

HEALTH SAVINGS ACCOUNT OVERVIEW

I. HEALTH SAVINGS ACCOUNTS – AN INTRODUCTION

A. What is a Health Savings Account (HSA)?

- An HSA is a tax-advantaged savings vehicle for funding qualified health care expenses; deposits are deductible from income.
- An HSA must be affiliated with a qualified High Deductible Health Plan (HDHP) for a qualifying contribution to be made.
- An HSA has the following features:
 - (1) It is owned by the individual participant,
 - (2) Unused balances may be rolled over to subsequent plan years,
 - (3) It is portable if the participant separates from service,
 - (4) Amounts withdrawn for qualified Medical expenses are not subject to income tax.
 - (5) Amounts withdrawn for nonqualified items are subject to income tax and possibly an excise tax penalty.

B. Who may participate in an HSA plan?

- An individual must be enrolled in a qualified High Deductible Health Plan (HDHP) to participate in the HSA.
- A participant may not also be enrolled in another health plan that is not a qualified HDHP.
- A participant may not be enrolled in Medicare and participate in an HSA.

Note: If you accumulate a balance in your HSA and then move to a nonqualified health plan, you do not forfeit your balance. However, you may not make any additional contributions to your account while covered under a nonqualified health plan.



C. What is a High Deductible Health Plan (HDHP)?

- Under the Medicare Modernization Act (MMA) of 2003, an HDHP is defined as a health plan that has:
 - (1) A comprehensive deductible that applies to all health care expenses (In- and Out-of-Network) other than specified Preventive Care services.
 - (2) A Deductible that is a minimum (in 2009) of \$1,150 per Individual and \$2,300 per family. This amount is subject to annual indexing adjustments.

II. HOW DOES IT WORK

A. Funding the HSA:

- A participant may fund up to the Federal Maximum HSA Deposit amount in any plan year. For 2009 the Federal Maximum HSA Deposit amount is \$3,000 per Individual and \$5,950 per Family.
- Qualified contributions may be deducted from income in the applicable tax year.
- Unused balances may be rolled over to future plan years.

B. Funding Expenses from HSA:

- A participant may request reimbursement from his/her account to cover qualified medical expenses up to the current account balance; such reimbursements are not subject to income tax.
- A participant may request a withdrawal for nonqualified expenses; such withdrawals are subject to income tax and possibly an excise penalty tax.

C. Reimbursements from the Health Plan

- Preventive Care services are typically reimbursed in full without being subject to the Deductible.
- All other expenses are processed through the Deductible – the participant is responsible for such expenses until the deductible has been met.



- After the deductible has been met, the plan will reimburse per the established benefit schedule (e.g. 80% or 100% for In-Network and 60% or 80% for Out-of-Network) to the established Out-of-Pocket Maximums.
- Note: some expenses/services may need to be paid at time of service with reimbursement coming after the claim is filed.

III. THINGS TO CONSIDER

A. Personal Health Considerations

- Types of Recent/Expected Expenses
- Types and Number of Prescriptions
- Family Health History

B. Other Coverage Options

- Through Your Employer
- Through Spouse's Coverage.

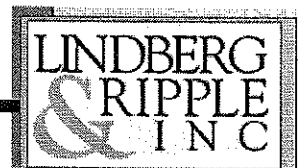
C. Annual Premium Contribution

- Compared to Deductible and O-O-P Exposure.
- Compared to HSA balance.

D. Annual Enrollment Option

- Qualified HDHP HSA Plan.
- Nonqualified PPO Plan.

This summary is meant to be informational only.
As always, consult with your legal and tax counsel for legal and tax guidance.



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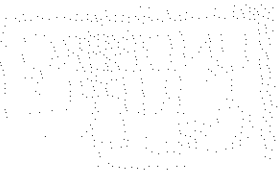
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BENEFIT	Century Preferred \$20 PPO-5/20/35 2k RX In-Network/Out of Network	Lumenos H S A 1500/3000 In-Network/Out of Network
Costshares	\$20 Office Visit Copay \$75 Emergency Room Copay; Per Adm Copay - \$100 Urgent Care \$25 \$50 Copay for output surgery facility Out of network deductible \$250/\$500/\$750 80% reimbursement up to \$700/\$1,400/\$2100 Out of Pocket Maximum \$950/\$1900/\$2850 Lifetime maximum - Unlimited in Network Lifetime maximum - 1,000,000,000 OON	Health Account + Deductible=Bridge \$1,500 Ind /\$3,000 fam deductible/health account \$3,000/\$6,000 shared in/out of network OOP 100% for preventive care services Not applicable to health account or bridge Preventive services do not come out of health savings account Out of network covered at 80% up to bridge amount \$3000 Individual/\$6000 OON family Bridge
Preventive Care Pediatric	No Copay Covered according to age-based schedule Out of Network Deductible and Coinsurance	100% covered Not applicable to the health account/bridge Out of network 80% After Bridge
Adult	No Copay Covered according to age-based schedule Out of Network Deductible and Coinsurance	100% covered Not applicable to the health account/bridge Out of network 80% After Bridge
Vision	No Copay Covered once every 12 months Deductible and Coinsurance Out of Network	Health account or Bridge then 100% Vision Rider may apply Out of network 80% After Bridge
Hearing	\$20 Copay Screening part of physical exam Deductible and coinsurance out of network	100% covered Not applicable to the health account/bridge Out of network 80% After Bridge
Gynecological	No Copay Covered once every year Deductible and coinsurance out of network	100% covered Not applicable to the health account/bridge Out of network 80% After Bridge
Medical Services Medical Office Visit	\$20 Copay Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Outpatient PT/OT/ST/ Chiro	\$20 Copay Deductible and coinsurance out of network 50 combined benefits for PT,OT,ST and Chiro	Health account or Bridge then 100% Out of network 80% After Bridge
Allergy Services	\$20 Copay for office visits and testing No copay for injections maximum benefit - 80 visits in 3 years Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Diagnostic Lab & X-ray	Covered Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Inpatient Medical Services	Covered Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Surgery Fees	Covered Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Office Surgery	Covered Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Outpatient MH/SA	\$20 Copay Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge

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Emergency Care Emergency Room	\$75 Copay (waived if admitted) Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Urgent Care	\$25 Copay Urgent Care Network must be utilized for coverage	Health account or Bridge then 100% Out of network 80% After Bridge
Ambulance	Maximum : Air and Land are Unlimited	Health account or Bridge then 100% Out of network 80% After Bridge
Inpatient Hospital General/Medical/ Surgical/Maternity (Semi-private)	Covered Per Admission Copay \$100 Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Ancillary Services (Medication, Supplies)	Covered	Health account or Bridge then 100% Out of network 80% After Bridge
Psychiatric	Covered Per Admission Copay \$100 Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Substance Abuse/ Detox	Covered Per Admission Copay \$100 Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Rehabilitative	Covered Per Admission Copay \$100 Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Skilled Nursing Facility	Covered up to 120 days per calendar year Per Admission Copay \$100 Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Hospice	Covered	Health account or Bridge then 100% Out of network 80% After Bridge
Outpatient Hospital Outpatient Surgery Facility Charges	Covered \$50 copay Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Diagnostic Lab & X-ray	Covered Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Pre-Admission Testing	Covered Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Other Services Durable Medical Equipment	Covered Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Prosthetics	Covered Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Home Health Care	Covered 200 Visits per mmeber, per calendar year Deductible and coinsurance out of network	Health account or Bridge then 100% Out of network 80% After Bridge
Prescription Drugs	Managed PS 3 Tier Rx Option 2 \$5 GE Rx copay , \$20 LB Name Copay \$35 NLB \$2,000 calendar year maximum 30 Day Retail/ 90 Mail 2 x Mail	Health account or Bridge then 100% No Maximum Out of network 80% After Bridge

Table D
Allowable Expenditures from Your Health Savings Account (continued)

Allowable Expenditures from Your Health Savings Account	
Acupuncture	Alcoholism Treatment
Ambulance	Artificial Limb
Artificial Teeth	Bandages
Birth Control Pills (by prescription)	Breast Reconstruction Surgery (mastectomy)
Car Special Hand Controls (for disability)	Certain Capital Expenses (for the disabled)
Chiropractors	Christian Science Practitioners
COBRA premiums	Contact Lenses
Cosmetic Surgery (if due to trauma or disease)	Crutches
Dental Treatment	Dermatologist
Diagnostic Devices	Disabled Dependent Care Expenses
Drug Addiction Treatment (inpatient)	Drugs (prescription)
Eyeglasses	Fertility Enhancement
Guide Dog	Gynecologist
Health Institute (if prescribed by physician)	H.M.O. (certain expenses)
Hearing Aids	Home Care
Hospital Services	Laboratory Fees
Lasik Surgery	Lead-Based Paint Removal
Learning Disability Fees (prescription)	Legal Fees (if for mental illness)
Life-Care Fees	Lodging (for out-patient treatment)
Long-Term Care (medical expenses)	Long-Term Care Insurance (up to allowable limits)
Meals (associated with receiving treatments)	Medical Conferences (for ill spouse/dependent)
Medicare Premiums	Medicare Deductibles
Nursing Care	Mentally Retarded (specialized homes)
Obstetrician	Nursing Homes
Operations - Surgical	Operating Room Costs
Optician	Ophthalmologist
Organ Transplant (including donor's expenses)	Optometrist
Orthopedic Shoes	Orthodonture
Osteopath	Orthopedist
Over-the-Counter Medicines	Out-of-pocket expenses while enrolled in Medicare
Pediatrician	Oxygen and Equipment
Podiatrist	Personal Care Services (for chronically ill)
Prenatal Care	Post-Nasal Treatments
Prosthesis	Prescription Medicines
Psychiatric Care	PSA Test
Psychoanalysis	Psychiatrist
Psychologist	Psychoanalyst
Radium Treatment	Qualified Long-Term Care Services
Special Education for Children (ill or disabled)	Smoking Cessation Programs
Spinal Tests	Specialists
Sterilization	Splints
Telephones and Television for the Hearing	Surgeon
Therapy	Impaired
Treatment	Transportation Expenses for Health Care
Vitamins (if prescribed)	Vaccines
Wheelchair	Weight Loss Programs
X-Rays	Wig (hair loss from disease)

