

MINUTES OF BUDGET AND CONTROL BOARD MEETING

JUNE 27, 1974

The Budget and Control Board met in the Conference Room of the Governor's Office at 11:00 a.m. on June 27, 1974, with the following members in attendance.

Governor John C. West
Mr. R. J. Aycock
Mr. Henry Mills
Mr. Grady L. Patterson, Jr.

Also in attendance was Mr. W. T. Putnam.

Senator Rembert C. Dennis and Mr. P. C. Smith were prevented from attending because of a Senate Finance Committee meeting.

The following business was conducted.

MINUTES OF THE PREVIOUS MEETING - Minutes of the Budget and Control Board meeting of June 11, 1974, were approved as written.

DEPARTMENT OF CORRECTIONS - Mr. William Leeke, Director of the Department of Corrections, appeared before the Board to discuss the following items.

PRISON INDUSTRIES PROFITS - The Board approved a request from Mr. Leeke for the use of prison industries profits to increase inmate earnings during the fiscal year 1974-75. It was understood that funds to cover this increase would be included in the budget request for the fiscal year 1975-76 and, if granted, would replace the use of prison industries profits.

PLANS FOR PROPERTY DISPOSAL - Mr. Leeke requested permission to use \$15,000 of Capital Improvement Bond funds to hire a consulting firm to develop plans for the disposal of property of the Central Correctional Institution. Board members had no

objection to the usage of Capital Improvement Bond funds for such planning, but felt that it would be impossible to hire a competent firm for the amount proposed. Therefore, at the suggestion of Governor West, it was agreed that officials of Clemson University should be contacted to see if such a survey could be made by students as a part of their regular studies.

A copy of a letter from Mr. Leeke pertaining to the use of prison industries profits has been retained in these files and is identified as Exhibit I.

MENTAL RETARDATION - GROUP HOME - Mr. Walter B. Todd, Deputy Commissioner of the Department of Mental Retardation, appeared before the Board to request permission for his Agency to purchase a house in Charleston, South Carolina, to be used as a group home for nine retarded persons at a cost of \$43,000. Mr. Todd indicated that his Agency has a number of these homes located at various parts of the State but that normally the buildings were purchased by some local group and leased to the Department of Mental Retardation. In the present instance, there is no other group which is prepared to purchase the house in question.

Board members were sympathetic with the aims of the Agency, but felt that an unhealthy precedent might be established if such property were purchased purely for a regional facility. Therefore, Governor West asked for additional information as to the plans for this facility and as to who would occupy the home.

It was agreed that the matter would be held in abeyance pending receipt of the requested information.

Data furnished by the Department of Mental Retardation has been retained in these files and is identified as Exhibit II.

HIGHWAY DEPARTMENT - SALARIES - In a letter dated June 21, 1974, Mr. S. N. Pearman, Chief Highway Commissioner, requested approval of the following salaries for the fiscal year 1974-75.

Chief Highway Commissioner	\$ 42,000
Assistant to Chief Highway Commissioner	28,000
Secretary-Treasurer	26,000
State Highway Engineer	28,000

W. T. Putnam reported that, in a telephone conversation, W. T. Brooks, Secretary-Treasurer of the Highway Department, indicated that the Highway Commission would probably wish to increase the salary of the Chief Highway Commissioner by seven percent if all other Agency heads received that amount.

The Budget and Control Board approved the salaries as recommended and also approved the increasing of the Chief Highway Commissioner's salary to \$42,800 (7%) if the Highway Commission saw fit to adjust its request.

Mr. Pearman's letter of June 21, 1974, has been retained in these files and is identified as Exhibit III.

HIGHWAY DEPARTMENT -The Budget and Control Board approved a request of the State Highway Department for the hiring of the architectural firm of Geiger, McElveen and Kennedy for construction of the new headquarters building.

Data furnished by the Highway Department has been retained in these files and is identified as Exhibit IV.

UNIVERSITY OF SOUTH CAROLINA - PURCHASE OF BOOKER T. WASHINGTON HIGH SCHOOL - In a letter dated June 17, 1974, Mr. Harold Brunton, Vice President for Business Affairs of the University of South Carolina, requested permission to purchase Booker T. Washington High School at a cost of \$1,750,000. Of this amount, \$1,000,000 would be paid from Capital Improvement Bonds and \$750,000

would be in the form of computer services furnished over a period of five years.

The wording of Act 1272, Acts of 1970, which provided the Capital Improvement Bond funds in question, would not have permitted the purchase of this property. However, this Act was amended during the current legislative session so as to broaden the scope of the usage of certain funds provided therein.

The Budget and Control Board approved this request.

Mr. Brunton's letter has been retained in these files and is identified as Exhibit V.

BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION - SALARY SCHEDULE - Dr. Charles Palmer, Executive Director of the Department of Technical and Comprehensive Education, appeared before the Budget and Control Board to present a compensation plan for unclassified positions within his Organization.

After much discussion and numerous questions, the Board agreed that the plan was very comprehensive and well designed and, therefore, gave Board approval to its implementation for the fiscal year 1974-75.

A copy of the information furnished by Dr. Palmer has been retained in these files and is identified as Exhibit VI.

GENERAL SERVICES DIVISION - Mr. Furman McEachern, Director of the General Services Division, appeared before the Budget and Control Board to discuss the following matters.

BOARD OF HEALTH AND ENVIRONMENTAL CONTROL LABORATORY - The Board authorized Mr. McEachern to request special legislation to permit a loan from the Sinking Fund to the Budget and Control Board to match Federal

funds for construction of a laboratory for the Board of Health and Environmental Control. The laboratory would be constructed at the State Park Health Center and the loan would be repaid through rental income.

Mr. McEachern advised that the Federal Government would relinquish any claim to its equity in the existing laboratory.

PRINTING CONTRACT - Mr. McEachern advised the Budget and Control Board that he had requested bids for legislative printing and for the printing of annual reports and statistical supplements. The only bid which he received for legislative printing was a joint submission by the State Printing Company and R. L. Bryan Printing Company.

The bids for annual reports and statistical supplements were based upon five separate lots and it was recommended that contracts be awarded to Vogue, Inc., State Printing Company and R. L. Bryan Company.

The Budget and Control Board approved the contracts as recommended by Mr. McEachern.

Information pertaining to the bids has been retained in these files and is identified as Exhibit VII.

PERSONNEL DIVISION - Dr. Jack Mullins, Director of the Personnel Division appeared before the Budget and Control Board to discuss the following matters.

INSURANCE FOR SCHOOL EMPLOYEES - Dr. Mullins advised the Board that the Appropriation Bill, in its present form, provided that a school district might

either accept insurance coverage for its employees under the State contract or negotiate a separate contract. Dr. Mullins asked for a Board ruling as to whether the separate contract should call for exactly the same coverage as the State contract or whether substantially the same coverage would meet with the provision of the proposed law.

After studying the wording of the Appropriation Act, in its present form, Board members in attendance unanimously agreed that the coverage should be "exactly the same". Dr. Mullins agreed with this interpretation and requested that he be permitted to hire a consultant who is qualified to study various bids to determine that the coverage is the same as the State contract. This request was approved by the Board.

STATE INSURANCE CONTRACT - The Budget and Control Board approved a recommendation by Dr. Mullins that a standing policy be established whereby the State insurance contract would be rebid every three years. Dr. Mullins also stated that it was his intention to advise Blue Cross - Blue Shield and Pilot Life Insurance Company, the present State insurance carriers, that if either provide lower rates for school employees' policies than are presently charged under the State contract, that the State of South Carolina would expect to renegotiate its master policy at the lower rates. Board members approved this position.

Information pertaining to the present State insurance contracts has been retained in these files

and is identified as Exhibit VIII.

FOREIGN TRAVEL - The Board approved a request by Dr. Mullins that he and Mr. Joe Mack be authorized to attend a Personnel Conference in Canada from October 12, 1974 through October 17, 1974.

BUDGET PRESENTATION SCHEDULE - Mr. P. C. Smith suggested, and the Board approved, the following tentative schedule of budget presentations for the fiscal year 1975-76.

July 26-27	Meetings with Departments
September 16	Budgets filed with Budget and Control Board
October 1 - October 18	Budget hearings

It was agreed that the Board would invite all gubernatorial nominees as well as members of the Senate Finance Committee and the Ways and Means Committee to attend all budget hearings.

There being no further business, the meeting was adjourned at 12:30 p.m.

Part:
1974 letter



South Carolina Department of Corrections

EXHIBIT I
JUNE 27, 1974

P.O. BOX 766/4444 BROAD RIVER ROAD/COLUMBIA, SOUTH CAROLINA 29202
TELEPHONE 772-5520

WILLIAM D. LEEKE, Director

May 27, 1974

Mr. P. C. Smith
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

For a number of years our main source of funds to pay inmate earnings came from profits derived from Canteen sales. However, increases in wholesale prices have reached a point where it is necessary that we adjust canteen prices so that inmates may avail themselves with certain personal items, such as cigarettes, candy, etc., which are not furnished them by State funds.

We have been subjected to vigorous criticism relating to high canteen prices, although we have no control over the wholesale market. There have been numerous threats of sit-down strikes and other violence unless some relief is given. We have been fortunate in that no serious situations have occurred, but no one can tell when this might happen.

We plan to increase inmate earnings July 1, but due to limited funds this increase will be minimal. Our only recourse then, is to make an effort to reduce canteen profits to an amount only sufficient to pay for canteen operations. Since the General Fund of the State is assuming responsibility for the balance due on the laundry Note, we respectfully request authority from the Budget and Control Board to supplement inmate earnings from Prison Industry Funds if and when sufficient profits are available.

At the present time only inmates assigned to work in the Industry Division receive earnings from the Prison Industry Account. Of course, it is necessary that we keep a sufficient reserve to replace equipment and pay other expenses. We would, therefore, not draw any funds for the purpose requested, that would jeopardize sound financial conditions of the Industry operation.

It will be appreciated if you will give this matter early consideration.

Respectfully submitted,

William D. Leeke, Director

P.S. IN ADDITION TO THIS I
TALKED WITH YOU ABOUT
SALES TAX COLLECTION -
WILL APPRECIATE YOUR HELP!

WDL/rp
SENATOR BRISTOW WILL SPONSOR
IF YOU DRAW IT UP!

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BOARD OF
CORRECTIONS

RICHARD A. PALMER
Chairman
Florence, S. C.

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Bamberg, S. C.

W. M. CROMLEY, JR.
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Member
Spartanburg, S. C.

CLARENCE E. WATKINS
Member
Camden, S. C.

MRS. LOUIS E. CONDON
Member
Mt. Pleasant, S. C.

GOV. JOHN C. WEST, Member, Ex-Officio, Columbia, S. C.



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

29211

P. C. SMITH
STATE AUDITOR

TELEPHONE
(803) 758-3106

June 14, 1974

Mr. William D. Leeke, Director
South Carolina Department of Corrections
P. O. Box 766
Columbia, South Carolina 29202

Dear Mr. Leeke:

On June 11, 1974, the State Budget and Control Board gave consideration to your request for the using of prison industry funds to increase inmate earnings. Although the members of the Board were in general agreement with the proposal, they felt that it would be interesting to have you discuss this matter further; and, therefore, proposed that action be deferred until a subsequent meeting.

This office will notify you of the time and place of the next Budget and Control Board meeting when you will be given an opportunity to discuss the matter of inmate earnings as well as your tentative plans for the disposal of property of the Central Correctional Institute.

Yours very truly,

William T. Putnam
Assistant State Auditor

WTP:sj

EXHIBIT II
JUNE 27, 1974

South Carolina Department of Mental Retardation

Fact Sheet

Long Property to be purchased in Charleston

Purpose or Use: Group Home (to house nine retarded persons)

Location: 887 Rutledge Avenue
Charleston, South Carolina

Description of Property:

- A. Lot: A corner lot approximately 0.3 acres.
- B. Building: Two story brick-veneer construction with interior walls of sheet-rock and plaster and wood flooring. The house is well insulated and has a central heating and cooling system. Backyard is fenced in with brick wall and has a two-car garage and a porte cochere. It has a built-in elevator that opens to the outside at ground level to make it accessible to the handicapped. Approximately 10 years old.

Total Heated Area: 2,800 sq. feet (approximately)

C. Zoning Permit: Authorized for boarding home occupancy.

Estimated Replacement Value: \$62,000.00

Estimated Sound Value: \$45,000.00

Offering Price: \$43,000.00

EXHIBIT III
JUNE 27, 1974



SOUTH CAROLINA
STATE HIGHWAY DEPARTMENT
DRAWER 191
COLUMBIA, S. C. 29202

June 21, 1974

Mr. P. C. Smith, State Auditor
State Budget and Control Board
Post Office Box 11333
Columbia, South Carolina

Dear Mr. Smith:

The State Highway Commission at its meeting on June 20, 1974, unanimously passed a motion increasing the salaries of the Chief Highway Commissioner, Assistant to the Chief Highway Commissioner and Secretary-Treasurer, effective July 1, 1974, subject to the approval of the State Budget and Control Board, as follows:

Chief Highway Commissioner	\$42,000.00 per year	40,000	5%
Asst. to the Chief Highway Comm.	\$28,000.00 per year	26,000	7.7%
Secretary-Treasurer	\$26,000.00 per year	23,500	10.6%

The Commission also passed a motion setting the salary of the new State Highway Engineer, effective July 1, 1974, at \$28,000.00 per year. 28,000

This action is submitted to you for consideration by the Budget and Control Board.

With kindest regards, I remain

Yours very truly,

S. N. Pearman
S. N. Pearman
Chief Highway Commissioner

EXHIBIT IV
JUNE 27, 1974



SOUTH CAROLINA
STATE HIGHWAY DEPARTMENT
DRAWER 191
COLUMBIA, S. C. 29202

June 26, 1974

Mr. P. C. Smith, State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

In reference to my letter of May 23 concerning employment of an Architect for design of a new Highway Department headquarters office building, the following additional information is being furnished as requested by your office.

On February 1 and February 3, 1974, notices were published in the Charleston News and Courier, The State, Columbia, and the Greenville News requesting resumes of qualifications from architectural firms interested in providing architectural-engineering services for a multi-story office building with approximately 200,000 square feet of floor space. As a result of this advertising, the Department received resumes from the following fourteen firms:

Gini L. Pettus
Greenville, South Carolina

Opsahl & Pate
Columbia, South Carolina

Riley, Bultman & Coulter, Assocs.
Columbia, South Carolina

LaFaye Associates, Inc.
Columbia, South Carolina

Lockwood Greene Engineers
Spartanburg, South Carolina

Columbia Architectural Group, Inc.
Columbia, South Carolina

Jones & Fellers
Columbia, South Carolina

J. E. Serrine Company
Greenville, South Carolina

McMillan, Bunes, Townsend & Bowen
Greenville, South Carolina

Geiger, McElveen & Kennedy
Columbia, South Carolina

Lyles, Bissett, Carlisle & Wolff
Columbia, South Carolina

Avery Wood Associates
Greenville, South Carolina

William O. Fulmer
Columbia, South Carolina

Blume, Cannon & Ott
Columbia, South Carolina

On March 18, I appointed a committee of four Department officials for the purpose of selecting and recommending three architectural firms considered to be most qualified to design the proposed structure. In January 1974, the Highway Commission appointed seven Commissioners to a Building Committee to consider the disposition of the Department's headquarters property and construction of a new office building.

The Department's Building Committee reviewed all resumes received and selected the five firms they felt were most qualified to design an office building. The five firms selected, order of priority not considered, were as follows:

- (1) Lyles, Bissett, Carlisle & Wolff
- (2) J. E. Serrine Company
- (3) Geiger, McElveen & Kennedy
- (4) McMillan, Bunes, Townsend & Bowen
- (5) LaFaye Associates, Inc.

Representatives from the above five firms were interviewed by the Highway Commission Building Committee and the Department's Building Committee. These two Committees voted jointly in selecting three firms to be recommended to the Budget and Control Board for consideration. The three firms selected, in order of priority, were as follows:

- (1) Geiger, McElveen & Kennedy
- (2) Lyles, Bissett, Carlisle & Wolff
- (3) McMillan, Bunes, Townsend & Bowen

Our Department plans to use the standard AIA contract for design of its new building. During the past two years, the Department has employed architectural firms and awarded construction contracts for buildings as follows:

<u>Description</u>	<u>Architect</u>
Office Bldg., Shop & Truck Shed - Pickens	SCHD
License Sales & Patrol Office Building - Beaufort	W. O. Fulmer Columbia, S. C.
License Sales & Patrol Office Building - Pickens	W. O. Fulmer Columbia, S. C.
License Sales & Patrol Office Building - Moncks Corner	Lambert & Yates Anderson, S. C.

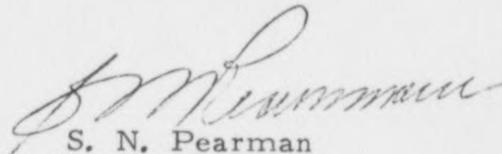
June 26, 1974

<u>Description</u>	<u>Architect</u>
License Sales & Patrol Office Building - Manning	Lambert & Yates Anderson, S. C.
License Sales & Patrol Office Building - Newberry	Lambert & Yates Anderson, S. C.
License Sales & Patrol Office Building - Spartanburg	W. O. Fulmer Columbia, S. C.
License Sales & Patrol Office Building - Aiken	W. O. Fulmer Columbia, S. C.

I trust that the above information will be sufficient for the Budget and Control Board to make their decision in this matter.

With kindest regards, I remain

Yours very truly,



S. N. Pearman
Chief Highway Commissioner

Patterson

*EXHIBIT II
JUNE 27, 1974*



CC: President Designate W. H. Patterson

UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

DIVISION OF BUSINESS AFFAIRS

June 17, 1974

The State Budget and Control Board
P. O. Box 11333
Columbia, South Carolina 29211

Attention: Mr. P. C. Smith

SUBJECT: Booker T. Washington

Gentlemen:

The University has been negotiating the acquisition of Booker T. Washington High School since 1964. The property is surrounded on three sides by the University and both the land and several of the existing buildings can be put to excellent use by the University.

Until recently, the local School District was not interested in any sale but because of a decline in the Columbia school population, the School Board recently announced its decision to close the facility. Accordingly, the University renewed specific negotiations. In addition, after discussions with Mr. P. C. Smith, the University initiated legislative action to change the 1970 State Capital Bond Act to allow the purchase of Booker T. Washington instead of the previously authorized purchase of the GSA Sumter Street Building.

Attached to this letter are the following items:

Check

1. E-1, Acquisition of Booker T. Washington, \$1,750,000

As shown on this request, the purchase price includes \$1,000,000 in cash (1970 State Capital Bond) and five years of computer services worth \$750,000 commercially. We believe the computer services can easily be handled by our Computer Center and will be compatible with other work of the University.

2. E-11, Library, Reduction of Project by \$302,500

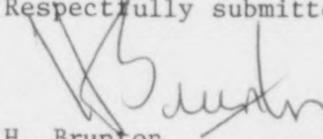
The proposed reduction is in the equipment category.

The State Budget and Control Board
June 17, 1974
Page Two

If these requests are approved, the following represents the new status of the 1970 Capital Bond Act:

	<u>Original Project</u>	<u>Currently Approved</u>	<u>Requested</u>
Business Administration	\$ 4,350,000	\$ 4,350,000	\$ 4,350,000
Law Center	5,900,000	5,900,000	5,900,000
Nursing	800,000	800,000	800,000
Library	9,200,000	9,200,000	8,897,500
Federal Building	1,800,000	697,500	-
Booker T. Washington	-	-	1,000,000
	<u>\$22,050,000</u>	<u>\$20,947,500</u>	<u>\$20,947,500</u>

Respectfully submitted,


H. Brunton
Vice President - Business Affairs

HB/mf

Enclosures

EXHIBIT VI
JUNE 27, 1974

Final Draft
June 12, 1974

STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

JUSTIFICATION DOCUMENT

FOR NON-CLASSIFIED COMPENSATION PLAN

We have developed a comprehensive compensation plan for all non-classified employees of the State TEC System. It is entirely compatible with the Classification and Compensation plan of the state which covers TEC's "Classified" Employees. The plan covers faculty and related administrative personnel.

Group I of the Compensation Plan for Non-classified Institutional Officers covers Presidents of Technical Colleges and Directors of Technical Education Centers. This section has a range of \$20,000 to \$34,000 for a 12-month schedule. This range includes provision for a July 1 cost of living adjustment, and the approximately \$25,000 average annual salary after July 1 is approximately \$7000 less than the average annual salary which we understand will be effective for the presidents of the state supported four-year colleges. This plan will allow for orderly placement of new presidents/directors within this range, recognizing the varying scopes of responsibilities in the institutions and also recognizing individual qualifications and capabilities.

Group II of this compensation plan provides a range from \$15,000 to \$25,000 for the first echelon of administration under the presidents/directors of our institutions. This will include vice-presidents and associate directors. State Personnel has indicated that on the present pay scale these positions would evaluate at approximately a grade 23, and based on State Personnel's recommendations for the pay scale for July 1, this grade would have a range of \$16,869 - \$23,275. We feel, however, that the wider range of \$15-\$25,000 gives us an opportunity to recognize the varying scopes of vice-president/associate director positions as well as individual qualifications of the candidates. For the most part our vice-presidents and/or associate directors will fall below the midpoint of this range. Before the position of vice-president or associate director is established at any institution, a request must be made by the Area Commission involved, providing full justification, and such requests must be approved by the State Board for Technical and Comprehensive Education.

The second part of the comprehensive compensation plan consists of a Compensation Plan for Faculty Personnel and covers both teaching and non-teaching faculty. This plan is divided into six salary schedules and is broad enough to include non-degreed trades and crafts instructors through multi-degreed individuals with many years of teaching experience. The overall range on the six levels, stated in 9-month salaries, is \$7200 - \$18,000; however, it should be noted that schedules one and six are for extraordinary cases, schedule one being used for probationary or temporary appointments, and schedule six being used for what could be considered distinguished instructorships. Therefore, schedules two through five, ranging from \$8000 to \$16,000, will include 85-90% of our faculty. This range places us slightly higher than the salary ranges for secondary and vocational school teachers and slightly below the range for faculty members at the four-year colleges. The

average instructor in the TEC system will earn approximately \$10,500 for the '74-'75 academic year (nine months).

Because the state aid supplement varies widely from county to county, it is very difficult to compare an instructor in the public school system with a similarly qualified instructor in the technical education system. An instructor with 14 years experience, holding an earned doctorate, would, after July 1, 1974, earn approximately \$14,500 in the public school system. An instructor with similar qualifications and experience in the technical education system would earn approximately \$15,500. Based on the average salary for the '73-'74 school year and the anticipated adjustment in the state teachers pay scale the average public secondary school teacher in the state will earn \$9500 for the '74-'75 school year.

While it is difficult to compare our non-ranked instructors with the ranked faculty members at the four-year colleges, we feel confident, based on the information we have obtained, that the range for the faculty members (not including professors) of the four-year state supported colleges for the 1974-75 academic year, will be \$8500 - \$18,500, with professors' salaries extending the range considerably in excess of \$20,000. The average faculty member at the four-year state supported colleges will earn approximately \$12,200 for the '74-'75 academic year. (This figure is for instructors and assistant professors only and does not include salaries of the higher paid professors and associate professors.) The average faculty member on the regional campuses of the University of South Carolina will earn approximately \$11,000 for the same period.

In addition to comparisons with four-year colleges in South Carolina and the public and vocational school instructors, we have also compared our proposed salaries with those of other state two-year college systems in the southeastern region. Adoption of this pay scale will make us competitive with those systems. The average nine-month instructor's salary for two-year colleges in the southeastern region will be approximately \$10,600 for the '74-'75 academic year.

STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

COMPENSATION PLAN

FOR

NON-CLASSIFIED PERSONNEL

BACKGROUND

As a result of a legislative study group established in 1960 the legislature, in 1961, passed legislation creating the Advisory Committee for Technical Training. From the opening of the first TEC Center in Greenville in 1962 until late 1970 there was no uniformity in employment classification or compensation in the entire system.

Beginning in late '70 the State Personnel Division classified all non-instructional jobs within TEC in accordance with the Classification and Compensation Plan for state employees.

By 1973, with the opening of Aiken TEC and the completion of the Master Plan for Technical Education, all non-instructional employees throughout the Technical Education System were firmly established in a specific grade.

In effect, this provided uniform classification and compensation from one TEC Center to another for jobs involving the same degree of responsibility, skill and effort.

In establishing the Classification and Compensation Plan for state employees the Budget and Control Board specifically excluded instructional personnel and agency heads.

At the present time there is no uniformity in instructional qualifications or instructional compensation within the TEC System. Each institution establishes its own employment criteria for faculty and within budgetary limits establishes its own pay scale.

This lack of a comprehensive uniform instructional compensation plan has resulted in a number of inequities within each institution and among the various institutions within the TEC System. The salary ranges fluctuate widely from one institution to another. For example, the range in one institution for instructors is from \$6000 to \$14,000 and in another institution the range is from \$7000 to above \$20,000.

Because of the lack of a uniform compensation plan we find that not only are we losing instructors to educational institutions outside of the TEC System but also individual institutions are losing faculty to other institutions within the TEC System. In many cases these intersystem transfers involve basically the same responsibilities but sometimes afford a salary differential of \$2000 or \$3000.

The staff of the Central Office was assigned the responsibility of studying this problem and preparing appropriate recommendations to the State Board.

STAFF ACTIVITY

In attempting to develop a uniform compensation plan for instructors, we discussed this matter with State Personnel. State Personnel indicated that they were precluded by the Budget and Control Board from any involvement with instructional salaries. State Personnel further indicated that the General Appropriation Bill states that compensation of academic personnel and other unclassified personnel shall be subject to approval by the Budget and Control Board. At this point the following activities were undertaken.

The Executive Director appointed a number of task forces dealing with organizational structure, compensation, staff development, and other matters indigenous to a unified system of personnel administration for TEC personnel.

Of particular interest to the staff was the report prepared by the Task Force on Faculty Personnel Policies and Procedures. This report consisted of a proposed salary scale for instructors, normal minimum criteria for various instructional grades, and an excellent treatment of a number of miscellaneous items dealing with personnel procedures normally found in a faculty manual.

The task force report was submitted to the chief executive officer of each college and center, each Area Commission, and each faculty with the request for detailed reactions to each item covered in the task force report.

Based upon the comments received the staff prepared a second draft of Parts I and II of the original task force report (salary scales and criteria).

This second draft was discussed with college presidents and center directors and submitted to the field for additional comments. These comments were catalogued and, where warranted, the document was revised or amended to reflect the consensus of presidents, faculty and Area Commissioners, and this document is now shown as the final draft.

In addition to the salary scales and criteria for faculty personnel the staff addressed itself to the establishment of a salary scale and criteria for appointment and compensation of presidents and directors, vice-presidents and associate directors.

As a point of departure, the existing salary schedules for all TEC college presidents and center directors were audited and a comparison made with presidents of four-year colleges within the state, directors of branch campuses of the University of South Carolina, and chief executive officers of two-year colleges in the southeast. Historically, the position of college president or center director has always been unclassified. Other state supported post-secondary educational institutions do not classify vice-presidents and associate directors. The staff, therefore, prepared a salary schedule and minimum criteria for vice-presidents and associate directors.

This compensation plan, along with its plan of implementation and administration, will be a part of a systemwide manual of personnel policies and procedures for TEC employees and will include but not be limited to a performance appraisal procedure for non-classified individuals, a comprehensive institutional and state-planned inservice instructor training program and faculty and staff development program, a compensation plan for part-time employees, and other matters closely related to salary, performance, hours of work, and conditions of employment.

STAFF RECOMMENDATIONS

It is recommended that:

- (1) The State Board approve and adopt the compensation plan for institutional officers and faculty personnel.
- (2) The Executive Director be instructed to present the compensation plan to the Budget and Control Board for approval.
- (3) The Executive Director be instructed to begin implementation of the compensation plan immediately.

STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

COMPENSATION PLAN FOR FACULTY PERSONNEL

Salary Schedule	Salary Ranges		Minimum Qualifications
	Nine Months	Twelve Months	
1	\$7,200 to \$8,000	N/A	Any combination of applicable work experience, teaching experience, or post-secondary education which totals at least 2 years. Appointments at this level are temporary for a period of 1 academic year (9 months) and may be renewed once provided there is satisfactory showing that requirements for Salary Schedule 2 will be met within 2 years of initial employment.
2	\$8,000 to \$10,500	\$10,250 to \$13,450	Any combination of applicable work experience, teaching experience, or post-secondary education which totals at least 4 years.
3	\$9,000 to \$12,000	\$11,500 to \$15,350	Any combination of applicable work experience, teaching experience, or post-secondary education which totals at least 8 years, provided there is at least 2 years of teaching experience in the subject field.
4	\$10,500 to \$14,000	\$13,450 to \$17,900	Any combination of applicable work experience, teaching experience, or post-secondary education which totals at least 12 years, provided there is at least 3 years of post-secondary teaching experience in the subject field.
5	\$12,500 to \$16,000	\$16,000 to \$20,500	Any combination of applicable work experience, teaching experience, or post-secondary education which totals at least 16 years, provided there is at least 5 years of post-secondary teaching experience in the subject field.
6	\$14,500 to \$18,000	\$18,550 to \$23,050	Any combination of applicable work experience, teaching experience, or post-secondary education which totals at least 20 years, provided there is at least 7 years of post-secondary teaching experience in the subject field.

SPECIFIC REQUIREMENTS AND OTHER CONSIDERATIONS

1. All initial faculty appointments (teaching and non-teaching) are probationary and are made for a period of nine months. All initial appointments will be made within salary schedules 1 through 4.
2. In addition to the minimum qualifications specified for each Salary Schedule, faculty are required to possess any degrees or other educational and/or professional accomplishments generally accepted as necessary to teach in the subject field, or those stipulated by accrediting or licensing agencies or other regulatory bodies as minimum professional qualifications for faculty in specific programs.
3. Faculty are required to acquire or maintain all licenses, certifications, or other evidences of professional qualifications determined to be necessary for teaching at the post-secondary level in the subject field, and shall participate in institutional and state-planned in-service teacher training and development programs. Membership and participation in professional organizations and activities pertinent to teaching responsibilities and subject fields shall also be maintained.
4. Personnel designated as Teaching Faculty shall normally be employed in accordance with the Compensation Plan under the Nine Month Salary Range. Additional compensation may be paid for teaching or other duties performed during any period beyond the basic nine-month employment period. Such compensation is based on the weekly equivalent (1/39th) of the full-time rate for the previous academic year, prorated or adjusted to reflect actual services rendered, part-time or full-time for the period of additional employment.
5. Personnel designated as Non-teaching Faculty shall normally be employed in accordance with the Compensation Plan under the Twelve Month Salary Range, and shall be exempt from the requirements of post-secondary teaching experience.
6. Nine calendar months of full-time teaching shall be considered one year of experience. Part-time teaching may be equated to full-time teaching on a pro-rata basis. All teaching experience must be in or directly related to the subject field.
7. Thirty semester hours of credit (or forty-five quarter hours of credit) shall be considered to constitute one year of education. All credits must be earned at the post-secondary level and must be in or directly related to the subject field.
8. Twelve calendar months of full-time employment shall be considered one year of work experience provided it is in or directly related to the subject field and is substantial and significant in nature.
9. Implementation of this faculty compensation plan shall begin on July 1, 1974, and be completed on or before June 30, 1975. Any individual currently earning below the range for his qualifications shall be raised to the minimum of his range, but such raise may not exceed 20% in any one year.

Any individual currently earning above the range for his qualifications shall be frozen at his current rate of pay and may not receive an increase in pay unless the range for his qualifications is increased or unless he is promoted to a higher salary schedule. This individual may remain above maximum for a period not to exceed three (3) years. At the end of this period his salary will be adjusted to the maximum of his salary schedule.

10. Department Heads and Division Chairmen are designated as Teaching Faculty. To compensate and provide time for performance of administrative duties and responsibilities, such personnel may be authorized one of the following: (1) a reduction in normal teaching load of up to 25% for Department Heads and up to 50% for Division Chairmen; or (2) an increase in salary for Department Heads of up to \$30 per month and an increase in salary for Division Chairmen of up to \$50 per month; or (3) a Department Head supervising a department of four (4) or more instructors and a Division Chairman supervising four (4) or more departments may be given both a reduction in teaching load and a salary increase as outlined before. These actions are taken at the discretion of the chief executive officer.
11. All individuals employed after the implementation of this Compensation Plan for Faculty Personnel shall normally be appointed at the minimum of the salary range for the appropriate salary schedule. The chief executive officer of each institution may, in his discretion, employ faculty above the minimum of the appropriate salary schedule up to but not in excess of 10%. Any appointment to be made in excess of 10% above the minimum of the salary range for the appropriate salary schedule requires the prior approval of the State Board.
12. In the employment of faculty personnel, the supply and demand factors are of considerably more significance to the State TEC System than to other institutions and systems of higher education, and are especially critical in such areas as the skilled trades and crafts, allied health, and certain technologies. When individual circumstances warrant such action, therefore, exceptions in the minimum qualifications and/or salary ranges may be made with complete justification to and prior approval of the State Board.
13. Faculty personnel are considered for merit increases annually. For Teaching Faculty, the effective date of such increase is September 1 of each year. For Non-Teaching Faculty, the effective date of such increase is the anniversary date each year. Merit increases must be supported by a faculty performance appraisal and evaluation on the individual. Individual merit increases may range from 0 to 10%, and the total of all teaching and non-teaching faculty merit increases may not exceed an average of 6%. A performance appraisal of average or satisfactory will permit a merit increase of from 0 to 5%; a performance appraisal of above average or superior will permit a merit increase of from 0 to 7½%; and a performance appraisal of outstanding will permit a merit increase of from 0 to 10%. The total dollar amount of merit increases granted annually to faculty personnel of the institution may not exceed the budgetary provisions or limitations established each year for that purpose.
14. Advancement from one salary schedule to another will be based on five (5) factors: (1) the individual faculty member must meet the minimum qualifications for the new schedule; (2) the individual faculty member must perform all teaching and other assignments in a manner satisfactory to the chief instructional officer; (3) within the past four years the individual faculty member must have earned at least fifteen semester credit hours of acceptable post-secondary education in or directly related to his subject field, or have been employed for six months or its full-time equivalent in other than an academic environment in a responsible position in his particular specialty, or a combination of these two; (4) the individual faculty member

must have participated in a manner acceptable to the chief executive officer in the state and institutional inservice development programs for faculty and staff; (5) the advance from one salary schedule to a higher one must be recommended by the chief executive officer to the State Board.

STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

COMPENSATION PLAN

FOR

NON-CLASSIFIED INSTITUTIONAL OFFICERS

<u>Group</u>	<u>Position</u>	<u>Annual Salary Ranges (Twelve Months)</u>
I.	President, or Director	Minimum \$20,000 to \$34,000 Maximum
II.	Vice-President, or Associate Director	Minimum \$15,000 to \$25,000 Maximum

SPECIFIC REQUIREMENTS AND OTHER CONSIDERATIONS

1. The title of President is appropriate for use in any technical college and the title of Director is appropriate for use in any technical education center. The titles are used to designate the chief executive officer of the institution.
2. One or more positions of Vice-President (in technical colleges) and Associate Director (in technical education centers) for certain chief institutional officers may be established with the prior approval of the State Board. The all-inclusive functional groupings considered appropriate to be headed by Vice-Presidents or Associate Directors are:
 - (1) Business and Finance - (chief business officer)
 - (2) Educational Programs - (chief academic officer; includes student services, library, etc.)
 - (3) Development - (chief development officer)
 - (4) Campus Director - (chief institutional officer for a separate campus of a multi-campus institution.)
3. Any technical college or technical education center desiring to establish one or more positions of Vice-President or Associate Director will submit a separate detailed request to the State Board specifying the title, area of overall functional responsibility, and the rationale for establishment of each such position. The request will be supported by a complete job description outlining the functions for which the officer will be responsible, the specific duties to be performed, the required personal qualifications, and a listing of the individuals, by position and/or major function, who will report to the officer. The request will also be accompanied by an organization chart which illustrates that the requested position has been assigned overall responsibility for the all-inclusive functional grouping

within the institution, has been delegated authority to make decisions necessary to fulfill the assigned responsibilities, and is in fact the chief institutional officer for the major functional area to be administered.

4. Appointment of non-classified institutional officers at institutions under the jurisdiction of the State Board for Technical and Comprehensive Education is by the local Area Commission with the concurrence of the State Board. Such personnel have status as Non-Teaching Faculty.
5. The salary, procedure for performance appraisal and evaluation, dismissal, and other appropriate conditions of employment of non-classified institutional officers are established jointly by the local Area Commission and the State Board, taking into consideration the size, location, purpose, and any special needs of the institution, and the experience and educational qualifications of the individual plus any special or unique capabilities needed by or valuable to the institution. Among other factors considered are the number and types of educational programs offered, numbers of full-time and part-time students, number of full-time equivalent students, size of faculty and administrative staff, budget to be administered, Federal and other special programs to be administered, capital investment in physical plant, and other significant matters considered relevant to establishment of a fair and equitable salary for the position and the person.
6. Merit increases and/or salary adjustments for non-classified institutional officers shall be as provided for comparable administrative employees of the State Board and the State of South Carolina. A performance appraisal and evaluation is required at least annually. All sections and provisions of the Appropriations Act relating to employment of, compensation and payments to State employees must be followed.



EXHIBIT VII
JUNE 27, 1974

FURMAN E. MCEACHERN, JR.
DIRECTOR

STATE OF SOUTH CAROLINA
DIVISION OF GENERAL SERVICES
BUDGET AND CONTROL BOARD
300 GERVAIS STREET
COLUMBIA, S. C. 29201

CHARLES E. MOORE
STATE PRINTING OFFICER

INFORMATION AND BID SHEET ON LEGISLATIVE PRINTING FOR THE STATE OF SOUTH CAROLINA

The following are pertinent facts relative to the Legislative Printing Contract for the State of South Carolina. Information is given on how the contract is awarded and how the work must be done. This information becomes part of the contract with the successful bidder. Any further questions that may arise will be answered by the State Printing Officer, State Budget and Control Board, Division of General Services, 300 Gervais Street, Columbia, S. C. 29201. Attached is a bid sheet for quoting on the contract.

The State Budget and Control Board shall, at such times as it may deem best for the interest of the State, cause to be published in at least one daily newspaper in each of the counties of Charleston, Greenville, Richland and Spartanburg, for at least one day in each week for three consecutive weeks, a call for sealed proposals to do the legislative printing for the General Assembly of the State. The clerk or secretary of the Board shall furnish bidders with specifications of the different classes of printing to be done.

Proposals shall state at what price per page the bidder will execute the several classes of work, respectively, and what additional charge per page he will make for rule and figure work. A proposal for the legislative printing, enclosed in an envelope, sealed and endorsed "Proposal for the Legislative Printing", shall be filed with the clerk or secretary of the Board within five days of the date advertised by the Board for the awarding of the contract for legislative printing and any such proposals shall be opened by the chairman of the Board or, in his absence, by the acting chairman, in the presence of the Board; and the contract may be awarded by the Board to the lowest responsible bidder. If the bids received be deemed unacceptable, the Board may reject all bids and call for new bids.

The person to whom the contract for the legislative printing shall be awarded shall on or before the first day of July next after such award give bond, with sufficient surety in the sum of ten thousand dollars, for the faithful performance of the work. Such bond shall be approved by the Governor, the Attorney General and the State Treasurer.

If by reason of death or any other cause the person to whom the contract for legislative printing shall have been awarded shall fail to undertake the work thereunder or shall fail to give bond in due time, the State Budget and Control Board shall call for proposals for such printing and award the contract therefor to the lowest responsible bidder, subject to all the conditions and regulations set forth above.

This contract for legislative printing shall be for a two-year period beginning on July 1, 1974 and ending June 30, 1976.

The legislative printer shall, in publishing or printing any kind of legislative work, of whatsoever character, set the same as compactly and within as little space as the character of the work will permit.

The clerks of the two Houses shall furnish the legislative printer corrected copy daily for the legislative printing of the General Assembly. Copy furnished at the end of any legislative day is to be printed and delivered one and one-half (1½) hours prior to the opening session of the next legislative day.

The laws, journals and all other printing in book form, shall be set in ten point type, in pages to contain at least eleven hundred ems each. All rule and figure work accompanying the acts, journals and reports and resolutions, to be in the same type as the body of the work; the side and footnotes to be in six point or eight point type, and the indexes to be in eight point or ten point type.

Bills and joint resolutions of the two Houses shall be printed in ten point type, each line leaded two points, printed in pages of 25 ems of ten point type in width and 44 picas of ten point type in length, including the page folio. The paper is to be trimmed to 6 x 9 1/4 inches. Quality of paper is to be No. 1 English finish book, 50 lb. substance. Each bill and joint resolution to be punched on left side with two 1/4 inch holes, 2 -3/4 inches center to center.

Nothing shall be appended after the last section of the acts and joint resolutions of the General Assembly of this State except the date of the Governor's approval. No more than one inch of space shall be allowed between the ending of one act or joint resolution and the beginning of the next act or joint resolution (except where an act or joint resolution ends within two inches of the bottom of the page); and there shall be no charge by, or payment to, the legislative printer for any unnecessary fat in the publication of said acts and joint resolutions.

BID FOR LEGISLATIVE PRINTING FOR THE STATE OF SOUTH CAROLINA

State Budget and Control Board
 Division of General Services
 300 Gervais Street
 Columbia, S. C. 29201

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Legislative Printing for the General Assembly of the State of South Carolina for the period beginning July 1, 1974 and ending June 30, 1976.

LEGISLATIVE PRINTING

D I S T R I B U T I O N

	<u>House</u>	<u>Senate</u>	<u>Legislative Council</u>	<u>Total Number Copies</u>	<u>Per Page Price</u>
Senate Calendar (daily)	160	220		380	\$ _____
House Calendar (daily)	325			325	_____
Senate Journal (daily)	175	220		395	_____
House Journal (daily)	400			400	_____
Senate Bills (daily)					
Local		100		100	_____
Statewide		150		150	_____
House Bills (daily)	250			250	_____
Senate Clip Sheets (daily)	6	20		26	_____
House Clip Sheets (daily)	15	15		30	_____
Calendar of Bills in Senate Committees - (daily)		300		300	_____
Digest of Action on Bills and Resolutions - House (daily)	290		15	305	_____
Senate Journal (permanent) Bound 100 buckram - 285 paper			385	385	_____
Composition for new matter in Senate Permanent Journal					_____
House Journal (permanent) Bound 100 buckram - 285 paper			385	385	_____
Composition for new matter in House Permanent Journal					_____
Acts and Joint Resolutions (sewed on Smythe Machine to open flat) Bound 300 buckram-1,450 paper			1,750	1,750	_____
Acts - Temporary Form - Statewide	500	300	20	820	_____
Acts - Temporary - Local	150	125	20	295	_____
Acts Advance Sheets			900	900	_____

xxxxxxxx

*Reports and Resolutions (binding only - cloth bound) \$ _____ per copy

LEGISLATIVE MANUAL

- 18,000 copies - regular pages @ _____ per page.
- 4-color cover @ _____ per page.
- 2-color inserts @ _____ per page.
- Each additional color on inserts @ _____ per page.
- Laminating covers @ _____ per thousand.
- Leather bound copies @ _____ each.

*NOTE: 65 copies of Reports and Resolutions are distributed to the Legislative Council; however, the total quantity could run a few more, contingent upon requests from legislators.

Blank pages at _____ price, ten point basis, excepting House and Senate Bills, on which all leaves printed one side shall count as two pages.

Tabular work at _____.

If the catchlines of the Acts and Joint Resolutions are to be run in the Section paragraphs, there will be an additional charge of _____ per page.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

In the event of filibusters in the House or the Senate necessitating overtime on the part of the printer, the work will be billed for in a negotiated amount which meets the satisfaction of the printer and the State Printing Officer.

This proposal is made contingent upon the contract for the work specified being awarded as a whole.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

Respectfully submitted,

Date _____, 1974



FURMAN E. MCEACHERN, JR.
DIRECTOR

STATE OF SOUTH CAROLINA
DIVISION OF GENERAL SERVICES
BUDGET AND CONTROL BOARD
300 GERVAIS STREET
COLUMBIA, S. C. 29201

CHARLES E. MOORE
STATE PRINTING OFFICER

INFORMATION AND BID SHEET ON PRINTING ANNUAL REPORTS AND/OR STATISTICAL
SUPPLEMENTS FOR THE STATE OF SOUTH CAROLINA

The following are pertinent facts relative to the contract or contracts for printing annual reports and/or statistical supplements for the State of South Carolina. Information is given on how the contract(s) is awarded and how the work must be done. This information becomes part of the contract(s) with the successful bidder or bidders. Any further questions that may arise will be answered by the State Printing Officer, State Budget and Control Board, Division of General Services, 300 Gervais Street, Columbia, S. C. 29201. Attached is a bid sheet for quoting on the contract(s).

The State Budget and Control Board shall, at such times as it may deem best for the interest of the State, cause to be published in at least one daily newspaper in each of the counties of Charleston, Greenville, Richland and Spartanburg, for at least one day in each week for three consecutive weeks, a call for sealed proposals to do the printing of annual reports and/or statistical supplements of agencies, departments and/or institutions of the State. The clerk or secretary of the Board shall furnish bidders with specifications of the different classes of printing to be done.

Proposals shall state at what price per page the bidder(s) will execute the several classes of work, respectively, and what additional charge per page he (they) will make for rule and figure work. Proposals for the printing of annual reports and/or statistical supplements, enclosed in an envelope, sealed and endorsed "Proposal(s) for the Printing of Annual Reports and/or Statistical Supplements", shall be filed with the clerk or secretary of the Board within five days of the date advertised by the Board for the awarding of the contract(s) for printing of annual reports and/or statistical supplements and any such proposals shall be opened by the chairman of the Board or, in his absence, by the acting chairman, in the presence of the Board; and the contract(s) may be awarded by the Board to the lowest responsible bidder(s). If the bids received be deemed unacceptable, the Board may reject all bids and call for new bids.

The person(s) to whom the contract(s) for the printing of annual reports and/or statistical supplements is awarded shall on or before the first day of July next after such award(s) give bond(s), with sufficient surety in the sum of ten thousand dollars, for the faithful performance of the work. Such bond(s) shall be approved by the Governor, the Attorney General and the State Treasurer.

If by reason of death or any other cause the person(s) to whom the contract(s) for printing of annual reports and/or statistical supplements shall have been awarded shall fail to undertake the work thereunder or shall fail to give bond(s) in due time, the State Budget and Control Board shall call for proposals for such printing and award the contract(s) therefor to the lowest responsible bidder(s), subject to all the conditions and regulations set forth above.

The contract(s) for printing of annual reports and/or statistical supplements shall be for a two-year period beginning on July 1, 1974 and ending June 30, 1976.

The successful bidder(s) shall, in publishing or printing any kind of State work, of whatsoever character, set the same as compactly and within as little space as the character of the work will permit.

Any agency, department or institution of the State government which is by law required to submit an annual report and/or statistical supplement to the Governor or the General Assembly shall submit the copy for such annual report and/or statistical supplement to the State Budget and Control Board on or before November 15 for the fiscal year ended the prior June 30 and the Board shall have the same printed as provided by law. These annual reports and/or statistical supplements MUST be completed and delivered on or before the following March 15.

In the event the copy for any annual report and/or statistical supplement is not submitted on or before November 15, it is specifically understood that the printer(s) shall have 120 days to complete and deliver such copy.

Successful printer(s) will be subject to a twenty (\$20.00) dollar per day penalty for late delivery for each and every annual report and/or statistical supplement.

Agencies, departments, or institutions having annual reports and/or statistical supplements to make to the General Assembly shall not have the right or authority to designate to the printer the particular type in which each part of their report is to be printed. The page size for all annual reports shall be 6" x 9". The page size for all statistical supplements shall be 8 1/2" x 11".

All annual reports and/or statistical supplements shall be printed in black ink on white, No. 1 English finish book, 50 lb. substance for all inside pages and the cover shall be printed on colored antique cover, 65 lb. substance. In each instance, the cover shall count as four (4) pages.

Camera copy shall be interpreted as copy furnished to the printer(s) to be photographed and reproduced by offset. The printer(s) shall be entitled to extra compensation for enlargements or reductions in copy, as well as any typesetting of heads, folios or display material necessary to get the copy camera-ready.

Except where camera copy is furnished, the printer shall be required to set up and print all annual reports and/or statistical supplements in ten point type, each line leaded two points, printed 25 ems in width and 44 picas in length, including the page folio, for 6" x 9" pages; or 42 ems in width and 56 picas in length, including the page folio, for 8 1/2" x 11" pages, in as practical a manner as is consistent with the public welfare. Compensation therefor shall be on the basis of a ten point type page.

When any part of the said annual reports and/or statistical supplements is set in other than ten point type, the compensation therefor shall be determined by the relation which the type bears to each other, the work being counted for as many pages as eleven hundred (1100) is contained in the number of ems of the type used on 6" x 9" pages or twenty-three hundred fifty-two (2352) is contained in the number of ems of the type used on 8 1/2" x 11" pages.

In the publication of the annual reports and/or statistical supplements of the various agencies, departments and/or institutions required by law, there shall be no additional title pages nor any blank pages after the title page, unless such blank pages shall be necessary because of the insertion of a tabular statement which cannot be published

upon the regular pages and is folded within such annual report and/or statistical supplement. All matter included, whether narrative, figures or tabulated, shall be compactly published, with no more intervening space than is necessary for the character of the work directed to be done, and no page shall be taken up by a mere statement of the report which is to follow. No unnecessary fat shall be allowed in publishing these annual reports and/or statistical supplements.

All annual reports and/or statistical supplements shall be printed in black ink on the quality of paper heretofore specified; i.e., No. 1 English finish book, 50 lb. substance and antique cover, 65 lb. substance. No provision is made for any artwork or pictures. Whenever any department requests more than 350 copies of its annual report and/or statistical supplement as provided for in the contract, better grade of paper, additional colors of ink, artwork and/or pictures, such department will be billed directly for the additional expense.

The successful printer(s) will be required to submit one (1) set of galley proofs and one (1) set of corrected page proofs for each annual report and/or statistical supplement. Any expense for additional proofs will be billed directly to the agency, department or institution concerned.

Customer alterations are not provided for under the contract(s) for printing annual reports and/or statistical supplements. Whenever customer alterations occur, the department involved will be billed directly for the additional expense.

Based on figures for the fiscal year ended June 30, 1973, there were sixty-four (64) agencies, departments or institutions that submitted copy for annual reports. These reports varied in length from a minimum of 12 pages to a maximum of 960 pages. Approximately 5532 is the total number of pages contained in all sixty-four reports.

For the same period of time, there was one (1) statistical supplement which contained 136 pages.

Bearing in mind the work load involved and the penalty for non-compliance, it is specifically understood that this contract may be awarded as a whole to the one lowest responsible bidder or several contracts broken down in lots may be awarded to the lowest responsible bidders, whichever is deemed best for the interest of the State.

In the event more than one contract is awarded, awards will be made in lots as follows:

Lot No. 1 - Approximately twenty-two (22) annual reports varying in length from a minimum of 12 pages to a maximum of 32 pages.

Lot No. 2 - Approximately nineteen (19) annual reports varying in length from a minimum of 36 pages to a maximum of 60 pages.

Lot No. 3 - Approximately eighteen (18) annual reports varying in length from a minimum of 64 pages to a maximum of 192 pages.

Lot No. 4 - Approximately five (5) annual reports varying in length from a minimum of 196 pages and up.

Lot No. 5 - One or more statistical supplements.

Each bidder is requested to clearly indicate on his bid whether it is on the contract as a whole or by lot. If by lot, which lot or lots.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at _____ per page per 100 (run with original printing).	
Additional copies of Annual Reports, page size 6" x 9" (offset), at _____ per page per 100 (run with original printing).	

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at _____ per page per 100 (run with original printing).	
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at _____ per page per 100 (run with original printing).	

Blank pages at _____ price, ten point basis.

Tabular work at _____.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

The above bid is for the contract as a whole. - - _____
Yes or No
The above bid is for Lot No. 1 - - - - - _____
Yes or No
The above bid is for Lot No. 2 - - - - - _____
Yes or No
The above bid is for Lot No. 3 - - - - - _____
Yes or No
The above bid is for Lot No. 4 - - - - - _____
Yes or No
The above bid is for Lot No. 5 - - - - - _____
Yes or No

Respectfully submitted,

Date _____, 1974.

I

NOTICE

SEALED bids for executing the printing for the General Assembly of South Carolina for the ensuing biennium will be received by the undersigned at any time subsequent to Friday, June 7, 1974, up to and including four P.M. Thursday, June 13, 1974, by the State Budget and Control Board, Division of General Services. Specifications may be had on application. Bond of Ten Thousand Dollars (\$10,000.00) required of successful bidder.

Division of General Services
Charles E. Moore,
State Printing Officer
300 Gervais Street
Columbia, S. C. 29201

NOTICE

Sealed bids for executing the printing of annual reports and/or statistical supplements for the agencies, departments and/or institutions of South Carolina for the ensuing biennium will be received by the undersigned at any time subsequent to Friday, June 7, 1974, up to and including four P.M. Thursday, June 13, 1974, by the State Budget and Control Board, Division of General Services. Specifications may be had on application. Bond of Ten Thousand Dollars (\$10,000) required of successful bidder.

Division of General Services
Charles E. Moore,
State Printing Officer
300 Gervais STREET
Columbia, S. C. 29201

II

NOTICE

Sealed bids for executing the printing of annual reports and/or statistical supplements for the agencies, departments and/or institutions of South Carolina for the ensuing biennium will be received by the undersigned at any time subsequent to Friday, June 7, 1974, up to and including four P.M. Thursday, June 13, 1974, by the State Budget and Control Board, Division of General Services. Specifications may be had on application. Bond of Ten Thousand Dollars (\$10,000) required of successful bidder.

Division of General Services
Charles E. Moore,
State Printing Officer
300 Gervais STREET
Columbia, S.C. 29201

NOTICE

SEALED bids for executing the printing for the General Assembly of South Carolina for the ensuing biennium will be received by the undersigned at any time subsequent to Friday, June 7, 1974, up to and including four P.M. Thursday, June 13, 1974, by the State Budget and Control Board, Division of General Services. Specifications may be had on application. Bond of Ten Thousand Dollars (\$10,000.00) required of successful bidder.

Division of General Services
Charles E. Moore,
State Printing Officer
300 Gervais Street
Columbia, S.C. 29201

III

22-C

THE STATE — Columbia, S. C., Sunday, June 2, 1974

NOTICE

Sealed bids for executing the printing of annual reports and/or statistical supplements for the agencies, departments and/or institutions of South Carolina for the ensuing biennium will be received by the undersigned at any time subsequent to Friday, June 7, 1974, up to and including four P.M. Thursday, June 13, 1974, by the State Budget and Control Board, Division of General Services. Specifications may be had on application. Bond of Ten Thousand Dollars (\$10,000) required of successful bidder.

Division of General Services
Charles E. Moore,
State Printing Officer
300 Gervais STREET
Columbia, S.C. 29201

NOTICE

SEALED bids for executing the printing for the General Assembly of South Carolina for the ensuing biennium will be received by the undersigned at any time subsequent to Friday, June 7, 1974, up to and including four P.M. Thursday, June 13, 1974, by the State Budget and Control Board, Division of General Services. Specifications may be had on application. Bond of Ten Thousand Dollars (\$10,000) required of successful bidder.

Division of General Services
Charles E. Moore,
State Printing Officer
300 Gervais Street
Columbia, S.C. 29201

June 13, 1974

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Gentlemen:

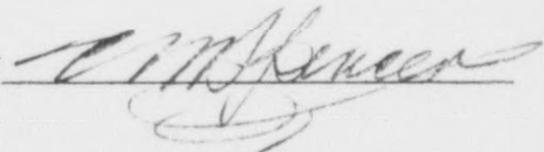
We are enclosing a joint bid on behalf of The State Printing Company and The R. L. Bryan Company for the Legislative Printing for the General Assembly for the period beginning July 1, 1974 and ending June 30, 1976.

We respectfully call your attention to one provision in your specifications calling for delivery 1 1/2 hours prior to the opening session of the Legislative day.

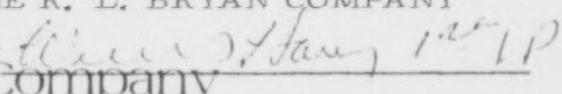
We will guarantee delivery 1 1/2 hours prior to the opening session of the next Legislative day, provided, however, that necessary copy is received not later than 5 P.M. the previous day. In the event copy is received after 5 P.M., we will do all within our capabilities to meet this requirement, however, due to the uncertainty of the amount of materials received, there could possibly be instances when this requirement could not be met. We will cooperate with the Clerks of both Houses in all instances and assure you that the best efforts of both of our facilities will be utilized to give the Legislative Bodies the best possible service available.

Respectfully submitted,

THE STATE PRINTING COMPANY

BY 

THE R. L. BRYAN COMPANY

BY 

The R.L. Bryan Company

P. O. Drawer 368/Greystone Executive Park

Columbia, South Carolina 29202 (803) 779-3560

Enc.

BID FOR LEGISLATIVE PRINTING FOR THE STATE OF SOUTH CAROLINA

State Budget and Control Board
 Division of General Services
 300 Gervais Street
 Columbia, S. C. 29201

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Legislative Printing for the General Assembly of the State of South Carolina for the period beginning July 1, 1974 and ending June 30, 1976.

LEGISLATIVE PRINTING

D I S T R I B U T I O N

	<u>House</u>	<u>Senate</u>	<u>Legislative Council</u>	<u>Total Number Copies</u>	<u>Per Page Price</u>
Senate Calendar (daily)	160	220		380	\$ <u>6.93</u>
House Calendar (daily)	325			325	<u>6.53</u>
Senate Journal (daily)	175	220		395	<u>10.64</u>
House Journal (daily)	400			400	<u>10.07</u>
Senate Bills (daily)					
Local		100		100	<u>6.25</u>
Statewide		150		150	<u>6.50</u>
House Bills (daily)	250			250	<u>7.74</u>
Senate Clip Sheets (daily)	6	20		26	<u>.70</u>
House Clip Sheets (daily)	15	15		30	<u>.70</u>
Calendar of Bills in Senate Committees - (daily)		300		300	<u>5.53</u>
Digest of Action on Bills and Resolutions - House (daily)	290		15	305	<u>5.65</u>
(1.) Senate Journal (permanent) Bound 100 buckram - 285 paper			385	385	<u>8.40</u>
Composition for new matter in Senate Permanent Journal					<u>6.90</u>
(2.) House Journal (permanent) Bound 100 buckram - 285 paper			385	385	<u>8.40</u>
Composition for new matter in House Permanent Journal					<u>6.90</u>
(3.) Acts and Joint Resolutions (sewed on Smythe Machine to open flat) Bound 300 buckram-1,450 paper			1,750	1,750	<u>12.54</u>
Acts - Temporary Form - Statewide	500	300	20	820	<u>10.03</u>
Acts - Temporary - Local	150	125	20	295	<u>8.98</u>
Acts Advance Sheets			900	900	<u>4.87</u>
New Matter on Advance Sheets					9.08 xxxxxxxx

*Reports and Resolutions (binding only - cloth bound) \$ 20.00 per copy

LEGISLATIVE MANUAL

18,000 copies - regular pages @ 66.06 per page.
 4-color cover @ 128.31 per page.
 2-color inserts @ 80.54 per page.
 Each additional color on inserts @ 15.02 per page.
 Laminating covers @ 111.93 per thousand.
 Leather bound copies @ 4.00 each.

*NOTE: 65 copies of Reports and Resolutions are distributed to the Legislative Council; however, the total quantity could run a few more, contingent upon requests from legislators.

Blank pages at 1/2 price, ten point basis, excepting House and Senate Bills, on which all leaves printed one side shall count as two pages.

Tabular work at Double.

If the catchlines of the Acts and Joint Resolutions are to be run in the Section paragraphs, there will be an additional charge of 3.00 per page.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

In the event of filibusters in the House or the Senate necessitating overtime on the part of the printer, the work will be billed for in a negotiated amount which meets the satisfaction of the printer and the State Printing Officer.

This proposal is made contingent upon the contract for the work specified being awarded as a whole.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

Respectfully submitted,

THE STATE PRINTING COMPANY

BY *C. M. Brown*

THE R. L. BRYAN COMPANY

BY *Wm. H. King 1st VP*

Date June 13, 1974

(1.)	Binding 100 copies Senate Journal	\$3.00 per copy
(2.)	Binding 100 copies House Journal	\$3.00 per copy
(3.)	Binding 300 copies Acts & Joint Resolution	\$3.00 per copy

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

*Low Bid on
Lots # 175*

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>13.80</u>
Offset - type set by printer(s) - - - - -	<u>15.80</u>
Offset - camera copy furnished to printer(s) - - - - -	<u>8.00</u>
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at	<u>42</u> per page per 100 (run with original printing).
Additional copies of Annual Reports, page size 6" x 9" (offset), at	<u>.39</u> per page per 100 (run with original printing).

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>18⁹⁰</u>
Offset - type set by printer(s) - - - - -	<u>21⁴⁰</u>
Offset - camera copy furnished to printer(s) - - - - -	<u>9⁸⁵</u>
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at	<u>63</u> per page per 100 (run with original printing).
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at	<u>60</u> per page per 100 (run with original printing).

Blank pages at 1/2 price, ten point basis.

Tabular work at double.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

The above bid is for the contract as a whole. - - Yes
Yes or No
The above bid is for Lot No. 1 - - - - - Yes
Yes or No
The above bid is for Lot No. 2 - - - - - Yes
Yes or No
The above bid is for Lot No. 3 - - - - - Yes
Yes or No
The above bid is for Lot No. 4 - - - - - Yes
Yes or No
The above bid is for Lot No. 5 - - - - - Yes
Yes or No

Respectfully submitted,

Vogue Press, Inc
Per J. M. Green

Date June 13, _____, 1974.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

LOT NO. 1

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>15.00</u>
Offset - type set by printer(s) - - - - -	<u>15.00</u>
Offset - camera copy furnished to printer(s) - - - - -	<u>10.00</u>
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at <u>1.05</u> per page per 100 (run with original printing).	

Additional copies of Annual Reports, page size 6" x 9" (offset), at 1.05 per page per 100 (run with original printing).

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____

Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at _____ per page per 100 (run with original printing).

Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at _____ per page per 100 (run with original printing).

Blank pages at 1/2 price, ten point basis.

Tabular work at Double.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

LOT NO. 2

*Low Bid on
Lot No. 2*

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>13.50</u>
Offset - type set by printer(s) - - - - -	<u>13.50</u>
Offset - camera copy furnished to printer(s) - - - - -	<u>8.00</u>
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at	<u>1.05</u> per
page per 100 (run with original printing).	
Additional copies of Annual Reports, page size 6" x 9" (offset), at	<u>1.05</u> per
page per 100 (run with original printing).	

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at	_____ per page per 100 (run with original printing).
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at	_____ per page per 100 (run with original printing).
Blank pages at <u>1/2</u> price, ten point basis.	
Tabular work at <u>Double</u>	

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

LOT NO. 3

*Low Bid on
Lot No. 3*

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>12.50</u>
Offset - type set by printer(s) - - - - -	<u>12.50</u>
Offset - camera copy furnished to printer(s) - - - - -	<u>7.75</u>
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at	<u>1.05</u> per
page per 100 (run with original printing).	
Additional copies of Annual Reports, page size 6" x 9" (offset), at	<u>1.05</u> per
page per 100 (run with original printing).	

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at	_____ per page per 100 (run with original printing).
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at	_____ per page per 100 (run with original printing).

Blank pages at 1/2 price, ten point basis.

Tabular work at Double.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

LOT NO. 4

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>12.95</u>
Offset - type set by printer(s) - - - - -	<u>12.95</u>
Offset - camera copy furnished to printer(s) - - - - -	<u>7.80</u>
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at <u>1.05</u> per page per 100 (run with original printing).	
Additional copies of Annual Reports, page size 6" x 9" (offset), at <u>1.05</u> per page per 100 (run with original printing).	

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at _____ per page per 100 (run with original printing).	
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at _____ per page per 100 (run with original printing).	

Blank pages at 1/2 price, ten point basis.

Tabular work at Double.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

LOT NO. 5

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____

Additional copies of Annual Reports, page size 6" x 9" (letterpress), at _____ per page per 100 (run with original printing).

Additional copies of Annual Reports, page size 6" x 9" (offset), at _____ per page per 100 (run with original printing).

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>25.00</u>
Offset - type set by printer(s) - - - - -	<u>25.00</u>
Offset - camera copy furnished to printer(s) - - - - -	<u>14.00</u>

Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at 1.05 per page per 100 (run with original printing).

Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at 1.05 per page per 100 (run with original printing).

Blank pages at 1/2 price, ten point basis.

Tabular work at Double.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

The above bid is for the contract as a whole. - - _____
Yes or No

The above bid is for Lot No. 1 - - - - - _____
Yes or No

The above bid is for Lot No. 2 - - - - - _____
Yes or No

The above bid is for Lot No. 3 - - - - - _____
Yes or No

The above bid is for Lot No. 4 - - - - - _____
Yes or No

The above bid is for Lot No. 5 - - - - - _____
Yes or No

Respectfully submitted,

THE R. C. BEYAN CO
Walter D. Henry, 1st VP

Date June 13, 1974.

NOTE: The above is bid by lot - 1 through 5 - as shown on the attached sheets.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

LOT #1

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>16.00</u>
Offset - type set by printer(s) - - - - -	\$ <u>16.00</u>
Offset - camera copy furnished to printer(s) - - - - -	\$ <u>11.00</u>
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at <u>\$1.05</u> per page per 100 (run with original printing).	
Additional copies of Annual Reports, page size 6" x 9" (offset), at <u>\$1.05</u> per page per 100 (run with original printing).	

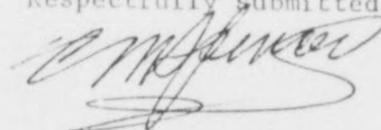
<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at _____ per page per 100 (run with original printing).	
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at _____ per page per 100 (run with original printing).	
Blank pages at <u>one-half</u> price, ten point basis.	
Tabular work at <u>double</u> .	

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

The above bid is for the contract as a whole. - - _____
Yes ~~or~~ No
The above bid is for Lot No. 1 - - - - - _____ see attached
Yes ~~or~~ No
The above bid is for Lot No. 2 - - - - - _____
Yes or No
The above bid is for Lot No. 3 - - - - - _____
Yes or No
The above bid is for Lot No. 4 - - - - - _____
Yes or No
The above bid is for Lot No. 5 - - - - - _____
Yes or No

Respectfully submitted,



Date 6-13-74, 1974.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

LOT #2

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>14.00</u>
Offset - type set by printer(s) - - - - -	\$ <u>14.00</u>
Offset - camera copy furnished to printer(s) - - - - -	\$ <u>9.00</u>
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at <u>\$1.05</u> per page per 100 (run with original printing).	
Additional copies of Annual Reports, page size 6" x 9" (offset), at <u>\$1.05</u> per page per 100 (run with original printing).	

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at _____ per page per 100 (run with original printing).	
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at _____ per page per 100 (run with original printing).	

Blank pages at one-half price, ten point basis.

Tabular work at double.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

The above bid is for the contract as a whole. - -

Yes or No

The above bid is for Lot No. 1 - - - - -

Yes ~~or No~~

The above bid is for Lot No. 2 - - - - -

see attached

The above bid is for Lot No. 3 - - - - -

Yes ~~or No~~

The above bid is for Lot No. 4 - - - - -

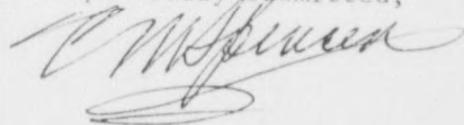
Yes or No

The above bid is for Lot No. 5 - - - - -

Yes or No

Yes or No

Respectfully submitted,



Date 6-13-, 1974.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

LOT #3

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ <u>12.75</u>
Offset - type set by printer(s) - - - - -	\$ <u>12.75</u>
Offset - camera copy furnished to printer(s) - - - - -	\$ <u>8.00</u>

Additional copies of Annual Reports, page size 6" x 9" (letterpress), at \$1.05 per page per 100 (run with original printing).

Additional copies of Annual Reports, page size 6" x 9" (offset), at \$1.05 per page per 100 (run with original printing).

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____

Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at _____ per page per 100 (run with original printing).

Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at _____ per page per 100 (run with original printing).

Blank pages at one-half price, ten point basis.

Tabular work at double.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

The above bid is for the contract as a whole. - - Yes ~~or No~~

The above bid is for Lot No. 1 - - - - - Yes ~~or No~~

The above bid is for Lot No. 2 - - - - - Yes ~~or No~~

The above bid is for Lot No. 3 - - - - - see attached
Yes ~~or No~~

The above bid is for Lot No. 4 - - - - - Yes ~~or No~~

The above bid is for Lot No. 5 - - - - - Yes ~~or No~~

Respectfully submitted,
C. M. Spencer
 The State of Oregon

Date 6-13-, 1974.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

LOT #4

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

*Low Bid on
Lot No. 4*

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$12.67
Offset - type set by printer(s) - - - - -	\$12.67
Offset - camera copy furnished to printer(s) - - - - -	\$7.50
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at <u>\$1.05</u> per page per 100 (run with original printing).	
Additional copies of Annual Reports, page size 6" x 9" (offset), at <u>\$1.05</u> per page per 100 (run with original printing).	

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at _____ per page per 100 (run with original printing).	
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at _____ per page per 100 (run with original printing).	
Blank pages at <u>one-half</u> price, ten point basis.	
Tabular work at <u>double</u> .	

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

The above bid is for the contract as a whole. - - Yes or No

The above bid is for Lot No. 1 - - - - - Yes or No

The above bid is for Lot No. 2 - - - - - Yes ~~or No~~

The above bid is for Lot No. 3 - - - - - Yes ~~or No~~

The above bid is for Lot No. 4 - - - - - see attached

The above bid is for Lot No. 5 - - - - - Yes ~~or No~~

Yes or No

Respectfully submitted,

W. M. Spencer
The State Bldg Co

Date 6-13-, 1974.

BID FOR PRINTING ANNUAL REPORTS AND/OR STATISTICAL SUPPLEMENTS FOR
THE STATE OF SOUTH CAROLINA

LOT #5

State Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Gentlemen:

We, the undersigned, respectfully submit the following bid based on ten point type for the Printing of Annual Reports and/or Statistical Supplements for the various Agencies, Departments and Institutions of the State of South Carolina for the period beginning July 1, 1974, and ending June 30, 1976.

<u>ANNUAL REPORTS - Page Size 6" x 9" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ _____
Offset - type set by printer(s) - - - - -	_____
Offset - camera copy furnished to printer(s) - - - - -	_____
Additional copies of Annual Reports, page size 6" x 9" (letterpress), at _____ per page per 100 (run with original printing).	
Additional copies of Annual Reports, page size 6" x 9" (offset), at _____ per page per 100 (run with original printing).	

<u>STATISTICAL SUPPLEMENTS - Page Size 8 1/2" x 11" - 350 Copies</u>	<u>Per Page Price</u>
Letterpress - - - - -	\$ 28.00 _____
Offset - type set by printer(s) - - - - -	\$28.00 _____
Offset - camera copy furnished to printer(s) - - - - -	\$17.00 _____
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (letterpress), at <u>\$1.05</u> per page per 100 (run with original printing).	
Additional copies of Statistical Supplements, page size 8 1/2" x 11" (offset), at <u>\$1.05</u> per page per 100 (run with original printing).	

Blank pages at one-half price, ten point basis.

Tabular work at double.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

The above bid is for the contract as a whole. - - - Yes or No
The above bid is for Lot No. 1 - - - - - Yes or No
The above bid is for Lot No. 2 - - - - - Yes or No
The above bid is for Lot No. 3 - - - - - Yes or No
The above bid is for Lot No. 4 - - - - - Yes or No
The above bid is for Lot No. 5 - - - - - Yes ~~or~~ **see attached**
Yes ~~or~~ No

Respectfully submitted,

[Signature]
The State Bldg Co

Date 6-13-, 1974.

June 13, 1972

STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

Whereas, the State Budget and Control Board, Division of General Services, duly advertised for bids in accordance with the law, for the Public Printing for the State of South Carolina, and the Joint Bid of the State Printing Company and The R. L. Bryan Company was the bid accepted in consequence of said advertisement; and

Whereas, the State Budget and Control Board, Division of General Services, did on the 13 day of June, 1972, accept the said joint bid as hereinafter set forth;

Now, therefore, it is agreed between the State of South Carolina through the State Budget and Control Board, Division of General Services of the first part and The State Printing Company and The R. L. Bryan Company, of the second part, hereinafter called the State Printers:

1. That the State Printers will furnish, and the State of South Carolina will receive and pay for Legislative Printing for the General Assembly and the Annual Reports for the various Agencies and Departments of the State of South Carolina for the period beginning July 1, 1972, and ending June 30, 1974 in accordance with the following schedule contained in the bid of the State Printers; ten point basis:

LEGISLATIVE PRINTING

	Total Number <u>Copies</u>	Per Page <u>Price</u>
Senate Calendar (daily)	380	5.50
House Calendar (daily)	275	4.92
Senate Journal (daily)	395	8.44
House Journal (daily)	300	7.58
Senate Bills (daily)		
Local	100	4.96
Statewide	150	5.16
House Bills (daily)	250	6.14
Senate Clip Sheets (daily)	26	.50
House Clip Sheets (daily)	30	.50
Calendar of Bills in Senate Committees (daily)	300	4.39
Digest of Action on Bills and Resolutions — House (daily)	255	4.25
Senate Journal (permanent) Bound 100 buckram — 285 paper	385	6.65
Composition for new matter in Senate Permanent Journal		6.67
House Journal (permanent) Bound 100 buckram — 285 paper	385	6.65
Composition for new matter in House Permanent Journal		6.67
Acts and Joint Resolutions (Sewed on Smythe Machine to open flat)		
Bound 300 buckram — 1,450 paper	1,750	9.95
Acts — Temporary Form — Statewide	820	7.96
Acts — Temporary Form — Local	295	7.36
Acts Advance Sheets	Old Matter 600	3.12
	New Matter	7.18
Binding Reports and Resolutions \$9.90 per copy.		

LEGISLATIVE MANUAL

- 15,000 copies - regular pages @ \$48.40 per page.
- 4-color cover @ \$94.00 per page.
- 2-color inserts @ \$59.00 per page.
- Each additional color on inserts @ \$11.00 per page.
- Laminating covers @ \$82.00 per thousand.
- Leather bound copies @ \$2.00 each.

ANNUAL REPORTS

	Page Size 6" x 9" (Letterpress) <u>Per Page Price</u>	Page Size 6" x 9" (Offset) <u>Per Page Price</u>
350 Copies	\$ 7.05	\$ 8.92
If permanent paper not used, deduct	1.00	1.00

Additional copies of Annual Reports, page size 6" x 9" (letterpress), at \$.52 per page per 100 (run with original printing).

Additional copies of Annual Reports, page size 6" x 9" (offset), at \$.52 per page per 100 (run with original printing).

STATISTICAL SUPPLEMENTS

	Page Size 8 1/2 x 11" (Letterpress) <u>Per Page Price</u>	Page Size 8 1/2 x 11" (Offset) <u>Per Page Price</u>
350 Copies	\$ 20.50	\$ 14.20

Additional copies of Statistical Supplements, page size 8 1/2"x 11" (letterpress), at \$.80 per page per 100 (run with original printing).

Additional copies of Statistical Supplements, page size 8 1/2 " x 11" (offset), at \$.80 per page per 100 (run with original printing).

Blank pages at 1/2 price, ten point basis, excepting House and Senate Bills, on which all leaves printed one side shall count as two pages. Tabular work at Double.

If the catchlines of the Acts and Joint Resolutions are to be run in the Section paragraphs, there will be an additional charge of \$2.50 per page.

Tabular work shall consist of all matter of three columns or more where rules or figures are used.

This proposal is made contingent upon the contract for the work specified being awarded as a whole.

The standard of printing is to be that which has heretofore existed, and the general style of work is to be the same as has previously prevailed.

Camera copy shall be interpreted as copy furnished to the printer in the exact size as it is to be reproduced. Enlargements or reductions in copy as well as any typesetting of heads or display material necessary to get the copy camera ready will be charged to the particular department concerned.

In the event of filibusters in the House or the Senate necessitating overtime on the part of our personnel, the work will be billed for in an amount which meets the satisfaction of the State Printing Officer.

This contract subject to fire, strikes, or other cause beyond our control.

It is agreed by The State Printing Company and The R. L. Bryan Company that the work shall be divided between them so as to insure the best service to the State of South Carolina.

In witness whereof, this agreement is signed on behalf of The State of South Carolina by The State Printing Officer, State Budget and Control Board, Division of General Services, and by The State Printing Company and The R. L. Bryan Company by their respective officers thereunto duly authorized.

Chas. E. Moore
State Printing Officer,
State Budget and Control Board
Division of General Services

THE STATE PRINTING COMPANY

BY: T. M. Bower
President

THE R. L. BRYAN COMPANY

BY: Amos H. H. H.
First Vice President

EXHIBIT VIII
JUNE 27, 1974

STATE OF SOUTH CAROLINA



MASTER GROUP CONTRACT
WITH
BLUE CROSS - BLUE SHIELD
FOR
ACTIVE EMPLOYEES

1339

APPLICATION FOR GROUP HOSPITAL SERVICE, GROUP MEDICAL SERVICE AND
GROUP MAJOR MEDICAL EXPENSE CONTRACTS
BLUE CROSS OF SOUTH CAROLINA AND
BLUE SHIELD OF SOUTH CAROLINA

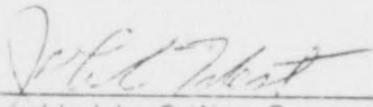
(Corporations incorporated under the Laws of the State of South Carolina and
hereinafter referred to as Blue Cross & Blue Shield)

HOME OFFICE: Drawer A, Forest Acres Branch, Columbia, South Carolina 29219
South Carolina State Budget and Control Board,
on behalf of the State of South Carolina, hereinafter
referred to as the Applicant, Policyholder or Employer
Applicant

Columbia, South Carolina
Address

- I. Applicant hereby applies for Group Hospital Service, Group Medical Service and Group Major Medical Expense Contracts in the forms attached hereto.
- II. Applicant agrees to cause to be paid to Blue Cross & Blue Shield, monthly in advance, the charges specified under Schedule B of this Application on behalf of Applicant's employees or members who meet the eligibility requirements specified in Schedule A of this Application.
- III. The Effective Date of coverage under this Application shall be 12:01 A.M. standard time on the 1st day of July 19 72, at Columbia, South Carolina and such coverage shall continue until terminated in accordance with the provisions of the Contracts.
- IV. Applicant agrees to deliver to its covered Employees or Members individual certificates furnished by Blue Cross & Blue Shield.
- V. Applicant agrees to receive, on behalf of its Employees, all notices delivered by Blue Cross & Blue Shield and to forward on behalf of Blue Cross & Blue Shield such notices to the persons involved at their last known addresses.

Date _____
South Carolina State Budget and Control Board,
on behalf of the State of South Carolina, hereinafter
referred to as the Applicant, Policyholder or Employer
Applicant

By 
The Honorable John C. West, Governor of the State of
South Carolina and Chairman of the South Carolina
State Budget and Control Board

SCHEDULE A

Every Employee within the classifications set forth below shall be eligible for coverage for himself and his Dependents provided that:

1. No other coverage for hospital benefits, medical-surgical care or major medical expense benefits will be in effect or subsequently adopted by the Applicant during the period of the Contract. In the event it should ever become the intention of the Applicant to adopt such other coverage, he will terminate the Contract in accordance with the termination provisions contained in the Group Contract;
2. Eligible Employees and/or Dependents who fail to enroll in accordance with the ELECTION OF COVERAGE and COMMENCEMENT OF COVERAGE provisions specified in this contract may be enrolled for coverage only during any reopening dates of the group and only under such conditions as may be mutually agreed upon, in writing, by Blue Cross - Blue Shield and the South Carolina State Budget and Control Board; and,
3. With specific reference to the group major medical expense coverage herein applied for, coverage is maintained under the Blue Cross hospital and Blue Shield medical-surgical care plans herein described, for which such Employees are eligible and the Applicant pays directly or indirectly all or a portion of the cost or makes payroll deductions therefor.

CLASSIFICATION OF EMPLOYEES ELIGIBLE

All full-time employees of the State who receive compensation from a department, agency or institution of the State are eligible. For plan purposes, an employee is to be classified as "full-time" if he works more than 30 hours per week for more than 5 months per year. Also to be eligible are members of the South Carolina General Assembly, clerical and administrative employees of the General Assembly and judges in the State Courts.

SCHEDULE B

The monthly unit rates applicable to this Contract and guaranteed during the period July 1, 1972 - June 30, 1973 will be as follows:

<u>Rates For Basic Benefits</u>			<u>Monthly Total</u>	
(A)	Employee 10.60	Spouse 11.90	Child/Children 5.50	28.00
(B)	Employee 10.60	Spouse 11.90	No Child/Children No Children	22.50
(C)	Employee 10.60	No Spouse No Spouse	Child/Children 5.50	16.10
(D)	Employee Only			10.60
(E)	Employee and Spouse, both State Employees			21.20 (plus \$1.30 if maternity coverage is elected)

<u>Rates For Expanded Benefits Which May Be Elected By Employees</u>			<u>Monthly Total</u>	
(A)	Employee 11.32	Spouse 12.82	Child/Children 6.46	30.60
(B)	Employee 11.32	Spouse 12.82	No Child/Children No Children	24.14
(C)	Employee 11.32	No Spouse No Spouse	Child/Children 6.46	17.78
(D)	Employee Only			11.32
(E)	Employee and Spouse, both State Employees			22.64 (plus \$1.50 if maternity coverage is elected)

The Employer agrees to pay \$10.60 per month per active Employee during the first Contract Year. Any savings due to decreases in claims payments because of Medicare participation shall be reflected, as an identifiable item and to the extent of such savings, in the experience rating formula used to determine the rates in each of the subsequent years.

Initial charges shall be payable in advance of the Effective Date. Subsequent charges shall be payable on or before the same date of each month thereafter. Provided further that Blue Cross and Blue Shield agree to pay claims for benefits hereunder commencing July 1, 1972 and the Applicant agrees to make payment at the rates provided herein retroactively to July 1, 1972.

342772

The holder of this contract is a member of Blue Cross of South Carolina and is entitled to vote in person or by proxy at any and all meetings of said Corporation. This is a nonassessable contract and the holder hereof is not subject to any contingent liability. The annual meetings of the members shall be held at the Home Office of the Corporation on the fourth Thursday in March at 11:00 A.M., Eastern Standard Time.

BLUE CROSS OF SOUTH CAROLINA

(A Corporation incorporated under the Laws of the State of South Carolina and hereinafter referred to as Blue Cross)

HOME OFFICE: Drawer A, Forest Acres Branch, Columbia, South Carolina 29219

Group Hospital Service, Contract No. 00-20000-00 and in series

IN CONSIDERATION

of the Application made by

The Applicant

(hereinafter called the Employer)

a copy of which is attached hereto and made part of this Contract and in consideration of remittance or payment by the Employer of the charges as herein provided in Schedule B of the Application,

BLUE CROSS HEREBY AGREES TO PROVIDE

The benefits herein described for a period of one year beginning at 12:01 A.M. standard time at Columbia, South Carolina on July 1, 1972 (hereinafter called the Effective Date) and from year-to-year thereafter, unless this Contract is terminated as provided herein. The charges shall be due and payable by the Employer in advance of the Effective Date and thereafter as provided herein. This Contract is issued and delivered in the State of South Carolina, is governed by the laws thereof and is subject to the terms and provisions recited herein.

IN WITNESS WHEREOF, BLUE CROSS has caused this Contract to be signed this 30th day of June 19 72

James F. Sullivan
President

343

ARTICLE I – DEFINITIONS

1. "EMPLOYER" as used herein means the Employer with whom Blue Cross has contracted and by virtue of which Contract the Employees and their Dependents become Members.
2. "EMPLOYEE" as used herein means any Employee of the Employer who is eligible for coverage as provided in Article II hereof, and who shall have been so designated to Blue Cross by the Employer.
3. "DEPENDENT" means (a) an Employee's spouse who is not defined as an Employee or (b) an Employee's unmarried child under twenty-three (23) years of age, including such stepchild, foster child, and any other child depending upon the Employee for support and living with the Employee in a regular parent-child relationship or (c) an Incapacitated Dependent as defined in paragraph 5 of this Article.
4. "MEMBER" means the Employee, his or her spouse, and each other Dependent, only if and while such person is covered by this Contract. A spouse shall cease to be a Member upon termination of marriage to the Employee. A child shall cease to be a Member upon the attainment of the age twenty-three (23), or upon his or her marriage whichever occurs first. An Incapacitated Dependent as defined in paragraph 5 of this Article may continue to be a Member beyond age twenty-three(23).
5. "INCAPACITATED DEPENDENT" shall mean unmarried child who is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation or physical handicap, and (b) chiefly dependent upon the Employee or a deceased Employee's spouse for support and maintenance and living in a regular parent-child relationship.
6. "INDIVIDUAL COVERAGE" as used in this Contract and the Application means that type of coverage which includes only the Employee. Individual Coverage does not provide Obstetrical Service or services for any complication of pregnancy.
7. "FAMILY COVERAGE" as used in this Contract and the Application means coverage for an Employee and one or more Dependents under this Contract and includes benefits for Obstetrical Service or services for complication of pregnancy for a wife only. Obstetrical(Maternity) Services are not eligible benefits for any dependent child enrolled hereunder.
8. "CONTRACT" means the agreement between Blue Cross and the Employer by virtue of which the Employees and their Dependents become Members, and shall include the Application of the Employer for this Contract, the attached Endorsements and Riders, if any, and the Notices of Election of the Employees indicating their participation in the coverage provided hereunder. The Contract constitutes the entire contract between the parties.
9. "CONTRACT YEAR" means the twelve (12) months commencing on the Effective Date of this Contract and each yearly period thereafter agreed to by the contracting parties.
10. "HOSPITAL" means an institution which, for compensation from its patients and on an inpatient basis, is primarily engaged in providing diagnostic and therapeutic facilities for the surgical and medical diagnosis, treatment and care of injured and sick persons by or under the supervision of a staff of Physicians who are duly licensed to practice medicine, and which continuously provides twenty-four (24) hour-a-day nursing service by registered graduate nurses physically present and on duty, and which is not, other than incidentally, a nursing home, or a place for: (a) rest, (b) the aged, (c) drug addicts, (d) alcoholics, or (e) the treatment of pulmonary tuberculosis or mental disorders. For purposes of this

Contract, Hospital shall also mean a Hospital with which any Blue Cross Plan, approved by the American Hospital Association, has an operating agreement. Also, for purposes of this Contract, included within the definition of Hospital are the Palmetto Center in Florence, South Carolina, the Holmes View Center in Greenville, South Carolina, and the Central Addiction Facility Demonstration Project in Columbia, South Carolina, specifically for the treatment of alcoholism; and the William S. Hall Psychiatric Institute in Columbia, South Carolina, for the treatment of psychiatric and neurologic disorders.

11. "MEMBER HOSPITAL" means any Hospital which has an operating agreement in effect with any Blue Cross Plan.
12. "NON-MEMBER HOSPITAL" means any Hospital which has no operating agreement in effect with any Blue Cross Plan.
13. "EXTENDED CARE FACILITY" as used herein means a voluntary or proprietary institution which is licensed and operated in accordance with the laws of the jurisdiction in which it is located pertaining to institutions identified as such and (a) which is registered by the American Hospital Association or accredited by a the comparable national agency of which the American Hospital Association is a participating member; (b) which has a contractual affiliation with a Blue Cross Member Hospital, and (c) has an agreement with Blue Cross.
14. "INTENSIVE CARE UNIT" means a specially equipped unit, set aside as a distinct patient care area, staffed and equipped to handle seriously ill patients requiring extraordinary care on a concentrated and continuous basis.

ARTICLE II – ELIGIBILITY FOR COVERAGE

1. ELIGIBILITY

Every Employee within the classification set forth in the attached Application shall be eligible for coverage for himself and his Dependents.

2. ELECTION OF COVERAGE

- a. Any Employee eligible for coverage may elect coverage for himself or herself and his or her eligible Dependents by completing and filing with the Employer a Notice of such Election and authorizing any necessary payroll deductions within the periods of time described below in paragraph 3, Commencement of Coverage.
- b. The Employer shall furnish Blue Cross with a list of Employees to be covered together with such data as may be required by Blue Cross as a prerequisite to coverage of such Employees under this Contract.

3. COMMENCEMENT OF COVERAGE

Coverage under this Contract, shall commence as follows:

- a. For an Employee eligible prior to or as of the Effective Date (and for his or her Dependents, if then eligible and if coverage therefor is elected), coverage shall commence as of the Effective Date of this Contract, if such Employee files a Notice of Election and authorizes any necessary payroll deductions prior to the Effective Date if at all practical, otherwise within 120 days after the Effective Date.
- b. For an Employee becoming eligible subsequent to the Effective Date, coverage for the Employee and his or her Dependents shall commence on the first day of the month coincident with or following his or her date of employment provided an appropriate Notice of Election is filed and any necessary payroll deductions are authorized within thirty-one days after the Employee's date of employment.
- c. For a Dependent acquired subsequent to the Employee's Effective Date, coverage shall commence on the date the eligible Dependent is acquired provided a Notice of Election is filed and any necessary payroll deductions are authorized within thirty-one days after such acquisition.

- d. For any Employee or Dependent who fails to enroll or make change in membership status in accordance with subparagraphs a., b. or c. Immediately above, no coverage under this contract will commence except as provided in Paragraph 2 of Schedule A in the application, with the following exception. If the employment status of the dependent changes such as the wife or husband of a State employee was employed through another employer and subsequently loses that coverage by virtue of the employer cancelling his present group insurance, or the employee left such employment, a statement of the circumstances is required to accompany the revised "Notice of Election".
- e. For any Employee or Dependent whose Effective Date of Family Coverage is after July 1, 1972, there will be a waiting period, as described in Article IV paragraph 1, subparagraph g., during which time benefits will not be provided for maternity or for any condition arising out of pregnancy (including tubal ligations).

4. EXTENSION OF ELIGIBILITY

Coverage under this Contract may be extended (a) to groups of Employees and Dependents not theretofore designated as eligible by the Employer and/or (b) to Employees and Dependents who fail to elect coverage within the periods hereinbefore specified. However, such coverage extension may be effected only in accordance with Schedule A of the attached Application and/or Article XII, paragraph 1.

ARTICLE III – BENEFITS PROVIDED

1. BENEFITS FOR HOSPITAL INPATIENT CARE

Subject to all provisions of this Contract, a Member who is admitted to a Member Hospital on or after the Effective Date of his coverage shall be entitled to the following benefits for Hospital Service when consistent with diagnosis and treatment of the condition requiring hospitalization.

a. Days of Care

- (1) All Members shall be entitled, except as limited in (2) and (3) below, to 70* days of Hospital Service for each admission. Successive Hospital admissions shall be considered to be continuous, and to constitute a single hospital admission, if discharge from and readmission to any Hospital or Extended Care Facility for treatment of the same or any related condition shall occur within a ninety (90) day period.
- (2) When Hospital Service is rendered primarily for pulmonary tuberculosis, mental or nervous Conditions, alcoholism or drug addiction, benefits for any and all such conditions provided to a Member shall be limited to a total of 30 days in the aggregate, in a Hospital as defined in paragraph 10 of Article I, during a period of twelve (12) consecutive months commencing on the Effective Date of the Member's coverage hereunder and each like period thereafter.
- (3) For maternity cases and for conditions arising from or related to each pregnancy, ordinarily up to ten (10) days Hospital Service shall be furnished, to the married female Employee having Family Coverage or wife of the Employee having Family Coverage, during any one pregnancy, except that up to fourteen (14) days of Hospital Service shall be furnished for cases of Caesarean section, ectopic pregnancy or postpartum hemorrhage. For maternity cases, Hospital Service includes ordinary nursery care of the newborn infant during the covered portion of the mother's Hospital stay.

*365 days for persons electing the Expanded Benefits.

- (4) Days will be counted according to standard midnight census procedure used in most Hospitals. In computing the number of days of Hospital Service available and rendered to a Member, the day of admission shall be counted but the day of discharge shall not. If a Member is discharged on the same day on which he is admitted, such day shall be counted as one (1) day.

b. Room and Board Accommodation

- (1) Hospital Service shall include payment in full for bed and board, including meals, special diets, and general nursing service, of the character known as "semi-private accommodations." Where the Member received bed and board including meals, special diets, and general nursing service, of the character known as "private accommodations" an allowance toward payment of the charge made by such Hospital for private accommodations shall be made on the basis of the Hospital's charge per day for fifty-one per cent (51%) or more of its semi-private accommodations; or
- (2) When medically necessary, Hospital Service shall include payment in full for bed and board of the character defined as "Intensive Care Unit," including special equipment and concentrated nursing services provided by personnel on the Hospital's payroll. Where a separate room and board charge is made for an additional bed accommodation "reserved" for the patient during the time he or she is in the Intensive Care Unit, such charge is not a covered benefit under this Contract.

c. Hospital Service

"Hospital Service" as used in this Contract shall include in addition to Room and Board Accommodations, payment in full for the following ancillary services when necessary and regularly charged for by a Hospital:

Accommodations, payment in full for the following ancillary services when necessary and regularly charged for by a Hospital:

- (1) Use of operating, cystoscopic, delivery, recovery and treatment rooms and equipment;
- (2) Oxygen and use of equipment for administration thereof;
- (3) Drugs and medications used in the Hospital which, at the time of use, are listed in the U. S. Pharmacopeia or National Formulary or are commercially available for purchase and readily obtainable by the Hospital;
- (4) Sera, biologicals, vaccines, intravenous preparations and visualizing dyes, but not including human blood or blood plasma or other human blood derivatives;
- (5) Use of blood transfusion equipment; administration of blood derivatives if administered by a salaried employee of the Hospital (blood or plasma not provided);
- (6) Dressings, ordinary splints and plaster casts;
- (7) Anesthesia supplies and use of anesthesia equipment; administration of anesthesia if administered by a salaried employee of the Hospital;
- (8) Use of Physiotherapeutic and hydrotherapeutic equipment; physiotherapeutic and hydrotherapeutic treatments if rendered by a salaried employee of the Hospital;
- (9) Basal metabolic examination;
- (10) Use of cardiographic and electroencephalographic equipment; services of a salaried employee of the Hospital in connection with use of such equipment;
- (11) Laboratory examinations;
- (12) X-ray examinations;
- (13) Supplies and equipment for the administration of radiation therapy; radiation therapy if administered by a salaried employee of the Hospital;

(13) Supplies and equipment for the administration of radiation therapy; radiation therapy if administered by a salaried employee of the Hospital;

(14) Supplies and equipment for the administration of inhalation therapy; inhalation therapy if administered by a salaried employee of the Hospital.

d. The total value of Hospital Service for each admission shall be subject to the amount of a \$25.00* deductible.

2. BENEFITS FOR EXTENDED CARE FACILITY INPATIENT CARE

Subject to all provisions of this Contract, a Member who is admitted to an Extended Care Facility within fourteen (14) days following discharge from a Hospital shall be entitled to the following benefits for service when consistent with diagnosis and treatment of the condition which required hospitalization.

a. Days of Care During such period of time as it is medically necessary for a Member to receive skilled services to aid convalescence and rehabilitation for the condition requiring admission, each Member shall be entitled to the unused portion of in-hospital days provided in Article III, 1. subparagraph a. In computing days available, two (2) days of care in an Extended Care Facility are to be equated to one (1) hospital day.

b. Benefits Provided

A Member shall be entitled to benefits in an Extended Care Facility for those services defined in Article III, 1. subparagraph b. (1) and Article III, 1. subparagraph c. but only to the extent available.

3. BENEFITS FOR HOSPITAL OUTPATIENT CARE

A Member receiving Hospital Service in a Hospital, but not admitted as a registered bed patient therein, shall be entitled to a benefit equal to the Hospital's regular charges for the Hospital Service furnished him, but only for the following:

a. Hospital emergency care for accidental injury rendered within seventy-two (72) hours after such injury; or

b. Use of the Hospital's facilities for minor surgical operations; or

c. Use of the Hospital's facilities for radiation therapy, inhalation therapy and physical therapy.

4. SERVICE IN NON-MEMBER LICENSED HOSPITALS

a. Reciprocating Plan

When a Member is hospitalized in a Member Hospital or an Extended Care Facility of another Blue Cross Plan with which Blue Cross has a reciprocal agreement, such Member shall receive the benefits provided by the reciprocating plan for the number of days as provided in Article III, 1. subparagraph a. and III, 2. subparagraph a.

b. Other Licensed Hospitals

Subject to all provisions of this Contract, Blue Cross shall pay, at its option, to the Employee or to the Non-Member Hospital:

(1) Where the care rendered is in a duly licensed general Hospital which would be eligible to be a Member Hospital in accordance with South Carolina Hospital Association and Blue Cross' standards, eighty percent (80%) of regular charges for benefits listed in Article III, 1. when they are customarily provided by the Hospital and to the extent they are consistent with diagnosis and treatment;

(2) In any other licensed general Hospital; eye, ear, nose and throat hospital; maternity hospital; or school or college infirmary; up to, but not to exceed, the Room Allowance indicated in Article III, 1. subparagraph b.

(1) for each day inpatient care. In no case shall the aggregate payment hereunder exceed the total charges for the admission.

* No deductible for persons electing the Expanded Benefits.

- c. Each day or part thereof that Hospital Service is furnished in a Non-Member Hospital shall count as one (1) day toward the number of Hospital Service a Member is entitled to under Article III, 1 subparagraph a.

ARTICLE IV – EXCLUSIONS AND LIMITATIONS

1. Hospital Service shall not be provided for:
 - a. Service of physicians and technicians not employed by the Hospital or Extended Care Facility, private duty nurses or their board, ambulance service, blood, blood plasma, procurement or use of special braces, appliances or equipment;
 - b. Any service or benefits to the extent that the Member is entitled to payment or benefits (whether or not any such payment or benefit has been applied for or paid) pursuant to the laws (now existing or as may be amended or enacted in the future) of the United States, any state or political subdivision thereof, specifically excluded hereunder, without limiting the generality of the foregoing, are benefits provided by or payable under Workmen's Compensation laws, the Veterans Administration, or any state or federal hospital for which services the Member is not legally obligated;
 - c. Any service or benefits to the extent that the Member is entitled to payment or benefits under federal programs of health care for the aged (commonly referred to as Medicare, Part A) and amendments thereto, but only to the extent that benefits are provided or reimbursement is paid or payable thereunder;
 - d. Disease hereafter contracted or injuries hereafter sustained as a result of war, declared or undeclared or any act of war, or while in the military service or engaged in reserve military training or duty;
 - e. A hospital admission which is solely for diagnostic x-rays or laboratory examinations or other diagnostic studies;
 - f. Hospital admissions for sanitarium care or rest cures; hospital admissions primarily for physical or occupational therapy; or hospital or extended care facility admissions for custodial care, that being defined as the provision of room and Board solely for the maintenance of the Member and which is not rendered for the care or cure of a specific sickness of a Member under the treatment of a physician.
 - g. Maternity cases and for any condition arising out of pregnancy (including tubal ligations) unless Family Coverage was elected and became effective on July 1, 1972, or, if Family Coverage is elected and becomes effective after July 1, 1972, until Family Coverage has in effect for two hundred-seventy (270) consecutive days immediately preceding admission to the Hospital. In no event will coverage for an intentional abortion be provided unless it is performed in South Carolina, under the laws of South Carolina and for a married female having Family Coverage.
 - h. Hospital confinement commencing prior to the Effective Date of a Member's coverage hereunder, except that if Hospital Service for such a period of Hospital confinement was provided under a prior contract issued by Blue Cross, up to the Effective Date of the Member's coverage hereunder, it shall be provided after said date to the extent provided under such prior contract with Blue Cross;
 - i. Care of a Member admitted where there is no definitive medical or surgical diagnosis or treatment.
2. Benefits shall not be provided for service or supplies unless specifically listed herein or to any degree greater than specified in this Contract.

ARTICLE V – CONDITIONS UNDER WHICH BENEFITS SHALL BE RENDERED

1. Hospital Service shall be available to a Member only upon the recommendation and while under the treatment of a duly licensed physician who is a member of a staff of or acceptable to the Hospital or Extended Care Facility selected.
2. Hospital Service is subject to all the rules and regulations of the Hospital or Extended Care Facility selected, including the rules and regulations governing admission.
3. While a Member may elect to be hospitalized in any Hospital or Extended Care Facility which is able to furnish required Hospital Service, there is no guarantee of the admission of such Member to such Hospital or Extended Care Facility, nor of the availability of any accommodations or services therein requested by the Member or his physician.
4. **INFORMATION AND RECORDS**
Blue Cross shall be entitled to receive from the Member such authorizations for medical and hospital records as it may reasonably require from any provider of services incident to the administration of the benefits hereunder and the attending physicians certificate as to the medical necessity for care or treatment; provided, however, that Blue Cross shall in every case hold such records as confidential except as authorized by the Member.

ARTICLE VI – COORDINATION OF BENEFITS (REDUCTION OF BENEFITS BECAUSE OF OTHER GROUP COVERAGE)

1. **EFFECT ON BENEFITS**
 - a. If a Member covered hereunder is also covered for hospital care benefits or services under another Plan, the benefits applicable under this Plan shall be reduced so that for Covered Services incurred in any Claim Determination Period, benefits available under all Plans shall not exceed the total amount of such Covered Services, except that if the coordinating provisions of this Contract are in conflict with the coordinating provisions of the other Plan's contract, the benefits of such other Plans will be ignored for purposes of determining the benefits under this Contract and benefits will be paid under this Contract as if the conflicting provisions did not exist.
 - b. For the purpose of subparagraph a. of this paragraph 1., the rules establishing the order of benefits determination are:
 - (1) The benefits of a Plan which does not contain a Coordination of Benefits provision or other provisions of similar intent shall be determined before the benefits under this Contract;
 - (2) The benefits of a Plan which covers an Employee, Contract Holder or Named Insured, primarily, shall be determined before the benefits of a Plan which covers such person as a Dependent, or secondarily;
 - (3) The benefits of a Plan which covers the person as a Dependent of a male person shall be determined before the benefits of a Plan which covers such person as a Dependent of a female person;
 - (4) When the prior rules do not establish an order of benefit determination the benefits of a Plan which has covered the person for the longer period of time shall be determined before the benefits of a Plan which has covered such person the shorter period of time.
2. **BENEFITS SUBJECT TO THIS ARTICLE**
All of the benefits provided under this Contract are subject to this Article.

3. DEFINITIONS

- a. 'PLAN' means any program providing benefits or services for or by reason of Hospital care or treatment, which benefits or services are provided by (1) group, blanket or franchise insurance coverage, (2) Blue Cross and Blue Shield group prepayment coverage, or (3) any coverage under labor-management trustee plans, union welfare plans, employer organization plans, or employee benefit organization plans.

The term 'Plan' shall be construed separately with respect to each policy, contract or other arrangement for benefits or services and separately with respect to that portion of any such policy contract or other arrangement which reserves the right to coordinate benefits or services of other Plans in determining its benefits and that portion which does not.

- b. 'COVERED SERVICES' as pertains to this Article only, means any necessary, reasonable, and/or customary item of Hospital Service which would normally appear on the Hospital's or the Extended Care Facility's regular statement of charges. Payment under this Contract cannot exceed the amount which would ordinarily be paid in the absence of this Article. Personal comfort items provided at the request of the patient such as television set, air conditioning, telephone and other similar items, that are entered separately on the Hospital's or Extended Care Facility's regular statement of charges, are not considered as covered services. When a Plan provides benefits in the form of services, the reasonable cash value of each service rendered shall be deemed a benefit paid. Blue Cross shall not be required to determine the existence of any Plan or amount of benefits payable under any Plan except this Contract, and the payment of benefits under this Contract shall be affected by the benefits that would be payable under any and all other Plans only to the extent that Blue Cross is furnished with information relative to such other Plans. However, Blue Cross will make every reasonable effort to secure such information.

- c. 'CLAIM DETERMINATION PERIOD' as used in this Article, means a period of Hospital confinement stipulated in Article III, 1. subparagraph a. and III, 2. subparagraph a. of this Contract or any rider hereto.

- d. 'DEPENDENT' means, with respect to this Article, any person included in the definition of Dependent in Article I hereof, and, with respect to any other Plan, any person who qualifies as a dependent under such Plan.

4. RIGHT TO RECEIVE AND RELEASE NECESSARY INFORMATION For the purposes of determining the applicability of and implementing the terms of this Article or any provision of similar purpose of any other Plan, Blue Cross may, without the consent of or notice to any person, release to or obtain from any insurance company or other organization or person, any information, with respect to any person, which it deems to be necessary for such purposes. Any person claiming benefits under this Plan shall furnish to Blue Cross such information as may be necessary to implement this Article.

5. DISCHARGE OF LIABILITY

The determination of benefits under this Article shall not affect the prompt payment to the providers of service by Blue Cross. Blue Cross will make payment according to the terms of this Contract promptly upon receipt of duly executed proof of loss and look to the payee for any adjustment which may result from the application of this Article. This is not intended as a waiver of any defense which may be permitted by law under the provisions of this Contract.

6. RIGHT OF RECOVERY

- a. Whenever payments have been made under this Contract by Blue Cross, with respect to Covered Services in a total amount in excess of the amount necessary to satisfy the purposes of this Article, Blue Cross shall be subrogated to

the rights of the Member against any insurer, Plan or other person or organization contractually obligated to such Member with respect to such Covered Services. Nothing herein shall render a Member Hospital obligated hereunder except that such Member Hospital will be requested to refund only if collections exceed Covered Services.

- b. The Employee, for him or herself and on behalf of his or her Dependents, shall, upon request, execute and deliver such instruments and papers as may be required and do whatever else is necessary to secure such rights to Blue Cross or any other Plan.
- c. This provision in no way places a Member Hospital providing services under any legal obligation toward any party in the administration of this Article.

ARTICLE VII – PAYMENT OF CHARGES

1. Unless the Employer or Blue Cross has given notice of termination of this Contract, as provided under Article IX, a grace period of thirty-one (31) days will be granted for the payment of charges, other than charges for the initial month or agreed periodic term, during which grace period this Contract shall continue in force. If the charges remain unpaid at the expiration of the grace period, no Member shall be entitled to any benefits hereunder for any injury sustained or sickness commencing after such thirty-one (31) day period, and this Contract shall automatically terminate on the last day of such grace period, but the Employer shall be liable to Blue Cross for the period this Contract continues in force.
2. Blue Cross may change the monthly unit rates per Employee whenever the terms of this Contract are changed by amendments effected under the terms of Article XII, paragraph 1, by giving ninety (90) days prior written notice to the Members of the State Budget and Control Board acting on behalf of the State of South Carolina and its Employees, provided, however, that in the absence of an amendment changing the terms of this Contract, no adjustment in the monthly unit rates shall become effective except on July 1 of any year the contract remains in force and any notice of adjustment in the monthly unit rates must be accompanied by an explanation of the experience rating formula and other factors which Blue Cross has used in calculating the proposed rate adjustment.

ARTICLE VIII – EMPLOYER'S PERSONNEL DATA

1. The Employer shall furnish to Blue Cross monthly during the period of this Contract, on forms to be approved by Blue Cross, such information as may be required by Blue Cross for the purpose of enrolling Employees of the Employer under this Contract, processing terminations and effecting changes in family status and transfers of employment of covered Employees. Blue Cross shall furnish to the Employer such information concerning enrollment of Employees and other matters as the Employer may reasonably require.
2. Clerical errors or delays in keeping or reporting data relative to coverage shall not invalidate coverage which would otherwise be validly in force or continue coverage which would otherwise be terminated, but, upon discovery of such errors or delays, an equitable adjustment of charges shall be made.

ARTICLE IX – TERMINATION AND RENEWAL OF THIS CONTRACT AND MEMBER'S COVERAGE

1. This Contract may be terminated by the Employer at any time by giving at least thirty (30) days prior written notice to Blue Cross. This Contract may be renewed from year-to-year unless terminated pursuant to this paragraph or the following paragraphs of this Article or pursuant to Article VII.

2. In the event a living Employee ceases to be in the employ of the Employer, or in the event the Employer notifies Blue Cross that coverage of an Employee is to be terminated, or in the event this Contract is cancelled by the Employer or Blue Cross, the coverage respecting such Employee and all of his or her Dependents shall terminate automatically at the end of the period for which payment of charges shall have been made by the Employer for such Employee. (See Article XI for Conversion provisions.) However, maternity benefits will be paid where conception occurs prior to termination.
3. The surviving spouse and/or dependent children of a deceased active Employee shall be eligible to continue coverage, provided they pay the entire cost of such coverage without any contribution by the Employer. Coverage for a widow may be continued only until remarriage or eligibility for Medicare. Coverage for eligible dependent children will cease upon their marriage or attainment of age twenty-three (23), whichever ever occurs first. However, the coverage of an Incapacitated Dependent under this Contract shall not be terminated merely by the attainment of age twenty-three (23), but may be continued provided proof of such incapacity and dependency is furnished to Blue Cross by the Employee within thirty-one (31) days of the child's twenty-third (23rd) birthday and subsequently on an annual basis after the two-year period following the child's attainment of age twenty-three (23) as long as coverage remains in force for the Employee or the deceased Employee's spouse.
4. This Contract may be terminated by Blue Cross should the Employer acquire any other hospital insurance coverage providing benefits which substantially duplicate those in this Contract.
5. This Contract may be terminated by Blue Cross only upon ninety (90) days prior written notice unless there were fraudulent misrepresentations made in applying for this Contract. Coverage may be terminated by Blue Cross for a Member if there are fraudulent misrepresentations made in applying for any benefits hereunder.
6. If coverage is terminated for any cause, Blue Cross shall return promptly the unearned portions of any premium paid. Termination shall be without prejudice to any claim incurred prior to the effective date of termination.

ARTICLE X – REINSTATEMENT

If this Contract shall have been terminated in any manner, it may be reinstated by Blue Cross at its sole discretion upon such terms and conditions as it may determine.

ARTICLE XI – CONVERSION OF COVERAGE

Subject to the provisions of Article IX, the following provisions apply:

1. An Employee who leaves the employ of the Employer while this Contract is in force shall be entitled to have issued to him by Blue Cross, without evidence of insurability, a contract of the type and class of direct payment contract then being generally issued by Blue Cross by applying for such contract and by paying directly to Blue Cross the regular charges therefor. Such application must be made within thirty (30) days after the termination of coverage under this Contract, in which event the coverage under such direct payment contract shall commence from the date of termination of coverage under this Contract.
2. If a Dependent ceases to be covered under this Contract or in the event of the death of the Employee, the Dependent shall be entitled to have issued to him by Blue Cross without evidence of insurability, a contract of the type and class of direct payment contract then being generally issued by Blue Cross by applying for and paying directly to Blue Cross the regular

charges for such contract within sixty (60) days after the date he is no longer covered under this Contract. (See Article IX, paragraph 3 for surviving spouse and dependent provisions.)

3. If a Member covered under this Contract leaves the employ of the Employer and becomes eligible to participate in another group covered by Blue Cross, such Member may transfer his membership to the enrolled group as provided for by Blue Cross' then current enrollment regulations.

ARTICLE XII – GENERAL PROVISIONS

1. RIGHT TO AMEND

This Contract and the certificates issued hereunder may be changed only by mutual agreement between Blue Cross and the South Carolina State Budget and Control Board. No such changes will be effective (a) until after thirty (30) days after a written agreement has been reached or (b) until such date as is mutually agreed upon by the contracting parties.

2. THE CONTRACT

- a. This Contract, the Application of the Employer, and the individual Notices of Election, if any, of the Employees constitute the entire Contract between the parties.
- b. All statements made by the Employer or by any of the Employees shall be deemed representations and not warranties, and no such statement shall be used in defense to a claim hereunder unless it is contained in a written application signed by the party against whom such defense is asserted.
- c. No agent of Blue Cross has authority to change this Contract or to waive any of its provisions. No change in this Contract shall be valid unless approved by an individual authorized to sign the Contract on behalf of the State of South Carolina and an authorized executive officer of Blue Cross.

3. NOTICE AND PROOF OF CLAIM

- a. The Member shall present an Identification Card when applying for Hospital or Extended Care Facility Service.
- b. Written notice of care on which a claim may be based must be given to Blue Cross by or on behalf of the Member within thirty (30) days after the beginning of such care. Admission to or care rendered in a Member Hospital or an Extended Care Facility shall be deemed written notice under this Paragraph, provided the Member notifies the Hospital or Extended Care Facility of his membership by presentation of an Identification Card.
- c. Notice given by or on behalf of the Employee to Blue Cross at its address stated in Article XIII hereof, or to any authorized agent of Blue Cross, with particulars sufficient to identify the Member, shall be deemed to be notice to Blue Cross. Failure to give notice within the time provided shall not invalidate nor reduce any claim if it shall be shown not to have been reasonably possible to give such notice and that notice was furnished as soon as was reasonably possible.
- d. Blue Cross, upon receipt of such notice, will furnish or cause to be furnished to the Employee such forms as are usually furnished by it for filing proof of loss for services rendered by Non-Member Hospitals. If such forms are not so furnished within fifteen (15) days after the receipt of such notice, the Employee shall be deemed to have complied with the requirements as to proof of loss, upon submitting within the time fixed for filing proof of loss, written proof covering the occurrence, character, and extent of the care or services for which claim is made.
- e. Written proof of loss must be furnished to Blue Cross not later than December 31 of the Calendar Year following the one in which the care or service for which benefits are claimed was rendered, except where the Employee was legally incapable.

4. PAYMENT OF CLAIMS

All benefits provided in this Contract will be paid promptly upon receipt of due proof of loss. All payments for covered expenses incurred for service rendered by a Member Hospital or an Extended Care Facility shall be made to such Member Hospital or Extended Care Facility. In all other cases, payments shall, at the option of Blue Cross, be made either directly to the Employee or the Non-Member Hospital.

5. LEGAL ACTIONS

No action at law or in equity shall be brought to recover on this Contract prior to the expiration of sixty (60) days after written proof of loss has been furnished in accordance with the requirements of this Contract. No such action shall be brought after the expiration of six (6) years after the time written proof of loss is required to be furnished.

6. IDENTIFICATION CARDS AND CERTIFICATES

Blue Cross will issue to the Employer for delivery to each Employee covered hereunder an Identification Card evidencing coverage and an individual certificate summarizing the benefits to which the Employee is entitled. If any amendment to this Contract shall affect any benefits described in such certificate, new certificates or endorsements describing the change shall be issued.

7. PHYSICAL EXAMINATION

Blue Cross at its own expense shall have the right and opportunity to examine the person of any Member whose injury or sickness is the basis of claim when and as often as it may reasonable require during the pendency of a claim hereunder.

8. NON-APPLICABILITY

This Contract is not in lieu of and does not affect any requirement for coverage by Workmen's Compensation insurance.

9. CONFORMITY WITH LAW

If any provision of this Contract is contrary to any law to which it is subject, such provision is hereby amended to conform thereto.

ARTICLE XIII – NOTICE

Any notice given under this Contract shall be sufficient if given to the Employer, when addressed to it at its office stated in the Application; if given to Blue Cross, when addressed to it at its office at Drawer A, Forest Acres Branch, Columbia, South Carolina 29219; or if given to an Employee, when addressed to the Employee at his address as it appears on the records of Blue Cross.

BLUE SHIELD OF SOUTH CAROLINA

(A Corporation incorporated under the Laws of the State of South Carolina and hereinafter referred to as Blue Shield)

HOME OFFICE: Drawer A, Forest Acres Branch, Columbia, South Carolina 29219

Medical-Surgical Service Contract No. 00-20000-00 and in series

IN CONSIDERATION

of the Application made by

.....
The Applicant

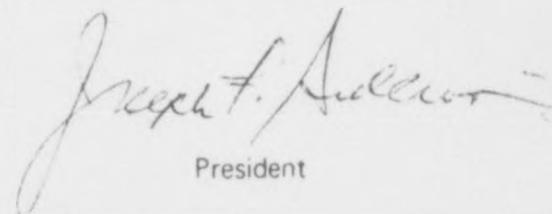
.....
(hereinafter called the Employer)

a copy of which is attached hereto and made part of this Contract, and in consideration of remittance or payment by the Employer of the charges as herein provided in Schedule B of the Application,

BLUE SHIELD HEREBY AGREES TO PROVIDE

The benefits herein described for a period of one year beginning at 12:01 A.M. standard time at Columbia, South Carolina on July 1, 1972 (herein called the Effective Date) and from year-to-year thereafter, unless this Contract is terminated as provided herein. The charges shall be due and payable by the Employer in advance of the Effective Date and thereafter as provided herein. This Contract is issued and delivered in the State of South Carolina, is governed by the laws thereof and is subject to the terms and provisions recited herein.

IN WITNESS WHEREOF, BLUE SHIELD has caused this Contract to be signed this
..... 30th day of June 19..... 72


President

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ARTICLE I – DEFINITIONS

1. "EMPLOYER" as used herein means the Employer with who Blue Shield has contracted and by virtue of which Contract the Employees and their Dependents become Members.
2. "EMPLOYEE" as used herein means any Employee of the Employer who is eligible for coverage as provided in Article II hereof, and who shall have been so designated to Blue Shield by the Employer.
3. "DEPENDENT" means (a) an Employee's spouse who is not defined as an Employee or (b) an Employee's unmarried child under twenty-three (23) years of age, including such stepchild, foster child, and any other child depending upon the Employee for support and living with the Employee in a regular parent-child relationship or (c) an Incapacitated Dependent as defined in paragraph 5 of this Article.
4. "MEMBER" means the Employee, his or her spouse, and each other Dependent, only if and while such person is covered by this Contract. A spouse shall cease to be a Member upon termination of marriage to the Employee. A child shall cease to be a Member upon the attainment of the age twenty-three (23), or upon his or her marriage, whichever occurs first. An Incapacitated Dependent as defined in paragraph 5 of this Article may continue to be a Member beyond age twenty-three (23).
5. "INCAPACITATED DEPENDENT" shall mean an unmarried child who is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation or physical handicap, and (b) chiefly dependent upon the Employee or Member for support and maintenance and living with the Employee in a regular parent-child relationship.
6. "INDIVIDUAL COVERAGE" as used in this Contract and the Application means that type of coverage which includes only the Employee. Individual Coverage does not provide Obstetrical Service or services for any complication of pregnancy.
7. "FAMILY COVERAGE" as used in this Contract and the Application means coverage for an Employee and one or more Dependents under this Contract and includes benefits for Obstetrical Service or services for complication of pregnancy for a wife only. Obstetrical Service is not an eligible benefit for any dependent child enrolled hereunder.
8. "CONTRACT" means the agreement between Blue Shield and the Employer by virtue of which the Employees and their Dependents become Members, and shall include the Application of the Employer for this Contract, the attached Endorsements and Riders, if any, and the Notices of Election of the Employees indicating their participation in the coverage provided hereunder. The Contract constitutes the entire contract between the parties.
9. "CONTRACT YEAR" means the twelve (12) months commencing on the Effective Date of this Contract and each yearly period thereafter agreed to by the contracting parties.
10. "PHYSICIAN" means a duly licensed Doctor of Medicine (M.D.) legally entitled to practice medicine and surgery.
11. "PARTICIPATING PHYSICIAN" means a Physician who has entered into an Agreement with Blue Shield to furnish service to Members as set forth in Article III, 1, and Article III A, 1.
12. "NON-PARTICIPATING PHYSICIAN" means a Physician who has not entered into an Agreement with Blue Shield to furnish service to Members.
13. "HOSPITAL" means an institution which, for compensation from its patients and on an inpatient basis, is primarily engaged in providing diagnostic and therapeutic facilities for the surgical and medical diagnosis, treatment and care of injured and sick persons by or under the supervision of a staff of Physicians who are duly licensed to practice medicine.

and which continuously provides twenty-four (24) hour-a-day nursing service by registered graduate nurses physically present and on duty, and which is not, other than incidentally, a nursing home, or a place for: (a)rest, (b)the aged, (c)drug addicts, (d)alcoholics, or (e)the treatment of pulmonary tuberculosis or mental disorders. For purposes of this Contract, Hospital shall also mean a Hospital with which any Blue Cross Plan, approved by the American Hospital Association, has an operating agreement. Also, for purposes of this Contract, included within the definition of Hospital are the Palmetto Center in Florence, South Carolina, the Holmes View Center in Greenville, South Carolina, and the Central Addiction Facility Demonstration Project in Columbia, South Carolina, specifically for the treatment of alcoholism; and the William S. Hall Psychiatric Institute in Columbia, South Carolina, for the treatment of psychiatric and neurologic disorders.

14. "EXTENDED CARE FACILITY" as used herein means a voluntary or proprietary institution which is licensed and operated in accordance with the laws of the jurisdiction in which it is located pertaining to institutions identified as such and (a) which is registered by the American Hospital Association or accredited by a comparable national agency of which the American Hospital Association is a participating member; (b) which has a contractual affiliation with a Blue Cross Member Hospital, and (c) has an operating agreement with a Blue Cross Plan approved by the American Hospital Association.
15. "CONTINUOUS PERIOD OF DISABILITY" means two (2) or more successive Hospital or extended care facility admissions for treatment of the same or any related conditions which are not separated by an intervening period of at least ninety (90) days between the date of discharge and date of readmission.

ARTICLE II -- ELIGIBILITY FOR COVERAGE

1. ELIGIBILITY

Every Employee within the classification set forth in the attached Application shall be eligible for coverage for himself and his Dependents.

2. ELECTION OF COVERAGE

- a. Any Employee eligible for coverage may elect coverage for himself or herself and his or her eligible Dependents by completing and filing with the Employer a Notice of such Election and authorizing any necessary payroll deductions within the periods of time described below in paragraph 3, Commencement of Coverage.
- b. The Employer shall furnish Blue Shield with a list of Employees to be covered together with such data as may be required by Blue Shield as a prerequisite to coverage of such Employees under this Contract.

3. COMMENCEMENT OF COVERAGE

Coverage under this Contract, shall commence as follows:

- a. For an Employee eligible prior to or as of the Effective Date (and for his or her Dependents, if then eligible and if coverage therefor is elected), coverage shall commence as of the Effective Date of this Contract, if such Employee files a Notice of Election and authorizes any necessary payroll deductions prior to the Effective Date if at all practical; otherwise within 120 days after the Effective Date.
- b. For an Employee becoming eligible subsequent to the Effective Date, coverage for the Employee and his or her Dependents shall commence on the first day of the month coincident with or following his or her date of employment provided an appropriate Notice of Election is filed and any necessary payroll deductions are authorized within thirty-one days after the Employee's date of employment.

- c. For a Dependent acquired subsequent to the Employee's Effective Date, coverage shall commence on the date the eligible Dependent is acquired provided a Notice of Election is filed and any necessary payroll deductions are authorized with thirty-one days after such acquisition.
- d. For any Employee or Dependent who fails to enroll or make change in membership status in accordance with subparagraphs a., b. or c. Immediately above, no coverage under this contract will commence except as provided in Paragraph 2 of Schedule A in the application, with the following exception. If the employment status of the dependent changes such as the wife or husband of a State employee was employed through another employer and subsequently loses that coverage by virtue of the employer cancelling his present group insurance, or the employee left such employment, a statement of the circumstances is required to accompany the revised "Notice of Election".
- e. For any Employee or Dependent whose Effective Date of Family Coverage is after July 1, 1972, there will be a waiting period, as described in Article IV paragraph 1. subparagraph p., during which time benefits will not be provided for maternity or for any condition arising out of pregnancy (including tubal ligations).

4. EXTENSION OF ELIGIBILITY

Coverage under this Contract may be extended (a) to groups of Employees and Dependents not theretofore designated as eligible by the Employer and/or (b) to Employees and Dependents who fail to elect coverage within the periods hereinbefore specified. However, such coverage extension may be effected only in accordance with Schedule A of the attached Application and/or Article XII, paragraph 1.

ARTICLE III - BENEFITS *

1. SERVICE BENEFITS

- a. This is a cooperative prearrangement to help the family of moderate means meet the economic impact of acute illness, whereby a Participating Physician has agreed with Blue Shield for the benefit of any person covered hereunder to accept the amount set forth in the attached Schedules of Allowances from Blue Shield as payment of his total fee for any of the services set forth in Article III, 2., if the Annual Income of the Employee, and his or her Dependents, if any, does not exceed:

\$ 5,000 Annual Income for a single person,

\$ 7,500 Annual Income for two (2) or more in a family.

- b. An additional charge may be made by the Participating Physician only when:
 - (1) care or services rendered by him are not covered under the provisions of this Contract, or are specified as not constituting paid-in-full service benefits;
 - (2) care or services rendered by him are covered under the provisions of this Contract but are rendered to an Indemnity Benefit Member.
- c. "SERVICE BENEFIT MEMBER" shall mean any Member whose Annual Income does not exceed those limits stated above. If any Member claims the benefits to which a Service Benefit Member is entitled under the provisions of this Contract, he shall furnish all information which the Participating Physician or Blue Shield may request relative to his

*See Article III-A for benefits for persons electing the Expanded Benefits.

income status. If a Member refuses or fails to give such information when requested, or if he gives false or misleading information, he shall automatically be considered to be an Indemnity Benefit Member.

- d. "ANNUAL INCOME" shall mean the gross taxable income from any source of the Employee, and his or her eligible Dependents, if any, during the twelve (12) consecutive months immediately preceding the initiation of care or services hereunder.
- e. "INDEMNITY BENEFIT MEMBER" shall mean any Member who receives care or services covered under the provisions of this Contract from a Participating Physician when the following circumstances exist, and an Indemnity Benefit Member shall be responsible to the Participating Physician for any difference between the allowance set forth in the Schedules of Allowances and the Participating Physician's usual charge:
 - (1) Income limits as stated above are exceeded;
 - (2) The Member is eligible to receive additional benefits for the same service from any insurance policy, except that, if the Member otherwise would have been eligible for service benefits, the total charge to the Member by the Participating Physician shall not exceed the total amount of actual payment by Blue Shield and the amount obtained from such insurance policy for the same services;
 - (3) Private nurses, private rooms, or any accommodations higher than that called for by the accompanying Blue Cross Contract are used, except when prescribed by the Physician as necessary to the Member's care, or when such called for accommodations are not available at the time of admission.

2. BENEFITS PROVIDED

Subject to all provisions of this Contract, Blue Shield will pay the amount shown in the attached Schedules of Allowances but in no event in excess of the Physician's fee, for services when performed by a Participating Physician in the treatment or diagnosis of disease or injury or in providing Obstetrical Care, as follows:

- a. "SURGICAL SERVICE" shall consist of operative or cutting procedures or the treatment of fractures or dislocations; such service shall include the usual, necessary and related preoperative and two (2) weeks postoperative care, when performed by a Physician who customarily bills private patients for his services. Benefits shall be provided in accordance with allowances in Schedule C, and subject to the following:
 - (1) If two (2) or more operations or procedures are performed at the same time, (a) through the same surgical opening or by the same surgical approach, or (b) through different surgical openings or by different surgical approaches to correct one pathological condition, the total amount payable for such operations or procedures shall be the amount set forth in the Schedule of Allowances for the major procedure only.
 - (2) If two (2) or more operations or procedures are performed at the same time through different surgical openings or by different surgical approaches in connection with wholly distinct and unrelated conditions, the total amount payable shall be the amount set forth in the Schedule of Allowances for that operation or procedure bearing the highest allowance, plus two-thirds of the amount set forth in the Schedule of Allowances for all other operations or procedures performed.
 - (3) If an operation or procedure is performed in two (2) or more steps or stages, payment for the entire operation or procedure shall be limited to the amount set forth in the Schedule of Allowances for said operation or procedure.

- (4) If two (2) or more Physicians perform operations or procedures in conjunction with one another, other than as an assistant at surgery or anesthesiologist, the amount set forth in the Schedule of Allowances, subject to the above paragraphs, shall be paid for the services of one Physician or shall be prorated between them by Blue Shield when so requested by the Physician in charge of the case.
- b. "ANESTHESIA SERVICE" shall consist of services rendered by a Physician who customarily bills for his services, other than the attending surgeon or his assistant, and shall include the administration of spinal or rectal anesthesia, or a drug or other anesthetic agent by injection or inhalation, except by local infiltration, the purpose and effect of which administration is the obtaining of muscular relaxation, loss of sensation, or loss of consciousness. Benefits shall be provided in accordance with allowances in Schedule C.
- c. "IN-HOSPITAL MEDICAL SERVICE" shall consist of a Physician's visit or visits to a Member who is a registered bed patient in a Hospital or Extended Care Facility for treatment of a condition other than that for which Surgical Service or Obstetrical Service is required, as follows:
- (1) In-Hospital medical Service shall be provided up to the actual expense incurred but not to exceed the following Schedule of Allowances:
 - \$ 15.00 for the first day
 - \$ 10.00 for the second day
 - \$ 5.00 for the third and subsequent days up to a total of 70 days of care, limited to one visit per day, for each Continuous Period of Disability, except that for treatment primarily for pulmonary tuberculosis, nervous and mental disorders, acute or chronic alcoholism or drug addiction, benefits will be provided for a period not to exceed 30 days during a period of twelve (12) consecutive months commencing on the Effective Date of the Member's Coverage hereunder and each like period thereafter, for such Employee and each of his or her Dependents, if any.
 - (2) In-Hospital Medical Service in an Extended Care Facility will be provided for the visits of a Physician, limited to one visit per day up to the total number of in-hospital medical visits remaining for the same Continuous Period of Disability, provided a Member is admitted within fourteen (14) days following discharge from a Hospital for the continued care of the condition for which hospital care was required.
 - (3) When two (2) or more Physicians render In-Hospital Medical Service at the same time, payment for such service shall be made only to one Physician.
 - (4) Concurrent Medical Care – Benefits for In-Hospital Medical Service in addition to benefits for Surgical Service will be provided (a) only when the condition for which In-Hospital Medical Service is rendered requires medical care not related to Surgical or Obstetrical Service, does not constitute a part of the usual, necessary and related preoperative or postoperative care but requires supplemental skills not possessed by the attending surgeon or his assistant; or (b) only when a Physician, other than a surgeon, in good faith admits a patient to the Hospital for medical treatment and it later develops that surgery becomes necessary, such benefits to cease on the date of surgery.
- d. "EMERGENCY FIRST AID SERVICE" shall mean treatment of an accident or injury provided within seventy-two (72) hours of the accident or injury and for which no Surgical Service is payable, limited to \$ 15.00 per accident or injury.

- e. "OBSTETRICAL SERVICE" shall include the delivery of one or more fetuses, whenever rendered, immediate prepartal and postpartum care, and routine care of the newborn when rendered by the delivering Physician for a wife having Family Coverage. No additional benefits shall be paid for conditions arising from or related to pregnancy or for prenatal or postpartum care. Benefits shall be provided in accordance with allowances in Schedule D. The fee for delivery only is a service benefit; services for prenatal care and for post-delivery care after the lying-in period are not service benefits.
- f. "PEDIATRIC MEDICAL SERVICE" shall be provided for initial inpatient examination of the newborn when such care is given by a Physician other than the delivering Physician or the Physician who administered anesthesia during delivery, limited to \$ 15.00 for each newborn.
- g. "DIAGNOSTIC X-RAY SERVICE" shall be paid in accordance with allowances in Schedule E, and shall consist of the following, only when the service is performed by a Physician who customarily bills for his services:
- (1) An x-ray examination ordered by the attending Physician for a Member who is a registered bed patient in a Hospital or Extended Care Facility;
 - (2) An x-ray examination performed in a Physician's office or in the outpatient department of a Hospital, when such examination is required as the direct result of an accident and is performed within seventy-two (72) hours of such accident;
 - (3) An x-ray examination performed in the outpatient department of a Hospital when rendered in conjunction with surgery performed in the emergency room or operating room of the Hospital.
- h. "LABORATORY AND PATHOLOGICAL SERVICE" shall be paid in accordance with allowances in Schedule E, and shall consist of the following, only when the service is performed by a Physician who customarily bills for his services:
- (1) Laboratory and pathological examinations ordered by the attending Physician for a Member who is a registered bed patient in a Hospital or Extended Care Facility, when such examination is consistent with the condition for which such Member was admitted;
 - (2) Laboratory and pathological examinations performed in the outpatient department of a Hospital, when such examination is required as the direct result of an accident and is performed within seventy-two (72) hours of such accident;
 - (3) Laboratory and pathological examinations performed in the outpatient department of a Hospital, when rendered in conjunction with surgery, performed in the emergency room or operating room of the Hospital and pathological examination of biopsied tissue in conjunction with surgery rendered in a Physician's office.
- i. "INTENSIVE MEDICAL CARE SERVICE" shall mean medical care rendered by the attending Physician to a Member who is eligible for In-Hospital Medical service, or medical care in the outpatient department of a Hospital immediately prior to admission, and who is confined with a serious disease or injury requiring additional time and study over and above the usual In-Hospital Medical Service not to exceed fourteen (14) days during each hospital confinement. This service shall include a thorough medical history and physical

examination and a report describing the additional care, time and study that was necessary. Intensive Medical Care Service shall be provided up to the actual expenses incurred but not to exceed:

\$30.00 for the first day

\$20.00 for the second day

\$10.00 for the third through the fourteenth day that Intensive Medical Care Service is rendered.

- j. "CONSULTATION SERVICE" shall mean services of a consulting Physician requested by the attending Physician and rendered during a hospital or an extended care facility confinement. This service is limited to one consultation per consulting Physician for each Continuous Period of Disability and includes discussion with the attending Physician and/or family, and a written expression of opinion. Consultation Service does not include radiological consultations and staff consultations required by institutional rules and regulations. Consultation Service shall be provided up to the actual expenses incurred but not to exceed \$20.00 for limited examination of a given system and \$35.00 for complete examination with complete diagnostic history and physical examination.
 - k. "SURGICAL ASSISTANT SERVICE" shall consist of the services of one Physician engaged in the private practice of medicine who actively assists the operating surgeon when an eligible Surgical Service is performed in a Hospital, and when such Surgical Assistant Service is not available by an intern, resident Physician or house officer. Blue Shield will provide benefits equal to 20% of the allowance for the Surgical Service, not to exceed the Physician's actual charge.
3. SERVICES OF A NON-PARTICIPATING PHYSICIAN
- Subject to all provisions of this Contract, Blue Shield shall pay, at its option, to the Employee or to the Non-Participating Physician the amount set forth in the Schedule of Allowances for services outlined in Article III, 2. The Non-Participating Physician is not obligated to accept the amount set forth in the attached Schedules of Allowances as payment in full.

ARTICLE III-A – BENEFITS (For persons electing the Expanded Benefits)

1. SERVICE BENEFITS – USUAL AND CUSTOMARY FEE PLAN

- a. This is a cooperative prearrangement whereby a Participating Physician has agreed with Blue Shield for the benefit of any person covered hereunder to accept the Usual and Customary fee from Blue Shield as payment in full for any of the services set forth in Article III-A, 2.
- b. An additional charge may be made by the Participating Physician only when care or services rendered by him are not covered under the provisions of this Contract, or are specified as not constituting paid-in-full Service Benefits.

2. BENEFITS PROVIDED

Subject to all provisions of this Contract, Blue Shield shall pay one hundred percent (100%) of the Usual and Customary Fee (hereinafter called the 'Allowable Fee') for services when performed by a Participating Physician in the treatment or diagnosis of disease or injury or in providing Obstetrical Care, as follows:

- a. "SURGICAL SERVICE" shall consist of operative or cutting procedures or the treatment of fractures or dislocations; such service shall include the usual, necessary and related preoperative and postoperative care, when performed by a Physician who customarily bills private patients for his services.

- (1) If two (2) or more operations or procedures are performed at the same time, (a) through the same surgical opening or by the same surgical approach, or (b) through different surgical openings or by different surgical approaches to correct one pathological condition, the total amount payable for such operations or procedures shall be the Allowable Fee for the major procedure only.
 - (2) If two (2) or more operations or procedures are performed at the same time through different surgical openings or by different surgical approaches in connection with wholly distinct and unrelated conditions, the total amount payable shall be the Allowable Fee for that operation or procedure bearing the highest allowance, plus two-thirds of the Allowable Fee for all other operations or procedures performed.
 - (3) If an operation or procedure is performed in two (2) or more steps or stages, payment for the entire operation or procedure shall be limited to the Allowable Fee set forth for said operation or procedure.
 - (4) If two (2) or more Physicians perform operations or procedures in conjunction with one another, other than as an assistant at surgery or anesthesiologist, the Allowable Fee, subject to the above paragraphs, shall be paid for the services of only one Physician, or the Allowable Fee shall be prorated between them by Blue Shield when so requested by the the Physician in charge of the case.
- b. "SURGICAL ASSISTANT SERVICE" shall consist of the services of one Physician, engaged in the private practice of medicine, who actively assists the operating surgeon when an eligible Surgical Service is performed in a Hospital, and when such Surgical Assistant Service is not available by an intern, resident Physician or house officer.
- c. "ANESTHESIA SERVICE" shall consist of services rendered by a Physician who customarily bills for his services, other than the attending surgeon or his assistant, and shall include the administration of spinal or rectal anesthesia, or a drug or other anesthetic agent by injection or inhalation, except by local infiltration, the purpose and effect of which administration is the obtaining of muscular relaxation, loss of sensation, or loss of consciousness. Additional benefits shall not be provided for preoperative anesthesia consultation.
- d. "IN-HOSPITAL MEDICAL SERVICE" shall consist of a Physician's visit or visits to a Member who is a registered bed patient in a Hospital or Extended Care Facility for treatment of a condition other than that for which Surgical Service or Obstetrical Service is required, as follows:
- (1) In-Hospital Medical Service will be provided for 365 days of care, limited to one visit per day, for each Continuous Period of Disability, except that treatment primarily for pulmonary tuberculosis, nervous and mental disorders, acute or chronic alcoholism or drug addiction, benefits will be provided for a period not to exceed 30 days during a period of twelve (12) consecutive months commencing on the Effective Date of the Member's coverage hereunder and each like period thereafter, for such Employee and each of his or her Dependents, if any.
 - (2) In-Hospital Medical Service in an Extended Care Facility will be provided for the visits of a Physician, limited to one visit per day up to the total number of in-hospital medical visits remaining for the same Continuous Period of Disability, provided a Member is admitted within fourteen (14) days following discharge from a Hospital for the continued care of the condition for which hospital care was required.
 - (3) When two (2) or more Physicians render In-Hospital Medical Service at the same time, payment for such service shall be made only to one Physician.

- (4) Concurrent Medical Care – Benefits for In-Hospital Medical Service in addition to benefits for Surgical Service will be provided (a) only when the condition for which In-Hospital Medical Service is rendered requires medical care not related to Surgical or Obstetrical Service, does not constitute a part of the usual, necessary and related preoperative or postoperative care but requires supplemental skills not possessed by the attending surgeon or his assistant; or (b) only when a Physician, other than a surgeon, in good faith admits a patient to the Hospital for medical treatment and it later develops that surgery becomes necessary, such benefits to cease on the date of surgery.
- e. "INTENSIVE MEDICAL CARE SERVICE" shall mean medical care rendered by the attending Physician to a Member who is eligible for In-Hospital Medical Service, or medical care in the outpatient department of a Hospital immediately prior to admission, and who is confined with a serious disease or injury requiring additional time and study over and above the usual In-Hospital Medical Service not to exceed fourteen (14) days during each hospital confinement.
- f. "CONSULTATION SERVICE" shall mean services of a consulting Physician requested by the attending Physician and rendered during a Hospital or an Extended Care Facility confinement. This service is limited to one consultation per consulting Physician for each Continuous Period of Disability and includes a complete medical history and physical examination, discussion with the attending Physician and/or family, and a written expression of opinion. Consultation Service does not include radiological consultations and staff consultations required by institutional rules and regulations.
- g. "EMERGENCY FIRST AID SERVICE" shall mean treatment of an accident or injury provided within seventy-two (72) hours of the accident or injury and for which no Surgical Service is payable.
- h. "OBSTETRICAL SERVICE" shall include the delivery, and necessary prenatal and postpartum care, wherever rendered, of one or more fetuses, and also In-Hospital Medical Service for conditions related directly to pregnancy for a wife having Family Coverage.
- i. "PEDIATRIC MEDICAL SERVICE" shall be provided for initial inpatient examination of the newborn when such care is given by a Physician other than the delivering Physician or the Physician who administered anesthesia during delivery.
- j. "RADIATION THERAPY SERVICE" shall mean the use of x-ray, radium, or radioactive isotopes in the treatment of disease, when ordered by the attending Physician. Benefits for Radiation Therapy Service are provided only when the service is performed by a Physician who customarily bills for his services.
- k. "DIAGNOSTIC X-RAY SERVICE" shall consist of the following, only when the service is performed by a Physician who customarily bills for his services:
- (1) An x-ray examination ordered by the attending Physician for a Member who is a registered bed patient in a Hospital or Extended Care Facility;
 - (2) An x-ray examination performed in a Physician's office or in the outpatient department of a Hospital, when such examination is required as the direct result of an accident and is performed within seventy-two (72) hours of such accident; and

(3) An x-ray examination performed in the outpatient department of a Hospital when rendered in conjunction with surgery performed in the emergency room or operating room of the Hospital.

l. "LABORATORY AND PATHOLOGICAL SERVICE" shall consist of the following, only when the service is performed by a Physician who customarily bills for his services:

(1) Laboratory and pathological examinations ordered by the attending Physician for a Member who is a registered bed patient in a Hospital or Extended Care Facility, when such examination is consistent with the condition for which such Member was admitted;

(2) Laboratory and pathological examinations performed in the outpatient department of a Hospital, when such examination is required as the direct result of an accident and is performed within seventy-two (72) hours of such accident;

(3) Laboratory and pathological examinations performed in the outpatient department of a Hospital, when rendered in conjunction with surgery, performed in the emergency room or operating room of the Hospital and pathological examination of biopsied tissue in conjunction with surgery rendered in a Physician's office.

m. "PHYSIATRY SERVICE" shall consist of the treatment of disease by physical therapy prescribed by the attending Physician, including, but not limited to massage, hydrotherapy and heat. This service will be provided only during the period of time a Member is a registered bed patient in a Hospital or an Extended Care Facility, and when such treatment is performed by a Physician who customarily bills for such services.

3. SERVICES OF A NON-PARTICIPATING PHYSICIAN

Subject to all provisions of this Contract, Blue Shield shall pay, at its option, to the Employee or to the Non-Participating Physician, the Allowable Fee for services outlined in Article III-A, paragraph 2. The Non-Participating Physician is not obligated to accept the Allowable Fee as payment in full.

ARTICLE IV – EXCLUSIONS AND LIMITATIONS

1. Benefits shall not be provided for:

a. Hospital services, nursing services, the services of any intern or resident Physician, or experimental surgical procedures or medical services;

b. Medicine, drugs, appliances, materials, supplies, blood and blood derivatives;

c. Any service or benefits to the extent that the Member is entitled to payment or benefits (whether or not any such payment or benefit has been applied for or paid) pursuant to the laws (now existing or as may be amended or enacted in the future) of the United States, any state or political subdivision thereof; specifically excluded hereunder, without limiting the generality of the foregoing, are benefits to the extent provided by or payable under Workmen's Compensation laws, the Veterans Administration, or any state or federal hospital for which services the Member is not legally obligated;

d. Any service or benefits to the extent that the Member is entitled to payment or benefits under federal programs of health care for the aged (commonly referred to as Medicare, Part B) and amendments thereto, but only to the extent that benefits are provided or reimbursement is paid or payable thereunder;

e. Disease hereafter contracted or injuries hereafter sustained as a result of war, declared or undeclared or any act of war, or while in the military service or engaged in reserve military training or duty;

- f. Cosmetic surgery, which term shall mean surgical procedures intended to improve the appearance of a Member without concurrent improvement of function, including, but not limited to, such procedures as facial sanding for acne, acne scars or other scars, rhinoplasty, alteration or repositioning of ears and any other procedure primarily intended to improve the appearance of the Member without improving function; however, benefits shall be provided for cosmetic surgery necessary to correct defects caused by accidental injuries occurring while the Member is covered under this or a prior contract with Blue Shield;
- g. Surgical procedures which are repeated frequently, after the eighth (8th) repetition;
- h. Removal or trimming of corns or calluses, or trimming of nails;
- i. Dental services and procedures involving tooth structures, extractions, gingival tissue, alveolar processes, dental x-rays or procedures of dental origin, except that the following shall not be excluded;
 - (1) Excision of tumors and cysts of the jaws, cheeks, lips, tongue, roof and floor of the mouth, when such conditions require a pathological examination;
 - (2) Surgical procedures required to correct accidental injuries of the jaws, cheeks, lips, tongue, roof and floor of the mouth, when such injuries have occurred while the Member is covered under this Contract;
 - (3) Excision of exostosis of the jaw and hard palate;
 - (4) Treatment of fractures of facial bones;
 - (5) External incision and drainage of cellulitis;
 - (6) Incision of accessory sinuses, salivary glands or ducts;
 - (7) Reduction of dislocations of, and excision of, the temporomandibular joints;
 - (8) Removal of impacted teeth during a hospital confinement when hospitalization is required for removal;
- j. Anesthesia services for (1) electroshock therapy, (2) Surgical Service or (3) Obstetrical Service when not provided as a benefit in this Contract;
- k. Medical service (as distinguished from Surgical or Obstetrical Services) to other than a registered bed patient in a Hospital or Extended Care Facility;
- l. In-Hospital Medical Service commencing prior to the Effective Date of a Member's coverage hereunder, except that if In-Hospital Medical Service for such period of hospital confinement was provided under a prior contract issued by Blue Shield, up to the Effective Date of the Member's coverage hereunder, it shall be provided after said date to the extent provided under such prior contract with Blue Shield.
- m. In-Hospital Medical Service for Members admitted to a Hospital solely for x-rays or laboratory examinations or other diagnostic procedures, specifically excluding benefits for diagnostic, prophylactic or preventive procedures, performed in the absence of disease or injury;
- n. In-Hospital Medical Service for hospital admission primarily for physical therapy or when circumstances indicate that continued hospitalization is primarily custodial or domiciliary;
- o. Intentional abortion, unless it is performed in South Carolina, under the laws of South Carolina and for a married female having Family Coverage;
- p. Maternity cases and for any condition arising out of pregnancy (including tubal ligations), unless Family Coverage was elected and became effective on July 1, 1972; or if Family Coverage is elected and becomes effective after July

- 1, 1972, until Family Coverage has been in effect for two hundred-seventy (270) consecutive days immediately preceding the date of service;
 - q. Electroshock therapy or insulin shock treatment;
 - r. Routine or periodic physical examination, screening examinations or procedures, for which there is no definitive diagnosis of illness or injury;
 - s. Travel expenses or inconvenience incidental to the provision of services by a Physician.
2. Benefits shall not be provided for service or supplies unless specifically listed herein or to any degree greater than specified in this Contract.

ARTICLE V – CONDITIONS UNDER WHICH BENEFITS SHALL BE RENDERED

1. Blue Shield does not undertake to furnish a Participating Physician or provide a hospital bed for a Member. A Member shall be free to select any Physician and to discharge any Physician. Any Participating Physician shall be free to decline to render services to a Member according to the custom and practice prevailing in the general practice of medicine. Nothing in this Contract shall interfere with the ordinary relationship that exists in the community between a patient and his Physician.

2. INFORMATION AND RECORDS

Blue Shield shall be entitled to receive from the Member such authorizations for medical and hospital records as it may reasonable require from any provider of services incident to the administration of the benefits hereunder, and the attending Physician's Certificate as to the medical necessity for care or treatment; provided, however, that Blue Shield shall in every case hold such records as confidential except as authorized by the Member.

ARTICLE VI – COORDINATION OF BENEFITS (REDUCTION OF BENEFITS BECAUSE OF OTHER GROUP COVERAGE)

1. EFFECT ON BENEFITS

- a. If a Member covered hereunder is also covered for services of a Physician under another Plan, the benefits otherwise applicable under this Plan shall be reduced so that for Covered Services incurred in any Claim Determination Period, benefits available under all Plans shall not exceed the total amount of such Covered Services, except that if the coordinating provisions of this Contract are in conflict with the coordinating provisions of the other Plan's contract, the benefits of such other Plans will be ignored for purposes of determining the benefits under this Contract, and benefits will be paid under this Contract, as if the conflicting provisions did not exist.
- b. For the purpose of subparagraph a. of this paragraph 1., the rules establishing the order of benefits determination are:
 - (1) The benefits of a Plan which does not contain a Coordination of Benefits provision or other provisions of similar intent shall be determined before the benefits under this Contract;
 - (2) The benefits of a Plan which covers an Employee, Contract Holder or Named Insured, primarily, shall be determined before the benefits of a Plan which covers such person as a Dependent, or secondarily;
 - (3) The benefits of a Plan which covers the person as a Dependent of a male person shall be determined before the benefits of a Plan which covers such person as a Dependent of a female person;

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- (4) When the prior rules do not establish an order of benefit determination the benefits of a Plan which has covered the person for the longer period of time shall be determined before the benefits of a Plan which has covered such person the shorter period of time.

2. BENEFITS SUBJECT TO THIS ARTICLE

All of the benefits provided under this Contract are subject to this Article.

3. DEFINITIONS

- a. 'PLAN' means any program providing benefits or services for or by reason of a Physician's care or treatment, which benefits or services are provided by (1) group, blanket or franchise insurance coverage, (2) Blue Cross and Blue Shield group prepayment coverage, or (3) any coverage under labor-management trustees plans, union welfare plans, employer organization plans, or employee benefit organization plans.

The term 'Plan' shall be construed separately with respect to each policy, contract or other arrangement for benefits or services and separately with respect to that portion of any such policy contract or other arrangement which reserves the right to coordinate benefits or services of other Plans in determining its benefits and that portion which does not.

- b. 'COVERED SERVICES', as pertains to this Article only, means any necessary reasonable, and/or customary service of a Physician for which he normally bills his private patients. Payment under this Contract cannot exceed the amount which would ordinarily be paid in the absence of this Article. When a Plan provides benefits in the form of services, the reasonable cash value of each service rendered shall be deemed a benefit paid. Blue Shield shall not be required to determine the existence of any Plan or amount of benefits payable under any Plan except this Contract, and the payment of benefits under this Contract shall be affected by the benefits that would be payable under any and all other Plans only to the extent that Blue Shield is furnished with information relative to such other Plans.
- c. 'CLAIM DETERMINATION PERIOD', as used in this Article, means a period of twelve (12) consecutive months commencing on the Effective Date of the Employee's coverage hereunder and each like period thereafter, for such Employee and each of his or her Dependents, if any.
- d. 'DEPENDENT' means, with respect to this Article, any person included in the definition of Dependent in Article I hereof, and, with respect to any other Plan, any person who qualifies as a dependent under such Plan.

4. RIGHT TO RECEIVE AND RELEASE NECESSARY INFORMATION For the purposes of determining the applicability of and implementing the terms of this Article or any provision of similar purpose of any other Plan, Blue Shield may, without the consent of or notice to any person, release to or obtain from any insurance company or other organization or person, any information, with respect to any person, which it deems to be necessary for such purposes. Any person claiming benefits under this Plan shall furnish to Blue Shield such information as may be necessary to implement this Article.

ARTICLE VII - PAYMENT OF CHARGES

1. Unless the Employer or Blue Shield has given notice of termination of this Contract, as provided under Article IX, a grace period of thirty-one (31) days will be granted for the payment of charges, other than the charges for the initial month or periodic term, during which grace period this Contract shall continue in force. If the charges remain unpaid at the expiration of the grace period, no Member shall be entitled to any benefits hereunder for any injury sustained or sickness commencing after such thirty-one (31) day period, and this Contract shall automatically terminate on the last day of such

grace period, but the Employer shall be liable to Blue Shield for all charges due and unpaid for the period this Contract continues in force.

2. Blue Shield may change the monthly unit rates per Employee whenever the terms of this Contract are changed by amendments effected under the terms of Article XII, paragraph 1, or by giving ninety (90) days prior written notice to the Members of the State Budget and Control Board acting on behalf of the State of South Carolina and its Employees; provided, however, that in the absence of an amendment changing the terms of this Contract, no adjustment in the monthly unit rates shall become effective except on July 1 of any year the contract remains in force and any notice of adjustment in the monthly unit rates must be accompanied by an explanation of the experience rating formula and other factors which Blue Shield has used in calculating the proposed rate adjustment.

ARTICLE VIII – EMPLOYER'S PERSONNEL DATA

1. The Employer shall furnish to Blue Shield monthly during the period of this Contract, on forms to be approved by Blue Shield, such information as may be required by Blue Shield for the purpose of enrolling Employees of the Employer under this Contract, processing terminations and effecting changes in family status and transfers of employment of covered Employees. Blue Shield shall furnish to the Employer such information concerning enrollment of Employees and other matters as the Employer may reasonable require.
2. Clerical errors or delays in keeping or reporting data relative to coverage shall not invalidate coverage which would otherwise be validly in force or continue coverage which would otherwise be terminated, but, upon discovery of such errors or delays, an equitable adjustment of charges shall be made.

ARTICLE IX – TERMINATION AND RENEWAL OF THIS CONTRACT AND MEMBER'S COVERAGE

1. This Contract may be terminated by the Employer at any time by giving at least thirty (30) days prior written notice to Blue Shield. This Contract may be renewed from year-to-year unless terminated pursuant to this paragraph or the following paragraphs of this Article or pursuant to Article VII.
2. In the event a living Employee ceases to be in the employ of the Employer, or in the event the Employer notifies Blue Shield that coverage of an Employee is to be terminated, or in the event this Contract is cancelled by the Employer or Blue Shield, the coverage respecting such Employee and all of his or her Dependents shall terminate automatically at the end of the period for which payment of charges shall have been made by the Employer for such Employee. (See Article XI for Conversion provisions.) However, maternity benefits will be paid where conception occurs prior to termination.
3. The surviving spouse and/or dependent children of a deceased active Employee shall be eligible to continue coverage, provided they pay the entire cost of such coverage without any contribution by the Employer. Coverage for a widow may be continued only until remarriage or eligibility for Medicare. Coverage for eligible dependent children will cease upon their marriage or attainment of age twenty-three (23), which ever occurs first. However, the coverage of an Incapacitated Dependent under this Contract shall not be terminated merely by the attainment of age twenty-three (23), but may be continued provided proof of such incapacity and dependency is furnished to Blue Shield by the Employee within thirty-one (31) days of the child's twenty-third (23rd) birthday and subsequently on an annual basis after the two-year period following the child's attainment of age twenty-three (23) as long as coverage remains in force for the Employee or the deceased employee's spouse.

4. This Contract may be terminated by Blue Shield should the Employer acquire any other hospital, medical-surgical insurance coverage, providing benefits which substantially duplicate those in this Contract.
5. This Contract may be terminated by Blue Shield only upon ninety (90) days prior notice unless there were fraudulent misrepresentations made in applying for this Contract. Coverage may be terminated by Blue Shield for a Member if there are fraudulent misrepresentations made in applying for any benefits hereunder.
6. If coverage is terminated for any cause, Blue Shield shall return promptly the unearned portions of any premium paid. Termination shall be without prejudice to any claim incurred prior to the effective date of termination.

ARTICLE X – REINSTATEMENT

If this Contract shall have been terminated in any manner it may be reinstated by Blue Shield at its sole discretion upon such terms and conditions as it may determine.

ARTICLE XI – CONVERSION OF COVERAGE

Subject to the provisions of Article IX and paragraph 3, of this Article, the following provisions apply:

1. An Employee who leaves the employ of the Employer while this Contract is in force shall be entitled to have issued to him by Blue Shield, without evidence of insurability, a contract of the type and class of direct payment contract then being generally issued by Blue Shield by applying for such contract and by paying directly to Blue Shield the regular charges therefor. Such application must be made within thirty (30) days after the termination of coverage under this Contract, in which event the coverage under such direct payment contract shall commence from the date of termination of coverage under this Contract.
2. If a Dependent ceases to be covered under this Contract or in the event of the death of the Employee, the Dependent shall be entitled to have issued to him by Blue Shield, without evidence of insurability, a contract of the type and class of direct payment contract then being generally issued by Blue Shield by applying for and paying directly to Blue Shield the regular charges for such contract within sixty (60) days after the date he is no longer covered under this Contract. Coverage under such contract shall commence from the date of termination of coverage under this Contract. (See Article IX, paragraph 3 for surviving spouse and dependents provisions.)
3. If a Member covered under this Contract leaves the employ of the Employer and becomes eligible to participate in another group covered by Blue Shield, such Member may transfer his membership to the enrolled group as provided for by Blue Shield's then current enrollment regulations.

ARTICLE XII – GENERAL PROVISIONS

1. RIGHT TO AMEND

This Contract and the certificates issued hereunder may be changed only by mutual agreement between Blue Shield and the South Carolina State Budget and Control Board. No such changes will be effective (a) until after thirty (30) days after a written agreement has been reached or (b) until such date as is mutually agreed upon by the contracting parties.

2. THE CONTRACT

- a. This Contract, the Application of the Employer, and the individual Notices of Election, if any, of the Employees constitute the entire Contract between the parties.

- b. All statements made by the Employer or by any of the Employees shall be deemed representations and not warranties, and no such statement shall be used in defense to a claim hereunder unless it is contained in a written application signed by the party against whom such defense is asserted.
- c. No agent of Blue Shield has authority to change this Contract or to waive any of its provisions. No change in this Contract shall be valid unless approved by an individual authorized to sign the Contract on behalf of the State of South Carolina and an authorized executive officer of Blue Shield.

3. NOTICE AND PROOF OF CLAIM

- a. The Member shall present an Identification Card when applying for Physician's Services.
- b. Written notice of care on which a claim may be based must be given to Blue Shield by or on behalf of the Member within thirty (30) days after the beginning of such care. Service rendered by a Participating Physician shall be deemed written notice under this paragraph, provided the Member notifies the Physician of his membership by presentation of an Identification Card.
- c. Notice given by or on behalf of the Employee to Blue Shield at its address stated in Article XIII hereof, or to any authorized agent of Blue Shield, with particulars sufficient to identify the Member, shall be deemed to be notice to Blue Shield. Failure to give notice within the time provided shall not invalidate nor reduce any claim if it shall be shown not to have been reasonably possible to give such notice and that notice was furnished as soon as was reasonably possible.
- d. Blue Shield, upon receipt of such notice, will furnish or cause to be furnished to the Employee such forms as are usually furnished by it for filing proof of loss for services rendered by Non-Participating Physicians. If such forms are not so furnished within fifteen (15) days after the receipt of such notice, the Employee shall be deemed to have complied with the requirements as to proof of loss, upon submitting within the time fixed for filing proof of loss, written proof covering the occurrence, character, and extent of the care or services for which claims is made.
- e. Written proof of loss must be furnished to Blue Shield not later than December 31 of the Calendar Year following the one in which the care or service for which benefits are claimed was rendered, except where the Employee was legally incapable.

4. PAYMENT OF CLAIMS

All benefits provided in this Contract will be paid promptly upon receipt of due proof of loss. All payments for covered medical expenses incurred for Physician's Services rendered by a Participating Physician shall be made to such Participating Physician. In all other cases, payments shall, at the option of Blue Shield, be made either directly to the Employee or to the Non-Participating Physician.

5. LEGAL ACTIONS

No action at law or in equity shall be brought to recover on this Contract prior to expiration of sixty (60) days after written proof of loss has been furnished in accordance with the requirements of this Contract. No such action shall be brought after the expiration of six (6) years after the time written proof of loss is required to be furnished.

6. IDENTIFICATION CARDS AND CERTIFICATES

Blue Shield will issue to the Employer for delivery to each Employee covered hereunder an Identification Card evidencing coverage and an individual certificate summarizing the benefits to which the Employee is entitled. If any amendment to

this Contract shall materially affect any benefits described in such certificate, new certificates or Endorsements describing the change shall be issued.

7. PHYSICAL EXAMINATION

Blue Shield at its own expense shall have the right and opportunity to examine the person of any Member whose injury or sickness is the basis of claim when and as often as it may reasonable require during the pendency of a claim hereunder.

8. NON-APPLICABILITY

This Contract is not in lieu of and does not affect any requirement for coverage by Workmen's Compensation insurance.

9. CONFORMATION WITH LAW

If any provision of this Contract is contrary to any law to which it is subject, such provision is hereby amended to conform thereto.

ARTICLE XIII - NOTICE

Any notice given under this Contract shall be sufficient if given to the Employer, when addressed to it at its office stated in the Application; if given to Blue Shield, when addressed to it at its office at Drawer A, Forest Acres Branch, Columbia, South Carolina 29219; or if given to an Employee, when addressed to the Employee at his address as it appears on the records of Blue Shield.

SCHEDULE OF ALLOWANCES FOR SURGICAL SERVICE AND ANESTHESIA SERVICE

SURGICAL ALLOWANCES

The following Schedule lists the allowances provided for the services described in Article III, 2., subparagraph a. For any such benefits which are not listed in this Schedule, Blue Shield reserves the right to determine a maximum amount on the basis of comparable procedures for which allowances are established herein. The amounts of allowances enumerated below are not intended to indicate or fix the value of Physician' services.

INTEGUMENTARY SYSTEM

<u>Breast</u>	<u>Allowance</u>
Complete simple mastectomy, female, unilateral	\$ 160.00
bilateral	230.00
Biopsy of breast (independent procedure)	55.00
Radical mastectomy, including breast, pectoral muscles and axillary lymph nodes, unilateral	360.00
bilateral	460.00

MUSCULOSKELETAL SYSTEM

Patellectomy, total or partial	200.00
Metacarpectomy, Metatarsectomy, one bone	110.00
more than one bone	110.00

Fractures

Upper Extremity	
<u>Humerus</u>	
surgical neck, simple, not requiring manipulation	95.00
surgical neck, simple or compound, open reduction	240.00
<u>Elbow</u> (distal end of humerus, proximal end of radius, proximal end of ulna)	
simple or compound, open reduction	250.00
<u>Radius</u>	
distal end, Colles' simple, closed reduction without manipulation	90.00
<u>Ulna</u>	
shaft, simple or compound, open reduction	170.00
Lower Extremity	
<u>Femur</u>	
neck, simple or compound, open reduction	365.00
knee, (distal end of femur, proximal end of tibia, proximal end of fibula) simple or compound, open reduction	265.00

<u>Amputation</u>	<u>Allowance</u>
<u>Upper Extremity</u>	
Interthoracoscapular	\$ 440.00
Disarticulation of shoulder	330.00
Arm through humerus	165.00
<u>Lower Extremity</u>	
Interpelviabdominal	495.00
Disarticulation of hip	330.00
Disarticulation of knee	220.00
Ankle, through malleoli of tibia and fibula (Syme, Pirogoff)	225.00

RESPIRATORY SYSTEM

Lungs and Pleura

Thoracotomy, exploratory, including control of hemorrhage and/or cardiac massage (independent procedure)	255.00
Total pneumonectomy	495.00
Total or subtotal lobectomy or segmental resection	495.00

CARDIOVASCULAR SYSTEM

Phlebotomy with removal of thrombus, extremity	200.00
Ligation and radical stripping or multiple segmental resections of long or short saphenous veins, bilateral	225.00

HEMIC AND LYMPHATIC SYSTEMS

Spleen

Splenectomy, secondary to trauma	320.00
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DIGESTIVE SYSTEM

Pharynx, Adenoids, and Tonsils

Tonsillectomy, with or without adenoidectomy, under age (12)	75.00
age (12) or over	90.00

Stomach

Total gastrectomy	480.00
Subtotal gastrectomy with or without vagotomy	395.00
Gastrostomy	220.00
Gastrorrhaphy: suture of perforated gastric ulcer, wound or injury or bleeding area	250.00

Intestines

<u>Enterostomy</u> , external fistulization of intestine	
small (ileostomy or jejunostomy)	225.00
large (colostomy)	225.00
Enterolysis: freeing of intestinal adhesions (independent procedure)	210.00
Suture of intestine (enterorrhaphy), large or small, for perforated ulcer, wound, injury or rupture	260.00

	<u>Appendix</u>	<u>Allowance</u>
Appendectomy (independent procedure)		\$ 200.00
<u>Anus</u>		
Fistulotomy or fistulectomy and hemorrhoidectomy, internal		\$ 150.00
external		\$ 140.00
internal and external		\$ 150.00
<u>Biliary Tract</u>		
Cholecystotomy or cholecystostomy with exploration or drainage		\$ 235.00
For removal of calculus		\$ 265.00
Cholecystectomy		\$ 295.00
<u>Abdomen, Peritoneum and Omentum</u>		
Exploratory laparotomy: exploratory celiotomy		\$ 200.00
Hernioplasty: herniorrhaphy: herniotomy		
Inguinal, unilateral		\$ 200.00
Inguinal, unilateral with appendectomy		\$ 200.00
Inguinal, bilateral		\$ 260.00
with appendectomy		\$ 260.00
with orchiectomy, or orchiopexy, one or more stages		\$ 280.00
URINARY SYSTEM		
<u>Kidney</u>		
Nephrotomy with exploration		\$ 275.00
<u>Bladder</u>		
<u>Endoscopy</u> (independent procedure)		
Cystoscopy, disgnostic initial		\$ 35.00
subsequent		\$ 15.00
with ureteral catheterization, initial		\$ 55.00
subsequent		\$ 35.00
ureteral dilation, with stone removal from ureter		\$ 115.00
MALE GENITAL SYSTEM		
<u>Prostate</u>		
Prostatectomy, suprapubic, one or two stages		\$ 350.00
Transurethral electroresection of prostate, including control of post-operative bleeding, complete		\$ 340.00
FEMALE GENITAL SYSTEM		
<u>Vulva</u>		
Episiorrhaphy: suture of recent injury of vulva (non-obstetrical)		\$ 40.00
<u>Ovary</u>		
Excision of ovarian cyst, unilateral or bilateral (independent procedure)		\$ 200.00
Partial oophorectomy, unilateral (independent procedure)		\$ 205.00

Uterus and Cervix Uteri

Hysterectomy

(with or without dilation and curettage and surgery on tubes, ovaries, ligaments, etc.)	
Hysteromyomectomy: myomectomy; excision of fibroid tumor of uterus	\$ 215.00
Panhysterectomy: total hysterectomy (corpus and cervix)	330.00
Radical hysterectomy for cancer (Wertheim)	440.00
Local excision of lesion of cervix (cauterization)	20.00
Vaginal hysterectomy, with or without pelvic floor repair	330.00
Insertion of radioactive substance into cervix, uterus, or both, with or without biopsy or dilation and curettage	100.00

ENDOCRINE SYSTEM

Thyroid Gland

Thyroidectomy	
Local excision of small cyst or adenoma of thyroid	185.00
Thyroidectomy, total or complete	320.00
Thyroidectomy, total or subtotal, for malignancy with neck dissection	450.00

NERVOUS SYSTEM

Craniotomy

Trephination (or burr holes) exploratory, unilateral	155.00
bilateral	230.00
Decompression, orbital, unilateral or bilateral	430.00
suboccipital	275.00
<u>Myelography (independent procedure)</u>	
Lumbar	55.00

EYES

Cataract

Extraction of lens, intracapsular or extracapsular, unilateral	335.00
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Muscles

Myotomy, tenotomy, recession, resection, advancement or shortening of ocular muscles for strabismus, one or more stages, unilateral	240.00
bilateral	275.00

EARS

Mastoidectomy, simple, unilateral	225.00
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ANESTHESIA ALLOWANCES

The following Schedule lists the allowances provided for the services described in Article II, 2, subparagraph b. Payment for administration of anesthesia is based on the elapsed time from induction until end of surgery. The allowances enumerated below are not intended to indicate or fix the value of Physicians' services.

	<u>Allowance</u>
First Half Hour	\$ 22.00
One Hour	39.00
One Hour Thirty Minutes	50.00
Two Hours	61.00
Two Hours Thirty Minutes	72.00
Three Hours	83.00
Three Hours Thirty Minutes	94.00
Four Hours	105.00
Four Hours Thirty Minutes	110.00
Maximum Amount Payable Under This Schedule To Any Member During Any One Day Of Hospital Care Shall Not Exceed	110.00

SCHEDULE OF ALLOWANCES FOR
OBSTETRICAL SERVICE

The following Schedule lists the allowances provided for the services described in Article III, 2., subparagraph e. For any such benefits which are not listed in the Schedule, Blue Shield reserves the right to determine a maximum amount on the basis of comparable procedures for which allowances are established herein. The allowances enumerated below are not intended to indicate or fix the value of Physicians' services.

	<u>Allowance</u>
Obstetrical Delivery	\$ 120.00
Classic Cesarean Section	250.00
Cesarean Section And Hysterectomy (Porro)	330.00
Removal of Extrauterine Embryo (ectopic pregnancy) by Laparotomy	225.00
Miscarriage or Abortion, Before Period of Viability; No Surgery	55.00
Miscarriage or Abortion, including Dilation and Curettage	85.00
Dilation and Curettage of uterus for postpartum bleeding	65.00

SCHEDULE OF ALLOWANCES FOR
 DIAGNOSTIC X-RAY SERVICE AND LABORATORY AND PATHOLOGICAL SERVICE
 DIAGNOSTIC X-RAY ALLOWANCES

The following Schedule lists the allowances provided for the services described in Article III, 2. subparagraphs g. and h. For any such benefits which are not listed in this Schedule Blue Shield reserves the right to determine a maximum amount on the basis of comparable procedures for which allowances are established herein. The amounts of allowances enumerated below are not intended to indicate or fix the value of Physicians' services.

	<u>Professional Allowance</u> \$	<u>Professional and Technical Allowance</u>
HEAD AND NECK		
Cerebral Angiography, without serialography with serialography	44.50	82.00
Ventriculography	59.50	109.50
Mandible	29.50	54.50
Mastoids, three or more views	9.00	16.50
Nasal bones	12.00	22.00
Skull, four or more views	9.00	16.50
	15.00	27.50
CHEST		
Chest, single PA teleroentgenogram (full sized film)	6.00	11.00
Ribs, bilateral	12.00	22.00
SPINE AND PELVIS		
Spine, entire spine, AP and lateral	26.50	49.00
Spine, thoracic	9.00	16.50
Spine, lumbrosacal, multiple views	15.00	27.50
Pelvis, AP including both hips	6.00	11.00
UPPER EXTREMITIES		
Clavicle	7.50	13.50
Scapula	7.50	13.50
Shoulder	7.50	13.50
Humerus	7.50	13.50
Elbow	7.50	13.50
Forearm	7.50	13.50
Wrist	7.50	13.50
Finger	7.50	13.50
LOWER EXTREMITIES		
Hip, AP and lateral	9.00	16.50
Both hips and pelvis, multiple positions	12.00	22.00
Femur, including one joint	7.50	13.50
Knee	7.50	13.50
Leg, including one joint	7.50	13.50
Ankle	7.50	13.50
Foot and heel	7.50	13.50
Toe	7.50	13.50

SCHEDULE E
Continued
Page Two

	<u>Professional</u>	<u>Professional and Technical</u>
ABDOMEN		
Abdomen, single AP view (independent procedure)	\$ 7.50	\$ 13.50
GASTRO-INTESTINAL TRACT		
Upper gastro-intestinal tract	21.00	38.50
Gall bladder, without contrast medium	7.50	13.50
UROLOGICAL		
Cystrography (independent procedure)	15.00	27.50
LABORATORY AND PATHOLOGICAL ALLOWANCES		
	<u>Allowance</u>	
MACHINE TESTS		
Electroencephalogram	\$ 27.50	
Basal Metabolism rate	8.50	
Electrocardiogram, with interpretation and report	16.50	
BLOOD EXAMS		
Bilirubin, total serum	5.50	
Blood, red cell count (erythrocyte)	3.00	
Cholesterol, total	5.50	
Glucose tolerance	11.00	
TISSUE EXAMS		
Surgical, Gross and Microscopic	16.50	
URINE EXAMS		
Acetone	1.00	
Albumin, qualitative	1.00	
Sugar, qualitative chemical	2.00	
Routine Microscopic	3.00	

BLUE CROSS OF SOUTH CAROLINA

(A Corporation incorporated under the Laws of the State of South Carolina and hereinafter referred to as Blue Cross.)

HOME OFFICE: Drawer A, Forest Acres Branch, Columbia, South Carolina 29219

Group Major Medical Expense Contract No. 00-20000-00 and in series

IN CONSIDERATION

of the Application made by

.....
The Applicant

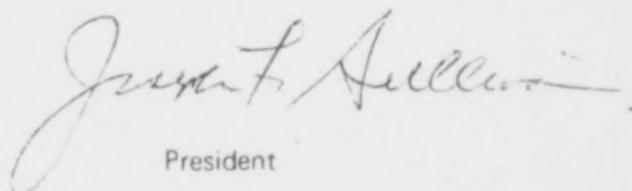
.....
(hereinafter called the Employer)

a copy of which is attached hereto and made part of this Contract, and in consideration of remuneration or payment by the Employer of the charges as provided in Schedule B of the Application,

BLUE CROSS HEREBY AGREES TO PROVIDE

The benefits herein described for a period of one year beginning at 12:01 A.M. standard time at Columbia, South Carolina on July 1, 1972 (hereinafter called the Effective Date) and from year-to-year thereafter, unless this Contract is terminated as provided herein. The charges shall be due and payable by the Employer in advance of the Effective Date and thereafter as provided herein. This Contract is issued and delivered in the State of South Carolina, is governed by the laws thereof and is subject to the terms and provisions recited herein.

IN WITNESS WHEREOF, BLUE CROSS has caused this Contract to be signed this
..... 30th day of June 19..... 72


President

ARTICLE I – DEFINITIONS

1. "EMPLOYER" as used herein means the Employer with whom Blue Cross has contracted and by virtue of which Contract the Employees and their Dependents become Members.
2. "EMPLOYEE" as used herein means any Employee of the Employer who is eligible for coverage as provided in Article II hereof, and who shall have been so designated to Blue Cross by the Employer.
3. "DEPENDENT" means (a) an Employee's spouse who is not defined as an Employee or (b) an Employee's unmarried child under twenty-three (23) years of age, including such stepchild, foster child, and any other child depending upon the Employee for support and living with the Employee in a regular parent-child relationship or (c) an Incapacitated Dependent as defined in paragraph 5 of this Article.
4. "MEMBER" means the Employee, his or her spouse, and each other Dependent, only if and while such person is covered by this Contract. A spouse shall cease to be a Member upon termination of marriage to the Employee. A child shall cease to be a Member upon the attainment of the age twenty-three (23), or upon his or her marriage whichever occurs first. An Incapacitated Dependent as defined in paragraph 5 of this Article may continue to be a Member beyond age twenty-three(23).
5. "INCAPACITATED DEPENDENT" shall mean unmarried child who is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation or physical handicap, and (b) chiefly dependent upon the Employee or a deceased Employee's spouse for support and maintenance and living in a regular parent-child relationship.
6. "CONTRACT" means the agreement between Blue Cross and the Employer by virtue of which the Employees and their Dependents become Members, and shall include the Application of the Employer for this Contract, the attached Endorsements and Riders, if any, and the Notices of Election of the Employees indicating their participation in the coverage provided hereunder. The Contract constitutes the entire contract between the parties.
7. "CONTRACT YEAR" means the twelve (12) months commencing on the Effective Date of this Contract and each yearly period thereafter agreed to by the contracting parties.
8. "HOSPITAL" means an institution which, for compensation from its patients and on an inpatient basis, is primarily engaged in providing diagnostic and therapeutic facilities for the surgical and medical diagnosis, treatment and care of injured and sick persons by or under the supervision of a staff of Physicians who are duly licensed to practice medicine, and which continuously provides twenty-four (24) hour-a-day nursing service by registered graduate nurses physically present and on duty, and which is not, other than incidentally, a nursing home, or a place for: (a)rest, (b)the aged, (c)drug addicts, (d)alcoholics, or (e)the treatment of pulmonary tuberculosis or mental disorders. Also, for purposes of this Contract, Included within the definition of Hospital are the Palmetto Center in Florence, South Carolina, the Holmes View Center in Greenville, South Carolina and Central Addiction Facility Demonstration Project in Columbia, South Carolina, specifically for the treatment of alcoholism; and the William S. Hall Psychiatric Institute in Columbia, South Carolina, for the treatment of psychiatric and neurologic disorders.
9. "PHYSICIAN" means a duly licensed Physician legally entitled to practice medicine and surgery.
10. "COVERED MEDICAL EXPENSES" means reasonable (Usual and Customary) and necessary charges incurred by a Member after the Effective Date of such Member's coverage for an illness or accidental injury only if care or treatment is performed or prescribed by a physician, subject to the exclusions set forth in Article IV, for the following:

- a. Service of Physicians, except for the charges of a Physician for care or treatment of alcoholism or nervous or mental disorders in the outpatient department of a Hospital or outside of a Hospital in excess of \$20.00 per visit or in excess of an aggregate maximum of \$1000.00 for such charges incurred during any one contract year;
 - b. Bed, board, including special diets, and general nursing service in a Hospital, except for the per diem charges over semi-private. For each day a private room accommodation is medically necessary or otherwise required, an additional benefit of \$5 per day will be provided in excess of the Hospital's prevailing daily semi-private room rate;
 - c. Use of operating or treatment room;
 - d. Anesthetics and administration thereof;
 - e. X-ray and diagnostic laboratory procedures;
 - f. Radiation therapy;
 - g. Oxygen and its administration;
 - h. Blood transfusions, including cost of blood, blood plasma and blood plasma expanders;
 - i. Drugs, medicines and dressings used in a Hospital; insulin; prescription drugs and prescription medicines purchased for use outside a Hospital; these being any medical substances--the original packaging label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear the legend: "Caution: Federal law prohibits dispensing without prescription";
 - j. Services of a qualified professional physiotherapist;
 - k. Services of an actively practicing nurse as follows;
 - (1) In a Hospital, services of a registered professional nurse (R.N.) or services of a licensed practical nurse (L.P.N.);
 - (2) Other than in a Hospital, services of a registered professional nurse (R.N.);
 - l. Rental of durable medical equipment required for temporary therapeutic use, up to the purchase price, or if in the judgement of Blue Cross purchase of an item of durable medical equipment will be less expensive than rental thereof, or if such equipment is not available for rental, such purchase price may be approved by Blue Cross;
 - m. Professional ambulance service used locally to or from a hospital outpatient department in connection with accidental injury or medical emergency, and to or from a Hospital in connection with inpatient care;
 - n. Prosthetic appliances necessary for the alleviation of or correction of conditions arising out of accidental injury occurring or illness commencing after the Member's Effective Date of coverage hereunder.
11. Benefit Period means a period of one calendar year commencing each July 1, provided that the first Benefit Period for a Member may not commence prior to the Effective Date of such Member's coverage hereunder. An expense shall be deemed to have been incurred on the date the service for which the charge is made shall have been received or rendered.
12. "DEDUCTIBLE AMOUNT"
- a. "Deductible Amount" means (a) a cash deductible equal to the sum of \$100, and (2) a basic deductible equal to the amount of Covered Medical Expenses included under any of the Plans specified in Article V, 3. subparagraph a. toward the cost of which the Employer contributes or makes payroll deductions. The deductible amount, if any, applicable to the basic group Blue Cross Hospital Service Contract shall not be considered in the satisfaction of the Deductible amount of this Contract.

- b. Except as provided in subparagraphs c, and d, of this paragraph 12, the deductible shall be applied once to each Member for each calendar year. Any Covered Medical Expenses incurred during the calendar months of April, May, and June of any Benefit Period which are applied toward satisfying that year's cash deductible may be carried over and also applied toward satisfying the cash deductible for the next succeeding Benefit Period.
- c. In the event that an Employee and/or one or more of his Dependents incur charges for Covered Medical Expenses as a result of injuries received in the same accident, then only one Deductible Amount shall be deducted from the aggregate of all charges for Covered Medical Expenses which are incurred by all such Members as a result of injuries in the same accident.
- d. When three covered Members of the same family have established Benefit Periods, and each has met the Deductible Amount in one Contract year no further Deductible Amounts will be charged in such Contract Year for Benefit Periods established for other covered Members of such family.

ARTICLE II – ELIGIBILITY FOR COVERAGE

1. ELIGIBILITY

Every Employee enrolled under Basic Contracts described in the Application and within the classification set forth in the attached Application shall be eligible for coverage for himself and his Dependents.

2. ELECTION OF COVERAGE

- a. Any Employee eligible for coverage may elect coverage for himself or herself and his or her eligible Dependents by completing and filing with the Employer a Notice of such Election and authorizing any necessary payroll deductions within the periods of time described below in paragraph 3, Commencement of Coverage.
- b. The Employer shall furnish Blue Cross with a list of Employees to be covered together with such data as may be required by Blue Cross as a prerequisite to coverage of such Employee under this Contract.

3. COMMENCEMENT OF COVERAGE

Coverage under this Contract shall commence as follows:

- a. For an Employee eligible prior to or as of the Effective Date (and for his or her Dependents, if then eligible and if coverage therefor is elected), coverage shall commence as of the Effective Date of this Contract, if such Employee files a Notice of Election and authorizes any necessary payroll deductions prior to the Effective Date, if at all practical; otherwise within 120 days after the Effective Date.
- b. For an Employee becoming eligible subsequent to the Effective Date, coverage for the Employee and his or her Dependent shall commence on the first day of the month coincident with or following his or her date of employment, provided an appropriate Notice of Election is filed and any necessary payroll deductions are authorized within thirty-one days after the Employee's date of employment.
- c. For a Dependent acquired subsequent to the Employee's Effective Date, coverage shall commence on the date the eligible Dependent is acquired, provided a Notice of Election is filed and any necessary payroll deductions are authorized within thirty-one days after such acquisition.
- d. For any Employee or Dependent who fails to enroll or make change in membership status in accordance with subparagraphs a., b. or c. immediately above, no coverage under this contract will commence except as provided in Paragraph 2 of Schedule A in the application, with the following exception. If the employment status of the dependent changes such as the wife or husband of a State employee was

employed through another employer and subsequently loses that coverage by virtue of the employer cancelling his present group insurance, or the employee left such employment, a statement of the circumstances is required to accompany the revised "Notice of Election".

- e. For any Employee or Dependent whose Effective Date of Family Coverage is after July 1, 1972, there will be a waiting period, as described in Article IV paragraph 1. subparagraph i., during which time benefits will not be provided for maternity or for any condition arising out of pregnancy (including tubal ligations).

4. EXTENSION OF ELIGIBILITY

Coverage under this Contract may be extended (a) to groups of Employees and Dependents not theretofore designated as eligible by the Employer and/or (b) to Employees and Dependents who fail to elect coverage within the periods hereinbefore specified. However, such coverage extensions may be effected only in accordance with Article IX, paragraph 1 and/or Schedule A of the Application.

ARTICLE III – BENEFITS PROVIDED

1. Subject to all provisions of this Contract, Blue Cross agrees to pay to the Employee for Covered Medical Expenses, 80 percent of that amount of expenses in excess of the deductibles (determined pursuant to Article I, 12.) actually incurred by the Member, or by any person on behalf of such Member.
2. The maximum liability of Blue Cross shall be to pay only up to the sum of \$50,000 per Member per lifetime. However, on July 1 of each year there shall be an automatic restoration of benefits paid for each Member, provided such automatic restoration shall not exceed \$5,000 per year, and further provided that the existing lifetime maximum shall never exceed \$50,000 per Member. If at any time the \$50,000 lifetime maximum benefit for a Member has been reduced by payments amounting to at least \$1,000, the Member's full maximum may be restored by furnishing, without cost to Blue Cross, evidence of insurability satisfactory to Blue Cross.

ARTICLE IV – EXCLUSION AND LIMITATIONS

1. No benefits shall be provided hereunder on account of:
 - a. Any service or benefits to the extent provided under the Basic Contracts described in the Application;
 - b. Any service or benefits to the extent that the Member is entitled to payment or benefits (whether or not any such payment or benefit has been applied for or paid) pursuant to the laws (now existing or as may be amended or enacted in the future) of the United States, any state or political subdivision thereof, specifically excluded hereunder, without limiting the generality of the foregoing, are benefits to the extent provided by or payable under Workmen's Compensation laws, the Veterans Administration, or any state or federal hospital for which hospital services the Member is not legally obligated;
 - c. Any service or benefits to the extent that the Member is entitled to payment or benefits under federal programs of health care for the aged (commonly referred to as Medicare, Parts A and B) and amendments thereto, but only to the extent that benefits are provided or reimbursement is paid or payable thereunder;
 - d. Disease hereafter contracted or injuries hereafter sustained as a result of war, declared or undeclared or any act of war, or while in the military service or engaged in reserve training or duty;

- e. Dental care and treatments, dental surgery or dental appliances except for: (1) such charges made necessary by accidental bodily injury occurring while the Member is covered under this Contract and (2) extraction of impacted teeth only while the Member is a hospitalized bed patient;
- f. Eyeglasses, contact lenses, hearing aids, and examinations for the prescription of fitting thereof;
- g. Services or supplies for cosmetic purposes primarily intended to improve the appearance of the Member;
- h. Services or supplies not incidental or necessary to treatment of injury or sickness;
- i. Services or supplies rendered for routine childbirth, abortion, miscarriage or Caesarean section, routine prenatal or postnatal care, or for routine care of a newborn infant, except for severe complications of pregnancy such as ectopic, toxemia, convulsions, RH factor conditions, or other similar complications arising from pregnancy or abortion. However, no coverage for complications of intentional abortion will be provided unless such abortion was performed in the State of South Carolina, under the laws of South Carolina and for a married female having Family Coverage. No coverage for complications of pregnancy or abortion will be provided until Family Coverage has been in effect for 270 consecutive days preceding admission to the Hospital or performance of the service if the Member's coverage becomes effective after July 1, 1972;
- j. Travel, whether or not recommended by a Physician;
- k. Sanitaria care, rest cures or custodial care in a Hospital, the latter being defined as the provision of room and board solely for the maintenance of the Member and which is not rendered for the care or cure of a specific sickness or disease of a Member under the treatment of a Physician;
- l. Services or supplies not specifically listed as Covered Medical Expenses in Article I, 10, and amendment thereto.

ARTICLE V – COORDINATION OF BENEFITS (REDUCTION OF BENEFITS BECAUSE OF OTHER GROUP COVERAGE)

1. EFFECT ON BENEFITS

- a. If a Member covered hereunder is also covered for medical care benefits or services under another Plan, the benefits otherwise applicable under this Plan shall be reduced so that Covered Services incurred in any Claim Determination Period, benefits available under all Plans shall not exceed the total amount of such allowable benefits except that if the coordinating provisions of this Contract are in conflict with the coordinating provisions of the other Plan's contract, the benefits of such other Plans will be ignored for purposes of determining the benefits under this Contract, and benefits will be paid under this Contract as if the conflicting provisions did not exist.
- b. For the purposes of subparagraph a. of this paragraph 1, the rules establishing the order of benefits determination are:
 - (1) The Allowable Benefits of a Plan which does not contain a Coordination of Benefits provision or other provisions of similar intent shall be determined before the benefits under this Contract;
 - (2) The Allowable Benefits of a Plan which covers an Employee, Contract Holder or Named Insured, primarily, shall be determined before the benefits of a Plan which covers such person as a Dependent, or secondarily;
 - (3) The Allowable Benefits of a Plan which covers the person as a Dependent of a male person shall be determined before the benefits of a Plan which covers such person as a Dependent of a female person;

(4) When the prior rules do not establish an order of benefit determination, the Allowable Benefits of a Plan which has covered the person for the longer period of time shall be determined before the benefits of a Plan which has covered such person the shorter period of time.

2. BENEFITS SUBJECT TO THIS ARTICLE

All of the benefits provided under this Contract are subject to this Article.

3. DEFINITIONS

a. 'PLAN' means any program providing benefits or services for or by reason of medical care or treatment, which benefits or services are provided by (1) group, blanket or franchise insurance coverage, (2) Blue Cross and Blue Shield group prepayment coverage, or (3) any coverage under labor-management trustee plans, union welfare plans, employer organization plans, or employee benefit organization plans.

The term 'Plan' shall be construed separately with respect to each policy, contract or other arrangement for benefits or services and separately with respect to that portion of any such policy, contract or other arrangement which reserves the right to coordinate benefits or services of other Plans in determining its benefits and that portion which does not.

b. 'ALLOWABLE BENEFIT' as pertains to this Article only, means any necessary, reasonable and customary item of expense, at least a portion of which is covered under at least one of the Plans covering the person for whom claim is made or service provided.

When a Plan provides benefits in the form of services, the reasonable cash value of each service rendered shall be deemed a benefit paid. Blue Cross shall not be required to determine the existence of any Plan, or amount of benefits payable under any Plan except this Contract, and the payment of benefits under this Contract shall be affected by the benefits that would be payable under any and all other Plans only to the extent that Blue Cross is furnished with information relative to such other Plans. However, Blue Cross will make every reasonable effort to secure such information.

c. 'CLAIM DETERMINATION PERIOD' as used in this Article means a Benefit Period as defined in Article I.

d. 'DEPENDENT' means, with respect to this Article and amendments thereto any person included in the definition of Dependent in Article I hereof and, with respect to any other Plan, any person who qualifies as a dependent under such Plan.

4. RIGHT TO RECEIVE AND RELEASE NECESSARY INFORMATION For the purposes of determining the applicability of and implementing the terms of this Article or any provision of similar purpose of any other Plan, Blue Cross may, without the consent of or notice to any person, release to or obtain from any insurance company or other organization or person, any information, with respect to any person, which it deems to be necessary for such purposes. Any person claiming benefits under this Plan shall furnish to Blue Cross such information as may be necessary to implement this Article.

5. FACILITY OF PAYMENT

Whenever payments which should have been made under this Plan in accordance with this Article have been made under any other Plan, Blue Cross shall have the right to pay over to any organizations making such other payments any amounts it shall determine to be warranted in order to satisfy the intent of this Article, and amounts so paid shall be deemed to be

benefits paid under this Plan and, to the extent of such payments for Allowable Benefits, Blue Cross shall be fully discharged from liability under this Contract.

6. RIGHT OF RECOVERY

- a. Whenever payments have been made under this Contract by Blue Cross with respect to Allowable Benefits in a total amount in excess of the amount necessary to satisfy the purposes of this Article, Blue Cross shall be subrogated to the rights of the Member against any insurer, Plan or other person or organization contractually obligated to such Member with respect to such Allowable Benefits.
- b. The Employee, for him or herself and on behalf of his or her Dependents, shall, upon request, execute and deliver such instruments and papers as may be required and do whatever else is necessary to secure such rights to Blue Cross or any other Plan.

ARTICLE VI – PAYMENT OF CHARGES

1. Unless the Employer or Blue Cross has given notice of termination of this Contract, as provided under Article VIII, a grace period of thirty-one (31) days will be granted for the payment of charges, other than charges for the initial month or agreed periodic term, during which grace period this Contract shall continue in force. If the charges remain unpaid at the expiration of the grace period, no Member shall be entitled to any benefits hereunder for any injury sustained or sickness commencing after such thirty-one (31) day period, and this Contract shall automatically terminate on the last day of such grace period, but the Employer shall be liable to Blue Cross for all charges due and unpaid for the period this Contract continues in force.
2. Blue Cross may change the monthly unit rates per Employee whenever the terms of this Contract are changed by amendments effected under the terms of Article IX, 1 subparagraph (a) or by giving ninety (90) days prior written notice to the Members of the State Budget and Control Board acting on behalf of the State of South Carolina and its Employees; provided, however, that in the absence of an amendment changing the terms of this Contract, no adjustment in the monthly unit rates shall become effective except on July 1 of any year the contract remains in force and any notice of adjustment in the monthly unit rates must be accompanied by an explanation of the experience rating formula and other factors which Blue Cross has used in calculating the proposed rate adjustment.

ARTICLE VII – EMPLOYER'S PERSONNEL DATA

1. The Employer shall furnish to Blue Cross monthly during the period of this Contract, on forms to be approved by Blue Cross, such information as may be required by Blue Cross for the purpose of enrolling Employees of the Employer under this Contract, processing terminations and effecting changes in family status and transfers of employment of covered Employees. Blue Cross shall furnish to the Employer such information concerning enrollment of Employees and other matters as the Employer may reasonably require.
2. Clerical errors or delays in keeping or reporting data relative to coverage shall not invalidate coverage which would otherwise be validly in force or continue coverage which would otherwise be terminated, but, upon discovery of such errors or delays, an equitable adjustment of charges shall be made.

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ARTICLE VIII—TERMINATION AND RENEWAL OF THIS CONTRACT AND MEMBER'S COVERAGE

1. This Contract may be terminated by the Employer at any time by giving at least thirty (30) days prior written notice to Blue Cross. This Contract may be renewed from year-to-year unless terminated pursuant to this paragraph or the following paragraphs of this Article or pursuant to Article VI.
2. In the event a living Employee ceases to be in the employ of the Employer, or in the event the Employer notifies Blue Cross that coverage of an Employee is to be terminated, or in the event this Contract is cancelled by the Employer or Blue Cross, the coverage respecting such Employee and all of his or her Dependents shall terminate automatically at the end of the period for which payment of charges shall have been made by the Employer for such Employee. (See Article X for Conversion provisions.) However, benefits for severe complications of pregnancy will be paid where conception occurs prior to termination.
3. The surviving spouse and/or dependent children of a deceased active Employee shall be eligible to continue coverage, provided they pay the entire cost of such coverage without any contribution by the Employer. Coverage for a widow may be continued only until remarriage or eligibility for Medicare. Coverage for eligible dependent children will cease upon their marriage or attainment of age twenty-three (23), whichever ever occurs first. However, the coverage of an Incapacitated Dependent under this Contract shall not be terminated merely by the attainment of age twenty-three (23), but may be continued provided proof of such incapacity and dependency is furnished to Blue Cross by the Employee within thirty-one (31) days of the child's twenty-third (23rd) birthday and subsequently on an annual basis after the two-year period following the child's attainment of age twenty-three (23) as long as coverage remains in force for the Employee or the deceased employee's spouse.
4. In the event the Member ceases to be covered under the Basic Contract(s) described in the Application for this Contract, then the Major Medical benefits under this Contract shall be automatically terminated on the date such Basic Contract(s) is (are) terminated and no benefits will be provided hereunder for any illness commencing or injury sustained after such termination.
5. This Contract may be terminated by Blue Cross should the Employer acquire any other Major Medical insurance coverage providing benefits which substantially duplicate those in this Contract.
6. This Contract may be terminated by Blue Cross only upon ninety (90) days prior notice unless there were fraudulent misrepresentations made in applying for this Contract. Coverage may be terminated by Blue Cross for a Member if there are fraudulent misrepresentations made in applying for any benefits hereunder.
7. If coverage is terminated for any cause, Blue Cross shall return promptly the unearned portions of any premium paid. Termination shall be without prejudice to any claim incurred prior to the effective date of termination.

ARTICLE IX—REINSTATEMENT

If this Contract shall have been terminated in any manner, it may be reinstated by Blue Cross at its sole discretion upon such terms and conditions as it may determine.

ARTICLE X – CONVERSION OF COVERAGE

Subject to the provisions of Article VIII, the following provisions apply:

1. An Employee who leaves the employ of the Employer while this Contract is in force shall be entitled to have issued to him by Blue Cross, without evidence of insurability, a Major Medical Insurance contract of the type and class of direct payment contract then being generally issued by Blue Cross by applying for such contract and by paying directly to Blue Cross the regular charges therefor. Such application must be made within thirty (30) days after the termination of coverage under this Contract, in which event the coverage under such direct payment contract shall commence from the date of termination of coverage under this Contract.
2. If a Dependent ceases to be covered under this Contract or in the event of the death of the Employee, the Dependent shall be entitled to have issued to him by Blue Cross, without evidence of insurability, a Major Medical Insurance contract of the type and class of direct payment contract then being generally issued by Blue Cross by applying for and paying directly to Blue Cross the regular charges for such contract within sixty (60) days after the date he is no longer covered under this Contract. (See Article VIII, paragraph 3 for surviving spouse and dependents provisions.)
3. If a Member covered under this Contract leaves the employ of the Employer and becomes eligible to participate in another group covered by Blue Cross, such Member may transfer his membership to the enrolled group as provided for by Blue Cross' then current enrollment regulations.

ARTICLE XI – GENERAL PROVISIONS

1. RIGHT TO AMEND
 - a. This Contract and the certificates issued hereunder may be changed only by mutual agreement between Blue Cross and the South Carolina State Budget and Control Board. No such changes will be effective (a) until after thirty (30) days after a written agreement has been reached or (b) until such date as is mutually agreed upon by the Contracting parties.
 - b. Any change in the provisions of Article I, III, or IV shall apply, as to a Member, only with respect to a Benefit Period commencing on or subsequent to the effective date of such change.
2. THE CONTRACT
 - a. This Contract, the Application of the Employer, and the individual Notices of Election, if any, of the Employees constitute the entire Contract between the parties.
 - b. All statements made by the Employer or by any of the Employees shall be deemed representations and not warranties, and no such statement shall be used in defense to a claim hereunder unless it is contained in a written application signed by the party against whom such defense is asserted.
 - c. No agent of Blue Cross has authority to change this Contract or to waive any of its provisions. No change in this Contract shall be valid unless approved by an individual authorized to sign the Contract on behalf of the State of South Carolina and an authorized executive officer of Blue Cross.
3. NOTICE AND PROOF OF CLAIM
 - a. Written notice of injury or sickness upon which claim is based must be given to Blue Cross within twenty (20) days after the end of Benefit Period for which indemnity is claimed.

- b. Such notice given by or on behalf of the Employer to Blue Cross at its office address as stated in Article X hereof or to any authorized agent of Blue Cross with particulars sufficient to identify the Member, shall be deemed to be notice to Blue Cross. Failure to give notice within the time provided shall not invalidate nor reduce any claim if it shall be shown not to have been reasonably possible to give such notice and that such notice was furnished as soon as was reasonably possible.
- c. Blue Cross upon receipt of such notice, will furnish to the Employee such forms as are usually furnished by it for filing proof of loss. If such forms are not so furnished within fifteen (15) days after Blue Cross receives such notice, the Employee shall be deemed to have complied with the requirements as to proof of loss upon submitting, within the time fixed for filing proof of loss, written proof covering the occurrence, character and extent of the loss for which claim is made.
- d. Written proof of loss for which claim is made must be furnished to Blue Cross within ninety (90) days after the termination of the period for which claim is made. Failure to furnish proof of loss within the time required shall not invalidate or reduce any claim if it shall be shown not to have been reasonably possible to furnish such proof and that such proof was furnished as soon as was reasonably possible but in no event, except in the absence of legal capacity of the Member, later than one year from the time proof is otherwise required.

4. PAYMENT OF CLAIMS

All benefits provided in this Contract will be paid promptly upon receipt of due proof of loss.

5. INFORMATION AND RECORDS

Blue Cross shall be entitled to receive from the Member such authorizations for medical and hospital records as it may reasonably require from any provider of services incident to the administration of the benefits hereunder; provided, however, that Blue Cross shall in every case hold such records as confidential except as authorized by the Member.

6. LEGAL ACTIONS

No action at law or in equity shall be brought to recover on this Contract prior to expiration of sixty (60) days after written proof of loss has been furnished in accordance with the requirements of this Contract. No such action shall be brought after the expiration of six (6) years after the time written proof of loss is required to be furnished.

7. CERTIFICATES

Blue Cross will issue to the Employer for delivery to each Employee insured hereunder an individual certificate summarizing the benefits to which the Employee is entitled, and to whom such benefits are payable. If any amendment to this Contract shall materially affect any benefits described in such certificates, new certificates or Endorsements showing the change shall be issued.

8. PHYSICAL EXAMINATION

Blue Cross at its own expense shall have the right and opportunity to examine the person of any Member whose injury or sickness is the basis of claim when and as often as it may reasonable require during the pendency of a claim hereunder.

9. NON-APPLICABILITY

This Contract is not in lieu of and does not affect any requirement for coverage by Workmen's Compensation insurance.

10. CONFORMITY WITH LAW

If any provision of this Contract is contrary to any law to which it is subject, such provision is hereby amended to conform thereto.

ARTICLE XII – NOTICE

Any notice given under this Contract shall be sufficient if given to the Employer, when addressed to it at its office stated in the Application; if given to Blue Cross, when addressed to it at its office at Drawer A, Forest Acres Branch, Columbia, South Carolina 29219; or if given to an Employee, when addressed to the Employee at his address as it appears on the records of Blue Cross.

Rider No. 1

Pilot Life Insurance Company

Greensboro, N. C.

Rider to be attached to and made a part of Group Policy Number 6666
issued to

THE STATE OF SOUTH CAROLINA

In accordance with the written request of the Policyholder, the above described policy is hereby amended effective with its date of issue by substituting for the booklet-certificate incorporated therein and made a part thereof Part Two of the attached booklet-certificate, said Part Two being pages 22 through 41 of such booklet-certificate.

Any provisions of the Group Policy inconsistent with the terms of this Rider are hereby declared void and of no effect.

Nothing contained in this Rider shall be construed to alter or amend any provisions of the Group Policy except as specifically provided herein.

June 26, 1973

PILOT LIFE INSURANCE COMPANY

E. D. Henderson, Jr.
Registrar

J. Charles III
Secretary

Rider No. 2

Pilot Life Insurance Company

Greensboro, N. C.

Rider to be attached to and made a part of Group Policy Number 6666
issued to

THE STATE OF SOUTH CAROLINA

In accordance with the written request of the Policyholder, effective November 1, 1972, the above described policy is hereby amended by substituting for the monthly premium rate applicable to each \$100 of Basic Monthly Salary Rate of each employee insured for Long Term Disability Benefits the rate \$0.70.

Any provisions of the Group Policy inconsistent with the terms of this Rider are hereby declared void and of no effect.

Nothing contained in this Rider shall be construed to alter or amend any provisions of the Group Policy except as specifically provided herein.

June 26, 1973

PILOT LIFE INSURANCE COMPANY

E. A. Henderson, Jr.
Registrar

W. D. Rhodes III
Secretary

Pilot Life Insurance Company

Greensboro, N. C.

Rider to be attached to and made a part of Group Policy Number 6666
issued to

THE STATE OF SOUTH CAROLINA

In accordance with the written request of the Policyholder, effective July 1, 1973, the above described policy is hereby amended:

- (1) as to employees employed by the Policyholder on or after July 1, 1973 only, by substituting for the second sentence in the paragraph headed "Who Can Be Insured" on page 24 of the booklet-certificate incorporated into and made a part of the Group Policy the following:

"You will be considered a full-time employee if you have a regularly scheduled work week of more than thirty hours in the employ of the Policyholder for more than five months of each calendar year".

- (2) as to Long Term Disability Benefits accruing on and after July 1, 1973 only,

- (a) by substituting for the phrase, "including any benefits on account of dependents," where it appears in items (2)(d) and (3)(b) under the heading "Coordination With Other Income" on page 24 of the booklet-certificate incorporated into and made a part of the Group Policy the following:

"excluding any benefits on account of dependents," and

- (b) by substituting for the phrase "60% of your Basic Monthly Salary Rate, but not more than \$300" opposite the heading "Coordinated Benefit Maximum" where it appears on page 24 of the said booklet-certificate the following:

"60% of your Basic Monthly Salary Rate".

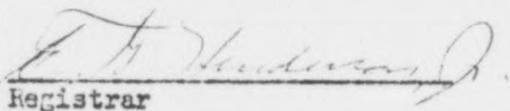
Rider No. 3 effective July 1, 1973 to be attached to and made a part of
Group Policy Number 6666 issued to THE STATE OF SOUTH CAROLINA

Any provisions of the Group Policy inconsistent with the terms of this
Rider are hereby declared void and of no effect.

Nothing contained in this Rider shall be construed to alter or amend
any provisions of the Group Policy except as specifically provided
herein.

June 26, 1973

PILOT LIFE INSURANCE COMPANY


Registrar


Secretary

Pilot Life Insurance Company

Greensboro, N. C.

Rider to be attached to and made a part of Group Policy No. 6666
issued to

THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD,
ON BEHALF OF THE STATE OF SOUTH CAROLINA

In accordance with the written request of the Policyholder, effective April 15, 1974 the above described policy is hereby amended:

- (1) by substituting for that portion of the Schedule of Insurance in the Booklet-Certificate attached to and incorporated into the said policy commencing with "Life Insurance" and ending immediately preceding "Elimination Period" under Long Term Disability Benefits, the following:

"Life Insurance

On or before the last day of the calendar month before the month in which your 65th birthday occurs	<u>Amount of Insurance</u> \$3,000
On or after the first day of the calendar month in which your 65th birthday occurs	1,500

Accidental Death and Dismemberment Benefits (death benefit payable in addition to Life Insurance)

On or before the last day of the calendar month before the month in which your 65th birthday occurs	3,000
On or after the first day of the calendar month in which your 65th birthday occurs	1,500

Long Term Disability Benefits
Monthly Benefit

60% of your Basic Monthly Salary Rate,* but not more than \$500"; and

- (2) by substituting for the monthly premium rate applicable to each \$100 of Basic Monthly Salary Rate of each employee insured for Long Term Disability Benefits, the rate \$0.59.

Rider No. 4 effective April 15, 1974 to be attached to and made a part of Group Policy No. 6666 issued to THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD, ON BEHALF OF THE STATE OF SOUTH CAROLINA

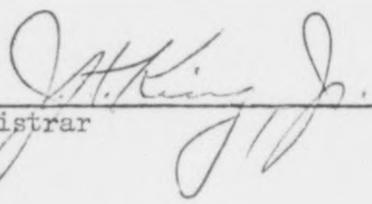
Effective with the effective date shown above, the increase in Life Insurance in this rider shall apply to all persons in the eligible classes who are actively at work on that date and to all persons who are employed in the eligible classes after that date, and effective on the date of his return to active work, the increase in Life Insurance in this rider shall apply to any person in the eligible classes who is not actively at work on such date.

Any provisions of the Group Policy inconsistent with the terms of this Rider are hereby declared void and of no effect.

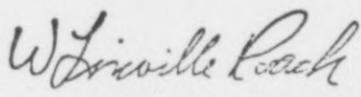
Nothing contained in this Rider shall be construed to alter or amend any provisions of the Group Policy except as specifically provided herein.

April 9, 1974

PILOT LIFE INSURANCE COMPANY



Registrar



Secretary



Pilot Life Insurance Company

GREENSBORO, NORTH CAROLINA
(called Pilot Life in this policy)

Group Policy Number 6666
Anniversary Date July 1

Date of Issue: July 1, 1972
Premium Due Date: the first day of each month

In consideration of the application of

THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD,
ON BEHALF OF THE STATE OF SOUTH CAROLINA
(called the Policyholder in this policy)

a copy of which application is attached to this policy and made a part of it, and in consideration of the payment by the Policyholder of the initial premium and subsequent premiums as they become due, Pilot Life promises to pay the amounts of insurance provided in the Schedule of Insurance with respect to persons insured under this policy in accordance with and subject to the provisions set forth on the following pages.

This policy will terminate upon failure of the Policyholder to pay any premium within the grace period allowed or, under circumstances set out on a following page, it will terminate following written notice by the Policyholder or by Pilot Life.

Premiums are payable, in amounts determined as provided on following pages, on the date of issue of this policy and periodically thereafter during the continuance of this policy on the premium due date shown above.

The provisions on the following pages are part of this policy.

This policy is executed this 3rd day of July, 1972, and takes effect as of the Date of Issue shown above.

W. J. Rhodes III
Secretary

Irvin C. Stephens, Jr.
President

E. J. Henderson, Jr.
Registrar

GROUP INSURANCE POLICY
Providing

Life Insurance, Long Term Disability Benefits
and Life Insurance On Dependents

G2800 with Insert (s) I-1, DL-1 and H-1

COUNTERSIGNED

J. R. [Signature]
Licensed Resident Agent

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INCORPORATION OF PROVISIONS

The provisions of the booklet-certificate (s) and rider (s) attached to following page (s) are incorporated into and made a part of this policy. Second person pronouns in any such booklet-certificates and riders refer to an employee in the classes eligible for insurance under this policy.

INSURANCE OF AFFILIATES AND SUBSIDIARIES

Employees of the following affiliated or subsidiary ^{Employer(s)} ~~Entity~~ shall be eligible for insurance under this policy in the same manner as employees of the Policyholder:

The South Carolina Ports Authority; and/or the South Carolina Public Service Authority, provided, that the governing body(ies) elect(s) to participate in accordance with the laws of the State of South Carolina.

CLASSIFICATION OF EMPLOYEES AND SCHEDULE OF INSURANCE

The Schedule of Insurance and Classification of Employees for all employees eligible for insurance under this policy are as set forth in the Booklet-Certificate attached and incorporated in this policy.

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CONTRIBUTIONS

Non-Contributory Insurance - Employees shall not be required to contribute toward the cost of the following insurance provided by this policy:

All insurance on the employees' own account provided by this policy.

Contributory Insurance - As a condition of being insured for Contributory Insurance, Employees will be required to contribute toward the cost of any insurance other than Non-Contributory Insurance in amounts determined by the Policyholder and Pilot Life which preclude individual selection and unfair discrimination and which do not exceed the lesser of (a) the maximum rate of contribution permitted by the jurisdiction in which this policy is issued and (b) the cost of such insurance computed as provided in this policy. Subject to such requirements, the amounts of required contributions may be changed ~~at any time~~ with appropriate advance notice to the insured employees. If any employee elects to discontinue his contributions toward the cost of his contributory insurance while remaining eligible for it, such insurance shall terminate automatically at the end of the last period for which the required contribution is made.

CONTINUING INSURANCE ON EMPLOYEES ABSENT FROM WORK

The insurance of any person under this policy will terminate as set forth in the "When Your Insurance Ends" provision of the certificate-booklet (s) incorporated into and made a part of this policy. The insurance of an employee absent from work because of injury, sickness, leave of absence or temporary lay-off may be continued provided the Policyholder, acting on a basis which does not discriminate against (or in favor of) any individual, continues premium payments on account of his insurance, but insurance may be continued in this way for no longer than the Maximum Continuance Periods indicated below.

For Absence Due To:	Maximum Continuance Period:
Temporary lay-off	Three months
Leave of absence (officially approved)	Three months
Injury or sickness	One Year

However, if the Policyholder files with Pilot Life, and Pilot Life approves, a non-discriminatory plan for continuing insurance on employees disabled due to injury or sickness for periods longer than one year, insurance may be continued, subject to payment of premiums, according to that plan.

Insurance may be continued for employees beyond the dates on which they retire only if the Policyholder files with Pilot Life, and Pilot Life approves, a non-discriminatory plan for continuing insurance on retired employees, in which case insurance may be continued for retired employees, subject to payment of premiums, in accordance with that plan.

GENERAL PROVISIONS

PAYMENT OF PREMIUMS

All premiums becoming due under this policy, including any adjustments of premiums, are payable by the Policyholder directly to Pilot Life at its Home Office in Greensboro, North Carolina, on or before their due dates. The payment of any premium shall not maintain the insurance in force beyond the day immediately before the next premium due date, except as otherwise provided in this policy.

GRACE PERIOD

If the Policyholder has not previously given notice to Pilot Life that this policy is to be terminated, a grace period of thirty-one days, without interest charge, will be allowed for the payment of any premium due after the initial premium, during which time this policy shall continue in force.

If the Policyholder fails to pay any premium within the grace period, this policy shall automatically terminate on the last day of such grace period, but the Policyholder shall be liable to Pilot Life for all premiums then due and unpaid up to the date of such termination. However, if written notice is given to Pilot Life by the Policyholder, during the grace period, that this policy is to be terminated before the expiration of the grace period, this policy shall automatically terminate on the date of receipt of such notice by Pilot Life, or the date for termination specified by the Policyholder in such notice, whichever is the later date, and the Policyholder shall be liable to Pilot Life for the payment of all premiums then due and unpaid up to the date of such termination.

POLICY TERM, RENEWAL AND TERMINATION

This policy is issued for a term commencing with its date of issue and ending on the day immediately before the next Anniversary Date. On each Anniversary Date to which this policy is maintained in force by payment of premiums, the policy ~~may be renewed~~ for a further term of one year, subject to all its provisions, unless, at least thirty-one days before such Anniversary Date, the Policyholder notifies Pilot Life in writing that the policy is to be terminated at the end of the term. Renewal is conditioned upon the payment of the premiums then due computed as set forth in this policy and based upon such premium rates as may then be established by Pilot Life. Pilot Life reserves the right to terminate the policy if, on any premium due date, the total number of persons reported for insurance hereunder is less than thirty or less than 75% of the persons eligible for any contributory insurance (100% for any non-contributory insurance), or (if insurance with respect to dependents is provided by the Group Policy) if the number of persons reported for insurance hereunder with respect to their eligible dependents is less than 75% for contributory insurance (100% for non-contributory insurance) of the insured persons who have eligible dependents, or if such persons are required to contribute toward the cost of any contributory insurance at a greater rate than that provided by this policy. Pilot Life also reserves the right to terminate the Long Term Disability Benefits provided by this policy at its sole discretion.

If Pilot Life exercises its right to terminate this policy it must give the Policyholder at least ~~thirty~~^{ninety} days advance written notice, and the termination will be effective on the day before the first premium due date after ~~thirty~~^{ninety} days has expired following the mailing of such notice to the Policyholder by Pilot Life. The policy shall terminate upon the failure of the Policyholder to make any premium payment when due, except as provided in the section entitled "Grace Period".

ENTIRE CONTRACT

This policy, the individual applications, if any, of the persons insured hereunder and the application of the Policyholder, a copy of which is attached to this policy, shall constitute the entire contract between the parties.

INCONTESTABILITY

The validity of this policy shall not be contested, except for non-payment of premiums by the Policyholder, after it has been in force for one (1) year from its date of issue and no statement made by any person insured under the policy relating to his insurability shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of one (1) year during such person's lifetime, nor unless it is contained in a written instrument signed by him.

All statements made by the Policyholder or by any person insured shall be deemed representations and not warranties, and no statement made by any person insured shall avoid the insurance or be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or to his beneficiary.

INSURANCE RECORDS

The Policyholder shall furnish Pilot Life with monthly reports setting forth the names of all persons as they qualify for insurance hereunder together with the names of their beneficiaries, if any, and such information as may be necessary to determine, as to each such person, the age, sex, the amount or amounts and the effective date of the insurance. The Policyholder shall also furnish Pilot Life with monthly reports of all changes in status, as they occur, of the persons insured hereunder affecting the amounts of their insurance and all terminations of insurance, together with the date of each such change or termination.

It is the intent of this policy that the persons eligible for insurance be insured in accordance with the terms of this policy and the true facts pertinent to the insurance. Clerical error shall not invalidate the insurance of any person if such insurance would otherwise have been in effect, nor shall such error extend the insurance of any person if such insurance would otherwise have been terminated or reduced under the provisions of this policy. Upon discovery of any such error, appropriate adjustments of premiums and benefits shall be made in accordance with the true facts and the provisions of this policy. Notwithstanding any of the foregoing, Pilot Life shall not be liable to pay any greater benefits hereunder than those which would be payable on the basis of the true facts and the premiums actually received.

Failure of the Policyholder to report the names of any persons who have qualified for insurance in accordance with the prescribed conditions, or failure to report any change in accordance with the provisions of this policy shall not deprive such persons of their insurance nor affect the amounts thereof; nor shall failure to report any termination of insurance of any person be construed as involving or effecting the continuance of such insurance beyond the date of termination determined in accordance with the provisions of this policy.

In lieu of the reports and information required in the foregoing paragraphs, the Policyholder and Pilot Life may mutually agree that certain records pertinent to insurance under this policy shall be maintained by the Policyholder, in which case the Policyholder shall furnish Pilot Life the information necessary for the computation of premiums as provided in this policy and the information necessary to establish the status of the insurance with respect to any person at any time.

Pilot Life shall be permitted the right and opportunity at any reasonable time to inspect all records of the Policyholder pertinent to insurance under this policy.

INDIVIDUAL CERTIFICATE - BOOKLETS

Pilot Life shall issue to the Policyholder for delivery to each person insured hereunder an individual certificate - booklet of the appropriate type contained in this policy setting forth a statement as to the insurance protection to which he is entitled, to whom the benefits are payable, such limitations or requirements in this policy as may pertain to such person, and, if the policy provides life insurance for him, the provisions of the section entitled "Conversion Privilege". The words "certificate - booklet" as used herein shall include certificate riders and certificate supplements, if any.

AMENDMENT AND ALTERATION OF CONTRACT

This policy may be amended or changed at any time, subject to the laws of the jurisdiction in which it is delivered, without the consent of the persons insured under it or their beneficiaries, if ^{only} by written agreement between the Policyholder and Pilot Life.

Only the President, a Vice-President or the Secretary of Pilot Life has the power to change, modify or waive the provisions of this policy, and then only in writing. Pilot Life shall not be bound by any promise or representation heretofore or hereafter made by or to any agent or other person than as stated above.

(Continued at the bottom of page)
CONFORMITY WITH LAW

If any provision of this policy is contrary to any law to which it is subject, such provision is hereby amended to conform thereto.

NON-PARTICIPATING—PREMIUM REFUNDS

This policy does not share in the surplus earnings of Pilot Life. However, at each Anniversary Date, provided the policy is continued in force by payment of all premiums to such Anniversary Date, an experience premium refund may be made of such part of the premiums paid for the preceding year as Pilot Life shall determine.

Such premium refund shall be paid to the Policyholder or, upon written request from the Policyholder, applied in abatement of premiums.

If the persons insured contribute toward the cost of their insurance and the total of the premium refunds exceeds the Policyholder's share of the gross cost, such excess shall be applied by the Policyholder for the sole benefit of the persons insured. If the laws of the jurisdiction in which this Policy is delivered require that the Policyholder pay a portion of the net cost of the insurance, premium refunds may not be used to reduce the Policyholder's share of such cost to zero. However, Pilot Life shall not be obligated to inquire into the application of any premium refund paid to the Policyholder.

MISSTATEMENT OF AGE

If the age of any person insured under this policy has been misstated, there shall be an equitable adjustment of the premiums between Pilot Life and the Policyholder. The basis for such adjustment shall be a recomputation of the premiums, using for such recomputation the correct age of the person whose age has been misstated and the amount or amounts of insurance to which he is properly entitled according to the plan of insurance in this policy.

Only the State Budget and Control Board or its duly authorized representative has the power, on behalf of the State of South Carolina, to agree to any change or modification in this policy.

DUE DATE AND COMPUTATION OF PREMIUMS

The initial premium is due on the date of issue of this policy and subsequent premiums shall be due monthly thereafter on the Premium Due Date shown on the face page hereof. Premiums are computed as shown on the following page (s).

Although all premiums under this policy are payable monthly, the Policyholder may elect to pay a deposit premium in advance annually, semi-annually or quarterly against which monthly premiums will be charged as they become due, in which event the amount against which monthly premiums will be charged as they become due will be the actual amount of the advance deposit premium increased by a percentage determined by Pilot Life which is commensurate with the discount then being allowed by Pilot Life for premiums paid in advance. The amount of any advance deposit premium shall be determined by Pilot Life at the beginning of the period for which the deposit premium is to be paid and appropriate adjustment of such premium will be made at the beginning of the last month of such period based on the total of the monthly premiums actually computed for such period, provided, that if, at any time during the period for which an advance deposit premium has been paid, the amount of the computed monthly premium charged against the advance deposit premium exceeds such advance deposit premium, the Policyholder shall pay to Pilot Life an additional premium in an amount sufficient to maintain the insurance in force until the end of such period.

Premiums for additional insurance becoming effective during a policy month shall be charged to the Policyholder from the first day of the policy month coincident with or next following the date such insurance becomes effective. Premiums for insurance terminated during a policy month shall be charged to the Policyholder until, but not beyond, the first day of the policy month, coincident with or next following the date such insurance is terminated. Premium adjustments involving a return of unearned premiums to the Policyholder shall be limited to the period of twelve months immediately preceding the date of receipt by Pilot Life of evidence that such adjustments should be made.

COMPUTATION OF GROUP LIFE INSURANCE PREMIUMS

An average monthly premium rate per \$1,000 of insurance shall be determined as provided by the Schedule of Monthly Premiums Per \$1,000 of Insurance. The premium due on the date of issue and on any premium due date shall be determined by multiplying the total amount of insurance in force on that date by the average premium rate then in effect. Pilot Life may change the Schedule of Monthly Premiums per \$1,000 of Insurance and re-determine the average premium rate per \$1,000 of insurance according to the then attained ages of the persons insured and the amounts of their insurance ~~if the new premium rate provided by the Schedule of Monthly Premiums Per \$1,000 of Insurance then in use has been in effect for at least twelve months and provided further that Pilot Life notifies the Policyholder at least thirty (30) days in advance of such Anniversary Date or (2) on any Anniversary Date of the policy, provided Pilot Life notifies the Policyholder at least thirty (30) days in advance of such Anniversary Date, or (3) whenever the terms of the policy are changed, and Pilot Life may re-determine the average premium rate per \$1,000 of insurance according to the then attained ages of the persons insured without changing the Schedule of Monthly Premiums Per \$1,000 of Insurance (1) on any Anniversary Date of the policy or (2) whenever the terms of the policy are changed.~~

SCHEDULE OF MONTHLY PREMIUMS PER \$1,000 OF INSURANCE

<u>Age</u>	<u>Monthly Premium</u>						
15	\$0.15	30	\$0.22	45	\$0.54	60	\$2.34
16	0.16	31	0.22	46	0.59	61	2.55
17	0.17	32	0.22	47	0.65	62	2.79
18	0.18	33	0.23	48	0.72	63	3.04
19	0.18	34	0.24	49	0.80	64	3.31
20	0.18	35	0.26	50	0.89	65	3.61
21	0.19	36	0.27	51	0.99	66	3.94
22	0.19	37	0.29	52	1.09	67	4.31
23	0.20	38	0.30	53	1.21	68	4.72
24	0.20	39	0.33	54	1.34	69	5.17
25	0.20	40	0.36	55	1.48	70	5.64
26	0.20	41	0.39	56	1.63	71	6.15
27	0.21	42	0.42	57	1.80	72	6.67
28	0.21	43	0.46	58	1.97	73	7.21
29	0.21	44	0.50	59	2.15	74	7.78
						75	8.39

The average monthly premium rate per \$1,000 of insurance shall be determined by applying the monthly premiums shown above to the amounts of insurance in force at the respective ages, nearest birthday, of all persons insured under this policy on the date of issue, adding to the amounts so obtained a constant amount of \$6.00 and dividing the total of such amounts by the number of thousands of dollars of insurance then in force. \$ None shall be added to the average monthly premium rate so determined.

For the period July 1, 1972 through June 30, 1973 the average premium rate per \$1,000 of insurance shall be \$0.43.

Instead of the methods of computation of premiums above provided, premiums may be computed by any method mutually agreeable to Pilot Life and the Policyholder which produces approximately the same total amount.

COMPUTATION OF PREMIUMS
FOR LIFE INSURANCE ON DEPENDENTS

Premiums for the Life Insurance on Dependents provided under this policy shall be computed as follows:

by multiplying the number of employees insured on the premium due date for Life Insurance On Dependents by the monthly rate of \$0.46.

The premium rate(s) shown above shall be used in computing the amounts of premiums for Life Insurance on Dependents due hereunder on any due date, provided, however, that Pilot Life may establish new rates for such insurance ~~(1) on any premium due date, provided the premium rates then in use have been in effect for at least twelve months and provided further that Pilot Life notifies the Policyholder at least thirty-one days in advance of such premium due date, or~~ (2) on any anniversary date of the policy, provided Pilot Life notifies the Policyholder at least ~~thirty-one~~ ^{ninety} days in advance of such anniversary date, or (3) whenever the terms of the policy are changed.

Instead of the methods of computation of premiums above provided, premiums may be computed by a method mutually agreeable to Pilot Life and the Policyholder which produces approximately the same total amount.

COMPUTATION OF GROUP HEALTH INSURANCE PREMIUMS

Premiums for the health insurance provided under this policy shall be computed as follows:

by applying the monthly rate of \$0.06 to each \$1,000 of Accidental Death And Dismemberment Benefits in force on each premium due date; and

by applying the monthly rate of \$0.78 to each \$100 of Basic Monthly Salary Rate (one-twelfth of the annual rate in the case of employees who are not paid each month) of each employee insured for Long Term Disability Benefits on the premium due date, excluding the excess, if any, as to each employee over \$500 of Basic Monthly Salary Rate.

The premium rates shown above shall be used in computing the amounts of health insurance premiums due hereunder on any due date, provided, however, that Pilot Life may establish new rates for any of the benefits provided hereunder ~~if on any premium due date, provided the premium rates then in use have been in effect for at least twelve months~~ and provided further that Pilot Life notifies the Policyholder at least thirty one days in advance of such premium due ~~date~~ ^{anniversary} (2) on any anniversary date of the policy, provided Pilot Life notifies the Policyholder at least ~~thirty one~~ ^{thirty} days in advance of such anniversary date, or (3) whenever the terms of the policy are changed.

Instead of the methods of computation of premiums above provided, premiums may be computed by a method mutually agreeable to Pilot Life and the Policyholder which produces approximately the same total amount.

GROUP INSURANCE BOOKLET-CERTIFICATE

PILOT LIFE INSURANCE COMPANY
Greensboro, North Carolina

(which will be called Pilot Life in this booklet-certificate)
certifies that it has issued Group Policy Number 6666
to insure certain employees of

THE STATE OF SOUTH CAROLINA

(which will be called the Policyholder in this booklet-certificate)

The Group Policy is a contract between the Policyholder and Pilot Life which alone constitutes the agreement under which payments are made. It may be changed or terminated only by those parties. As of the date of its preparation, this booklet-certificate, together with any riders which may be attached to it, contains the principal provisions of the Group Policy affecting employees for whom this booklet-certificate was prepared. If the Group Policy is amended in a way which affects the insurance of employees, riders describing the amendment will be issued to be attached to this booklet-certificate, or a new booklet-certificate will be issued to replace this one.

When you have met the requirements for being insured under the Group Policy as shown on the following page, this booklet will become your certificate of insurance under the Group Policy.

Louis C. Stephens, Jr.

President
PILOT LIFE INSURANCE COMPANY

WHO CAN BE INSURED

All full-time employees of the Policyholder who receive compensation from a Department, Institution or Agency of the State of South Carolina can be insured. You will be considered a full-time employee if you have a regularly scheduled work week of more than thirty hours in the employ of the Policyholder for more than five months of each calendar year. Members of the South Carolina General Assembly, clerical and administrative employees of the General Assembly and judges of the State courts can also be insured. However, you can not be insured for Long Term Disability Benefits if you are less than eighteen years of age, or if you are sixty-four years and nine months of age or over.

WHEN YOU CAN BE INSURED

If you are a full-time employee of the Policyholder, you are eligible to be insured on the first day of the calendar month following the day you are employed by the Policyholder.

WHEN YOUR INSURANCE BEGINS

If you are then actively-at-work for the Policyholder, your insurance will begin on the date you are first eligible to be insured.

You will be considered actively-at-work for the purpose of having your insurance begin only if you are performing the regular duties of your employment on a full-time basis, either at one of the Policyholder's regular places of business or at some location to which you are required to travel to do your work. If you are not actively-at-work when your insurance would otherwise begin, it will begin on the next day you are actively-at-work.

However, your insurance for Long Term Disability Benefits will not begin unless, during the period of fourteen consecutive days immediately before the date such insurance would otherwise begin, you are not absent from active work on account of injury or sickness.

LIFE INSURANCE FOR YOUR DEPENDENTS

When you are insured under the Group Policy you can also be insured on account of your eligible dependents, if you have any. If you and your wife or husband are both insured under the Group Policy as employees, either of you, but not both of you, may be insured on account of your children.

WHO ARE YOUR DEPENDENTS

For purposes of this insurance, your dependents are your wife or husband and your unmarried children who are at least fourteen days but less than twenty-three years old, but no one who can be insured under the Group Policy on his own account or who is on active duty with the armed forces of any country can be considered your dependent.

WHEN INSURANCE FOR DEPENDENTS BEGINS

You are eligible to be insured on account of your dependents when your own insurance under the Group Policy begins or when you first have a dependent as defined in the paragraph above, whichever is later.

Your insurance on account of your dependents will begin on the first day of the calendar month which is the same as or which next follows:

- (a) the date you are first eligible, if you have given the Policyholder a completed and signed enrollment form furnished for that purpose on or before that date, or
- (b) the date you give the Policyholder such a completed and signed enrollment form, if you do so after the date you are first eligible but not more than thirty-one days after that date; or
- (c) the date on which Pilot Life approves your written request to be insured on account of your dependents and evidence that your dependents are insurable, if you make your request more than thirty-one days after you are eligible;

however, if a dependent is in a hospital on the date insurance on his account would otherwise begin, insurance on account of that dependent will begin on the day following his discharge from the hospital.

If you get a new dependent while you are insured on account of your dependents, insurance on account of that dependent will begin immediately unless he is then in a hospital, in which case it will begin on the day following his discharge from the hospital.

WHEN YOUR INSURANCE ENDS

Your insurance under the Group Policy will end on the earliest of the following dates:

- (a) the date the Group Policy terminates or is amended to terminate the insurance for the class of employees to which you belong;
- (b) with respect to any insurance which is provided only for certain classes of employees, the date before the day you are no longer a member of the classes for whom that insurance is provided;
- (c) the date your active employment with the Policyholder ends; however, your active employment with the Policyholder will be considered to continue (and your insurance will be continued) during any period you are absent from work on account of injury or sickness, leave of absence or temporary lay-off if the Policyholder, acting on a non-discriminatory basis, continues premium payments on account of your insurance, but not for longer periods than those set out in the Group Policy.

If you must be absent from active work for any reason, you should ask your employer what arrangements, if any, can be made for continuing your insurance.

See the 'Conversion Privilege' provision under Life Insurance For You.

If your insurance for Long Term Disability Benefits has not previously terminated such insurance will automatically terminate ninety days before your 65th birthday.

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WHEN DEPENDENTS INSURANCE ENDS

Your insurance on account of your dependents under the Group Policy will end on the earliest of the following dates:

- (a) the date the Group Policy is terminated or is changed to terminate the insurance on account of dependents of the class of employees to which you belong;
- (b) the date ending the period for which you last made any required contribution to the cost of insurance on account of your dependents, if you fail to make any required contribution when due; or
- (c) the date your own insurance under the Group Policy ends.

The insurance on account of any one of your dependents will end before the time provided in the preceding paragraph as follows:

- (a) with respect to your wife or husband, on the date on which you are divorced or legally separated; or
- (b) with respect to any child, on the date on which the child marries or reaches the limiting age shown in the section, Who Are Your Dependents.

See the 'Conversion Privilege' provision under Life Insurance On Dependents.

SCHEDULE OF INSURANCE

(AS AMENDED JULY 1, 1973)

Benefits For You	Amount of Insurance
Life Insurance	
On or before the last day of the calendar month before the month in which your 65th birthday occurs	\$2,000
On or after the first day of the calendar month in which your 65th birthday occurs	1,000
Accidental Death and Dismemberment Benefits (death benefit payable in addition to Life Insurance)	
On or before the last day of the calendar month before the month in which your 65th birthday occurs	2,000
On or after the first day of the calendar month in which your 65th birthday occurs	1,000
Long Term Disability Monthly Benefit	60% of your Basic Monthly Salary Rate,* but not more than \$300
Elimination Period — 90 consecutive days Maximum Payment Period — the period ending on the day before your sixty-fifth birthday	

* Basic Monthly Salary Rate means your basic rate of compensation by the Policyholder computed on a monthly basis (one-twelfth of the annual rate if you are not paid each month) exclusive of any commissions, bonus, overtime or incentive pay.

COORDINATION WITH OTHER INCOME

Your Monthly Benefit will be coordinated with income from any of the following sources:

- (1) payments in the nature of sick pay or salary continuance from the Policyholder,

SCHEDULE OF INSURANCE (Continued)

COORDINATION WITH OTHER INCOME (Continued)

- (2) any periodic payments to which you are entitled because of your disability under
- (a) any plan arranged or sponsored by the Policyholder for which the Policyholder contributes any part of the cost,
 - (b) any compulsory disability benefits act or law,
 - (c) any group life insurance policy, if you elect to receive such payments,
 - (d) the Federal Social Security Act, excluding any benefits on account of dependents,
 - (e) any Workmen's Compensation Act, employer's liability, occupational disease or similar law, or the maritime doctrine of maintenance, wages and cure,
- (3) any periodic payments in the nature of retirement benefits, if you receive such benefits, under
- (a) any insurance, annuity, pension, welfare or employee benefit plan for which the Policyholder has contributed any portion of the cost or made payroll deductions, or
 - (b) the Federal Social Security Act, excluding any benefits on account of dependents.

Coordinated Benefit Maximum

60% of your Basic
Monthly Salary
Rate.

Benefits For Your Dependents

Life Insurance On Dependents

Dependent wife or husband	\$1,000
Dependent children, age:	
5 years but less than 23 years	1,000
4 years but less than 5 years	800
3 years but less than 4 years	600
2 years but less than 3 years	400
6 months but less than 2 years	200
14 days but less than 6 months	100

CONTRIBUTORY INSURANCE

The Benefits For Your Dependents in the foregoing Schedule Of Insurance is contributory insurance and does not apply to your dependents unless you are properly enrolled for such insurance and are contributing toward its cost.

LIFE INSURANCE FOR YOU

If your death occurs while you are insured under the Group Policy, Pilot Life will pay the amount of your group life insurance to your beneficiary. You may arrange with Pilot Life to have the amount of your insurance paid in installments or, if you have not done so, your beneficiary can make such arrangements. If no arrangements are made for installments, the amount of your insurance will be paid in one sum.

CONTINUANCE OF DEATH BENEFIT BECAUSE OF TOTAL DISABILITY

If, while you are insured under the Group Policy, you become so disabled because of injury or sickness that you are unable to do any kind of work for salary or wages or carry on any kind of business in the hope of making a profit, you will be considered totally disabled. If your total disability begins before your sixty-fifth birthday, the death benefit of your life insurance under the Group Policy can be continued after premium payments on account of your insurance are stopped as provided in the following paragraphs.

ONE YEAR CONTINUANCE FOR TOTAL DISABILITY BEGINNING BEFORE YOUR SIXTY-FIFTH BIRTHDAY

If due proof is furnished Pilot Life, within one year after your death, that

- 1) you actually became totally disabled while insured and before your sixty-fifth birthday,
- 2) such disability continued without interruption until your death, and
- 3) your death occurred within one year after premium payments for your insurance under the Group Policy stopped,

the amount of your continued death benefit will be paid to your beneficiary.

LIFETIME CONTINUANCE WITH ANNUAL PROOF OF DISABILITY FOR TOTAL DISABILITY BEGINNING BEFORE YOUR SIXTIETH BIRTHDAY

If due proof is furnished Pilot Life, either before premium payments for your insurance under the Group Policy are stopped or not later than one year after they are stopped, that

- 1) you actually become totally disabled while insured and before your sixtieth birthday, and

- 2) that your total disability has continued without interruption for at least nine months and you are still totally disabled,

Pilot Life will furnish an endorsement to be attached to your certificate acknowledging that you are totally disabled at that time. If due proof is furnished Pilot Life each year as long as you live, within three months before the anniversary of the date of the endorsement to your certificate, that your total disability has continued without interruption, and if your death occurs within twelve months after the date of such endorsement or within twelve months after the last such anniversary for which proof of continued total disability was furnished, and if proof of your death and of continuous total disability to the date of your death is furnished Pilot Life not later than twelve months after the date of your death, the amount of your continued protection will be paid to your beneficiary, but only if no benefit is payable under the terms of the preceding paragraph.

Whenever you furnish proof of disability to have your protection continued Pilot Life may have you examined by a doctor of its choice.

If you have furnished proof of disability and later recover so you are able to do some kind of work for salary or wages or carry on some kind of business in the hope of making a profit, or if you fail to furnish proof of continued total disability within the time allowed, or refuse to be examined by a doctor Pilot Life chooses, the continuance of your protection will end automatically and you will be entitled to rights and benefits under the Conversion Privilege, together with insurance protection for the thirty-one day period allowed for conversion, just as if your employment in the classes eligible for insurance under the Group Policy had terminated on the date you recovered, or failed to furnish such proof, or refused to be so examined. However, if you return to work and are again insured under the Group Policy you will not be entitled to any rights or benefits under the Conversion Privilege.

AMOUNT OF CONTINUED PROTECTION

The amount of your continued protection will be in the amount for which you would have been insured had you not been disabled and had continued insured under the Group Policy-but not more than the amount of your insurance in effect when you became disabled. If the Schedule of Insurance provides for a reduction in the amount of your insurance at a specified age or at any other specified time, the amount of your continued protection will reduce at the same time your insurance would have reduced.

If an individual life insurance policy has been issued to you in accordance with the Conversion Privilege, no continued protection benefit will be paid unless the individual policy is surrendered to Pilot Life for a return of all premiums paid for it less any dividends and indebtedness.

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The continued death benefit will be paid to the beneficiary for your group life insurance except that if you named a different beneficiary for an individual policy issued in accordance with the Conversion Privilege which is surrendered for return of premiums, your application for that policy will be considered your notice of change of beneficiary.

CONVERSION PRIVILEGE

If your life insurance under the Group Policy ceases because of termination of your employment or because of the termination of your membership in the classes eligible to be insured, you will be entitled to have an individual life insurance policy issued to you by Pilot Life, without evidence of insurability. The individual policy can be on any of the forms of life insurance then being issued by Pilot Life, except a policy containing term insurance or disability or other supplementary benefits.

You must make a written application for the individual policy and pay the first premium for it within thirty-one days after your insurance under the Group Policy ceases. The individual policy will become effective at the end of that thirty-one day period.

The amount of the individual policy cannot be more than the amount of your group life insurance immediately before it ceased. The premium for the individual policy will be based on your age, nearest birthday, on the date of the policy, the form and amount of insurance, Pilot Life's customary rates in use at that time, and the class of risk to which you then belong.

If your group life insurance has been in effect for at least five years and then ceases because the Group Policy is terminated or amended so as to terminate the life insurance for the class to which you belong, you will be entitled to have an individual life insurance policy issued to you just as if your insurance had ceased because of termination of employment; however, under these circumstances the amount of the individual policy cannot be more than the smaller of (a) the amount of your group life insurance immediately before it ceased, reduced by the amount of any group life insurance for which you are then eligible or for which you become eligible within thirty-one days after your insurance under the Group Policy ceased, and (b) two thousand dollars.

If you should die during the thirty-one day period allowed for applying for an individual policy, the amount of life insurance which you would have been entitled to convert to an individual policy will be paid to your beneficiary whether or not you have applied for an individual policy.

NO ASSIGNMENT

Your life insurance under the Group Policy cannot be assigned.

ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS FOR YOU

If you are injured in an accident which occurs while you are insured under the Group Policy for Accidental Death And Dismemberment Benefits, and if your injuries are caused solely by external, violent and accidental means as evidenced by a visible wound or bruise on the exterior of your body (except in the case of drowning or internal injuries revealed by autopsy) and, within ninety days after the date of the accident and directly and independently of all other causes, you suffer one of the losses shown below, Pilot Life will pay the benefit shown opposite the loss, but not more than the full amount of insurance will be paid for all losses resulting from one accident. Benefits for loss of life are payable to your beneficiary. All other benefits are payable to you.

LOSS	BENEFIT
Life	The full amount of insurance
Two or more members	The full amount of insurance
One member	One-half the amount of insurance

The amount of your Accidental Death And Dismemberment Insurance is determined from the Schedule of Insurance. Loss of a member means (a) loss of a foot by severance at or above the ankle, (b) loss of a hand by loss of at least the four fingers entire, or (c) the complete and irrecoverable loss of sight of an eye.

EXCLUSIONS

Accidental Death And Dismemberment Benefits will not be paid for any loss which is caused, directly or indirectly by (a) disease or bodily or mental infirmity, whether a proximate or a contributing cause of the loss, (b) ptomaine or any infection, except an infection of and through a visible wound on the exterior of the body sustained solely through external, violent and accidental means, (c) suicide or attempted suicide, while sane or insane (in Missouri, while sane) or intentionally self-inflicted injury, (d) insurrection or war, or any act of war or insurrection ("war" includes armed aggression resisted by the armed forces of any country, combinations of countries or international organization, whether or not war is declared), (e) participating in a riot or committing, or attempting to commit, an assault or a felony, or (f) any injury sustained while operating or riding in any kind of aircraft or as a result of descending from an aircraft in flight if you were a pilot or a member of the crew of the aircraft, or if you were giving or receiving aviation training or instruction, or if the aircraft was being used in any training, maneuvers or operations of any armed forces, or if you were being flown for the purpose of descending from the aircraft while in flight.

BENEFICIARY

You may name anyone you wish as your beneficiary (except the Group Policyholder) by filing a form furnished for that purpose with Pilot Life. You may change your beneficiary at any time, without the consent of any beneficiary, by filing a written notice of the change with Pilot Life. The change will become effective on the date you sign your notice; however, Pilot Life will not be liable for any payment it makes before receiving your notice of change.

If you name two or more beneficiaries without specifying their shares, they shall share equally. If one of your beneficiaries dies before you, the share that beneficiary would have received if living will be divided among your other beneficiaries equally, or all to the survivor if only one beneficiary survives you, unless you have provided differently in the form you filed naming your beneficiaries.

If you have not named a beneficiary with respect to all or a part of your insurance or if no beneficiary you have named is living when you die, payment will be made to your estate.

LONG TERM DISABILITY BENEFITS

If you become totally disabled as a result of injury or sickness while you are insured under the Group Policy for Long Term Disability Benefits, and if your total disability continues without interruption for a period longer than the ninety day Elimination Period which applies to you, Pilot Life will pay the benefits described and limited in the following paragraphs.

Your Monthly Benefit, Elimination Period and Maximum Payment Period are determined from the Schedule of Insurance.

You will be considered totally disabled for the purpose of Long Term Disability Benefits only if during your entire period of disability you are under the direct care of a legally qualified physician, other than yourself, and

- (a) during the Elimination Period and the next following twenty-four months of any one period of disability, only if you are continuously and completely prevented by injury or sickness from performing each and every duty of your occupation, and
- (b) after that twenty-four month period, only if you are continuously and completely prevented by injury or sickness from engaging in any and every occupation or employment for which you are reasonably fitted by education, training or experience.

However, if your primary occupation is piloting or acting as a member of the crew of an aircraft, you will be considered totally disabled only if you are continuously and completely prevented by injury or sickness from engaging in any occupation or employment for which you are reasonably fitted by education, training or experience. In no event will you be considered totally disabled during any period during which you are engaged in your own or any other occupation for compensation or profit.

BENEFITS FOR TOTAL DISABILITY

For any one period of total disability which begins while you are insured, Pilot Life will pay one-thirtieth of your Monthly Benefit for each day of total disability after the expiration of the Elimination Period and before the expiration of the Maximum Payment Period which applies to you. An Elimination Period begins on the first day of any period of total disability on which you are treated by a legally qualified physician, other than yourself, for the injury or sickness causing the total disability.

BENEFITS FOR PARTIAL DISABILITY FOLLOWING A PERIOD FOR WHICH BENEFITS FOR TOTAL DISABILITY ARE PAYABLE

If, immediately following a period for which you are entitled to receive Benefits For Total Disability, you are partially disabled and under the direct care of a legally qualified physician, other than yourself, as a result of the same injury or sickness entitling you to Benefits For Total Disability but you

are able to return to a limited work schedule of not more than one-half of your customary working time each day, Pilot Life will pay one-sixtieth of your Monthly Benefit for each day of such disability which occurs after the period for which Benefits For Total Disability are payable on account of such injury or sickness and before the expiration (dating from the beginning of payment of Benefits For Total Disability) of the Maximum Benefit Period, but not for more than ninety days in any event.

REDUCTIONS IN AMOUNT OF MONTHLY BENEFITS (Coordination With Other Income)

If you receive (or are entitled to receive by making proper application for it) payment from any of the sources listed under Coordination With Other Income in the Schedule of Insurance for any period for which you are entitled to Long Term Disability Benefits, the amount of your Monthly Benefits otherwise provided for that period will be reduced, if necessary, so that the total of your Monthly Benefits and the payments from such other sources will not exceed the Coordinated Benefit Maximum shown in the Schedule of Insurance.

RECURRENT DISABILITIES

If, within sixty days after recovery from any period of disability for which Monthly Benefits have become payable and while you are still insured under the Group Policy, you again become totally disabled from the same or any related cause or causes for more than ten consecutive days, such disability will be considered a continuation of the previous period of disability; otherwise, any subsequent period of disability will be considered a new period of disability.

LIMITATIONS

For all disability due to mental illness or functional nervous disorder Monthly Benefits will be paid for no more than a total of twelve months unless at the end of such twelve months

- (a) you are confined to a hospital and have been so confined for at least fourteen consecutive days, or
- (b) you have been declared mentally incompetent and are under the care of a legally appointed guardian, or
- (c) you are undergoing convulsive therapy treatment,

in any of which cases, (a), (b) or (c), benefits will be continued during your total disability until the date three months after whichever of the following happens last

- (1) you are discharged from the hospital,
- (2) your legal competency is re-established, or
- (3) convulsive therapy treatment is discontinued,

but in no event will benefits be paid for longer, altogether, than the Maximum Payment Period which applies to you.

EXCLUSIONS

Benefits will not be paid for any period of disability caused by or resulting from

- (a) pregnancy or resulting childbirth or complications;
- (b) war or any act of war, including armed aggression resisted by the armed forces of any country, combination of countries or international organization, whether or not war is declared;
- (c) service (other than active duty service of two months or less for training purposes only) in the armed forces of any country or international organization; or
- (d) injuries intentionally self-inflicted, while sane or insane (in Missouri, while sane)

nor will Long Term Disability Benefits of any kind be paid for any part of any period of disability during which you are not in the United States, Canada, Puerto Rico or the Virgin Islands, unless Pilot Life agrees in writing to continue benefits prior to your leaving the United States, Canada, Puerto Rico or the Virgin Islands.

LIFE INSURANCE ON DEPENDENTS

If the death of one of your dependents occurs while you are insured under the Group Policy for Life Insurance On Dependents, Pilot Life will pay the amount of life insurance on that dependent, determined from the Schedule of Insurance, to you, if you are living when payment is made, otherwise to your estate.

CONVERSION PRIVILEGE

If Life Insurance On Dependents for your wife or husband ceases because of termination of your employment or because of termination of your membership in the classes eligible for such insurance, your wife or husband on whom the insurance has ceased will be entitled to have an individual policy issued to him by Pilot Life without evidence of insurability. The individual policy can be on any of the forms of life insurance then being issued by Pilot Life, except a policy containing term insurance or disability or other supplementary benefits.

The wife or husband must make a written application for the individual policy and pay the first premium for it within thirty-one days after the insurance on him under the Group Policy ceases. The individual policy will become effective at the end of that thirty-one day period.

The amount of the individual policy cannot be more than the amount of life insurance on the wife or husband under the Group Policy immediately before the insurance ceased. The premium for the individual policy will be based on the wife's or husband's age, nearest birthday, on the date of the policy, the form and amount of insurance, Pilot Life's customary rates in use at that time, and the class of risk to which the wife or husband then belongs.

If your Life Insurance On Dependents has been in effect for at least five years and then ceases because the Group Policy is terminated or amended so as to terminate that insurance for the class to which you belong, your wife or husband will be entitled to have an individual life insurance policy issued to him just as if the Life Insurance On Dependents had ceased because of termination of your employment; however, under these circumstances the amount of the individual policy cannot be more than the smaller of (a) the amount of insurance under the Group Policy on the wife or husband immediately before it ceased, reduced by the amount of life insurance on the wife or husband for which you are then eligible or for which you become eligible under another group policy within thirty-one days after your Life Insurance On Dependents under the Group Policy ceased, and (b) two thousand dollars.

If your wife or husband should die during the thirty-one day period allowed for applying for an individual policy, the amount of life insurance he would have been entitled to convert to an individual policy will be paid (whether or not application for an individual policy has been made) to you, if you are living when payment is made, otherwise, to your estate, unless your wife or husband has named a different beneficiary in an application for a converted policy, in which case payment will be made to such beneficiary.

HOW TO CLAIM BENEFITS

You can get the forms you need for claiming benefits from the office of your employer. You can also get help in completing the forms. When forms are properly completed return them to your employer so they can be sent to Pilot Life as soon as possible.

The following provisions do not apply to life insurance.

* * * * *

NOTICE AND PROOF OF CLAIM

All benefits provided in the Group Policy shall be paid to you as they accrue (or in the case of benefits for accidental death, as stated in the Accidental Death And Dismemberment Benefits and Beneficiary provisions) upon receipt of written proof on Pilot Life's forms or, if such forms are not furnished within fifteen days after demand therefor, then upon receipt of written proof covering the occurrence, character and extent of the event for which claim is made.

Affirmative proof of loss of time on account of disability must be furnished to Pilot Life within ninety days after the termination of the period for which claim is made. Affirmative proof of any other loss on which claim may be based must be furnished to Pilot Life not later than ninety days after the date of such loss.

Failure to furnish proof within the time provided in this certificate shall not invalidate or reduce any claim if it shall be shown not to have been reasonably possible to furnish such proof and that such proof was furnished as soon as was reasonably possible.

Pilot Life shall have the right and opportunity, at its own expense, to examine the person whose injury is the basis of claim when and so often as it may reasonably require during the pendency of claim under the Group Policy.

No action at law or in equity shall be brought to recover on the Group Policy prior to the expiration of sixty days after proof of loss has been filed in accordance with the requirements of this certificate, nor shall such action be brought at all unless brought within six years from the expiration of the time within which proof or loss is required by this certificate.

STATE OF SOUTH CAROLINA
MASTER GROUP CONTRACT WITH
BLUE CROSS-BLUE SHIELD
FOR RETIRED EMPLOYEES

1428

APPLICATION FOR GROUP HOSPITAL SERVICE AND
GROUP MEDICAL SERVICE CONTRACTS
BLUE CROSS OF SOUTH CAROLINA AND
BLUE SHIELD OF SOUTH CAROLINA

(Corporations incorporated under the Laws of the State of South Carolina
hereinafter called Blue Cross & Blue Shield)

HOME OFFICE: Columbia, South Carolina 29219

South Carolina State Budget and Control Board
on behalf of the State of South Carolina, hereinafter
referred to as the Applicant, Policyholder or Employer

Applicant

Columbia, South Carolina

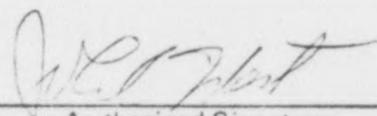
Address

- I. Applicant hereby applies for Group Hospital Service and Group Medical Service Contracts in the forms attached hereto.
- II. Applicant agrees to cause to be paid to Blue Cross & Blue Shield, monthly in advance, the charges specified under Schedule B of this Application on behalf of Applicant's Employees or Members who meet the eligibility requirements specified in Schedule A of this Application.
- III. The Effective Date of coverage under this Application shall be 12:01 A.M. standard time on the 1st day of July, 1972, at Columbia, South Carolina, and such coverage shall continue until terminated in accordance with the provisions of the Contracts.
- IV. Applicant agrees to deliver to its covered Employees or Members individual Certificates and Identification Cards furnished by Blue Cross & Blue Shield.
- V. Applicant agrees to receive, on behalf of its Employees, all Notices delivered by Blue Cross & Blue Shield and to forward on behalf of Blue Cross & Blue Shield such Notices to the persons involved at their last known addresses.

Date _____

South Carolina State Budget and Control Board
on behalf of the State of South Carolina

Applicant

By 

Authorized Signature

The Honorable John C. West, Governor of the State of
South Carolina and Chairman of the South Carolina
State Budget and Control Board

SCHEDULE A

Every Retiree within the classifications set forth below shall be eligible for coverage for himself and his Dependents provided that:

1. No other coverage for hospital benefits or medical-surgical care will be in effect or subsequently adopted by the Applicant during the period of the Contract. In the event it should ever become the intention of the Applicant to adopt such other coverage, he will terminate the Contract in accordance with the termination provisions contained in the Group Contract;
2. Eligible Retirees and/or Dependents who fail to enroll in accordance with the ELECTION OF COVERAGE and COMMENCEMENT OF COVERAGE provisions specified in this contract may be enrolled for coverage only during any reopening dates of the group and only under such conditions as may be mutually agreed upon, in writing, by Blue Cross - Blue Shield and the South Carolina State Budget and Control Board; and,
3. With specific reference to the group hospital service, and medical service coverage herein applied for, it is understood and agreed by the contracting parties that in all instances the definition "Employee" is construed to mean "Retiree" as defined in the paragraph titled, CLASSIFICATION OF ELIGIBILITY.

CLASSIFICATION OF ELIGIBILITY RETIRED STATE EMPLOYEES

Eligibility is predicated on the retiree having been formerly employed by an agency, department, board, commission, or institution of the State which is eligible to participate in the States' Group Insurance Program. The retiree must receive a retirement income through the State Retirement System and must have been employed by a State Agency, department, board, commission, or institution at the time of retirement. Also to be eligible are retired members of the South Carolina General Assembly, retired clerical and administrative employees of the General Assembly and retired judges in the State Courts.

For the retiree eligible for Medicare this contract is predicated on said retiree being enrolled for supplementary insurance (Parts A and B) coverage under Title XVIII of the Social Security Act (Medicare).

SCHEDULE B

The monthly unit rates applicable to this Contract and guaranteed during the period July 1, 1972 - June 30, 1973 will be as follows:

Rates For Basic Benefits			Monthly Total	
(A)	Employee 9.60	Spouse 9.60	Child/Children 5.50	24.70
(B)	Employee 9.60	Spouse 9.60	No Child/Children No Children	19.20
(C)	Employee 9.60	No Spouse No Spouse	Child/Children 5.50	15.10
(D)	Employee Only			9.60

The Employer agrees to pay \$4.00 per month per Retiree during the first Contract Year. Any savings due to decreases in claims payments because of Medicare participation shall be reflected, as an identifiable item and to the extent of such savings, in the experience rating formula used to determine the rates in each of the subsequent years.

Initial charges shall be payable in advance of the Effective Date. Subsequent charges shall be payable on or before the same date of each month thereafter. Provided further that Blue Cross and Blue Shield agree to pay claims for benefits hereunder commencing July 1, 1972 and the Applicant agrees to make payment at the rates provided herein retroactively to July 1, 1972.

The holder of this contract is a member of Blue Cross of South Carolina and is entitled to vote in person or by proxy at any and all meetings of said Corporation. This is a nonassessable contract and the holder hereof is not subject to any contingent liability. The annual meetings of the members shall be held at the Home Office of the Corporation on the fourth Thursday in March at 11:00 A.M., Eastern Standard Time.

BLUE CROSS OF SOUTH CAROLINA

(A Corporation incorporated under the Laws of the State of South Carolina and hereinafter referred to as Blue Cross)

HOME OFFICE: Drawer A, Forest Acres Branch, Columbia, South Carolina 29219

Group Hospital Service Contract No. 00-20000-00 and in series

IN CONSIDERATION

of the Application made by

The Applicant

.....
(hereinafter called the Employer)

a copy of which is attached hereto and made part of this Contract and in consideration of remittance or payment by the Employer of the charges as herein provided in Schedule B of the Application,

BLUE CROSS HEREBY AGREES TO PROVIDE

The benefits herein described for a period of one year beginning at 12:01 A.M. standard time at Columbia, South Carolina on July 1, 1972 (hereinafter called the Effective Date) and from year-to-year thereafter, unless this Contract is terminated as provided herein. The charges shall be due and payable by the Employer in advance of the Effective Date and thereafter as provided herein. This Contract is issued and delivered in the State of South Carolina, is governed by the laws thereof and is subject to the terms and provisions recited herein.

IN WITNESS WHEREOF, BLUE CROSS has caused this Contract to be signed this
..... 30th day of June 19 72

Joseph F. Sullivan
President

ARTICLE I – DEFINITIONS

1. "EMPLOYER" as used herein means the Employer with whom Blue Cross has contracted and by virtue of which Contract the Employees and their Dependents become Members.
2. "EMPLOYEE" as used herein means any Employee of the Employer who is eligible for coverage as provided in Article II hereof, and who shall have been so designated to Blue Cross by the Employer.
3. "DEPENDENT" means (a) an Employee's spouse who is not defined as an Employee or (b) an Employee's unmarried child under twenty-three (23) years of age, including such stepchild, foster child, and any other child depending upon the Employee for support and living with the Employee in a regular parent-child relationship or (c) an Incapacitated Dependent as defined in paragraph 5 of this Article.
4. "MEMBER" means the Employee, his or her spouse, and each other Dependent, only if and while such person is covered by this Contract. A spouse shall cease to be a Member upon termination of marriage to the Employee. A child shall cease to be a Member upon the attainment of the age twenty-three (23), or upon his or her marriage whichever occurs first. An Incapacitated Dependent as defined in paragraph 5 of this Article may continue to be a Member beyond age twenty-three(23).
5. "INCAPACITATED DEPENDENT" shall mean unmarried child who is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation or physical handicap, and (b) chiefly dependent upon the Employee or a deceased Employee's spouse for support and maintenance and living in a regular parent-child relationship.
6. "INDIVIDUAL COVERAGE" as used in this Contract and the Application means that type of coverage which includes only the Employee. Individual Coverage does not provide Obstetrical Service or services for any complication of pregnancy.
7. "FAMILY COVERAGE" as used in this Contract and the Application means coverage for an Employee and one or more Dependents under this Contract
8. "CONTRACT" means the agreement between Blue Cross and the Employer by virtue of which the Employees and their Dependents become Members, and shall include the Application of the Employer for this Contract, the attached Endorsements and Riders, if any, and the Notices of Election of the Employees indicating their participation in the coverage provided hereunder. The Contract constitutes the entire contract between the parties.
9. "CONTRACT YEAR" means the twelve (12) months commencing on the Effective Date of this Contract and each yearly period thereafter agreed to by the contracting parties.
10. "HOSPITAL" means an institution which, for compensation from its patients and on an inpatient basis, is primarily engaged in providing diagnostic and therapeutic facilities for the surgical and medical diagnosis, treatment and care of injured and sick persons by or under the supervision of a staff of Physicians who are duly licensed to practice medicine, and which continuously provides twenty-four (24) hour-a-day nursing service by registered graduate nurses physically present and on duty, and which is not, other than incidentally, a nursing home, or a place for: (a) rest, (b) the aged, (c) drug addicts, (d) alcoholics, or (e) the treatment of pulmonary tuberculosis or mental disorders. For purposes of this

Contract, Hospital shall also mean a Hospital with which any Blue Cross Plan, approved by the American Hospital Association, has an operating agreement. Also, for purposes of this Contract, included within the definition of Hospital are the Palmetto Center in Florence, South Carolina, the Holmes View Center in Greenville, South Carolina, and Central Addictions Facility Demonstration Project in Columbia, South Carolina specifically for the treatment of alcoholism.

11. "MEMBER HOSPITAL" means any Hospital which has an operating agreement in effect with any Blue Cross Plan.
12. "NON-MEMBER HOSPITAL" means any Hospital which has no operating agreement in effect with any Blue Cross Plan.
13. "EXTENDED CARE FACILITY" as used herein means a voluntary or proprietary institution which is licensed and operated in accordance with the laws of the jurisdiction in which it is located pertaining to institutions identified as such and (a) which is registered by the American Hospital Association or accredited by a the comparable national agency of which the American Hospital Association is a participating member; (b) which has a contractual affiliation with a Blue Cross Member Hospital, and (c) has an agreement with Blue Cross.
14. "INTENSIVE CARE UNIT" means a specially equipped unit, set aside as a distinct patient care area, staffed and equipped to handle seriously ill patients requiring extraordinary care on a concentrated and continuous basis.

ARTICLE II – ELIGIBILITY FOR COVERAGE

1. ELIGIBILITY

Every Employee within the classification set forth in the attached Application shall be eligible for coverage for himself and his Dependents.

2. ELECTION OF COVERAGE

- a. Any Employee eligible for coverage may elect coverage for himself or herself and his or her eligible Dependents by completing and filing with the Employer a Notice of such Election and authorizing any necessary payroll deductions within the periods of time described below in paragraph 3, Commencement of Coverage.
- b. The Employer shall furnish Blue Cross with a list of Employees to be covered together with such data as may be required by Blue Cross as a prerequisite to coverage of such Employees under this Contract.

3. COMMENCEMENT OF COVERAGE

Coverage under this Contract, shall commence as follows:

- a. For an Employee eligible prior to or as of the Effective Date (and for his or her Dependents, if then eligible and if coverage therefor is elected), coverage shall commence as of the Effective Date of this Contract, if such Employee files a Notice of Election and authorizes any necessary payroll deductions prior to the Effective Date if at all practical; otherwise within 120 days after the Effective Date.
- b. For an Employee becoming eligible subsequent to the Effective Date, coverage for the Employee and his or her Dependents shall commence on the first day of the month coincident with or following his or her date of employment provided an appropriate Notice of Election is filed and any necessary payroll deductions are authorized within thirty-one days after the Employee's date of employment.
- c. For a Dependent acquired subsequent to the Employee's Effective Date, coverage shall commence on the date the eligible Dependent is acquired provided a Notice of Election is filed and any necessary payroll deductions are authorized within thirty-one days after such acquisition.

- d. For any Employee or Dependent who fails to enroll or make a change in membership status in accordance with subparagraphs a., b. or c. immediately above, no coverage under this contract will commence unless the Employee makes a written request for coverage and provides evidence satisfactory to Blue Cross that any person to be covered is insurable for health insurance benefits. If satisfactory evidence of insurability is provided, coverage for such person(s) will commence on the first day of the month following written approval by Blue Cross of the Employee's request. If the evidence of insurability for such persons is not satisfactory to Blue Cross, they may not be enrolled for coverage under this Contract except as provided in paragraph 2 of Schedule A in the Application.
- e. For any Employee or Dependent whose Effective Date of Family Coverage is after July 1, 1972, there will be a waiting period, as described in Article IV paragraph 1, subparagraph g., during which time benefits will not be provided for maternity or for any condition arising out of pregnancy (including tubal ligations).

4. EXTENSION OF ELIGIBILITY

Coverage under this Contract may be extended (a) to groups of Employees and Dependents not theretofore designated as eligible by the Employer and/or (b) to Employees and Dependents who fail to elect coverage within the periods hereinbefore specified. However, such coverage extension may be effected only in accordance with Schedule A of the attached Application and/or Article XII, paragraph 1.

ARTICLE III – BENEFITS PROVIDED

1. BENEFITS FOR HOSPITAL INPATIENT CARE

Subject to all provisions of this Contract, a Member who is admitted to a Member Hospital on or after the Effective Date of his coverage shall be entitled to the following benefits for Hospital Service when consistent with diagnosis and treatment of the condition requiring hospitalization.

a. Days of Care

- (1) All Members shall be entitled, except as limited in (2) and (3) below, to 70* days of Hospital Service for each admission. Successive Hospital admissions shall be considered to be continuous, and to constitute a single hospital admission, if discharge from and readmission to any Hospital or Extended Care Facility for treatment of the same or any related condition shall occur within a ninety (90) day period.
- (2) When Hospital Service is rendered primarily for pulmonary tuberculosis, mental or nervous Conditions, alcoholism or drug addiction, benefits for any and all such conditions provided to a Member shall be limited to a total of 30 days in the aggregate, in a Hospital as defined in paragraph 10 of Article I, during a period of twelve (12) consecutive months commencing on the Effective Date of the Member's coverage hereunder and each like period thereafter.

(3) Days will be counted according to standard midnight census procedure used in most Hospitals. In computing the number of days of Hospital Service available and rendered to a Member, the day of admission shall be counted but the day of discharge shall not. If a Member is discharged on the same day on which he is admitted, such day shall be counted as one (1) day.

b. Room and Board Accommodation

- (1) Hospital Service shall include payment in full for bed and board, including meals, special diets, and general nursing service, of the character known as "semi-private accommodations." Where the Member received bed and board, including meals, special diets, and general nursing service, of the character known as "private accommodations" an allowance toward payment of the charge made by such Hospital for private accommodations shall be made on the basis of the Hospital's charge per day for fifty-one per cent (51%) or more of its semi-private accommodations; or
- (2) When medically necessary, Hospital Service shall include payment in full for bed and board of the character defined as "Intensive Care Unit," including special equipment and concentrated nursing services provided by personnel on the Hospital's payroll. Where a separate room and board charge is made for an additional bed accommodation "reserved" for the patient during the time he or she is in the Intensive Care Unit, such charge is not a covered benefit under this Contract.

c. Hospital Service

"Hospital Service" as used in this Contract shall include in addition to Room and Board Accommodations, payment in full for the following ancillary services when necessary and regularly charged for by a Hospital:

Accommodations, payment in full for the following ancillary services when necessary and regularly charged for by a Hospital:

- (1) Use of operating, cystoscopic, delivery, recovery and treatment rooms and equipment;
- (2) Oxygen and use of equipment for administration thereof;
- (3) Drugs and medications used in the Hospital which, at the time of use, are listed in the U. S. Pharmacopeia or National Formulary or are commercially available for purchase and readily obtainable by the Hospital;
- (4) Sera, biologicals, vaccines, intravenous preparations and visualizing dyes, but not including human blood or blood plasma or other human blood derivatives;
- (5) Use of blood transfusion equipment; administration of blood derivatives if administered by a salaried employee of the Hospital (blood or plasma not provided);
- (6) Dressings, ordinary splints and plaster casts;
- (7) Anesthesia supplies and use of anesthesia equipment; administration of anesthesia if administered by a salaried employee of the Hospital;
- (8) Use of Physiotherapeutic and hydrotherapeutic equipment; physiotherapeutic and hydrotherapeutic treatments if rendered by a salaried employee of the Hospital;
- (9) Basal metabolic examination;
- (10) Use of cardiographic and electroencephalographic equipment; services of a salaried employee of the Hospital in connection with use of such equipment;
- (11) Laboratory examinations;
- (12) X-ray examinations;

- (13) Supplies and equipment for the administration of radiation therapy; radiation therapy if administered by a salaried employee of the Hospital;
- (14) Supplies and equipment for the administration of inhalation therapy; inhalation therapy if administered by a salaried employee of the Hospital.

d. The total value of Hospital Service for each admission shall be subject to the amount of a \$25.00 deductible.

2. BENEFITS FOR EXTENDED CARE FACILITY INPATIENT CARE

Subject to all provisions of this Contract, a Member who is admitted to an Extended Care Facility within fourteen (14) days following discharge from a Hospital shall be entitled to the following benefits for service when consistent with diagnosis and treatment of the condition which required hospitalization.

a. Days of Care During such period of time as it is medically necessary for a Member to receive skilled services to aid convalescence and rehabilitation for the condition requiring admission, each Member shall be entitled to the unused portion of in-hospital days provided in Article III, 1. subparagraph a. In computing days available, two (2) days of care in an Extended Care Facility are to be equated to one (1) hospital day.

b. Benefits Provided

A Member shall be entitled to benefits in an Extended Care Facility for those services defined in Article III, 1. subparagraph b. (1) and Article III, 1. subparagraph c. but only to the extent available.

3. BENEFITS FOR HOSPITAL OUTPATIENT CARE

A Member receiving Hospital Service in a Hospital, but not admitted as a registered bed patient therein, shall be entitled to a benefit equal to the Hospital's regular charges for the Hospital Service furnished him, but only for the following:

- a. Hospital emergency care for accidental injury rendered within seventy-two (72) hours after such injury; or
- b. Use of the Hospital's facilities for minor surgical operations; or
- c. Use of the Hospital's facilities for radiation therapy, inhalation therapy and physical therapy.

4. SERVICE IN NON-MEMBER LICENSED HOSPITALS

a. Reciprocating Plan

When a Member is hospitalized in a Member Hospital or an Extended Care Facility of another Blue Cross Plan with which Blue Cross has a reciprocal agreement, such Member shall receive the benefits provided by the reciprocating plan for the number of days as provided in Article III, 1. subparagraph a. and III, 2. subparagraph a.

b. Other Licensed Hospitals

Subject to all provisions of this Contract, Blue Cross shall pay, at its option, to the Employee or to the Non-Member Hospital:

- (1) Where the care rendered is in a duly licensed general Hospital which would be eligible to be a Member Hospital in accordance with South Carolina Hospital Association and Blue Cross' standards, eighty percent (80%) of regular charges for benefits listed in Article III, 1. when they are customarily provided by the Hospital and to the extent they are consistent with diagnosis and treatment;
- (2) In any other licensed general Hospital; eye, ear, nose and throat hospital; maternity hospital; or school or college infirmary; up to, but not to exceed, the Room Allowance indicated in Article III, 1. subparagraph b. (1) for each day inpatient care. In no case shall the aggregate payment hereunder exceed the total charges for the admission.

- c. Each day or part thereof that Hospital Service is furnished in a Non-Member Hospital shall count as one (1) day toward the number of Hospital Service a Member is entitled to under Article III, 1 subparagraph a.

ARTICLE IV – EXCLUSIONS AND LIMITATIONS

1. Hospital Service shall not be provided for:
 - a. Service of physicians and technicians not employed by the Hospital or Extended Care Facility, private duty nurses or their board, ambulance service, blood, blood plasma, procurement or use of special braces, appliances or equipment;
 - b. Any service or benefits to the extent that the Member is entitled to payment or benefits (whether or not any such payment or benefit has been applied for or paid) pursuant to the laws (now existing or as may be amended or enacted in the future) of the United States, any state or political subdivision thereof; specifically excluded hereunder, without limiting the generality of the foregoing, are benefits provided by or payable under Workmen's Compensation laws, the Veterans Administration, or any state or federal hospital for which services the Member is not legally obligated;
 - c. Any service or benefits to the extent that the Member is entitled to payment or benefits under federal programs of health care for the aged (commonly referred to as Medicare, Part A) and amendments thereto, but only to the extent that benefits are provided or reimbursement is paid or payable thereunder;
 - d. Disease hereafter contracted or injuries hereafter sustained as a result of war, declared or undeclared or any act of war, or while in the military service or engaged in reserve military training or duty;
 - e. A hospital admission which is solely for diagnostic x-rays or laboratory examinations or other diagnostic studies;
 - f. Hospital admissions for sanitarium care or rest cures; hospital admissions primarily for physical or occupational therapy; or hospital or extended care facility admissions for custodial care, that being defined as the provision of room and Board solely for the maintenance of the Member and which is not rendered for the care or cure of a specific sickness of a Member under the treatment of a physician.
 - g. Hospital confinement commencing prior to the Effective Date of a Member's coverage hereunder, except that if Hospital Service for such a period of Hospital confinement was provided under a prior contract issued by Blue Cross, up to the Effective Date of the Member's coverage hereunder, it shall be provided after said date to the extent provided under such prior contract with Blue Cross;
 - h. Care of a Member admitted where there is no definitive medical or surgical diagnosis or treatment.
2. Benefits shall not be provided for service or supplies unless specifically listed herein or to any degree greater than specified in this Contract.

ARTICLE V – CONDITIONS UNDER WHICH BENEFITS SHALL BE RENDERED

1. Hospital Service shall be available to a Member only upon the recommendation and while under the treatment of a duly licensed physician who is a member of a staff of or acceptable to the Hospital or Extended Care Facility selected.
2. Hospital Service is subject to all the rules and regulations of the Hospital or Extended Care Facility selected, including the rules and regulations governing admission.
3. While a Member may elect to be hospitalized in any Hospital or Extended Care Facility which is able to furnish required Hospital Service, there is no guarantee of the admission of such Member to such Hospital or Extended Care Facility, nor of the availability of any accommodations or services therein requested by the Member or his physician.
4. INFORMATION AND RECORDS

Blue Cross shall be entitled to receive from the Member such authorizations for medical and hospital records as it may reasonably require from any provider of services incident to the administration of the benefits hereunder and the attending physicians certificate as to the medical necessity for care or treatment; provided, however, that Blue Cross shall in every case hold such records as confidential except as authorized by the Member.

ARTICLE VI – COORDINATION OF BENEFITS (REDUCTION OF BENEFITS BECAUSE OF OTHER GROUP COVERAGE)

1. EFFECT ON BENEFITS

- a. If a Member covered hereunder is also covered for hospital care benefits or services under another Plan, the benefits applicable under this Plan shall be reduced so that for Covered Services incurred in any Claim Determination Period, benefits available under all Plans shall not exceed the total amount of such Covered Services, except that if the coordinating provisions of this Contract are in conflict with the coordinating provisions of the other Plan's contract, the benefits of such other Plans will be ignored for purposes of determining the benefits under this Contract and benefits will be paid under this Contract as if the conflicting provisions did not exist.
- b. For the purpose of subparagraph a. of this paragraph 1., the rules establishing the order of benefits determination are:
 - (1) The benefits of a Plan which does not contain a Coordination of Benefits provision or other provisions of similar intent shall be determined before the benefits under this Contract;
 - (2) The benefits of a Plan which covers an Employee, Contract Holder or Named Insured, primarily, shall be determined before the benefits of a Plan which covers such person as a Dependent, or secondarily;
 - (3) The benefits of a Plan which covers the person as a Dependent of a male person shall be determined before the benefits of a Plan which covers such person as a Dependent of a female person;
 - (4) When the prior rules do not establish an order of benefit determination the benefits of a Plan which has covered the person for the longer period of time shall be determined before the benefits of a Plan which has covered such person the shorter period of time.

2. BENEFITS SUBJECT TO THIS ARTICLE

All of the benefits provided under this Contract are subject to this Article.

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3. DEFINITIONS

- a. 'PLAN' means any program providing benefits or services for or by reason of Hospital care or treatment, which benefits or services are provided by (1) group, blanket or franchise insurance coverage, (2) Blue Cross and Blue Shield group prepayment coverage, or (3) any coverage under labor-management trustee plans, union welfare plans, employer organization plans, or employee benefit organization plans.

The term 'Plan' shall be construed separately with respect to each policy, contract or other arrangement for benefits or services and separately with respect to that portion of any such policy contract or other arrangement which reserves the right to coordinate benefits or services of other Plans in determining its benefits and that portion which does not.

- b. 'COVERED SERVICES' as pertains to this Article only, means any necessary, reasonable, and/or customary item of Hospital Service which would normally appear on the Hospital's or the Extended Care Facility's regular statement of charges. Payment under this Contract cannot exceed the amount which would ordinarily be paid in the absence of this Article. Personal comfort items provided at the request of the patient such as television set, air conditioning, telephone and other similar items, that are entered separately on the Hospital's or Extended Care Facility's regular statement of charges, are not considered as covered services. When a Plan provides benefits in the form of services, the reasonable cash value of each service rendered shall be deemed a benefit paid. Blue Cross shall not be required to determine the existence of any Plan or amount of benefits payable under any Plan except this Contract, and the payment of benefits under this Contract shall be affected by the benefits that would be payable under any and all other Plans only to the extent that Blue Cross is furnished with information relative to such other Plans. However, Blue Cross will make every reasonable effort to secure such information.
- c. 'CLAIM DETERMINATION PERIOD' as used in this Article, means a period of Hospital confinement stipulated in Article III, 1. subparagraph a. and III, 2. subparagraph a. of this Contract or any rider hereto.
- d. 'DEPENDENT' means, with respect to this Article, any person included in the definition of Dependent in Article I hereof, and, with respect to any other Plan, any person who qualifies as a dependent under such Plan.

4. RIGHT TO RECEIVE AND RELEASE NECESSARY INFORMATION For the purposes of determining the applicability of and implementing the terms of this Article or any provision of similar purpose of any other Plan, Blue Cross may, without the consent of or notice to any person, release to or obtain from any insurance company or other organization or person, any information, with respect to any person, which it deems to be necessary for such purposes. Any person claiming benefits under this Plan shall furnish to Blue Cross such information as may be necessary to implement this Article.

5. DISCHARGE OF LIABILITY

The determination of benefits under this Article shall not affect the prompt payment to the providers of service by Blue Cross. Blue Cross will make payment according to the terms of this Contract promptly upon receipt of duly executed proof of loss and look to the payee for any adjustment which may result from the application of this Article. This is not intended as a waiver of any defense which may be permitted by law under the provisions of this Contract.

6. RIGHT OF RECOVERY

- a. Whenever payments have been made under this Contract by Blue Cross, with respect to Covered Services in a total amount in excess of the amount necessary to satisfy the purposes of this Article, Blue Cross shall be subrogated to

the rights of the Member against any insurer, Plan or other person or organization contractually obligated to such Member with respect to such Covered Services. Nothing herein shall render a Member Hospital obligated hereunder except that such Member Hospital will be requested to refund only if collections exceed Covered Services.

- b. The Employee, for him or herself and on behalf of his or her Dependents, shall, upon request, execute and deliver such instruments and papers as may be required and do whatever else is necessary to secure such rights to Blue Cross or any other Plan.
- c. This provision in no way places a Member Hospital providing services under any legal obligation toward any party in the administration of this Article.

ARTICLE VII – PAYMENT OF CHARGES

1. Unless the Employer or Blue Cross has given notice of termination of this Contract, as provided under Article IX, a grace period of thirty-one (31) days will be granted for the payment of charges, other than charges for the initial month or agreed periodic term, during which grace period this Contract shall continue in force. If the charges remain unpaid at the expiration of the grace period, no Member shall be entitled to any benefits hereunder for any injury sustained or sickness commencing after such thirty-one (31) day period, and this Contract shall automatically terminate on the last day of such grace period, but the Employer shall be liable to Blue Cross for the period this Contract continues in force.
2. Blue Cross may change the monthly unit rates per Employee whenever the terms of this Contract are changed by amendments effected under the terms of Article XII, paragraph 1, by giving ninety (90) days prior written notice to the Members of the State Budget and Control Board acting on behalf of the State of South Carolina and its Employees; provided, however, that in the absence of an amendment changing the terms of this Contract, no adjustment in the monthly unit rates shall become effective except on July 1 of any year the contract remains in force and any notice of adjustment in the monthly unit rates must be accompanied by an explanation of the experience rating formula and other factors which Blue Cross has used in calculating the proposed rate adjustment.

ARTICLE VIII – EMPLOYER'S PERSONNEL DATA

1. The Employer shall furnish to Blue Cross monthly during the period of this Contract, on forms to be approved by Blue Cross, such information as may be required by Blue Cross for the purpose of enrolling Employees of the Employer under this Contract, processing terminations and effecting changes in family status and transfers of employment of covered Employees. Blue Cross shall furnish to the Employer such information concerning enrollment of Employees and other matters as the Employer may reasonably require.
2. Clerical errors or delays in keeping or reporting data relative to coverage shall not invalidate coverage which would otherwise be validly in force or continue coverage which would otherwise be terminated, but, upon discovery of such errors or delays, an equitable adjustment of charges shall be made.

ARTICLE IX – TERMINATION AND RENEWAL OF THIS CONTRACT AND MEMBER'S COVERAGE

1. This Contract may be terminated by the Employer at any time by giving at least thirty (30) days prior written notice to Blue Cross. This Contract may be renewed from year-to-year unless terminated pursuant to this paragraph or the following paragraphs of this Article or pursuant to Article VII.

2. In the event a living Employee ceases to be in the employ of the Employer, or in the event the Employer notifies Blue Cross that coverage of an Employee is to be terminated, or in the event this Contract is cancelled by the Employer or Blue Cross, the coverage respecting such Employee and all of his or her Dependents shall terminate automatically at the end of the period for which payment of charges shall have been made by the Employer for such Employee. (See Article XI for Conversion provisions.)
3. The surviving spouse and/or dependent children of a deceased active Employee shall be eligible to continue coverage, provided they pay the entire cost of such coverage without any contribution by the Employer. Coverage for a widow may be continued only until remarriage or eligibility for Medicare. Coverage for eligible dependent children will cease upon their marriage or attainment of age twenty-three (23), whichever ever occurs first. However, the coverage of an Incapacitated Dependent under this Contract shall not be terminated merely by the attainment of age twenty-three (23), but may be continued provided proof of such incapacity and dependency is furnished to Blue Cross by the Employee within thirty-one (31) days of the child's twenty-third (23rd) birthday and subsequently on an annual basis after the two-year period following the child's attainment of age twenty-three (23) as long as coverage remains in force for the Employee or the deceased Employee's spouse.
4. This Contract may be terminated by Blue Cross should the Employer acquire any other hospital insurance coverage providing benefits which substantially duplicate those in this Contract.
5. This Contract may be terminated by Blue Cross only upon ninety (90) days prior written notice unless there were fraudulent misrepresentations made in applying for this Contract. Coverage may be terminated by Blue Cross for a Member if there are fraudulent misrepresentations made in applying for any benefits hereunder.
6. If coverage is terminated for any cause, Blue Cross shall return promptly the unearned portions of any premium paid. Termination shall be without prejudice to any claim incurred prior to the effective date of termination.

ARTICLE X – REINSTATEMENT

If this Contract shall have been terminated in any manner, it may be reinstated by Blue Cross at its sole discretion upon such terms and conditions as it may determine.

ARTICLE XI – CONVERSION OF COVERAGE

Subject to the provisions of Article IX, the following provisions apply:

1. An Employee who leaves the employ of the Employer while this Contract is in force shall be entitled to have issued to him by Blue Cross, without evidence of insurability, a contract of the type and class of direct payment contract then being generally issued by Blue Cross by applying for such contract and by paying directly to Blue Cross the regular charges therefor. Such application must be made within thirty (30) days after the termination of coverage under this Contract, in which event the coverage under such direct payment contract shall commence from the date of termination of coverage under this Contract.
2. If a Dependent ceases to be covered under this Contract or in the event of the death of the Employee, the Dependent shall be entitled to have issued to him by Blue Cross without evidence of insurability, a contract of the type and class of direct payment contract then being generally issued by Blue Cross by applying for and paying directly to Blue Cross the regular

charges for such contract within sixty (60) days after the date he is no longer covered under this Contract. (See Article IX, paragraph 3 for surviving spouse and dependent provisions.)

3. If a Member covered under this Contract leaves the employ of the Employer and becomes eligible to participate in another group covered by Blue Cross, such Member may transfer his membership to the enrolled group as provided for by Blue Cross' then current enrollment regulations.

ARTICLE XII – GENERAL PROVISIONS

1. RIGHT TO AMEND

This Contract and the certificates issued hereunder may be changed only by mutual agreement between Blue Cross and the South Carolina State Budget and Control Board. No such changes will be effective (a) until after thirty (30) days after a written agreement has been reached or (b) until such date as is mutually agreed upon by the contracting parties.

2. THE CONTRACT

- a. This Contract, the Application of the Employer, and the individual Notices of Election, if any, of the Employees constitute the entire Contract between the parties.
- b. All statements made by the Employer or by any of the Employees shall be deemed representations and not warranties, and no such statement shall be used in defense to a claim hereunder unless it is contained in a written application signed by the party against whom such defense is asserted.
- c. No agent of Blue Cross has authority to change this Contract or to waive any of its provisions. No change in this Contract shall be valid unless approved by an individual authorized to sign the Contract on behalf of the State of South Carolina and an authorized executive officer of Blue Cross.

3. NOTICE AND PROOF OF CLAIM

- a. The Member shall present an Identification Card when applying for Hospital or Extended Care Facility Service.
- b. Written notice of care on which a claim may be based must be given to Blue Cross by or on behalf of the Member within thirty (30) days after the beginning of such care. Admission to or care rendered in a Member Hospital or an Extended Care Facility shall be deemed written notice under this Paragraph, provided the Member notifies the Hospital or Extended Care Facility of his membership by presentation of an Identification Card.
- c. Notice given by or on behalf of the Employee to Blue Cross at its address stated in Article XIII hereof, or to any authorized agent of Blue Cross, with particulars sufficient to identify the Member, shall be deemed to be notice to Blue Cross. Failure to give notice within the time provided shall not invalidate nor reduce any claim if it shall be shown not to have been reasonably possible to give such notice and that notice was furnished as soon as was reasonably possible.
- d. Blue Cross, upon receipt of such notice, will furnish or cause to be furnished to the Employee such forms as are usually furnished by it for filing proof of loss for services rendered by Non-Member Hospitals. If such forms are not so furnished within fifteen (15) days after the receipt of such notice, the Employee shall be deemed to have complied with the requirements as to proof of loss, upon submitting within the time fixed for filing proof of loss, written proof covering the occurrence, character, and extent of the care or services for which claim is made.
- e. Written proof of loss must be furnished to Blue Cross not later than December 31 of the Calendar Year following the one in which the care or service for which benefits are claimed was rendered, except where the Employee was legally incapable.

4. PAYMENT OF CLAIMS

All benefits provided in this Contract will be paid promptly upon receipt of due proof of loss. All payments for covered expenses incurred for service rendered by a Member Hospital or an Extended Care Facility shall be made to such Member Hospital or Extended Care Facility. In all other cases, payments shall, at the option of Blue Cross, be made either directly to the Employee or the Non-Member Hospital.

5. LEGAL ACTIONS

No action at law or in equity shall be brought to recover on this Contract prior to the expiration of sixty (60) days after written proof of loss has been furnished in accordance with the requirements of this Contract. No such action shall be brought after the expiration of six (6) years after the time written proof of loss is required to be furnished.

6. IDENTIFICATION CARDS AND CERTIFICATES

Blue Cross will issue to the Employer for delivery to each Employee covered hereunder an Identification Card evidencing coverage and an individual certificate summarizing the benefits to which the Employee is entitled. If any amendment to this Contract shall affect any benefits described in such certificate, new certificates or endorsements describing the change shall be issued.

7. PHYSICAL EXAMINATION

Blue Cross at its own expense shall have the right and opportunity to examine the person of any Member whose injury or sickness is the basis of claim when and as often as it may reasonable require during the pendency of a claim hereunder.

8. NON-APPLICABILITY

This Contract is not in lieu of and does not affect any requirement for coverage by Workmen's Compensation insurance.

9. CONFORMITY WITH LAW

If any provision of this Contract is contrary to any law to which it is subject, such provision is hereby amended to conform thereto.

ARTICLE XIII – NOTICE

Any notice given under this Contract shall be sufficient if given to the Employer, when addressed to it at its office stated in the Application; if given to Blue Cross, when addressed to it at its office at Drawer A, Forest Acres Branch, Columbia, South Carolina 29219; or if given to an Employee, when addressed to the Employee at his address as it appears on the records of Blue Cross.

BLUE SHIELD OF SOUTH CAROLINA

(A Corporation incorporated under the Laws of the State of South Carolina and hereinafter referred to as Blue Shield)

HOME OFFICE: Drawer A, Forest Acres Branch, Columbia, South Carolina 29219

Medical-Surgical Service Contract No. 00-20000-00 and in series

IN CONSIDERATION

of the Application made by

..... The Applicant

..... (hereinafter called the Employer)

a copy of which is attached hereto and made part of this Contract, and in consideration of remittance or payment by the Employer of the charges as herein provided in Schedule B of the Application,

BLUE SHIELD HEREBY AGREES TO PROVIDE

The benefits herein described for a period of one year beginning at 12:01 A.M. standard time at Columbia, South Carolina on July 1, 1972 (herein called the Effective Date) and from year-to-year thereafter, unless this Contract is terminated as provided herein. The charges shall be due and payable by the Employer in advance of the Effective Date and thereafter as provided herein. This Contract is issued and delivered in the State of South Carolina, is governed by the laws thereof and is subject to the terms and provisions recited herein.

IN WITNESS WHEREOF, BLUE SHIELD has caused this Contract to be signed this
..... 30th day of June 19. 72

Joseph F. Sullivan
President

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ARTICLE I – DEFINITIONS

1. "EMPLOYER" as used herein means the Employer with who Blue Shield has contracted and by virtue of which Contract the Employees and their Dependents become Members.
2. "EMPLOYEE" as used herein means any Employee of the Employer who is eligible for coverage as provided in Article II hereof, and who shall have been so designated to Blue Shield by the Employer.
3. "DEPENDENT" means (a) an Employee's spouse who is not defined as an Employee or (b) an Employee's unmarried child under twenty-three (23) years of age, including such stepchild, foster child, and any other child depending upon the Employee for support and living with the Employee in a regular parent-child relationship or (c) an Incapacitated Dependent as defined in paragraph 5 of this Article.
4. "MEMBER" means the Employee, his or her spouse, and each other Dependent, only if and while such person is covered by this Contract. A spouse shall cease to be a Member upon termination of marriage to the Employee. A child shall cease to be a Member upon the attainment of the age twenty-three (23), or upon his or her marriage, whichever occurs first. An Incapacitated Dependent as defined in paragraph 5 of this Article may continue to be a Member beyond age twenty-three (23).
5. "INCAPACITATED DEPENDENT" shall mean an unmarried child who is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation or physical handicap, and (b) chiefly dependent upon the Employee or Member for support and maintenance and living with the Employee in a regular parent-child relationship.
6. "INDIVIDUAL COVERAGE" as used in this Contract and the Application means that type of coverage which includes only the Employee. Individual Coverage does not provide Obstetrical Service or services for any complication of pregnancy.
7. "FAMILY COVERAGE" as used in this Contract and the Application means coverage for an Employee and one or more Dependents under this Contract.
8. "CONTRACT" means the agreement between Blue Shield and the Employer by virtue of which the Employees and their Dependents become Members, and shall include the Application of the Employer for this Contract, the attached Endorsements and Riders, if any, and the Notices of Election of the Employees indicating their participation in the coverage provided hereunder. The Contract constitutes the entire contract between the parties.
9. "CONTRACT YEAR" means the twelve (12) months commencing on the Effective Date of this Contract and each yearly period thereafter agreed to by the contracting parties.
10. "PHYSICIAN" means a duly licensed Doctor of Medicine (M.D.) legally entitled to practice medicine and surgery.
11. "PARTICIPATING PHYSICIAN" means a Physician who has entered into an Agreement with Blue Shield to furnish service to Members as set forth in Article III, 1, and Article III A, 1.
12. "NON-PARTICIPATING PHYSICIAN" means a Physician who has not entered into an Agreement with Blue Shield to furnish service to Members.
13. "HOSPITAL" means an institution which, for compensation from its patients and on an inpatient basis, is primarily engaged in providing diagnostic and therapeutic facilities for the surgical and medical diagnosis, treatment and care of injured and sick persons by or under the supervision of a staff of Physicians who are duly licensed to practice medicine,

and which continuously provides twenty-four (24) hour-a-day nursing service by registered graduate nurses physically present and on duty, and which is not, other than incidentally, a nursing home, or a place for: (a) rest, (b) the aged, (c) drug addicts, (d) alcoholics, or (e) the treatment of pulmonary tuberculosis or mental disorders. For purposes of this Contract, Hospital shall also mean a Hospital with which any Blue Cross Plan, approved by the American Hospital Association, has an operating agreement. Also, for purposes of this Contract, included within the definition of Hospital are the Palmetto Center in Florence, South Carolina, the Holmes View Center in Greenville, South Carolina, and Central Addictions Facility Demonstration Project in Columbia, South Carolina specifically for the treatment of alcoholism.

14. "EXTENDED CARE FACILITY" as used herein means a voluntary or proprietary institution which is licensed and operated in accordance with the laws of the jurisdiction in which it is located pertaining to institutions identified as such and (a) which is registered by the American Hospital Association or accredited by a comparable national agency of which the American Hospital Association is a participating member; (b) which has a contractual affiliation with a Blue Cross Member Hospital, and (c) has an operating agreement with a Blue Cross Plan approved by the American Hospital Association.
15. "CONTINUOUS PERIOD OF DISABILITY" means two (2) or more successive Hospital or extended care facility admissions for treatment of the same or any related conditions which are not separated by an intervening period of at least ninety (90) days between the date of discharge and date of readmission.

ARTICLE II – ELIGIBILITY FOR COVERAGE

1. ELIGIBILITY

Every Employee within the classification set forth in the attached Application shall be eligible for coverage for himself and his Dependents.

2. ELECTION OF COVERAGE

- a. Any Employee eligible for coverage may elect coverage for himself or herself and his or her eligible Dependents by completing and filing with the Employer a Notice of such Election and authorizing any necessary payroll deductions within the periods of time described below in paragraph 3, Commencement of Coverage.
- b. The Employer shall furnish Blue Shield with a list of Employees to be covered together with such data as may be required by Blue Shield as a prerequisite to coverage of such Employees under this Contract.

3. COMMENCEMENT OF COVERAGE

Coverage under this Contract, shall commence as follows:

- a. For an Employee eligible prior to or as of the Effective Date (and for his or her Dependents, if then eligible and if coverage therefor is elected), coverage shall commence as of the Effective Date of this Contract, if such Employee files a Notice of Election and authorizes any necessary payroll deductions prior to the Effective Date if at all practical; otherwise within 120 days after the Effective Date.
- b. For an Employee becoming eligible subsequent to the Effective Date, coverage for the Employee and his or her Dependents shall commence on the first day of the month coincident with or following his or her date of employment provided an appropriate Notice of Election is filed and any necessary payroll deductions are authorized within thirty-one days after the Employee's date of employment.

- c. For a Dependent acquired subsequent to the Employee's Effective Date, coverage shall commence on the date the eligible Dependent is acquired provided a Notice of Election is filed and any necessary payroll deductions are authorized with thirty-one days after such acquisition.
- d. For any Employee or Dependent who fails to enroll or make a change in membership status in accordance with subparagraphs a., b. or c. immediately above, no coverage under this contract will commence unless the Employee makes a written request for coverage and provided evidence satisfactory to BlueShield that any person to be covered is insurable for health insurance benefits. If satisfactory evidence of insurability is provided, coverage for such person(s) will commence on the first day of the month following written approval by BlueShield of the Employee's request. If the evidence of insurability for such persons is not satisfactory to Blue Shield, they may not be enrolled for coverage under this Contract except as provided in paragraph 2 of Schedule A in the Application.
- e. For any Employee or Dependent whose Effective Date of Family Coverage is after July 1, 1972, there will be a waiting period, as described in Article IV paragraph 1, subparagraph p., during which time benefits will not be provided for maternity or for any condition arising out of pregnancy (including tubal ligations).

4. EXTENSION OF ELIGIBILITY

Coverage under this Contract may be extended (a) to groups of Employees and Dependents not theretofore designated as eligible by the Employer and/or (b) to Employees and Dependents who fail to elect coverage within the periods hereinbefore specified. However, such coverage extension may be effected only in accordance with Schedule A of the attached Application and/or Article XII, paragraph 1.

ARTICLE III – BENEFITS

1. SERVICE BENEFITS

- a. This is a cooperative prearrangement to help the family of moderate means meet the economic impact of acute illness, whereby a Participating Physician has agreed with Blue Shield for the benefit of any person covered hereunder to accept the amount set forth in the attached Schedules of Allowances from Blue Shield as payment of his total fee for any of the services set forth in Article III, 2., if the Annual Income of the Employee, and his or her Dependents, if any, does not exceed:

\$ 5,000 Annual Income for a single person,

\$ 7,500 Annual Income for two (2) or more in a family.

- b. An additional charge may be made by the Participating Physician only when:
 - (1) care or services rendered by him are not covered under the provisions of this Contract, or are specified as not constituting paid-in-full service benefits;
 - (2) care or services rendered by him are covered under the provisions of this Contract but are rendered to an Indemnity Benefit Member.
- c. "SERVICE BENEFIT MEMBER" shall mean any Member whose Annual Income does not exceed those limits stated above. If any Member claims the benefits to which a Service Benefit Member is entitled under the provisions of this Contract, he shall furnish all information which the Participating Physician or Blue Shield may request relative to his

income status. If a Member refuses or fails to give such information when requested, or if he gives false or misleading information, he shall automatically be considered to be an Indemnity Benefit Member.

- d. "ANNUAL INCOME" shall mean the gross taxable income from any source of the Employee, and his or her eligible Dependents, if any, during the twelve (12) consecutive months immediately preceding the initiation of care or services hereunder.
- e. "INDEMNITY BENEFIT MEMBER" shall mean any Member who receives care or services covered under the provisions of this Contract from a Participating Physician when the following circumstances exist, and an Indemnity Benefit Member shall be responsible to the Participating Physician for any difference between the allowance set forth in the Schedules of Allowances and the Participating Physician's usual charge:
 - (1) Income limits as stated above are exceeded;
 - (2) The Member is eligible to receive additional benefits for the same service from any insurance policy, except that, if the Member otherwise would have been eligible for service benefits, the total charge to the Member by the Participating Physician shall not exceed the total amount of actual payment by Blue Shield and the amount obtained from such insurance policy for the same services;
 - (3) Private nurses, private rooms, or any accommodations higher than that called for by the accompanying Blue Cross Contract are used, except when prescribed by the Physician as necessary to the Member's care, or when such called for accommodations are not available at the time of admission.

2. BENEFITS PROVIDED

Subject to all provisions of this Contract, Blue Shield will pay the amount shown in the attached Schedules of Allowances but in no event in excess of the Physician's fee, for services when performed by a Participating Physician in the treatment or diagnosis of disease or injury, as follows:

- a. "SURGICAL SERVICE" shall consist of operative or cutting procedures or the treatment of fractures or dislocations; such service shall include the usual, necessary and related preoperative and two (2) weeks postoperative care, when performed by a Physician who customarily bills private patients for his services. Benefits shall be provided in accordance with allowances in Schedule C, and subject to the following:
 - (1) If two (2) or more operations or procedures are performed at the same time, (a) through the same surgical opening or by the same surgical approach, or (b) through different surgical openings or by different surgical approaches to correct one pathological condition, the total amount payable for such operations or procedures shall be the amount set forth in the Schedule of Allowances for the major procedure only.
 - (2) If two (2) or more operations or procedures are performed at the same time through different surgical openings or by different surgical approaches in connection with wholly distinct and unrelated conditions, the total amount payable shall be the amount set forth in the Schedule of Allowances for that operation or procedure bearing the highest allowance, plus two-thirds of the amount set forth in the Schedule of Allowances for all other operations or procedures performed.
 - (3) If an operation or procedure is performed in two (2) or more steps or stages, payment for the entire operation or procedure shall be limited to the amount set forth in the Schedule of Allowances for said operation or procedure.

- (4) If two (2) or more Physicians perform operations or procedures in conjunction with one another, other than as an assistant at surgery or anesthesiologist, the amount set forth in the Schedule of Allowances, subject to the above paragraphs, shall be paid for the services of one Physician or shall be prorated between them by Blue Shield when so requested by the Physician in charge of the case.
- b. "ANESTHESIA SERVICE" shall consist of services rendered by a Physician who customarily bills for his services, other than the attending surgeon or his assistant, and shall include the administration of spinal or rectal anesthesia, or a drug or other anesthetic agent by injection or inhalation, except by local infiltration, the purpose and effect of which administration is the obtaining of muscular relaxation, loss of sensation, or loss of consciousness. Benefits shall be provided in accordance with allowances in Schedule C.
- c. "IN-HOSPITAL MEDICAL SERVICE" shall consist of a Physician's visit or visits to a Member who is a registered bed patient in a Hospital or Extended Care Facility for treatment of a condition other than that for which Surgical Service as follows:
- (1) In-Hospital medical Service shall be provided up to the actual expense incurred but not to exceed the following Schedule of Allowances:
- \$ 15.00 for the first day
 - \$ 10.00 for the second day
 - \$ 5.00 for the third and subsequent days up to a total of 70 days of care, limited to one visit per day, for each Continuous Period of Disability, except that for treatment primarily for pulmonary tuberculosis, nervous and mental disorders, acute or chronic alcoholism or drug addiction, benefits will be provided for a period not to exceed 30 days during a period of twelve (12) consecutive months commencing on the Effective Date of the Member's Coverage hereunder and each like period thereafter, for such Employee and each of his or her Dependents, if any.
- (2) In-Hospital Medical Service in an Extended Care Facility will be provided for the visits of a Physician, limited to one visit per day up to the total number of in-hospital medical visits remaining for the same Continuous Period of Disability, provided a Member is admitted within fourteen (14) days following discharge from a Hospital for the continued care of the condition for which hospital care was required.
- (3) When two (2) or more Physicians render In-Hospital Medical Service at the same time, payment for such service shall be made only to one Physician.
- (4) Concurrent Medical Care – Benefits for In-Hospital Medical Service in addition to benefits for Surgical Service will be provided (a) only when the condition for which In-Hospital Medical Service is rendered requires medical care not related to Surgical or Obstetrical Service, does not constitute a part of the usual, necessary and related preoperative or postoperative care but requires supplemental skills not possessed by the attending surgeon or his assistant; or (b) only when a Physician, other than a surgeon, in good faith admits a patient to the Hospital for medical treatment and it later develops that surgery becomes necessary, such benefits to cease on the date of surgery.
- d. "EMERGENCY FIRST AID SERVICE" shall mean treatment of an accident or injury provided within seventy-two (72) hours of the accident or injury and for which no Surgical Service is payable, limited to \$ 15.00 per accident or injury.

~~15.00~~
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- e. "DIAGNOSTIC X-RAY SERVICE" shall be paid in accordance with allowances in Schedule E, and shall consist of the following, only when the service is performed by a Physician who customarily bills for his services:
- (1) An x-ray examination ordered by the attending Physician for a Member who is a registered bed patient in a Hospital or Extended Care Facility;
 - (2) An x-ray examination performed in a Physician's office or in the outpatient department of a Hospital, when such examination is required as the direct result of an accident and is performed within seventy-two (72) hours of such accident;
 - (3) An x-ray examination performed in the outpatient department of a Hospital when rendered in conjunction with surgery performed in the emergency room or operating room of the Hospital.
- f. "LABORATORY AND PATHOLOGICAL SERVICE" shall be paid in accordance with allowances in Schedule E, and shall consist of the following, only when the service is performed by a Physician who customarily bills for his services:
- (1) Laboratory and pathological examinations ordered by the attending Physician for a Member who is a registered bed patient in a Hospital or Extended Care Facility, when such examination is consistent with the condition for which such Member was admitted;
 - (2) Laboratory and pathological examinations performed in the outpatient department of a Hospital, when such examination is required as the direct result of an accident and is performed within seventy-two (72) hours of such accident;
 - (3) Laboratory and pathological examinations performed in the outpatient department of a Hospital, when rendered in conjunction with surgery, performed in the emergency room or operating room of the Hospital and pathological examination of biopsied tissue in conjunction with surgery rendered in a Physician's office.
- g. "INTENSIVE MEDICAL CARE SERVICE" shall mean medical care rendered by the attending Physician to a Member who is eligible for In-Hospital Medical service, or medical care in the outpatient department of a Hospital immediately prior to admission, and who is confined with a serious disease or injury requiring additional time and study over and above the usual In-Hospital Medical Service not to exceed fourteen (14) days during each hospital confinement. This service shall include a thorough medical history and physical examination and a report describing the additional care, time and study that was necessary. Intensive Medical Care Service shall be provided up to the actual expenses incurred but not to exceed:
- \$30.00 for the first day
 - \$20.00 for the second day
 - \$10.00 for the third through the fourteenth day that Intensive Medical Care is rendered.

- h. "CONSULTATION SERVICE" shall mean services of a consulting Physician requested by the attending Physician and rendered during a hospital or an extended care facility confinement. This service is limited to one consultation per consulting Physician for each Continuous Period of Disability and includes discussion with the attending Physician and/or family, and a written expression of opinion. Consultation Service does not include radiological consultations and staff consultations required by institutional rules and regulations. Consultation Service shall be provided up to the actual expenses incurred but not to exceed \$20.00 for limited examination of a given system and \$35.00 for complete examination with complete diagnostic history and physical examination.
- i. "SURGICAL ASSISTANT SERVICE" shall consist of the services of one Physician engaged in the private practice of medicine who actively assists the operating surgeon when an eligible Surgical Service is performed in a Hospital, and when such Surgical Assistant Service is not available by an intern, resident Physician or house officer. Blue Shield will provided benefits equal to 20% of the allowance for the Surgical Service, not to exceed the Physician's actual charge.

3. SERVICES OF A NON-PARTICIPATING PHYSICIAN

Subject to all provisions of this Contract, Blue Shield shall pay, at its option, to the Employee or to the Non-Participating Physician the amount set forth in the Schedule of Allowances for services outlined in Article III, 2. The Non-Participating Physician is not obligated to accept the amount set forth in the attached Schedule of Allowances as payment in full.

ARTICLE IV – EXCLUSIONS AND LIMITATIONS

1. Benefits shall not be provided for:

- a. Hospital services, nursing services, the services of any intern or resident Physician, or experimental surgical procedures or medical services;
- b. Medicine, drugs, appliances, materials, supplies, blood and blood derivatives;
- c. Any service or benefits to the extent that the Member is entitled to payment or benefits (whether or not any such payment or benefit has been applied for or paid) pursuant to the laws (now existing or as may be amended or enacted in the future) of the United States, any state or political subdivision thereof; specifically excluded hereunder, without limiting the generality of the foregoing, are benefits to the extent provided by or payable under Workmen's Compensation laws, the Veterans Administration, or any state or federal hospital for which services the Member is not legally obligated;
- d. Any service or benefits to the extent that the Member is entitled to payment or benefits under federal programs of health care for the aged (commonly referred to as Medicare, Part B) and amendments thereto, but only to the extent that benefits are provided or reimbursement is paid or payable thereunder;
- e. Disease hereafter contracted or injuries hereafter sustained as a result of war, declared or undeclared or any act of war, or while in the military service or engaged in reserve military training or duty;

- f. Cosmetic surgery, which term shall mean surgical procedures intended to improve the appearance of a Member without concurrent improvement of function, including, but not limited to, such procedures as facial sanding for acne, acne scars or other scars, rhinoplasty, alteration or repositioning of ears and any other procedure primarily intended to improve the appearance of the Member without improving function; however, benefits shall be provided for cosmetic surgery necessary to correct defects caused by accidental injuries occurring while the Member is covered under this or a prior contract with Blue Shield;
- g. Surgical procedures which are repeated frequently, after the eighth (8th) repetition;
- h. Removal or trimming of corns or calluses, or trimming of nails;
- i. Dental services and procedures involving tooth structures, extractions, gingival tissue, alveolar processes, dental x-rays or procedures of dental origin, except that the following shall not be excluded:
 - (1) Excision of tumors and cysts of the jaws, cheeks, lips, tongue, roof and floor of the mouth, when such conditions require a pathological examination;
 - (2) Surgical procedures required to correct accidental injuries of the jaws, cheeks, lips, tongue, roof and floor of the mouth, when such injuries have occurred while the Member is covered under this Contract;
 - (3) Excision of exostosis of the jaw and hard palate;
 - (4) Treatment of fractures of facial bones;
 - (5) External incision and drainage of cellulitis;
 - (6) Incision of accessory sinuses, salivary glands or ducts;
 - (7) Reduction of dislocations of, and excision of, the temporomandibular joints;
 - (8) Removal of impacted teeth during a hospital confinement when hospitalization is required for removal;
- j. Anesthesia services for (1) electroshock therapy, (2) Surgical Service or (3) Obstetrical Service when not provided as a benefit in this Contract;
- k. Medical service (as distinguished from Surgical or Obstetrical Services) to other than a registered bed patient in a Hospital or Extended Care Facility;
- l. In-Hospital Medical Service commencing prior to the Effective Date of a Member's coverage hereunder, except that if In-Hospital Medical Service for such period of hospital confinement was provided under a prior contract issued by Blue Shield, up to the Effective Date of the Member's coverage hereunder, it shall be provided after said date to the extent provided under such prior contract with Blue Shield.
- m. In-Hospital Medical Service for Members admitted to a Hospital solely for x-rays or laboratory examinations or other diagnostic procedures; specifically excluding benefits for diagnostic, prophylactic or preventive procedures, performed in the absence of disease or injury;
- n. In-Hospital Medical Service for hospital admission primarily for physical therapy or when circumstances indicate that continued hospitalization is primarily custodial or domiciliary;
- o. Intentional abortion, unless it is performed in South Carolina, under the laws of South Carolina and for a married female having Family Coverage;

- p. Electroshock therapy or insulin shock treatment;
 - q. Routine or periodic physical examination, screening examinations or procedures, for which there is no definitive diagnosis of illness or injury;
 - r. Travel expenses or inconvenience incidental to the provision of services by a Physician.
2. Benefits shall not be provided for service or supplies unless specifically listed herein or to any degree greater than specified in this Contract.

ARTICLE V – CONDITIONS UNDER WHICH BENEFITS SHALL BE RENDERED

1. Blue Shield does not undertake to furnish a Participating Physician or provide a hospital bed for a Member. A Member shall be free to select any Physician and to discharge any Physician. Any Participating Physician shall be free to decline to render services to a Member according to the custom and practice prevailing in the general practice of medicine. Nothing in this Contract shall interfere with the ordinary relationship that exists in the community between a patient and his Physician.

2. **INFORMATION AND RECORDS**

Blue Shield shall be entitled to receive from the Member such authorizations for medical and hospital records as it may reasonable require from any provider of services incident to the administration of the benefits hereunder, and the attending Physician's Certificate as to the medical necessity for care or treatment; provided, however, that Blue Shield shall in every case hold such records as confidential except as authorized by the Member.

ARTICLE VI – COORDINATION OF BENEFITS (REDUCTION OF BENEFITS BECAUSE OF OTHER GROUP COVERAGE)

1. **EFFECT ON BENEFITS**

- a. If a Member covered hereunder is also covered for services of a Physician under another Plan, the benefits otherwise applicable under this Plan shall be reduced so that for Covered Services incurred in any Claim Determination Period, benefits available under all Plans shall not exceed the total amount of such Covered Services, except that if the coordinating provisions of this Contract are in conflict with the coordinating provisions of the other Plan's contract, the benefits of such other Plans will be ignored for purposes of determining the benefits under this Contract, and benefits will be paid under this Contract, as if the conflicting provisions did not exist.

- b. For the purpose of subparagraph a. of this paragraph 1., the rules establishing the order of benefits determination are:

- (1) The benefits of a Plan which does not contain a Coordination of Benefits provision or other provisions of similar intent shall be determined before the benefits under this Contract;
- (2) The benefits of a Plan which covers an Employee, Contract Holder or Named Insured, primarily, shall be determined before the benefits of a Plan which covers such person as a Dependent, or secondarily;
- (3) The benefits of a Plan which covers the person as a Dependent of a male person shall be determined before the benefits of a Plan which covers such person as a Dependent of a female person;

(4) When the prior rules do not establish an order of benefit determination the benefits of a Plan which has covered the person for the longer period of time shall be determined before the benefits of a Plan which has covered such person the shorter period of time.

2. **BENEFITS SUBJECT TO THIS ARTICLE**

All of the benefits provided under this Contract are subject to this Article.

3. **DEFINITIONS**

a. 'PLAN' means any program providing benefits or services for or by reason of a Physician's care or treatment, which benefits or services are provided by (1) group, blanket or franchise insurance coverage, (2) Blue Cross and Blue Shield group prepayment coverage, or (3) any coverage under labor-management trustee plans, union welfare plans, employer organization plans, or employee benefit organization plans.

The term 'Plan' shall be construed separately with respect to each policy, contract or other arrangement for benefits or services and separately with respect to that portion of any such policy contract or other arrangement which reserves the right to coordinate benefits or services of other Plans in determining its benefits and that portion which does not.

b. 'COVERED SERVICES', as pertains to this Article only, means any necessary reasonable, and/or customary service of a Physician for which he normally bills his private patients. Payment under this Contract cannot exceed the amount which would ordinarily be paid in the absence of this Article. When a Plan provides benefits in the form of services, the reasonable cash value of each service rendered shall be deemed a benefit paid. Blue Shield shall not be required to determine the existence of any Plan or amount of benefits payable under any Plan except this Contract, and the payment of benefits under this Contract shall be affected by the benefits that would be payable under any and all other Plans only to the extent that Blue Shield is furnished with information relative to such other Plans.

c. 'CLAIM DETERMINATION PERIOD', as used in this Article, means a period of twelve (12) consecutive months commencing on the Effective Date of the Employee's coverage hereunder and each like period thereafter, for such Employee and each of his or her Dependents, if any.

d. 'DEPENDENT' means, with respect to this Article, any person included in the definition of Dependent in Article I hereof, and, with respect to any other Plan, any person who qualifies as a dependent under such Plan.

4. **RIGHT TO RECEIVE AND RELEASE NECESSARY INFORMATION** For the purposes of determining the applicability of and implementing the terms of this Article or any provision of similar purpose of any other Plan, Blue Shield may, without the consent of or notice to any person, release to or obtain from any insurance company or other organization or person, any information, with respect to any person, which it deems to be necessary for such purposes. Any person claiming benefits under this Plan shall furnish to Blue Shield such information as may be necessary to implement this Article.

ARTICLE VII — PAYMENT OF CHARGES

1. Unless the Employer or Blue Shield has given notice of termination of this Contract, as provided under Article IX, a grace period of thirty-one (31) days will be granted for the payment of charges, other than the charges for the initial month or periodic term, during which grace period this Contract shall continue in force. If the charges remain unpaid at the expiration of the grace period, no Member shall be entitled to any benefits hereunder for any injury sustained or sickness commencing after such thirty-one (31) day period, and this Contract shall automatically terminate on the last day of such

grace period, but the Employer shall be liable to Blue Shield for all charges due and unpaid for the period this Contract continues in force.

2. Blue Shield may change the monthly unit rates per Employee whenever the terms of this Contract are changed by amendments effected under the terms of Article XII, paragraph 1, or by giving ninety (90) days prior written notice to the Members of the State Budget and Control Board acting on behalf of the State of South Carolina and its Employees; provided, however, that in the absence of an amendment changing the terms of this Contract, no adjustment in the monthly unit rates shall become effective except on July 1 of any year the contract remains in force and any notice of adjustment in the monthly unit rates must be accompanied by an explanation of the experience rating formula and other factors which Blue Shield has used in calculating the proposed rate adjustment.

ARTICLE VIII – EMPLOYER'S PERSONNEL DATA

1. The Employer shall furnish to Blue Shield monthly during the period of this Contract, on forms to be approved by Blue Shield, such information as may be required by Blue Shield for the purpose of enrolling Employees of the Employer under this Contract, processing terminations and effecting changes in family status and transfers of employment of covered Employees. Blue Shield shall furnish to the Employer such information concerning enrollment of Employees and other matters as the Employer may reasonable require.
2. Clerical errors or delays in keeping or reporting data relative to coverage shall not invalidate coverage which would otherwise be validly in force or continue coverage which would otherwise be terminated, but, upon discovery of such errors or delays, an equitable adjustment of charges shall be made.

ARTICLE IX – TERMINATION AND RENEWAL OF THIS CONTRACT AND MEMBER'S COVERAGE

1. This Contract may be terminated by the Employer at any time by giving at least thirty (30) days prior written notice to Blue Shield. This Contract may be renewed from year-to-year unless terminated pursuant to this paragraph or the following paragraphs of this Article or pursuant to Article VII.
2. In the event a living Employee ceases to be in the employ of the Employer, or in the event the Employer notifies Blue Shield that coverage of an Employee is to be terminated, or in the event this Contract is cancelled by the Employer or Blue Shield, the coverage respecting such Employee and all of his or her Dependents shall terminate automatically at the end of the period for which payment of charges shall have been made by the Employer for such Employee. (See Article XI for Conversion provisions.)
3. The surviving spouse and/or dependent children of a deceased active Employee shall be eligible to continue coverage, provided they pay the entire cost of such coverage without any contribution by the Employer. Coverage for a widow may be continued only until remarriage or eligibility for Medicare. Coverage for eligible dependent children will cease upon their marriage or attainment of age twenty-three (23), which ever occurs first. However, the coverage of an Incapacitated Dependent under this Contract shall not be terminated merely by the attainment of age twenty-three (23), but may be continued provided proof of such incapacity and dependency is furnished to Blue Shield by the Employee within thirty-one (31) days of the child's twenty-third (23rd) birthday and subsequently on an annual basis after the two-year period following the child's attainment of age twenty-three (23) as long as coverage remains in force for the Employee or the deceased employee's spouse.

4. This Contract may be terminated by Blue Shield should the Employer acquire any other hospital, medical-surgical insurance coverage, providing benefits which substantially duplicate those in this Contract.
5. This Contract may be terminated by Blue Shield only upon ninety (90) days prior notice unless there were fraudulent misrepresentations made in applying for this Contract. Coverage may be terminated by Blue Shield for a Member if there are fraudulent misrepresentations made in applying for any benefits hereunder.
6. If coverage is terminated for any cause, Blue Shield shall return promptly the unearned portions of any premium paid. Termination shall be without prejudice to any claim incurred prior to the effective date of termination.

ARTICLE X – REINSTATEMENT

If this Contract shall have been terminated in any manner it may be reinstated by Blue Shield at its sole discretion upon such terms and conditions as it may determine.

ARTICLE XI – CONVERSION OF COVERAGE

Subject to the provisions of Article IX and paragraph 3, of this Article, the following provisions apply:

1. An Employee who leaves the employ of the Employer while this Contract is in force shall be entitled to have issued to him by Blue Shield, without evidence of insurability, a contract of the type and class of direct payment contract then being generally issued by Blue Shield by applying for such contract and by paying directly to Blue Shield the regular charges therefor. Such application must be made within thirty (30) days after the termination of coverage under this Contract, in which event the coverage under such direct payment contract shall commence from the date of termination of coverage under this Contract.
2. If a Dependent ceases to be covered under this Contract or in the event of the death of the Employee, the Dependent shall be entitled to have issued to him by Blue Shield, without evidence of insurability, a contract of the type and class of direct payment contract then being generally issued by Blue Shield by applying for and paying directly to Blue Shield the regular charges for such contract within sixty (60) days after the date he is no longer covered under this Contract. Coverage under such contract shall commence from the date of termination of coverage under this Contract. (See Article IX, paragraph 3 for surviving spouse and dependents provisions.)
3. If a Member covered under this Contract leaves the employ of the Employer and becomes eligible to participate in another group covered by Blue Shield, such Member may transfer his membership to the enrolled group as provided for by Blue Shield's then current enrollment regulations.

ARTICLE XII – GENERAL PROVISIONS

1. RIGHT TO AMEND

This Contract and the certificates issued hereunder may be changed only by mutual agreement between Blue Shield and the South Carolina State Budget and Control Board. No such changes will be effective (a) until after thirty (30) days after a written agreement has been reached or (b) until such date as is mutually agreed upon by the contracting parties.

2. THE CONTRACT

- a. This Contract, the Application of the Employer, and the individual Notices of Election, if any, of the Employees constitute the entire Contract between the parties.

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- b. All statements made by the Employer or by any of the Employees shall be deemed representations and not warranties, and no such statement shall be used in defense to a claim hereunder unless it is contained in a written application signed by the party against whom such defense is asserted.
- c. No agent of Blue Shield has authority to change this Contract or to waive any of its provisions. No change in this Contract shall be valid unless approved by an individual authorized to sign the Contract on behalf of the State of South Carolina and an authorized executive officer of Blue Shield.

3. NOTICE AND PROOF OF CLAIM

- a. The Member shall present an Identification Card when applying for Physician's Services.
- b. Written notice of care on which a claim may be based must be given to Blue Shield by or on behalf of the Member within thirty (30) days after the beginning of such care. Service rendered by a Participating Physician shall be deemed written notice under this paragraph, provided the Member notifies the Physician of his membership by presentation of an Identification Card.
- c. Notice given by or on behalf of the Employee to Blue Shield at its address stated in Article XIII hereof, or to any authorized agent of Blue Shield, with particulars sufficient to identify the Member, shall be deemed to be notice to Blue Shield. Failure to give notice within the time provided shall not invalidate nor reduce any claim if it shall be shown not to have been reasonably possible to give such notice and that notice was furnished as soon as was reasonably possible.
- d. Blue Shield, upon receipt of such notice, will furnish or cause to be furnished to the Employee such forms as are usually furnished by it for filing proof of loss for services rendered by Non-Participating Physicians. If such forms are not so furnished within fifteen (15) days after the receipt of such notice, the Employee shall be deemed to have complied with the requirements as to proof of loss, upon submitting within the time fixed for filing proof of loss, written proof covering the occurrence, character, and extent of the care or services for which claims is made.
- e. Written proof of loss must be furnished to Blue Shield not later than December 31 of the Calendar Year following the one in which the care or service for which benefits are claimed was rendered, except where the Employee was legally incapable.

4. PAYMENT OF CLAIMS

All benefits provided in this Contract will be paid promptly upon receipt of due proof of loss. All payments for covered medical expenses incurred for Physician's Services rendered by a Participating Physician shall be made to such Participating Physician. In all other cases, payments shall, at the option of Blue Shield, be made either directly to the Employee or to the Non-Participating Physician.

5. LEGAL ACTIONS

No action at law or in equity shall be brought to recover on this Contract prior to expiration of sixty (60) days after written proof of loss has been furnished in accordance with the requirements of this Contract. No such action shall be brought after the expiration of six (6) years after the time written proof of loss is required to be furnished.

6. IDENTIFICATION CARDS AND CERTIFICATES

Blue Shield will issue to the Employer for delivery to each Employee covered hereunder an Identification Card evidencing coverage and an individual certificate summarizing the benefits to which the Employee is entitled. If any amendment to

this Contract shall materially affect any benefits described in such certificate, new certificates or Endorsements describing the change shall be issued.

7. **PHYSICAL EXAMINATION**

Blue Shield at its own expense shall have the right and opportunity to examine the person of any Member whose injury or sickness is the basis of claim when and as often as it may reasonable require during the pendency of a claim hereunder.

8. **NON-APPLICABILITY**

This Contract is not in lieu of and does not affect any requirement for coverage by Workmen's Compensation insurance.

9. **CONFORMATION WITH LAW**

If any provision of this Contract is contrary to any law to which it is subject, such provision is hereby amended to conform thereto.

ARTICLE XIII - NOTICE

Any notice given under this Contract shall be sufficient if given to the Employer, when addressed to it at its office stated in the Application; if given to Blue Shield, when addressed to it at its office at Drawer A, Forest Acres Branch, Columbia, South Carolina 29219; or if given to an Employee, when addressed to the Employee at his address as it appears on the records of Blue Shield.

SCHEDULE OF ALLOWANCES FOR SURGICAL SERVICE AND ANESTHESIA SERVICE

SURGICAL ALLOWANCES

The following Schedule lists the allowances provided for the services described in Article III, 2., subparagraph a. For any such benefits which are not listed in this Schedule, Blue Shield reserves the right to determine a maximum amount on the basis of comparable procedures for which allowances are established herein. The amounts of allowances enumerated below are not intended to indicate or fix the value of Physician' services.

INTEGUMENTARY SYSTEM

<u>Breast</u>	<u>Allowance</u>
Complete simple mastectomy, female, unilateral	\$ 160.00
bilateral	230.00
Biopsy of breast (independent procedure)	55.00
Radical mastectomy, including breast, pectoral muscles and axillary lymph nodes, unilateral	360.00
bilateral	460.00

MUSCULOSKELETAL SYSTEM

Patellectomy, total or partial	200.00
Metacarpectomy, Metatarsectomy, one bone	110.00
more than one bone	110.00

Fractures

Upper Extremity	
<u>Humerus</u>	
surgical neck, simple, not requiring manipulation	95.00
surgical neck, simple or compound, open reduction	240.00
<u>Elbow</u> (distal end of humerus, proximal end of radius, proximal end of ulna)	
simple or compound, open reduction	250.00
<u>Radius</u>	
distal end, Colles' simple, closed reduction without manipulation	90.00
<u>Ulna</u>	
shaft, simple or compound, open reduction	170.00
Lower Extremity	
<u>Femur</u>	
neck, simple or compound, open reduction	365.00
knee, (distal end of femur, proximal end of tibia, proximal end of fibula) simple or compound, open reduction	265.00

<u>Amputation</u>	<u>Allowance</u>
Upper Extremity	
Interthoracoscaphular	\$ 440.00
Disarticulation of shoulder	330.00
Arm through humerus	165.00
Lower Extremity	
Interpelviabdominal	495.00
Disarticulation of hip	330.00
Disarticulation of knee	220.00
Ankle, through malleoli of tibia and fibula (Syme, Pirogoff)	225.00

RESPIRATORY SYSTEM

Lungs and Pleura

Thoracotomy, exploratory, including control of hemorrhage and/or cardiac massage (independent procedure)	255.00
Total pneumonectomy	495.00
Total or subtotal lobectomy or segmental resection	495.00

CARDIOVASCULAR SYSTEM

Phlebotomy with removal of thrombus, extremity	200.00
Ligation and radical stripping or multiple segmental resections of long or short saphenous veins, bilateral	225.00

HEMIC AND LYMPHATIC SYSTEMS

Spleen

Splenectomy, secondary to trauma	320.00
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DIGESTIVE SYSTEM

Pharynx, Adenoids, and Tonsils

Tonsillectomy, with or without adenoidectomy, under age (12)	75.00
age (12) or over	90.00

Stomach

Total gastrectomy	480.00
Subtotal gastrectomy with or without vagotomy	395.00
Gastrostomy	220.00
Gastrorrhaphy: suture of perforated gastric ulcer, wound or injury or bleeding area	250.00

Intestines

<u>Enterostomy</u> , external fistulization of intestine	
small (ileostomy or jejunostomy)	225.00
large (colostomy)	225.00
Enterolysis: freeing of intestinal adhesions (independent procedure)	210.00
Suture of intestine (enterorrhaphy), large or small, for perforated ulcer, wound, injury or rupture	260.00

	<u>Appendix</u>	<u>Allowance</u>
Appendectomy (independent procedure)		\$ 200.00
<u>Anus</u>		
Fistulotomy or fistulectomy and hemorrhoidectomy, internal		\$ 150.00
external		\$ 140.00
internal and external		\$ 150.00
<u>Biliary Tract</u>		
Cholecystotomy or cholecystostomy with exploration or drainage		\$ 235.00
For removal of calculus		\$ 265.00
Cholecystectomy		\$ 295.00
<u>Abdomen, Peritoneum and Omentum</u>		
Exploratory laparotomy: exploratory celiotomy		\$ 200.00
Hernioplasty: herniorrhaphy: herniotomy		
Inguinal, unilateral		\$ 200.00
Inguinal, unilateral with appendectomy		\$ 200.00
Inguinal, bilateral		\$ 260.00
with appendectomy		\$ 260.00
with orchiectomy, or orchiopexy, one or more stages		\$ 280.00
URINARY SYSTEM		
<u>Kidney</u>		
Nephrotomy with exploration		\$ 275.00
<u>Bladder</u>		
<u>Endoscopy</u> (independent procedure)		
Cystoscopy, disgnostic initial		\$ 35.00
subsequent		\$ 15.00
with ureteral catheterization, initial		\$ 55.00
subsequent		\$ 35.00
ureteral dilation, with stone removal from ureter		\$ 115.00
MALE GENITAL SYSTEM		
<u>Prostate</u>		
Prostatectomy, suprapubic, one or two stages		\$ 350.00
Transurethral electroresection of prostate, including control of post-operative bleeding, complete		\$ 340.00
FEMALE GENITAL SYSTEM		
<u>Vulva</u>		
Episiorrhaphy: suture of recent injury of vulva (non-obstetrical)		\$ 40.00
<u>Ovary</u>		
Excision of ovarian cyst, unilateral or bilateral (independent procedure)		\$ 200.00
Partial oophorectomy, unilateral (independent procedure)		\$ 205.00

<u>Uterus and Cervix Uteri</u>	
<u>Hysterectomy</u> (with or without dilation and curettage and surgery on tubes, ovaries, ligaments, etc.)	
Hysteromyomectomy: myomectomy; excision of fibroid tumor of uterus	\$ 215.00
Panhysterectomy: total hysterectomy (corpus and cervix)	330.00
Radical hysterectomy for cancer (Wertheim)	440.00
Local excision of lesion of cervix (cauterization)	20.00
Vaginal hysterectomy, with or without pelvic floor repair	330.00
Insertion of radioactive substance into cervix, uterus, or both, with or without biopsy or dilation and curettage	100.00

ENDOCRINE SYSTEM

<u>Thyroid Gland</u>	
Thyroidectomy Local excision of small cyst or adenoma of thyroid	185.00
Thyroidectomy, total or complete	320.00
Thyroidectomy, total or subtotal, for malignancy with neck dissection	450.00

NERVOUS SYSTEM

<u>Craniotomy</u> Trepination (or burr holes) exploratory, unilateral	155.00
bilateral	230.00
Decompression, orbital, unilateral or bilateral	430.00
suboccipital	275.00
<u>Myelography</u> (independent procedure) Lumbar	55.00

EYES

<u>Cataract</u> Extraction of lens, intracapsular or extracapsular, unilateral	335.00
<u>Muscles</u> Myotomy, tenotomy, recession, resection, advancement or shortening of ocular muscles for strabismus, one or more stages, unilateral	240.00
bilateral	275.00

EARS

Mastoidectomy, simple, unilateral	225.00
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ANESTHESIA ALLOWANCES

The following Schedule lists the allowances provided for the services described in Article II, 2, subparagraph b. Payment for administration of anesthesia is based on the elapsed time from induction until end of surgery. The allowances enumerated below are not intended to indicate or fix the value of Physicians' services.

	<u>Allowance</u>
First Half Hour	\$ 22.00
One Hour	39.00
One Hour Thirty Minutes	50.00
Two Hours	61.00
Two Hours Thirty Minutes	72.00
Three Hours	83.00
Three Hours Thirty Minutes	94.00
Four Hours	105.00
Four Hours Thirty Minutes	110.00
Maximum Amount Payable Under This Schedule To Any Member During Any One Day Of Hospital Care Shall Not Exceed	110.00

SCHEDULE OF ALLOWANCES FOR
 DIAGNOSTIC X-RAY SERVICE AND LABORATORY AND PATHOLOGICAL SERVICE
 DIAGNOSTIC X-RAY ALLOWANCES

The following Schedule lists the allowances provided for the services described in Article III, 2. subparagraphs g. and h. For any such benefits which are not listed in this Schedule Blue Shield reserves the right to determine a maximum amount on the basis of comparable procedures for which allowances are established herein. The amounts of allowances enumerated below are not intended to indicate or fix the value of Physicians' services.

	<u>Professional Allowance</u>	<u>Professional and Technical Allowance</u>
HEAD AND NECK		
Cerebral Angiography, without serialography with serialography	\$ 44.50	82.00
Ventriculography	59.50	109.50
Mandible	29.50	54.50
Mastoids, three or more views	9.00	16.50
Nasal bones	12.00	22.00
Skull, four or more views	9.00	16.50
	15.00	27.50
CHEST		
Chest, single PA teleroentgenogram (full sized film)	6.00	11.00
Ribs, bilateral	12.00	22.00
SPINE AND PELVIS		
Spine, entire spine, AP and lateral	26.50	49.00
Spine, thoracic	9.00	16.50
Spine, lumbrosacal, multiple views	15.00	27.50
Pelvis, AP including both hips	6.00	11.00
UPPER EXTREMITIES		
Clavicle	7.50	13.50
Scapula	7.50	13.50
Shoulder	7.50	13.50
Humerus	7.50	13.50
Elbow	7.50	13.50
Forearm	7.50	13.50
Wrist	7.50	13.50
Finger	7.50	13.50
LOWER EXTREMITIES		
Hip, AP and lateral	9.00	16.50
Both hips and pelvis, multiple positions	12.00	22.00
Femur, including one joint	7.50	13.50
Knee	7.50	13.50
Leg, including one joint	7.50	13.50
Ankle	7.50	13.50
Foot and heel	7.50	13.50
Toe	7.50	13.50

SCHEDULE E
Continued
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	<u>Professional</u>	<u>Professional and Technical</u>
ABDOMEN		
Abdomen, single AP view (independent procedure)	\$ 7.50	\$ 13.50
GASTRO-INTESTINAL TRACT		
Upper gastro-intestinal tract	21.00	38.50
Gall bladder, without contrast medium	7.50	13.50
UROLOGICAL		
Cystrography (independent procedure)	15.00	27.50

LABORATORY AND PATHOLOGICAL ALLOWANCES

	<u>Allowance</u>
MACHINE TESTS	
Electroencephalogram	\$ 27.50
Basal Metabolism rate	8.50
Electrocardiogram, with interpretation and report	16.50
BLOOD EXAMS	
Bilirubin, total serum	5.50
Blood, red cell count (erythrocyte)	3.00
Cholesterol, total	5.50
Glucose tolerance	11.00
TISSUE EXAMS	
Surgical, Gross and Microscopic	16.50
URINE EXAMS	
Acetone	1.00
Albumin, qualitative	1.00
Sugar, qualitative chemical	2.00
Routine Microscopic	3.00

E N D