Blue Cross and Blue Shield of Illinois offers high deductible health plans that are designed to be used with Health Savings Accounts (HSAs).

Two plans:
- **BlueEdge**\(^\text{SM}\) Individual HSA and
- **BlueEdge**\(^\text{SM}\) Individual HSA 5000

- A wide range of deductibles and two coverage levels: 100% or 80%
- First dollar coverage for Well-Adult Care and Well-Child Care benefits, with a $20 copayment per visit
- Low premiums
- Our industry-leading PPO Network
High deductible health insurance plans answer the need for reliable coverage with lower premiums. They typically cost less than major medical plans with lower deductibles, because you agree to assume a greater share of the cost of your health care expenses initially. The minimum annual deductible is $1,200 for individuals and $2,400 for families.

High deductible health plans are even more attractive than ever — because they can be used with a Health Savings Account (HSA).* An HSA is a tax-advantaged, individually owned savings account that you can use to cover a wide range of qualified medical expenses. These expenses may generally include your annual deductible and, if applicable, any out-of-pocket cost-sharing for covered services.

An HSA is similar to an individual retirement account (IRA), because funds can be invested in stocks, bonds and mutual funds while accumulating tax-free interest. The advantage of an HSA compared with an IRA is that HSA funds are generally not taxed when they are withdrawn to pay for qualified medical expenses.

At Blue Cross and Blue Shield of Illinois, we’re always looking for innovative ways to satisfy your health insurance needs — such as our BlueEdge high deductible plans that are designed to be used with an HSA.

*Please be reminded that Health Savings Accounts (HSA) have tax and legal ramifications. Blue Cross and Blue Shield of Illinois does not provide legal or tax advice, and nothing herein should be construed as legal or tax advice. These materials, and any tax-related statements in them, are not intended or written to be used, and cannot be used or relied on, for the purpose of avoiding tax penalties. Tax-related statements, if any, may have been written in connection with the promotion or marketing of the transaction(s) or matter(s) addressed by these materials. You should seek advice based on your particular circumstances from an independent tax advisor regarding the tax consequences of specific health insurance plans or products.
Here are the major benefits of a Health Savings Account (HSA):

Control: The money in an HSA belongs to you. YOU decide how to spend it based on your particular health care needs and budget. HSA funds can be used to pay for qualified medical expenses not covered by your health insurance plan.

NOTE: Funds withdrawn other than for qualified medical expenses may be subject to tax and a 10% penalty.

Flexibility: You can deposit (generally until age 65) or withdraw your money anytime without a tax penalty as long as you use it for qualified medical expenses. There is a yearly maximum amount for contributions.

Ownership: The money in an HSA belongs to you. You can take it with you from one employer to another and continue to make contributions and withdrawals. Also, unused funds roll over from one year to the next.

Tax Savings*: An HSA allows you to put away money that may be fully tax-deductible to cover future qualified medical expenses. This means that you can set aside income-tax-free dollars, subject to certain limits, in an HSA to pay for your qualified medical expenses. While your HSA builds savings, it also accumulates interest on a tax-free basis. You generally will pay no taxes or penalties when you use funds from your HSA to pay for qualified medical expenses.
3 Easy Steps to Setting Up Your
BlueEdge Health Plan and
Health Savings Account (HSA)

**STEP 1:** Select and apply for one of the BlueEdge HSA plans.

- Choose the deductible and level of coverage that best fit your needs.
- Complete and mail in your application for the health plan.
- Start thinking about and determine which HSA you want to use in conjunction with your health plan.

**STEP 2:** Open a Health Savings Account (HSA) once your BlueEdge HSA health plan is activated.

- You may choose any HSA available to work in conjunction with your BlueEdge HSA health plan. Consider the associated fees, investment choices and debit card/checkbook options to determine which HSA is right for you.
- If you need direction on how to find an HSA, please contact your agent for more information.
- Fund your HSA as soon as possible in order to maximize your tax advantages for the year.

**STEP 3:** Pay for your qualified medical expenses out of your Health Savings Account (HSA).

- Most HSA providers will give you a checkbook and/or debit card so you can pay claims directly out of your HSA. These are convenient ways to pay for prescription or over-the-counter drugs. For doctor or hospital visits, we recommend that you ask to be billed later in case adjustments are made to your expenses.
- While you are not required to open an HSA to be used with your health plan, most customers agree that they get the most out of their plan by taking advantage of the tax benefits, control and flexibility of an HSA.
Innovative HSA-Compatible Plans
from Blue Cross and Blue Shield of Illinois

As the leading health insurer in Illinois, Blue Cross and Blue Shield of Illinois is always looking for additional ways to help you meet your unique health insurance needs.

We are pleased to offer BlueEdge Individual HSA and BlueEdge Individual HSA 5000 — high deductible health insurance plans that can be used with a Health Savings Account (HSA).

Not only do both of our BlueEdge high deductible health products provide benefits for the same services as our top-of-the-line major medical plan...they even offer more coverage than high deductible health plans from other companies.

Of course, you can expect to find all the “standard” coverage of major medical plans — like benefits for hospitalization, surgery, doctor’s office visits, inpatient and outpatient care and emergency care. In fact, both BlueEdge Individual HSA and BlueEdge Individual HSA 5000 offer up to $5,000,000 in lifetime protection!

Check to see how many other plans offer these features:

- First dollar coverage for Well-Adult Care and Well-Child Care benefits, with a $20 copayment per visit
- 100% or 80% coverage after deductible
- Optional maternity benefits
- Prescription drug coverage
- PPO Network, with 90% of Illinois doctors and more than 200 participating hospitals

Product Profiles

BlueEdge Individual HSA

- Choice of four deductibles for individuals:
  - $1,200, $1,750, $2,600 and $3,500
- Choice of four deductibles for families:
  - $2,400, $3,500, $5,200 and $7,000
- 100% or 80% coverage for service through participating providers
- When the out-of-pocket expense limits are reached, all covered benefits through participating providers are fully paid
- Prices reflect a 10% discount for families

BlueEdge Individual HSA 5000

- $5,000 deductible for individuals and $10,000 deductible for families
- 100% coverage for services through participating providers (This means you pay nothing for covered services used through participating providers once you meet your deductible.)
- Prices reflect a 10% discount for families

Which BlueEdge HSA Insurance Plan Is Right for You?

Although there is no “right” answer to this question, here are some guidelines for helping you make an informed decision. If you are relatively young with a good health history, you may want to choose BlueEdge Individual HSA 5000. That’s because you may feel that you are unlikely to incur high health care expenses in any given year. Also, your monthly premium will be lower with this plan.

On the other hand, if you are willing to pay a little more for your monthly premiums in return for a lower annual deductible — as low as $1,200 for individuals — you may want to consider BlueEdge Individual HSA.
Q. What is a high deductible health plan?
A. A high deductible health plan is a health insurance plan that features an annual deductible ranging from $1,200 to $5,000 for individuals and from $2,400 to $10,000 for families. Because the deductible is high, monthly premiums are typically lower than they are for other health plans. What’s more, certain high deductible health plans — like BlueEdge Individual HSA and BlueEdge Individual HSA 5000 from Blue Cross and Blue Shield of Illinois — are designed to be used with a Health Savings Account (HSA), which may offer you tax advantages and greater control of how you spend your money for health care expenses.

Q. What is an HSA?
A. An HSA, or Health Savings Account, is a tax-advantaged, individually owned savings account that you can use with a high deductible health plan to cover a wide range of qualified medical expenses. That includes your annual deductible and, if applicable, any out-of-pocket cost-sharing for covered services.

Q. Who is eligible for an HSA*?
A. Individuals, generally those under age 65, who are covered by a qualified high deductible health plan — and who are not (a) covered by other health insurance or health benefit plan, or (b) entitled to or currently enrolled in Medicare (typically at age 65) — can qualify. You cannot be claimed as a dependent on someone else’s tax return.

Q. Do I have to set up an HSA before I start paying for my medical expenses?
A. If you want to take full advantage of a high deductible health plan that is designed for an HSA — like BlueEdge Individual HSA or BlueEdge Individual HSA 5000 from Blue Cross and Blue Shield of Illinois — the answer is “Yes.”

Q. How do I set up an HSA*?
A. Your Blue Cross and Blue Shield of Illinois agent can provide you with information to help you set up an HSA. Or, you may already have a particular financial institution in mind.

Q. How much can I contribute to my HSA?
A. The amount individuals can contribute to their HSA on an annual basis is mandated by the United States Department of the Treasury, and may change year to year. Please visit www.treasury.gov to review the current contribution amounts.

Q. How do I contribute to my HSA*?
A. Within limits, you may contribute money to your account by making a lump sum contribution or periodic payments at any time. You can claim your total amount contributed for the year as an “above the line” tax deduction when you file your income taxes. You have until April 15 of the following year to make HSA contributions for the prior year. If you are over age 55, you can make additional catch-up contributions.

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Insurance Plans and Health Savings Accounts (HSAs)*

**Q. How do I use the funds in my HSA?**
**A.** Using funds in your HSA is easy. Typically, a financial institution will provide you with a debit card and/or a checkbook. When you pay for a qualified medical expense, use the debit card or check to make the payment.

**Q. What are qualified medical expenses?**
**A.** An HSA can be used to pay for many types of qualified medical expenses, even some that are often excluded through health insurance plans. Here is a partial list of what’s included:

- Health insurance plan deductibles, copayments and coinsurance paid for qualified medical expenses
- Prescription and most over-the-counter drugs
- Dental services, including braces, bridges and crowns
- Vision care, including glasses and Lasik eye surgery
- Psychiatric and certain psychological treatments
- Qualified long-term care services and insurance premiums (subject to limits based on age and are adjusted annually)†
- Medically related transportation and lodging (subject to certain limitations)

Check with your tax advisor or go to www.irs.gov to obtain a current list of qualified medical expenses as determined by the IRS. (See Publication 502 and 969)

**Q. Can I use my HSA to pay for non-health-related expenses?**
**A.** You may withdraw money from your HSA for items other than qualified health expenses, but it will be subject to income tax and, if you are under 65 years old, there is generally an additional 10 percent tax penalty on the amount withdrawn.

**Q. Can the unused funds in my HSA be rolled over each year?**
**A.** Yes. Your funds will accumulate without a maximum limit.

**Q. Does the money in my HSA earn interest?**
**A.** In most cases, the funds in your HSA will earn interest. Many financial institutions that offer HSAs will also have other investment options.

**Q. How long can I keep my HSA?**
**A.** Your HSA is yours to own. You can take it from one job to the next, and you can even use it when you retire.

**Q. Can an HSA be used by individuals over age 65?**
**A.** Yes. Although individuals over age 65 generally may not contribute to their HSA, they may continue to earn tax-free interest on the balance and can use their account to pay for health-related medical expenses tax-free.

†Note: Generally, an HSA may not be used to purchase health insurance unless specifically excepted. Expenses that are not qualified medical expenses include premiums paid for Medicare supplemental coverage and Medigap. To be sure if a medical expense qualifies as eligible, you should check with a tax advisor or the IRS.
Our Contracting Provider Network Assures You Freedom of Choice

BlueEdge Individual HSA and BlueEdge Individual HSA 5000 provide access to our industry-leading PPO Network in Illinois, which includes 90% of Illinois doctors and more than 200 participating hospitals.

In fact, with our extensive PPO Network — it’s likely that your current health care providers participate.

Blue Cross and Blue Shield of Illinois Offers You and Eligible Family Members Choices

Blue Cross and Blue Shield of Illinois offers you and eligible family members choices when it comes to your care. Members and eligible dependents have the freedom to visit any physician they choose, with benefits paid at the highest level of benefits when the doctor is in the participating provider network. Members do not need to select a primary care physician to coordinate care, and no referrals are needed to see a specialist.

Travel with Confidence — You’re Covered Away from Home

As a member of Blue Cross and Blue Shield of Illinois, you’ll have access to a program called BlueCard PPO. Contracting providers linked through the BlueCard program allow you to receive benefits for covered services when you travel. Simply present your Blue Cross and Blue Shield of Illinois ID card to a participating provider wherever you are. To find a participating provider while you’re away, just call the toll-free number on the back of your card. It’s that easy.
No Paperwork in Most Cases — Your Claims Are Handled for You

- Simply present your BlueEdge HSA ID card to your health care provider. Do not make a payment at this time.
- Your health care provider will submit a claim to Blue Cross and Blue Shield of Illinois.
- Blue Cross and Blue Shield of Illinois will send you an Explanation of Benefits — which will also show you how much of your deductible and your out-of-pocket maximum you have met to date.

Guaranteed Renewability

Your individual or family coverage is guaranteed to be renewable. This means that as long as your premiums are paid on time, renewal of your coverage can be refused only for the following reasons:

1. fraud or an intentional material misrepresentation, or

2. all policies bearing your policy’s form number have not been renewed.

Financial Stability You Can Count On

Today, one American out of three carries a Blue Cross and Blue Shield membership card. In fact, more than 7 million people across Illinois carry our membership card because they trust Blue Cross and Blue Shield of Illinois to give them more health care value for their premium dollar. Blue Cross and Blue Shield of Illinois has been serving the health insurance needs of Illinois residents for more than 65 years. We’re one of the largest and most financially secure insurance companies in the state. A.M. Best, one of the leading rating agencies of the insurance industry, has awarded us an “A+” (Superior) rating.*

* As of December 2008
PRODUCER’S NEW BUSINESS CHECKLIST

For quick processing of all applications...

Use this simple checklist before submitting your applications to assure prompt processing.

Have you:

☐ Reviewed each application to verify that it is complete and legible?
☐ Assured that all the necessary signatures are provided?
☐ Assured that any changes to an application are initialed by the applicant?
☐ Attached detailed descriptions for any health questions which have been answered “YES”?
☐ Included your Agent Code and phone number on the application?
☐ Completed the “Conditional Receipt” form?
☐ Given the applicant a copy of the Outline of Coverage?

In addition...

☐ There are NO C.O.D.s.

☐ The check for the exact amount should be made payable to: Blue Cross and Blue Shield of Illinois.

   If applicant is paying by bank draft authorization, make sure the authorization form is completed, a voided check or deposit slip is attached, and a check for the first month’s premium is submitted.

   If applicant is selecting the two-month payment mode, a check for the first two months’ premium should be submitted.

☐ If applicant is replacing his/her current coverage, make sure a signed replacement form is also attached.
THIS SALES KIT PROVIDES HEALTH INSURANCE PLAN HIGHLIGHTS ONLY.

When we receive your application, we will evaluate your medical history and, if approved, you will receive your ID card and policy.

Your coverage documents include a full description of benefits, limitations, exclusions and other features of coverage. You have 30 days to examine your coverage with no risk or obligation. We want you to be 100% satisfied. If you should change your mind about your Blue Cross and Blue Shield of Illinois policy, even after you’ve made your first premium payment, simply return your policy and membership card to your insurance representative within 30 days after the activation of the policy. If no claims were filed, you will get a refund of your premium. You’ll be under no further obligation.