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To learn more about HSA-Compatible Plans contact us at **1-800-447-8812**.

Or visit our website at www.healthnet.com.



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**Small Business Group
HSA-Compatible Plans
PPO 2000 (53D)
PPO 3000 (53E)**



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HEALTH NET SMALL BUSINESS GROUP INTRODUCES HSA-COMPATIBLE HEALTH PLANS

Health Savings Accounts (HSAs) were enacted by the Medicare Modernization Act of 2003 to give consumers a tax-efficient way to manage their health care expenses. These accounts quickly have become the most talked about development in health coverage. In a 2004 employer survey conducted by Mercer Human Resources Consulting, nearly three-quarters of respondents felt it was either “very likely” or “somewhat likely” that they will offer a high-deductible health plan with an HSA by 2006.¹ How about you?

WHAT IS AN HSA?

An HSA is an individually owned savings account, similar to a 401(k) plan, except that money is used to pay current and future health care costs.

The key features:

- The funds provide *initial coverage* for “qualified expenses,” which include services typically covered under a traditional health plan.²
- Individual contributions are *tax deductible*.
- Employer contributions are not subject to FICA or FUTA taxes.
- The funds can be *invested*, and earnings are *non-taxable*.
- The funds are not “use it or lose it,” but can *roll over* to the following benefit year.
- Maximum contributions for 2004 are \$2,600 (*individual enrollee*) or \$5,150 (*family*).
- It is *portable* – the accounts are your employees’ to keep.
- *HSAs must be used in conjunction with HSA-compatible, high-deductible health plans.*

You can help your employees take advantage of these tax-efficient savings accounts, and help their health care dollars go farther, by offering Health Net HSA-Compatible PPO 2000 or PPO 3000 plans.

HSA-COMPATIBLE PPO 2000 OR PPO 3000 PLAN DETAILS

Our new HSA-compatible plans are *affordable options* that meet the high deductible requirement, while excluding routine annual doctor visits from the deductible. The other key benefits:

- Enrollees can have Direct Access to the physician of their choice; no referrals are required to see a specialist.
- Members can use their HSA to cover the deductible and all copayments.
- The plans have an integrated medical and pharmacy deductible and out-of-pocket maximum.
- For family coverage, all member claims apply to the family out-of-pocket maximum amount until it is met.
- Prescription drug coverage is available for retail and mail-order services.
- A \$5 million lifetime maximum
- Coverage is included for non-network services at a lower benefit level.

Benefit	PPO 2000 (53D) 70/50)		PPO 3000 (53E) 70/50)	
	IN-NETWORK (Coinsurance is based on contracted rate)	OUT-OF-NETWORK (Coinsurance is percentage of Customary & Reasonable)	IN-NETWORK (Coinsurance is based on contracted rate)	OUT-OF NETWORK (Coinsurance is percentage of Customary & Reasonable)
Lifetime maximum	\$5,000,000		\$5,000,000	
Annual deductible	\$2,000 single \$4,000 family Deductible counts toward maximum annual out-of-pocket cost (combined with in-network/out-of-network)		\$3,000 single \$6,000 family Deductible counts toward maximum annual out-of-pocket cost (combined with in-network/out-of-network)	
Maximum annual out-of-pocket costs	\$4,000 single \$8,000 family (combined with in-network/out-of-network)		\$5,000 single \$10,000 family (combined with in-network/out-of-network)	
Office visit¹	30%	50%	30%	50%
Periodic health evaluation (age 17 and older)¹	\$30 copayment (deductible waived)	Covered as in-network benefit only	\$40 copayment (deductible waived)	Covered as in-network benefit only
Vision and hearing exam (up to age 17)¹	\$30 copayment (deductible waived)	Covered as in-network benefit only	\$40 copayment (deductible waived)	Covered as in-network benefit only
X-ray and laboratory procedures (including mammograms)	30%	50%	30%	50%
Outpatient services	30%	50%	30%	50%
Outpatient surgery (professional/institutional)	30%/30%	50%50%	30%/30%	50%50%
Inpatient care (professional/institutional)	30%/30%	50%50% (\$600 maximum allowable per day)	30%/30%	50%50% (\$600 maximum allowable per day)
Well-child care (up to age 17)¹	\$30 copayment (deductible waived)	Covered as in-network benefit only	\$40 copayment (deductible waived)	Covered as in-network benefit only
Emergency room (professional/institutional)	30%/30%	50%50%	30%/30%	50%50%
Mental health services for severe mental illness and serious emotional disturbances of a child (outpatient/inpatient)	30%/30%	50%/50% (\$600 maximum allowable per day)	30%/30%	50%/50% (\$600 maximum allowable per day)
Mental health services for non-severe mental disorders (outpatient/inpatient)	Not covered		Not covered	
Acute care detoxification (inpatient)	30%	50% (\$600 maximum allowable per day) (3 days per calendar year)	30%	50% (\$600 maximum allowable per day) (3 days per calendar year)
Durable medical equipment	30% (\$1,000 combined with out-of-network calendar year maximum)	50% (\$1,000 combined with in-network calendar year maximum)	30% (\$1,000 combined with out-of-network calendar year maximum)	50% (\$1,000 combined with in-network calendar year maximum)
Diabetic equipment	20%	50%	20%	50%
Chiropractic care	Not covered		Not covered	
Infertility services and supplies	Not covered		Not covered	
Self-injectable drugs	30%	50%	30%	50%
Retail pharmacy (up to a 30-day supply) (including birth control pills)	\$15 Level I \$30 Level II \$50 Level III Subject to annual deductible	50%	\$15 Level I \$30 Level II \$50 Level III Subject to annual deductible	50%
Brand name deductible	Not applicable	Not applicable	Not applicable	Not applicable
Mail order program (up to a 90-day supply of maintenance medications)	\$30 Level I \$60 Level II \$100 Level III Subject to annual deductible	Not applicable	\$30 Level I \$60 Level II \$100 Level III Subject to annual deductible	Not applicable
Brand name deductible	Not applicable	Not applicable	Not applicable	Not applicable

It is completely at the discretion of the employer and employee whether or not to establish an HSA with a qualified custodian of their choice. This communication is for general information only. For complete information on HSA tax savings and eligibility, contact your tax agent or professional.

¹Not subject to the annual deductible.

¹US employers see a role for new Health Savings Accounts in their benefit programs, Mercer Human Resource Consulting LLC, April 27, 2004

²The HSA also can be used for services such as vision, dental and over-the-counter medications. A full list of qualified medical expenses is outlined in IRS Publication 502 – *Qualified Medical and Dental Expenses*.