



ARKANSAS

Comprehensive
Health Insurance Pool

Presenting CHIP's HSA Plan for 2012

A Qualified High-Deductible Health Plan

To cover health care expenses for serious illness or injury and allow you to take advantage of HSA tax savings

Health Savings Account (HSA)

until the deductible is met

We put it all together for you!

CHIP's Plan Administrator is:



HSA Plan for CHIP Participants

Putting it together for you...

Confused by Health Savings Accounts (HSAs) and the tax savings they offer? CHIP and its administrator, BlueAdvantage, can help put all the pieces together for you. CHIP now offers a health plan that meets all federal requirements to allow you to take advantage of the tax savings associated with HSAs. When you enroll in CHIP's HSA Plan and open a health savings account, you can meet your deductible and pay other qualified health care expenses with *tax-exempt* savings. This helps you save money and safeguard your assets against high health care costs.

Who's eligible for our qualified coverage?

- Anyone who is eligible for CHIP may enroll in CHIP's HSA Plan.

CHIP Benefits Summary

The CHIP HSA Plan offers these benefits and services.

Basic provisions:

- Comprehensive major medical protection
- \$1 million in lifetime maximum benefits
- Calendar year benefits (from January 1 – December 31)
- Premiums based on the age, sex and tobacco usage of the applicant and deductible option selected
- A deductible that automatically adjusts for cost-of-living increases, in compliance with HSA laws and to help maximize your tax-saving potential.
Important: You can cover your deductible and coinsurance with tax-free HSA funds!

Hospital benefits:

- Operating and recovery rooms (includes outpatient surgery)
- Semi-private room and board
- Intensive care
- Required diagnostic x-ray and lab tests
- Anesthesia services
- Drugs and supplies

Outpatient benefits:

- Physician outpatient care
- Surgery
- Radiological therapy
- Injectable chemotherapy
- Medical emergencies
- Required x-ray and lab tests
- Drugs and supplies
- Colorectal screening

Physician benefits:

- Office visits (non-routine)
- In-hospital visits
- Surgery
- Anesthesia
- Required x-ray and lab tests
- Psychiatric and substance abuse treatment*

Miscellaneous benefits:*

- Durable Medical Equipment
- Home Health
- Ambulance

Prescription drug benefits:

Once you have satisfied your annual deductible, prescription drugs are covered with CHIP HSA (see “Benefit Summary” chart).

Maternity (prenatal/obstetrics):

Maternity benefits are included for obstetrical care, physician services, labor and delivery room.

Wellness Care Benefit:

The following wellness services are covered when performed by an in-network physician, subject to a \$25 copay for each service and certain age limitations: Annual physical exam, well child exam, mammogram screening, pap smears and prostate exam.

Maximize your benefits by using the True Blue PPO® network:

Using providers in our large network helps keep your out-of-pocket costs down. Choose from more than 5,500 doctors and health care providers, as well as 89 hospitals. There’s NO primary care physician to choose, and NO referrals are required.

Out-of-network coverage:

You have the choice to seek care outside the network and still be covered, although you’ll be responsible for more of the cost. For **out-of-network** care, you are also responsible for any “balance billing,” the difference between the provider’s bill and the insurance plan’s allowed amount.

* Refer to “General Coverage Limitations” in this brochure.

2012 Benefit Summary – CHIP HSA Plan

Benefits	In-Network	Out-of-Network
Deductible	\$1,250	
Calendar-Year Coinsurance Maximum	\$2,000	
Lifetime Maximum	\$1 Million	
What the Plan Pays After Your Deductible is Satisfied		
Inpatient Hospital	80%	60%
Outpatient Hospital	80%	60%
Doctor Visits	80%	60%
Emergency Room	80%	60%
Prescription Drugs	80%	80%
Wellness Care Benefit	100%*	None
*Subject to \$25 Copay for each examination & screening—Deductible does not apply.		

CHIP

What is an HSA?

An innovative investment offering tax savings

An HSA (Health Savings Account) is a tax-exempt investment vehicle. It works with qualified high-deductible plans such as CHIP's HSA Plan, to save you money. With an HSA, you can "self fund" out-of-pocket health care expenses – such as your deductible, coinsurance, and unreimbursed medical bills – with *tax-free* money. The insurance then covers you against the risk of catastrophic medical bills.

Who's eligible to open an HSA?

You're eligible to open a tax-saving HSA if you are:

- Under age 65
- Not eligible for Medicare
- Not claimed as a dependent on someone else's tax return
- Covered by a qualified, high-deductible health insurance plan
- Not covered by any other non-qualified HSA health insurance plan.

Tax-deductible contributions

HSA contributions are tax-deductible, even if you don't itemize. Your taxable income is reduced by the amount you contribute to your HSA each year.

How much can you contribute?

With CHIP's HSA Plan, the most you can contribute in 2012 is \$3,100.00.

If you are opening your HSA at sometime other than the first of the year, the maximum amount you can contribute for 2012 will be reduced. The government adjusts contribution maximums annually.

Contributions for the taxable year can be made in one or more payments. People ages 55 to 64 can make additional "catch-up" contributions for any previous year in which qualified insurance was in effect.

Tax-free interest from the HSA of your choice

Like an IRA, investment earnings on your HSA account accrue tax-free.*

*Many financial institutions offer HSAs and you are free to open an HSA at the bank of your choice. One such bank offering HSAs is HSA Bank,TM a vendor of CHIP's administrator, BlueAdvantage. ***

For current rates available from HSA Bank, call toll-free 1-866-471-5929, or visit www.hsabank.com and click on "Rates" in the pull-down menu under "Account Features." You'll also find a tax tool there to help you see how much you can save.

Tax-free withdrawals for qualified medical expenses

HSA withdrawals – including interest earned – are tax-free* for a variety of qualified medical expenses, including:

- Your health insurance deductible and coinsurance amounts
- Payments for the diagnosis, cure, mitigation, treatment, or prevention of disease not reimbursed by your qualified health plan
- Dental and vision care
- Long-term care services and long-term care insurance
- Retiree health insurance premiums – including Medicare but not Medicare supplement (Medigap) premiums. (Medicare beneficiaries are ineligible to open an HSA. However, HSA contributions may be used to pay Medicare premiums in the future.)

Balances roll over year after year

An HSA is an investment you can keep for life. If you don't use all of the money in your HSA to pay for medical expenses in one year, funds roll over to the next year. You can let funds continue to accumulate over the years. It's another federally approved, tax-sheltered way to save for retirement. And, there's no lifetime contribution maximum.

It's easy to open your HSA

Upon approval for CHIP HSA, BlueAdvantage will send you an HSA Bank** application. If you prefer, call HSA Bank at 1-866-471-5929.

HSA Bank offers many attractive benefits, including online banking. You also have the option of using any local bank that offers Health Savings Accounts. Ask about setup fees and monthly maintenance fees to ensure you receive the maximum benefit from your contributions.

* To receive tax-free benefits, HSA withdrawals can only be used for qualified medical expenses.

** You are not required by Blue Advantage Administrators to use HSA Bank as your HSA trustee.

CHIP

How You'll Save

Save on taxes!

Once approved for a CHIP HSA plan, open a tax-sheltered HSA to get a tax deduction on money you deposit in your HSA, even if you don't itemize!

Watch your money grow with generous annual contribution limits.

You can make HSA deposits up to the annual maximum allowed by law *OR* your CHIP HSA deductible, whichever is less.

Earn tax-free interest!

Interest compounds on HSA deposits as your funds roll over year after year.

Cover out-of-pocket health care expenses with tax-free money!

Pay NO taxes on HSA withdrawals used for qualified medical expenses (Internal Revenue Code Sec 213d).

Like all health insurance plans, CHIP HSA has exclusions and limitations:

Tobacco Users: Separate rates are applicable to Tobacco Users.

Benefits and Services Not Included: No coverage is available for in vitro fertilization, artificial insemination, and other infertility-related procedures.

Conditions existing prior to the effective date of the policy are not covered until the policy has been in effect for 6 months (not applicable to current CHIP policyholders who are Federally Eligible; or Resident Eligible who have had their policy for 6 months or more).

Additional Benefits and Services not Included: Injuries or diseases caused by war; dentistry, (except for some oral surgery); eye refractions, eyeglasses or hearing aids, unless needed because of accidental injury; cosmetic surgeries, unless needed because of accidental injury; services or supplies not medically necessary; medical or hospital services collectible under Workers Compensation or any law providing benefits for dependents of military personnel; services rendered in government hospitals; intentionally self-inflicted injuries; inpatient services, if they could have been performed safely and adequately on an outpatient basis; services and supplies which are experimental or investigational in nature; benefits provided under Medicare or other government programs; services of social workers, unless included as part of the daily room and board allowance; radial keratotomy or epikeratophakia or any services performed to correct nearsightedness; hospital and physician services for rest cures; services by an immediate relative (spouse, parent, children, brother, sister, or legal guardian); dietary supplements when used in connection with weight reduction programs.

Limitations of Hospital Benefits: All inpatient admissions (into a hospital or other facility) require Pre-certification. To pre-certify benefits, the hospital, provider or insured person calls the toll free number, 800-451-7302. Services rendered in a hospital outside of the United States of America will be paid at the sole discretion of the Plan.

General Coverage Limitations: See the Policy for a full discussion of its limitations. Expenses for diagnosis and treatment of chemical and drug dependency subject to an annual benefit of \$4,000. Expenses for diagnosis and treatment of mental and nervous disorders are subject to a maximum annual benefit of \$4,000. Home Health Care is limited up to 270 visits by an RN or LPN per calendar year. Diabetes Self-Management Training is limited to one lifetime benefit as prescribed by a physician. Care in a Skilled Nursing Facility is covered up to 120 days per calendar year, certified 60 days at a time. Newborns born to a parent already on CHIP are not automatically covered.

Subrogation: If benefit payments are made for which a third party may be liable, CHIP is entitled to recovery out of payments made by that third party to the full extent of benefits paid.

CHIP HSA Underwriting: There are eligibility requirements that must be met to be approved and have a policy issued.

Important Note: This summary of coverage is not your policy, and only the actual policy provisions will control. It is, therefore, important that you READ YOUR POLICY CAREFULLY.

Questions? Call us toll-FREE at 1-800-285-6477

Blue Advantage Administrators of Arkansas
P.O. Box 1460
Little Rock, AR 72203