

HSA-QUALIFIED DEDUCTIBLE HMO PLANS

What is an HSA-qualified plan? • How does it work? • Features and rates

QUESTIONS? CALL US. **WE HAVE ANSWERS.**

1-800-678-0470

HSA-QUALIFIED DEDUCTIBLE HMO PLANS

Are you interested in balancing your health and your finances? If so, consider our special selection of deductible plans designed to work with health savings accounts, or HSAs. Our health care plan can help you improve your health with quality care. Plus, you may also improve your finances through more affordable health care premiums and a tax-advantaged HSA.¹

Here's how it works:

- Enroll in a qualified health care plan.
- If you're eligible, open a health savings account.²
- Contribute tax-deductible dollars to this account.
- Use those tax-free funds to pay for qualified health care expenses.

What you don't use will roll over to the next year and continue earning interest.³

Read the scenarios on pages 6 and 7 to see why a family or an individual might choose a particular HSA-qualified plan and how they use their plans.

An HSA offers triple tax advantages:

- Tax-deductible contributions to your account
- Tax-free investment earnings³
- Tax-free withdrawals when funds are used for qualified medical expenses



¹Tax references relate to federal income tax only. The tax treatment of health savings account contributions and distributions under state income tax laws differs from the federal tax treatment. Consult with your financial or tax adviser for more information.

²To qualify to open an HSA, you must be enrolled in an HSA-qualified health plan, not be covered by another health plan or enrolled in Medicare, and not be able to be claimed as a dependent on someone else's tax return.

³Earnings vary depending on the type of investment plan you opt for and/or the HSA provider you choose. Amount earned is based on the investment plan and market value, and in some instances, the account may actually lose money.

How an HSA-qualified deductible HMO plan can work for you

What is an HSA (and is it right for me)?

Many people like yourself are looking for innovative ways to plan for and cover increasing medical expenses. Kaiser Permanente has responded to that need with financial and health care options specially designed to help you improve both your finances and your health. With our HSA program, you enjoy all the healthy living advantages we offer, such as programs, classes, and online tools, as well as tax advantages.¹

Our HSA program combines:

- HSA-qualified deductible HMO plans
- A health savings account

HSA-qualified deductible HMO plans

HSA-qualified plans generally offer lower premiums than other deductible plans in exchange for a higher annual deductible amount. As with many of our other plans, some preventive tests and procedures are exempt from the deductible and are covered benefits from Day 1 of your coverage.

We offer six HSA-qualified health care plans for individuals and families:

- **\$2,000 HSA-Qualified Deductible HMO Plan (80%)**
- **\$2,000 HSA-Qualified Deductible HMO Plan (100%)**
- **\$2,500 HSA-Qualified Deductible HMO Plan (100%)**
- **\$3,000 HSA-Qualified Deductible HMO Plan (100%)**
- **\$4,000 HSA-Qualified Deductible HMO Plan (100%)**
- **\$5,000 HSA-Qualified Deductible HMO Plan (100%)**

HSA-qualified plans work a little differently than regular deductible plans. In HSA-qualified family plans, there are no individual deductibles or out-of-pocket maximums (OOPMs). Family members must meet the family deductible or OOPM. However, in HSA-qualified plans, the deductibles do count toward the OOPM.

Health savings account

In order to take advantage of the tax savings of a health savings account, you will need to set one up through any financial institution that offers these accounts.

One option is the HSA offered by **Wells Fargo Bank** to our members enrolled in an HSA-qualified plan.² Kaiser Permanente has selected **Wells Fargo** as our preferred health savings account trustee and administrator for the HSA.



¹Tax references relate to federal income tax only. The tax treatment of health savings account contributions and distributions under state income tax laws differs from the federal tax treatment. Consult with your financial or tax adviser for more information

²Kaiser Permanente does not provide or administer financial products, including HSAs, and does not offer financial, tax, or investment advice. Members are responsible for their own investment decisions. If a member uses his or her HSA debit card to pay for something other than a qualified medical expense, the expenditure is subject to tax and, for individuals who are not disabled or over age 65, a 10 percent tax penalty. Please note that when Wells Fargo Health Benefit Services pays disbursements, it does not monitor whether they are for qualified medical expenses. It is the member's responsibility to determine whether expenses qualify for tax-free reimbursement from his or her HSA. For information about a Wells Fargo HSA, please contact Wells Fargo at 1-866-890-8308.

Other advantages

Health savings accounts offer many other advantages besides tax benefits.

- **Portability.** The money belongs to you, so if you change plans, you can take your HSA with you.
- **Unused funds roll over.** There is no “use it or lose it” restriction each year. What you don’t use stays in your account until you are ready to use it.
- **Control.** You’re in charge. You decide how to invest your money. You decide when to put the money in and when to take it out.
- **Retirement savings.** The money in your account can be invested through the institution where you open it. And after age 65, you can use the funds, taxed at your ordinary income rate, for any reason without penalties.
- **Flexibility.** You can use the money in your HSA to pay for qualified medical expenses, even those your deductible plan does not cover.

While the funds in a health savings account can be withdrawn for any reason, your tax advantages are maximized when you use these funds exclusively for qualified medical expenses. You will pay income tax on funds withdrawn for nonqualified purposes (and you’ll pay a penalty if you are under age 65).



For more information:

Wells Fargo

- Visit the Wells Fargo Web site, www.wfhs.com/kaiserpermanente

Health savings accounts

- IRS publication 969, <http://www.irs.gov/publications/p969/ar02.html>
- www.buykp.org/co



HSA-qualified medical expenses

You can use your HSA not only to pay for deductibles and coinsurance but also to pay for many supplies and services that your health plan does not cover. Here are just a few examples of HSA-qualified expenses:

- Certain over-the-counter medications
- Eyeglasses and LASIK surgery
- Dental and orthodonture care
- Acupuncture
- Chiropractic services



KEY TERMS

Coinsurance: This is the percentage you pay of the full charge for certain services and supplies. Coinsurance amounts vary depending on the services and the plan.

Deductible: This is an annual amount that members must pay out of pocket for most covered services before they are eligible for coinsurance payments. In HSA-qualified plans, deductibles contribute toward the OOPM.

Monthly rate/premium: This is the amount you pay every month for health care coverage. The amount depends on the benefit plan as well as the age and gender of the oldest covered family member (the subscriber), where you live, and the number of family members enrolling.

Not subject to deductible: In deductible plans, some medical services are covered immediately and therefore are "not subject to deductible." This means that from your first day of coverage, you can receive these services for the standard copayment or coinsurance, without having to first satisfy the deductible. With our HSA-qualified plans, all services are subject to the deductible with the exception of preventive care services.

Out-of-pocket maximum (OOPM): This is the most that an individual or family will have to pay for certain covered medical services in a calendar year. Once you satisfy your plan's OOPM, Kaiser Permanente will pay 100 percent for covered services for the remainder of the calendar year.

In an HSA-qualified family plan, there is no individual OOPM. The combined covered expenses of various family members add up to meet the family OOPM. In HSA-qualified plans, deductibles contribute toward the OOPM.

Preventive care: Our goal is to help you achieve the best health possible for you. One way we do that is to provide services that monitor you when you're well and can give an advance warning when you're at risk of becoming ill. Preventive care does just that. For young children, preventive care services include well-child care and immunizations. Preventive care also includes adult preventive care exams, well-woman care, adult preventive care screenings, and routine immunizations for adults.

How an HSA works for a family

MEET BEN AND HEATHER OLSON¹

Ben and Heather know that paying for health care coverage for a family can be costly—and unpredictable. Some years, the family hardly sees the doctor at all; other years, their two very active boys (Jason, 8, and Matt, 10) seem to be in and out of the doctor’s office (and urgent care) all the time.

That’s why they decide to switch to the \$2,000 HSA-Qualified Deductible HMO Plan (80%) with family coverage.¹ With the health savings account, they reason, whatever they don’t spend on health care in a “healthy” year will roll over to the next year when they might not be so fortunate. They open a health savings account and contribute \$5,950, the maximum allowed by federal law.²

What they want:

- Moderate premiums
- Lower deductible
- A way to save tax-deductible money for health care expenses³

The Olsons’ plan: \$2,000 HSA-Qualified Deductible HMO Plan (80%)

- \$4,000 family deductible
- \$10,000 family OOPM
- \$0 for preventive care (not subject to deductible)
- 20% coinsurance for primary care office visits (after deductible)

Doing the math:

| | |
|-----------|--|
| \$5,950 | Family’s contribution to HSA |
| | Amount spent on qualified health |
| – \$5,000 | care expenses |
| \$950 | Amount in their HSA that will roll over to next year (plus any earned interest) ⁴ |



HOW THIS PLAN WORKS FOR THEM

During the year (and after a few more trips to urgent care), the Olson family’s combined health care expenses come to \$5,000. After their \$4,000 deductible, they are able to pay the coinsurance for covered services for the rest of the year. And since the Olsons pay their qualified medical expenses from their HSA, the money they spend is tax-deductible dollars—and that saves them money!³

At the end of the year, the Olsons have \$950 of their original contribution left in their HSA, plus any earned interest.⁴ Next year, they can contribute up to the annual federal family maximum again and build their savings tax-free.

With HSAs, you don’t “use it or lose it.”

¹These examples are for illustrative purposes only. Individual situations will vary depending on the specifics of the health care plan, individual contributions, and other factors.

²For 2009, the federally established maximum contribution for an eligible individual with self-only coverage is \$3,000, and the annual maximum contribution for an eligible individual with family coverage is \$5,950. This annual maximum is indexed annually for inflation. For more information, please consult with your financial or tax adviser.

³Tax references relate to federal income tax only.

⁴Earnings vary depending on the type of investment plan you opt for and/or the HSA provider you choose. Amount earned is based on the investment plan and market value, and in some instances, the account may actually lose money.

How an HSA works for an individual

MEET ALICIA LEWIS¹

Alicia, age 58, knows it's a good idea to start planning now for her future medical expenses. So she enrolls in the \$5,000 HSA-Qualified Deductible HMO Plan (100%). She opens a health savings account and contributes the annual federal individual maximum, \$3,000.²

What she wants:

- Lower premiums
- A way to save tax-deductible money for health care expenses³
- Preventive care available at no charge, not subject to a deductible
- Coverage mostly for the big things

Alicia's plan: \$5,000 HSA-Qualified Deductible HMO Plan (100%)

- \$5,000 individual deductible
- \$5,000 individual OOPM
- \$0 for preventive care office visits (not subject to deductible)
- \$0 for primary care office visits (after deductible)

Doing the math:

| | |
|----------------|--|
| \$3,000 | Alicia's contribution to HSA |
| – \$0 | Amount spent on qualified health care expenses using HSA funds |
| <u>\$3,000</u> | Amount in her HSA that will roll over to next year (plus any earned interest) ⁴ |



HOW THIS PLAN WORKS FOR HER

During the year, Alicia has qualified health care expenses of \$1,000. Because she wants to build her HSA quickly, she decides to pay these expenses out of pocket and roll over the entire \$3,000 to the next year, when she again plans to contribute the federal maximum.

Her HSA not only enables her to save tax-deductible dollars to pay for future medical expenses, but the funds can be earning interest.⁴ And when Alicia retires at age 65, she can continue to use these funds penalty free for qualified medical expenses. Or, she can use them for anything she wants, taxed at her income level, without penalty.

¹These examples are for illustrative purposes only. Individual situations will vary depending on the specifics of the health care plan, individual contributions, and other factors.

²For 2009, the federally established maximum contribution for an eligible individual with self-only coverage is \$3,000, and the annual maximum contribution for an eligible individual with family coverage is \$5,950. This annual maximum is indexed annually for inflation. For more information, please consult with your financial or tax adviser.

³Tax references relate to federal income tax only.

⁴Earnings vary depending on the type of investment plan you opt for and/or the HSA provider you choose. Amount earned is based on the investment plan and market value, and in some instances, the account may actually lose money.

FEATURES AT A GLANCE

| Features | \$2,000 HSA-Qualified Deductible HMO Plan (80%) | \$2,000 HSA-Qualified Deductible HMO Plan (100%) | \$2,500 HSA-Qualified Deductible HMO Plan (100%) |
|---|---|--|--|
| Annual deductible¹ | | | |
| Individual/Family | \$2,000/\$4,000 | \$2,000/\$4,000 | \$2,500/\$5,000 |
| Maximums | | | |
| Annual out-of-pocket maximum Individual/Family | \$5,000/\$10,000 | \$2,000/\$4,000 | \$2,500/\$5,000 |
| Lifetime maximum paid by the Plan for all care | No lifetime maximum | No lifetime maximum | No lifetime maximum |
| Transplant lifetime benefit maximum | \$1 million | \$1 million | \$1 million |
| Benefits | | | |
| Routine medical office visits | | | |
| Primary care visit | 20% coinsurance | No charge | No charge |
| Specialty care visit | 20% coinsurance | No charge | No charge |
| Preventive services ² | No charge ³ | No charge ³ | No charge ³ |
| Maternity | | | |
| Prenatal care | Not covered | Not covered | Not covered |
| Delivery and inpatient well-baby care | Not covered | Not covered | Not covered |
| Prescription drugs | | | |
| Pharmacy (up to 30-day supply) | Not covered | No charge | No charge |
| Mail-order (up to 90-day refill) | Not covered | No charge | No charge |
| Inpatient hospital | | | |
| Hospital care | 20% coinsurance per admission | No charge per admission | No charge per admission |
| Inpatient professional visits | 20% coinsurance | No charge | No charge |
| Outpatient | | | |
| Ambulatory surgery | 20% coinsurance per admission | No charge per admission | No charge per admission |
| Laboratory and X-ray | | | |
| Diagnostic lab and X-ray | 20% coinsurance | No charge | No charge |
| Therapeutic X-ray | 20% coinsurance | No charge | No charge |
| MRI/CT/PET (per procedure) | 20% coinsurance | No charge | No charge |
| Emergency and urgent care | | | |
| Emergency room visits (at a designated Kaiser Permanente emergency room or a non-Plan emergency room) | 20% coinsurance | No charge | No charge |
| Ambulance | 20% coinsurance | No charge | No charge |
| Nonroutine care (per visit at a Kaiser Permanente medical office or non-Plan facility outside the service area during office hours) | 20% coinsurance | No charge | No charge |
| After-hours care (per after-hours visit at a designated Kaiser Permanente after-hours medical office) | 20% coinsurance | No charge | No charge |

¹The deductible applies toward the out-of-pocket maximum. All benefits are subject to the deductible except for preventive services.

²Preventive services include adult preventive care exams, adult preventive care screenings, well-woman care, immunizations, and well-child care.

³Not subject to deductible

FEATURES AT A GLANCE

| \$3,000 HSA-Qualified Deductible HMO Plan (100%) | \$4,000 HSA-Qualified Deductible HMO Plan (100%) | \$5,000 HSA-Qualified Deductible HMO Plan (100%) | Features |
|--|--|--|---|
| | | | Annual deductible¹ |
| \$3,000/\$6,000 | \$4,000/\$8,000 | \$5,000/\$10,000 | Individual/Family |
| | | | Maximums |
| \$3,000/\$6,000 | \$4,000/\$8,000 | \$5,000/\$10,000 | Annual out-of-pocket maximum Individual/Family |
| No lifetime maximum | No lifetime maximum | No lifetime maximum | Lifetime maximum paid by the Plan for all care |
| \$1 million | \$1 million | \$1 million | Transplant lifetime benefit maximum |
| | | | Benefits |
| | | | Routine medical office visits |
| No charge | No charge | No charge | Primary care visit |
| No charge | No charge | No charge | Specialty care visit |
| No charge ³ | No charge ³ | No charge ³ | Preventive services ² |
| | | | Maternity |
| Not covered | Not covered | Not covered | Prenatal care |
| Not covered | Not covered | Not covered | Delivery and inpatient well-baby care |
| | | | Prescription drugs |
| No charge | No charge | No charge | Pharmacy (up to 30-day supply) |
| No charge | No charge | No charge | Mail-order (up to 90-day refill) |
| | | | Inpatient hospital |
| No charge per admission | No charge per admission | No charge per admission | Hospital care |
| No charge | No charge | No charge | Inpatient professional visits |
| | | | Outpatient |
| No charge per admission | No charge per admission | No charge per admission | Ambulatory surgery |
| | | | Laboratory and X-ray |
| No charge | No charge | No charge | Diagnostic lab and X-ray |
| No charge | No charge | No charge | Therapeutic X-ray |
| No charge | No charge | No charge | MRI/CT/PET (per procedure) |
| | | | Emergency and urgent care |
| No charge | No charge | No charge | Emergency room visits (at a designated Kaiser Permanente emergency room or a non-Plan emergency room) |
| No charge | No charge | No charge | Ambulance |
| No charge | No charge | No charge | Nonroutine care (per visit at a Kaiser Permanente medical office or non-Plan facility outside the service area during office hours) |
| No charge | No charge | No charge | After-hours care (per after-hours visit at a designated Kaiser Permanente after-hours medical office) |

All benefits are subject to the deductible, except for preventive services.

Important note: This is only a summary. For more detailed information, refer to the *Health Plan Description Form*, which you may obtain by calling **1-800-634-4579**. Once you become a member, you will receive your *Membership Agreement*, which can be used to determine the exact terms and conditions of your coverage.

MONTHLY RATES AT A GLANCE

The monthly rate you pay for your coverage depends on the age of the oldest applicant, the number of family members applying, the plan chosen, and the rates in effect on the enrollment date. The oldest applicant will become the subscriber on the account. All family members applying must pass a medical review to qualify for these rates. Rates are effective January 1, 2009, and are subject to change.

When the subscriber's age changes from one age band to the next during the course of the year, the subscriber will be charged the rate of the higher age band for his or her family status, effective the first of the following month.

Family members may apply for different plans, which may result in a lower combined monthly premium. For details, see "Frequently Asked Questions" in the *Your Partner in Health* booklet.

| Subscriber age | <20 | 20-24 | 25-29 | 30-34 | 35-39 | 40-44 | 45-49 | 50-54 | 55-59 | 60-64 ¹ |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------------------|
| COLORADO HSA-QUALIFIED PLAN RATES | | | | | | | | | | |
| \$2,000 HSA-Qualified Deductible HMO Plan (80%) | | | | | | | | | | |
| Child/Subscriber only | \$104.92 | \$104.92 | \$109.13 | \$128.03 | \$133.26 | \$146.91 | \$167.89 | \$209.86 | \$262.34 | \$314.79 |
| Subscriber & spouse | \$209.85 | \$209.85 | \$218.24 | \$256.05 | \$266.54 | \$293.81 | \$335.77 | \$419.71 | \$524.66 | \$629.56 |
| Subscriber & child(ren) | \$241.32 | \$241.32 | \$245.52 | \$268.83 | \$273.21 | \$286.46 | \$310.60 | \$335.77 | \$393.50 | \$440.70 |
| Subscriber, spouse, & child(ren) | \$346.24 | \$346.24 | \$354.63 | \$396.85 | \$406.49 | \$433.37 | \$478.46 | \$545.63 | \$655.84 | \$755.47 |
| \$2,000 HSA-Qualified Deductible HMO Plan (100%) | | | | | | | | | | |
| Child/Subscriber only | \$131.58 | \$131.58 | \$136.84 | \$160.54 | \$167.11 | \$184.22 | \$210.52 | \$263.16 | \$328.97 | \$394.75 |
| Subscriber & spouse | \$263.14 | \$263.14 | \$273.67 | \$321.08 | \$334.25 | \$368.43 | \$421.06 | \$526.32 | \$657.92 | \$789.46 |
| Subscriber & child(ren) | \$302.61 | \$302.61 | \$307.88 | \$337.12 | \$342.61 | \$359.21 | \$389.48 | \$421.06 | \$493.45 | \$552.64 |
| Subscriber, spouse, & child(ren) | \$434.18 | \$434.18 | \$444.71 | \$497.64 | \$509.72 | \$543.44 | \$599.98 | \$684.20 | \$822.43 | \$947.37 |

¹If you are 65+ years of age and Medicare eligible, or are under age 65 and entitled to Medicare on the basis of Social Security disability, call 1-800-509-7570 for information about our Kaiser Permanente Senior Advantage plans.

MONTHLY RATES AT A GLANCE

| Subscriber age | <20 | 20-24 | 25-29 | 30-34 | 35-39 | 40-44 | 45-49 | 50-54 | 55-59 | 60-64 ¹ |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------------------|
| COLORADO HSA-QUALIFIED PLAN RATES | | | | | | | | | | |
| \$2,500 HSA-Qualified Deductible HMO Plan (100%) | | | | | | | | | | |
| Child/Subscriber only | \$115.40 | \$115.40 | \$120.03 | \$140.81 | \$146.59 | \$161.58 | \$184.64 | \$230.83 | \$288.55 | \$346.23 |
| Subscriber & spouse | \$230.82 | \$230.82 | \$240.08 | \$281.58 | \$293.16 | \$323.14 | \$369.29 | \$461.63 | \$577.11 | \$692.45 |
| Subscriber & child(ren) | \$265.42 | \$265.42 | \$270.06 | \$295.69 | \$300.49 | \$315.07 | \$341.60 | \$369.32 | \$432.83 | \$484.72 |
| Subscriber, spouse, & child(ren) | \$380.83 | \$380.83 | \$390.09 | \$436.49 | \$447.09 | \$476.65 | \$526.23 | \$600.13 | \$721.37 | \$830.93 |
| \$3,000 HSA-Qualified Deductible HMO Plan (100%) | | | | | | | | | | |
| Child/Subscriber only | \$105.51 | \$105.51 | \$109.74 | \$128.74 | \$134.02 | \$147.72 | \$168.81 | \$211.04 | \$263.81 | \$316.54 |
| Subscriber & spouse | \$211.03 | \$211.03 | \$219.49 | \$257.44 | \$268.03 | \$295.44 | \$337.63 | \$422.05 | \$527.63 | \$633.08 |
| Subscriber & child(ren) | \$242.66 | \$242.66 | \$246.91 | \$270.34 | \$274.73 | \$288.05 | \$312.31 | \$337.65 | \$395.71 | \$443.16 |
| Subscriber, spouse, & child(ren) | \$348.18 | \$348.18 | \$356.64 | \$399.06 | \$408.76 | \$435.78 | \$481.11 | \$548.67 | \$659.52 | \$759.69 |
| \$4,000 HSA-Qualified Deductible HMO Plan (100%) | | | | | | | | | | |
| Child/Subscriber only | \$87.23 | \$87.23 | \$90.73 | \$106.44 | \$110.81 | \$122.14 | \$139.58 | \$174.49 | \$218.12 | \$261.72 |
| Subscriber & spouse | \$174.48 | \$174.48 | \$181.48 | \$212.86 | \$221.61 | \$244.27 | \$279.16 | \$348.96 | \$436.25 | \$523.44 |
| Subscriber & child(ren) | \$200.64 | \$200.64 | \$204.15 | \$223.52 | \$227.15 | \$238.17 | \$258.22 | \$279.18 | \$327.18 | \$366.41 |
| Subscriber, spouse, & child(ren) | \$287.88 | \$287.88 | \$294.87 | \$329.95 | \$337.97 | \$360.31 | \$397.79 | \$453.65 | \$545.30 | \$628.12 |
| \$5,000 HSA-Qualified Deductible HMO Plan (100%) | | | | | | | | | | |
| Child/Subscriber only | \$76.60 | \$76.60 | \$79.67 | \$93.46 | \$97.30 | \$107.25 | \$122.56 | \$153.21 | \$191.52 | \$229.81 |
| Subscriber & spouse | \$153.21 | \$153.21 | \$159.35 | \$186.90 | \$194.59 | \$214.48 | \$245.12 | \$306.40 | \$383.05 | \$459.61 |
| Subscriber & child(ren) | \$176.17 | \$176.17 | \$179.25 | \$196.26 | \$199.45 | \$209.12 | \$226.73 | \$245.13 | \$287.29 | \$321.73 |
| Subscriber, spouse, & child(ren) | \$252.78 | \$252.78 | \$258.92 | \$289.72 | \$296.75 | \$316.38 | \$349.29 | \$398.33 | \$478.80 | \$551.53 |

¹If you are 65+ years of age and Medicare eligible, or are under age 65 and entitled to Medicare on the basis of Social Security disability, call 1-800-509-7570 for information about our Kaiser Permanente Senior Advantage plans.

buykp.org/applyonline/co

QUESTIONS? CALL US. WE HAVE ANSWERS.

1-800-678-0470