

# UNICARE HSA PLANS

Improving Benefits for You and Your Associates

  
**UNICARE.**  
A Healthy Dose of Innovation™

UniCare is a WellPoint Company

**HSA's are an excellent way  
to add value to a benefits  
package because:**

- Contributions are 100 percent tax deductible
- Withdrawals are federal tax free if used for qualified medical expenses
- Savings can cover some or all of out-of-pocket expenses, such as deductibles and copayments
- Money not spent rolls over to the following year
- An HSA is fully owned by an individual and is portable, so he can leave it to a beneficiary
- The potential exists to build significant, nest-egg balances after years of tax-advantaged contributions and interest earnings

This brochure provides general information only and is not intended to be a substitute for the advice of a qualified tax professional. If you or your company is considering an HSA, you should consult a qualified tax advisor who can evaluate your particular needs and circumstances.

# Improving Benefits For You and Your Associates

According to the Bureau of Labor Statistics, Americans' average out-of-pocket expense for health care was \$2,350 in 2002. Associates today want and deserve options that can help them better manage their health care spending. Now they can get more spending value for their hard-earned dollars—and you can help your company benefit at the same time—with a new health insurance option: The Health Savings Account (HSA).

## What is an HSA?

An HSA is an IRS-authorized, personal savings account that gives your associates more control over how they save for and manage their health care expenses. This account allows individuals to earn interest as they save for qualified medical expenses on a tax-advantaged basis.

Individuals must first be enrolled in a qualified high deductible health plan (HDHP) before they can set up an HSA. An HDHP is defined by the IRS as a health benefit plan with a minimum deductible of \$1,000 for individuals and \$2,000 for families, and annual out-of-pocket maximum of \$5,000 for individuals and \$10,000 for families.\*

An HDHP and HSA work together to provide individuals with the medical coverage they need, and a tax-advantaged account to help them pay for what the plan does not cover.

**An HSA is Like an IRA**, except the funds are earmarked for qualified medical expenses such as deductibles, coinsurance, prescription drug copayments and many other health expenses not covered by insurance. Withdrawals from an HSA, as long as they are for qualified medical expenses, are also tax free.

## The UniCare Advantage: Convenient One-Stop Shopping

While some health insurers may offer only HSA-compatible health plans, UniCare offers one-stop shopping convenience for the HSA-compatible health plan and the HSA account. Through our arrangement with Chase, UniCare can provide your company with a powerful combination package.

UniCare offers your associates a simple way to set up a tax-favored HSA and enroll in an HSA-compatible HDHP at once, saving them the time and effort of doing both separately.

This combination package has been specifically designed to meet the busy needs of your organization because our focus is on helping you put your associates in control of their health care and financial future.

### Advantages for You

- One-stop shopping/coordinated account management
- Tax deductions on contributions to employee HSAs
- Payroll tax savings because employee contributions can be made on a pre-tax basis
- Improved benefits package
- Increased employee satisfaction

### Advantages for Associates

- Saves time, effort and energy
- Establish an HSA and HDHP with two industry leaders
- Tax-free savings
- UniCare customer service representatives are the single point of contact for all HSA questions and committed to making your HSA run smoothly
- Improved benefits package

\* The maximum contribution to an HSA is the sum of the limits determined separately for each month, based on status, eligibility and health plan coverage as of the first day of the month. For calendar year 2004, the maximum monthly contribution for eligible individuals with self-only coverage is one-twelfth of the lesser of 100 percent of the annual deductible under the HDHP (minimum of \$1,000), but not more than \$2,600. For eligible individuals with family coverage, the same 1/12 calculation applies. The HDHP minimum is \$2,000, but not more than \$5,150. In addition to the maximum contribution amount, catch-up contributions may be made by or on behalf of individuals age 55 or older and younger than 65.

## UniCare's HSA-Compatible Health Plans

You and your associates can count on UniCare's commitment to quality health care benefits through one of our HSA-compatible health plans. Each plan offers:

- Low, negotiated provider fees that substantially reduce your out-of-pocket costs
- Access to thousands of network physicians, hospitals and other health care providers nationwide

Benefits and services of our HSA-compatible plans include:

- **MedCall®:** UniCare's 24-hour health information phone line staffed by specially trained registered nurses 24 hours a day, seven days a week. MedCall also provides a library of 300+ medical audio tapes.
- **Healthcare Advisor™ by Subimo:** Accessed through UniCare's Web sites, Healthcare Advisor provides information and relevant statistics for members facing a significant health care decision. A member can learn about the condition, research hospitals and drugs used to treat a condition—all in the same place.

- **HealthyExtensions:** Members have access to a large variety of materials, services and products for health and fitness at discounted rates, including fitness club memberships, weight loss programs, children's safety products, laser vision correction, and more.
- **Health Improvement Programs:** Voluntary programs designed to help members manage chronic illness and conditions, such as asthma, diabetes and congestive heart failure, and assist in reducing future medical complications through a personalized, interdisciplinary approach called "Health Coaching."\*
- **MaterniCall®:** UniCare's Perinatal Program, which offers members an interdisciplinary team of health care professionals led by registered nurses specially trained in prenatal care to reduce the risk of premature birth and to help facilitate healthy pregnancies and the delivery of healthy babies.

Health coaching is not a substitute for treatment by a member's physician. Members are encouraged to work with their physicians in conjunction with the program.

## Using The HSA

Using the funds from your HSA to pay for qualified medical expenses is easy. After enrollment, members receive a Chase HSA Visa debit card to access their HSA savings. The Chase HSA card is accepted at point-of-sale locations that offer access to NYCE®, Pulse®, CIRRUS® and Interlink® networks, and wherever Visa debit cards are accepted. Members can also use the card to access select ATMs 24 hours a day, seven days a week for immediate reimbursement for qualified expenses.

Individuals may contribute to an HSA by direct withdrawal from their paycheck, by sending a check with a deposit slip directly to Chase or through automatic electronic deposit.

## Supporting The HSA

The initial account will be set up as a traditional money market account. Chase will offer other investment options after mid 2005. There are no fees associated with the investment account. The fees associated with using the account funds to pay for qualified medical expenses are similar to the fees for other checking/savings accounts.

Customer support is also an important part of your HSA. Members will be provided with a customer service phone number to call with questions regarding their HSA. (Tax-related questions should be answered by the members' personal tax advisor only.)

Chase will also have transaction history available online that will be accessible 24 hours a day, seven days a week. Members can request monthly printed statements for an extra fee of \$1 per month. Members may also call the HSA customer service number to speak with a representative about account balances and transactions by calling (888) 854-0537, 8:00 a.m. to 4:30 p.m. CST. Upon enrollment in the HSA, members who will be monitoring their accounts online will set up a login ID and password for access.

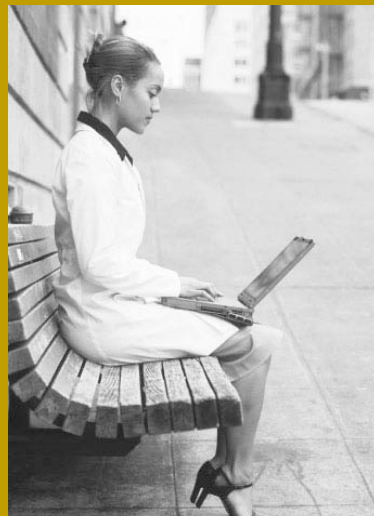
**To learn more about UniCare's combination package contact your local UniCare sales representative.**

## HSA Added Perks

**The money** in an HSA accumulates tax-free until age 65, at which time withdrawals for medical expenses continue to be tax free and withdrawals for any other purpose are only subject to normal income taxes.

**Employers** can contribute to an HSA on behalf of employees. Generally, all contributions are made on a pre-tax basis and are tax deductible up to the IRS annual contribution maximum. Employers may choose any contribution level they like.

**You and your associates** can be confident that your funds are secure, because UniCare has an agreement with JPMorgan Chase to provide the HSA. Chase is a leading global financial services firm with assets in excess of \$1.1 trillion serving more than 30 million customers nationwide.





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Unicare high-deductible health plans are not HSAs. The HSA account which must be established before you can enjoy tax-advantaged treatment, is a separate arrangement between an individual and a bank or other qualified institution. You must be an eligible individual under IRS regulations to receive the tax benefits of an HSA. The IRS has not yet issued high-deductible health plan regulations or formally determined that Unicare high-deductible health plans are qualifying high-deductible health plans. ® Registered mark of WellPoint Health Networks Inc. © 2004 WellPoint Health Networks UN50784 10/04