

## **AMENDMENT TO YOUR HOSPITALIZATION PROGRAM**

### **INDEPENDENCE HOSPITAL INDEMNITY PLAN, INC.**

This disclosure is issued to form part of the Hospitalization coverage administered by Independence Hospital Indemnity Plan, Inc. (the "Claims Administrator" or "the Plan", as applicable).

The Group Coverage is hereby modified or amended as follows.

Effective January 1, 2015, the Subrogation provision is either replaced or added to the coverage with the following:

#### **SUBROGATION AND REIMBURSEMENT RIGHTS**

By accepting benefits for Covered Services, you agree that the Plan or Claims Administrator (as applicable) has the right to enforce subrogation and reimbursement rights. This section explains these rights and the responsibilities of each Subscriber pertaining to subrogation and reimbursement. The term Subscriber includes Eligible Dependents. The term Responsible Third Party refers to any person or entity, including any insurance company, health benefits plan or other third party, that has an obligation (whether by contract, common law or otherwise) to pay damages, pay compensation, provide benefits or make any type of payment to you for an injury or illness.

The Plan or Claims Administrator (as applicable) or the Plan Administrator, as applicable, retains full discretionary authority to interpret and apply these subrogation and reimbursement rights based on the facts presented.

#### **Subrogation Rights**

Subrogation rights arise when the Plan or Claims Administrator (as applicable) pays benefits on behalf of a Subscriber and the Subscriber has a right to receive damages, compensation, benefits or payments of any kind (whether by a court judgment, settlement or otherwise) from a Responsible Third Party. The Claims Administrator is subrogated to the Subscriber's right to recover from the Responsible Third Party. This means that the Plan or Claims Administrator (as applicable) "stands in your shoes" - and assumes your right to pursue and receive the damages, compensation, benefits or payments from the Responsible Third Party to the full extent that the Plan or Claims Administrator (as applicable) has reimbursed you for medical expenses or paid medical expenses on your behalf, plus the costs and fees that are incurred by the Plan or Claims Administrator (as applicable) to enforce these rights. The right to pursue a subrogation claim is not contingent upon whether or not you pursue the Responsible Third Party for any recovery.

#### **Reimbursement Rights**

If a Subscriber obtains any recovery - regardless of how it's described or structured - from a Responsible Third Party, the Subscriber must fully reimburse the Plan or Claims Administrator (as applicable) for all medical expenses that were paid to the Subscriber or on the Subscriber's behalf, plus the costs and fees that are incurred by the Plan or Claims Administrator (as applicable) to enforce these rights. The Plan or Claims Administrator (as applicable) has a right to full reimbursement.

## **Lien**

By accepting benefits for Covered Services from the Plan or Claims Administrator (as applicable), you agree to a first priority equitable lien by agreement on any payment, reimbursement, settlement or judgment received by you, or anyone acting on your behalf, from any Responsible Third Party. As a result, you must repay to the Plan or Claims Administrator (as applicable) the full amount of the medical expenses that were paid to you or on your behalf out of the amounts recovered from the Responsible Third Party (plus the costs and fees that are incurred by the Plan or Claims Administrator (as applicable) to enforce these rights) first, before funds are allotted toward any other form of damages, whether or not there is an admission of fault or liability by the Responsible Third Party. The Plan or Claims Administrator (as applicable) has a lien on any amounts recovered by the Subscriber from a Responsible Third Party, regardless of whether or not the amount is designated as payment for medical expenses. This lien will remain in effect until the Plan or Claims Administrator (as applicable) is reimbursed in full.

## **Constructive Trust**

If you (or anyone acting on your behalf) receive damages, compensation, benefits or payments of any type from a Responsible Third Party (whether by a court judgment, settlement or otherwise), you agree to maintain the funds in a separate, identifiable account and that the Plan or Claims Administrator (as applicable) has a lien on the monies. In addition you agree to serve as the trustee over the monies for the benefit of Claims Administrator to the full extent that the Plan or Claims Administrator (as applicable) has reimbursed you for medical expenses or paid medical expenses on your behalf, plus the attorney's fees and the costs of collection incurred by the Plan or Claims Administrator (as applicable).

These subrogation and reimbursement rights apply regardless of whether money is received through a court decision, settlement, or any other type of resolution.

- These subrogation and reimbursement rights apply even if the recovery is designated or described as covering damages other than medical expenses (such as property damage or pain and suffering).
- These subrogation and reimbursement rights apply with respect to any recoveries made by the Subscriber, including amounts recovered under an uninsured or underinsured motorist policy.
- The Plan or Claims Administrator (as applicable) is entitled to recover the full amount of the benefits paid to the Subscriber or on the Subscriber's behalf plus the costs and fees that are incurred by the Plan or Claims Administrator (as applicable) to enforce these rights without regard to whether the Subscriber has been made whole or received full compensation for other damages (including property damage or pain and suffering). The recovery rights of the Plan or Claims Administrator (as applicable) will not be reduced by the "made whole" doctrine or "double recovery" doctrine.
- The Plan or Claims Administrator (as applicable) will not pay, offset any recovery, or in any way be responsible for attorneys' fees or costs associated with pursuing a claim against a Responsible Third Party unless the Plan or Claims Administrator (as applicable) agrees to do so in writing.

The recovery rights of the Plan or Claims Administrator (as applicable) will not be reduced by the “common fund” doctrine.

- In addition to any Coordination of Benefits rules described in this Group Coverage, the benefits paid by the Plan or Claims Administrator (as applicable) will be secondary to any no-fault auto insurance benefits and to any worker’s compensation benefits (no matter how any settlement or award is characterized) to the fullest extent permitted by law.
- These subrogation and reimbursement rights apply and will not be decreased, restricted, or eliminated in any way if the Subscriber receives or has the right to recover no-fault insurance benefits. All rights under this section are enforceable against the heirs, estate, legal guardians or legal representatives of the Subscriber.
- The Plan or Claims Administrator (as applicable) is entitled to recover the full amount of the medical benefits paid without regard to any claim of fault on your part.

### **Obligations of Subscriber**

Immediately notify the Plan or Claims Administrator (as applicable) or its designee in writing if you assert a claim against a Responsible Third Party, whether informally or through judicial or administrative proceedings.

Immediately notify the Plan or Claims Administrator (as applicable) or its designee in writing whenever a Responsible Third Party contacts you or your representative - or you or your representative contact a Responsible Third Party - to discuss a potential settlement or resolution.

Refuse any offer to settle, adjust or resolve a claim for damages, benefits or compensation that involves an injury, illness or medical expenses in any way, unless and until you receive written authorization from the Plan or Claims Administrator (as applicable) or its delegated representative.

Fully cooperate with the Plan or Claims Administrator (as applicable) and its designated representative, as needed, to allow for the enforcement of these subrogation and reimbursement rights and promptly supply information/documentation when requested and promptly execute any and all forms/documents that may be needed.

Avoid taking any action that may prejudice or harm the Plan’s or Claims Administrator’s (as applicable) ability to enforce these subrogation and reimbursement rights to the fullest extent possible.

Fully reimburse the Plan or Claims Administrator (as applicable) or its designated representative immediately upon receiving compensation of any kind (whether by court judgment, settlement or otherwise) from a Responsible Third Party.

Serve as trustee for any and all monies paid to (or payable to) you or for your benefit by any Responsible Third Party to the full extent the Plan or Claims Administrator (as applicable) paid benefits for an injury or illness.

All of these Obligations apply to the heirs, estate, legal guardians or legal representatives of the Subscriber.

**Applicable to Self-Insured groups only:**

**IMPORTANT: Failure to Cooperate**

If you fail or refuse to sign forms or documents as requested or otherwise fail or refuse to cooperate or abide by any of the obligations described above, the Claims Administrator or Plan Administrator, as applicable, has full discretion and authority to reduce or withhold benefit payments to recover subrogation/reimbursement amounts that are owed and/or to terminate your participation in the benefit program.

All other terms of the Group Coverage remain in effect.

INDEPENDENCE HOSPITAL INDEMNITYPLAN, INC.:

A handwritten signature in black ink, appearing to read "Brian W. Johnson". The signature is written in a cursive style with a horizontal line underneath the name.

Senior Vice President  
Marketing & Consumer Business