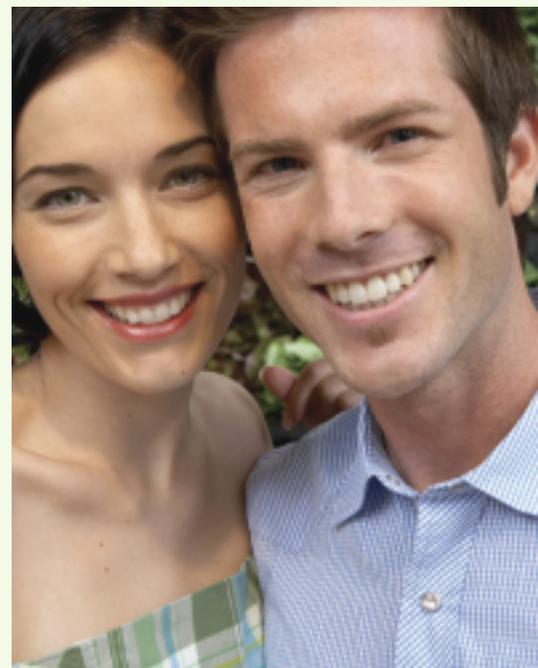


HEALTH NET EZ ACCESSSM HSA

Health coverage made easy

Effective January 1, 2008



Health Net[®]
A BETTER DECISION

TAKE CONTROL OF YOUR HEALTH CARE DOLLARS

Looking for a more affordable health insurance plan that helps you keep more of your money? Health Net has the answer: the EZAccess HSA program.¹

This program pairs a Health Net HSA-compatible PPO health insurance plan with The HSA For Life[®] Health Savings Account (HSA) from Bank of America.² Key advantages include:

- **Low monthly premiums³**
- **A tax-free⁴ way to save,** invest and pay for qualified medical expenses⁵
- **Ownership of an HSA** – You keep the money from year to year, even if you change jobs or retire.

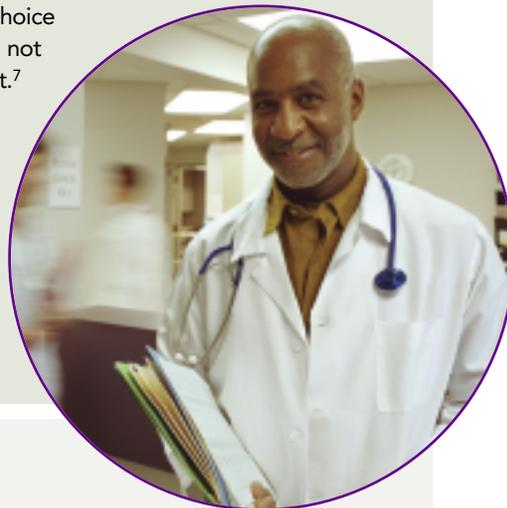
In short, you spend less on monthly premiums and pay only for the care you use, while saving smartly for your future.

THE HSA BELONGS TO YOU, THERE IS NO TIME LIMIT FOR WITHDRAWING OR USING FUNDS, AND THERE ARE IMPORTANT TAX BENEFITS.

THE BENEFITS OF EZACCESS HSA:

MEDICAL PLAN BENEFITS

- Low monthly premiums.³
- SimpleChoice HSA, SmartChoice HSA and PPO Choice Saver Select insurance plans offer you the security and freedom of PPO insurance plan coverage.^{10,11}
- No referrals required to see the doctor of your choice.¹¹
- You have access to a large statewide network of more than 310 hospitals and over 54,000 physicians.
- HSA-compatible insurance plans have combined medical and pharmacy deductibles.⁶ This means that you pay the full cost of prescriptions and medical care (at our negotiated rates) until your yearly deductible has been met.
- The deductible for child and adult preventive care benefits is waived (in-network only). You are only responsible for a low copayment for the SimpleChoice HSA and SmartChoice HSA plans. The PPO Choice Saver Select does not have a copayment.⁷
- The plan deductible is combined for in-network and out-of-network services.



HSA BENEFITS

- The HSA belongs to you; you keep it even if you change jobs or retire.
- You have complete control over your health care dollars and they are readily available when you need them.
- Tax-free contributions up to the IRS maximum,¹² and tax-free withdrawals⁴ when used for qualified medical or pharmacy expenses.⁵
- HSA funds can be invested and investment earnings are non-taxable when used for qualified medical expenses.⁴
- Long-term savings, rollover features (no time limit for using the funds) and catch-up contribution for members between the age of 55 to 65.¹³

HEALTH NET'S EXCLUSIVE BENEFITS

- **Decision PowerSM** is a support program with Health Coaches, decision-support videos, information resources and online tools, available 24 hours a day, seven days a week at no additional cost.
- **Hospital Comparison Report** at www.healthnet.com allows you to get an independent analysis of area hospitals, including patient volume and charges for a particular procedure or medical condition.
- **Treatment Cost Estimator** on www.healthnet.com allows you to view cost estimates for common health care conditions, tests, drugs, office visits, and outpatient procedures and treatments.
- **It's Your LifeSM – Wellsite** on www.healthnet.com has wellness programs, online tools, health risk assessments, valuable discounts and general health information.
- **Other online information** – This includes links to your plan benefits, ID card replacement, forms and more.



WHAT IS AN HSA?

HSA stands for **Health Savings Account**. It is an individually owned savings account, similar to an IRA or 401(k) retirement plan, except that funds may be used to pay for qualified medical expenses.⁵ The HSA belongs to you, there is no time limit for withdrawing or using funds, and there are important tax benefits,⁴ as well (see *The Benefits of EZAccess HSA*).

The HSA for Life from Bank of America allows you to contribute, earn interest and pay for eligible health care expenses, all in tax-advantaged ways. Plus you can save for current and future medical expenses because the unused funds in your HSA roll over year after year and continue to earn interest. The HSA for Life stays with you even if you change jobs or retire – it's there for your life.



Designed to work together with an HSA-eligible health plan, an HSA can be used to pay for qualified medical expenses such as doctor visits, prescriptions, and even some over-the-counter medications. To be eligible to contribute to an HSA, you must be enrolled in an **HSA-compatible health plan**.

WHAT ARE MY HSA-COMPATIBLE PPO INSURANCE PLAN OPTIONS?

Health Net offers three HSA-compatible PPO health insurance plans for individuals and families: **SimpleChoice HSA**, **SmartChoice HSA** and the Farm Bureau Member's **PPO Choice Saver Select**. Below is some basic information that can help you decide which plan may be right for you:

BENEFIT	SIMPLECHOICE HSA	SMARTCHOICE HSA	PPO CHOICE SAVER SELECT
Annual deductible⁶	\$4,000 single/\$8,000 family	\$2,500 single/\$5,000 family	\$1,750 single/\$3,500 family \$2,400 single/\$4,800 family \$3,600 single/\$7,200 family \$4,800 single/\$9,600 family
Annual out-of-pocket maximum	\$4,000 single/\$8,000 family	\$4,000 single/\$10,000 family	In-network: Deductible amount Out-of-network: Deductible plus \$5,000 single/ \$10,000 family
Services^{10,11}	Many in-network services are covered in full after the deductible ⁶ is met	Preventive care services are covered by a copayment ⁷ and many in-network services are covered by a coinsurance ⁸	Many in-network services are covered in full after the deductible is met
Monthly premium^{3,9}	Low premium; in general, slightly lower than SmartChoice HSA	Low premium; in general, slightly higher than SimpleChoice HSA	Low premium

HOW DO YOU GET STARTED?

To enroll in a Health Net IFP HSA-compatible PPO insurance plan:

- Call 1-800-909-3447, or;
- Visit our website at www.healthnet.com and select *Individual & Family Plans* and then *Enroll Now*, or;
- Contact your authorized Health Net agent.

To enroll in a Health Net California Farm Bureau Members' HSA-compatible PPO insurance plan:

- Contact your authorized Health Net agent

If you are completing a Health Net paper application:

1. Sign and date the application.
2. Include a check payable to Health Net for the applicable premium payment.
3. Mail the completed application and check (within 30 days of signature date) to your authorized agent or to:

Health Net
Individual and Family Coverage
P.O. Box 1150
Rancho Cordova, CA 95741-1150

To complete the process and set up The HSA For Life from Bank of America, follow these simple steps:

Visit www.bankofamerica.com/benefitslogin (if you do not have online access, contact your authorized Health Net agent or call 1-800-909-3447).

- Under New User, select *Yes*, and click *Continue*
- Enter the Group ID: HNETHSA
- Follow the prompts to complete and submit your application

Once approved, you'll receive your welcome kit and The HSA For Life Visa® debit card, which you can use to pay for qualified expenses with funds from your HSA. You'll receive your materials about a week before your coverage becomes effective.

IS EZACCESS HSA RIGHT FOR ME?

CASE STUDY #1 – THE SHARP FAMILY OF FOUR

The Sharps' yearly pretax HSA contributions **\$1200**

Their yearly, qualified medical expenses

Four preventive care visits	\$120
Three unexpected office visits	\$225
Two drug prescriptions	\$150
One outpatient surgery	\$500
Six physical therapy visits	\$360
Total	\$1355

Their additional yearly

out-of-pocket expenses **(\$155)**
(\$1200 HSA – \$1355 expenses)

The Sharps' tax bracket: 33%

Potential tax savings = .33 X \$1200 HSA contribution

Their Federal tax savings **\$396**

CASE STUDY #2 – JULIA

Julia's annual pretax HSA contributions **\$500**

Her yearly, qualified medical expenses

One preventive care visit	\$30
One unexpected office visit	\$75
One drug prescription	\$40
Total	\$145

Her remaining HSA balance

for next year **\$355**
(\$500 HSA – \$145 expenses)

Julia's tax bracket: 25%

Potential tax savings = .25 X \$500 HSA contribution

Her Federal tax savings **\$125**

The examples above assume that plan deductibles have not been met. Medical and pharmacy expenses are rough estimates for illustrative purposes only. Consult a professional tax advisor if you have questions.

QUESTIONS AND ANSWERS

How does an HSA work?

First, you must be enrolled in an HSA-compatible insurance plan, either the SimpleChoice HSA, SmartChoice HSA or the PPO Choice Saver Select. Then, you can save, invest and spend your money for qualified medical expenses with your own HSA, and benefit from its many tax advantages.⁴

To open an HSA you must NOT:

- Be covered by a separate health plan that is not a high-deductible health plan.¹⁴
- Be enrolled in Medicare.
- Have received benefits through a Veterans Administration medical plan within the past three months.
- Be claimed as a dependent on another person's tax return.

What can I pay for with my HSA?

You can use your HSA to pay for qualified medical expenses such as:

- Medical and pharmacy expenses.
- Your annual deductible⁶ payments for physician, pharmacy, dental, vision, etc.
- Your copayment⁷ at the doctor's office.
- Your prescriptions at the pharmacy.
- Other services, including your supplemental service visits (dental or vision).⁵

A comprehensive list of qualified medical expenses as defined by the IRS can be found at:

www.irs.gov/publications/p502/ar02.html#d0e201.

(Please note that some of the expenses listed in publication 502 cannot be reimbursed from an HSA. You should check with a qualified tax or legal advisor for more information.)

Note: If a withdrawal is made from an HSA to pay for items other than qualified medical expenses, the IRS may impose a 10% excise tax. Certain exclusions apply. (For example, this 10% excise tax may not apply if the person is over 65, or if a distribution has been taken as a result of death or disability. You should consult with your personal tax advisor.)

How do I access my HSA funds?

When you use the Bank of America HSA Visa Debit card, funds are taken directly out of your Health Savings Account. You have no claims to file, and there's no need to be reimbursed. Just pay for eligible health care products and services by presenting your card or swiping it at point of service. You can use your card any place that accepts Visa Debit cards.^{11,15}



How do I put money in the account?

There are a number of ways you can contribute dollars to your HSA. You can go online and request a single electronic deposit from your personal checking or savings account – it's quick and easy. You can even set up a deposit schedule to your HSA online. You can also mail a check along w/a contribution slip that comes in your HSA Welcome Kit. (Contributions can be made up to April 15th of the following year.)

How much can be contributed to an HSA?

Maximum annual contribution (if you have single coverage) for 2008 is \$2,900 or \$5,800 (if you have family coverage), plus an additional amount if you are or will be age 55 or older before the end of the year. There are no minimum opening fees. The amounts listed are in effect for 2008 and are subject to annual cost-of-living adjustments.

What administrative fees are there?

Bank of America charges a monthly administrative fee of \$3.95 that will be automatically withdrawn from your account. This fee covers the HSA trustee fees, HSA card costs, processing of manual claims, online account management and customer service. If you need a replacement card, a \$5 fee will apply.

Can I make catch-up contributions?

Yes, but only if you are between the ages of 55 and 65.¹³

Can someone else contribute money to my account?

Yes, anyone else may put money into your account, subject to applicable account limits. The HSA holder receives the tax benefits, not the contributor.

How can I track my account information?

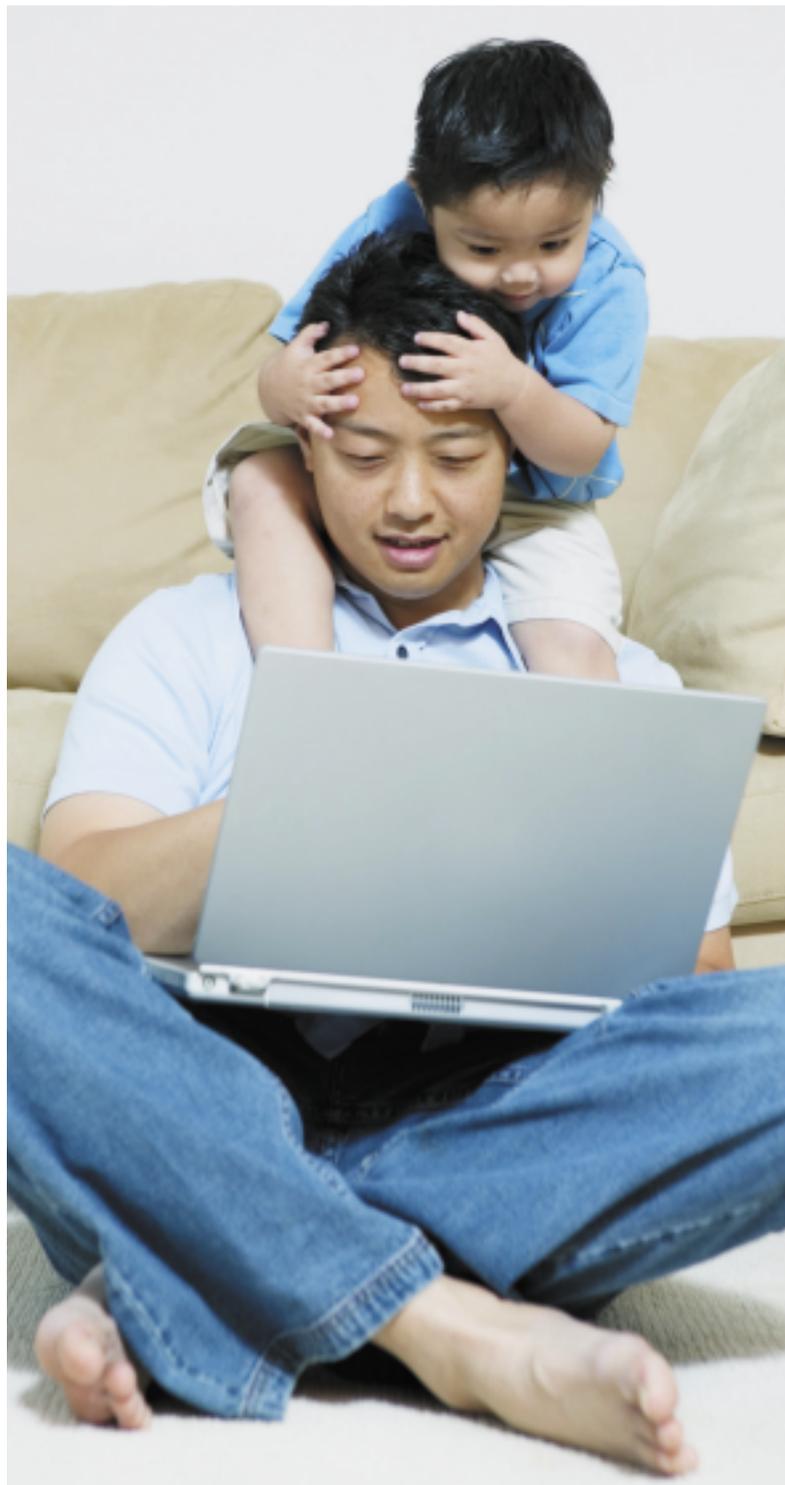
You can go online to manage your HSA anytime – it's easy and convenient. You can do the following online:

- View your account activity and balance
- View your monthly account statements
- Order additional debit cards
- Request health care related bill payments and check their status
- Update your contact information
- Find answers to commonly asked questions

What happens after I enroll?

Health Net will mail your Health Net PPO ID card directly to you. Bank of America will mail your HSA information to you in a separate mailing.

Once your account is set up with Bank of America, you'll receive a confirmation letter in the mail within seven to ten business days. Your HSA debit card will be sent separately within seven to ten business days.



- ¹ The health insurance benefits component of the program is underwritten by Health Net Life Insurance Company, a subsidiary of Health Net, Inc. Policy form #P30601 (CA 1/07). The HSA component of the program is offered by Bank of America, N.A., as trustee of the HSA. Health Net is not affiliated with Bank of America, N.A. This is only a summary of covered benefits. Please read the program documents for more information.
- ² Any financial institution with a health savings account may be used.
- ³ The monthly cost you pay to be insured.
- ⁴ References are to federal taxes only. State taxes may apply. Tax information is for general purposes only. For more detailed information about the tax implications of an HSA, please contact a professional tax advisor.
- ⁵ A complete list of qualified expenses can be found in IRS Publication 502 – Medical and Dental Expenses at www.irs.gov. Simply enter “502” in the Search Forms and Publications field. Qualified medical expenses generally do not include premiums paid for health coverage except for: COBRA insurance, qualified long-term care insurance, health insurance for individuals receiving unemployment compensation, Medicare and retiree health insurance. Medicare Supplement premiums are not qualified medical expenses.
- ⁶ A specified amount you pay towards covered medical bills before the policy pays its part of the expenses.
- ⁷ Copayment is a fixed dollar amount that you are responsible to pay for covered services, for example, when you visit the doctor.
- ⁸ Coinsurance is the percentage or amount you pay, depending on your plan, after you have met your annual deductible and before you reach your annual out of pocket maximum.
- ⁹ Please refer to the Individual & Family Plans Rate Guide and the California Farm Bureau Members’ Health Insurance Program Rates and Rate Areas Guide for more information.
- ¹⁰ Maternity benefits are not covered by SimpleChoice HSA or SmartChoice HSA insurance plans. Maternity is available on the \$3,600 and \$4,800 PPO Choice Saver Select plan.
- ¹¹ Out-of-network services result in lower benefits. You may need to pre-certify certain types of hospital and other facility-based care to be eligible for coverage. Refer to the policy for details.
- ¹² Maximum contributions for 2008 are \$2,900 for individuals or \$5,800 for families.
- ¹³ There is a catch-up contribution amount for participants who are between the ages of 55 and 65 by the end of 2008 of \$900.
- ¹⁴ You cannot have any other health insurance coverage that is not subject to the HDHP limits except for “permitted coverage” such as: worker’s compensation, property insurance, insurance for a specific disease (such as cancer coverage), insurance that pays a fixed amount per day of hospitalization, dental, vision, long-term care, accidents and disability.
- ¹⁵ Provider acceptance and billing methods may vary.

Decision PowerSM and It’s Your LifeSM programs are not part of Health Net’s medical benefit plans or affiliated with Health Net’s provider network. These programs, including Decision Power’s Health Coaches, are additional resources that Health Net makes available free of charge to enrollees of Health Net of California, Inc. and insureds of Health Net Life Insurance Company. The Decision Power and It’s Your Life programs may be revised or withdrawn at any time without notice.

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The HSA for Life Health Savings Account is provided by Bank of America N.A. For further information about HSAs visit www.bankofamerica.com/benefitslogin and check out the HSA Tools and Resources or call Bank of America at 1-866-791-0250, Monday-Friday 8am ET – 11pm ET.