

HEALTH SAVINGS ACCOUNT (HSA)

A HEALTH PLAN PLUS A HEALTH SAVINGS ACCOUNT



Two components of coverage

What are you looking for in a health plan this year?

Affordable monthly premiums, choice of doctors – and coverage for preventive care and prescriptions? Cigna and ACS|BNY Mellon have joined forces to offer you all of this with the Health Savings Account (HSA). This account, combined with a high-deductible health plan (HDHP), offers health coverage, a relatively low monthly premium and a tax-advantaged HSA to help you pay for out-of-pocket costs.

High-Deductible Health Plan (HDHP)

- Preventive care visits covered at 100 percent
- Coverage for doctor visits, prescriptions, emergency room visits and hospital stays
- Generally has a lower monthly premium
- Nationwide network of health care professionals and facilities
- No referrals required to see a specialist
- Out-of-pocket maximum limits what you pay each year

Health Savings Account (HSA)

- Pay no taxes on contributions made to your account²
- Use that money to pay for qualified health care expenses
- Reduce your federal taxes
- Earn tax-free interest on money in the account²
- Money in account rolls over every year
- The money is yours, so the account stays with you if you leave your employer

- Use the HSA debit card, on-line bill pay, or checks to easily pay for qualified medical expenses
- Money that accumulates beyond a certain amount can be invested
- Investment gains grow, tax-free²

Is this a good plan for me?

As you review your health insurance options, ask yourself the following questions. They may help you decide whether an HSA will benefit you and/or your family.

- What health care services did I use last year?
- What health care services will I need this year?
- Do I want more choice and control over my health care decisions and spending?
- Do I need 100 percent coverage for preventive care?
- How much did I pay in premiums last year?
- How much will I pay in premiums on the HSA plan?
- If I deposit my premium savings, how quickly will my account grow?
- What future health care services do I need to budget for right now?
 - Pregnancy
 - Surgery
 - Post-retirement and pre-Medicare services

You can use our award-winning¹ cost and quality tools, available at **myCigna.com**, to see if an HSA can help you save money on your health care costs. Contact your employer with questions.

GO YOU®



How it works

Doctor or hospital visit

- Show insurance card
- Receive treatment
- After you receive the bill:
 - Money is deducted from your HSA account or pay using personal funds and let your HSA funds grow

Pharmacy

- Show insurance card
- Your pharmacy will advise you on what you owe
- Pay using your HSA debit card or check, or pay using personal funds and let your HSA funds grow

To be eligible for the savings account, you:

- Must be enrolled in a qualified high-deductible health plan (in this case, the HDHP from Cigna)
- Can't be covered by any other health plan or health insurance, except what is permitted by the IRS – examples of permitted coverage include dental, vision and long-term care
- Can't be claimed as a dependent on another person's tax return
- Can't be enrolled in a general-purpose health flexible spending account (FSA) (nor can your spouse)
- Can't be enrolled in Medicare

High-Deductible Health Plan (HDHP)

A qualified high-deductible health plan has an annual network deductible of at least:

2013:	2014:
\$1,250 for self-only coverage	\$1,250 for self-only coverage
\$2,500 for family coverage	\$2,500 for family coverage

The annual network out-of-pocket expenses can't exceed:

Out-of-pocket maximums

	2013	2014
Self	\$6,250	\$6,350
Family	\$12,500	\$12,700

Out-of-pocket maximums must include deductibles, coinsurance and other amounts you may pay for covered benefits, but don't include premiums.

These amounts are for 2013 and 2014, and will change each year based on inflation.

Health Savings Account (HSA)

Qualified medical expenses include:

- **Routine health care** – doctor's office visits, X-rays, lab work, prescriptions
- **Hospital expenses** – room and board, surgery, supplies
- **Dental care** – cleaning, fillings, crowns, X-rays
- **Vision care** – eye exams, eyeglasses, contacts
- **Medical and dental coinsurance and deductibles** (the part of the medical bill paid by you, not your medical plan)

Use HSA funds for alternative or preventive treatments not typically covered by medical plans, for example:

- LASIK surgery
- Tobacco cessation programs
- Braces
- Chiropractic services
- Hearing aids
- Family planning procedures
- COBRA premiums

See www.irs.gov, IRS Publications 502 and 969, for additional information about qualified medical expenses and helpful information about HSAs.

Tax advantages of an HSA include:²

If your employer offers automatic payroll deductions, contributions can be deducted from your paycheck before taxes are calculated. Alternatively, contributions made with after-tax dollars can be deducted on your income tax return.

Distributions (money you take out) to pay for qualified medical expenses are not taxed. Investment earnings grow, tax-free.

How does the HSA work?

Your HSA account is managed by ACS|BNY Mellon, similar to how a bank would manage your personal savings or checking account. When you open the HSA, you receive a debit card and/or checkbook to be used only at health care facilities and pharmacies. If you try to use your debit card or checks at other facilities (e.g., a department store), the card may be rejected. If you use your HSA funds to pay for nonqualified expenses, you may be liable for taxes on the amounts. ACS|BNY Mellon monthly statements show activity on your account. (There may be additional fees associated with your ACS|BNY Mellon account. Check with your employer for more information.)

How much can I contribute?

Your total annual contribution, plus contributions from any other sources, including any employer contributions, can't exceed:

	2013	2014
Self	\$3,250	\$3,300
Family	\$6,450	\$6,550

Doctor or hospital visits

When you visit a doctor's office, you simply show your insurance card. Usually, you won't pay for your service at this time. Rather, the doctor's office submits a claim for services to Cigna. We review the claim and apply a health care professional discount, where applicable. We then send an Explanation of Benefits statement to show the amount the plan paid and your portion of the cost. The doctor's office then bills you for the treatment cost. You may pay this bill using your HSA debit card or check. Or, you may pay using personal funds, allowing your HSA funds to grow.

Prescriptions

When you visit a pharmacy, show your insurance card. Your pharmacy will advise you of what you may owe.

HSA example

Last year, John enrolled in the HSA from Cigna. He decided to deposit the money he saved from lower premiums into the HSA. Each month, John contributes \$100 to his account and his employer contributes \$50 to his account.

John has a \$2,500 deductible for his family coverage. The chart at right shows how John's HSA account paid his deductible and coinsurance expenses with tax-free dollars² and allowed his account to grow over time.

Your enrollment is NOT complete until you return the following items:

- 1. **Authorized Signature Form** – Just like any other bank account, you must complete and return the authorized signature form to allow payments from your HSA. Once ACS|BNY Mellon has your signature on file, they will issue your checkbook, which you may use to pay for qualified medical expenses.
- 2. **Beneficiary Designation Form** – Your HSA funds will always be yours, even if you leave your employer, which is why you need to designate a beneficiary in case something happens to you.

Return these two items in the return reply envelope provided in the ACS|BNY Mellon Welcome Kit to complete your enrollment in the HSA.

John's HSA Account Balance	
Year 1	
Total pretax contributions (\$150 per month x 12)	\$1,800
Medical expenses (applied to deductible)	-\$800
Balance at end of Year 1	\$1,000
Year 2	
Rollover amount from Year 1	\$1,000
Total pretax contributions (\$150 per month x 12)	\$1,800
Total	\$2,800
Medical expenses (applied to deductible)	-\$2,500
Total	\$300
Total coinsurance amount paid after deductible met	-\$160
Balance at end of Year 2	\$140
Year 3	
Rollover amount from Year 2	\$140
Total pretax contributions (\$150 per month x 12)	\$1,800
Total	\$1,940
Medical expenses (applied to deductible)	-\$1,000
Balance at end of Year 3	\$940

How do I sign up? There are five easy steps to completing your enrollment.

STEP 1	STEP 2
Enroll in the plan – First, complete the medical enrollment form, online or on paper, for the HDHP from Cigna, (this is a qualified high-deductible health plan that makes you eligible to open an HSA). This form is also used to open your ACS BNY Mellon account.	Activate your account – Approximately two weeks after you've submitted your enrollment form, you'll receive a Welcome Kit in the mail that includes: <ul style="list-style-type: none">• Master signature card with three parts:<ul style="list-style-type: none">– Authorized signature form,– Beneficiary designation form– HSA deposit slip• Deposit account agreement• Account fee and rate schedule• Consumer privacy policy statement• ACS BNY Mellon contact information <p>You can activate your account immediately by logging in to myCigna.com and completing your E-Signature. By doing this:</p> <ul style="list-style-type: none">• Your HSA debit card can be issued• You can begin receiving or making contributions to your account.

STEP 3	STEP 4	STEP 5
Put money in your account	Pay health expenses with HSA funds	Manage your account
<p>Once you've enrolled, you need to decide on your monthly contribution. Typically, there are two methods. (Check with your employer about available options.)</p> <ul style="list-style-type: none"> • Automatic paycheck withdrawal before taxes are calculated • Personal check, which allows you to deduct the amount on your income tax return <p>Either way, your HSA contributions will reduce your taxable income, which, in turn, reduces your taxes.</p> <p>Your employer also may choose to contribute to your account, depending on how your plan is set up. Check your Summary Plan Description (SPD) and with your employer for details.</p>	<p>Use your HSA debit card, on-line bill pay, which come directly from your HSA, to pay for qualified medical expenses such as health care bills or any coinsurance once you've met your deductible. (See page 2 for a sample list of qualified expenses.)</p> <p>You also can use the debit card or checks to pay for prescriptions. And remember, your HDHP from Cigna covers preventive care at 100 percent.</p>	<p>Keeping track of your HSA is easy with a simple checkbook register. Record your deposits and withdrawals, and keep receipts for tax purposes. ACS BNY Mellon monthly statements summarize your account activity. In addition, you may link from myCigna.com to the ACS BNY Mellon website where you can:</p> <ul style="list-style-type: none"> • Access information and tools to help you estimate contributions • Monitor contributions and withdrawals • Reorder checks • Set account balance alerts • Review investment options <p>Once your account reaches a minimum balance requirement, you may transfer money to an investment account through ACS BNY Mellon. Review the ACS BNY Mellon Welcome Kit or contact Mellon for investment information.</p>

With the HSA from Cigna, you have health coverage and a savings account that provides a tax-advantaged option for saving and paying for medical expenses. You can't always predict what health care needs may arise, but the HSA can help you plan for the unexpected. That's peace of mind.

Special note on women's health care

As part of your benefits, Cigna complies with the Women's Health & Cancer Rights Act, which provides coverage for:

- Breast reconstruction after a mastectomy
- Surgery and reconstruction on the other breast for a symmetrical appearance
- Prostheses and any physical complications during all stages of the mastectomy, including lymphedemas

TIP: How to pay for services before your HSA has funds

Simply pay for your health expenses from your personal account. After your HSA funds have grown, you can reimburse yourself for these expenses.³

For more information, call the number listed on your ID card. Find a health care professional at **myCigna.com**.



¹ Source: <http://www.informationweek.com/iw500/> also for reference in: http://newsroom.cigna.com/NewsReleases/Cigna-Named-Top-IT-Innovator-by-InformationWeek-500.htm?view_id=3693

² HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states. A few states do not allow pretax treatment of contributions or earnings. We have identified the following states as having these tax considerations: Alabama, California, New Hampshire and New Jersey.

³ Your HSA can only be used for expenses you incur on or after the date your HSA is established. Please refer to ACS|BNY Mellon for additional information on rules regarding establishment.

All insurance policies and general service agreements have restrictions, exclusions, limitations, reductions of benefits and terms under which the policies or agreements may be continued in force or discontinued. For specific costs and complete details of coverage, please call or write to the company.

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