



High deductible health plans
Low cost



Affordable
Health savings accounts

Your guide to consumer driven health care



Flexible spending accounts
No referrals

Excellus 

excellusbcb.com/employer

"I like saving money. And my people like having control over their health care spending. These plans helped us do both."



Low cost. High control.

Welcome to consumer driven health care

What is consumer driven health care?

It's an approach to health care that puts you and your employees in charge. By pairing comprehensive, low-premium plans (made possible through higher deductibles) with tax-advantaged funding accounts, consumer driven health plans offer your business several benefits:

For you:

- Lower health care premiums
- Tax advantages for your business
- Boost productivity by encouraging healthy behavior

For your employees:

- Lower health care costs
- Same outstanding coverage and benefits they expect from Excellus BlueCross BlueShield plans
- Tax savings through health care funding accounts
- Greater control over health care expenses – with choice of services and payment options that suit their needs
- Cash back incentives for living healthy – up to \$1,000* cash back with HealthyBlue®

*earn up to \$500 individually, or a combined \$1,000 cash back for the subscriber and an eligible adult member.

The two parts of consumer driven health care

Consumer driven plans include:	
1. Comprehensive health coverage	2. Funding accounts
<ul style="list-style-type: none"> Plans with lower premiums and higher deductibles Preventive services covered in full Strength of the BlueCard® network with choice of doctors and no referrals Access to health services and resources 	Three ways to get tax-advantaged savings: <ul style="list-style-type: none"> Health Reimbursement Account (HRA) Health Savings Account (HSA) Flexible Spending Account (FSA)

How does it work?

With consumer driven health care, your employees' regular health plan coverage combines with a funding account to cover medical expenses with tax-free dollars.

Health plan coverage

- Preventive services are covered in full, while other services require employees to pay a deductible and coinsurance

Employee responsibility

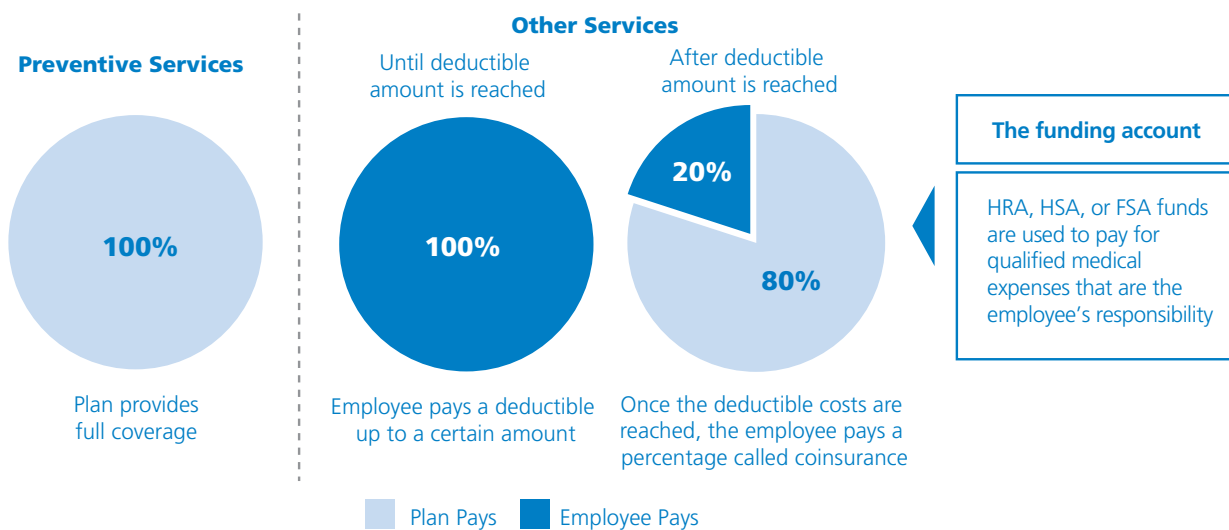
- Employees are responsible for paying a deductible up to a certain amount, as well as a percentage of cost, called coinsurance – but are protected by an out-of-pocket maximum

Funding account

- The employee funding account, which may be funded by the employee (with tax-free dollars), employer, or both, helps reduce out-of-pocket expenses for the employee

Greater control

- Employees have more control over how their account dollars are spent – with a wide range of qualified medical expenses



For more information about high deductible health plans, visit excellusbcb.com/employer

*note: for illustrative purposes only - plan options vary

Funding account options


Choosing a funding account

Essentially, the differences between funding accounts relate to:

- Who contributes to and owns the account
- Whether or not there are contribution limitations
- If the funds can roll over from year to year
- What expenses the money can be used for

Before you choose a funding account, talk to your account consultant or broker to find which option is right for you.

	Health Savings Account (HSA)	Health Reimbursement Account (HRA)	Flexible Spending Account (FSA)
Overview	A tax-free, employee-owned account that combines with a high deductible health plan to help employees save on qualified medical expenses	A tax-free medical reimbursement plan funded by the employer that pays for use on qualified medical expenses	A tax-free spending account used for qualified medical expenses, which must be used by the end of each year
Is a high deductible health plan required?	Yes	No	No
Who owns the account?	The employee	The employer	The employer
Who funds the account?	Employers and employees	The employer	Employers and employees
Are there contribution limits?	In 2011, the maximum is \$3050 for single coverage, and \$6150 for family	The employer controls contribution limits	The employer controls contribution limits
Is the account transferable?	Yes, since the employee owns the account	Maybe. It depends on how the employer designs the plan	Money not used by the end of a given year is forfeited to the employer
What are the advantages?	<ul style="list-style-type: none"> • Both employer and employee can contribute • Account is transferable • Employee has investment options • Expansive list of qualified medical expenses • After the age 65, employee can spend money on anything without penalties 	<ul style="list-style-type: none"> • No trust required • Employer designs the plan • Cash flow advantage for the employer – no upfront funding required • Employer can decide to vest money or not • Employees can only spend money on qualified expenses 	<ul style="list-style-type: none"> • Can be used with any commercial health plan • Can be combined with an HSA or HRA • Tax savings for employers and employees



"I set up the account that works best for the company. Then my employees spend their money how they want to. It's a win-win."

Qualified expenses for funding accounts

Here's a partial list of qualified medical expenses for your employees' HSA, HRA, or FSA.

- Abdominal supports
- Acupuncture
- Alcoholism treatment
- Ambulance
- Anesthetist
- Arch supports
- Artificial limbs
- Autoette (when used for relief of sickness/disability)
- Blood tests
- Blood transfusions
- Braces
- Cardiographs
- Chiropractor
- Contact lenses
- Crutches
- Dental treatment
- Dental x-rays
- Dentures
- Dermatologist
- Diagnostic fees
- Drug addiction therapy
- Drugs (prescription)
- Eyeglasses
- Fees paid to health institute prescribed by a doctor
- FICA and FUTA tax paid for medical care service
- Fluoridation unit
- Guide dog
- Gum treatment
- Gynecologist
- Healing services
- Hearing aids and batteries
- Hospital bills
- Hydrotherapy
- Insulin treatments
- Lab tests
- Laser eye surgery
- Lead paint removal
- Metabolism tests
- Neurologist
- Nursing (including board and meals)
- Obstetrician
- Operating room costs
- Ophthalmologist
- Optician
- Optometrist
- Oral surgery
- Organ transplant (including donor's expenses)
- Orthopedic shoes
- Orthopedist
- Osteopath
- Oxygen and oxygen equipment
- Pediatrician
- Physician
- Physiotherapist
- Podiatrist
- Postnatal treatments
- Licensed practical nurse for medical services
- Prenatal care
- Prescription medicines
- Psychiatrist
- Psychoanalyst
- Psychologist
- Psychotherapy
- Radium therapy
- Registered nurse
- Special school costs for the handicapped
- Spinal fluid test
- Splints
- Sterilization
- Stop-smoking aids
- Surgeon
- Telephone or TV equipment to assist the hard-of-hearing
- Therapy equipment
- Transportation expenses (relative to health care)
- Ultraviolet ray treatment
- Vaccines
- Wheelchair
- X-rays

For a list of qualified medical expenses, visit [IRS.gov](https://www.irs.gov).

Starting January 1, 2011, you will no longer be able to pay for over-the-counter medications from your HSA, HRA or FSA unless your physician provides a prescription.

For more information about high deductible health plans, visit [excellusbcbs.com/employer](https://www.excellusbcbs.com/employer)



How our plans & funding accounts work together

"I want a plan that's good for my business and good for my family."

To give you a better idea of exactly how consumer driven health care works, we've provided two examples, one using a single employee, and the other using a family. These examples are based on the plan information below:

Sample plan details

	Single	Family
Preventive Services	Covered in full	
Deductible	\$1,300	\$2,600
Out-of-Pocket Maximum	\$3,000	\$6,000
Coinsurance	20% In Network, 40% Out of Network	

Example: single employee

In this example, a single employee incurs a one-time medical expense of \$2,700. Here's how her health care plan and funding account work together to reduce her out-of-pocket costs:

Employee HSA funds	\$1,500
Total bill for health care expenses	\$2,700
Employee pays deductible from HSA funds	-\$1,300
Remaining balance for the cost of services	\$1,400
Her HealthyBlue® plan covers 80% of the remaining cost	-\$1,120
Employee must pay the remaining 20%	\$280
Employee uses remaining HSA funds	-\$200
Total out-of-pocket expense	\$80

The employee used her HSA funds to cover her deductible of \$1,300.

Because the employee paid her deductible, and her coinsurance is 20%, her health plan paid 80% of the remaining \$1,400 balance, totaling \$1,120. This left a \$280 balance that the employee is responsible for.

Since she only used \$1,300 of her HSA funds, she still had \$200 left in HSA funds to put toward her \$280 balance.

After using her remaining HSA funds, the employee was left with only an \$80 out-of-pocket cost on her \$2,700 medical bill.

Example: family

In this example, a family's HSA helps them pay for typical costs that are not covered through their health insurance plan.

Employee HSA funds	\$1,500
Family member incurs an expense of \$300 and pays using HSA funds	-\$300
Employee HSA fund balance	\$1,200
Family member gets a routine exam that is covered in full by the health plan	\$0
Family member incurs an expense of \$900 and pays using HSA funds	-\$900
Employee HSA fund balance	\$300

The employee used \$300 of her HSA funds to cover her expenses.

Preventive services are covered in full by the plan.

The employee used \$900 of her HSA funds to cover her expenses.

The family ends the year with \$300 in the HSA, which they can carry over into the next year.

For more information about high deductible health plans, visit excellusbcbcs.com/employer



Products, resources & services to keep your employees healthy

Plan options

Deductible	\$1,300 (S) \$2,600 (F)	\$1,800 (S) \$3,600 (F)	\$2,600 (S) \$5,200 (F)	\$2,600 (S) \$5,200 (F)
Out-of-Pocket Max.	\$3,000 (S) \$6,000 (F)	\$3,600 (S) \$7,200 (F)	\$5,500 (S) \$11,000 (F)	\$5,500 (S) \$11,000 (F)
Coinsurance	20% In Network, 40% Out of Network	10% In Network, 20% Out of Network	0% In and Out of Network	20% In Network, 40% Out of Network
Rx	\$5/\$35/\$70	\$5/\$35/\$70	\$5/\$35/\$70	\$5/\$35/\$70
Dependent/Student	Dep. to 26	Dep. to 26	Dep. to 26	Dep. to 26
Healthy Incentive	With HealthyBlue® employees get up to \$1,000 cash back per family*			

Ask your broker or consultant for other available options.

HealthyBlue®

A comprehensive health plan featuring HealthyRewards®, a wellness incentive program that pays employees to live healthier:

- Up to \$1,000 cash back per family*
- Cost savings balanced with financial incentive
- Great coverage with no referrals
- Helps employees live healthier
- Improves employee productivity

SimplyBlue™

Now with more lower priced options, you can offer great coverage and save money.

*earn up to \$500 individually, or a combined \$1,000 cash back for the subscriber and an eligible adult member

Health & wellness resources

New member self service tools

- View your plan and benefits, check the status of a claim, see your deductible and plan limits and more!

Exclusive discounts

- With Blue365® our members get discounts on health and wellness products

Step Up

- A program that provides personal tools and resources to help members meet health goals and track them at their own pace

Online deductible accumulator

- Helps members track how much they've paid toward their deductible and out-of-pocket maximum

Funding account management

- Keeps an up-to-date record of contributions, expenses, and available account balance

Healthcare advisor

- Allows members to research health conditions, treatment options, estimate treatment costs, and compare medication choices and costs

24/7 health coaching

- Gives members answers to virtually any health care question, anytime

Exclusive discounts

The screenshot shows the Blue365 website interface. At the top, there's a navigation bar with 'Welcome', 'Healthcare Resources', 'Healthy Choices', and 'Recreation & Travel'. Below this, a main banner features a child with arms raised. Three columns of featured discounts are visible: 'Healthcare Resources' with a 'DVMVISION' offer, 'Healthy Choices' with a 'Reebok' offer, and 'Recreation & Travel' with a 'Fairmont' offer. Each offer includes a brief description and a 'See All' button.

The screenshot shows the 'For Members' self-service portal. It features a navigation bar with 'Member Home', 'Your Account', 'For Your Health', 'Health Plans', 'Prescription Drugs', 'Find a Doctor or Hospital', and 'Contact Us'. The main content area is titled 'Your Account Summary' and includes a 'Health Plan Snapshot' with details like 'Group Policy: ABC Company', 'Subscriber ID: 123456789', and 'Benefit Plan: SimplyBlue Copy Deductible Plan'. Below this are several action buttons: 'Check Your Claims', 'View Your Benefits, Copay & Deductible', 'View Claim Statements, EOBs & Letters', 'Manage Your Privacy', and 'Manage Your Plan'.

New member self-service tools!

Urgent care centers

Our members enjoy urgent care centers at a number of convenient locations. To find out the location nearest you, visit excellusbcb.com or call 1-800-810-BLUE.

For more information about high deductible health plans, visit excellusbcb.com/employer

FAQs

The concept of consumer driven health care may be new for you, and we know you'll have questions. Here are answers to commonly asked questions:

Health savings accounts (HSA)

Who owns the HSA?

Your employee owns the HSA as soon as funds are contributed – whether the contribution comes from you or your employees.

Are members only allowed to withdraw from their HSA for eligible medical expenses?

Funds may be used for any reason, however only eligible medical expenses are tax-free. Nonqualified expenses are subject to income tax. If a member uses funds for nonqualified expenses before age 65, they will have to pay an additional penalty tax.

When may HSA contributions be made? Is there a deadline for contributions for a taxable year?

For calendar year taxpayers, the deadline for contributions is generally April 15 following the year for which the contributions are made. The maximum contribution may be made on the first day of the year in a lump sum.

Do HSA contributions have to be made in equal amounts each month?

No, you can contribute in a lump sum or in any amount or frequency you wish.

As an employer, do I have to contribute the same amount to every employee's HSA?

Employer contributions must be "comparable"; that is they must be in the same dollar amount or same percentage of the employee's deductible for all employees with the same category of coverage. For this purpose, generally categories of coverage are either "self-only" or "family," although you should consult the comparability regulations regarding the ability to subdivide the family category. You can also vary the level of contributions for full-time vs. part-time employees, and employees covered by a collective bargaining agreement are not covered by the comparability rules if health benefits were part of the agreement.

Our company wants to offer "matching" contributions, can we do that?

Yes, but your company can only offer matching contributions through a Section 125 plan. Remember that the nondiscrimination rules still apply.

What happens when a member is enrolled in the HSA compatible plan and then changes coverage – whether it's a different plan or they become eligible for Medicare?

HSA funds will remain in the account and can be used for eligible expenses. However, the account will no longer be permitted to receive contributions.

What forms will members need for tax season?

Members will receive Form 5498-SA that states all contributions for the previous calendar year – including employer and other contributions to the HSA. In addition, each member will receive a 1099-SA that shows the distribution from the HSA account.

Were qualified medical expenses impacted by health care reform?

Yes. Beginning January 1, 2011 you will need a physician's prescription for over-the-counter drugs in order to use funds from your HSA account.



Health reimbursement accounts (HRA)

Who is eligible to set up an HRA?

The employer establishes the HRA account and has complete flexibility to offer an HRA with any kind of insurance plan. Unlike HSAs, members do not have to be enrolled in a high deductible health plan to have an HRA account.

Who funds an HRA account?

The HRA is funded solely by the employer and it may not be funded through employee salary reduction or through a cafeteria plan. The employer decides if any unused funds will roll over to the next year.

What are the minimum employer contributions for the HRA?

There are no limitations on employer contributions, which are excluded from an employee's gross income.

Are HRAs subject to COBRA?

Yes, HRAs are subject to the COBRA continuation rules and the employer is responsible for sending the COBRA notice.

Can an employer offer an HRA and an FSA account?

Yes, but the IRS requires that the employer decide what account must be used first – the FSA or the HRA.

Do employees have to substantiate their claims?

Yes, as with an FSA account, the IRS requires that all claims be validated. Therefore, it is important that employees save any explanation of benefits or receipts for all claims.

Were qualified medical expenses impacted by health care reform?

Yes. Beginning January 1, 2011 you will need a physician's prescription for over-the-counter drugs in order to use funds from your HRA account.

Flexible spending accounts (FSA)

What are the employer benefits of offering an FSA account?

Offering an FSA provides potential tax savings due to reduced payroll tax, and unused funds are forfeited back to the employer.

Can we offer an FSA with an HSA or HRA?

Yes. However, when combined with an HSA, the FSA must be a "limited purpose" account.

What is a "limited purpose" FSA?

A limited purpose FSA restricts payments for certain benefits such as vision, dental or preventive care benefits.

What are the minimum and maximum contribution amounts?

The employer establishes the contribution requirements.

Who funds an FSA account?

The employee, the employer or both may contribute to the account.

Are FSAs subject to COBRA?

Yes. FSAs must comply with COBRA rules and the employer is responsible for sending the COBRA notification.

Do employees have to substantiate their claims?

Yes, the IRS requires that all claims be validated. Therefore, it is important that employees save any explanation of benefits or receipts for all claims.

Were qualified medical expenses impacted by health care reform?

Yes. Beginning January 1, 2011 you will need a physician's prescription for over-the-counter drugs in order to use funds from your FSA account.



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