

**MSGR BlueChoice and BluePreferred HSA
 Broker/Wholesaler/DBE Reference Guide**

Health Savings Account (HSA) – The result of Title XII of the Medicare Prescription Drug Improvement and Modernization Act of 2003. An HSA is a consumer-oriented, tax-advantaged savings account that is always combined with an HSA Compatible plan and is:

- Portable – never lose funds, save over a lifetime; True cash account
- An interest-accruing account, similar to an Individual Retirement Account (IRA)
- Tax-exempt trust/savings vehicle
- “Triple Tax Free”: No tax when you contribute, No tax when you spend it & No tax on earnings
- An account whose balance rolls over year after year
- Not required to be funded every year; Designed to control health costs
- Employers are not required to contribute funds, resulting in more financial savings
- No discrimination testing on enrollees, however must be offered to all fulltime employees.
- Account may be funded by the employee and/or employer contributions
- Employee is 100% responsible for the determination of qualified vs. non-qualified expenses and required tax reporting
- Changes to HSA Comparability Rule: Applies to Employer Contributions made outside a Cafeteria Plan. (Most employer contributions should be made through the Cafeteria Plan)
 - Prior Rule: Employers who contribute to employees HSA must make comparable (same amount or same percentage of deductible) to all “comparable participating employees”.
 - New Rule: Highly Compensated Employees (HCE’s) are not comparable participating employees. Effective for contributions made on or after 1/1/07.
 - Example: Employer contributes \$300 to the HSA of all full-time employees with HDHP coverage who are HCE.
 - Employer contributed \$500 to the HSAs of all full-time employees with single HDHP coverage who are non-HCE.

MSGR Available HSA Plans – BlueChoice/BluePreferred
 Please refer to the
Maryland Small Group Reform (MSGR) Medical and Ancillary Product Portfolio
 Available on www.carefirst.com

Effective 8/1/07 HSA Member Set-up and Monthly Fees Eliminated for MSGR

- Administration Fee for FlexAmerica is built into the CareFirst rates for all MSGR HSA products.
- No account setup fees
- **Effective 8/1/07:**
 The Mellon Bank HSA BlueFund member set up fee of \$14.00 has been eliminated. The Mellon Bank monthly fee of \$3.90 previously deducted from the members HSA account for average monthly balances below \$1000, has also been eliminated. (Note: Mellon Welcome Kit will list all banking fees that still apply). This applies to all MSGR groups regardless of renewal month or date sold.

MSGR Quick Reference Guidelines for Brokers/Wholesalers/DBE's

- 1) **Pharmacy:** All MSGR HSA plans have a combined medical and pharmacy deductible. After the deductible is met, the member pays the appropriate copay, and cost difference between brand and generic if applicable.

Please refer to the MSGR Product Portfolio BlueFund Sections for the available RX options. Note that the \$0/\$25/\$45 Rx Option includes a 4th tier: benefit structure: 50% Coinsurance Injectables (excluding insulin) up to a maximum payment of \$75 per injection

Special Notes: Effective 11/1/06, all BlueChoice HSA Options, (HMO and Opt-Out Plus) with the exception of the BlueChoice HMO HSA CORE Option 3 include the following RX benefit:

* \$0/\$25/\$45; 50% Coinsurance Injectables (excluding insulin) up to a maximum payment of \$75 per injection.

Effective 11/1/06, the BlueChoice HMO HSA CORE Option 3 plan **can only be sold** with the 75% Member Coinsurance RX benefit.

- 2) **Vision:** CORE BlueVision is **NOT** included in the MSGR HSA plans. However, CareFirst is allowing BlueVision *Plus* to be purchased with these plans; all options available; not subject to the deductible; **MUST** be added non-parallel.

New Business & Renewal Dates Prior to 7/1/07: If an HSA plan is sold in a POE combination with any of the following BlueChoice HMO Options and the group purchased BlueVision *Plus*, only the HSA members can enroll in the BlueVision *Plus*. Prior to 7/1/07 these HMO plans did not include BlueVision, and it could not be purchased; therefore, members enrolled in these plans within the POE are not eligible to enroll in BlueVision *Plus*.

BlueChoice HMO Option 1; BlueChoice HMO Option 5; BlueChoice HMO Option 6 (New CORE Plan Effective 7/1/06)
BlueChoice HMO *Open Access* Option 1

Effective with 7/1/07 New Business and Renewals the following will apply:

BlueChoice HMO Options 1 & 5 and BlueChoice HMO *Open Access* Option 1 will now include CORE BlueVision.
BlueChoice HMO Option 6 can be sold with or without CORE BlueVision.

- 3) **Regional Traditional/Preferred Dental:** All options are available; **MUST** be added non-parallel.
- 4) **BlueVision Plus & Regional Traditional/Preferred Dental sold together:** If account purchases both BlueVision *Plus* and dental, the vision and dental **MUST** be sold as non-parallel.
- 5) **Deductible Carryover:** Not available for any HSA BlueFund or Compatible options. This means the member cannot carry over any deductible earned in the 3 months prior to the end of the current plan year to the new plan year.

6) **Medical Deductible Credit (No Rx Deductible Credit) Refer to Sales Flash dated January 25, 2008**

Deductible Credit for New Business

- For 15th of the month - no deductible credit; remains calendar year for now
- Contract Year - no deductible credit
- Calendar Year – (except for 15th of the month effective dates) provide deductible credit as long as they are currently in a calendar year plan with the competitor. This ensures that we are not extending their deductible period longer than 12 months, thus making the plan out of compliance with the IRS.
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Deductible Credit for Renewals

- Off-cycle renewals - no deductible credit for contract year; deductible credit DOES apply for calendar year
- Moving from calendar year to contract year or vice versa- no deductible credit
- Remaining on calendar year but changing benefits on renewal - deductible credit applies

- 7) **Domestic Partners:** Due to IRS not recognizing domestic partners and same sex civil union spouses as dependents, these individual's expenses are not eligible for reimbursement under the HSA or FSA (financial) accounts. However, if the employer elects to offer coverage to domestic partners, these individuals may be covered and offered coverage under the health insurance.
- 8) **Welcome Kit / Debit Card / Checks for HSA:** Once members are enrolled on the CareFirst system, and the enrollment has been transmitted from CareFirst to FlexAmerica, a Mellon Bank Welcome Kit will be mailed to each enrolled member. This Kit includes a welcome letter, signature card, disclosure statement, and beneficiary form. Please keep in mind that a lot of information changes hands to make sure that the bank account opens timely, appropriate beneficiary information is received and debit cards are issued. CareFirst member services @ (800)-321-3497 will be able to provide assistance for enrolled new members that have questions. If they are unable to service the member for any reason, they will be transferred to FlexAmerica/CareFirst BlueFund Administration for further assistance.

Timeline:

- Approximately 7 to 10 days following the receipt of the CareFirst ID card, the member should receive a Mellon Bank Welcome Kit sent to their home address as well as a Debit Card. Debit cards are Merchant code restricted/ No ATM.
- Employer MUST encourage employees to sign and return their Signature card/Beneficiary form immediately so the HSA can be established and funded. A postage paid envelope will be provided to each member.
- Checks should be received by members approximately two weeks following the return of the Signature card./Beneficiary Statement. (10 personalized checks will arrive under separate cover)

Important Note: We recognize that members may incur expenses prior to receiving their checks/debit cards. When this occurs, members can reimburse themselves once they receive their HSA checks.

- To expedite the process of opening/funding the account, members will have the option to activate their accounts by electronic signature (esignature) which will be explained in the Mellon Welcome Kit. This will allow them to immediately use their debit card. If, however, the member wants to receive checks, the employee MUST return their signed Signature Card/Beneficiary Form in the postage paid envelope provided.

Note: New process is now available to accelerate the availability of HSA Funds through ACS/Mellon - Refer to Sales Flash 1/25/08

9) **HSA Fund Eligibility:** In order to be eligible to open a Health Savings Account, the participant must be enrolled in a qualified High Deductible Health Plan (HDHP). All CareFirst HSA Plans are qualified HDHPs meeting the IRS guidelines. Member MUST have coverage as of the first day of the month to make a qualified HSA contribution.

Member cannot be:

- covered by any medical plan other than a HDHP (dental and vision plans are not included in this restriction)
Note: If employee is enrolled in the group HSA plan, they cannot be enrolled in any other health benefits plan.
- enrolled in Medicare **; or
- claimed as a dependent on another individual's tax return
- All dependents must be claimed under the subscribers tax return as a dependent to be eligible for HSA expense reimbursement
- Domestic Partner

The individuals listed below are eligible to open an HSA fund, but pre-tax employer contributions are not allowed, only employee contributions. Meaning, the business can not contribute to the fund on a pre-tax basis. The individuals listed below must take their contributions as an above the line deduction on their tax return.

- Partnership Owners & their spouses of S-Corp, LLC, LLP businesses
- Sole-Proprietors

** Eligible Spouse and Dependent(s) of Non-Eligible Employee may open HSA funding account, however, CareFirst arrangement with FlexAmerica will not accommodate spouse/dependent ONLY funding. The **EMPLOYEE** must be eligible to fund the HSA in order to set up an account through FlexAmerica/Mellon.

To preclude BlueFund health plan members that are not eligible for the HSA fund from receiving Mellon Welcome Kits/Debit Cards, CareFirst Underwriting Guidelines will now allow the same HSA plan to be set up as both COMPATIBLE and BLUEFUND in the same POE.

Example: Group is enrolling in an HSA BlueFund product but has one employee that is 67 who is enrolled in Medicare Parts A & B; his Spouse is 55 with no Medicare. The group offers HSA BlueFund and the same HSA Option as Compatible, side by side. The employee and his spouse should then be enrolled in the COMPATIBLE Plan. Once enrolled in the Compatible plan, the non-eligible funding member will not be transmitted to FlexAmerica/Mellon. No Welcome Kit /Debit Card will be sent to the member. The member/spouse will only show enrolled in the CareFirst health plan. Refer to Underwriting Guidelines below regarding POE combinations.

10) **Underwriting Guidelines / Business Rules:**

- No eligibility rules have changed for small group. All current Underwriting guidelines apply.
- HSA plans may be sold with 15th of the month effective dates; cannot be funded until the 1st of following month; **CALENDAR Year benefit period will apply**
- HRA plans and HSA plans may now be sold together with New Sales and Renewals beginning 7/1/06
- The CORE HSA option must be offered when quoting an HSA BlueFund or HSA Compatible plan.
- HSA plans can be sold as a part of a POE/ BlueSelections
- POE/BlueSelections offering may not include duplicates of the same benefit option. (e.g. Cannot have BlueChoice HMO Option 2, next to BlueChoice HMO Open Access Option 2)

EXCEPTION : To accommodate funding restrictions listed in number nine above under **HSA Fund Eligibility**, the same HSA Option can now be offered in the same POE, as both COMPATIBLE and BLUEFUND. The POE, however, is still limited to three plan options.

POE Example: Plan 1: BlueChoice HMO Open Access HSA **BlueFund** Option 1 \$1200/\$2400
Plan 2: BlueChoice HMO Open Access HSA **Compatible** Option 1 \$1200/\$2400
Plan 3: BluePreferred Option 1

11) **Paperwork:**

All new and renewing paperwork is the same as it is today with two exceptions. 1) If the group is adding an HSA BlueFund plan at renewal or purchasing it as a new group, the group must complete the new FlexAmerica application to facilitate the set-up of the HSA. This application must be attached to either the new or renewing group paperwork that will be sent to CareFirst Account Installation. 2) The second change requires a new member enrollment application for HSA BlueFund groups.

HSA BlueFund Plan: DBE member enrollment forms can be used to enroll members for both DBE and Wholesaler business provided that the enrollment form has been updated to include the appropriate and required language. Or, you may use the “New” MSGR BluePreferred HSA BlueFund member enrollment form, **CUT6832-4S (10/07)**, and or the “New” BlueChoice HSA BlueFund member enrollment Form, **CUT6921-4S (10/07)** available on www.carefirst.com

HSA Compatible Plan: Existing DBE member enrollment forms can be used to enroll members for both DBE and Wholesaler business. Or, you may use the “Existing” MSGR BluePreferred member enrollment form **CUT5416-9S (10/07)**, and or the “Existing”MSGR BlueChoice member enrollment form, **CUT5412-9S (10/07)** available on www.carefirst.com

11) **Paperwork: continued**

Group Application: Use “Existing” MSGR BluePreferred Group Application, **GRPAPP-PPO (MSGR) REV (R.07/03)** and or the “Existing” BlueChoice Group Application, **MD/CC/GR APP (MSGR) REV (R. 07/03)** available on www.carefirst.com

Important Note: If an HSA is added at renewal, any member currently enrolled must complete a new member enrollment form to enroll in the HSA. Additionally, any member enrolling MUST provide their social security number on their member application in order for their bank account to be set up. If a social security number is not obtained, the HSA component of the product cannot be offered. In addition to social security number, the Patriot Act also requires that the employees physical home address be provided before an HSA account can be opened. Therefore, HSA applicants **may not** use a P.O. Box for their home address on their member application.

12) **BluePreferred PPO/BlueChoice HMO Benefits for HSA BlueFund and Compatible Plans:** Refer to benefit summaries for specific details.

13) **Employer Funding:** FlexAmerica will initially contact the group by email after receiving the FlexAmerica application to discuss available options for funding the HSA. FlexAmerica will also provide the group with their 14 digit sub-account #. The first seven digits of the sub-account number will be the same for all CareFirst groups, # 950-0998. For assistance with questions regarding the FlexAmerica application and/or the employer funding, please call the FlexAmerica Implementation Department @ 301-530-9400. This number also appears on the last page of the FlexAmerica application. The three available funding options that FlexAmerica offers are as follows:

- Automated Clearing House (ACH) debit
- Wire Transfer
- Check

14) **Employer Funding/Benefit Changes :** A new FlexAmerica HSA BlueFund application **is not required** when the Employer is either, 1) adjusting the HSA Funding amount 2) making changes to their benefit design (deductible amount), while remaining HSA BlueFund, or 3) are adding an additional HSA BlueFund product to their existing plan design.

Note: No Renewal notification is sent out from FlexAmerica.

**Flexible Spending Account (FSA)
Offered along side HSA**

FSA's allow employees to set money aside on a pre-tax basis for known un-reimbursed health care or dependent care expenses. Employees can purchase additional health services, pay health insurance deductibles and copayments, or pay for child care benefits with the money in their FSA.

As required by Federal law, if an FSA is offered along side an HSA, the FSA is limited to vision and dental expenses only. This is due to the fact that the HSA covers all medical and Rx expenses that apply towards the deductible. The reason for the separation and limitation of the FSA is because the Federal Government has put limits on the contributions into a Health Savings Account. These accounts are separate and do not act like the integrated HRA/FSA, meaning they do not tap into each other when one account is exhausted. They are separate and they reimburse different types of expenses. Why would someone want both? Many employees who have an FSA today use it for orthodontia and laser eye surgery. This limited FSA will enable employees to continue to use an FSA for these types of expensive services.

FlexAmerica FSA Fees

- \$500 Flat Setup Fee regardless of group size
- \$500 Renewal Fee (5500 & Compliance Testing Included)
- Monthly Fee: \$4.50 per participant per month (pppm)
- Minimum Monthly: \$150 per group per month
- Debit Card fee is an additional \$0.75 per participant per month
- FlexAmerica will bill the account

POP Plan: Free through Flex America with CareFirst HSA medical plan.

- **Zero Balance FSA Rule**
 - Prior Rule: Participant in general purpose FSA (w/grace period) was previously disqualified from HSA establishment until first day of first month following end of grace period, even with zero balance.
 - New 2007 Rule: Grace period does not disqualify a participant if individual has zero balance
 - They can spend down prior to end of year plan year
 - Make one time tax free rollover under new rules if EMPLOYER elects a one-time tax free transfer as stated above.

HSA Contributions

- Contributions can be through payroll contributions or through cash deposits
- Section 125 plans must be modified to accommodate HSA pre-tax contributions
- Employer/Employee contributions can be funded upfront or monthly (1/12 of annual contribution)
- Contributions by an employer are not taxable income to the employee
- Individuals own their HSAs; the individual is responsible for ensuring that contributions do not exceed the annual maximum allowed amount
- Contributions by an eligible individual or a family member of the eligible individual are tax deductible by the eligible individual on an "above the line" basis (This means the person doesn't have to itemize deductions on their tax return in order to deduct their HSA contribution.)
- Funds in a HSA can be invested, and interest and investment earnings on contributions are not taxable
- Contributions can be made at any time of year in one or more payments, at the convenience of the individual or employer
- The deadline for contributions is April 15th of the year following the year for which the contribution is made

- **2006 Contributions** limited to the in-network deductible or \$2,700 for individuals or \$5,450 for family, whichever is less. *(Both the employee and employer contributions count towards this maximum.)*

- Contribution limits for short plan years; must be prorated; total prorated limit includes both the Employer and Employee portion. (Example: HSA plan sold for 4/1/06. Employer/Employee can fund up to a maximum of 9/12 through end of year. Effective 1/1/07, Employee/Employer can fund additional 3/12).

- Individuals 55 and older can make additional catch up contributions each year until they enroll in Medicare. *(contributions are prorated based on the number of months the member has a HDHP in the year in which they turn 55):*

▪	2006 - \$700	2007 - \$800	2008 - \$900	2009 and after - \$1,000
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- **Example 1:** John begins an HSA on June 1, 2006 and turns 55 on December 31st. John can contribute to the HSA account June through December. Pro-rated based on plan eligibility, John can contribute \$408.33. ($\$700/12 \text{ mo} = \$58.33 \times 7 \text{ mo} = \408.33)

- **Example 2:** Mary begins an HSA on January 1st and turns 55 on December 31st. Mary can contribute the full \$700 for 2006 towards the catch-up contribution.

- **2007/2008 Contributions:** New 2007 regulations allow members to contribute up to the legal maximum as long as the health plan is HSA compliant

- The maximum amount that can be contributed to the HSA is noted below.
- Even participants who establish their HSA mid-year can put in the maximum amount provided certain conditions are satisfied
- Note: The maximum applies to all contributions made in the calendar year, *(Both the employee and employer contributions count towards this maximum.)*

	<u>Individual</u>	<u>Individual + One or Family</u>
2007	\$2,850	\$5,650
2008	\$2,900	\$5,800

Changes to the Lesser Rule:

Prior Rule: Monthly limit equals 1/12 of “lesser of deductible” or maximum.

Example: Individual enrolled from January 1, 2007 through December 31, 2007 with \$1,200 Deductible.

Under old rule, individual may only contribute \$1,200

New Rule: Monthly limit equals 1/12 of maximum specified by IRS

Example: Individual enrolled from January 1, 2007 through December 31, 2007 with \$1,200 Deductible

Under new rule, individual may contribute \$2,850

Exception to Pro-Rated Rule:

Prior Rule: “Maximum contribution was “sum of monthly limits” based on # of months in plan.

Example: Individual enrolled from July 1, 2007 through December 31, 2007 with \$2,700 Deductible.

Under Old Rule, individual may only contribute 6/12 of the deductible (\$1,350)

New Rule: Individual is treated as eligible for ENTIRE YEAR if eligible in December of that year and remains eligible through December of the next year. If subscriber ceases to be eligible during that period, amounts attributable to months treated as eligible will be subject to income and 10% tax.

Example: Individual enrolled from July 1, 2007 through December 31, 2007 with \$2,700 deductible may contribute \$2,850 (as long as he remains eligible through December 31, 2008)

**HSA Contributions
New for 2007 - Roll Over Provisions**

- **New HRA/FSA Rollover**
 - Prior Rule: HRA and/or Health FSA amounts could not be transferred to an HSA on a tax-free basis
 - New 2007 Rule: **EMPLOYER** may make a one-time tax-free transfer of “applicable balance” to an HSA anytime before 1/1/2012.
 - Applicable balance = lesser of balance as of 9/21/06 OR balance as of the date the transfer is made.

Example:
 - Bob has \$500 balance on 9/21/06
 - On 8/1/08, Bob has \$300 balance, but wants to enroll in HDHP
 - Bob’s employer may transfer \$300 to Bob’s HSA.
 - NOT counted against maximum annual contribution amount (\$2,850 or \$5,650)
 - If an individual does not remain an eligible individual for the 12 months following the month of the contribution, the transferred amount is included in income and subject to a 10 percent additional tax. (Reference: www.treasury.gov)
- **New IRA Rollover**
 - Prior Rule: Individual Retirement Account (IRA) funds could not be transferred to HSA on a tax-free basis
 - New 2007 Rule: One-time tax-free transfer of IRA funds to HSA permitted (trustee-to-trustee)
 - Limited to maximum annual contribution amount (\$2,850 or \$5,650)
 - If an individual does not remain an eligible individual for the 12 months following the month of the contribution, the transferred amount is included in income and subject to a 10 percent additional tax. (Reference: www.treasury.gov)

**HSA Health Plan Benefit Periods for BlueChoice/BluePreferred
Important Information**

CONTRACT Year benefits versus CALENDAR Year benefits:

(Please note that at this time benefit periods cannot be changed. Groups must remain with either CONTRACT or CALENDAR Year benefit periods depending upon how they were initially written. Additionally, there is not a Deductible Carryover Provision available for HSA groups)

- 1) **EXISTING CareFirst MSGR BUSINESS:** Not all existing CareFirst MSGR groups have **CONTRACT YEAR** benefit periods, some have **CALENDAR YEAR** benefit periods. Please review this provision carefully before installing HSA group plans at renewal and/or off-cycle to determine the potential impact to your group. **Reminder:** All Deductibles/OOP Maximums start over January 1, for groups that have **CALENDAR Year** benefit periods.
- 2) **NEW MSGR Business to CareFirst:** Any MSGR HSA Group written with a 1st of the month effective date will be installed with a **CONTRACT Year** benefit period. Any Group written with a 15th of the month original effective date will be installed with a **CALENDAR Year** benefit period.

HSA Additional Key Points:

Reporting:

Members: All members will receive monthly account statements from Mellon. Members can also register under My Account on the CareFirst website to enable them to have access to claims information for both medical and pharmacy claims. The member will also be able to view their account balance by clicking on the My Account "**Fund Administration Tab**". After selecting this tab, the member must then click on the "Transaction" Option. By clicking on the transaction key, the HSA Account balance will populate. Mellon website will provide information with respect to the investment account elections and individual investment review capabilities as well as HSA account transactions. Mellon will provide all custodial tax reporting as required under the statute. The employee is responsible for all individual tax compliance. FlexAmerica will provide standard reports to the group through their online employer portal.

Employers: Employers will have access to FlexAmerica's Employer Service Center via a registration process on the FlexAmerica web-site. This portal will allow employers to manage HSA payroll contributions. During the FlexAmerica set-up process, the group will be sent an HSA Administrative Handbook that will provide them with helpful information that they will need to administer the HSA.

Substantiation: The subscriber is responsible for substantiation/record keeping for qualified expenditures. The subscriber is responsible for end of year IRS tax reporting on qualified and non-qualified use of their HSA funds.

Integrated Customer Service between CareFirst and FlexAmerica/CareFirst BlueFund Administration:

CareFirst member services, (800)-321-3497, will continue to provide customer service on the HRA/HSA BlueChoice and/or BluePreferred benefits, in addition to responding to:

- Deposit inquiries (amounts), Balance inquiries, Transaction inquiries, debit card and check transactions
- Combined medical and Rx deductibles; How does the deductible work?

Calls beyond these inquiries will be transferred to FlexAmerica/CareFirst BlueFund Administration for additional assistance. Some examples of situations that FlexAmerica/ CareFirst BlueFund Administration, will handle would include the following:

- What is reimbursable?, Why is my debit card not working? Ordering 2nd debit card
- Never received reimbursement check; Why is transaction not showing up in My Account (system)?
- Questions about the funding account

Bank Interest & Investments: Member contacts Mellon Bank for assistance:

- Transactional HSA account deposit contributions – Day 1 deposits in an interest bearing checking account FDIC insured.
- 7 Dreyfus investment options will be available once minimum balance of \$3,000 is accumulated in checking fund, with minimum investment of \$1,000. After the initial \$1,000 investment, subsequent Investments can be made in \$100 increments. Will have fees.

Claims: No automated feed of claims to FlexAmerica for HSA

COBRA Options:

Medical Component / BluePreferred PPO and BlueChoice HMO and Opt-Out Plus : CareFirst contract and benefit guides state that “COBRA” is available (if applicable) and that if a subscriber/member has questions to contact their group administrator. The group must decide what products to offer for COBRA eligibles based on their attorney’s legal advice.

HSA Fund: Not subject to COBRA continuation.

- Employee can use money in HSA for COBRA premiums
- Employer not responsible for contributing funds for those on COBRA

MD Continuation: Applies to Health Plan; does not apply to fund.

Conversion product: Standard Conversion Products apply

COB: No COB allowed with HSA plans.

ID Cards: ID cards will have the same standard pre-fix; BluePreferred products (XIP); BlueChoice products (XIC). New “CD” combined medical & prescription drug descriptors are being added to PPO ID card carriers. A combined deductible indicator (CD) will be printed on the front of the ID Card.

HSA Transferability: The employee owns the HSA and therefore, the employee is the only person who can transfer the funds from one trustee to another. Options:

- Employee can have more than one HSA account open. They can maintain the old and open a new HSA account.
- The employee can open a new HSA account and transfer the funds from the old trustee to the new
- Employee can choose to maintain the old HSA account and not open a new account. They would then waive the employer pre-tax contributions and their own pre-tax salary contributions.

BluePreferred HSA Plans – Deductible and Out-of-Pocket Limit

BluePreferred HSA Deductible and Out-of-Pocket Limit (Combined In-Network & Out-of-Network)

The Deductible applies to all covered services, including prescription drugs excluding only those preventive services as listed in the group contract. (Refer to Benefits Summary for details)

The following amounts (in-network and out-of-network) may be used to satisfy the Deductible:

- 100% of the Allowed Benefit for covered services
- Copayments

The following amounts may not be used to satisfy the Deductible:

- Amounts incurred for failure to comply with the Utilization Management Program requirements
- That portion of a charge which is in excess of the Allowed Benefit

The Deductible may be met entirely by one Member or by combining eligible expenses of two or more Members.

The Out-of-Pocket Limit applies to all covered services including prescription drugs.

The following amounts (in-network and out-of-network) may be used to meet the Out-of-Pocket Limit:

- The Deductible
- Coinsurance
- Copayments

The following amounts may not be used to meet the Out-of-Pocket Limit:

- Amounts incurred for failure to comply with the Utilization Management Program requirements
- That portion of a charge which is in excess of the Allowed Benefit

When you have reached this Out-of-Pocket Limit in a contract year, no further Deductibles, Coinsurance amounts, or Copayments will be required in that contract year.

BlueChoice HSA Plans – Deductible and Out-of-Pocket Limit

Important Note: Under BlueChoice Opt-Out-Plus HSA, the In-Network and Out-of-Network Deductible, Out-of-Pocket Limit and Lifetime Maximums are separate. They **are not** combined both In-Network and Out-of-Network. All Pharmacy claims (In or Out of Network) are only applied to the In-Network Deductible and In-Network Out-of-Pocket limit.

In-Network Benefits: Applies to BlueChoice HMO Open Access HSA and BlueChoice Opt-Out Plus Open Access HSA

Deductible: The annual Deductible applies to all Covered Services including prescription drugs excluding only those preventive services as listed in the group contract. The annual Deductible and the Out-of-Pocket Limit may be met entirely by one Member or by combining eligible expenses of two or more Members.

Out-of-Pocket Limit: The total amounts of Copayments, Coinsurance and Deductible amounts paid during a contract year by an Individual and, if applicable, his or her Dependents are subject to the Out-of-Pocket Limit established for the Type of Coverage in which the Member is enrolled (e.g. Individual or Family). Your Out-of-Pocket Limit applies on a contract year basis even though you may have been enrolled for less than a contract year. If you have Family or Individual and Child(ren) coverage or, if applicable, Individual and Adult coverage the Out-of-Pocket Limit for your Type of Coverage can be met entirely by one Family Member or by combining eligible expenses of two or more covered Family Members.

Out-of-Network benefits: (Only applies to: BlueChoice Opt-Out Plus Open Access HSA)

Deductible:

The following amounts apply to the Deductible:

- 100% of the Out-of-Network Allowed Benefit for Covered Services
- Copayments

The following amounts may **not** be used to satisfy the Deductible:

- Amounts incurred for failure to comply with the Utilization Management Program requirements
- That portion of a charge which is in excess of the Out-of-Network Allowed Benefit

The Deductible may be met entirely by one Member or by combining eligible expenses of two or more Members

Out-of-Pocket Limit

The following amounts apply to the Out-of-Pocket Limit:

- The Deductible
- Coinsurance
- Copayments

The following amounts may **not** be used to meet the Out-of-Pocket Limit:

- Amounts incurred for failure to comply with the Utilization Management Program requirements
- That portion of a charge which is in excess of the Out-of-Network Allowed Benefit

The Out-of-Pocket Limit may be met entirely by one Member or by combining eligible expenses of two or more Members.

When a Member has reached the Out-of-Pocket Limit in a contract year, no further Deductibles, Coinsurance amounts or Copayments will be required in that contract year.

For distribution to Brokers/Wholesalers/Administrators only. This reference tool is a summary for comparison purposes only and does not create rights not given through the benefit plan, HSA fund rules and/or IRS/tax regulations. Rules and regulations are subject to change. We are not providing tax or legal recommendations/advice in this guide.

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