

Aetna HealthFund[®] Health Savings Account

**Take Control of
Your Health Care
and Your Health
Care Dollars!**

We want you to know[™]



The Aetna HealthFund® Health Savings Account (HSA)

A New Way To Manage Your Health and Your Health Care Expenses

Introducing Aetna HealthFund HSA. Get more control over how you spend or save your health care dollars. With an integrated Aetna HealthFund HSA, you get the protection of an [Aetna HSA-compatible High Deductible Health Benefits and Insurance Plan \(HDHP\)](#); PLUS you get a [tax-advantaged health savings account](#) that you can use to help pay for qualified expenses.

Why Choose an Aetna HealthFund HSA?

- No set-up fees
- No monthly administration fee
- No withdrawal forms required
- Convenient access to HSA funds via debit card or checkbook
- Track HSA activity through Aetna Navigator™

How to Establish a Health Savings Account

- Enroll in an Aetna HSA-compatible HDHP. Please note that Aetna HDHP plans for Individuals and Families are not guaranteed issue, and require medical underwriting (Federally eligible individuals under HIPAA according to state legislation may have access to special guaranteed issue products).*
- Sign up for the Aetna HealthFund HSA. You can do this at anytime once enrolled in the health insurance plan.
- Once enrolled in the HSA, you will receive an HSA welcome kit.
- You, an employer, or an eligible family member - or any combination — may make HSA contributions up to the annual limit at anytime throughout the year.
- Employers (if applicable) may make contributions to the account through regular payroll deductions, in a lump sum amount or via periodic contributions.

How to Use the Account

- You will be provided with an Aetna HSA Visa® Debit Card. You may also request a checkbook, for a fee.
- Use the HSA debit card for instant access to HSA dollars to pay for qualified out-of-pocket expenses quickly and easily.
- You can also have the option to pay expenses out-of-pocket and let your HSA grow and earn interest for future qualified expenses, including certain retiree health expenses.
- You own your HSA, so you keep it, even if you change health benefits or insurance plans or jobs. At the end of each year, money left in the account rolls over to the next year.

* HSA-compatible HDHP options are not available to Aetna Individual members (individuals whose insurance is not employer-sponsored) in all states. Contact your broker or Aetna Representative for more information.

“Qualified Expenses” under your HSA

You may use your HSA for qualified health-related expenses as allowed by the IRS. Some expenses may not be covered by your health benefits or insurance plan, but are considered “qualified expenses” for payment with HSA dollars. The following list provides some typical examples.

For additional information about IRS-allowable expenses, you can review a list of allowable expenses on Aetna Navigator or request a copy of IRS Publication 502 by calling 1-800-829-3676 or visit the IRS website at www.irs.gov and click on “Forms and Publications.”

- Medical deductibles
- Diagnostic services not covered by your plan
- Braces
- Long-term care premiums
- LASIK eye surgery
- COBRA premiums
- Dental care
- Contact lenses
- Some nursing services
- Hearing aids
- Wheelchairs
- Organ transplants
- Over the Counter Drugs
- Premiums while receiving federal unemployment compensation
- Medicare and Medicare Advantage premiums

Note: Employees should check their Summary Plan Designs to determine what is/is not covered under their plan.



Put Aetna HealthFund HSA To Work for You

Aetna Health Savings Account ... the Choice is Yours

- Contribute tax free.
- Reimburse qualified expenses tax free.
- Save for future expenses.
- Grow the account with interest.

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1. The HSA

- Each year, choose the amount you wish to contribute to your HSA.
 - > Contribute to your HSA through payroll deduction (if available), check payment or electronic funds transfer (EFT) directly to Aetna.
 - > Make contributions anytime, in any amount up to the maximum allowed. Then, claim your total contributions as a deduction when you file your income taxes.
- There is no minimum contribution. The annual maximum is your deductible amount or \$2,700* per individual/ \$5,450* per family, whichever is less. HSA contributions are prorated over 12 months. For example, an individual who enrolls in an Aetna HSA-compatible High Deductible Health Plan on June 1 will be allowed to contribute up to 7/12ths of the annual allowable contribution.
 - > Individuals and their spouses who are age 55 and over may make an additional "catch-up" contribution of \$700 per year in 2006 (this amount increases \$100 per year until 2009 when it will be \$1,000). If you

are age 65 or over and enrolled in Medicare Part A or B, your HSA may remain open, but no additional contributions can be made to the account.

- > You may use your Aetna HSA debit card or checks to instantly access your account funds to pay for your qualified expenses (including your deductible and coinsurance payments). Using the debit card or checks means no waiting for reimbursement. Or, you can choose to pay out of pocket and save your HSA dollars for future qualified expenses.
- > Your HSA can grow over time! Your funds will earn interest tax free. There is no minimum balance required to earn interest.
- > At the end of the year, any remaining dollars rollover.

- Once your Aetna HSA balance reaches \$2,000, you will have the HSA Investments Service available to you. The HSA Investment Options available are:
 - > Asset Allocation Funds:
 - JPMorgan Investor Conservative Growth Fund A
 - JPMorgan Investor Balanced Fund A
 - JPMorgan Investor Growth Fund A
 - > Fixed Income Funds:
 - JPMorgan Prime Money Market Fund – Morgan Share
 - JPMorgan Core Bond Fund A
 - > US Equity Funds:
 - JPMorgan Equity Index Fund A
 - JPMorgan Small Cap Equity Fund A
 - > International Equity Fund:
 - JPMorgan International Equity A

*2006 maximums will be adjusted for cost of living in future years.

The HSA-compatible High Deductible Health Benefits and Insurance Plan

- Preventive care may not be subject to the deductible.
- Meet the plan deductible.
- Then, pay copay or coinsurance.
- Out-of-pocket maximum limits the amount you pay annually.

2. The HSA-compatible High Deductible Health Benefits and Insurance Plan

Your Medical Benefits

- You may visit any licensed health care professional or facility for covered services.
- The plan may provide payment for covered preventive care services like routine screenings, physicals and immunizations not subject to the deductible.
- The plan includes a deductible — a set amount of expenses that you pay each year for covered medical services and prescription drugs before the plan begins to make payment. The plan may include a separate deductible for in-network and out-of-network services.



- When the deductible is met, you pay a copay or coinsurance (a percentage of the provider's charges) each time you seek care from a preferred (in-network) doctor or facility, and a higher coinsurance each time you seek care from a non-preferred (out-of-network) doctor or facility.
- Your medical plan includes an out-of-pocket maximum — a cap that limits the amount you pay for covered services in a given year. When your costs reach this limit, remaining qualified expenses including prescription drugs, are covered by the benefits plan at 100 percent, up to the annual or lifetime benefit maximum.

Your Prescription Drug Benefits

- When you fill prescriptions, you will pay the cost of your prescriptions until the deductible has been met. With Aetna participating pharmacies, your price may be lower because we have negotiated pricing on behalf of our members.
- When the deductible is met, you may pay either a copayment or coinsurance for each prescription you fill that is covered by your benefits plan.

Online Resources

- **Secure, personalized online services.**
- **Track your HSA activity and monitor your savings growth.**
- **Find a doctor, estimate the cost of care, compare hospitals.**
- **Research health topics and medications.**

3. Online Resources To Help You Manage Your Health Care

- Aetna gives you the information and resources needed to help you take a more active role in your health care and spend your health care dollars more effectively.
- Log on to your secure **Aetna Navigator™** member website at www.aetna.com for personalized health and benefits information. View your HSA account balance, account summary and activity online. Perform self-service functions for your HSA-compatible HDHP like ordering ID cards or checking eligibility or claims status.

- Once registered on Aetna Navigator, access **Estimate the Cost of Care**, a suite of online decision support tools to help you compare estimated in-network and out-of-network costs for health care services in your area. Compare costs on:
 - > **Medical Procedures** — such as arthroscopy and colonoscopy.
 - > **Office Visits** — such as routine physicals and emergency room visits.
 - > **Medical Tests** — such as lab tests, X-rays, MRI and other tests.
 - > **Diseases & Conditions** — for services associated with specific diseases and conditions such as asthma, diabetes, pregnancy, heart disease and high blood pressure.
- The **Hospital Comparison Tool** lets you compare area hospitals on measures that are important to your care.
- Search the **Aetna IntelliHealth®** website for credible health and wellness information and helpful interactive features. Or go to **Healthwise® Knowledgebase**, where you can research clinical information on thousands of health topics and medications.
- Access up-to-date information on preferred health care providers through the **DocFind®** online directory — including important credentials like education, board certification and languages spoken.

Need a paper directory? Contact your employer or Aetna Member Services.

Make the most of your HSA by contributing to your account every year.

The Value of Tax-Advantaged HSA Savings Over Time

HSA Tax Advantages

- Contributions you make to your HSA through payroll deductions are generally made using pre-tax dollars (money that has not been subject to income tax). Thus, they are not considered taxable income and are non-taxable.
- If you make contributions to your HSA using after-tax dollars (money that has already been subject to income tax) your contributions are tax-deductible.
- Your HSA funds earn interest tax free!
- You may pay for qualified expenses with tax free dollars from your HSA.
- In the event of your death, your HSA balance may transfer to a surviving beneficiary tax free. If your beneficiary is someone other than a spouse (children, brother/sister or other), the funds are taxed as regular income.

NOTE: Nonqualified withdrawals are taxed as income and subject to an additional 10 percent penalty. Refer to page 1 for a listing of qualified expenses.

To understand the HSA's power as a savings tool, let us show you how the value of tax-advantaged savings can add up over time. This example illustrates how regular HSA contributions and accumulated interest can result in significant savings in the years ahead. And, because you're not paying taxes on the interest your account earns, there is even more value to the money in your account as it grows.

At age 39, Tom began making an annual contribution to his HSA account. He plans to contribute until age 65 (without making the "over-55 catch-up contribution"). Tom has family coverage with a \$3,000 annual deductible. His marginal tax rate on his yearly income is 33 percent.*

The chart below shows what Tom can expect to save in his HSA over time, depending on whether he contributes \$1,000, \$2,000 or \$3,000 each year.

Annual HSA Contribution Amount

	\$1,000	\$2,000	\$3,000
Total Savings for Future Medical Expenses (at age 65)	\$34,343	\$68,687	\$103,032
Annual Tax Savings	\$330	\$660	\$990
Accumulated Tax Savings (at age 65)	\$8,580	\$17,160	\$25,740

* This example is for illustrative purposes and does not reflect events experienced by an actual participant.

The illustration above provides estimated projections and should not be viewed as tax or investment advice. Be sure to consult a tax advisor to determine what is appropriate for your situation. This illustration assumes that no funds were withdrawn from the account and that there is a 2 percent investment rate of return each year. It also assumes that the member is in the HSA for an entire year and contributing up until the age selected (65), and that the contribution amount and interest rate selected remain constant until the age that the member stops contributing.

This illustration is based on tax tables published by the Internal Revenue Service (IRS), which are subject to change. Your marginal tax rate depends on your taxable income, which includes all income sources (wages, investment income) and all deductions (mortgage interest, state income taxes, property taxes and charitable contributions).

The chart above illustrates general HSA features and is not intended to replace or modify plan documents or other member materials.



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Simplicity.
Affordability.**

**With Aetna,
It's Yours.**

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The HSA Visa® Debit Card and HSA Checkbook administration support is provided by JPMorgan Chase Bank. You may receive communications that reference the JPMorgan Chase Bank name, where appropriate.

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Aetna receives rebates from the manufacturers of many drugs, including many that are on the Preferred Drug List. These rebates do not reduce the amount you pay for an individual prescription drug. However, they help control the overall costs of prescription drug coverage. Your pharmacy benefit provides coverage for many drugs that are not on this list. Also, in some cases, if you need to pay a percentage of the cost of the drug or an amount to meet a deductible, your costs may be higher for a "preferred drug" than they would be for a "non-preferred drug." You can find out more about the terms and limitations on your plan by reading your plan documents. You can also contact Member Services.

While this material is believed to be accurate as of the print date, it is subject to change.

We want you to knowSM



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