

# Health Net's 2017 EZ Access<sup>SM</sup> HSA

*Your health care, your dollars, your decision*



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Health Net

Employee Brochure



# EZ Access HSA

## *Puts You in Control*



**HSA-compatible PPO insurance plans** – PPO insurance plan options offer well-child and adult preventive care with no medical deductibles. Employees get greater freedom to visit the doctor of their choice without a referral.<sup>1</sup> Plus, they get the benefit of in-network savings when seeing a doctor in the Health Net-contracted network. (All other deductibles apply until combined out-of-pocket amounts are met.)

**The HSA for Life<sup>®</sup> Health Savings Account (HSA) from Bank of America<sup>2</sup>** – This easy-to-use program lets you contribute to your account, earn interest and pay for qualified medical expenses, while gaining tax advantages along the way. You can save for current and future medical expenses because the unused funds in your HSA roll over from year to year. The HSA for Life stays with you even if you change jobs or retire.<sup>3</sup>

**Health tools** – As a Health Net insured, you'll have access to online tools and personal resources at [www.healthnet.com](http://www.healthnet.com). There you'll find information to help you through the different stages of your life, as well as cost-saving options. To help you make better-informed health decisions, we created Decision Power<sup>®</sup> – a Health Net original. Now you have an easy way to get the information and resources you need to help manage your health care decisions.

<sup>1</sup>You may need to precertify certain types of hospital- and other facility-based care to be eligible for coverage. This overview provides benefit information highlights only. Your plan contract, which you will receive after you enroll, contains the exact terms and conditions of your Health Net coverage.

<sup>2</sup>HSA administration services are provided by Bank of America, N.A. Investments in HSAs are not FDIC insured, may lose value and are not bank guaranteed. The HSA custodian, Bank of America, N.A., is not a registered broker dealer. Promotional materials describing The HSA for Life have been approved and authorized by Bank of America. For further information about HSAs, call Bank of America HSA Customer Care at 1-866-791-0250.

<sup>3</sup>This is federal tax information. State taxes may apply. Tax information is for general purposes only. For more detailed information about the tax implications of an HSA, please contact a professional tax advisor. Qualified medical expenses also include services such as vision, dental and prescription drugs. A list of qualified medical expenses can be found in IRS Publication 502 – Medical and Dental Expenses, which you can find at [www.irs.gov](http://www.irs.gov). Simply enter “502” in the Search field.

Need a smart way to save for qualified medical expenses – on a tax-free basis?

The **EZ Access HSA program**<sup>4</sup> combines a Health Net Life Insurance Company (Health Net) HSA-eligible insurance plan with a **Bank of America HSA**.

*EZ Access HSA at-a-glance*

<i>HSA-compatible PPO</i>	<i>Health Savings Account (HSA)</i>	<i>Decision Power</i> <sup>®</sup>
<ul style="list-style-type: none"> <li>• No referrals for most covered services.</li> <li>• Significant savings when using our robust network of physicians, practitioners, health professionals, and hospitals.</li> <li>• A combined medical and pharmacy deductible. You pay the full cost of your prescriptions and medical care (at our negotiated rates when using an in-network pharmacy) until your yearly deductible is met.</li> <li>• Toll-free health plan customer service at 1-800-522-0088.</li> <li>• Explanation of Benefits statements that explain exactly what you owe.</li> </ul>	<ul style="list-style-type: none"> <li>• You can make tax-deductible contributions up to the IRS maximum, as well as tax-free withdrawals to pay for qualified medical and pharmacy expenses.<sup>5</sup></li> <li>• Unused funds roll over year after year while earning interest tax-free.<sup>5</sup></li> <li>• You control how your health care dollars are spent.</li> <li>• The HSA belongs to you; you keep it even if you change jobs or retire.</li> <li>• You can save for future medical expenses.</li> </ul>	<p>When it comes to your health, there's more than one right answer. That's why Health Net created Decision Power.</p> <p>With Decision Power, you choose how and when to use the information, resources and support that span the full spectrum of health.</p> <ul style="list-style-type: none"> <li>• Get help with a specific health goal.</li> <li>• Learn about your treatment options.</li> <li>• Try an online improvement program.</li> <li>• Assess health risks.</li> <li>• Track diet, exercise or cholesterol.</li> <li>• Adapt to living with illness.</li> </ul> <p>When you have a Health Net plan, you can use Decision Power whenever and however much you want. Try multiple resources at once, or one at a time. Because when it comes to health, there's more than one right answer.</p>



**Save time online –**

Plan benefits, ID card ordering and more are available anytime you want them at

**www.healthnet.com.**

You can also check HSA balances, order additional debit cards and more at

**www.bankofamerica.com/benefitslogin.**

<sup>4</sup>The health insurance benefits portion of the EZ Access HSA program is underwritten by Health Net Life Insurance Company. Health Net Life Insurance Company is a subsidiary of Health Net, Inc. Health Net Life Insurance Company is not affiliated with Bank of America, N.A., the Health Savings Account custodian.

<sup>5</sup>This is federal tax information. State taxes may apply. Tax information is for general purposes only. For more detailed information about the tax implications of an HSA, please contact a professional tax advisor.

## *The HSA for Life Visa® card*

**How it works** – When you use The HSA for Life Visa® debit card from Bank of America, funds are taken directly out of your HSA. You have no claims to file, and there's no need to be reimbursed. Just pay for eligible health care products and services by presenting your card or swiping it at the point of service. You can use your card anywhere that accepts Visa debit cards.

### *Step-by-step enrollment*

- 1. Enroll in the Health Net HSA-compatible PPO insurance plan by completing your Health Net enrollment form.** You will also enroll in The HSA for Life from Bank of America (instructions will be provided to you by your employer or by your authorized Health Net agent/producer).
- 2. Decide how much you'd like to contribute to your HSA.** For 2017, the maximum contribution is \$3,400 for individuals and \$6,750 for families.
- 3. Some key questions to consider:** How much is my deductible? What are the HSA annual contribution limits? How often does my family visit the doctor? Refer to *Is EZ Access HSA right for me?* as well as the HSA questions and answers section of this brochure for help. HSA contributions may be made in a one time, lump sum amount or they may be made through pre-tax payroll deductions if offered by your employer.
- 4. To sign up for The HSA for Life from Bank of America:**
  - Visit [www.bankofamerica.com/benefitslogin](http://www.bankofamerica.com/benefitslogin)<sup>6</sup>.
  - Under the Individuals/Employees section, you will be able to log in/create a new account in the Enroll in a Group HS section, then click *Continue*.
  - Enter the group ID provided to you by your employer or authorized Health Net agent/producer.
  - Follow the prompts to complete and submit your application.
  - Once approved, you'll receive your welcome kit and The HSA for Life Visa debit card, which you can use to pay for qualified expenses with funds from your HSA. You'll receive your materials about a week before your coverage becomes effective.
- 5. Once Health Net sets up your company in our systems, we will send you a Health Net PPO health insurance ID card and a welcome letter.**

<sup>6</sup>If you do not have online access, please contact your employer.

## Is EZ Access HSA right for me?

The following examples assume that plan deductibles have not been met. Medical and pharmacy expenses are rough estimates for illustrative purposes only.



### Case study #1 – The Lee Family of four

The Lee Family had a few medical situations the previous year. Even though their medical expenses were around \$1,500 last year, they decided to increase their HSA contribution to \$2,000 for the coming year. With a growing family, the increase gives the Lees peace of mind against unplanned medical expenses. The Lees will also pay their appropriate monthly plan premium and applicable deductible.

Covered service	Cost	Deductible	Health Net pays	You pay (using HSA account)
Four preventive care visits <sup>7</sup>	\$480	Deductible is waived for preventive care <sup>7</sup>	\$480	\$0
Three unexpected office visits	\$225	Must first meet deductible	\$0	\$225
Five drug prescriptions	\$150	Must first meet deductible	\$0	\$150
One outpatient surgery	\$500	Must first meet deductible	\$0	\$500
Six physical therapy visits	\$360	Must first meet deductible	\$0	\$360
<b>Total medical expenses</b>				\$1,235
<b>Balance left in HSA account</b> (\$2,000 HSA – \$1,235 expenses)				\$765
<b>Tax savings<sup>8</sup></b>				\$660 Based on the Lee's 33% tax bracket, their tax savings is <b>\$660</b> for an effective contribution cost of only \$1,340

### Case study #2 – Chelsea

During the previous year, Chelsea had routine preventive services and also experienced several mild illnesses. So based on her medical expenses from a year earlier, she chose to contribute a total of \$300 to her HSA for the coming year. In addition, she will also pay her appropriate monthly plan premium.

Covered service	Cost	Deductible	Health Net pays	You pay (using HSA account)
One preventive care visit <sup>7</sup> (covered at 100%)	\$120	Deductible is waived for preventive care <sup>7</sup>	\$120	\$0
Routine OB/GYN visit <sup>7</sup> (covered at 100%)	\$122	Deductible is waived for preventive care <sup>7</sup>	\$122	\$0
Three unexpected office visits	\$192	Must first meet deductible	\$0	\$192
Two drug prescriptions	\$150	Must first meet deductible	\$0	\$150
<b>Total medical expenses</b>				\$342
<b>Balance left in HSA account</b> (\$300 HSA – \$342 expenses)				(\$42)
<b>Tax savings<sup>8</sup></b>				\$75 Based on Chelsea's 25% tax bracket, her tax savings is <b>\$75</b> for an effective contribution cost of only \$225

<sup>7</sup>Applies to nongrandfathered (NG) plans effective September 23, 2010, or later. \$0 member cost-share applies to preventive care visits and preventive OB/GYN visits with in-network providers only.

<sup>8</sup>Case study and tax savings examples are for illustrative purposes only. For more detailed information about the tax implications of an HSA, please contact a professional tax advisor.

## *HSA questions and answers*

### **The HSA**

#### ***What is a Health Savings Account (HSA)?<sup>4</sup>***

A Health Savings Account (HSA) is a tax-advantaged savings account (under Code Section 223) that an individual may establish and put money into on a tax-advantaged basis to save for current and future qualifying medical expenses. The HSA is designed to work together with an HSA-eligible health plan – Use the funds in the HSA to pay for qualified medical expenses such as doctor visits, prescriptions and even some over-the-counter medications. The HSA is often referred to as a “medical 401(k),” because the account is owned by the individual or employee (it is not a group plan), earns tax-free interest,<sup>9</sup> rolls over from year to year, and stays with the employee whether they change jobs, health plans or even in retirement.

#### ***Who is eligible for an HSA?***

You can contribute to an HSA only if enrolled in a qualified high-deductible health plan (HDHP). Also, you must not be enrolled in Medicare, claimed as a dependent on another’s tax return or enrolled in another health plan that is not a qualified HDHP.<sup>10</sup>

#### ***What are the advantages of an HSA?***

- The HSA belongs to you. You keep it even if you change jobs or retire.
- HSA funds can be invested, and earnings are tax-free.<sup>9</sup>

- Contributions to your HSA are tax-free.<sup>9</sup>
- Withdrawals for qualified medical expenses are tax-free.<sup>9</sup>
- There is no time limit for withdrawing or using funds as long as the funds are withdrawn for medical expenses that were incurred in the same tax year.

#### ***What kinds of expenses can be paid with a Health Savings Account?***

Only those expenses described as qualified medical expenses in Code Section 223 can be paid with funds from an HSA. Generally, these include, but are not limited to, the following:<sup>11</sup>

- standard medical services such as office visits and annual medical physicals;
- insulin, health care products and prescription medicine;
- preventive and restorative dental care, as well as orthodontia for children and adults;
- eyeglasses, contact lenses and solutions, and laser eye surgery;
- copayments, coinsurance and deductibles; and
- acupuncture and chiropractic services.

A comprehensive list of qualified medical expenses as defined by the IRS can be found at: [www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf). (Please note that some of the expenses listed in publication 502 cannot be reimbursed from an HSA. You should check with a qualified tax or legal advisor for more information.)



Benefit from a Health Savings Account (HSA) by saving money into a tax-advantaged account for current and future qualifying medical expenses.

<sup>9</sup>This is federal tax information only. State taxes may apply. Tax information is for general purposes only. For more detailed information about the tax implications of an HSA, please contact a professional tax advisor.

<sup>10</sup>Exceptions include EAP plans, disease management programs, wellness programs and “limited purpose” HRAs and FSAs, AD&D, disability, vision, dental, long-term care, workers’ compensation, or limited coverages, such as those for a specific disease or illness that pay fixed amounts per day of hospitalization.

<sup>11</sup>Qualified medical expenses generally do not include premiums paid for health coverage except for COBRA insurance, qualified long-term care insurance, health insurance for individuals receiving unemployment compensation, Medicare, and retiree health insurance. Medicare Supplement premiums are not qualified medical expenses.

**Note:** If a withdrawal is made from an HSA to pay for items other than qualified medical expenses, the IRS may impose a 20% excise tax. Certain exclusions apply. You should consult with your personal tax advisor.

#### ***How much can be contributed to an HSA?***

For 2017, the maximum annual contribution for single coverage is \$3,400 and \$6,750 if you have family coverage.

If you are or will be age 55 or older before the end of 2017, you may also contribute an additional \$1,000. Each year, contribution amounts may be subject to annual cost-of-living adjustments.

#### **The HSA-compatible health plan**

##### ***What is an HSA-compatible health plan?***

This is a plan that meets federal requirements for qualifying an individual to establish a tax-advantaged HSA. Among other things, for 2017 the plan must have a combined medical and pharmacy deductible of at least \$1,300 (self-only) and \$2,600 (family).

##### ***What are the advantages of Health Net HSA-compatible PPO plans?***

- You have the freedom to visit any licensed health care provider and be eligible for plan coverage – no referrals required.<sup>12</sup>
- You get significant savings when using our robust network of physicians, practitioners, health professionals, and hospitals.
- Preventive care is covered right away and is not subject to the yearly plan deductible.

##### ***How does the combined medical and pharmacy deductible work?***

Unlike most plans, the deductible in an HSA-compatible PPO plan applies to the pharmacy benefit, as well as the medical benefit.

- **Self-only coverage:** You pay the full cost (at Health Net's negotiated rates) for all prescriptions and covered medical expenses until your deductible is met.
- **Family plan coverage:** If you enroll two or more people on your insurance plan, then you are all subject to a family deductible. This means that all enrollees pay the full cost of the prescriptions and covered medical expenses until the combined family deductible is met.

<sup>12</sup>Out-of-network services result in lower benefits. You may need to precertify certain types of hospital- and other facility-based care to be eligible for coverage. This overview provides benefit information highlights only. Your plan contract, which you will receive after you enroll, contains the exact terms and conditions of your Health Net coverage.

# Flexibility *and Choice Meet* Tax-Saving *Opportunities*

*That's Health Net's EZ Access HSA – simply making health care work for you.*

## **Questions?**

For questions about your health insurance plan, call Health Net Member Services at:

1-800-522-0088

For questions about The HSA for Life from Bank of America, call 1-866-791-0250, Monday through Friday, 8:00 a.m. to 11:00 p.m. Eastern time, or check out the online HSA Tools and Resources by visiting [www.bankofamerica.com/benefitslogin](http://www.bankofamerica.com/benefitslogin).

*[www.healthnet.com](http://www.healthnet.com)*

You have access to Decision Power through current enrollment with Health Net Life Insurance Company (Health Net). Decision Power is not part of Health Net's commercial medical benefit plans. It is not affiliated with Health Net's provider network, and it may be revised or withdrawn without notice. Decision Power services, including clinicians, are additional resources that Health Net makes available to enrollees.

The health insurance benefits portion of the EZ Access HSA program is underwritten by Health Net Life Insurance Company in California. Health Net Life Insurance Company is a subsidiary of Health Net, Inc. Health Net and Decision Power are registered service marks of Health Net, Inc. Health Net Life Insurance Company is not affiliated with Bank of America, N.A., the Health Savings Account custodian. All other trademarks/service marks remain the property of their respective companies. All rights reserved.