HEALTH SAVINGS ACCOUNT (HSA) – HIGH DEDUCTIBLE HEALTH PLAN (HDHP)

A valuable combination of high deductible health insurance with a tax-advantaged health savings account.

The ACEC Life/Health Trust (ACEC L/HIT) is the place to turn for some of the best ideas and strategies for taking control of your health care costs. ACEC L/HIT qualified High Deductible Health Plans let you choose a higher deductible with a lower premium and take advantage of a Health Savings Account (HSA). ACEC L/HIT offers a variety of qualified High Deductible Health Plans. The plans vary by coinsurance, deductibles and out-of-pocket maximums. The plan comparison chart on the following pages outlines the plans. The information below addresses some of the most Frequently Asked Questions about HSAs.

WHAT IS AN HSA?
An HSA is an innovative approach to health insurance signed into law in December, 2003. An HSA plan has two components:
- A qualified High Deductible Health Plan (HDHP)
- An Individual Tax-exempt Health Savings Account (HSA)

The HSA is designed to pay for qualified medical expenses and/or provide savings to pay for future medical expenses. Money put into the account can either be used during the year or accumulated in the account.

By allowing individuals to keep the unused money in the HSA, the government reintroduces the consumer into the health insurance equation by creating an incentive to check bills, compare costs, and evaluate urgency/frequency of appointments.

WHO IS ELIGIBLE TO SET UP AN HSA?
An individual needs to be covered by a qualified HDHP to set up an HSA. In addition, individuals cannot be:
- covered by a health plan that is not a HDHP
- claimed as a dependent on someone else’s tax return.
- entitled to Medicare benefits (age 65 or older)

HOW DO YOU SET UP AN HSA?
After a HDHP is in force, an HSA can be established through ACEC L/HIT’s recommended HSA administrator, HealthPlan Services, by calling 1-800-350-0676 or through any other administrator or financial institution that offers HSAs.

HOW ARE PRESCRIPTION EXPENSES HANDLED WITH HSA QUALIFIED PLANS?
Prescription expenses are covered in the same way as other medical expenses. They are subject to applicable deductible and coinsurance. All qualified prescription expenses are considered out-of-network expenses. Qualified prescription and non-prescription expenses may be paid with HSA funds.

ACEC L/HIT qualified HDHPs include a Caremark Discount Card for preferred pricing at participating pharmacies. Simply show your medical ID card to receive the lowest price available for your prescription in that store, on that day.

HOW ARE OUTPATIENT LAB TEST EXPENSES HANDLED WITH HSA QUALIFIED PLANS?
ACEC L/HIT qualified High Deductible Health Plans include a LabOne Select Discount Card which provides reduced-cost outpatient laboratory testing for covered services when testing is directed to LabOne. Simply ask your provider to collect specimens and send them to LabOne.

ARE EXPENSES FOR VISION SERVICES COVERED?
Vision care benefits are provided through Vision Service Plan (VSP). Please see the ACEC L/HIT Vision brochure for complete details.

(Continued on next page)
### ACEC L/HIT HSA QUALIFIED HIGH DEDUCTIBLE PPO INSURANCE PLANS

<table>
<thead>
<tr>
<th>Medical Expenses</th>
<th>HSA Plan J</th>
<th>HSA Plan K</th>
<th>HSA Plan L</th>
<th>HSA Plan B</th>
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</thead>
<tbody>
<tr>
<td>Deductible*</td>
<td>Network</td>
<td>Non-Network</td>
<td>Network</td>
<td>Non-Network</td>
</tr>
<tr>
<td></td>
<td>$1,050</td>
<td>$1,250</td>
<td>$1,500</td>
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<tr>
<td>Total if you have Spouse, Children or Family coverage</td>
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<tr>
<td>If you have Employee Only coverage</td>
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<td>Coinsurance (Plan Pays) Up to Out-of-Pocket Maximum</td>
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<tr>
<td>100%</td>
<td>80%</td>
<td>100%</td>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

### Optional Enhanced Routine Physical and Preventive Care Benefit

**HSA Plan V**

**HSA Plan W**

**HSA Plan X**

**HSA Plan N**

### WHAT ARE THE BENEFITS OF HSA QUALIFIED HIGH DEDUCTIBLE PLANS?

#### For employers:
- **Reduced Premiums**—You should be able to lower your insurance premiums by switching to an HSA with a qualified high deductible health plan.
- **Lower Fixed Costs**—Two components of the plan, premium and account funding, can be decided independently, and reviewed annually.
- **Deliver More Benefit Dollars to Employees**—Instead of allocating 100% of insurance dollars to pay premiums, you can allocate some of those dollars directly to employees by funding the account.
- **Provide Incentives to Employees to Get Involved with Healthcare Decisions**—By re-allocating insurance premium dollars to individual HSA accounts, individuals have incentives to get involved with the process and get the biggest bang for their buck.
- **Tax Savings**—You receive a business expense deduction for contributions to employee HSAs. Contributions to employee HSAs are not subject to income tax withholding or FICA. HSAs are treated as employer provided coverage for medical expenses and are excluded from the employee’s gross income.

#### 2006 HSA/HDHP limitations*:
- Deductible be at least $1,050 Self-coverage and $2,100 Family coverage
- Annual out-of-pocket expense (deductible, co-pays, and co-insurance) cannot exceed $5,250 Self-coverage and $10,500 Family coverage

*These amounts are adjusted annually for inflation

### For employees:
- **Control**—You can use the HSA to pay for any qualified medical expense, as defined by the IRS. You make all the decisions including how much money to put into the account.
- **Savings and Investments**—Unlike premiums, unused HSA dollars remain in the HSA until you use them later. Interest and investment earnings grow tax deferred.
- **Flexibility**—Funds in your HSA account pay for current qualified medical expenses, including expenses that your insurance may not cover, or save the money in your account for future needs.
- **Portability**—Accounts are completely portable, meaning you can keep your HSA even if you change jobs, change your medical coverage, become unemployed, or move to another state.
- **Tax Savings**—Contributions are tax deductible up to the maximum amount. Contributions can be deducted from Adjusted Gross Income.
- **Ownership**—Funds remain in the account from year to year, just like an IRA. There are no “use it or lose it” rules for HSAs.

### WHO MAY CONTRIBUTE TO AN HSA?
Both Employer and Employee can contribute in the same year.

### HOW MUCH MAY BE CONTRIBUTED TO AN HSA IN A CALENDAR YEAR?
For 2006, an eligible individual covered by the same HDHP plan for the entire calendar year, the maximum annual contribution is the deductible amount (excluding any out-of-network deductible) not to exceed:
- **Single Coverage**: $2,700
- **Family Coverage**: $5,450

(The maximum monthly contribution is 1/12th of the maximum funding level for each month the member is covered by the HDHP.)

These amounts are adjusted annually for inflation.

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Please note: ACEC L/HIT and its affiliates are not engaged in rendering tax, investment or legal advice. Federal and state tax regulations are subject to change. If tax, investment or legal advice is required, seek the services of a licensed professional.
## PLAN COMPARISON

This chart is an overview of plan options. A sample certificate of insurance is available for review if more detailed information is required. Benefits vary based on state mandates.

### Medical Expenses**:
- Hospitalization Semi-Private/ Private Room Unit
- Physician Services
- Pap Smears, Prostate, Mammography Cancer Screening
  - Plans A-L: Age and frequency limitations
  - Plans M-X: Age and frequency limitations, not subject to deductible
- Well-Baby Care (Up to Age 2)
- Outpatient Surgery
- Hospice Care
- Emergency Accident Benefit

### Plan Maximums**:
- Home Health Care: 50 visits per year
- Extended Care Facility: 60 days per year
- Routine Physicals:
  - **Plans A-L** – STANDARD: Ages 2 and older up to $500 maximum, plan coinsurance and deductible apply.
  - OPTIONAL: Scheduled age limits, maximums: $250 every 5 years, age 2-44; $500 every 2 years, age 45-55; or $750 every year, age 56 and above, plan coinsurance and deductible apply.
  - **Plans M-X** – STANDARD: Ages two and older up to $500 maximum—not subject to deductible, paid at 100%.
  - OPTIONAL: Scheduled age limits, maximums: $250 every 5 years, age 2-44; $500 every 2 years, age 45-55; or $750 every year, age 56 and above. Not subject to deductible, paid at 100%.
- Hearing Benefits: Hearing Examination – up to $25 per 60 consecutive month period; Hearing aid including services and supplies – up to $300 per 60 consecutive month period; Hearing aid repair – up to $50 per calendar year.
- Mental Health/Chemical Abuse Benefits: Lifetime Maximum of 40 days inpatient treatment. Lifetime maximum of 120 outpatient visits payable at 50%.
- Spinal Manipulation: $1000 per year
- Private Nursing: 60 visits per year
- Transplants: 100% for transplant performed at a designated Center of Excellence facility. $300,000 Lifetime Maximum for transplant services performed at a facility other than a Center of Excellence, deductible and coinsurance apply.
- Other Covered Expenses: Unlimited lifetime maximum for covered expenses except as otherwise indicated in the Certificate.

*All the above Medical Expenses, Prescription Expenses and Plan Maximums are after deductible and coinsurance unless otherwise stated. These Plans cannot be purchased in conjunction with an Executive Expense Reimbursement Plan (EERP).*

### Plan Comparison Table

<table>
<thead>
<tr>
<th>HSA Plan D</th>
<th>HSA Plan F</th>
<th>HSA Plan G</th>
<th>HSA Plan H</th>
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<th>HSA Plan A</th>
<th>HSA Plan C</th>
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100% 80% 100% 100% 90% 70% 90% 70% 90% 70% 90% 70% 90% 70% 90% 70%
MEDICAL EXCLUSIONS / LIMITATIONS

EXCLUSIONS
Benefits will not be paid for expenses arising from or in connection with:
• Charges in excess of the Prevailing Fee.
• Treatment, services or supplies which are:
  - not Medically Necessary;
  - experimental, investigational, educational or primarily for the purpose of medical or other research;
  - rendered in connection with Custodial Care;
  - not prescribed by a Physician as necessary to treat a Sickness or Injury;
  - received without charge or legal obligation to pay;
  - supplies or treatment that would not routinely be paid in the absence of insurance;
  - furnished by an employer maintained health department or clinic, by a labor union or other similar person or group; or
  - performed or received when coverage provided herein is not in effect.
• War, declared or undeclared, acts of war, or while in the military service of any country.
• Participating in a riot, civil disturbance or illegal occupation; or commission of, or attempt to commit, a felony or crime which would be a felony if prosecuted.
• Loss due to intentionally self-inflicted Sickness or Injury, if the Sickness or Injury is not the result of a medical condition.
• Loss due to suicide, if the suicide is not the result of a medical condition.
• Services provided due to a court order.
• Service or supply furnished by a member of the Immediate Family or person who usually resides in Your home.
• Physician fees for any treatment when the Physician is not physically present or fees for missed appointments.
• Dental care or treatment, except as specifically stated in Covered Charges.
• Dental implantology.
• Eye refractions; eyeglasses; contact lenses or the fitting of contact lenses (unless necessary after surgery) or examinations for their prescription or fitting; eye exercises; or services or supplies related to the treatment of refractive error.
• Cosmetic surgery, except as specifically stated in Covered Charges.
• Fertility drugs, contraceptives, and Rogaine
• Sex transformations or services related to sexual dysfunction.
• Artificial insemination; surrogate pregnancy; in vitro fertilization and embryo transfer; and reversal of vasectomy or tubal ligation.
• Expenses incurred in connection with the pregnancy of a Dependent child, except for Complications of Pregnancy.
• Behavior modification or psychological counseling in connection with smoking cessation and weight control, including, but not limited to: vitamins, diet supplements and health club memberships.
• Treatment of exogenous obesity.
• Vitamins; minerals or nutritional substances; or supplements.
• Sickness or Injury covered by any Workers’ Compensation Act or similar law, except if You are not eligible for Workers’ Compensation or similar coverage.
• Hearing aid batteries.
• Non-Prescription Drugs
• Services of any educational institution.

LIMITATIONS
Pre-existing Condition Limitation
Expenses that result from care or treatment of a Pre-existing Condition will not be considered as Covered Charges. This limit will not apply to:
• a Covered Person, after the first 12 months following the date he became covered or the first day of the waiting period if earlier; or
• a Late Enrollee, after the first 18 months following the date he became covered or the first day of the waiting period if earlier;
• a newborn for the first 30 days after birth; or
• a child, if enrolled under this plan or any Qualifying Coverage within the first 31 days of birth, and continuously covered with no break in coverage of more than 63 days; or
• a child adopted prior to age 18, if enrolled under this plan or any Qualifying Coverage within the first 30 days of the adoption or placement for adoption, and continuously covered with no break in coverage of more than 63 days.

This limitation period will be reduced for the time the Covered Person was covered under Qualifying Coverage if such coverage was continuous to a date not more than 63 days prior to the effective date of this coverage, excluding any waiting period.

Exclusion and limitations may vary based on state mandates.

The information contained in this brochure is a general description of features, benefits, requirements and restrictions of Trustmark Policy AX/NX. Please refer to the Certificate of Insurance for more details, or contact your sales representative.