



Clarification Regarding Small Group Employer Self-Funded Arrangements

Blue Cross of California and BC Life & Health Insurance Company do not endorse or encourage the use of our products with a self-funded arrangement. This includes, but is not limited to, the "wrapping" or self-funding for any annual deductible, copayment, coinsurance, or out-of-pocket expense to which the member is subjected. Furthermore, we do not allow the practice of "layering" or adding any benefit that is not offered or covered in conjunction with any plan contract, including professional fee services.

If a group at any time provides a self-funded or HRA arrangement for any portion under any other plan, including the Basic PPO Plan, the agent will not receive a commission for the medical portion of that account. However, in order to provide choice and flexibility, we allow this type of arrangement only under our existing EPO Plan since it is priced to accommodate this practice.

For further clarity, HSA-Compatible plans can only be sold as standalone, high-deductible plans, or when appropriate, in conjunction with a Health Savings Account (HSA).

Any deviation from this policy may also result in the termination of your agent contract with Blue Cross of California. Group employers that create self-funded health plans are at risk and become responsible for compliance with HIPAA, COBRA, ERISA, and other legal and regulatory obligations. We strongly urge you to direct any client interested in a self-funded health plan to consult with an attorney and an accountant. Any agent recommending a self-funded health plan should be aware that many E&O policies specifically exclude liability for claims arising from self-funded arrangements.

If you have any questions regarding our position on **self-funded arrangements, wrapping or layering**, please contact your Regional Sales Manager.