

Aetna HealthFund® Health Savings Account Plan

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

Administered by
Aetna Life Insurance Company.

PPO/POS II/OAMC w/Rx
41.02.318.1 (7/05)

We want you to know™





Welcome to the Aetna HealthFund Health Savings Account (HSA) Plan

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

Introducing Aetna HealthFund HSA, a health insurance plan that gives you more **control** over how you spend, or **save**, your health care dollars. It's a **medical** benefits plan AND a savings account, all in one.

With Aetna HealthFund HSA, you get the protection of a **medical and prescription drug benefits plan**; PLUS you get a **tax-advantaged health savings account** that you can use to help pay for qualified expenses.

Aetna offers you powerful resources and information to help you take control of your health care and make the most of your benefits dollars.

When you enroll in Aetna HealthFund HSA, an account is established which works with your Aetna medical and prescription drug benefits plan.

*Your HSA may include an employer contribution. Employer contributions are not considered taxable income.

**Employers and employees should consult with their tax advisor to determine eligibility requirements and tax advantages for participating in the Aetna HealthFund HSA plan.

Begin by contributing to your account through regular payroll deductions (if applicable), or by check or electronic funds transfer (EFT) in a lump sum amount or periodic contributions throughout the year.* Then, use your **Aetna HSA debit card or checks** to get **instant access** to your HSA dollars to pay for qualified out-of-pocket expenses quickly and easily. Use your HSA debit card or checks, not your cash.

Or, pay your expenses out-of-pocket until you reach your deductible, and let your HSA **grow** and earn interest — for future qualified expenses, including certain retiree health expenses.

Best of all, you own your HSA so you keep it, even if you change health plans or jobs. And, at the end of the year, money left in the account **rolls over** to the next year. From job to job ... plan to plan ... your HSA goes with you.



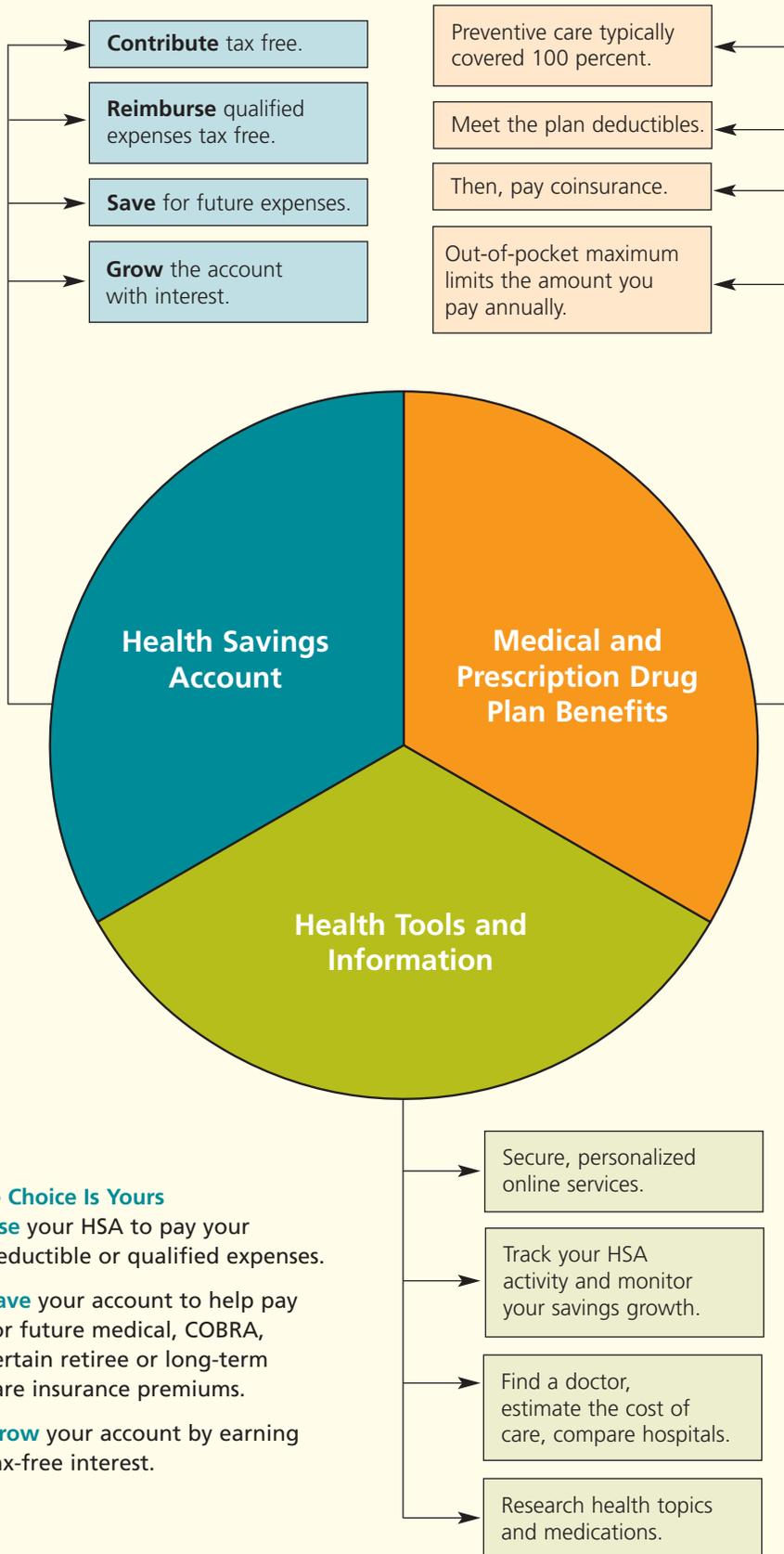
HSA Tax Advantages**

- Contributions you make to your HSA through payroll deductions (if applicable) 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 5 for a listing of qualified expenses.

Put Aetna HealthFund To Work for You

To understand how Aetna HealthFund HSA works, consider the plan's three components ...



The Choice Is Yours

- **Use** your HSA to pay your deductible or qualified expenses.
- **Save** your account to help pay for future medical, COBRA, certain retiree or long-term care insurance premiums.
- **Grow** your account by earning tax-free interest.

Refer to accompanying Plan Design and Benefits summary in your enrollment kit for more information about plan benefits, exclusions and limitations.

1. The HSA

- Each year, choose the amount you wish to contribute to your HSA. You may contribute in the following ways:
 - > Choose a regular payroll deduction (if available). Depending on your plan, deductions may be made before taxes are taken from your paycheck. If not, claim your total contributions as a deduction when you file your taxes.
 - > If you are not contributing through payroll deduction, you can contribute by check payment or electronic funds transfer (EFT). 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. See your employer for details.
 - > If contributions through payroll deduction are less than the maximum allowable annual contribution, you may choose to send in additional contributions by check to make up the difference at some point during the year.
- There is no minimum contribution. The annual maximum is your deductible amount or \$2,650* per individual/ \$5,250* per family, whichever is less. HSA contributions are prorated over 12 months. For example, an individual who enrolls in the Aetna HealthFund HSA plan on June 1 will be allowed to contribute up to 7/12ths of the annual allowable contribution.

*2005 maximums. Will be adjusted for cost of living in future years.

- > Individuals and their spouses who are age 55 and over may make an additional “catch-up” contribution of \$600 per year in 2005 (this amount increases \$100 per year until 2009 when it will be \$1,000). However, 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 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. In addition, once your HSA balance reaches \$2,000 you may have HSA investments service available to you.
- > At the end of the year, any remaining dollars roll over.

2. The Benefits Plan

Your Medical Benefits

- You may visit any licensed health care professional or facility for covered services.
- The plan typically provides 100 percent payment for covered preventive care services like routine screenings, physicals and immunizations.
- Your plan includes deductibles — a set amount of expenses you pay for covered medical services and prescription drugs each year before the medical benefits plan begins to make payment. Your plan may include separate deductibles for in-network and out-of-network services. See the enclosed Plan Design and Benefits summary to determine if this applies to your plan.
 - > **Individual Deductible** — If you enroll as an individual subscriber, this is the amount of covered expenses you pay each year before your plan begins to make payment.
 - > **Family Deductible** — If you enroll with one or more dependents, this is the amount of covered expenses that must be paid by either a combination of family members (dependents) or by any single individual within the family, before your plan begins to make payment.

- When the deductible is met, you pay a 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 nonpreferred (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 are covered by the benefits plan at 100 percent, up to the annual or lifetime benefit maximum.
- Refer to the accompanying Plan Design and Benefits summary in your enrollment kit for more information about plan benefits, exclusions and limitations.

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. Refer to your Plan Design and Benefits summary for additional details.

3. Online Resources To Help You Manage Your Health Care

- Aetna HealthFund HSA 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.aetn navigator.com for personalized health and benefits information. View your HSA account balance, account summary and activity online. Perform self-service functions like ordering ID cards or checking eligibility or claims status.

Your medical plan includes an out-of-pocket maximum — a cap that limits the amount you pay for covered services in a given year.

- 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? If you are already an Aetna member, call the toll-free Member Services number on your ID card. If you are not yet an Aetna member and are considering enrollment in our plan, call **1-888-87-AETNA (1-888-872-3862).

Aetna HealthFund HSA at Work

Here is an example of how one family used Aetna HealthFund HSA to save on medical expenses for the current year.

Plan Features

Family Deductible Amount	\$2,000
Total Family HSA Contribution	\$2,000
Coinsurance (once deductible is met)	You pay 20% preferred care You pay 40% nonpreferred care
Preventive Care (Routine Physicals, Immunizations)	Covered at 100%
Prescription Drug Copayment (once deductible is met)*	\$10 for Generic Drugs \$25 for Brand-Name Drugs

Note: Your benefits may be different from those cited. Refer to your Plan Design and Benefits summary for details.

Jennifer & Family

Jennifer has coverage for herself, her husband and their two children. The family's medical and prescription drug expenses for the year totaled \$5,000 (\$4,700 medical and \$300 pharmacy). They paid \$2,000 out-of-pocket to meet their annual deductible.

The family's HSA has a balance of \$2,000. Jennifer chose to submit half of the family's qualified deductible expenses using the money in her HSA.**

The HSA balance was \$1,000 at the end of the year. \$1,000 remained in the HSA to roll over to the next year.

(Each child had a physical exam, totaling \$200. The plan paid for these preventive care charges at 100 percent and they were not an expense to Jennifer's family.)

The family's remaining medical expenses totaled \$2,500. They received care from preferred doctors and facilities and were responsible for a 20 percent coinsurance (\$500), because the deductible was met. The plan paid the remaining \$2,000.

The family's prescription drug expenses totaled \$300 for four prescriptions. Because they used generic drugs and the deductible was met, they paid \$10 per prescription (\$40). The plan paid the remaining \$260.

Summary for Jennifer and Family

Amount Paid by Jennifer Out-of-Pocket To Meet Deductible	\$2,000
HSA Reimbursement	\$1,000
HSA Remaining at Year End	\$1,000
Remaining Amount Paid by Jennifer ((\$500 medical coinsurance, \$40 prescription drug copayments)	\$540
Amount Paid by the Plan ((\$2,000 medical expenses, \$200 preventive care, \$260 prescription drugs)	\$2,460

*Prescriptions filled before meeting the deductible will be payable by the member at the pharmacy at the plan negotiated rate. Copayments are applicable only after the deductible is met.

**Reimbursement from HSA funds is limited to the amount of money available in the account at any given time.



The Value of Tax-Advantaged HSA Savings Over Time

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

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.

***Employers and employees should consult with a tax advisor to determine eligibility requirements and tax advantages associated with participating in the Aetna HealthFund HSA plan.



"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 benefits 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 by visiting the IRS website at www.irs.gov and clicking 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
- Birth control pills
- Hearing aids
- Wheelchairs
- Organ transplants
- Certain classes of over-the-counter drugs
- Premiums while receiving federal unemployment compensation
- Medicare and Medicare Advantage premiums

Refer to your Plan Design and Benefits summary included in your enrollment kit to review those expenses that are covered (or not covered) by your medical and prescription drug plans.

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

We are pleased that you are considering Aetna HealthFund HSA, a new approach to managing your health care and your health care dollars.

We look forward to welcoming you as our newest plan member.



If you need this material translated into another language, please call Member Services at 1-888-98-AETNA (1-888-982-3862).

Si usted necesita este documento en otro idioma, por favor llame a Servicios al Miembro al 1-888-98-AETNA (1-888-982-3862).

This material is for informational purposes only and is neither an offer of coverage nor medical advice. It contains only a partial, general description of plan benefits or programs and does not constitute a contract. Aetna arranges for the provision of health care services. However, Aetna itself is not a provider of health care services, and therefore, cannot guarantee results or outcomes. Consult the plan documents (Booklet, Booklet-certificate, Group Policy) to determine governing contractual provisions, including procedures, exclusions and limitations relating to the plan. Aetna HealthFund HSA may not be available in all states. Health insurance plans contain exclusions and some benefits are subject to limitations or visit maximums. With the exception of Aetna Rx Home Delivery® service, all participating physicians, hospitals and other health care providers are independent contractors and are neither agents nor employees of Aetna. Aetna Rx Home Delivery, LLC, is a subsidiary of Aetna Inc. The availability of any particular provider cannot be guaranteed, and provider network composition is subject to change. Notice of the change shall be provided in accordance with applicable state law.

Information supplied by Aetna IntelliHealth or Healthwise Knowledgebase is for informational purposes only, is not medical advice and is not intended to be substitute for proper medical care provided by a physician.

Aetna HealthFund HSA withdrawals are to be used for qualified medical expenses. Withdrawals will be made at the Account Holder's discretion. Withdrawals that are not for qualified medical expenses are taxable and will be subject to penalty taxes in certain circumstances. Features of this plan may vary based on the specific terms established by your employer. Please read your benefits materials carefully. Health savings accounts are not insured benefits. Credited interest rates are subject to change. Aetna does not act as tax or legal advisor of the Account Holder with respect to Account Holder's HSA. HSA contributions are not subject to Federal and most state and local taxes. Please consult your tax advisor for further details.

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



www.aetna.com