate Care*** — Means care which meets all of the following requirements:
1. Is primarily designed to provide intermittent professional nursing care; and
  2. Is performed by a Registered Nurse (RN), a Licensed Practical Nurse (LPN), or a licensed vocational nurse (LVN); and
  3. Is provided under the orders of a licensed physician.
- V. *Licensed Practical Nurse*** — Means a professional nurse who, where licensing is required, holds a valid license as a Licensed Practical Nurse (LPN) from the state in which the nursing service is performed. The Licensed Practical Nurse may not include you, your spouse, or any Immediate Family Member. The term Licensed Practical Nurse (LPN) shall include a licensed vocational nurse (LVN) and any other similarly designated nurse in those states in which a professional nurse is designated as other than an LPN and for whom licensing is required.
- W. *Loss of Functional Capacity*** — Means your inability to perform the required number of Activities of Daily Living (ADL) under the Policy in order to receive paid benefits.
- X. *Medicare*** — Means the program under The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965, or Health Insurance for the Aged Act (42 U.S.C.A. §§ 1395-1395ccc).
- Y. *Mental and Nervous Disorders*** — Means and includes neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder.
- Z. *Nursing Home*** — Means a facility that must meet the following minimum requirements:
1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
  2. Provides room and board for a charge to ill, disabled or infirm persons; and
  3. Is primarily engaged in providing Skilled Care, Intermediate Care and/or Custodial Care which is supervised by one or more licensed physicians or Registered Nurses; and
  4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or licensed vocational nurse; and
  5. Maintains clinical records including medical documentation and control of medications; and

- 6. Meets required standards for administering medication; and
- 7. Is not, other than incidentally:
  - (a) an acute care general hospital; or
  - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
  - (c) a place that provides living arrangements for people not suffering from a specific physical illness or injury; or
  - (d) a place that provides retirement living.

**AA. Policy** — Means this contract, application and any attached riders or endorsements.

**BB. Registered Nurse** — Means a professional nurse legally entitled to the designation of "RN" who, where licensing is required, holds a valid license as an RN from the state in which the nursing service is performed. Registered Nurse may not include you or any Immediate Family Member.

**CC. Respite Care** — Means care that is provided for the temporary relief of a primary unpaid caregiver providing care for you in the home and assisting you in the performance of Activities of Daily Living, and without whose assistance you could not perform those activities.

**DD. Skilled Care** — Means care which meets all of the following requirements:

- 1. Is designed to provide 24-hour professional nursing care; and
- 2. Is performed by trained health professionals such as a Registered Nurse or Therapist; and
- 3. Is performed under the orders of a licensed physician.

**EE. Therapist** — Means a physical therapist, occupational therapist, respiratory therapist, speech pathologist or audiologist, or nutritionist who is licensed in the state where the services are performed. Therapist may not include you, your spouse, an Immediate Family Member, or someone who ordinarily resides in your home.

**FF. Third Party** — Means an individual who has been identified by you as a person to whom we will forward a notice of cancellation if your Policy is cancelled for non-payment of premiums. When your Third Party receives notice that your Policy will be cancelled for non-payment of premiums, your Third Party has the same rights as you to pay the premiums owed, or to ask that the Policy be reinstated.

**We shall determine what satisfies the above definitions, including which providers, services, and illnesses. However, our right to make this determination does not infringe upon your right to appeal these decisions.**

# LONG TERM CARE INSURANCE



**Independence  
Blue Cross**

1901 Market Street, Philadelphia, PA 19103-1480

Independence Blue Cross is an Independent Licensee  
of the Blue Cross and Blue Shield Association.  
Form # 5182-S 12/95



# INDEPENDENCE BLUE CROSS

## ANNUAL BENEFIT INCREASE OPTIONS RIDER TO COMPREHENSIVE LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the **Independence Blue Cross Comprehensive Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

### ANNUAL BENEFIT INCREASE OPTIONS

#### A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care, and Respite Care benefits. Your Life-time Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit. The Personal Independence Fund maximum benefit will remain the same.

#### B. Annual Benefit Increase Options

Your daily dollar amounts will experience a 5% compounded increase in the daily dollar benefit over the length of the Policy.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

Approval, Effective Date 2-2-96  
Policy Issued Insurance Department  
By Deslynn S Rhodes



# INDEPENDENCE BLUE CROSS

## ANNUAL BENEFIT INCREASE OPTIONS RIDER TO COMPREHENSIVE LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the **Independence Blue Cross Comprehensive Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

### ANNUAL BENEFIT INCREASE OPTIONS

#### A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care, and Respite Care benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit. The Personal Independence Fund maximum benefit will remain the same.

#### B. Annual Benefit Increase Options

Your daily dollar amounts will increase by 5% of the original daily dollar benefit for 10 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

Approved, \_\_\_\_\_ 2-2-96  
Pennsylvania Independence Fund  
By Reclyn S Rhodes



**INDEPENDENCE BLUE CROSS**

**ANNUAL BENEFIT INCREASE OPTIONS  
RIDER TO  
COMPREHENSIVE LONG TERM CARE INSURANCE POLICY**

This Rider is attached to form part of the **Independence Blue Cross Comprehensive Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

**ANNUAL BENEFIT INCREASE OPTIONS**

**A. Coverage**

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care, and Respite Care benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit. The Personal Independence Fund maximum benefit will remain the same.

**B. Annual Benefit Increase Options**

Your daily dollar amounts will increase by 5% of the original daily dollar benefit for 20 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

Approved: \_\_\_\_\_ 2-2-96  
Pennsylvania Department of Insurance  
By Baslyn S. Rhodes

# Long Term Care

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## OUTLINE OF COVERAGE

Approved On 2-2-96

Pennsylvania

By Boslyn S. Rhoden



Independence  
Blue Cross



## INDEPENDENCE BLUE CROSS

1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
215-563-5692

### LONG TERM CARE INSURANCE POLICY OUTLINE OF COVERAGE

(for Policy Form number 5025)

*Caution:* The issuance of this Long Term Care Insurance Policy (Policy Form 5025) is based on your responses to the questions on your application. A copy of your application is enclosed. If your answers are incorrect or untrue, Independence Blue Cross (IBC) has the right to deny benefits or rescind your Policy. The best time to clear up any questions is now before a claim arises! If for any reason, any of your answers are incorrect, contact IBC at the above address.

1. This Policy is an individual Policy of IBC which was issued in the Commonwealth of Pennsylvania.

*Notice to Buyer:* This policy may not cover all of the costs associated with long term care incurred by you during the period of coverage. You are advised to review carefully all policy limitations.

2. **PURPOSE OF OUTLINE OF COVERAGE** This outline of coverage provides a very brief description of the important features of the Policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual Policy contains governing contractual provisions. This means that the Policy sets forth in detail the rights and obligations of both you and IBC. Therefore, if you purchase this coverage or any other coverage, it is important that you **READ YOUR POLICY CAREFULLY!**

### 3. TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE OR DISCONTINUED

- A. **RENEWABILITY: THIS POLICY IS GUARANTEED RENEWABLE.** This means you have the right, subject to the terms of your Policy, to continue this Policy as long as you pay your premiums on time. IBC cannot change any of the terms of your Policy on its own, except that, in the future **IT MAY INCREASE THE PREMIUMS YOU PAY.**
- B. If your Policy is cancelled because you failed to pay your premiums due to a Cognitive Impairment (including, but not limited to Alzheimer's Disease) or a Loss of Functional

Capacity, it is possible to have your Policy reinstated. We will reinstate your Policy if we receive proof that you were Cognitively Impaired or had a Loss of Functional Capacity when the premiums were due, and all past due premiums are received within 5 months after the date of termination. This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation.

- C. The Policy provides for the waiver of premium payment after you receive paid Nursing Home benefits or after you receive 90 days of paid Alternate Care Facility benefits within a 180 day time period.
- D. We can change your premium, but only if we do so for all Policies like yours on a class basis, or if you elect to add benefits or riders to this Policy. Any premium change will be based on your age at the time of issue.

#### **4. TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED**

- A. If you are not satisfied with the Policy, you may return it within 30 days from the day of delivery for a full refund of any premium paid.
- B. This Policy does contain a provision that in the event of your death or cancellation of this Policy, we will refund any unearned, prepaid premiums to you or your estate.

#### **5. THIS IS NOT MEDICARE SUPPLEMENT COVERAGE** If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from IBC.

- A. Neither IBC nor its authorized sales representatives represent Medicare, the federal government or any state government.

#### **6. LONG TERM CARE COVERAGE** Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a nursing home, in the community, or in the home.

This Policy pays actual charges for covered long term care expenses, up to the daily dollar amounts you select, subject to Policy limitations and requirements.

#### **7. BENEFITS PROVIDED BY THIS POLICY**

- A. *Policy Coverage:* This Policy provides coverage for care in a Nursing Home or Alternate Care Facility. This Policy also includes Annual Benefit Increase Options that, if purchased, will increase the daily dollar benefit selected by you.
- B. *Deductible Period:* This is the period of time you must receive Covered Services before IBC will begin to pay benefits to you. You may select either a 30-day or 90-day Deductible Period. You can count any days on which you were eligible and during

which you received Nursing Home or Alternate Care Facility benefits toward the Deductible Period. You only have to satisfy the Deductible Period once in your lifetime under the Policy.

- C. *Waiting Period:* Other than the Deductible Period noted above, there is no other waiting period or pre-existing condition period that must be satisfied in order to receive benefits under the Policy.
- D. *Institutional Benefits:* IBC will pay for Skilled, Intermediate, and Custodial Care in a Nursing Home, or in an Alternate Care Facility, as defined in the Policy.

For Nursing Home care, we will pay actual charges up to the Nursing Home daily dollar benefit that you select below, ranging in \$10 increments from:

\$60 to \$250 per day.

We will pay the actual charges of Alternate Care Facility benefits, up to 60% of the Nursing Home daily dollar benefit.

- E. *Lifetime Dollar Maximum:* Covered Services under this Policy are subject to a Lifetime Dollar Maximum. This determines your actual Policy limits for Nursing Home and Alternate Care Facility services.

The Lifetime Dollar Maximum is determined from the benefit options selected by you and represents the total dollar amount of insurance benefits that are payable under the Policy for Nursing Home and Alternate Care Facility services.

The Lifetime Dollar Maximum is determined by multiplying the Nursing Home daily dollar benefit you choose (ranging from \$60 to \$250 per day—see (D) above) by a Lifetime Maximum Factor.

The options for the Lifetime Maximum Factor are:

730; 1,460; 2,190; or Unlimited

- G. *How to Receive Benefits Under the Policy:* In order to receive benefits under this Policy, the following must occur:

1. You must satisfy the Deductible Period you have chosen;
2. Services must be covered under the Policy; and,
3. You must complete the Benefit Approval Process by contacting IBC prior to receiving care in order to allow us to determine your eligibility for services. A determination will be made based on the following:

For Nursing Home and Alternate Care Facility benefits—Your inability to perform three out of six Activities of Daily Living (ADL) and/or have a Cognitive Impairment.

The term Activities of Daily Living means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: eating, bathing, dressing, transferring, toileting and continence.

## 8. LIMITATIONS AND EXCLUSIONS

- A. We will not approve or cover services which are provided by an Immediate Family Member as defined in the Policy; and services for which no charge is made in the absence of insurance. All persons, organizations, and facilities which provide care must meet the requirements of the Policy.
- B. We will not approve or cover services:
1. Rendered outside of the United States and its territories; or
  2. Provided in a Hospital or psychiatric care facility; or
  3. For the treatment of Mental and Nervous Disorders as defined in this Policy; or
  4. For the evaluation or treatment of alcoholism and drug addiction; or
  5. For illness, treatment or medical conditions arising out of:
    - War or act of War (whether declared or undeclared);
    - Participation in a felony, riot or insurrection;
    - Service in the armed forces or units auxiliary thereto;
    - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
    - Aviation (this applies only to nonfare-paying passengers).
  6. For treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program other than Medicaid; any state or federal workers' compensation, employer's liability or occupational disease law; a motor vehicle no-fault law; or
  7. Not precertified by us; or
  8. Not specifically stated as covered in this Policy.
- C. To the extent permitted by law, we will not pay for Covered Services in excess of allowable charges for service(s) and/or supply(ies) recognized as covered:
1. In any institution owned or operated by any local or state government, United States government or any agency of a local, state or United States government; or
  2. Under Medicare, Medicare Risk Contracting Program(s) or Medicare Supplement Policy(ies).

**THE POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG TERM CARE NEEDS.**

**9. RELATIONSHIP OF COST OF CARE AND BENEFITS** Because the cost of long term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted.

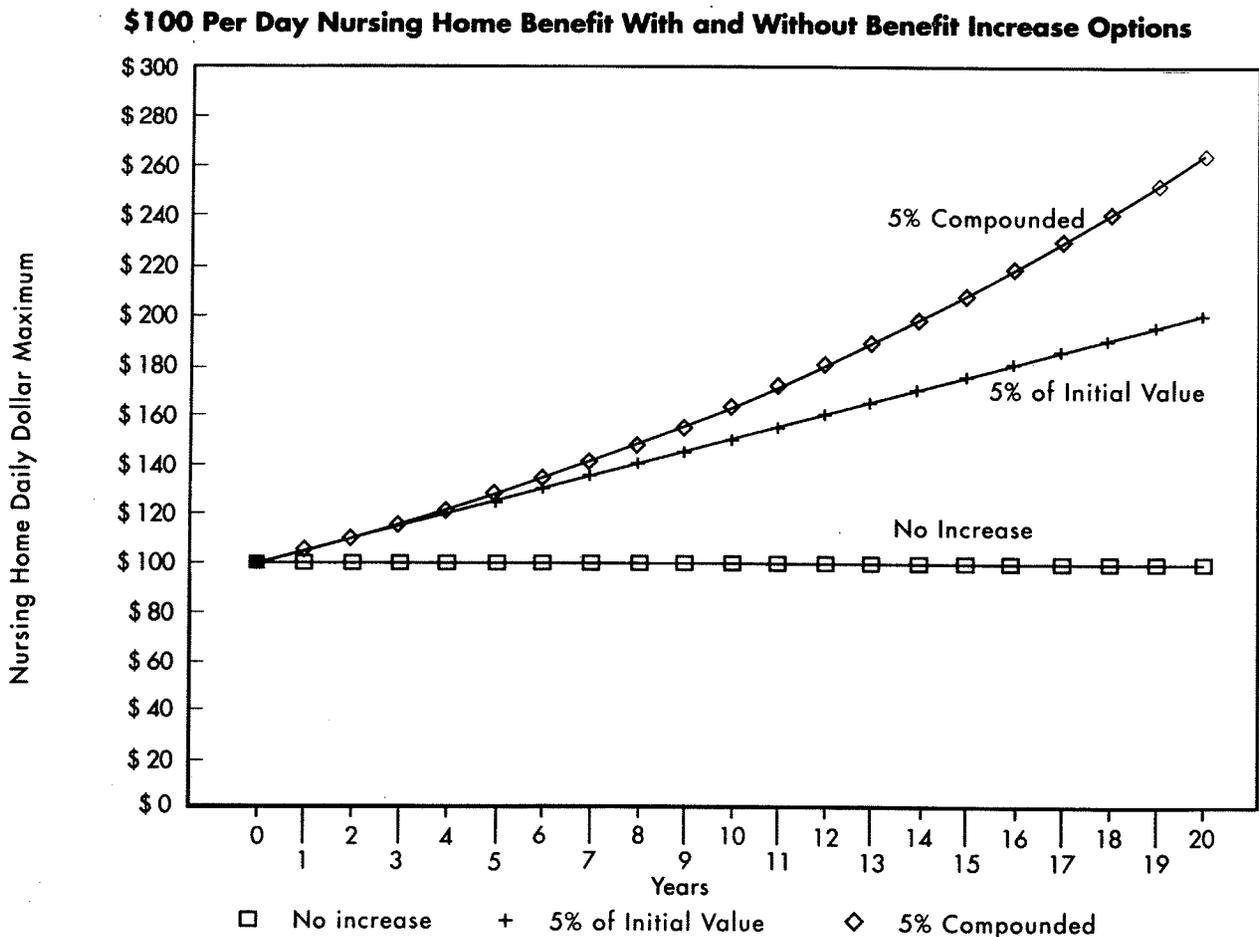
IBC's Long Term Care Policy offers three Annual Benefit Increase Options that will increase your Nursing Home and Alternate Care Facility daily benefits in one of the following ways, which you select.

- a. 5% of the original daily dollar amount for 10 years;
- b. 5% of the original daily dollar amount for 20 years; or
- c. 5% compounded increase in the daily dollar amount over the length of the Policy.

The unused portion of the Lifetime Dollar Maximum will increase as well.

Each option is available at initial Policy purchase for a higher premium. Your premium will not automatically increase to pay for this option.

The Chart below shows how a policy with a \$100 daily maximum increases over 20 years with the above benefit increase options compared to the same type of policy without the benefit increase options.



**10. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS**

The Policy covers loss due to primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain.

**11. PREMIUM**

The Policy premium is based on your age and benefit selection at the time of Policy purchase. Your premium will not increase unless it increases for an entire class of people. If you choose one of the Annual Benefit Increase Options, your initial premium will start off higher. It will remain the same over the life of your Policy, unless there is an increase in premium for an entire class of people.

<b>COVERAGE</b>	<b>ANNUAL PREMIUM</b>
_____ Long Term Care Policy	\$ _____
_____ Long Term Care Policy with Annual Benefit Increase Option	\$ _____

The Policy will be issued or delivered based on the information provided on the application completed by you.

**12. ADDITIONAL FEATURES**

- a. If you and your spouse each apply, and are accepted for a long term care Policy with us, you will both receive a premium discount of 10%.
- b. We will pay to reserve a Nursing Home or Alternate Care Facility bed if your stay is interrupted due to a hospitalization. We will pay for up to 30 days in each facility during a single calendar year.
- c. Medical underwriting will be used to determine your eligibility for this Policy.

# LONG TERM CARE INSURANCE



**Independence  
Blue Cross**

1901 Market Street, Philadelphia, PA 19103-1480

**SAMPLE**

# Long Term Care Policy

Approved, Effective 2-2-96

Pennsylvania Insurance Department

By Boelyn S. Rhodes



Independence  
Blue Cross



## INDEPENDENCE BLUE CROSS

Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
Telephone: (215) 563-5692

*A non-profit corporation regulated by the Insurance Department  
of the Commonwealth of Pennsylvania.*

### LONG TERM CARE INSURANCE POLICY

for  
JOHN A. DOE  
1234 Main Street  
Anytown, Anystate 99999

We at Independence Blue Cross, the Insurer, are pleased to issue this long term care insurance Policy to you, the Insured. This Policy provides coverage for Skilled, Intermediate, and Custodial Care services and is nonparticipating.

**Caution:** The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

*Notice to Buyer: This Policy may not cover all of the costs associated with long-term care incurred by you during the period of coverage. You are advised to review carefully all Policy limitations.*

#### THIS POLICY IS GUARANTEED RENEWABLE

We cannot cancel or refuse to renew this Policy until benefits have been exhausted, as long as you pay premiums on time. We can change the premiums, but only if we do so for all similar Policies issued in the State on the same Policy form as this Policy. We will notify you in writing at least 30 days in advance of any such premium change.

#### 30 DAY RIGHT TO EXAMINE YOUR POLICY

You have 30 days from the day of delivery of this Policy to examine it. If you are not satisfied with this Policy for any reason, you have the right to return it to us at the above address within 30 days of receiving it. We will refund the full amount of any premium you have paid, and void the Policy from its start.

#### THIS IS NOT A MEDICARE SUPPLEMENT POLICY.

**IF YOU ARE ELIGIBLE FOR MEDICARE, PLEASE REVIEW THE  
BUYERS GUIDE FOR MEDICARE SUPPLEMENT INSURANCE  
THAT IS AVAILABLE FROM INDEPENDENCE BLUE CROSS.**

If you have any questions, please contact your sales representative or Independence Blue Cross at the above address.

○

**IMPORTANT NOTICE ABOUT THIS LONG TERM CARE POLICY**

This is long term care insurance issued in accordance with the laws of Pennsylvania. This certifies that your application has been approved, and upon payment of the required premium, you are entitled to the long term care benefits set forth in accordance with the terms and conditions described in this Policy.

ATTEST:

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Patricia R. Hatler  
General Counsel and  
Corporate Secretary

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G. Fred DiBona, Jr., Esq.  
President and  
Chief Executive Officer

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## **SECTION 1: KEY POLICY PROVISIONS**

**THIS POLICY IS A CONTRACT BETWEEN US AND YOU.**

**THIS SECTION DESCRIBES THE DOCUMENTS THAT MAKE UP THE CONTRACT BETWEEN US AND YOU AND SOME OF THE MOST IMPORTANT RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.**

### **A. Importance of Correct Information on the Application**

Caution: The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

### **B. Entire Contract/Contract Changes**

This Policy, its riders, if any, the attached Schedule of Benefits and the Application are the entire contract between us and you. No change in this Policy will be effective until it is approved by one of our officers. This approval must be noted on or attached to this Policy. No agent may change the Policy or waive any of its provisions. Any future rider or endorsement which modifies your coverage, must be signed by you to be effective, unless it increases your benefits without increasing your premium or is required by law. Riders or endorsements must always be signed by us to become effective.

### **C. Effective Date/Time Periods**

The coverage under this Policy begins on the Effective Date shown on Your Schedule of Benefits. All time periods begin and end at 12:01 A.M. your local time.

### **D. Time Limit on Certain Defenses**

After three (3) years from the Effective Date of this Policy, only fraudulent misstatements on your application may be used to void this Policy, or to deny any claim that commenced after the expiration of such three year period.

### **E. Misstatement of Age**

If you have misstated your age so that your premium was lower than what would have applied at your correct age, benefits will remain the same and the unpaid portion of the premium will be charged to you. Any such premiums due may be paid in one lump sum or deducted from continuing claim payments. Failure to pay this portion will result in the cancellation of your Policy. Further premiums will be charged based on your correct age at the Policy application date.

If you have misstated your age so that your premium was higher than would have been applied at your correct age, we will refund the difference.

If based on your correct age at the time of issue you would not have been eligible to purchase this Policy, we will rescind the Policy and our liability to you will be limited to the amount of premiums paid.

#### **F. Other Long Term Care Insurance**

You can be covered under only one long term care Policy, and Rider(s) to that Policy, with us. If you are covered under any other long term care Policy issued by us, you must choose which Policy will be effective. We will void the other Policy and refund the unearned premium amount paid for any insurance which is not effective.

#### **G. Access to Medical Records**

You agree that when a claim is made under this Policy, you consent to give us the right to obtain from you or from any other source all medical records, copies of records, testimony, or other information needed by us to adjudicate and/or process the claim. You also agree to give subsequent consent to updated release of this information if required by us.

#### **H. Physical Examination**

We have the right to require a medical, functional disability, and/or cognitive status exam by medical and other health professionals deemed appropriate by us, at the time of application for this Policy, when a claim is made, and at reasonable intervals while you are claiming continued benefits. After the policy is issued, you will not have to pay for an exam if it is required by us.

#### **I. Alternative Benefits Provision**

If we decide, on a case-by-case basis, to make an exception to some part of this Policy, it would not obligate us to do the same for everyone, nor would it affect our right to administer this Policy in strict accordance with its provisions.

#### **J. Recovery of Overpayments**

If an overpayment is made to you because of an error in claims processing, we will explain the error and you must return the overpayment amount to us at our request.

#### **K. Conformity With Other State Statutes**

If any provision of this Policy is in conflict with the applicable laws of the state in which you reside, the provision is amended to conform to the minimum requirements of such laws on the effective date of those laws.

#### **L. Subrogation**

In the event any payment is made to you under this Policy, we will be subrogated and will succeed to your rights of recovery against any person or organization, except against insurers on policies of insurance issued to and in your name. You will execute and deliver such instruments and take such action as we may reasonably require to secure such rights. You will not do anything to prejudice our subrogation rights. Our right of subrogation will be unenforceable where prohibited by law.

## **M. Legal Actions**

You cannot sue for recovery under this Policy until you have exhausted your appeal rights under the Policy. You cannot institute a lawsuit against us after three (3) years from the time a proof of claim is required to be furnished.

## **N. Headings Not Controlling**

Headings used in this Policy are for reference purposes only and shall not change the substance of the provisions of this Policy.

## **O. Determinations**

In all cases we shall determine what satisfies the definitions and provisions of this contract, including which providers, and services are eligible for reimbursement.

## **P. Disclosure**

The Insured hereby expressly acknowledges that this agreement constitutes a contract solely between the Insured and Independence Blue Cross, which is an independent corporation operating under license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans (the "Association") permitting Independence Blue Cross to use the Blue Cross Service Mark in southeastern Pennsylvania, and that Independence Blue Cross is not contracting as an agent of the Association. The Insured further acknowledges and agrees that this agreement was not entered into based upon representations by any person other than Independence Blue Cross and that no person, entity or organization other than Independence Blue Cross shall be accountable or liable to the Insured for any of Independence Blue Cross' obligations to the Insured created under this agreement. This paragraph shall not create any additional obligations whatsoever on the part of Independence Blue Cross other than those obligations created under other provisions of this agreement.

## **SECTION 2: LIMITATIONS OR CONDITIONS ON ELIGIBILITY FOR BENEFITS**

**THIS SECTION DESCRIBES CONDITIONS THAT YOU MUST MEET IN ORDER TO BE ELIGIBLE TO RECEIVE PAID BENEFITS UNDER THE POLICY. IT EXPLAINS THE DEDUCTIBLE PERIOD, AND BENEFIT APPROVAL PROCESS.**

In order to qualify for paid benefits under this Policy, you must:

- A. Meet the Deductible Period as described in this Policy; and,
- B. Receive Covered Services as described in this Policy; and,
- C. Complete the Benefit Approval Process.

### **A. Deductible Period Before Paid Benefits Can Begin**

You must receive Covered Services for a certain number of days before we will begin to pay benefits under the Policy. This period of time is known as the Deductible Period, and it is shown on your Schedule of Benefits. We must have approved your eligibility for benefits in order for you to count those days of care toward the Deductible Period. (See Benefit Approval Process under Section 2:C.)

You may count any days on which you were eligible and during which you received care in a Nursing Home or Alternate Care Facility, as defined in this Policy, toward the Deductible Period. You only have to satisfy the Deductible Period once in your lifetime under this Policy.

## **B. Covered Services**

In order to qualify for paid benefits under this Policy, you must receive Covered Services as described in the following Sections:

Nursing Home Care: Section 3

Alternate Care Facility: Section 4

## **C. Benefit Approval Process**

### **YOUR RESPONSIBILITIES:**

*In order to qualify for paid benefits under this Policy, you must notify us prior to receiving Covered Services and complete the Benefit Approval Process which is described below under "Our Responsibilities."*

### **HOW TO CONTACT US:**

Your notice should be given to us in writing at the address we provide to you and should include the following: Your name, address and telephone number, your Policy number and your intention to seek benefits under the Policy by filing a claim.

It is very important that you notify us prior to making your first claim for benefits. This is necessary so that we can determine when you have met your Deductible Period and when you will be eligible for Covered Services.

### **OUR RESPONSIBILITIES:**

We will carry out the following steps which make up the **Benefit Approval Process** in order to determine your need for Covered Services:

1. Determine your eligibility for Nursing Home or Alternate Care Facility services based on your inability to perform three out of the six Activities of Daily Living (ADL), or your Cognitive Impairment, as defined in this Policy.
2. Approve the Covered Services for which benefits will be paid under the Policy.
3. Approve the provider(s) you have chosen. *You may select the Nursing Home or Alternate Care Facility of your choice as long as the provider meets the requirements in this Policy.*

We will certify that the provider meets those requirements as part of determining your eligibility for benefits. We are not responsible for the conduct or misconduct of providers, their ability to deliver services, or any of their actions. You should let us know if and when you change from one provider to another.

## **D. Description of Activities of Daily Living (ADL)**

A person will be considered unable to perform an Activity of Daily Living (ADL) if he or she requires hands-on services and/or continual supervision and direction from another person in order to carry out the activity.

We will use the following six Activities of Daily Living (ADL) to determine functional loss:

### *Eating*

Eating is the process of getting food by any means from the receptacle (plate, cup, glass, bottle, etc.) into the body. It is the process of consuming after food is placed in front of the individual. It includes bringing the food to the mouth, chewing, swallowing and manipulating food on the plate.

### *Dressing*

Dressing is the process of putting on, fastening, and taking off all items of clothing, braces, and artificial limbs worn daily by the individual. Dressing includes obtaining and replacing the items from their storage area in the immediate environment. Clothing refers to the clothing usually worn daily by the individual.

### *Bathing*

Bathing is the process of washing the body or body parts, including getting the bathing water and/or equipment, whether using a shower, or tub, or basin. The place of bathing may be a bathroom or other room such as a bedroom.

### *Transferring*

Transferring is the process of moving from one sitting or lying position to another sitting or lying position (e.g., from bed to a chair, or from a wheelchair to a sofa), coming to a standing position and/or repositioning to prevent skin breakdown.

### *Toileting*

Toileting is the process of getting to and from the toilet room for elimination, transferring on and off the toilet, cleansing self after elimination, and adjusting clothes. A commode in any location may be considered the "toilet room," only if in addition to meeting the criteria for "toileting," the individual empties, cleanses, and replaces the receptacle without assistance from another person.

### *Continence*

Continence refers to the ability to control bowel or bladder function or to use a special device or appliance and to empty and clean it oneself.

## **SECTION 3: DESCRIPTION OF NURSING HOME BENEFITS**

**THIS SECTION DESCRIBES THE COVERED NURSING HOME SERVICES, THE AMOUNT OF BENEFIT PAYMENTS AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

### **A. Covered Services**

This Policy covers your confinement as an inpatient in a licensed Nursing Home as defined in this Policy. It will pay for Skilled Care, Intermediate Care, and Custodial Care.

## **B. Nursing Home**

A Nursing Home is a facility that must meet the following minimum requirements:

1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
2. Provides room and board for a charge to ill, disabled or infirm persons; and
3. Is primarily engaged in providing Skilled Care, or Intermediate Care, which is supervised by one or more physicians, and/or Custodial Care; and
4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or a licensed vocational nurse; and
5. Maintains clinical records including medical documentation and control of medications; and
6. Meets required standards for administering medication; and
7. Is not, other than incidentally:
  - (a) an acute care general hospital; or
  - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
  - (c) a place that provides living arrangements for people not suffering from a specific physical illness or injury; or
  - (d) a place that provides retirement living.

## **C. Benefit Payment Amount**

We will pay actual charges up to the maximum Nursing Home daily dollar benefit shown on your Schedule of Benefits. If the actual daily charge is less than the maximum Nursing Home daily dollar benefit, the difference will remain as part of your Lifetime Dollar Maximum.

## **D. Bed Reservation Feature**

If, after you are admitted to a Nursing Home, you become hospitalized and are charged to reserve your accommodation in a Nursing Home, we will continue to pay the actual daily charge up to the maximum Nursing Home daily dollar benefit, or credit your Deductible Period, if applicable. We will do this for a total of 30 days per calendar year to ensure that your Nursing Home bed is reserved for your return. It is necessary that we be notified in writing of your admittance to the hospital and your desire to have us pay to continue to reserve your Nursing Home bed.

## **E. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force, with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Lifetime Dollar Maximum shown on your Schedule of Benefits; and

4. You must have completed the required Deductible Period; and
5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

#### **SECTION 4: DESCRIPTION OF ALTERNATE CARE FACILITY BENEFITS**

##### **THIS SECTION DESCRIBES THE COVERED ALTERNATE CARE FACILITY SERVICES, THE AMOUNT OF BENEFIT PAYMENT, AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

#### **A. Covered Services**

This Policy covers your confinement in an Alternate Care Facility which meets the requirements of this Policy. This Policy will pay for Skilled, Intermediate, and Custodial Care in an Alternate Care Facility.

#### **B. Alternate Care Facility**

An Alternate Care Facility is primarily engaged in providing Custodial Care on an ongoing basis to a minimum of 15 individuals at the same location and meets all of the following minimum requirements:

- provides 24 hour a day care to individuals unable to perform Activities of Daily Living or who have Cognitive Impairment;
- is licensed by the Commonwealth of Pennsylvania, or the state in which the agency operates, to provide such care;
- provides room and board for a charge;
- provides three meals per day and accommodates special dietary needs;
- has an awake employee who is physically present for 24 hours per day, trained and ready to respond to the care needs of individuals within the facility;
- has special arrangements for referral to required medical, therapeutic, rehabilitation and social services, and
- meets required standards for handling, supervising and administering drugs and biologicals.

Such requirements are typically met by assisted living facilities and some personal care homes. They are generally not met by independent living units or individual residences.

#### **C. Benefit Payments**

We will pay actual charges up to the maximum Alternate Care Facility daily dollar benefit as shown on your Schedule of Benefits. If the actual daily charge is less than the maximum Alternate Care Facility daily dollar benefit, the difference will remain as part of your Lifetime Dollar Maximum.

#### **D. Bed Reservation Feature**

If, after you are admitted to an Alternate Care Facility, you become hospitalized and are charged to reserve your accommodation in the Alternate Care Facility, we will continue to

pay the actual daily charges up to the maximum Alternate Care Facility daily dollar benefit or credit your Deductible Period, whichever is applicable. We will do this for a total of 30 days per calendar year to ensure that your Alternate Care Facility bed is reserved for your return. It is necessary that we be notified in writing of your admittance to the hospital and your desire to have us pay to continue to reserve your Alternate Care Facility bed.

**E. Conditions That Must Be Met To Receive Paid Benefits**

1. The Policy must be in force with all premiums paid as due; and
2. You must receive Covered Services under the Policy; and
3. You must not have reached the Lifetime Dollar Maximum shown on your Schedule of Benefits; and
4. You must have completed the required Deductible Period; and
5. We must have approved your eligibility for benefits according to the Benefit Approval Process.

**SECTION 5: GENERAL EXCLUSIONS AND LIMITATIONS**

**A. We will *not* approve or cover services:**

1. Rendered outside of the United States and its territories; or
2. Provided in a Hospital or psychiatric care facility; or
3. For the treatment of Mental and Nervous Disorders as defined in this Policy, except that this exclusion does not apply to the following: Primary degenerative dementias of the Alzheimer's type and dementias arising from stroke or traumatic injury to the brain; or
4. For the evaluation or treatment of alcoholism and drug addiction; or
5. For illness, treatment or medical conditions arising out of:
  - War or act of War (whether declared or undeclared);
  - Participation in a felony, riot or insurrection;
  - Service in the armed forces or units auxiliary thereto;
  - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
  - Aviation (this applies only to nonfare-paying passengers).
6. For treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program, other than Medicaid, any state or federal workers' compensation, employer's liability or occupational disease law, a motor vehicle no-fault law; or
7. For which services are provided by an Immediate Family Member as defined in this Policy; and services for which no charge is made in the absence of insurance; or
8. Not precertified by us; or

9. Not specifically stated as covered in this Policy.

To the extent permitted by law, we will not pay for Covered Services in excess of allowable charges for service(s) and/or supply(ies) recognized as covered:

1. In any institution owned or operated by any local or state government, United States government or any agency of a local, state or United States government; or
2. Under Medicare, Medicare Risk Contracting Program(s) or Medicare Supplement Policy(ies).

We reserve the right to make the final determination of what is covered and what is excluded. However, our right to make the final determination does not infringe your right to appeal these decisions.

## **SECTION 6: GRIEVANCE POLICY**

If you believe a decision we have made regarding your Policy is incorrect, you may ask us to reconsider it by sending to us a written request within 60 days of the date of the decision. We will review any additional information provided by you, your doctor, the provider of services and other sources. If we change our decision, we will inform you in writing within 60 days and pay any benefits due as a result.

If we maintain our decision, we will inform you in writing and you may appeal again to us in writing within 60 days of such notice. We will take your appeal to a panel of impartial qualified professionals who are knowledgeable about insurance and long term care. We will notify you in writing of the decision within 60 days.

## **SECTION 7: CLAIMS INFORMATION**

### **THIS SECTION EXPLAINS WHAT YOU HAVE TO DO TO FILE A CLAIM FOR BENEFIT PAYMENTS, HOW WE PROCESS A CLAIM, AND OTHER RIGHTS AND RESPONSIBILITIES UNDER THE POLICY.**

#### **A. Advance Notice of Your First Claim**

You must notify us in writing when you have a claim for benefits. Please refer to Section 2: "Limitations or Conditions on Eligibility for Benefits" for the type of information we will need in order to process your claim.

When we receive your notice, we will (1) complete the Benefit Approval Process (2) notify you if you are eligible for payments and (3) send claim forms to you for filing proof of loss.

If you are eligible, payments for Covered Services can be made for services you received on or after the date you notified us and for up to 60 days prior to that date.

#### **B. Filing Continuing Claims After Your First Claim**

A written proof of loss should be given to us within 90 days after the end of each month for which benefits are to be paid. We will give you claim forms to provide this proof of loss. If you do not have claim forms, the requirement for proof can be met by giving us a written statement including the following: Your name, address, Policy number, the kind of care or

services you are receiving, name and address of the provider, a copy of the bill for the services, and the time periods for which you are claiming benefits.

We may reduce or deny a claim if proof of loss is not provided to us within 12 months from the date of loss. If you are legally incapacitated, someone legally authorized to act on your behalf must file the proof of loss within the 12 month period.

### **C. Payment of Claims**

We will evaluate your claim based on the provisions of the Policy, including the Benefit Approval Process, and the information provided by you, the provider of service and other sources.

We will inform you in writing if you are not eligible for benefits or if your claim is denied for any reason.

If you are eligible for payments, we will pay benefits to you or to a person legally authorized to act on your behalf. Any outstanding claim at your death will be paid to your estate.

## **SECTION 8: PREMIUM PAYMENT INFORMATION**

### **THIS SECTION EXPLAINS THE REQUIREMENTS FOR PREMIUM PAYMENT, WHAT HAPPENS IF PREMIUMS ARE NOT PAID ON TIME, AND THE WAIVER OF PREMIUM PROVISIONS.**

#### **A. Premium Payment**

This Policy will be kept in force by the payment of the correct premium on or before the due date as shown on your bill. Premiums are payable to us.

**Notice of Change** — By giving written notice to you at least 30 days before a change is effective, we may change the renewal premium for coverage under this Policy.

**Cancellation by You** — You may cancel the Policy at any time by giving us written notice. Pre-paid, unearned premiums will be returned on the first of the month following the month in which we receive your notice of cancellation.

**Cancellation by Us** — If you do not pay the premium, in full, on or before the due date, we will grant you a 30 day Grace Period. If the full premium is not paid before the end of the Grace Period, we will send a Notice of Cancellation to you and to the Third Party you have chosen. The Cancellation will occur 30 days after receipt of the Notice (this 30 day period is called the Notice Period). The Notice shall be deemed received 5 days after the date it is mailed. If you or the Third Party you designate pay your premium before the end of the Notice Period, your Policy will not be cancelled. If the premium is not paid, the Policy will be cancelled retroactive to the last date for which the premium was paid in full.

No claims will be paid for any period during which premiums have not been paid in full, except as provided for in this Section, under Paragraph B. *Waiver of Premium*. Any partial payment of premium will be refunded to you.

**Reinstatement for Cognitive Impairment or Loss of Functional Capacity** — If this Policy is cancelled before your benefits have been exhausted, we will provide reinstatement of coverage if we receive the following within 5 months after the last date for which the premium was paid in full:

1. proof that you were Cognitively Impaired or that you suffered a Loss of Functional Capacity at the time this Policy was cancelled; and
2. an assessment by us confirming that you were Cognitively Impaired (including, but not limited to Alzheimer's Disease), or that you suffered a Loss of Functional Capacity; and
3. payment of all past-due premiums for the Policy and all Riders that were in force immediately prior to the last due date.

This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation. If you became eligible for benefits during the reinstatement period, these benefits will be payable; subject to any applicable Deductible Period, your Lifetime Dollar Maximum, and all other provisions of this Policy and its Riders. This information can be submitted by you or by your Third Party.

## **B. Waiver of Premium**

You may qualify for a waiver of premium under certain circumstances. You will not have to pay premium if these circumstances occur. If you pre-paid your premium, then you will receive a credit for unearned premium during the waiver period.

1. The Premium Waiver begins:
  - a. While in a Nursing Home, if the following occurs:
    - i. You satisfy your Deductible Period; and
    - ii. You begin receiving paid Nursing Home benefits.

You are responsible for paying your premiums up to the date a waiver becomes effective due to your receiving paid Nursing Home benefits. If you fail to pay your premiums and your Policy is not terminated before you enter a Nursing Home, we will pay benefits after you satisfy the Deductible Period. We will not interrupt your benefits while you are in the Nursing Home, but we will seek to collect past due premiums owed from before you entered the Nursing Home.

- b. While receiving Alternate Care Facility benefits if:
        - i. Your premiums are paid in full prior to the premium waiver taking effect; and
        - ii. You satisfy your Deductible Period; and
        - iii. You receive 90 days of paid Alternate Care Facility benefits within a 180 day time period.
2. The Premium Waiver will end when the following occurs:
  - a. Your confinement in a Nursing Home or Alternate Care Facility ends; or
  - b. You exhaust your Lifetime Dollar Maximum, whichever comes first.

If the premium waiver ends for any reason, other than exhaustion of your Lifetime Dollar Maximum, we will resume billing you for premium. Your Policy will remain in force if you have paid us all premiums owed prior to entering a Nursing Home (if this was the reason for your waiver). You must continue to pay your premium when due after the premium waiver ends. If

you do not pay premiums due to us, we will follow the steps outlined in the portion of Paragraph A (above) titled *Cancellation by Us*.

### **C. Exhaustion of Your Lifetime Maximum**

When your Lifetime Dollar Maximum is exhausted, this Policy will terminate. No further benefits will be payable to you and you do not have to pay any more premiums if this occurs. We may also collect any premiums you may have owed to us prior to exhaustion of benefits.

## **SECTION 9: DEFINITIONS OF IMPORTANT TERMS**

- A. *Activities of Daily Living*** — Means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: eating, bathing, dressing, transferring, toileting and continence.
- B. *Alternate Care Facility*** — Means an organization that is primarily engaged in providing Custodial Care on an ongoing basis to a minimum of 15 individuals at the same location and meets all of the following minimum requirements:
1. provides 24 hour a day care to individuals unable to perform Activities of Daily Living or who have Cognitive Impairment; and
  2. is licensed by the Commonwealth of Pennsylvania, or the state in which the agency operates, to provide such care; and
  3. provides room and board for a charge; and
  4. provides three meals per day and accommodates special dietary needs; and
  5. has an awake employee who is physically present for 24 hours per day, trained and ready to respond to the care needs of individuals within the facility; and
  6. has special arrangements for referral to required medical, therapeutic, rehabilitation and social services; and
  7. meets required standards for handling, supervising and administering drugs and biologicals.

Such requirements are met by assisted living facilities and some personal care homes. They are generally not met by independent living units and individual residences.

- C. *Benefit Approval Process*** — Means the process used to determine your eligibility, approve the services and accept the provider, before you may count these services toward the Deductible Period and before benefits are paid.
- D. *Cognitive Impairment*** — Means the deterioration in or loss of your intellectual capacity which requires continual supervision to protect you or others. We will measure Cognitive Impairment by standardized tests and clinical evidence and will base it upon your impairment as indicated by loss in the following areas:
1. Your deductive or abstract reasoning; or
  2. Your short or long term memory; or
  3. Your recognition of yourself, where you are, time of day, month or year.

- E. Covered Services** — Means services for which we will pay benefits under this Policy.
- F. Custodial Care** — Means care which meets all of the following requirements:
1. Is primarily designed to assist you in the Activities of Daily Living; and
  2. Can be provided by a person who does not require professional training or skills.
- G. Deductible Period** — Means the number of days of care which must be paid by you or another party before we will begin to make payments under this Policy. You will have only one Deductible Period in your lifetime under this Policy.
- H. Effective Date** — Means the date your Policy begins as shown on our records and the Schedule of Benefits. We will issue this date only after we have received initial premium, accepted your completed application, and approved you for coverage.
- I. Hospital** — Means an organization licensed as a Hospital, or approved for operation by the applicable State Agency in which it is located and approved by the Joint Commission on Accreditation of Hospitals, or by the American Osteopathic Hospital Association.
- J. Immediate Family Member** — Means your spouse, parent, child, sister, brother, grandparents, mother-in-law or step-mother, father-in-law or step-father, step-child, son-in-law, daughter-in-law, sister-in-law, brother-in-law, or any individual who ordinarily resides in your household.
- K. Insured** — Means the person (“you,” “your”) who has signed the Policy application, has been accepted for coverage by us and for whom the proper premium is currently being paid.
- L. Insurer** — Means Independence Blue Cross, we, us.
- M. Institutional Setting** — Means a Hospital, Nursing Home, hospice, rehabilitation center or similar establishment or institution. Such an establishment cannot be considered your home.
- N. Intermediate Care** — Means care which meets all of the following requirements:
1. Is primarily designed to provide intermittent professional nursing care; and
  2. Is performed by a Registered Nurse (RN), a Licensed Practical Nurse (LPN), or a licensed vocational nurse (LVN); and
  3. Is provided under the orders of a licensed physician.
- O. Licensed Practical Nurse** — Means a professional nurse who, where licensing is required, holds a valid license as a Licensed Practical Nurse (LPN) from the state in which the nursing service is performed. The Licensed Practical Nurse may not include you, your spouse, or any Immediate Family Member. The term Licensed Practical Nurse (LPN) shall include a licensed vocational nurse (LVN) and any other similarly designated nurse in those states in which a professional nurse is designated as other than an LPN and for whom licensing is required.
- P. Loss of Functional Capacity** — Means your inability to perform the required number of Activities of Daily Living (ADL) under the Policy in order to receive paid benefits.

- Q. Medicare** — Means the program under The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965, or Health Insurance for the Aged Act (42 U.S.C.A. §§ 1395-1395ccc).
- R. Mental and Nervous Disorders** — Means and includes neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder.
- S. Nursing Home** — Means a facility that must meet the following minimum requirements:
1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
  2. Provides room and board for a charge to ill, disabled or infirm persons; and
  3. Is primarily engaged in providing Skilled Care, Intermediate Care and/or Custodial Care which is supervised by one or more licensed physicians or Registered Nurses; and
  4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or licensed vocational nurse; and
  5. Maintains clinical records including medical documentation and control of medications; and
  6. Meets required standards for administering medication; and
  7. Is not, other than incidentally:
    - (a) an acute care general hospital; or
    - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
    - (c) a place that provides living arrangements for people not suffering from a specific physical illness or injury; or
    - (d) a place that provides retirement living.
- T. Policy** — Means this contract, application and any attached riders or endorsements.
- U. Registered Nurse** — Means a professional nurse legally entitled to the designation of "RN" who, where licensing is required, holds a valid license as an RN from the state in which the nursing service is performed. Registered Nurse may not include you or any Immediate Family Member.
- V. Skilled Care** — Means care which meets all of the following requirements:
1. Is designed to provide 24-hour professional nursing care; and
  2. Is performed by trained health professionals such as a Registered Nurse or Therapist; and
  3. Is performed under the orders of a licensed physician.

- W. *Therapist* — Means a physical therapist, occupational therapist, respiratory therapist, speech pathologist or audiologist, or nutritionist who is licensed in the state where the services are performed. Therapist may not include you, your spouse, an Immediate Family Member, or someone who ordinarily resides in your home.
- X. *Third Party* — Means an individual who has been identified by you as a person to whom we will forward a notice of cancellation if your Policy is cancelled for non-payment of premiums. When your Third Party receives notice that your Policy will be cancelled for non-payment of premiums, your Third Party has the same rights as you to pay the premiums owed, or to ask that the Policy be reinstated.

**We shall determine what satisfies the above definitions, including which providers, services, and illnesses. However, our right to make this determination does not infringe upon your right to appeal these decisions.**

# LONG TERM CARE INSURANCE



**Independence  
Blue Cross**

1901 Market Street, Philadelphia, PA 19103-1480

Independence Blue Cross is an Independent Licensee  
of the Blue Cross and Blue Shield Association.  
Form # 5181-S 12/95



# INDEPENDENCE BLUE CROSS

## ANNUAL BENEFIT INCREASE OPTION RIDER TO LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the **Independence Blue Cross Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

### ANNUAL BENEFIT INCREASE OPTION

#### A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home and Alternate Care Facility benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit.

#### B. Annual Benefit Increase Option

Your daily dollar amounts will experience a 3% compounded increase in the daily dollar benefit over the length of the Policy.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr.,  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

*2-2-96*  
*By Baslyn S Rhodes*



# INDEPENDENCE BLUE CROSS

## ANNUAL BENEFIT INCREASE OPTION RIDER TO LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the **Independence Blue Cross Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

### ANNUAL BENEFIT INCREASE OPTION

#### A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home and Alternate Care Facility benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit.

#### B. Annual Benefit Increase Option

Your daily dollar amount will increase by 5% of the original daily dollar benefit for 10 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

2-2-96

By Baslyn S Rhodes



# INDEPENDENCE BLUE CROSS

## ANNUAL BENEFIT INCREASE OPTION RIDER TO LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the **Independence Blue Cross Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

### ANNUAL BENEFIT INCREASE OPTION

#### A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home and Alternate Care Facility benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit.

#### B. Annual Benefit Increase Option

Your daily dollar amount will increase by 3% of the original daily dollar benefit for 20 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr.,  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

2-2-96  
By *Baslyn S. Rhodes*

INDEPENDENCE BLUE CROSS

1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
215-563-5692

3-12-98

By *Barbara S. Rhodes*  
Pennsylvania Insurance Department

**COMPREHENSIVE LONG TERM CARE INSURANCE POLICY  
OUTLINE OF COVERAGE**

(for Policy Form number 5311)

*Caution:* The issuance of this Comprehensive Long Term Care Insurance Policy (Policy Form 5311) is based on your responses to the questions on your application. A copy of your application is enclosed. If your answers are incorrect or untrue, Independence Blue Cross (IBC) has the right to deny benefits or rescind your Policy. The best time to clear up any questions is now before a claim arises! If for any reason, any of your answers are incorrect, contact IBC at the above address.

- I. This Policy is an individual Policy of IBC which was issued in the Commonwealth of Pennsylvania. This Policy is intended to be a "Qualified Long-Term Care Insurance Contract" for purposes of Section 7702B(b) of the Internal Revenue Code.

*Notice to Buyer:* This policy may not cover all of the costs associated with long term care incurred by you during the period of coverage. You are advised to review carefully all policy limitations.

- II. **PURPOSE OF OUTLINE OF COVERAGE.** This outline of coverage provides a very brief description of the important features of the Policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual Policy contains governing contractual provisions. This means that the Policy sets forth in detail the rights and obligations of both you and IBC. Therefore, if you purchase this coverage or any other coverage, it is important that you **READ YOUR POLICY CAREFULLY!**

- III. **TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE OR DISCONTINUED**

- A. **RENEWABILITY: THIS POLICY IS GUARANTEED RENEWABLE.** This means you have the right, subject to the terms of your Policy, to continue this Policy as long as you pay your premiums on time. IBC cannot change any of the terms of your Policy on its own, except that, in the future **IT MAY INCREASE THE PREMIUMS YOU PAY.**
- B. The Policy provides for the waiver of premium payment after you receive paid Nursing Home or Alternate Care Facility benefits or 90 days of any combination of paid Nursing Home, Alternate Care Facility, Home Health Care or Adult Day Care benefits within a 180-day time period.
- C. We can change your premium, but only if we do so for all Policies like yours on a class basis, or if you elect to add benefits or riders to this Policy. Any premium change will be based on your age at the time of issue.

**IV. TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED**

- A. If you are not satisfied with the Policy, you may return it within 30 days from the day of delivery for a full refund of any premium paid.
- B. This Policy does contain a provision that in the event of your death, we will refund any unearned, prepaid premiums to you or your estate.

**V. THIS IS NOT MEDICARE SUPPLEMENT COVERAGE.** If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from IBC.

- A. Neither IBC nor its authorized sales representatives represent Medicare, the federal government or any state government.

**VI. LONG TERM CARE COVERAGE.** Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a Nursing Home, in the community, or in the home.

This Policy pays actual charges for covered long term care expenses, up to the daily dollar amounts you select, subject to Policy limitations and requirements.

**VII. BENEFITS PROVIDED BY THIS POLICY**

- A. **Policy Coverage:** This Policy provides coverage for care in a Nursing Home or Alternate Care Facility and Community-Based Services, including Home Health Care, Adult Day Care, and Respite Care. In addition, the Policy includes a Personal Independence Fund to help maintain your independence in your home. This Policy also offers as optional benefits the Annual Benefit Increase Options that if purchased, will increase the daily dollar benefit selected by you. In addition, the Policy offers a Nonforfeiture Benefit option that if purchased will allow you to collect a defined amount of benefits if your policy lapses.
- B. **Deductible Days Requirement:** This is the period of time you must receive Covered Services before IBC will begin to pay benefits to you. You may select either a 30-day or 90-day Deductible Days Requirement. You can count any days on which you were eligible and during which you received Nursing Home, Alternate Care Facility, Home Health Care or Adult Day Care benefits toward the Deductible Days Requirement. You cannot count days on which you receive Respite Care or the Personal Independent Fund benefits toward your Deductible Days Requirement. In addition, a Deductible Days Requirement does not have to be satisfied in order to receive Respite Care or services under the Personal Independence Fund. You only have to satisfy the Deductible Days Requirement once in your lifetime under the Policy.
- C. **Waiting Period:** Other than the Deductible Days Requirement noted above, there is no other waiting period or pre-existing condition period that must be satisfied in order to receive benefits under the Policy.

- D. Benefits: IBC will pay for Skilled, Intermediate, and Custodial Care in a Nursing Home, or in an Alternate Care Facility, as defined in the Policy.

For Nursing Home care, we will pay actual charges up to the Nursing Home daily dollar benefit that you select below, ranging in \$10 increments from:

\$60 to \$250 per day.

For Alternate Care Facility benefits, we will pay the actual charges up to 100% of the Nursing Home Daily Dollar Benefit.

- E. Community-Based Service: This includes Home Health Care, Adult Day Care, Respite Care, and Personal Independence Fund benefits.

For Home Health Care, we will pay the actual charges up to the daily dollar amount you select for Community-Based and Alternate Care Facility benefits, as follows:

- \* 50% of the Nursing Home Daily Dollar Benefit
- \* 75% of the Nursing Home Daily Dollar Benefit
- \* 100% of the Nursing Home Daily Dollar Benefit

Home Health Care services include Skilled, Intermediate and Custodial Care. We will pay for the services of a Registered Nurse, Licensed Practical Nurse, licensed vocational nurse, Therapist, Nutritionist, Aide, or Homemaker.

Adult Day Care: The Policy will pay for services in a licensed Adult Day Care Facility. We will pay for Adult Day Care based on actual charges up to the Community-Based daily dollar amount you selected for Home Health Care benefits.

Respite Care: IBC will cover up to 24 hours a day of Respite Care in your home by a Home Health Care Agency, or in an established Respite Care program operated by a Nursing Home or other facility. IBC will pay the actual charges up to the Nursing Home daily dollar benefit you select when Respite Care is received in an institution or in your home. This benefit is available for up to seven days in each six month period. The purpose of Respite Care is to provide relief for a primary unpaid caregiver who is providing care in your home.

Personal Independence Fund: The Policy will pay up to a lifetime dollar maximum of \$3,000 for expenses which will reduce dependency and prevent you from requiring a more intensive and expensive level of care. This service may be used exclusive of, or in combination with, other Covered Services under this Policy.

- F. Lifetime Dollar Maximum: Covered Services under this Policy are subject to a Lifetime Dollar Maximum. This determines your actual Policy limits for Nursing Home and Community-Based Services.

The Lifetime Dollar Maximum is determined from the benefit options selected by you and represents the total dollar amount of insurance benefits that are payable under the Policy for Nursing Home and Community-Based services.

The Lifetime Dollar Maximum is determined by multiplying the Nursing Home daily dollar benefit you choose (ranging from \$60 to \$250 per day – see (D) above) by a Lifetime Maximum Factor.

The options for the Lifetime Maximum Factor are:

730; 1,460; 2,190; or Unlimited days

- G. Restoration of Benefits: When your Lifetime Dollar Maximum is exhausted, this policy will terminate. However, after you have received benefits and have used some portion of your Lifetime Dollar Maximum, you can restore your original Lifetime Dollar Maximum amount at 100% if you neither receive nor require care from any source for 180 consecutive days. The benefits will begin with your first day of care or service. There is no limit to the number of times your benefits can be restored. This feature does not apply to the unlimited coverage option.
- H. How to Receive Benefits Under the Policy: In order to receive benefits under this Policy, the following must occur:
1. The Policy must be in force, with all premiums paid as due;
  2. You must not have reached your Lifetime Dollar Maximum;
  3. You must complete the Benefit Approval Process by contacting IBC prior to receiving care in order to allow us to determine your eligibility for services.
  4. You must receive Covered Services under the Policy. These include Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care, Respite Care and the Personal Independence Fund benefits;
  5. You must satisfy the Deductible Days Requirement you have chosen.

We will carry out the following steps in order to determine your need for Covered Services:

- a. Determine your eligibility for Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care, Respite Care services or the Personal Independence Fund. You will need a medical evaluation by a Licensed Health Care Practitioner who will conduct a standardized assessment to certify that you are a Chronically Ill Individual. Generally, this means that you (i) will be unable to perform at least two out of five Activities of Daily Living for at least 90 days; and/or (ii) are Cognitively Impaired.

If you elect to make your own arrangements for this assessment, you must (i) notify us in writing of your intention to do so, and (ii) submit, in writing, the name, telephone number and business address of the Licensed Health Care Practitioner you have selected. Please review the Licensed Health Care Practitioner definition in this Policy before making your selection. If you prefer, we can arrange for a Licensed Health Care Practitioner to perform the assessment. If there appears to be evidence of fraud or material misrepresentation in the assessment process, a second assessment may be performed by a different Licensed Health Care Practitioner. Assessments will be paid for by the party electing to select the Licensed Health Care Practitioner and arrange the assessment.

- b. Confirm that the services requested are Covered Services for which benefits will be paid under the Policy.

- c. After the assessment has been made, certify the provider(s) you have chosen. You may select the Nursing Home, Alternate Care Facility, Home Health Care Agency, or other provider of your choice as long as the provider meets the requirements in this Policy.

The term Activities of Daily Living means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: bathing, eating, dressing, transferring, and toileting.

The term Cognitive Impairment means the deterioration in or loss of your intellectual capacity that requires continual supervision to protect You or others.

## VIII. LIMITATIONS AND EXCLUSIONS

- A. We will not approve or cover services which are provided by an Immediate Family Member as defined in the Policy, and services for which no charge is made in the absence of insurance. All persons, organizations, and facilities which provide care must meet the requirements of the Policy.
- B. We will not approve or cover services:
  1. Rendered outside of the United States and its territories; or
  2. Provided in a Hospital or psychiatric care facility; or
  3. For the treatment of Mental and Nervous Disorders as defined in this Policy, subject to Section 10 of this Outline; or
  4. For the evaluation or treatment of alcoholism and drug addiction; or
  5. For illness, treatment or medical conditions arising out of:
    - War or act of War (whether declared or undeclared);
    - Participation in a felony, riot or insurrection;
    - Service in the armed forces or units auxiliary thereto;
    - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
    - Aviation (this applies only to nonfare-paying passengers).
  6. For treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program other than Medicaid; any state or federal workers' compensation, employer's liability or occupational disease law; a motor vehicle no-fault law.

C. To the extent permitted by law, we will not pay for Covered Services in excess of allowable charges for services and/or supplies recognized as covered:

1. In any institution owned or operated by any local or state government, United States government or any agency of a local, state or United States government; or
2. Under Medicare, Medicare Risk Contracting Program(s) or Medicare Supplement Policies.

**THE POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG TERM CARE NEEDS.**

**IX. RELATIONSHIP OF COST OF CARE AND BENEFITS.** Because the cost of long term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted.

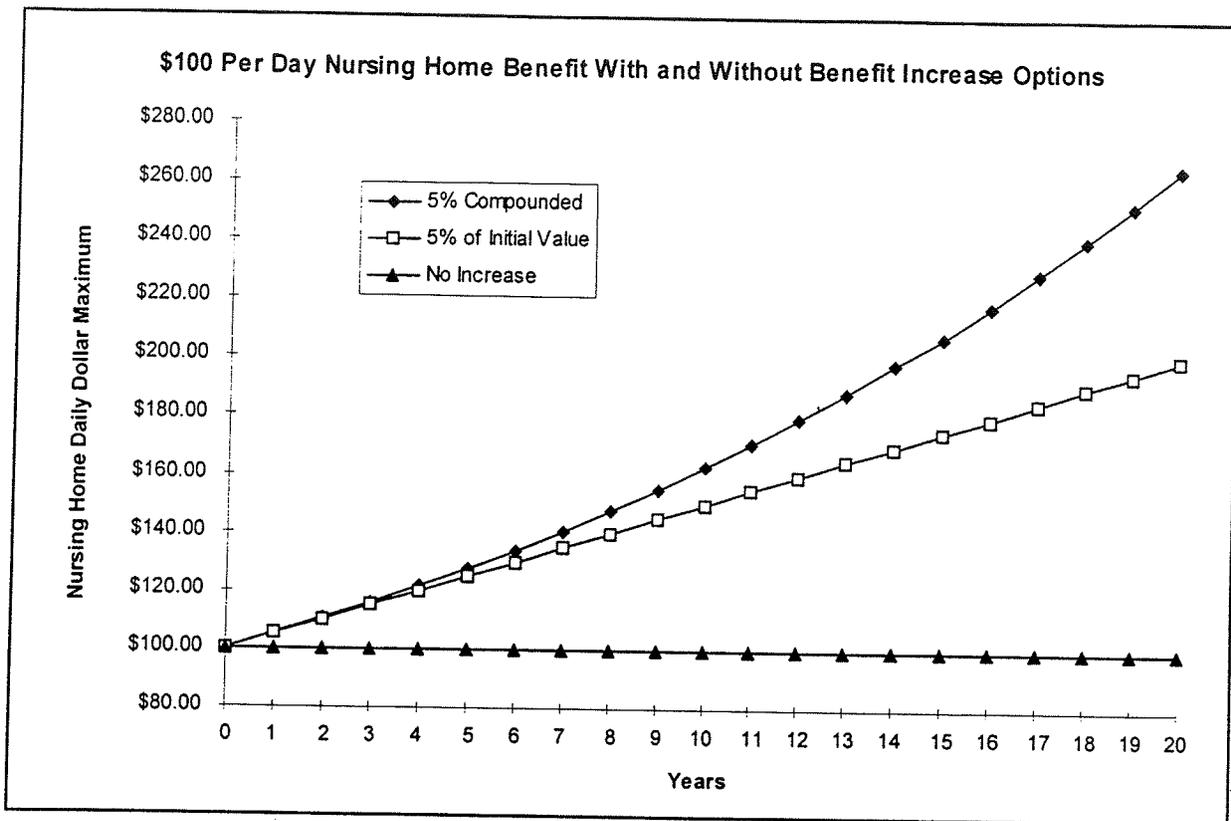
IBC's Comprehensive Long Term Care Policy offers three Annual Benefit Increase Options that will increase your Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care and Respite Care daily benefits in one of the following ways, which you select.

- a. 5% of the original daily dollar amount for 10 years;
- b. 5% of the original daily dollar amount for 20 years; or
- c. 5% compounded increase in the daily dollar amount over the length of the Policy.

The unused portion of the Lifetime Dollar Maximum will increase as well.

Each option is available at initial Policy purchase for a higher premium, set forth at Section 11 of this Outline of Coverage. You must pay additional premium for this option; your premium will not automatically increase to pay for this option. Nor will your benefit level automatically increase over time unless you purchase this option. We do not guarantee that you will have the option to buy additional benefits any time after the initial Policy purchase.

The Chart below shows how a policy with a \$100 daily maximum increases over 20 years with the above benefit increase options compared to the same type of policy without the benefit increase options.



**10. ALZHEIMER'S DISEASE**

The Policy covers loss due to primary degenerative dementias of the Alzheimer's type provided that such condition renders you a Chronically Ill Individual, as defined in the Policy.

**11. PREMIUM**

The Policy premium is based on your age and benefit selection at the time of Policy purchase. Your premium will not increase unless it increases for an entire class of people. If you choose one of the Annual Benefit Increase Options, your initial premium will start off higher. It will remain the same over the life of your Policy, unless there is an increase in premium for an entire class of people. If you choose the Nonforfeiture Benefit rider, the cost of this rider will be included in the premium for your Comprehensive Long Term Care Policy.

<b>COVERAGE</b>	<b>ANNUAL PREMIUM</b>
_____ Comprehensive Long Term Care Policy	\$ _____
_____ Comprehensive Long Term Care Policy with Annual Benefit Increase Option	\$ _____
_____ Comprehensive Long Term Care Policy with Annual Benefit Increase Option and Nonforfeiture Rider	\$ _____
_____ Comprehensive Long Term Care Policy with Nonforfeiture Rider	\$ _____

The Policy will be issued or delivered based on the information provided on the application completed by you.

**12. ADDITIONAL FEATURES**

- a. We will pay to reserve a Nursing Home or Alternate Care Facility bed if your stay is interrupted due to a hospitalization. We will pay for up to 30 days in each facility during a single calendar year.
- b. Medical underwriting will be used to determine your eligibility for this Policy.
- c. If your Policy is canceled because you failed to pay your premiums due to a Cognitive Impairment (including, but not limited to Alzheimer's Disease) or a Loss of Functional Capacity, it is possible to have your Policy reinstated. We will reinstate your Policy if, within 5 months after the date of termination, we receive (i) certification from a Licensed Health Care Practitioner that you were Cognitively Impaired or had a Loss of Functional Capacity when the premiums were due, and (ii) all past due premiums. This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation.
- d. Nonforfeiture Rider: Independence Blue Cross Comprehensive Long Term Care Policy offers a Comprehensive Nonforfeiture Rider that will allow you to collect a defined amount of benefits after meeting certain requirements if you let your Policy lapse. The purchase of this Rider is optional.

# INDEPENDENCE BLUE CROSS

Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
Telephone: (215) 563-5692

Approved, Effective 3-12-98  
Pennsylvania Insurance Department  
By Barclay S Rhodes

*A non-profit corporation regulated by the Insurance Department  
of the Commonwealth of Pennsylvania.*

## COMPREHENSIVE LONG-TERM CARE INSURANCE POLICY

for  
JOHN A. DOE  
1234 Main Street  
Anytown, Anystate 99999

We at Independence Blue Cross, the Insurer, are pleased to issue this long term care insurance Policy to you, the Insured. This Policy provides coverage for Skilled, Intermediate, and Custodial Care services and is nonparticipating.

*Caution:* The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

*Notice to Buyer: This Policy may not cover all of the costs associated with long-term care incurred by you during the period of coverage. You are advised to review carefully all Policy limitations.*

### THIS POLICY IS GUARANTEED RENEWABLE

We cannot cancel or refuse to renew this Policy until benefits have been exhausted, as long as you pay premiums on time. We can change the premiums, but only if we do so for all similar Policies issued in the State on the same Policy form as this Policy. We will notify you in writing at least 30 days in advance of any such premium change.

### 30 DAY RIGHT TO EXAMINE YOUR POLICY

You have 30 days from the day of delivery of this Policy to examine it. If you are not satisfied with this Policy for any reason, you have the right to return it to us at the above address within 30 days of receiving it. We will refund the full amount of any premium you have paid, and void the Policy from its start.

### QUALIFIED LONG-TERM CARE INSURANCE POLICY.

This Policy is intended to be a "Qualified Long-Term Care Insurance Policy" for purposes of the Internal Revenue Code, Section 7702B(b).

### THIS IS NOT A MEDICARE SUPPLEMENT POLICY.

**IF YOU ARE ELIGIBLE FOR MEDICARE, PLEASE REVIEW THE BUYER'S GUIDE FOR MEDICARE SUPPLEMENT INSURANCE THAT IS AVAILABLE FROM INDEPENDENCE BLUE CROSS.**

If you have any questions, please contact your sales representative or Independence Blue Cross at the above address.

**IMPORTANT NOTICE ABOUT THIS LONG-TERM CARE POLICY**

This is long term care insurance issued in accordance with the laws of Pennsylvania. This certifies that your application has been approved, and upon payment of the required premium, you are entitled to the long term care benefits set forth in accordance with the terms and conditions described in this Policy.

This Policy is intended to be a "Qualified Long-Term Care Insurance Policy" for purposes of Internal Revenue Code Section 7702B(b).

ATTEST:

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Patricia R. Hatler  
General Counsel and  
Corporate Secretary

---

G. Fred DiBona, Jr., Esq.  
President and  
Chief Executive Officer



**B. Deductible Days Requirement**

The Deductible Days Requirement is the number of days that must be paid by You or another party for Covered Services before your Policy will pay benefits to You. Your Deductible Days Requirement can be satisfied by receiving any combination of Covered Services under this Policy, except for Respite Care or reimbursement through the Personal Independence Fund. In addition, your Deductible Days Requirement must be satisfied within 180 consecutive days. You only have to satisfy the Deductible Days Requirement once under this Policy. Your Deductible Days Requirement is for:

\_\_\_\_\_ days

**C. Waiver of Premium**

After satisfying your Deductible Days Requirement, You are not required to pay premiums if You receive Nursing Home or Alternate Care Facility benefits, or after You receive any combination of 90 days of paid Nursing Home, Alternate Care Facility, Home Health Care or Adult Day Care benefits. This Waiver of Premium provision does not apply to Respite Care or the Personal Independence Fund benefits.

**D. Benefit Limits: Non-Renewable Lifetime Dollar Maximums**

The total of all benefits payable under this Policy will not exceed your Lifetime Dollar Maximum. Once You have met your Lifetime Dollar Maximum: (1) No further benefits are payable under this Policy; and (2) You are not eligible to renew or convert this Policy to another Policy underwritten by Independence Blue Cross. [Please note: this section does not apply if You have chosen the Unlimited Lifetime Option.] This section may not apply if the provision "Restoration of Benefits" applies.

**E. Effective Date**

This Schedule of Benefits is effective on the date shown above. This Schedule of Benefits supersedes any other Schedule of Benefits We may have provided to You for this Policy. Prior Schedules are terminated as of the Effective Date of this Schedule. This shall not interrupt the continuity of the Policy.

Reviewed by: \_\_\_\_\_

Date: \_\_\_\_\_

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## SECTION 1: DEFINITIONS OF IMPORTANT TERMS

- A. *Adult Day Care* - Means a program for six or more individuals of social and health related services provided during the day in a community group setting for the purpose of supporting frail, impaired elderly or other adults with a disability who can benefit from care in a group setting outside the home.
- B. *Adult Day Care Facility* - Means an organization that meets the following minimum requirements:
1. Is licensed by the Commonwealth of Pennsylvania or the state in which it operates; and
  2. Provides an Adult Day Care program within a protective non-residential setting, for part of a 24-hour day; and
  3. Provides services and activities including assistance in the performance of the Activities of Daily Living and personal hygiene; and a planned program of social, nutritional, health, educational and developmental activities designed to meet the needs of participants.
- C. *Activities of Daily Living* - Means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: bathing, eating, dressing, transferring and toileting.
- D. *Alternate Care Facility* - Means an organization that is primarily engaged in providing Custodial Care on an ongoing basis to a minimum of 15 individuals at the same location and meets all of the following minimum requirements:
1. provides 24 hour a day care to individuals unable to perform Activities of Daily Living or who have Cognitive Impairment; and
  2. is licensed by the Commonwealth of Pennsylvania, or the state in which the agency operates, to provide such care; and
  3. provides room and board for a charge; and
  4. provides three meals per day and accommodates special dietary needs; and
  5. has an awake employee who is physically present for 24 hours per day, trained and ready to respond to the care needs of individuals within the facility; and
  6. has special arrangements for referral to required medical, therapeutic, rehabilitation and social services; and
  7. meets required standards for handling, supervising and administering drugs and biologicals.

Such requirements are met by assisted living facilities and some personal care homes. They are generally not met by independent living units and individual residences.

- E. *Benefit Approval Process* - Means the process used to determine your eligibility, approve the services and accept the provider, before you may count these services toward the Deductible Days Requirement and before benefits are paid. See Section 3 for a more detailed explanation of the Benefit Approval Process.

- F.** *Chronically Ill Individual* - Means an individual who has been certified by a Licensed Health Care Practitioner as (i) being unable to perform (without substantial assistance from another individual) at least two Activities of Daily Living for a period of at least 90 days due to a Loss of Functional Capacity (the 90 days is not an additional waiting period); (ii) having a level of disability similar to the level described at (i), as determined by the U.S. Secretary of Health and Human Services; or (iii) requiring substantial supervision to protect such individual from threats to health and safety due to severe Cognitive Impairment. In order to qualify as a Chronically Ill Individual, you must be certified by a Licensed Health Care Practitioner within the preceding 12-month period as meeting the above requirements.
- G.** *Cognitive Impairment* - Means the deterioration in or loss of your intellectual capacity which requires continual supervision to protect you or others. Cognitive Impairment may be measured by standardized tests and clinical evidence, and includes losses in the following areas:
1. Your deductive or abstract reasoning; or
  2. Your short or long term memory; or
  3. Your recognition of yourself, where you are, time of day, month or year.
- H.** *Covered Services* - Means necessary diagnostic, preventative, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services, which (a) are required by a Chronically Ill Individual, (b) are provided pursuant to a plan of care prescribed by a Licensed Health Care Practitioner, and (c) are services for which we will pay benefits under this Policy.
- I.** *Custodial Care* - Means care which meets all of the following requirements:
1. Is primarily designed to assist you in the Activities of Daily Living; and
  2. Can be provided by a person who does not require professional training or skills.
- J.** *Deductible Days Requirement* - Means the number of days of care that must be paid by you or another party for Covered Services before we will begin to make payments under this Policy. Deductible Days are days on which services are received. These days do not have to be received consecutively. You will have only one Deductible Days Requirement in your lifetime under this Policy.
- K.** *Effective Date* - Means the date your Policy begins as shown on our records and the Schedule of Benefits. We will issue this date only after we have received initial premium, accepted your completed application, and approved you for coverage.
- L.** *Home Health Care Agency* - Means an organization or part thereof, that meets the following minimum requirements:
1. Is licensed as a Home Health Care Agency by the Commonwealth of Pennsylvania or the state in which the agency operates; and
  2. Is primarily engaged in providing Home Health Care services; and
  3. The supervision of Home Health Care services is provided by a physician or Registered Nurse.
- M.** *Home Health Aide* - Means a person who is employed by a Home Health Care Agency or a Homemaker Agency as defined in the Policy, and whose routine functions include assisting with personal care services, as well as the recording and reporting of the patient's condition. If state or local licensing/certification exists, the person must be licensed/certified as a Home Health Aide where the service is performed. A Home Health Aide may not include you, your spouse, or any Immediate Family Member.

- N. *Home Health Care Services* - Means medical and non-medical services provided to ill, disabled or infirm persons in their residences, except in an Institutional Setting. These services include those of a Registered Nurse, Licensed Practical Nurse, licensed vocational nurse, Therapists, Home Health Aide, and Homemaker.
- O. *Homemaker Agency* - Means an organization or part thereof, that meets the following minimum requirements:
1. Is accredited by the National Home Caring Council Foundation for Hospice and Homecare, or other similar accreditation body which we approve;
  2. Is primarily engaged in providing Custodial Care by trained aides/Homemakers; and
  3. Is licensed as a Homemaker Agency by the Commonwealth of Pennsylvania or the state in which the agency operates (if the state licenses such agencies).
- P. *Homemaker* - Means a person who is employed by a Home Health Care Agency or a Homemaker Agency as defined in the Policy, and whose routine functions include assistance with performing household tasks when persons are unable to do so on their own. These tasks may include: doing laundry and preparing meals. If state or local licensing/ certification exists, the person must be licensed/certified as a Homemaker where the service is performed. A Homemaker may not include you, your spouse, or any Immediate Family Member.
- Q. *Hospital* - Means an organization licensed as a Hospital, or approved for operation by the applicable State Agency in which it is located and approved by the Joint Commission on Accreditation of Hospitals, or by the American Osteopathic Hospital Association.
- R. *Immediate Family Member* - Means your spouse, parent, child, sister, brother, aunt, uncle, grandparents, mother-in-law or step-mother, father-in-law or step-father, step-child, son-in-law, daughter-in-law, sister-in-law, brother-in-law, or any individual who ordinarily resides in your household.
- S. *Insured* - Means the person ("you," "your") who has signed the Policy application, has been accepted for coverage by us and for whom the proper premium is currently being paid.
- T. *Insurer* - Means Independence Blue Cross, ("we", "us").
- U. *Institutional Setting* - Means a Hospital, Alternate Care Facility, Nursing Home, hospice, rehabilitation center or similar establishment or institution. Such an establishment cannot be considered your home for the purpose of receiving Home Health Care benefits.
- V. *Intermediate Care* - Means care which meets all of the following requirements:
1. Is primarily designed to provide intermittent professional nursing care; and
  2. Is performed by a Registered Nurse (RN), a Licensed Practical Nurse (LPN), or a licensed vocational nurse (LVN); and
  3. Is provided under the orders of a licensed physician.
- W. *Licensed Health Care Practitioner* - Means any currently practicing physician or registered professional nurse, licensed social worker or another individual meeting federal requirements. An Immediate Family Member does not qualify as a Licensed Health Care Practitioner under this contract.

- X.** *Licensed Practical Nurse* - Means a professional nurse who, where licensing is required, holds a valid license as a Licensed Practical Nurse (LPN) from the state in which the nursing service is performed. The LPN may not include you, your spouse, or any Immediate Family Member. The term LPN shall include a licensed vocational nurse (LVN) and any other similarly designated nurse in those states in which a professional nurse is designated as other than an LPN and for whom licensing is required.
- Y.** *Loss of Functional Capacity* - Means your inability to perform the required number of Activities of Daily Living under the Policy in order to receive paid benefits.
- Z.** *Medicare* - Means the program under The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965, or Health Insurance for the Aged Act (42 U.S.C.A. §§ 1395-1395ccc).
- AA.** *Mental and Nervous Disorders* - Means and includes neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder.
- BB.** *Nursing Home* - Means a facility that must meet the following minimum requirements:
1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
  2. Provides room and board for a charge to ill, disabled or infirm persons; and
  3. Is primarily engaged in providing Skilled Care, Intermediate Care and/or Custodial Care which is supervised by one or more licensed physicians or Registered Nurses; and
  4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or licensed vocational nurse; and
  5. Maintains clinical records including medical documentation and control of medications; and
  6. Meets required standards for administering medication; and
  7. Is not, other than incidentally:
    - (a) an acute care general hospital; or
    - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
    - (c) a place that provides living arrangements for people not suffering from a specific physical illness or injury; or
    - (d) a place that provides retirement living.
- CC.** *Policy* - Means this contract, application and any attached riders or endorsements.
- DD.** *Registered Nurse* - Means a professional nurse legally entitled to the designation of "RN" who, where licensing is required, holds a valid license as an RN from the state in which the nursing service is performed. An RN may not include you or any Immediate Family Member.
- EE.** *Respite Care* - Means care that is provided for the temporary relief of a primary unpaid caregiver providing care for you in the home and assisting you in the performance of Activities of Daily Living, and without whose assistance you could not perform those activities.

**FF. Skilled Care** - Means care which meets all of the following requirements:

1. Is designed to provide 24-hour professional nursing care; and
2. Is performed by trained health professionals such as a Registered Nurse or Therapist; and
3. Is performed under the orders of a licensed physician.

**GG. Therapist** - Means a physical therapist, occupational therapist, respiratory therapist, speech pathologist or audiologist, or nutritionist who is licensed in the state where the services are performed. Therapist may not include you, your spouse, an Immediate Family Member, or someone who ordinarily resides in your home.

**HH. Third Party** - Means an individual who has been identified by you in writing on your application as a person to whom we will forward a notice of cancellation if your Policy is canceled for non-payment of premiums. When your Third Party receives notice that your Policy will be canceled for non-payment of premiums, the Third Party has the right to pay premiums owed but is not legally obligated to pay them, or to ask that the Policy be reinstated. You have the right to change your Third Party designee at any time. The company shall notify the insured individual annually of the right to change the designation.

**To the extent permitted under law, and except as otherwise provided in this Policy, we shall determine what satisfies the above definitions, including which providers, services, and illnesses are eligible for reimbursement. However, our right to make this determination does not infringe upon your right to appeal these decisions.**

## **SECTION 2: KEY POLICY PROVISIONS**

**THIS POLICY IS A CONTRACT BETWEEN US AND YOU.**

**THIS SECTION DESCRIBES THE DOCUMENTS THAT MAKE UP THE CONTRACT BETWEEN US AND YOU AND SOME OF THE MOST IMPORTANT RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.**

### **A. Importance of Correct Information on the Application**

**Caution:** The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

### **B. Entire Contract/Contract Changes**

This Policy, its riders, if any, the attached Schedule of Benefits and the Application are the entire contract between us and you. No change in this Policy will be effective until it is approved by one of our officers. This approval must be noted on or attached to this Policy. No agent may change the Policy or waive any of its provisions. Any future rider or endorsement which modifies your coverage must be signed by you to be effective unless it increases your coverage or benefits without increasing your premium, or increases your coverage or benefits and increases your premium but is required by law. Riders or endorsements must always be signed by us to become effective.

**C. Effective Date/Time Periods**

The coverage under this Policy begins on the Effective Date shown on Your Schedule of Benefits. All time periods begin and end at 12:01 A.M. your local time.

**D. Incontestability Period**

Within six (6) months of the Effective Date of this Policy, we can rescind the Policy upon a showing of a material misrepresentation by you. From six (6) months but less than two (2) years after the Policy's Effective Date, we can rescind the Policy if you made a material misrepresentation which pertained to the condition for which you are seeking benefits. In order to rescind this Policy after it has been in force for two (2) years from its Effective Date, we must prove that you knowingly and intentionally misrepresented relevant facts as to your health.

**E. Misstatement of Age**

If you have misstated your age so that your premium was lower than what would have applied at your correct age, benefits will remain the same and the unpaid portion of the premium will be charged to you. Any such premiums due may be paid in one lump sum or deducted from continuing claim payments. Failure to pay this portion will result in the cancellation of your Policy. Further premiums will be charged based on your correct age at the Policy application date.

If you have misstated your age so that your premium was higher than would have been applied at your correct age, we will apply the difference as a credit toward payment of future premiums.

If based on your correct age at the time of issue you would not have been eligible to purchase this Policy we will rescind the Policy and our liability to you will be limited to the amount of premiums paid.

**F. Other Long Term Care Insurance**

You can be covered under only one long term care Policy, and Rider(s) to that Policy, with us. If you are covered under any other long term care Policy issued by us, you must choose which Policy will be effective. We will void the other long term care Policy and refund the unearned premium amount paid for any insurance which is not effective.

**G. Access to Medical Records**

You agree that when a claim is made under this Policy, you consent to give us the right to obtain from you or from any other source all medical records, copies of records, testimony, or other information needed by us to adjudicate and/or process the claim. You also agree to give subsequent consent to updated release of this information if required by us.

**H. Physical Examination**

We have the right to require a medical, functional disability, and/or cognitive status exam by medical and other health professionals deemed appropriate by us, at the time of application for this Policy, when a claim is made, and at reasonable intervals while you are claiming continued benefits. After the policy is issued, you will not have to pay for an exam if it is required by us.

**I. Alternative Benefits Provision**

If we decide, on a case-by-case basis, to make an exception to some part of this Policy, it would not obligate us to do the same for everyone, nor would it affect our right to administer this Policy in strict accordance with its provisions.

**J. Recovery of Overpayments**

If an overpayment is made to you because of an error in claims processing, we will explain the error and you must return the overpayment amount to us at our request.

**K. Conformity With Other State Statutes**

If any provision of this Policy is in conflict with the applicable laws of the state in which you reside, the provision is amended to conform to the minimum requirements of such laws on the effective date of those laws.

**L. Subrogation**

In the event any payment is made to you under this Policy, we will be subrogated and will succeed to your rights of recovery against any person or organization, except against insurers on policies of insurance issued to and in your name. You will execute and deliver such instruments and take such action as we may reasonably require to secure such rights. You will not do anything to prejudice our subrogation rights. Our right of subrogation will be unenforceable where prohibited by law.

**M. Legal Actions**

You cannot sue for recovery under this Policy prior to sixty days after written proof of loss has been furnished or until you have exhausted your appeal rights under the Policy. You cannot institute a lawsuit against us after three (3) years from the time a proof of claim is required to be furnished.

**N. Headings Not Controlling**

Headings used in this Policy are for reference purposes only and shall not change the substance of the provisions of this Policy.

**O. Determinations**

Except as otherwise provided in this Policy or required by law, in all cases we shall determine what satisfies the definitions and provisions of this contract, including which providers, services and illnesses are eligible for reimbursement.

**P. Disclosure**

The Insured is hereby notified: This Policy constitutes a contract between the Insured and Independence Blue Cross ("IBC"). Independence Blue Cross is an independent corporation operating under a license from the Blue Cross and Blue Shield Association ("the Association"), which is a national association of independent Blue Cross and Blue Shield Plans throughout the United States. Although all of these independent Blue Cross and Blue Shield Plans operate from a license with the Association, each of them is a separate and distinct corporation. The Association allows Independence Blue Cross to use the familiar Blue Cross words and symbols. Independence Blue Cross, which is entering into this contract, is not contracting as an agent of the national Association. Only Independence Blue Cross shall be liable to the Insured for any of IBC's obligations under this contract. This paragraph does not add any obligations to this contract.

**SECTION 3: ELIGIBILITY FOR PAYMENT OF BENEFITS**

**THIS SECTION DESCRIBES CONDITIONS THAT YOU MUST MEET IN ORDER TO BE ELIGIBLE TO RECEIVE PAID BENEFITS UNDER THE POLICY. IT EXPLAINS THE DEDUCTIBLE DAYS REQUIREMENT, BENEFIT APPROVAL PROCESS AND EXTENSION OF BENEFITS.**

In order to qualify for paid benefits under this Policy, you must:

- A. Meet the definition of a Chronically Ill Individual.
  - B. Complete the Benefit Approval Process.
  - C. Receive Covered Services as described in this Policy.
  - D. Meet the Deductible Days Requirement as described in this Policy.
- A. Meet the definition of a Chronically Ill Individual.**

To qualify for paid benefits, the insured receiving the service must be certified within the preceding 12-month period by a Licensed Health Care Practitioner as a Chronically Ill Individual, as further described in Section 1, Definitions of Important Terms. Generally, this means that the insured is unable to perform at least two out of the five Activities of Daily Living for a period of at least 90 days, or is Cognitively Impaired, as defined in this Policy.

**1. Activities of Daily Living**

A person will be considered unable to perform an Activity of Daily Living if he or she is physically incapable of performing the activity, requires hands-on services and/or continual supervision and direction from another person in order to carry out the activity.

The following five Activities of Daily Living will be used to determine functional loss:

- ***Bathing***  
Bathing is the process of washing oneself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.
- ***Eating***  
Eating is the process of getting food by any means from the receptacle (plate, cup, glass, bottle, etc.) into the body. It is the process of consuming after food is placed in front of the individual. It includes bringing the food to the mouth, chewing, swallowing and manipulating food on the plate.
- ***Dressing***  
Dressing is the process of putting on, fastening, and taking off all items of clothing, braces, and artificial limbs worn daily by the individual. Dressing includes obtaining and replacing the items from their storage area in the immediate environment. Clothing refers to the clothing usually worn daily by the individual.
- ***Transferring***  
Transferring is the process of moving from one sitting or lying position to another sitting or lying position (e.g., from bed to a chair, or from a wheelchair to a sofa), coming to a standing position and/or repositioning to prevent skin breakdown.

- **Toileting**

Toileting is the process of getting to and from the toilet room for elimination, transferring on and off the toilet, cleansing self after elimination, and adjusting clothes. A commode in any location may be considered the "toilet room," only if in addition to meeting the criteria for "toileting," the individual empties, cleanses, and replaces the receptacle without assistance from another person.

2. **Cognitive Impairment**

Cognitive Impairment means the deterioration in or loss of your intellectual capacity which requires continual supervision to protect you or others. Cognitive Impairment may be measured by standardized tests and clinical evidence, and includes losses in the following areas:

- Your deductive or abstract reasoning; or
- Your short or long term memory; or
- Your recognition of yourself, where you are, time of day, month or year.

**B. Complete the Benefit Approval Process**

*In order to qualify for paid benefits under this Policy, you must notify us prior to receiving Covered Services and complete the Benefit Approval Process described below.*

**HOW TO CONTACT US:**

It is very important that you notify us prior to making your first claim for benefits. This is necessary so that we can determine when you will be eligible for Covered Services and when you have met your Deductible Days Requirement.

Your notice should be given to us in writing at the address we provide to you and should include the following: Your name, address and telephone number, your Policy number and your intention to seek benefits under the Policy by filing a claim.

**LICENSED HEALTH CARE PRACTITIONER ASSESSMENT**

1. Before you can receive Benefits, your eligibility for Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care or Respite Care services or the Personal Independence Fund must be established. You will need a medical evaluation by a Licensed Health Care Practitioner who will conduct a standardized assessment to certify that you are a Chronically Ill Individual. Generally, this means that you (i) will be unable to perform at least two out of five Activities of Daily Living for at least 90 days; and/or (ii) are Cognitively Impaired.

If you elect to make your own arrangements for this assessment, you must (i) notify us in writing of your intention to do so, and (ii) submit, in writing, the name, telephone number and business address of the Licensed Health Care Practitioner you have selected. Please review the Licensed Health Care Practitioner definition in this Policy before making your selection. If you prefer, we can arrange for a Licensed Health Care Practitioner to perform the assessment. If there appears to be evidence of fraud or material misrepresentation in the assessment process, a second assessment may be performed by a different Licensed Health Care Practitioner. Assessments will be paid for by the party electing to select the Licensed Health Care Practitioner and arrange the assessment.

2. Confirm that the services requested are Covered Services for which benefits will be paid under the Policy.
3. After the assessment has been made, certify the provider(s) you have chosen. *You may select the Nursing Home, Alternate Care Facility, Home Health Care Agency, or other provider of your choice as long as the provider meets the requirements in this Policy.*

We will certify that the provider meets those requirements as part of determining your eligibility for benefits. We are not responsible for the conduct or misconduct of providers, their ability to deliver services, or any of their actions. You must let us know if and when you change from one provider to another.

**C. Receive Covered Services**

In order to qualify for paid benefits under this Policy, you must receive Covered Services as defined in Section 1, Definitions of Important Terms, and further described in the following Sections:

Nursing Home Care:	Section 5
Alternate Care Facility:	Section 6
Home Health Care:	Section 7
Adult Day Care:	Section 8
Respite Care:	Section 9
Personal Independence Fund:	Section 10

**D. Meet the Deductible Days Requirement Before Paid Benefits Can Begin**

The Deductible Days Requirement is the number of days that must be paid by you or another party for Covered Services before your policy will pay benefits to You. The Deductible Days Requirement is shown on your Schedule of Benefits. We must have approved your eligibility for benefits in order for you to count those days of care toward the Deductible Days Requirement. (See Benefit Approval Process above.)

You may count any days on which you were eligible and during which you received care in a Nursing Home, Alternate Care Facility, or by a Home Health Care Agency, Homemaker Agency or Adult Day Care Facility, as defined in this Policy, toward the Deductible Days Requirement. Your Deductible Days Requirement must be satisfied within 180 consecutive days. You only have to satisfy the Deductible Days Requirement once in your lifetime under this Policy.

**E. Extension of Benefits**

If the Policy is canceled, except for non-payment of premium, or not renewed by the insured, benefits will continue without prejudice to any Inpatient stay which began before the Policy was canceled or not renewed. This Extension of Benefits will continue until:

- a. the end of the benefit period, if any, or
- b. the end of the Inpatient stay, or
- c. to the payment of the maximum benefits.

This extension is subject to any Policy waiting period, and other applicable provisions of this Policy.

## **SECTION 4: BENEFIT PROVISIONS**

**THIS SECTION DESCRIBES THE BENEFIT PROVISIONS THAT APPLY TO THE NURSING HOME BENEFIT, ALTERNATE CARE FACILITY BENEFIT, HOME HEALTH CARE BENEFIT, ADULT DAY CARE BENEFIT, AND RESPITE CARE BENEFIT OF THIS POLICY. IT DOES NOT APPLY TO THE PERSONAL INDEPENDENCE FUND BENEFIT. REFER TO SECTION 10 TO SEE THE PERSONAL INDEPENDENCE FUND BENEFITS.**

### **A. Benefit Payment Amount**

We will pay actual charges up to the maximum daily dollar benefit shown on your Schedule of Benefits for each Benefit. If the actual daily charge is less than the maximum daily dollar benefit, the difference will remain as part of your Lifetime Dollar Maximum.

### **B. Conditions that Must Be Met To Receive Paid Benefits**

1. The Policy must be in force, with all premiums paid as due; and
2. You must not have reached the Lifetime Dollar Maximum shown on your Schedule of Benefits; and
3. We must have approved your eligibility for benefits according to the Benefit Approval Process; and
4. We must have certified the provider(s) you have chosen; and
5. You must receive Covered Services under the Policy; and
6. You must have completed the required Deductible Days Requirement.

Item 6 (six) above does not apply to Section 9, Respite Care. You do not need to satisfy a Deductible Days Requirement for the Respite Care Benefit.

## **SECTION 5: DESCRIPTION OF NURSING HOME BENEFITS**

**THIS SECTION DESCRIBES THE COVERED NURSING HOME SERVICES.**

### **A. Covered Services**

This Policy covers your confinement as an inpatient in a licensed Nursing Home as defined in this Policy. It will pay for Skilled Care, Intermediate Care, and Custodial Care.

### **B. Nursing Home**

A Nursing Home is a facility that meets the minimum requirements of a Nursing Home as defined in Section 1, Definitions of Important Terms.

### **C. Benefit Provisions**

See Section 4, Benefit Provisions, for an explanation of your Benefit Payment Amount provision, and Conditions that Must Be Met To Receive Paid Benefits provision. See Section 11, Additional Features, for an explanation of your Restoration of Benefits provision, Bed Reservation Feature and Waiver of Premium Feature.

**SECTION 6: DESCRIPTION OF ALTERNATE CARE FACILITY BENEFITS.**

**THIS SECTION DESCRIBES THE COVERED ALTERNATE CARE FACILITY SERVICES.**

**A. Covered Services**

This Policy covers your confinement in an Alternate Care Facility which meets the requirements of this Policy.

**B. Alternate Care Facility**

An Alternate Care Facility is a facility primarily engaged in providing Custodial Care on an ongoing basis to a minimum of 15 individuals at the same location and meets the minimum requirements of an Alternate Care Facility as defined in Section 1, Definitions of Important Terms.

**C. Benefit Provisions**

See Section 4, Benefit Provisions, for an explanation of your Benefit Payment Amount provision, and Conditions that Must Be Met To Receive Paid Benefits provision. See Section 11, Additional Features, for an explanation of your Restoration of Benefits provision, Bed Reservation Feature and Waiver of Premium Feature.

**SECTION 7: DESCRIPTION OF HOME HEALTH CARE BENEFITS**

**THIS SECTION DESCRIBES THE COVERED HOME HEALTH CARE SERVICES.**

**A. Covered Services**

This Policy covers Home Health Care services provided in your home or in another place where you reside, except in an Institutional Setting, by the following personnel of a Home Health Care Agency and/or a Homemaker Agency, as defined in this Policy:

1. Registered Nurse, Licensed Practical Nurse or licensed vocational nurse;
2. Therapists including licensed physical, occupational, respiratory, speech or audiologist, and nutritionist; and,
3. Home Health Aides and Homemakers.

We will not pay for Home Health Care on a day in which you received payment for Nursing Home or Alternate Care Facility benefits under this Policy.

**B. Home Health Care Agency and Homemaker Agency**

1. Home Health Care Agency:

A Home Health Care Agency is an organization, or part thereof, that meets the minimum requirements of a Home Health Care Agency as defined in Section 1, Definitions of Important Terms.

2. Homemaker Agency:

A Homemaker Agency is an organization or part thereof, that meets the minimum requirements of a Homemaker Agency as defined in Section 1, Definitions of Important Terms.

**C. Benefit Provisions**

See Section 4, Benefit Provisions, for an explanation of your Benefit Payment Amount provision, and Conditions that Must Be Met To Receive Paid Benefits provision. See Section 11, Additional Features, for an explanation of your Restoration of Benefits provision, and Waiver of Premium Feature.

**SECTION 8: DESCRIPTION OF ADULT DAY CARE BENEFITS**

**THIS SECTION DESCRIBES THE COVERED ADULT DAY CARE SERVICES.**

**A. Covered Services**

This Policy covers services in an Adult Day Care Facility as defined in this Policy. Covered services include, but are not limited to, the following:

1. Assistance with Activities of Daily Living and personal hygiene;
2. A planned program of social, nutritional, health, educational, and developmental activities suited to the needs and abilities of participants;
3. At least one complete meal per day, including physician ordered special diets, and nutritional snacks as appropriate;
4. Health monitoring and information;
5. Supervision and/or administration of medications;
6. Arrangements for specialized health, therapeutic, rehabilitation and social services referred by a physician.

We will not pay for Adult Day Care on a day in which you received payment for Nursing Home or Alternate Care Facility benefits under this Policy.

**B. Adult Day Care Facility**

An Adult Day Care Facility is an organization that meets the minimum requirements of a Adult Day Care Facility as defined in Section 1, Definitions of Important Terms.

**C. Benefit Provisions**

See Section 4, Benefit Provisions, for an explanation of your Benefit Payment Amount provision, and Conditions that Must Be Met To Receive Paid Benefits provision. See Section 11, Additional Features, for an explanation of your Restoration of Benefits provision, and Waiver of Premium Feature.

## **SECTION 9: DESCRIPTION OF RESPITE CARE BENEFITS**

**THIS SECTION DESCRIBES THE COVERED RESPITE CARE SERVICES.**

### **A. Covered Services**

This Policy covers up to 24-hours a day of Respite Care in your home by a Home Health Care Agency, as defined in this Policy, or in an established Respite Care program operated by a Nursing Home or other facility. It will pay for no more than seven (7) days of Respite Care in any six (6) month period.

The purpose of Respite Care is to provide temporary relief for a primary unpaid caregiver who is providing care in your home and assisting you in the performance of Activities of Daily Living, and without whose assistance you could not perform those activities.

### **B. Benefit Provisions**

See Section 4, Benefit Provisions, for an explanation of your Benefit Payment Amount provision, and Conditions that Must Be Met To Receive Paid Benefits provision. See Section 11 Additional Features, for an explanation of your Restoration of Benefits provision and Waiver of Premium Feature.

## **SECTION 10: DESCRIPTION OF THE PERSONAL INDEPENDENCE FUND BENEFITS**

**THIS SECTION DESCRIBES THE PERSONAL INDEPENDENCE FUND COVERAGE, THE AMOUNT OF BENEFIT PAYMENTS AND THE REQUIREMENTS TO QUALIFY FOR BENEFITS.**

### **A. Covered Services**

The Policy will pay up to a specified maximum to reimburse you for expenses which will reduce dependency and prevent you from requiring a more intensive and expensive level of care. You may use the Personal Independence Fund exclusive of, or in combination with other Covered Services under the Policy. These expenses must be part of a plan of care approved by us and agreed to by the Insured. Examples of such expenses include grab bars, non-skid surfaces in a bathroom, or adding a ramp for wheelchair accessibility.

### **B. Benefit Payment Amount**

We will pay for benefits that we have approved in an amount not to exceed the Personal Independence Fund maximum shown on your Schedule of Benefits.

### **C. Conditions that Must Be Met To Receive Paid Benefits**

1. The Policy must be in force with all premiums paid as due; and
2. You must not have reached the Personal Independence Fund maximum, or your Lifetime Dollar Maximum shown on your Schedule of Benefits; and
3. We must have approved your eligibility for benefits according to the Benefit Approval Process; and
4. Certify the provider(s) you have chosen; and

5. You must receive Covered Services under the Policy.

NOTE: You do not have to complete a Deductible Days Requirement to receive benefits under the Personal Independence Fund.

## **SECTION 11: ADDITIONAL FEATURES**

### **THIS SECTION DESCRIBES YOUR RESTORATION OF BENEFITS PROVISION, BED RESERVATIONS FEATURE AND WAIVER OF PREMIUM FEATURE.**

#### **A. Restoration of Benefits**

When your Lifetime Dollar Maximum is exhausted, this policy will terminate. However, after you have received benefits and have used some portion of your Lifetime Dollar Maximum, you can restore your original Lifetime Dollar Maximum amount at 100% if you neither receive nor require care from any source for 180 consecutive days. The benefits will begin with your first day of care or service. There is no limit to the number of times your benefits can be restored. This feature does not apply to the unlimited coverage option.

#### **B. Bed Reservation Feature**

If, after you are admitted to a Nursing Home or Alternate Care Facility, you become hospitalized and are charged to reserve your accommodation in a Nursing Home or Alternate Care Facility, we will continue to pay the actual daily charge up to the maximum Nursing Home or Alternate Care Facility daily dollar benefit, or credit your Deductible Days Requirement if applicable. We will do this for a total of 30 days per calendar year to ensure that your Nursing Home or Alternate Care Facility bed is reserved for your return. It is necessary that we be notified in writing of your admittance to the hospital and your desire to have us pay to continue to reserve your Nursing Home or Alternate Care Facility bed.

#### **C. Waiver of Premium**

You may qualify for a waiver of premium under certain circumstances. You will not have to pay premium if these circumstances occur. If you pre-paid your premium, then you will receive a credit for unearned premium during the waiver period, to be applied to any future premiums due. You are responsible for paying your premiums up to the date a waiver becomes effective.

1. **Nursing Home and Alternate Care Facility Benefits:**

Waiver of Premium begins when your Deductible Days Requirement has been satisfied and you begin to receive paid benefits for Covered Services in a Nursing Home or Alternate Care Facility. We will seek to collect past due premiums owed from before the institutionalization.

2. **Home Health and Adult Day Care:**

Waiver of Premium begins when your Deductible Days Requirement has been satisfied and you begin to receive paid benefits for any combination of 90 days of covered services including Home Health Care or Adult Day Care benefits, within a 180-day time period. We will seek to collect past due premiums owed from before the waiver of premium .

You cannot qualify for a Premium Waiver by receiving Respite Care benefits or Personal Independence Fund benefits.

3. The premium waiver will end when the following occurs:
  - a. our institutionalization in a Nursing Home or Alternate Care Facility ends; or
  - b. Your Home Health Care or Adult Day Care benefits end; or
  - c. You exhaust your Lifetime Dollar Maximum, whichever comes first.

If the premium waiver ends for any reason, other than exhaustion of your Lifetime Dollar Maximum, we will resume billing you for premium. Your Policy will remain in force if you have paid us all premiums owed prior to the waiver. You must continue to pay your premium when due after the premium waiver ends. If you do not pay premiums due to us, we will follow the steps outlined in the portion of Paragraph A (above) titled *Cancellation by Us*.

## **SECTION 12: GENERAL EXCLUSIONS AND LIMITATIONS**

### **THIS SECTION DESCRIBES LIMITATIONS AND WHAT SERVICES ARE NOT COVERED UNDER THIS POLICY**

#### **A. We will *not* approve or cover services:**

1. Rendered outside of the United States and its territories; or
2. Provided in a Hospital or psychiatric care facility; or
3. For the treatment of Mental and Nervous Disorders as defined in this Policy, except that this exclusion does not apply to primary degenerative dementias of the Alzheimer's type; or
4. For the evaluation or treatment of alcoholism and drug addiction; or
5. For illness, treatment or medical conditions arising out of:
  - War or act of War (whether declared or undeclared);
  - Participation in a felony, riot or insurrection;
  - Service in the armed forces or units auxiliary thereto;
  - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
  - Aviation (this applies only to nonfare-paying passengers).
6. We will not cover services:
  - For treatment in a government facility, unless a charge is made and the insured is legally obligated to pay;
  - For services for which benefits are available under any governmental program, other than Medicaid;
  - For services for which benefits are available under any state or federal workers' compensation, employer's liability or occupational disease law, a motor vehicle no-fault law.
7. For which services are provided by an Immediate Family Member as defined in this Policy; and services for which no charge is made in the absence of insurance.

**B. To the extent permitted by law, we will not pay for Covered Services in excess of allowable charges for services and/or supplies recognized as covered:**

1. In any institution owned or operated by any local or state government, United States government or any agency of a local, state or United States government; or
2. Under Medicare, Medicare Risk Contracting Program(s) or Medicare Supplement Policies.

We reserve the right to make the final determination of what is covered and what is excluded. However, our right to make the final determination does not infringe your right to appeal these decisions.

### **SECTION 13: RIGHT TO APPEAL**

#### **THIS SECTION DESCRIBES HOW TO APPEAL DECISIONS REGARDING YOUR POLICY**

If you believe a decision we have made regarding your Policy is incorrect, you may ask us to reconsider it by sending to us a written request within 60 days of the date of the decision. We will review any additional information provided by you, your doctor, the provider of services and other sources. If we change our decision, we will inform you in writing within 60 days and pay any benefits due as a result.

If we maintain our decision, we will inform you in writing and you may appeal again to us in writing within 60 days of such notice. We will take your appeal to a panel of impartial qualified professionals who are knowledgeable about insurance and long term care. We will notify you in writing of the decision within 60 days.

### **SECTION 14: CLAIMS INFORMATION**

#### **THIS SECTION EXPLAINS WHAT YOU HAVE TO DO TO FILE A CLAIM FOR BENEFIT PAYMENTS, HOW WE PROCESS A CLAIM AND OTHER RIGHTS AND RESPONSIBILITIES UNDER THE POLICY.**

##### **A. Advance Notice of Your First Claim**

You must notify us in writing when you have a claim for benefits. Please refer to Section 3: "Eligibility for Payment of Benefits" for the type of information we will need in order to process your claim.

When we receive your notice, we will (1) complete the Benefit Approval Process (2) notify you if you are eligible for payments and (3) send claim forms to you for filing proof of loss.

If you are eligible, payments for Covered Services can be made for services you received on or after the date you notified us and for up to 60 days prior to that date.

##### **B. Filing Continuing Claims After Your First Claim**

A written proof of loss should be given to us within 90 days after the end of each month for which benefits are to be paid. We will give you claim forms to provide this proof of loss. If you do not have claim forms, the requirement for proof can be met by giving us a written statement including the following: Your name, address, Policy number, the kind of care or services you are receiving, name and address of the provider, a copy of the bill for the services, and the time periods for which you are claiming benefits.

We may reduce or deny a claim if proof of loss is not provided to us within 12 months from the date of loss. If you are legally incapacitated, someone legally authorized to act on your behalf must file the proof of loss within the 12 month period.

**C. Payment of Claims**

We will evaluate your claim based on the provisions of the Policy, including the Benefit Approval Process, and the information provided by you, the provider of service and other sources. We will inform you in writing if you are not eligible for benefits or if your claim is denied for any reason.

If you are eligible for payments, we will pay benefits to you or to a person legally authorized to act on your behalf. Any outstanding claim at your death will be paid to your estate.

**SECTION 15: PREMIUM PAYMENT INFORMATION**

**THIS SECTION EXPLAINS THE REQUIREMENTS FOR PREMIUM PAYMENT, WHAT HAPPENS IF PREMIUMS ARE NOT PAID ON TIME, AND THE WAIVER OF PREMIUM PROVISIONS.**

**A. Premium Payment**

This Policy will be kept in force by the payment of the correct premium on or before the due date as shown on your bill. Premiums are payable to us. Premiums must be paid in full; any partial payment of premium will be returned to you.

**Notice of Change** - By giving written notice to you at least 30 days before a change is effective, we may change the renewal premium for coverage under this Policy.

**Cancellation by You** - You may cancel the Policy at any time by giving us written notice. In the event of your death, we will refund any unearned, pre-paid premiums to your estate. Pre-paid unearned premiums will not be returned for cancellations other than death.

**Cancellation by Us** - If you do not pay the premium, in full, on or before the due date, we will grant you 30 days during which to pay the premium (this 30-day period is called the Grace Period). If the full premium is not paid before the end of the Grace Period, we will send by first-class mail a Notice of Cancellation to you and to the Third Party you chose in writing on your application. The Cancellation will occur 30 days after receipt of the Notice (this 30 day period is called the Notice Period). The Notice shall be deemed received 5 days after the date it is mailed. If you or the Third Party you designate pay your premium before the end of the Notice Period, your Policy will not be canceled. If the premium is not paid, the Policy will be canceled retroactive to the last date for which the premium was paid in full.

If you did not designate a Third Party on your application, this notice of *Cancellation by Us* will be sent only to you. All other procedures under the above provision will remain the same. The Third Party references will not apply.

No claims will be paid for any period during which premiums have not been paid in full, except:

1. as provided for in this Section, under Paragraph B. *Waiver of Premium*.

**Reinstatement for Cognitive Impairment or Loss of Functional Capacity** - If this Policy is canceled before your benefits have been exhausted, we will provide reinstatement of coverage if we receive the following within 5 months after the last date for which the premium was paid in full:

1. certification by a Licensed Health Care Practitioner that you were Cognitively Impaired (including, but not limited to, Alzheimer's Disease) or that you suffered a Loss of Functional Capacity at the time this Policy was canceled, utilizing no more stringent a standard than that required for benefit eligibility due to Cognitive Impairment or Loss of Functional Capacity; and
2. payment of all past-due premiums for the Policy and all Riders that were in force immediately prior to the last due date.

This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation. If you became eligible for benefits during the reinstatement period, these benefits will be payable; subject to any applicable Deductible Days Requirement, your Lifetime Dollar Maximum, and all other provisions of this Policy and its Riders. This information can be submitted by you or by your Third Party.

**B. Exhaustion of Your Lifetime Maximum**

When your Lifetime Dollar Maximum is exhausted, this Policy will terminate. No further benefits will be payable to you and you do not have to pay any more premiums if this occurs. We may also collect any premiums you may have owed to us prior to exhaustion of benefits.

# INDEPENDENCE BLUE CROSS

1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
215-563-5692

Approved, Effective 3-12-98  
Pennsylvania Insurance Department  
By Boslyp S. Rhodes

## STANDARD LONG TERM CARE INSURANCE POLICY OUTLINE OF COVERAGE

(for Policy Form number 5313)

*Caution:* The issuance of this Standard Long Term Care Insurance Policy (Policy Form 5313) is based on your responses to the questions on your application. A copy of your application is enclosed. If your answers are incorrect or untrue, Independence Blue Cross (IBC) has the right to deny benefits or rescind your Policy. The best time to clear up any questions is now before a claim arises! If for any reason, any of your answers are incorrect, contact IBC at the above address.

1. This Policy is an individual Policy of IBC which was issued in the Commonwealth of Pennsylvania. This Policy is intended to be a "Qualified Long-Term Care Insurance Contract" for purposes of Section 7702B(b) of the Internal Revenue Code.

*Notice to Buyer:* This policy may not cover all of the costs associated with long term care incurred by you during the period of coverage. You are advised to review carefully all policy limitations.

2. **PURPOSE OF OUTLINE OF COVERAGE.** This outline of coverage provides a very brief description of the important features of the Policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual Policy contains governing contractual provisions. This means that the Policy sets forth in detail the rights and obligations of both you and IBC. Therefore, if you purchase this coverage or any other coverage, it is important that you **READ YOUR POLICY CAREFULLY!**

3. **TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE OR DISCONTINUED**

- A. **RENEWABILITY: THIS POLICY IS GUARANTEED RENEWABLE.** This means you have the right, subject to the terms of your Policy, to continue this Policy as long as you pay your premiums on time. IBC cannot change any of the terms of your Policy on its own, except that, in the future **IT MAY INCREASE THE PREMIUMS YOU PAY.**
- B. The Policy provides for the waiver of premium payment after you receive paid Nursing Home or Alternate Care Facility benefits within a 180-day time period.
- C. We can change your premium, but only if we do so for all Policies like yours on a class basis, or if you elect to add benefits or riders to this Policy. Any premium change will be based on your age at the time of issue.

Form #: 5314-OC

4. **TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED**

- A. If you are not satisfied with the Policy, you may return it within 30 days from the day of delivery for a full refund of any premium paid.
- B. This Policy does contain a provision that in the event of your death, we will refund any unearned, prepaid premiums to you or your estate.

5. **THIS IS NOT MEDICARE SUPPLEMENT COVERAGE.** If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from IBC.

- A. Neither IBC nor its authorized sales representatives represent Medicare, the federal government or any state government.

6. **LONG TERM CARE COVERAGE.** Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a nursing home, in the community, or in the home.

This Policy pays actual charges for covered long term care expenses, up to the daily dollar amounts you select, subject to Policy limitations and requirements.

7. **BENEFITS PROVIDED BY THIS POLICY**

- A. *Policy Coverage:* This Policy provides coverage for care in a Nursing Home or Alternate Care Facility. This Policy also offers as optional benefits the Annual Benefit Increase Options that, if purchased, will increase the daily dollar benefit selected by you. In addition, the Policy offers a Nonforfeiture Benefit option that if purchased will allow you to collect a defined amount of benefits if your policy lapses.
- B. *Deductible Days Requirement:* This is the period of time you must receive Covered Services before IBC will begin to pay benefits to you. You may select either a 30-day or 90-day Deductible Days Requirement. You can count any days on which you were eligible and during which you received Nursing Home or Alternate Care Facility benefits toward the Deductible Days Requirement. You only have to satisfy the Deductible Days Requirement once in your lifetime under the Policy.
- C. *Waiting Period:* Other than the Deductible Days Requirement noted above, there is no other waiting period or pre-existing condition period that must be satisfied in order to receive benefits under the Policy.
- D. *Benefits:* IBC will pay for Skilled, Intermediate, and Custodial Care in a Nursing Home, or in an Alternate Care Facility, as defined in the Policy.

For Nursing Home care, we will pay actual charges up to the Nursing Home daily dollar benefit that you select below, ranging in \$10 increments from:

\$60 to \$250 per day.

For Alternate Care Facility benefits, we will pay the actual charges up to 100% of the Nursing Home daily dollar benefit.

- E. *Lifetime Dollar Maximum:* Covered Services under this Policy are subject to a Lifetime Dollar Maximum. This determines your actual Policy limits for Nursing Home and Alternate Care Facility services.

The Lifetime Dollar Maximum is determined from the benefit options selected by you and represents the total dollar amount of insurance benefits that are payable under the Policy for Nursing Home and Alternate Care Facility services.

The Lifetime Dollar Maximum is determined by multiplying the Nursing Home daily dollar benefit you choose (ranging from \$60 to \$250 per day - see (D) above) by a Lifetime Maximum Factor.

The options for the Lifetime Maximum Factor are:

730; 1,460; 2,190; or Unlimited

- F. *Restoration of Benefits:* Pre-paid, unearned premiums will be refunded beginning with the first of the month following the month in which we receive your notice of cancellation. If you reach your Lifetime Dollar Maximum, you can restore your original Lifetime Dollar Maximum amount at 100% if you neither receive nor require care from any source for 180 consecutive days. The benefits will begin with your first day of care or service. There is no limit to the number of times your benefits can be restored. This feature does not apply to the unlimited coverage option.

- G. *How to Receive Benefits Under the Policy:* In order to receive benefits under this Policy, the following must occur:

1. The Policy must be in force, with all premiums paid as due;
2. You must not have reached your Lifetime Dollar Maximum;
3. You must complete the Benefit Approval Process by contacting IBC prior to receiving care in order to allow us to determine your eligibility for services.
4. You must receive Covered Services under the Policy. These include Nursing Home and Alternate Care Facility benefits;
5. You must satisfy the Deductible Days Requirement you have chosen.

We will carry out the following steps in order to determine your need for Covered Services:

- a. Determine your eligibility for Nursing Home and Alternate Care Facility services. You will need a medical evaluation by a Licensed Health Care Practitioner who will conduct a standardized assessment to certify that you are a Chronically Ill Individual. Generally, this means that you (i) will be unable to perform at least two out of five Activities of Daily Living for at least 90 days; and/or (ii) are Cognitively Impaired.

If you elect to make your own arrangements for this assessment, you must (i) notify us in writing of your intention to do so, and (ii) submit, in writing, the name, telephone number and business address of the Licensed Health Care Practitioner you have selected. Please review the Licensed Health Care Practitioner definition in this Policy before making your selection. If you prefer, we can arrange for a Licensed Health Care Practitioner to perform the assessment. If there appears to be evidence of fraud or material misrepresentation in the assessment process, a second assessment may be performed by a different Licensed Health Care Practitioner. Assessments will be paid for by the party electing to select the Licensed Health Care Practitioner and arrange the assessment.

- b. Confirm that the services requested are Covered Services for which benefits will be paid under the Policy.
- c. After the assessment has been made, certify the provider(s) you have chosen. *You may select the Nursing Home or Alternate Care Facility provider of your choice as long as the provider meets the requirements in this Policy.*

The term Activities of Daily Living means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: bathing, eating, dressing, transferring, and toileting.

The term Cognitive Impairment means the deterioration in or loss of your intellectual capacity that requires continual supervision to protect You or others.

## 8. LIMITATIONS AND EXCLUSIONS

- A. We will not approve or cover services which are provided by an Immediate Family Member as defined in the Policy, and services for which no charge is made in the absence of insurance. All persons, organizations, and facilities which provide care must meet the requirements of the Policy.
- B. We will not approve or cover services:
  - 1. Rendered outside of the United States and its territories; or
  - 2. Provided in a Hospital or psychiatric care facility; or
  - 3. For the treatment of Mental and Nervous Disorders as defined in this Policy, subject to Section 10 of this Outline; or
  - 4. For the evaluation or treatment of alcoholism and drug addiction; or
  - 5. For illness, treatment or medical conditions arising out of:
    - War or act of War (whether declared or undeclared);
    - Participation in a felony, riot or insurrection;
    - Service in the armed forces or units auxiliary thereto;

- Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
  - Aviation (this applies only to nonfare-paying passengers).
6. For treatment in a government facility, unless a charge is made and the insured is legally obligated to pay; services for which benefits are available under any governmental program other than Medicaid; any state or federal workers' compensation, employer's liability or occupational disease law; a motor vehicle no-fault law; or
- C. To the extent permitted by law, we will not pay for Covered Services in excess of allowable charges for services and/or supplies recognized as covered:
1. In any institution owned or operated by any local or state government, United States government or any agency of a local, state or United States government; or
  2. Under Medicare, Medicare Risk Contracting Program(s) or Medicare Supplement policies.

**THE POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG TERM CARE NEEDS.**

9. **RELATIONSHIP OF COST OF CARE AND BENEFITS.** Because the cost of long term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted.

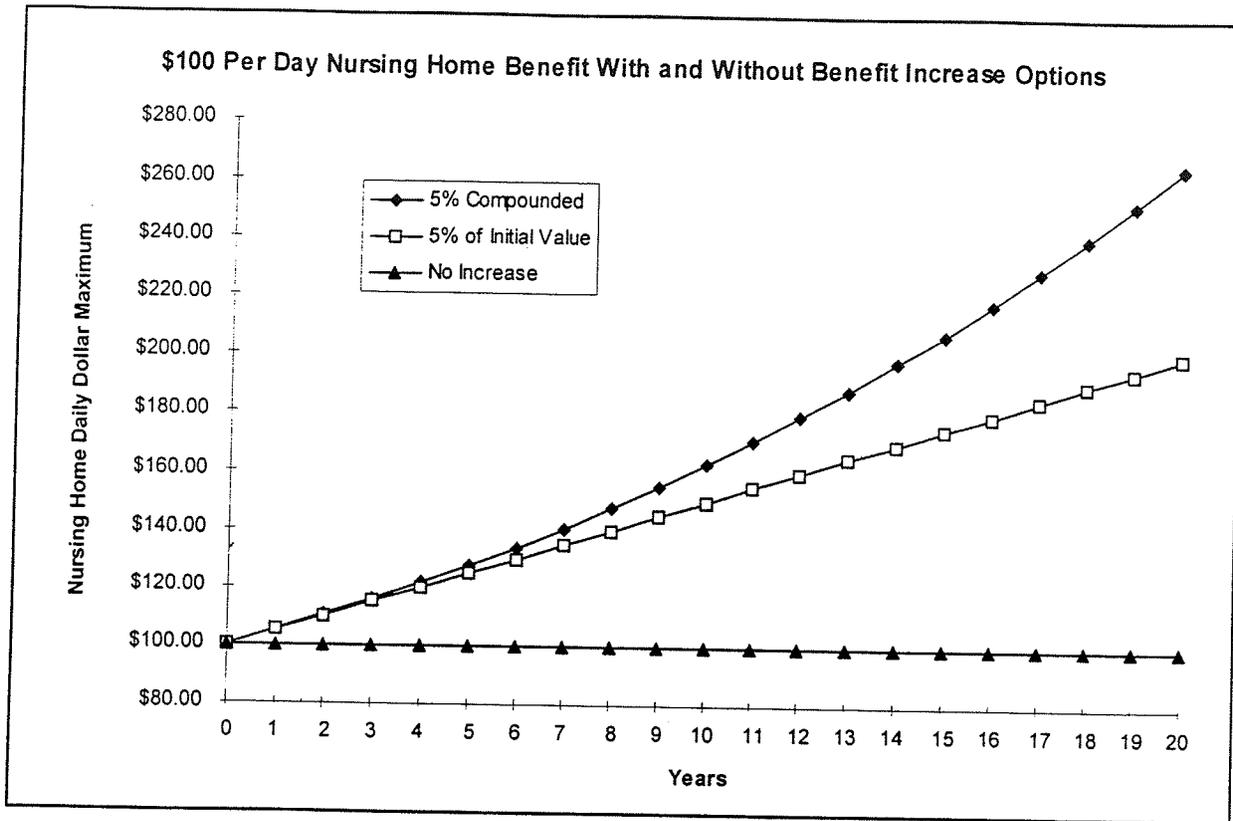
IBC's Standard Long Term Care Policy offers three Annual Benefit Increase Options that will increase your Nursing Home and Alternate Care Facility daily benefits in one of the following ways, which you select.

- a. 5% of the original daily dollar amount for 10 years;
- b. 5% of the original daily dollar amount for 20 years; or
- c. 5% compounded increase in the daily dollar amount over the length of the Policy.

The unused portion of the Lifetime Dollar Maximum will increase as well.

Each option is available at initial Policy purchase for a higher premium, set forth at Section 11 of the Outline of Coverage. You must pay additional premium for this option. Your premium will not automatically increase to pay for this option, nor will your benefit level automatically increase over time unless you purchase this option. We do not guarantee that you will have the option to buy additional benefits any time after the initial Policy purchase.

The Chart below shows how a policy with a \$100 daily maximum increases over 20 years with the above benefit increase options compared to the same type of policy without the benefit increase options.



**10. ALZHEIMER'S DISEASE**

The Policy covers loss due to primary degenerative dementias of the Alzheimer's type provided that such condition renders you a Chronically Ill Individual, as defined in the Policy.

**11. PREMIUM**

The Policy premium is based on your age and benefit selection at the time of Policy purchase. Your premium will not increase unless it increases for an entire class of people. If you choose one of the Annual Benefit Increase Options, your initial premium will start off higher. It will remain the same over the life of your Policy, unless there is an increase in premium for an entire class of people. If you choose the Nonforfeiture rider, the cost of this rider will be included in the premium for your Long Term Care Policy.

<b>COVERAGE</b>	<b>ANNUAL PREMIUM</b>
_____ Standard Long Term Care Policy	\$ _____
_____ Standard Long Term Care Policy with Annual Benefit Increase Option	\$ _____
_____ Standard Long Term Care Policy with Annual Benefit Increase Option and Nonforfeiture Rider	\$ _____
_____ Standard Long Term Care Policy with Nonforfeiture Rider	\$ _____

The Policy will be issued or delivered based on the information provided on the application completed by you.

12. **ADDITIONAL FEATURES**

- a. We will pay to reserve a Nursing Home or Alternate Care Facility bed if your stay is interrupted due to a hospitalization. We will pay for up to 30 days in each facility during a single calendar year.
- b. Medical underwriting will be used to determine your eligibility for this Policy.
- c. If your Policy is canceled because you failed to pay your premiums due to a Cognitive Impairment (including, but not limited to Alzheimer's Disease) or a Loss of Functional Capacity, it is possible to have your Policy reinstated. We will reinstate your Policy if, within 5 months after the date of termination, we receive (i) certification from a Licensed Health Care Practitioner that you were Cognitively Impaired or had a Loss of Functional Capacity when the premiums were due and (ii) all past due premiums. This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation.
- d. Nonforfeiture Rider: Independence Blue Cross Standard Long Term Care Policy offers a Standard Nonforfeiture Rider that will allow you to collect a defined amount of benefits after meeting certain requirements if you let your Policy lapse. The purchase of this Rider is optional.

**INDEPENDENCE BLUE CROSS**

Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480  
Telephone: (215) 563-5692

3-12-98

*Boslyn S Rhodes*

*A non-profit corporation regulated by the Insurance Department  
of the Commonwealth of Pennsylvania.*

**STANDARD LONG TERM CARE INSURANCE POLICY**

for  
JOHN A. DOE  
1234 Main Street  
Anytown, Anystate 99999

We at Independence Blue Cross, the Insurer, are pleased to issue this long term care insurance Policy to you, the Insured. This Policy provides coverage for Skilled, Intermediate, and Custodial Care services and is nonparticipating.

*Caution:* The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

*Notice to Buyer:* This Policy may not cover all of the costs associated with long-term care incurred by you during the period of coverage. You are advised to review carefully all Policy limitations.

**THIS POLICY IS GUARANTEED RENEWABLE**

We cannot cancel or refuse to renew this Policy until benefits have been exhausted, as long as you pay premiums on time. We can change the premiums, but only if we do so for all similar Policies issued in the State on the same Policy form as this Policy. We will notify you in writing at least 30 days in advance of any such premium change.

**30 DAY RIGHT TO EXAMINE YOUR POLICY**

You have 30 days from the day of delivery of this Policy to examine it. If you are not satisfied with this Policy for any reason, you have the right to return it to us at the above address within 30 days of receiving it. We will refund the full amount of any premium you have paid, and void the Policy from its start.

**QUALIFIED LONG-TERM CARE INSURANCE POLICY.**

This Policy is intended to be a "Qualified Long-Term Care Insurance Policy" for purposes of the Internal Revenue Code, Section 7702B(b).

**THIS IS NOT A MEDICARE SUPPLEMENT POLICY.**

**IF YOU ARE ELIGIBLE FOR MEDICARE, PLEASE REVIEW THE BUYER'S GUIDE FOR MEDICARE SUPPLEMENT INSURANCE THAT IS AVAILABLE FROM INDEPENDENCE BLUE CROSS.**

If you have any questions, please contact your sales representative or Independence Blue Cross at the above address.

## IMPORTANT NOTICE ABOUT THIS LONG TERM CARE POLICY

This is long term care insurance issued in accordance with the laws of Pennsylvania. This certifies that your application has been approved, and upon payment of the required premium, you are entitled to the long term care benefits set forth in accordance with the terms and conditions described in this Policy.

This Policy is intended to be a "Qualified Long-Term Care Insurance Contract" for purposes of Internal Revenue Code Section 7702B(b).

ATTEST:

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Patricia R. Hatler  
General Counsel and  
Corporate Secretary

---

G. Fred DiBona, Jr., Esq.  
President and  
Chief Executive Officer

**INDEPENDENCE BLUE CROSS  
STANDARD LONG TERM CARE INSURANCE  
SCHEDULE OF BENEFITS**

Policy Number: \_\_\_\_\_

Effective Date: \_\_\_\_\_ :

Name & Address of Insured:

Premium Amount: \_\_\_\_\_ :

\_\_\_\_\_

Payment Mode: \_\_\_\_\_ :

\_\_\_\_\_

Birth Date: \_\_\_\_\_ :

**A. Coverage & Benefits**

You will be paid actual charges up to the daily dollar benefit shown below for the benefits under the Standard Long Term Care Policy.

1. Nursing Home Daily Dollar  
Benefit

\$ \_\_\_\_\_ per day

2. Alternate Care Facility

\$ \_\_\_\_\_ per day (100 % of Nursing Home  
Daily Dollar Benefit)

Lifetime Dollar Maximum

Your Lifetime Dollar Maximum is [\$] \_\_\_\_\_  
[Nursing Home Daily Dollar Benefit \$ \_\_\_\_\_ x Lifetime Maximum Factor \_\_\_\_\_]

Your Lifetime Dollar Maximum for Nursing Home services is the maximum amount of money available to pay for Covered Services under this Policy. The Lifetime Dollar Maximum is equal to the Nursing Home daily dollar benefit You selected, multiplied by the Lifetime Maximum Factor. [If You chose the Unlimited Lifetime Option, You will have no Lifetime Dollar Maximum.]

Benefit Increase Rider:      \_\_\_ yes      \_\_\_ no

If yes: \_\_\_\_\_

Nonforfeiture Rider      \_\_\_ yes      \_\_\_ no

**B. Deductible Days Requirement**

The Deductible Days Requirement is the number of days that must be paid by You, or another party, for Covered Services before your Policy will pay benefits to You. Your Deductible Days Requirement can be satisfied by receiving any combination of Covered Services under this Policy. In addition, your Deductible Days Requirement must be satisfied within 180 consecutive days. You only have to satisfy the Deductible Days Requirement once under this Policy. Your Deductible Days Requirement is for:

\_\_\_\_\_ days

C. **Waiver of Premium**

After satisfying your Deductible Days Requirement, You are not required to pay premiums if You receive Nursing Home benefits. You will also qualify for a Waiver of Premium if You satisfy your Deductible Days Requirements and You receive 90 days of paid Alternate Care Facility benefits within a 180 day time period.

D. **Benefit Limits: Non-Renewable Lifetime Dollar Maximums**

The total of all benefits payable under this Policy will not exceed your Lifetime Dollar Maximum. Once You have met your Lifetime Dollar Maximum: (1) No further benefits are payable under this Policy; and (2) You are not eligible to renew or convert this Policy to another Policy underwritten by Independence Blue Cross. [Please note: this section does not apply if You have chosen the Unlimited Lifetime Option.] This section may not apply if the provision "Restoration of Benefits" applies.

E. **Effective Date**

This Schedule of Benefits is effective on the date shown above. This Schedule of Benefits supersedes any other Schedule of Benefits We may have provided to You for this Policy. Prior Schedules are terminated as of the Effective Date of this Schedule. This shall not interrupt the continuity of the Policy.

Reviewed by: \_\_\_\_\_

Date: \_\_\_\_\_

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## SECTION 1: DEFINITIONS OF IMPORTANT TERMS

- A. *Activities of Daily Living* - Means the provision of hands-on services or continuous supervision to assist you with the following Activities of Daily Living: bathing, eating, dressing, transferring and toileting.
- B. *Alternate Care Facility* - Means an organization that is primarily engaged in providing Custodial Care on an ongoing basis to a minimum of 15 individuals at the same location and meets all of the following minimum requirements:
1. provides 24 hour a day care to individuals unable to perform Activities of Daily Living or who have Cognitive Impairment; and
  2. is licensed by the Commonwealth of Pennsylvania, or the state in which the agency operates, to provide such care; and
  3. provides room and board for a charge; and
  4. provides three meals per day and accommodates special dietary needs; and
  5. has an awake employee who is physically present for 24 hours per day, trained and ready to respond to the care needs of individuals within the facility; and
  6. has special arrangements for referral to required medical, therapeutic, rehabilitation and social services; and
  7. meets required standards for handling, supervising and administering drugs and biologicals.

Such requirements are met by assisted living facilities and some personal care homes. They are generally not met by independent living units and individual residences.

- C. *Benefit Approval Process* - Means the process used to determine your eligibility, approve the services and accept the provider, before you may count these services toward the Deductible Days Requirement and before benefits are paid. See Section 3 for a more detailed explanation of the Benefit Approval Process.
- D. *Chronically Ill Individual* - Means an individual who has been certified by a Licensed Health Care Practitioner as (i) being unable to perform (without substantial assistance from another individual) at least two Activities of Daily Living for a period of at least 90 days due to a Loss of Functional Capacity (the 90 days is not an additional waiting period); (ii) having a level of disability similar to the level described at (i), as determined by the U.S. Secretary of Health and Human Services; or (iii) requiring substantial supervision to protect such individual from threats to health and safety due to severe Cognitive Impairment. In order to qualify as a Chronically Ill Individual, you must be certified by a Licensed Health Care Practitioner within the preceding 12-month period as meeting the above requirements.
- E. *Cognitive Impairment* - Means the deterioration in or loss of your intellectual capacity which requires continual supervision to protect you or others. Cognitive Impairment may be measured by standardized tests and clinical evidence, and includes losses in the following areas:
1. Your deductive or abstract reasoning; or
  2. Your short or long term memory; or

3. Your recognition of yourself, where you are, time of day, month or year.
- F. *Covered Services* - Means necessary diagnostic, preventative, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services, which (a) are required by a Chronically Ill Individual, (b) are provided pursuant to a plan of care prescribed by a Licensed Health Care Practitioner, and (c) are services for which we will pay benefits under this Policy.
- G. *Custodial Care* - Means care which meets all of the following requirements:
1. Is primarily designed to assist you in the Activities of Daily Living; and
  2. Can be provided by a person who does not require professional training or skills.
- H. *Deductible Days Requirement* - Means the number of days of care that must be paid by you or another party for Covered Services before we will begin to make payments under this Policy. Deductible Days are days on which services are received. These days do not have to be received consecutively. You will have only one Deductible Days Requirement in your lifetime under this Policy.
- I. *Effective Date* - Means the date your Policy begins as shown on our records and the Schedule of Benefits. We will issue this date only after we have received initial premium, accepted your completed application, and approved you for coverage.
- J. *Hospital* - Means an organization licensed as a Hospital, or approved for operation by the applicable State Agency in which it is located and approved by the Joint Commission on Accreditation of Hospitals, or by the American Osteopathic Hospital Association.
- K. *Immediate Family Member* - Means your spouse, parent, child, sister, brother, aunt, uncle, grandparents, mother-in-law or step-mother, father-in-law or step-father, step-child, son-in-law, daughter-in-law, sister-in-law, brother-in-law, or any individual who ordinarily resides in your household.
- L. *Insured* - Means the person ("you," "your") who has signed the Policy application, has been accepted for coverage by us and for whom the proper premium is currently being paid.
- M. *Insurer* - Means Independence Blue Cross, (" we", " us:") ↗
- N. *Institutional Setting* - Means a Hospital, Alternate Care Facility, Nursing Home, hospice, rehabilitation center or similar establishment or institution. Such an establishment cannot be considered your home for the purpose of receiving Home Health Care benefits.
- O. *Intermediate Care* - Means care which meets all of the following requirements:
1. Is primarily designed to provide intermittent professional nursing care; and
  2. Is performed by a Registered Nurse (RN), a Licensed Practical Nurse (LPN), or a licensed vocational nurse (LVN); and
  3. Is provided under the orders of a licensed physician.
- P. *Licensed Health Care Practitioner* - Means any currently practicing physician or registered professional nurse, licensed social worker or another individual meeting federal requirements. An Immediate Family Member does not qualify as a Licensed Health Care Practitioner under this contract.

- Q. *Licensed Practical Nurse* - Means a professional nurse who, where licensing is required, holds a valid license as a Licensed Practical Nurse (LPN) from the state in which the nursing service is performed. The LPN may not include you, your spouse, or any Immediate Family Member. The term LPN shall include a licensed vocational nurse (LVN) and any other similarly designated nurse in those states in which a professional nurse is designated as other than an LPN and for whom licensing is required.
- R. *Loss of Functional Capacity* - Means your inability to perform the required number of Activities of Daily Living under the Policy in order to receive paid benefits.
- S. *Medicare* - Means the program under The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965, or Health Insurance for the Aged Act (42 U.S.C.A. §§ 1395-1395ccc).
- T. *Mental and Nervous Disorders* - Means and includes neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder.
- U. *Nursing Home* - Means a facility that must meet the following minimum requirements:
1. Is licensed as a Nursing Home by the Commonwealth of Pennsylvania or the state in which it operates; and
  2. Provides room and board for a charge to ill, disabled or infirm persons; and
  3. Is primarily engaged in providing Skilled Care, Intermediate Care and/or Custodial Care which is supervised by one or more licensed physicians or Registered Nurses; and
  4. Provides continuous 24-hour nursing care supervised by a Registered Nurse, Licensed Practical Nurse, or licensed vocational nurse; and
  5. Maintains clinical records including medical documentation and control of medications; and
  6. Meets required standards for administering medication; and
  7. Is not, other than incidentally:
    - (a) an acute care general hospital; or
    - (b) a place that provides care or treatment for mental illness, alcoholism, or drug abuse; or
    - (c) a place that provides living arrangements for people not suffering from a specific physical illness or injury; or
    - (d) a place that provides retirement living.
- V. *Policy* - Means this contract, application and any attached riders or endorsements.
- W. *Registered Nurse* - Means a professional nurse legally entitled to the designation of "RN" who, where licensing is required, holds a valid license as an RN from the state in which the nursing service is performed. An RN may not include you or any Immediate Family Member.

X. *Skilled Care* - Means care which meets all of the following requirements:

1. Is designed to provide 24-hour professional nursing care; and
2. Is performed by trained health professionals such as a Registered Nurse or Therapist; and
3. Is performed under the orders of a licensed physician.

Y. *Therapist* - Means a physical therapist, occupational therapist, respiratory therapist, speech pathologist or audiologist, or nutritionist who is licensed in the state where the services are performed. Therapist may not include you, your spouse, an Immediate Family Member, or someone who ordinarily resides in your home.

Z. *Third Party* - Means an individual who has been identified by you in writing on your application as a person to whom we will forward a notice of cancellation if your Policy is canceled for non-payment of premiums. When your Third Party receives notice that your Policy will be canceled for non-payment of premiums, the Third Party has the right to pay premiums owed but is not legally obligated to pay them, or to ask that the Policy be reinstated. You have the right to change your Third Party designee at any time. The company shall notify the insured individual annually of the right to change the designation.

**To the extent permitted under law, and except as otherwise provided in this Policy, we shall determine what satisfies the above definitions, including which providers, services, and illnesses are eligible for reimbursement. However, our right to make this determination does not infringe upon your right to appeal these decisions.**

## **SECTION 2: KEY POLICY PROVISIONS**

**THIS POLICY IS A CONTRACT BETWEEN US AND YOU.**

**THIS SECTION DESCRIBES THE DOCUMENTS THAT MAKE UP THE CONTRACT BETWEEN US AND YOU AND SOME OF THE MOST IMPORTANT RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.**

### **A. Importance of Correct Information on the Application**

Caution: The issuance of this long term care insurance Policy is based upon your responses to the questions on your application. A copy of your application is attached. If your answers are incorrect or untrue, we have the right to deny benefits or rescind (declare null and void) your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at this address:

INDEPENDENCE BLUE CROSS  
Long Term Care Department  
1901 Market Street  
Philadelphia, Pennsylvania 19103-1480

### **B. Entire Contract/Contract Changes**

This Policy, its riders, if any, the attached Schedule of Benefits and the Application are the entire contract between us and you. No change in this Policy will be effective until it is approved by one of our officers. This approval must be noted on or attached to this Policy. No agent may change the Policy or waive any of its provisions. Any future rider or endorsement which modifies your coverage must be signed by you to be effective unless it increases your coverage or benefits without increasing your premium, or increases your coverage or benefits and increases your premium but is required by law. Riders or endorsements must always be signed by us to become effective.

**C. Effective Date/Time Periods**

The coverage under this Policy begins on the Effective Date shown on Your Schedule of Benefits. All time periods begin and end at 12:01 A.M. your local time.

**D. Incontestability Period**

Within six (6) months of the Effective Date of this Policy, we can rescind the Policy upon a showing of a material misrepresentation by you. From six (6) months but less than two (2) years after the Policy's Effective Date, we can rescind the Policy if you made a material misrepresentation which pertained to the condition for which you are seeking benefits. In order to rescind this Policy after it has been in force for two (2) years from its Effective Date, we must prove that you knowingly and intentionally misrepresented relevant facts as to your health.

**E. Misstatement of Age**

If you have misstated your age so that your premium was lower than what would have applied at your correct age, benefits will remain the same and the unpaid portion of the premium will be charged to you. Any such premiums due may be paid in one lump sum or deducted from continuing claim payments. Failure to pay this portion will result in the cancellation of your Policy. Further premiums will be charged based on your correct age at the Policy application date.

If you have misstated your age so that your premium was higher than would have been applied at your correct age, we will apply the difference as a credit toward payment of future premiums.

If based on your correct age at the time of issue you would not have been eligible to purchase this Policy, we will rescind the Policy and our liability to you will be limited to the amount of premiums paid.

**F. Other Long Term Care Insurance**

You can be covered under only one long term care Policy, and Rider(s) to that Policy, with us. If you are covered under any other long term care Policy issued by us, you must choose which Policy will be effective. We will void the other long term care Policy and refund the unearned premium amount paid for any insurance which is not effective.

**G. Access to Medical Records**

You agree that when a claim is made under this Policy, you consent to give us the right to obtain from you or from any other source all medical records, copies of records, testimony, or other information needed by us to adjudicate and/or process the claim. You also agree to give subsequent consent to updated release of this information if required by us.

**H. Physical Examination**

We have the right to require a medical, functional disability, and/or cognitive status exam by medical and other health professionals deemed appropriate by us, at the time of application for this Policy, when a claim is made, and at reasonable intervals while you are claiming continued benefits. After the policy is issued, you will not have to pay for an exam if it is required by us.

**I. Alternative Benefits Provision**

If we decide, on a case-by-case basis, to make an exception to some part of this Policy, it would not obligate us to do the same for everyone, nor would it affect our right to administer this Policy in strict accordance with its provisions.

**J. Recovery of Overpayments**

If an overpayment is made to you because of an error in claims processing, we will explain the error and you must return the overpayment amount to us at our request.

**K. Conformity With Other State Statutes**

If any provision of this Policy is in conflict with the applicable laws of the state in which you reside, the provision is amended to conform to the minimum requirements of such laws on the effective date of those laws.

**L. Subrogation**

In the event any payment is made to you under this Policy, we will be subrogated and will succeed to your rights of recovery against any person or organization, except against insurers on policies of insurance issued to and in your name. You will execute and deliver such instruments and take such action as we may reasonably require to secure such rights. You will not do anything to prejudice our subrogation rights. Our right of subrogation will be unenforceable where prohibited by law.

**M. Legal Actions**

You cannot sue for recovery under this Policy prior to sixty days after written proof of loss has been furnished or until you have exhausted your appeal rights under the Policy. You cannot institute a lawsuit against us after three (3) years from the time a proof of claim is required to be furnished.

**N. Headings Not Controlling**

Headings used in this Policy are for reference purposes only and shall not change the substance of the provisions of this Policy.

**O. Determinations**

Except as otherwise provided in this Policy or required by law, in all cases we shall determine what satisfies the definitions and provisions of this contract, including which providers, services and illnesses are eligible for reimbursement.

**P. Disclosure**

The Insured is hereby notified: This Policy constitutes a contract between the Insured and Independence Blue Cross ("IBC"). Independence Blue Cross is an independent corporation operating under a license from the Blue Cross and Blue Shield Association ("the Association"), which is a national association of independent Blue Cross and Blue Shield Plans throughout the United States. Although all of these independent Blue Cross and Blue Shield Plans operate from a license with the Association, each of them is a separate and distinct corporation. The Association allows Independence Blue Cross to use the familiar Blue Cross words and symbols. Independence Blue Cross, which is entering into this contract, is not contracting as an agent of the national Association. Only Independence Blue Cross shall be liable to the Insured for any of IBC's obligations under this contract. This paragraph does not add any obligations to this contract.

### SECTION 3: ELIGIBILITY FOR PAYMENT OF BENEFITS

THIS SECTION DESCRIBES CONDITIONS THAT YOU MUST MEET IN ORDER TO BE ELIGIBLE TO RECEIVE PAID BENEFITS UNDER THE POLICY. IT EXPLAINS THE DEDUCTIBLE DAYS REQUIREMENT AND BENEFIT APPROVAL PROCESS AND EXTENSION OF BENEFITS.

In order to qualify for paid benefits under this Policy, you must:

- A. Meet the definition of a Chronically Ill Individual.
  - B. Complete the Benefit Approval Process.
  - C. Receive Covered Services as described in this Policy.
  - D. Meet the Deductible Days Requirement as described in this Policy.
- A. Meet the definition of a Chronically Ill Individual.**

To qualify for paid benefits, the insured receiving the service must be certified within the preceding 12-month period by a Licensed Health Care Practitioner as a Chronically Ill Individual, as further described in Section 1, Definition of Important Terms. Generally, this means certification that the insured is unable to perform at least two out of the five Activities of Daily Living for a period of at least 90 days, or is Cognitively Impaired, as defined in this Policy.

#### 1. Activities of Daily Living

A person will be considered unable to perform an Activity of Daily Living if he or she is physically incapable of performing the activity, requires hands-on services and/or continual supervision and direction from another person in order to carry out the activity.

The following five Activities of Daily Living will be used to determine functional loss:

- ***Bathing***

Bathing is the process of washing oneself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.

- ***Eating***

Eating is the process of getting food by any means from the receptacle (plate, cup, glass, bottle, etc.) into the body. It is the process of consuming after food is placed in front of the individual. It includes bringing the food to the mouth, chewing, swallowing and manipulating food on the plate.

- ***Dressing***

Dressing is the process of putting on, fastening, and taking off all items of clothing, braces, and artificial limbs worn daily by the individual. Dressing includes obtaining and replacing the items from their storage area in the immediate environment. Clothing refers to the clothing usually worn daily by the individual.

- ***Transferring***

Transferring is the process of moving from one sitting or lying position to another sitting or lying position (e.g., from bed to a chair, or from a wheelchair to a sofa), coming to a standing position and/or repositioning to prevent skin breakdown.

- **Toileting**

Toileting is the process of getting to and from the toilet room for elimination, transferring on and off the toilet, cleansing self after elimination, and adjusting clothes. A commode in any location may be considered the "toilet room," only if in addition to meeting the criteria for "toileting," the individual empties, cleanses, and replaces the receptacle without assistance from another person.

## 2. Cognitive Impairment

Cognitive Impairment means the deterioration in or loss of your intellectual capacity which requires continual supervision to protect you or others. Cognitive Impairment may be measured by standardized tests and clinical evidence, and includes losses in the following areas:

- Your deductive or abstract reasoning; or
- Your short or long term memory; or
- Your recognition of yourself, where you are, time of day, month or year

## B. Complete the Benefit Approval Process

*In order to qualify for paid benefits under this Policy, you must notify us prior to receiving Covered Services and complete the Benefit Approval Process described below.*

### **HOW TO CONTACT US:**

It is very important that you notify us prior to making your first claim for benefits. This is necessary so that we can determine when you have met your Deductible Days Requirement and when you will be eligible for Covered Services.

Your notice should be given to us in writing at the address we provide to you and should include the following: your name, address and telephone number, your Policy number and your intention to seek benefits under the Policy by filing a claim.

### **LICENSED HEALTH CARE PRACTITIONER ASSESSMENT**

1. Before you can receive Benefits, your eligibility for Nursing Home or Alternate Care Facility services must be established. You will need a medical evaluation by a Licensed Health Care Practitioner who will conduct a standardized assessment to certify that you are a Chronically Ill Individual. Generally, this means that you (i) will be unable to perform at least two out of five Activities of Daily Living for at least 90 days; and/or (ii) are Cognitively Impaired.

If you elect to make your own arrangements for this assessment, you must (i) notify us in writing of your intention to do so, and (ii) submit, in writing, the name, telephone number and business address of the Licensed Health Care Practitioner you have selected. Please review the Licensed Health Care Practitioner definition in this Policy before making your selection. If you prefer we can arrange for an Licensed Health Care Practitioner to perform the assessment. If there appears to be evidence of fraud or material misrepresentation in the assessment process, a second assessment may be performed by a different Licensed Health Care Practitioner. Assessments will be paid for by the party electing to select the Licensed Health Care Practitioner and arrange the assessment.

2. Confirm that the services requested are Covered Services for which benefits will be paid under the Policy.
3. After the assessment has been made, certify the provider(s) you have chosen. *You may select the Nursing Home or Alternate Care Facility of your choice as long as the provider meets the requirements in this Policy.*

We will certify that the provider meets those requirements as part of determining your eligibility for benefits. We are not responsible for the conduct or misconduct of providers, their ability to deliver services, or any of their actions. You must let us know if and when you change from one provider to another.

**C. Receive Covered Services**

In order to qualify for paid benefits under this Policy, you must receive Covered Services as defined in Section 1, Definition of Important Terms and further described in the following Sections:

Nursing Home Care: Section 5

Alternate Care Facility: Section 6

**D. Meet the Deductible Days Requirement Before Paid Benefits Can Begin**

The Deductible Days Requirement is the number of days that must be paid by you or another party for Covered Services before your policy will pay benefits to You. The Deductible Days Requirement, and it is shown on your Schedule of Benefits. We must have approved your eligibility for benefits in order for you to count those days of care toward the Deductible Days Requirement. (See Benefit Approval Process above.)

You may count any days on which you were eligible and during which you received care in a Nursing Home or Alternate Care Facility, as defined in this Policy, toward the Deductible Days Requirement. Your Deductible Days Requirement must be satisfied within 180 consecutive days. You only have to satisfy the Deductible Days Requirement once in your lifetime under this Policy.

**E. Extension of Benefits**

If the Policy is canceled, except for non-payment of premium, or not renewed by the insured, benefits will continue without prejudice to any Inpatient stay which began before the Policy was canceled or not renewed. This Extension of Benefits will continue until:

- a. the end of the benefit period, if any, or
- b. the end of the Inpatient stay, or
- c. to the payment of the maximum benefits.

This extension is subject to any Policy waiting period, and other applicable provisions of this Policy.

#### **SECTION 4: BENEFIT PROVISIONS**

**THIS SECTION DESCRIBES THE BENEFIT PROVISIONS THAT APPLY TO THE NURSING HOME BENEFIT AND ALTERNATE CARE FACILITY BENEFIT OF THIS POLICY.**

##### **A. Benefit Payment Amount**

We will pay actual charges up to the maximum daily dollar benefit shown on your Schedule of Benefits for each Benefit. If the actual daily charge is less than the maximum daily dollar benefit, the difference will remain as part of your Lifetime Dollar Maximum.

##### **B. Conditions that Must Be Met To Receive Paid Benefits**

1. The Policy must be in force, with all premiums paid as due; and
2. You must not have reached the Lifetime Dollar Maximum shown on your Schedule of Benefits; and
3. We must have approved your eligibility for benefits according to the Benefit Approval Process; and
4. We must have certified the provider(s) you have chosen; and
5. You must receive Covered Services under the Policy; and
6. You must have completed the required Deductible Days Requirement.

#### **SECTION 5: DESCRIPTION OF NURSING HOME BENEFITS**

**THIS SECTION DESCRIBES THE COVERED NURSING HOME SERVICES.**

##### **A Covered Services**

This Policy covers your confinement as an inpatient in a licensed Nursing Home as defined in this Policy. It will pay for Skilled Care, Intermediate Care, and Custodial Care.

##### **B. Nursing Home**

A Nursing Home is a facility that must meet the minimum requirements of a Nursing Home as defined in Section 1, Definitions of Important Terms.

##### **C. Benefit Provisions**

See Section 4, Benefit Provisions, for an explanation of your Benefit Payment Amount provision, Conditions That Must Be Met To Receive Paid Benefits provision. See Section 7, Additional Features, for an explanation of your Restoration of Benefits provision, Bed Reservation Feature and Waiver of Premium Feature.

## **SECTION 6: DESCRIPTION OF ALTERNATE CARE FACILITY BENEFITS.**

**THIS SECTION DESCRIBES THE COVERED ALTERNATE CARE FACILITY SERVICES.**

### **A. Covered Services**

This Policy covers your confinement in an Alternate Care Facility which meets the requirements of this Policy. This Policy will pay for Skilled, Intermediate, and Custodial Care in an Alternate Care Facility.

### **B. Alternate Care Facility**

An Alternate Care Facility is primarily engaged in providing Custodial Care on an ongoing basis to a minimum of 15 individuals at the same location and meets the minimum requirements of an Alternate Care Facility as defined in Section 1, Definition of Important Terms.

### **C. Benefit Provisions**

See Section 4, Benefit Provisions, for an explanation of your Benefit Payment Amount provision, and Conditions that Must Be Met To Receive Paid Benefits provision. See Section 7, Additional Features, for an explanation of your Restoration of Benefits provision, Bed Reservation Feature and Waiver of Premium Feature.

## **SECTION 7: ADDITIONAL FEATURES**

**THIS SECTION DESCRIBES YOUR RESTORATION OF BENEFITS PROVISION, BED RESERVATION FEATURE AND WAIVER OF PREMIUM FEATURE.**

### **A. Restoration of Benefits**

When your Lifetime Dollar Maximum is exhausted, this policy will terminate. However, after you have received benefits and have used some portion of your Lifetime Dollar Maximum, you can restore your original Lifetime Dollar Maximum amount at 100% if you neither receive nor require care from any source for 180 consecutive days. The benefits will begin with your first day of care or service. There is no limit to the number of times your benefits can be restored. This feature does not apply to the unlimited coverage option.

### **B. Bed Reservation Feature**

If, after you are admitted to a Nursing Home or Alternate Care Facility, you become hospitalized and are charged to reserve your accommodation in a Nursing Home or Alternate Care Facility, we will continue to pay the actual daily charge up to the maximum Nursing Home or Alternate Care Facility daily dollar benefit, or credit your Deductible Days Requirement, if applicable. We will do this for a total of 30 days per calendar year to ensure that your Nursing Home or Alternate Care Facility bed is reserved for your return. It is necessary that we be notified in writing of your admittance to the hospital and your desire to have us pay to continue to reserve your Nursing Home or Alternate Care Facility bed.

### **C. Waiver of Premium**

You may qualify for a waiver of premium under certain circumstances. You will not have to pay premium if these circumstances occur. If you pre-paid your premium, then you will receive a credit for unearned premium during the waiver period, to be applied to any future premiums due. You are responsible for paying your premiums up to the date a waiver becomes effective.

1. Nursing Home and Alternate Care Facility Benefits:

Waiver of Premium begins when your Deductible Days Requirement had been satisfied and you begin to receive paid benefits for Covered Services in a Nursing Home or Alternate Care Facility. We will seek to collect past due premiums owed from before the institutionalization.

2. The Premium Waiver will end when the following occurs:

- a. Your institutionalization in a Nursing Home or Alternate Care Facility ends; or
- b. You exhaust your Lifetime Dollar Maximum, whichever comes first.

If the premium waiver ends for any reason, other than exhaustion of your Lifetime Dollar Maximum, we will resume billing you for premium. Your Policy will remain in force if you have paid us all premiums owed prior to the waiver. You must continue to pay your premium when due after the premium waiver ends. If you do not pay premiums due to us, we will follow the steps outlined in the portion of Paragraph A (above) titled *Cancellation by Us*.

## **SECTION 8: GENERAL EXCLUSIONS AND LIMITATIONS**

### **THIS SECTION DESCRIBES LIMITATIONS AND WHAT SERVICES ARE NOT COVERED UNDER THIS POLICY**

**A. We will *not* approve or cover services:**

1. Rendered outside of the United States and its territories; or
2. Provided in a Hospital or psychiatric care facility; or
3. For the treatment of Mental and Nervous Disorders as defined in this Policy, except that this exclusion does not apply to primary degenerative dementias of the Alzheimer's type; or
4. For the evaluation or treatment of alcoholism and drug addiction; or
5. For illness, treatment or medical conditions arising out of:
  - War or act of War (whether declared or undeclared);
  - Participation in a felony, riot or insurrection;
  - Service in the armed forces or units auxiliary thereto;
  - Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury; or
  - Aviation (this applies only to nonfare-paying passengers).
6. We will not cover services:
  - For treatment in a government facility, unless a charge is made and the insured is legally obligated to pay;
  - For services for which benefits are available under any governmental program, other than Medicaid,

- For services for which benefits are available under any state or federal workers' compensation, employer's liability or occupational disease law, a motor vehicle no-fault law.
7. For which services are provided by an Immediate Family Member as defined in this Policy; and services for which no charge is made in the absence of insurance; or

**B. To the extent permitted by law, we will not pay for Covered Services in excess of allowable charges for service(s) and/or supply(ies) recognized as covered:**

1. In any institution owned or operated by any local or state government, United States government or any agency of a local, state or United States government; or
2. Under Medicare, Medicare Risk Contracting Program(s) or Medicare Supplement policies.

We reserve the right to make the final determination of what is covered and what is excluded. However, our right to make the final determination does not infringe your right to appeal these decisions.

**SECTION 9: RIGHT TO APPEAL**

**THIS SECTION DESCRIBES HOW TO APPEAL DECISIONS REGARDING YOUR POLICY**

If you believe a decision we have made regarding your Policy is incorrect, you may ask us to reconsider it by sending to us a written request within 60 days of the date of the decision. We will review any additional information provided by you, your doctor, the provider of services and other sources. If we change our decision, we will inform you in writing within 60 days and pay any benefits due as a result.

If we maintain our decision, we will inform you in writing and you may appeal again to us in writing within 60 days of such notice. We will take your appeal to a panel of impartial qualified professionals who are knowledgeable about insurance and long term care. We will notify you in writing of the decision within 60 days.

**SECTION 10: CLAIMS INFORMATION**

**THIS SECTION EXPLAINS WHAT YOU HAVE TO DO TO FILE A CLAIM FOR BENEFIT PAYMENTS, HOW WE PROCESS A CLAIM, AND OTHER RIGHTS AND RESPONSIBILITIES UNDER THE POLICY.**

**A. Advance Notice of Your First Claim**

You must notify us in writing when you have a claim for benefits. Please refer to Section 3: "Eligibility for Payment of Benefits" for the type of information we will need in order to process your claim.

When we receive your notice, we will (1) complete the Benefit Approval Process (2) notify you if you are eligible for payments and (3) send claim forms to you for filing proof of loss.

If you are eligible, payments for Covered Services can be made for services you received on or after the date you notified us and for up to 60 days prior to that date.

**B. Filing Continuing Claims After Your First Claim**

A written proof of loss should be given to us within 90 days after the end of each month for which benefits are to be paid. We will give you claim forms to provide this proof of loss. If you do not have claim forms, the requirement for proof can be met by giving us a written statement including the following: Your name, address, Policy number, the kind of care or services you are receiving, name and address of the provider, a copy of the bill for the services, and the time periods for which you are claiming benefits.

We may reduce or deny a claim if proof of loss is not provided to us within 12 months from the date of loss. If you are legally incapacitated, someone legally authorized to act on your behalf must file the proof of loss within the 12 month period.

### C. Payment of Claims

We will evaluate your claim based on the provisions of the Policy, including the Benefit Approval Process, and the information provided by you, the provider of service and other sources.

We will inform you in writing if you are not eligible for benefits or if your claim is denied for any reason.

If you are eligible for payments, we will pay benefits to you or to a person legally authorized to act on your behalf. Any outstanding claim at your death will be paid to your estate.

## SECTION 11: PREMIUM PAYMENT INFORMATION

**THIS SECTION EXPLAINS THE REQUIREMENTS FOR PREMIUM PAYMENT, WHAT HAPPENS IF PREMIUMS ARE NOT PAID ON TIME AND THE WAIVER OF PREMIUM PROVISIONS.**

### A. Premium Payment

This Policy will be kept in force by the payment of the correct premium on or before the due date as shown on your bill. Premiums are payable to us. Premiums must be paid in full; any partial payment of premium will be returned to you.

**Notice of Change** - By giving written notice to you at least 30 days before a change is effective, we may change the renewal premium for coverage under this Policy.

**Cancellation by You** - You may cancel the Policy at any time by giving us written notice. In the event of your death, we will refund any unearned, prepaid premiums to your estate. Pre-paid, unearned premiums will not be returned for cancellation other than death.

**Cancellation by Us** - If you do not pay the premium, in full, on or before the due date, we will grant you 30 days during which to pay the premium (this 30-day period is called the Grace Period.) If the full premium is not paid before the end of the Grace Period, we will send by first-class mail a Notice of Cancellation to you and to the Third Party you chose in writing on your application. The Cancellation will occur 30 days after receipt of the Notice (this 30-day period is called the Notice Period). The Notice shall be deemed received 5 days after the date it is mailed. If you or the Third Party you designate pay your premium before the end of the Notice Period, your Policy will not be canceled. If the premium is not paid, the Policy will be canceled retroactive to the last date for which the premium was paid in full.

If you did not designate a Third Party on your application, this notice of *Cancellation by Us* will be sent only to you. All other procedures under the above provision will remain the same. The Third Party references will not apply.

No claims will be paid for any period during which premiums have not been paid in full, except:

1. as provided for in this Section, under Paragraph B. *Waiver of Premium*.

***Reinstatement for Cognitive Impairment or Loss of Functional Capacity*** - If this Policy is canceled before your benefits have been exhausted, we will provide reinstatement of coverage if we receive the following within 5 months after the last date for which the premium was paid in full:

1. certification by a Licensed Health Care Practitioner that you were Cognitively Impaired (including, but not limited to Alzheimer's Disease) or that you suffered a Loss of Functional Capacity at the time this Policy was canceled, utilizing no more stringent a standard than that required for benefit eligibility due to Cognitive Impairment or Loss of Functional Capacity; and
2. payment of all past-due premiums for the Policy and all Riders that were in force immediately prior to the last due date.

This reinstatement will provide coverage as if the Policy and Riders were in force without interruption or cancellation. If you became eligible for benefits during the reinstatement period, these benefits will be payable subject to any applicable Deductible Days Requirement, your Lifetime Dollar Maximum, and all other provisions of this Policy and its Riders. This information can be submitted by you or by your Third Party.

**B. Exhaustion of Your Lifetime Maximum**

When your Lifetime Dollar Maximum is exhausted, this Policy will terminate. No further benefits will be payable to you and you do not have to pay any more premiums if this occurs. We may also collect any premiums you may have owed to us prior to exhaustion of benefits.



Approved Effective 3-12-98  
Rhode Island Insurance Department  
Roslyn S. Rhodes

**INDEPENDENCE BLUE CROSS  
NONFORFEITURE RIDER  
TO  
COMPREHENSIVE LONG TERM CARE INSURANCE POLICY**

This Rider is issued to form part of the **Independence Blue Cross Comprehensive Long Term Care Insurance Policy**.

The Effective Date of this Rider is the Effective Date of your Policy. It changes the provisions, conditions and other terms of said Policy by the addition of the Nonforfeiture Rider as follows:

**NONFORFEITURE**

A. Coverage

You have elected to purchase the Nonforfeiture Rider described in Section B below. The Nonforfeiture Rider allows you to collect a defined amount of benefits if you let your Policy lapse, as follows.

B. Nonforfeiture Rider

If you pay the required premium for at least three years, let your Policy lapse, and do not reinstate full coverage, you still may be eligible for benefits under this Rider. Your benefits would be based on the following conditions:

- 1) Independence Blue Cross determines that you meet the eligibility requirements for collecting benefits as set forth in your Policy and any attached Riders, and
- 2) You satisfy your Deductible Days Requirement as specified in your Policy.



3-12-98  
By *Boslyn S Rhodie*

**INDEPENDENCE BLUE CROSS**

**ANNUAL BENEFIT INCREASE OPTION RIDER  
TO  
COMPREHENSIVE LONG TERM CARE INSURANCE POLICY**

This Rider is issued to form part of the **Independence Blue Cross Comprehensive Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

**ANNUAL BENEFIT INCREASE OPTION**

**A. Coverage**

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care and Respite Care benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit. The Personal Independence Fund maximum benefit will remain the same.

**B. Annual Benefit Increase Option**

Your daily dollar amount will increase by 5% of the original daily dollar benefit for 10 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary



Approved Effective 3-12-98

Pennsylvania Insurance Department

INDEPENDENCE BLUE CROSS

*Poslyns Rhodes*

**ANNUAL BENEFIT INCREASE OPTION RIDER  
TO  
COMPREHENSIVE LONG TERM CARE INSURANCE POLICY**

This Rider is issued to form part of the **Independence Blue Cross Comprehensive Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

**ANNUAL BENEFIT INCREASE OPTION**

A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care and Respite Care benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit. The Personal Independence Fund maximum benefit will remain the same.

B. Annual Benefit Increase Option

Your daily dollar amount will increase by 5% of the original daily dollar benefit for 20 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary



Approved, Effective 3-12-98

Prattville Insurance Department

By Boslyn S. Rhodes

INDEPENDENCE BLUE CROSS

**ANNUAL BENEFIT INCREASE OPTION RIDER  
TO  
COMPREHENSIVE LONG TERM CARE INSURANCE POLICY**

This Rider is issued to form part of the **Independence Blue Cross Comprehensive Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

**ANNUAL BENEFIT INCREASE OPTION**

**A. Coverage**

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home, Alternate Care Facility, Home Health Care, Adult Day Care and Respite Care benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit. The Personal Independence Fund maximum benefit will remain the same.

**B. Annual Benefit Increase Option**

Your daily dollar amounts will experience a 5% compounded increase in the daily dollar benefit over the length of the Policy.

BY: \_\_\_\_\_

G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_

Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

**Policy Form #5321-C/ABIC**



Approved: 3-12-98  
Koslepis Rhodes

**INDEPENDENCE BLUE CROSS  
NONFORFEITURE RIDER  
TO  
STANDARD LONG TERM CARE INSURANCE POLICY**

This Rider is issued to form part of the **Independence Blue Cross Standard Long Term Care Insurance Policy**.

The Effective Date of this Rider is the Effective Date of your Policy. It changes the provisions, conditions and other terms of said Policy by the addition of the Nonforfeiture Rider follows:

**NONFORFEITURE**

A. Coverage

You have elected to purchase the Nonforfeiture Rider described in Section B. below. The Nonforfeiture Rider allows you to collect a defined amount of benefits if you let your Policy lapse, as follows.

B. Nonforfeiture Rider

If you pay the required premium for at least three years, let your Policy lapse, and do not reinstate full coverage, you still may be eligible for benefits under this Rider. Your benefits would be based on the following conditions:

- 1) Independence Blue Cross determines that you meet the eligibility requirements for collecting benefits as set forth in your Policy and any attached Riders, and
- 2) You satisfy your Deductible Days Requirement as specified in your Policy.

When you meet the above criteria, you will be paid your daily dollar amount up to the greater of (1) the total amount of your premium dollars paid for this policy and any attached riders, based on the sum of all premiums paid for the years when the nonforfeiture benefit was being purchased, or (2) 30 times the daily dollar benefit for Nursing Home services. When that sum is exhausted, your Long Term Care benefits will cease.

When the Nonforfeiture Rider is in effect, your benefits and Policy provisions will be the same as if your Policy has not lapsed, except for the lifetime maximum, waiver of premium, and restoration of benefits provisions will not apply. Claims paid while the Policy was in a premium paying status will not be subtracted from the sum of the premiums available under this rider. In addition, the sum of all benefits paid while the Policy was either in premium paying status or nonforfeiture status may not exceed the maximum benefits which would have been paid if the Policy had remained in premium paying status. If you have elected to purchase the Annual Benefit Increase Option Rider, there will be no further annual increase in the daily dollar benefit amount or the Lifetime Dollar Maximum upon lapse of your Policy.

BY: \_\_\_\_\_

G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_

Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary



Approved, 3-12-98  
By Boslym S Rhodes

INDEPENDENCE BLUE CROSS

**ANNUAL BENEFIT INCREASE OPTION RIDER  
TO  
LONG TERM CARE INSURANCE POLICY**

This Rider is issued to form part of the **Independence Blue Cross Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

**ANNUAL BENEFIT INCREASE OPTION**

**A. Coverage**

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home and Alternate Care Facility benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit.

**B. Annual Benefit Increase Option**

Your daily dollar amount will increase by 5% of the original daily dollar benefit for 10 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary



3-12-98

*Boyd S. Rhodes*

INDEPENDENCE BLUE CROSS  
ANNUAL BENEFIT INCREASE OPTION RIDER  
TO  
LONG TERM CARE INSURANCE POLICY

This Rider is issued to form part of the **Independence Blue Cross Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

**ANNUAL BENEFIT INCREASE OPTION**

A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home and Alternate Care Facility benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit.

B. Annual Benefit Increase Option

Your daily dollar amount will increase by 5% of the original daily dollar benefit for 20 years.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary



3-12-98  
Independent Blue Cross Department  
Boslyn S. Rhoads

INDEPENDENCE BLUE CROSS

**ANNUAL BENEFIT INCREASE OPTION RIDER  
TO  
LONG TERM CARE INSURANCE POLICY**

This Rider is issued to form part of the **Independence Blue Cross Long Term Care Insurance Policy**.

The Effective Date of this Rider is shown in your Schedule of Benefits. It changes the provisions, conditions and other terms of said Policy by the addition of the Annual Benefit Increase Option as follows:

**ANNUAL BENEFIT INCREASE OPTION**

A. Coverage

You have elected to purchase the Annual Benefit Increase Option shown in Section B. below. We will increase your daily dollar benefit each year for Nursing Home and Alternate Care Facility benefits. Your Lifetime Dollar Maximum will also increase in proportion to the increase in your daily dollar benefit.

B. Annual Benefit Increase Option

Your daily dollar amounts will experience a 5% compounded increase in the daily dollar benefit over the length of the Policy.

BY: \_\_\_\_\_  
G. Fred DiBona, Jr., Esq.  
President and Chief Executive Officer

ATTEST: \_\_\_\_\_  
Patricia R. Hatler, Esq.  
General Counsel and Corporate Secretary

SERFF Tracking #:

INAC-131027495

State Tracking #:

INAC-131027495

Company Tracking #:

State:

Pennsylvania

Filing Company:

Independence Blue Cross

TOI/Sub-TOI:

LTC03I Individual Long Term Care/LTC03I.003 Other

Product Name:

IBC Long Term Care

Project Name/Number:

/

## Supporting Document Schedules

<b>Bypassed - Item:</b>	Transmittal Letter (A&H)
<b>Bypass Reason:</b>	see cover letter below
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Certification (A&H)
<b>Bypass Reason:</b>	NA. See below.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Memorandum and Explanatory Information (A&H)
<b>Bypass Reason:</b>	See below.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Advertisements (A&H)
<b>Bypass Reason:</b>	NA.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Authorization to File (A&H)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Insert Page Explanation (A&H)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

**SERFF Tracking #:**

INAC-131027495

**State Tracking #:**

INAC-131027495

**Company Tracking #:****State:**

Pennsylvania

**Filing Company:**

Independence Blue Cross

**TOI/Sub-TOI:**

LTC03I Individual Long Term Care/LTC03I.003 Other

**Product Name:**

IBC Long Term Care

**Project Name/Number:**

/

<b>Bypassed - Item:</b>	Rate Table (A&H)
<b>Bypass Reason:</b>	See below.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Replacement Form with Highlighted Changes (A&H)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Reserve Calculation (A&H)
<b>Bypass Reason:</b>	NA.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Variability Explanation (A&H)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Cover Letter
<b>Comments:</b>	Attached is the cover letter for this filing.
<b>Attachment(s):</b>	LTC filing cover letter.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Serial listing of existing and proposed rates
<b>Comments:</b>	Attached is the Serial listing of existing and proposed rates.
<b>Attachment(s):</b>	091IBC45-06_Rate Increase Serial Listing_20170511.xlsx
<b>Item Status:</b>	
<b>Status Date:</b>	

**SERFF Tracking #:**

INAC-131027495

**State Tracking #:**

INAC-131027495

**Company Tracking #:**

**State:**

Pennsylvania

**Filing Company:**

Independence Blue Cross

**TOI/Sub-TOI:**

LTC03I Individual Long Term Care/LTC03I.003 Other

**Product Name:**

IBC Long Term Care

**Project Name/Number:**

/

***Attachment 091IBC45-06\_Rate Increase Seriatim Listing\_20170511.xlsx is not a PDF document and cannot be reproduced here.***



May 12, 2017

Honorable Teresa D. Miller  
Commissioner of Insurance  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, Pennsylvania 17120

RE: Independence Hospital Indemnity Plan, Inc. ("IBC")  
Company NAIC # 54704

Facility Only Form	5019
Facility Only Form	5025
Facility Only Form	5313
Comprehensive Form	5024
Comprehensive Form	5018
Comprehensive Form	5311

Dear Commissioner Miller:

The referenced rate filing is being submitted for your review.

These are existing policy forms that provide either facility only or comprehensive long-term care coverage. Policies were issued in Pennsylvania between 1993 and 2001. They are no longer being marketed in any jurisdiction.

IBC is requesting the approval of a premium rate increase on the above-listed forms. For policies with either no inflation protection or simple-compounding inflation (for either 10 years or 20 years), IBC is requesting a 19% rate increase, expected to be implemented beginning effective July 1, 2017, following an appropriate policyholder notification period. For policies with compound annual inflation for life, the company is requesting a series of for 19% rate increase, implemented beginning effective July 1, 2017, following an appropriate policyholder notification period, and continuing in each year through 2020.

The following electronic items are included with this submission:

- A copy of this cover letter;
- A copy of an Actuarial Memorandum;
- A copy of a Supplement to the Actuarial Memorandum;
- A seriatim listing of the existing and proposed rates (in lieu of rate sheets); and

Honorable Teresa D. Miller  
May 12, 2017  
Page 2

- A Microsoft Excel workbook containing all numerical data.

No filing fee is required for this submission.

Thank you for your assistance in reviewing this filing. Please contact me with any questions.

Respectfully,



Yaling Xie, FSA, MAAA  
Associate Actuary & Manager  
Independence Blue Cross  
1901 Market Street - 40<sup>th</sup> Floor  
Philadelphia PA, 19103  
215-241-4592

Enclosures

cc: Matt Anthony, FSA, MAAA  
Kathryn A Galarneau, FSA, MAAA  
Thomas Hutton  
Richard F. Levins, Esquire  
Jonathan Forster, ASA, MAAA