SUMMARY OF MATERIAL MODIFICATIONS No. 1

This modification is made as of **April 1, 2012**, by the **City of Rapid City** to the **City of Rapid City Medical and Dental Plans.** All other terms and provisions of the Plan remain unaltered and in effect.

Distribution of the attached amendment will be handled in the following manner:

_____ The Plan Administrator will print the attached amendment for distribution.

_____ First Administrators, Inc. will provide one copy of the attached amendment for the Plan Administrator to print and distribute.

_____ First Administrators, Inc. will print _____ copies of the attached amendment for distribution.

_____ Other:_____

The following **two paragraphs** are added **to "S5.01 Eligible Expenses"** of **"Article V Medical Benefits"** within the current Summary Plan Description.

WHAT ARE COVERED EXPENSES?

In order for you to receive benefits, the service, supply, device or drug must be medically necessary. Any service, supply, device or drug listed in the Summary Plan Description as otherwise covered in **"What Are Covered Expenses?"** or **"Other Covered Medical Care"** may be excluded if it is not medically necessary in the circumstances. The Benefit Services Administrator determines whether a service, supply, device or drug is medically necessary based upon the terms of the Plan and established medical policies adopted by the Plan Administrator, however, if necessary, the Plan Administrator makes the final determination and that decision is final and conclusive. If the determination of the Benefit Services Administrator is appealed, the Plan Administrator will make a determination. This decision is final and conclusive however participants do retain the right to pursue external and/or judicial review.

The fact that a physician or other health care provider may have prescribed, ordered, recommended or approved certain services or supplies does not necessarily mean such services or supplies are medically necessary nor does it make the service or supply a covered expense.

The following **replaces "Medically Necessary"** in **"Definitions"** within the current Summary Plan Description.

"MEDICALLY NECESSARY" means a service, supply, device or drug that a physician or other health care provider, exercising prudent clinical judgment, provides to a patient for the purpose of preventing, evaluating, diagnosing or treating an illness, injury, disease or its symptoms, and is:

- Provided in accordance with generally accepted standards of medical practice. Generally accepted standards of medical practice are based on:
  - Credible scientific evidence published in peer-review medical literature generally recognized by the relevant medical community;
  - Physician Specialty Society recommendations and the views of physicians practicing in the relevant clinical area; and
  - Any other relevant factors.
- Clinically appropriate in terms of type, frequency, extent, site and duration, and considered effective for the patient's illness, injury or disease.

- Not provided primarily for the convenience of the patient, physician, or other health care provider, and not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of the illness, injury or disease.

In applying these criteria, the Benefits Services Administrator shall be guided by the terms of the Plan and by established medical policies adopted by the Plan Sponsor.

An alternative service, supply, device, or drug may meet the criteria of medical necessity for a specific condition. If alternatives are substantially equal in clinical effectiveness and use similar therapeutic agents or regimens, the Benefit Services Administrator and the Plan Administrator reserve the right to approve the least costly alternative.

Note: Any service, supply, device or drug listed as otherwise covered in **"What Are Covered Expenses?"** or **"Other Covered Medical Care"** may not be eligible for benefits if such service, supply, device or drug is investigational or experimental. *(see below)*

The following **replaces "Experimental or Investigational Services or Supplies"** in **"Definitions"** within the current Summary Plan Description.

"EXPERIMENTAL OR INVESTIGATIONAL SERVICES OR SUPPLIES" means a service, supply, device or drug that has progressed to limited human application but has not achieved recognition as being proven in clinical medicine.

To determine whether a service, supply, device or drug is experimental or investigational, the Benefit Services Administrator shall refer to established medical policies including whether a service, supply, device or drug meets the following criteria:

- It has final approval from the appropriate regulatory bodies.
- The scientific evidence must permit conclusions concerning its effect on health outcomes.
- It improves the net health outcome.
- It is as beneficial as any established alternatives.
- The health improvement is attainable outside the investigational setting.

In applying these criteria, the Benefits Services Administrator shall be guided by the terms of the Plan and by established medical policies adopted by the Plan Sponsor.

CITY OF RAPID CITY

_____ _____

(Authorized Signature) (Date)

_____ _____

(Printed Authorized Signature) (Title)