

for your
benefit



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The Medical Choice Plan

Flexibility, affordability and choice. That is what the Medical Choice Plan offers you. It's a different kind of plan — a high-deductible health care plan funded by a health savings account (HSA).

Plans like the Medical Choice Plan are often called “account-based.” This means that, in addition to comprehensive medical coverage, the plan features an HSA that you may use to help pay for eligible medical expenses. Out-of-pocket protection remains in the plan for years that you have high costs. But in healthy years when you have few costs, you may have funds to roll over to use in future years, when you need them. There are no co-payments and referrals are not required.

You also may have heard plans like the Medical Choice Plan called “consumer-driven.” This refers to the shift in decision-making power from the plan administrator to you. You take control of your health care, and you decide how you spend your health care dollars.

How is it that you get to make these decisions? Your HSA gives you this freedom.

Your Health Savings Account (HSA)

Your HSA puts you in command of your health care decisions. Your HSA is a federally regulated savings account at Bank of America. You own your account and can take it with you if you leave MCGHealth employment. If you wish, you may open an HSA at a different financial institution.

If you enroll in the Medical Choice Plan, you also must enroll in the HSA and elect a contribution amount.

Contributing to Your Account

You choose how much to contribute to your HSA through pre-tax payroll deductions.

- For 2010, the federal combined employee and employer annual contribution limit is \$3,050/individual or \$6,150/family. If you are age 55 or older, you may make annual catch-up contributions of up to \$1,000.
- MCGHealth also contributes \$50 per month to your HSA.

Tip: When determining your annual contribution amount, remember to factor in MCGHealth's contributions so you do not contribute more than the federal maximum.

Using Your HSA Funds

You may use your HSA to pay eligible medical and pharmacy expenses incurred by you and dependents that you claim on your federal tax return. (You may choose to pay these expenses with your personal money, but if you do so, you will not receive the tax advantage.)

To prove that you are using your HSA properly, you should keep records of your eligible medical expenses.

September 14, 2009

If you use your funds for ineligible expenses and:

- You are under age 65, the amount is subject to regular income taxes, plus a 10% tax penalty. You may be able to avoid the tax penalty if you can show clear proof that your incorrect use of funds was accidental, and if you repay the money by April 15 of the following year.
- You are age 65 or older, you may spend your Health Savings Account funds on any need. You will pay regular income taxes if you use your HSA for ineligible expenses, but the 10% tax penalty will not apply.

Visa® Debit Card

A few weeks after you enroll for benefits, you will receive a Visa® debit card from Bank of America at your home address. Use your card when you pay for eligible expenses. At the register, select “credit” (no PIN is necessary) and the card will automatically deduct your expense. In most cases, you do not have to complete a paper claim.

If you are enrolled in the Limited Purpose Health Care FSA as well as the HSA, you can access both of these accounts with your debit card. When you pay for an eligible expense, the card will automatically deduct your expense from the correct account.

To order extra cards, call the customer service number that is on your welcome letter from Bank of America.

Saving for Future Expenses

HSA money that you do not use rolls over at the end of the year. You may use that money the following year or save it for future medical expenses. There is

no “use it or lose it” rule, as with flexible spending accounts.

About HSAs and FSAs

If you have an HSA and want to participate in the Health Care Flexible Spending Account (FSA), you must enroll in the Limited Purpose Health Care FSA. This type of FSA covers eligible dental, vision and certain over-the-counter drug expenses only. It does not cover your eligible medical or prescription drug expenses because those are covered by your HSA. See “Your Flexible Spending Accounts” in this guide for details.

Federal Rules

Many federal rules govern how HSAs work and how you can use them. For details, visit www.bankofamerica.com/hsaforlife or www.bankofamerica.com/benefitslogin and read Publication 969 on www.irs.gov.

Pharmacy Benefits in the Medical Choice Plan

In the Medical Choice Plan, you get coverage for preventive medications before you meet your deductible. Preventive medications are drugs prescribed for you because you are at risk of developing a disease.

Examples include medication taken for high blood pressure, high cholesterol, diabetes, asthma and osteoporosis.

The Medical Choice plan has an out-of-pocket maximum that applies to medical and pharmacy benefits combined. Once you have spent \$3,800/individual or \$7,600/family (excluding the deductible, in network) all your eligible expenses — medical and pharmacy — are covered at 100%