NOTICE OF PROTECTION PROVIDED BY MARYLAND LIFE AND HEALTH INSURANCE GUARANTY CORPORATION

This notice provides a brief summary of the Maryland Life and Health Insurance Guaranty Corporation (the Corporation) and the protection it provides for policyholders. This safety net was created under Maryland law, which determines who and what is covered and the amounts of coverage.

The Corporation is not a department or unit of the State of Maryland and the liabilities or debts of the Life and Health Insurance Guaranty Corporation are not liabilities or debts of the State of Maryland. The Corporation was established to provide protection in the unlikely event that your life, annuity, or health insurance company becomes financially unable to meet its obligations and is taken over by its Insurance Department. If this should happen, the Corporation will typically arrange to continue coverage and pay claims, in accordance with Maryland law, with funding from assessments paid by other insurance companies.

The basic protections provided by the Corporation are:

• Life Insurance
  $300,000 in death benefits
  $100,000 in cash surrender or withdrawal values
• Health Insurance
  • $500,000 for basic hospital, medical, and surgical insurance or major medical insurance provided by health benefit plans
  • $300,000 for disability insurance
  • $300,000 for long-term care insurance
  • $100,000 for a type of health insurance not listed above, including any net cash surrender and net cash withdrawal values under the types of health insurance listed above
• Annuities
  • $250,000 in the present value of annuity benefits, including net cash withdrawal values and net cash surrender values
  • With respect to each payee under a structured settlement annuity, or beneficiary of the payee, $250,000 in present value annuity benefits, in the aggregate, including any net cash surrender and net cash withdrawal values

The maximum amount of protection for each individual, regardless of the number of policies or contracts is:

• $300,000 in aggregate for all types of coverage listed above, with the exception of basic hospital, medical, and surgical insurance or major medical insurance
• $500,000 in aggregate for basic hospital, medical, and surgical insurance or major medical insurance
NOTE: Certain policies and contracts may not be covered or fully covered. For example, coverage does not extend to any portion(s) of a policy or contract that the insurer does not guarantee, such as certain investment additions to the account value of a variable life insurance policy or a variable annuity contract. There are also various residency requirements and other limitations under Maryland law.

To learn more about the above protections, please visit the Corporation’s website at www.mdlifega.org, or contact:

Maryland Life and Health
Insurance Guaranty Corporation
9199 Reisterstown Road
P.O. Box 671—Suite 216C
Owings Mills, Maryland 21117
410-998-3907

Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, Maryland 21202
1-800-492-6116, ext. 2170

Insurance companies and agents are not allowed by Maryland law to use the existence of the Corporation or its coverage to encourage you to purchase any form of insurance. When selecting an insurance company, you should not rely on Corporation coverage. If there is any inconsistency between this notice and Maryland law, then Maryland law will control.

HIPPA Enrollment Requirements:
As a result of the Federal Health Insurance Portability and Accountability Act (HIPAA), except for new hires and employees with a qualifying event as defined by law, any employee who does not enroll during the open enrollment period must wait until the next open enrollment period. New hires must enroll within 31 days of meeting their eligibility for coverage or wait until the next open enrollment period.
Maryland Disclosure

Physician Compensation

Our compensation to physicians who offer health care services to our insured members or enrollees may be based on a variety of payment mechanisms such as fee-for-service payments, salary, or capitation. Bonuses may be used with these various types of payment methods.

If you desire additional information about our methods of paying physicians, or if you want to know which method(s) apply to your physician: employers, please contact your broker or UnitedHealthcare representative; members, please call the number, or write to the address, on the back of your health plan ID card.

Methods of Paying Physicians

The example shows how Dr. Jones, an obstetrician gynecologist, would be compensated under each method of payment.

<table>
<thead>
<tr>
<th>Method</th>
<th>Example</th>
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<tbody>
<tr>
<td>Salary</td>
<td>A physician is an employee of the HMO and is paid compensation (monetary wages) for providing specific health care services.</td>
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<td>Example: Since Dr. Jones is an employee of an HMO, she receives her usual bi-weekly salary regardless of how many patients she sees or the number of services she provides. During the months of providing prenatal care to Mrs. Smith, who is a member of the HMO, Dr. Jones' salary is unchanged. Although Mrs. Smith’s baby is delivered by Cesarean section, a more complicated procedure than a vaginal delivery, the method of delivery will not have any effect upon Dr. Jones’ salary.</td>
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<tr>
<td>Capitation</td>
<td>A physician (or group of physicians) is paid a fixed amount of money per month by an HMO for each patient who chooses the physician(s) to be his or her doctor. Payment is fixed without regard to the volume of services an individual patient requires.</td>
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<td>Example: Under this type of contractual arrangement, Dr. Jones participates in an HMO network. She is not employed by the HMO. Her contract with the HMO stipulates that she is paid a certain amount each month for patients who select her as their doctor. Since Mrs. Smith is a member of the HMO, Dr. Jones’ monthly payment does not change as a result of her providing ongoing care to Mrs. Smith. The capitation amount paid to Dr. Jones is the same whether or not Mrs. Smith requires obstetric services.</td>
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<tr>
<td>Fee-for-service</td>
<td>A physician charges a fee for each patient visit, medical procedure or medical service provided. An HMO pays the entire fee for physicians it has under contract and an insurer pays all or part of that fee, depending on the type of coverage. The patient is expected to pay the remainder.</td>
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<td>Example: Dr. Jones’ contract with the insurer or HMO states that Dr. Jones will be paid a fee for each patient visit and service she provides. The amount of payment Dr. Jones receives will depend upon the number, types and complexity of services, and the time she spends providing services to Mrs. Smith. Because Cesarean deliveries are more complicated than vaginal deliveries, Dr. Jones is paid more to deliver Mrs. Smith’s baby than she would be paid for a vaginal delivery. Mrs. Smith may be responsible for paying some portion of Dr. Jones’ bill.</td>
</tr>
<tr>
<td>Discounted Fee-for-Service</td>
<td>Payment is less than the rate usually received by the physician for each patient visit, medical procedure or service. This arrangement is the result of an agreement between the payer, who gets lower costs, and the physician, who usually gets an increased volume of patients.</td>
</tr>
<tr>
<td></td>
<td>Example: Like fee-for-service, this type of contractual arrangement involves the insurer or HMO paying Dr. Jones for each patient visit and each delivery; but under this arrangement, the rate, agreed upon in advance, is less than Dr. Jones’ usual fee. Dr. Jones expects that in exchange for agreeing to accept a reduced rate, she will serve a certain number of patients. For each procedure she performs, Dr. Jones will be paid a discounted rate by the insurer or HMO.</td>
</tr>
</tbody>
</table>
**Bonus**

A physician is paid an additional amount over what he or she is paid under salary, capitation, fee-for-service or other type of payment arrangement. Bonuses may be based on many factors, including member satisfaction, quality of care, control of costs and use of services.

**Example**  
An HMO rewards its physician staff or contracted physicians who have demonstrated higher-than-average quality and productivity. Because Dr. Jones has delivered so many babies and she has been rated highly by her patients and fellow physicians, Dr. Jones will receive a monetary award in addition to her usual payment.

**Case Rate**

The HMO or insurer and the physician agree in advance that payment will cover a combination of services provided by both the physician and hospital for an episode of care.

**Example**  
This type of arrangement stipulates how much an insurer or HMO will pay for a patient’s obstetric services. All office visits for prenatal and postnatal care, plus the delivery and hospital-related charges, are covered by one fee. Dr. Jones, the hospital and other providers (such as an anesthesiologist) will divide payment from the insurer or HMO for the care provided to Mrs. Smith.

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**MD-Individual Practice Association, Inc. (M.D. IPA)** compensates 18% of its participating physicians through capitation and 82% through discounted fee-for-service. In calendar year 2012, M.D. IPA did not include a bonus in its compensation method.

**Optimum Choice, Inc. (Optimum Choice)** compensates 17% of its participating physicians through capitation and 83% through discounted fee-for-service. In calendar year 2012, OCI did not include a bonus in its compensation method.

**MAMSI Life and Health Insurance Company (MLH)** compensates 100% of its participating physicians through discounted fee-for-service. In calendar year 2012, MLH did not include a bonus in its compensation method.

**UnitedHealthcare of the Mid-Atlantic, Inc. and UnitedHealthcare Insurance Company** compensates 100% of its participating physicians through a discounted fee-for-service. In the calendar year 2012, UnitedHealthcare of the Mid-Atlantic, Inc. and UnitedHealthcare Insurance Company did not include a bonus in the compensation method.

**Spectera® Vision** coverage provided by or through UnitedHealthcare Insurance Company: compensates 2.6% of its participating vision providers through salary, and 97.4% through discounted fee-for-service.

**UnitedHealthcare Dental** compensates 100% of its participating dental providers through discounted fee-for-service.
Premium Dollar Distribution Disclosure

**Optimum Choice – 2012**

- **Other Use**: 13%
- **Plan Administration Expenses**: 12%
- **Direct Medical Care Expenses**: 75%

**Note:** This means that in calendar year 2012, for every $100.00 collected in premium, $74.96 went to direct medical care, $11.84 went to plan administrative expenses and $13.19 went to other use*.

**Optimum Choice – 2011**

- **Other Use**: 17%
- **Plan Administration Expenses**: 11%
- **Direct Medical Care Expenses**: 72%

**Note:** This means that in calendar year 2011, for every $100.00 collected in premium, $72.25 went to direct medical care, $11.06 went to plan administrative expenses and $16.70 went to other use*.

**MD-Individual Practice Association – 2012**

- **Plan Administration Expenses**: 1%
- **Direct Medical Care Expenses**: 99%

**Note:** This means that in calendar year 2012, for every $100.00 collected in premium, $99.30 went to direct medical care, $.70 went to plan administrative expenses, taxes and profits.

**MD-Individual Practice Association – 2011**

- **Other Use**: 11%
- **Plan Administration Expenses**: 6%
- **Direct Medical Care Expenses**: 83%

**Note:** This means that in calendar year 2011, for every $100.00 collected in premium, $82.58 went to direct medical care, $6.34 went to plan administrative expenses and $11.08 went to other use*.

**MAMSI Life and Health – 2012**

- **Other Use**: 9%
- **Plan Administration Expenses**: 14%
- **Direct Medical Care Expenses**: 77%

**Note:** This means that in calendar year 2012, for every $100.00 collected in premium, $76.88 went to direct medical care, $14.53 went to plan administrative expenses and $8.59 went to other use*.

**MAMSI Life and Health – 2011**

- **Other Use**: 18%
- **Plan Administration Expenses**: 9%
- **Direct Medical Care Expenses**: 73%

**Note:** This means that in calendar year 2011, for every $100.00 collected in premium, $72.85 went to direct medical care, $8.92 went to plan administrative expenses and $18.23 went to other use*. 
UnitedHealthcare of the Mid-Atlantic, Inc. – 2012

Other Use* 3%
Plan Administration Expenses 11%
Direct Medical Care Expenses 86%

Note: This means that in calendar year 2012, for every $100.00 collected in premium, $85.50 went to medical care, $11.25 went to plan administrative expenses, and $3.25 went to other use*.

UnitedHealthcare of the Mid-Atlantic, Inc. – 2011

Other Use* 10%
Plan Administration Expenses 11%
Direct Medical Care Expenses 79%

Note: This means that in calendar year 2011, for every $100.00 collected in premium, $79.31 went to direct medical care, $10.52 went to plan administrative expenses and $10.16 went to other use*.

UnitedHealthcare Insurance Company – 2012

Other Use* 9%
Plan Administration Expenses 14%
Direct Medical Care Expenses 77%

Note: This means that in calendar year 2012, for every $100.00 collected in premium, $76.76 went to medical care, $13.71 went to plan administrative expenses, and $9.53 went to other use*.

UnitedHealthcare Insurance Company – 2011

Other Use* 6%
Plan Administration Expenses 15%
Direct Medical Care Expenses 79%

Note: This means that in calendar year 2011, for every $100.00 collected in premium, $78.42 went to direct medical care, $15.22 went to plan administrative expenses and $6.35 went to other use*.

* Other items represent any remaining expenses that are categorized outside the hospital/medical benefits and general administrative expenses per the Statement of Revenue and Expenses. The examples of such items include investment income, capital gains (losses), miscellaneous expenses (fines & penalties, if any) and federal income tax, etc.

UnitedHealthcare Vision® coverage provided by or through UnitedHealthcare Insurance Company, located in Hartford, Connecticut, or its affiliates. Administrative services provided by Spectera, Inc., United HealthCare Services, Inc. or their affiliates.

UnitedHealthcare Dental® coverage underwritten by UnitedHealthcare Insurance Company, located in Hartford, Connecticut, or its affiliates. Administrative services provided by Dental Benefit Providers, Inc., UnitedHealthcare Services, Inc. or their affiliates. Benefits for the UnitedHealthcare Dental® DHMO plans are provided by or through Dental Benefit Providers of Illinois, Inc. The Select DHMO plan is underwritten by Dominion Dental Services, Inc. Dominion is licensed as a Limited Health Care Services HMO in Virginia, Pennsylvania and a Dental Plan Organization in Maryland and Delaware.

UnitedHealthcare Insurance Company; Dental Benefit Providers of Illinois in IL, IN (MD & FL); DHMO – Dominion Dental Services, Inc.

Insurance coverage provided by or through UnitedHealthcare Insurance Company, MAMSI Life and Health Insurance Company or their affiliates. Administrative services provided by UnitedHealthcare Insurance Company, United HealthCare Services, Inc. or their affiliates. Health Plan coverage provided by or through UnitedHealthcare of the Mid-Atlantic, Inc. and MD-Individual Practice Association, Inc. (MD-IPA), and Optimum Choice, Inc.

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