

FIRST HEALTH®

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97 MAY 23 AM 8:15

May 2, 1997

SPD
Pension & Welfare Benefits Adm.
Room W-5644
U.S. Department of Labor
200 Constitution Avenue N.W.
Washington, D.C. 20210

RE:Palo Alto

Plan Number: 521
EIN #: 94-1156581

Dear Sirs:

In compliance with ERISA Section 104, enclosed is an executed copy of the Amendment #2 for the Plan Document for the above mentioned client.

If you require any additional information, please let me know.

Sincerely,



Camile Drew
Account Representative

2520190031392

/enclosure

cc: Karen Hooper

AMENDMENT #2

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to the Plan Document of

PALO ALTO MEDICAL FOUNDATION

The January 1, 1996 Palo Alto Medical Foundation Employee Medical Plan is hereby amended as follows:

The following provision has been deleted from the **SCHEDULE OF MEDICAL BENEFITS**:

Benefit Description	Services Provided By Santa Cruz Medical Clinic	Referred By Santa Cruz Medical Clinic	PPO Plan Pays	Non-PPO Plan Pays	Additional Limitations And Explanations
Treatment Of An Accidental Injury	100%	100%	100% Up to a maximum of \$250	100%	For the PPO/Non-PPO plan: \$250 individual per cause maximum. Treatment must be received within 3 days of the accident. Expenses in excess of \$250 or treatment received after 3 days will be considered as All Other Covered Medical Expenses.

The following provisions on the **SCHEDULE OF MEDICAL BENEFITS**:

PPO Annual Out-Of-Pocket Maximums: (Excludes Deductible)	PPO Plus-Santa Cruz Medical Clinic Annual Out-Of-Pocket Maximums:
\$1,000 Individual	\$1,000 Individual
\$3,000 Family	\$3,000 Family

Benefit Description	Services Provided By Santa Cruz Medical Clinic	Referred By Santa Cruz Medical Clinic	PPO Plan Pays	Non-PPO Plan Pays	Additional Limitations And Explanations
<u>PPO And Non-PPO</u>					
Inpatient Mental/ Nervous And Substance Abuse Treatment			50%* Subject to deductible	50%* Subject to deductible	\$5,000 individual annual maximum. Limited to a combined maximum (inpatient and outpatient) of 50 visits per year.
Outpatient Mental/ Nervous And Substance Abuse Treatment			50% Subject to deductible	50% Subject to deductible	\$25 individual per visit maximum. Limited to a combined maximum (inpatient and outpatient) of 50 visits per year.

Have been changed to:

**PPO Annual Out-Of-Pocket Maximums:
(Excludes Deductible)**
\$1,500 Individual
\$4,500 Family

**PPO Plus-Santa Cruz Medical Clinic
Annual Out-Of-Pocket Maximums:**
\$1,500 Individual
\$4,500 Family

Benefit Description	Services Provided By Santa Cruz Medical Clinic	Referred By Santa Cruz Medical Clinic	PPO Plan Pays	Non-PPO Plan Pays	Additional Limitations And Explanations
<u>PPO And Non-PPO</u>					
Inpatient Mental/ Nervous And Substance Abuse Treatment			70%* Subject to deductible	70%* Subject to deductible	\$5,000 individual annual maximum. Limited to 30 visits per lifetime.
Outpatient Mental/ Nervous And Substance Abuse Treatment			70% Subject to deductible	70% Subject to deductible	\$25 individual per visit maximum. Limited to 50 visits per year.

The following provisions in **PPO And Non-PPO MEDICAL BENEFITS:**

Covered Medical Expenses

Mental/Nervous And Substance Abuse Treatment

- *Inpatient* treatment of substance abuse (detoxification only) and/or a *mental/nervous disorder*, limited to a combined maximum of 50 *inpatient/outpatient* visits per year.
- *Outpatient* treatment of substance abuse and/or a *mental/nervous disorder*, limited to a combined maximum of 50 *inpatient/outpatient* visits per year.

Have been changed to:

Covered Medical Expenses

Mental/Nervous And Substance Abuse Treatment

- *Inpatient* treatment of substance abuse (detoxification only) and/or a *mental/nervous disorder*, limited to 30 days per *lifetime*.
- *Outpatient* treatment of substance abuse and/or a *mental/nervous disorder*, limited to 50 visits per year.

The following provision has been added to **Covered Medical Expenses:**

Mental/Nervous And Substance Abuse Treatment

- Psychoanalysis.

The following provision has been deleted from **Medical Expenses Not Covered:**

- Psychoanalysis.

The following provision in **COORDINATION OF BENEFITS:**

General Provision

When you and/or your *dependents* are covered under more than one group health plan, the combined benefits payable by this plan and all other group plans will not exceed 100% of the eligible expense incurred by the individual. The plan assuming primary payor status will determine benefits first without regard to benefits provided under any other group health plan.

When this plan is the secondary payor, it will reimburse, subject to all plan provisions, the balance of remaining eligible expenses, not to exceed normal plan liability if this plan had been primary.

For purposes of coordination, eligible expense means any *usual and customary charge* considered in part or full by this plan.

Has been changed to:

General Provision

When you and/or your dependents are covered under more than one group health plan, the primary plan will determine benefits first without regard to benefits provided under any other group health plan.

When this plan is the secondary payor, the plan will coordinate payment with the primary plan in such a way that when this plan's payment is combined with the primary plan's payment, the total does not exceed the amount this plan would have paid if it were primary.

The effective date of this amendment is April 1, 1997.

It is understood and agreed by Palo Alto Medical Foundation that the above stated amendment and the provisions contained in the Employee Medical Plan document as amended herein are acceptable and will be the basis for the administration of the January 1, 1996 Palo Alto Medical Foundation Employee Medical Plan until otherwise rescinded in writing by the plan administrator.

SIGNED AT Santa Cruz this 22nd day of April, 1997.

BY: Al Nocelle

TITLE: V.P. Human Resources

WITNESS: Rita Boye