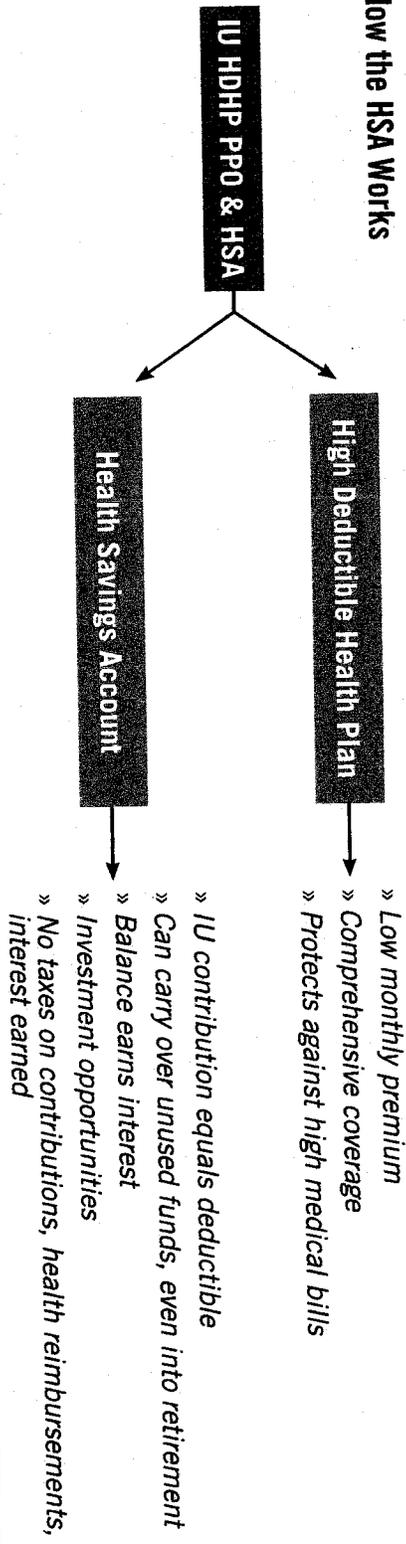


Advantages of the HDHP PPO & HSA

How the HSA Works



Plan Highlights

- **Comprehensive medical coverage:** The HDHP PPO & HSA is a preferred provider organization (PPO) plan—just like IU's other medical plans. It covers the same medical services and offers the same quality care and provider network. In combination with the HSA, this plan provides protection against high or unexpected medical bills, and offers full coverage for in-network preventive services.
- **Permanent:** It's your account. You keep the HSA even if you change jobs, change your medical plan, leave IU, move, or get married/divorced. You can even use it to pay for COBRA continuation coverage if you separate from IU.
- **Control:** You decide how much money to save in the HSA—up to the annual IRS contribution limits—and when to use it to pay for qualified medical expenses.
 - \$3,100 for employee-only coverage
 - \$6,250 for all other coverage levels
 - An additional \$1,000 if you're age 55 or older, or will turn 55 in 2012
- **Savings:** You may choose to save the money in the HSA for future medical expenses. And, there's no "use it or lose it" rule. Any unused funds carry over from one year to the next, and are available whenever needed.
- **Flexibility:** You can use the funds in the HSA to pay for health-care expenses, or save them for future use. You have the flexibility to change the contribution amount throughout the year.
- **Investment:** Once the HSA balance reaches \$1,000, you can invest your savings in a variety of mutual funds or use the HSA as a savings account and earn interest.
- **Tax savings:** You contribute to the HSA before taxes, receive tax-free earnings, and make tax-free withdrawals for qualified medical expenses.

2012 Open Enrollment: November 7-18

Features of the HDHP PPO

	In network	Out of network
Deductible <i>The dollar amount of covered services you must pay each plan year before the plan begins reimbursement. You can use funds from your HSA account to cover the deductible.</i>	<ul style="list-style-type: none"> ■ \$1,200, employee-only coverage* ■ \$2,400, all other coverage levels* 	
Co-pay <i>Your share of a covered expense.</i>	20% after deductible up to out-of-pocket maximum.	Out-of-network services have significantly higher costs than in-network services. **
Out-of-pocket maximum <i>The most you'll pay for covered services; once you reach the out-of-pocket maximum, the plan pays 100%.</i>	<ul style="list-style-type: none"> ■ \$2,500, employee-only coverage ■ \$5,000, all other coverage levels 	
In-network preventive services <i>Routine screenings and preventive care.</i>	You pay nothing.	
Prescription drugs	You pay only 20% for preventive prescriptions; for all other prescriptions, you pay 20% co-pay after the deductible and up to out-of-pocket maximum.	

Features of the Health Savings Account

- IU's tax-free contributions**
- \$1,200, employee-only coverage
 - \$2,400, all other coverage levels
- Your tax-free contributions**
- \$300 (minimum) up to \$3,100, employee-only coverage
 - \$300 (minimum) up to \$6,250, all other coverage levels
 - If you're age 55 or older (or will turn 55 in 2012), you can make an additional \$1,000 "catch-up" contribution.
- Additional feature: You can change your contribution amount throughout the year.*

*Deductible doesn't apply for in-network wellness services and preventive prescription drugs.
 **Patient pays all amounts above the maximum allowable amount (excess charges in addition to the out-of-network co-pays and deductibles that you may incur when using out-of-network providers).

For More Information

For more information about the HDHP PPO & HSA, refer to the Open Enrollment materials you receive via campus mail and attend an Open Enrollment session. You can also watch a short Flash program on the IU HR Benefits Web site at hr.iu.edu for an overview of the plan and the different types of employees taking advantage of it.
 For questions about the plan, send an e-mail to enews@indiana.edu.



It offers the best possible tax advantages

When you enroll in the HDHP PPO & HSA, you get a triple tax advantage with the HSA:

1. Your contributions—and all of IU's contributions—go into the HSA before taxes.
2. The money you withdraw today, tomorrow, or in the future is not subject to taxes as long as it is used for eligible healthcare expenses.
3. Earnings on the HSA are also tax-free. (You can invest the savings in a variety of mutual funds when the HSA balance reaches \$1,000.)

To offer these tax advantages, the IRS stipulates that health savings accounts only be available for use with high deductible health plans, such as IU's HDHP PPO.

What Are Eligible Expenses?

The IRS defines which medical expenses may be purchased with tax-free dollars, like those in your HSA. Generally, if an item is medically necessary—as determined by a physician—it's probably an eligible expense. For a list of qualified medical expenses, go to www.irs.gov and search for Publication 502.

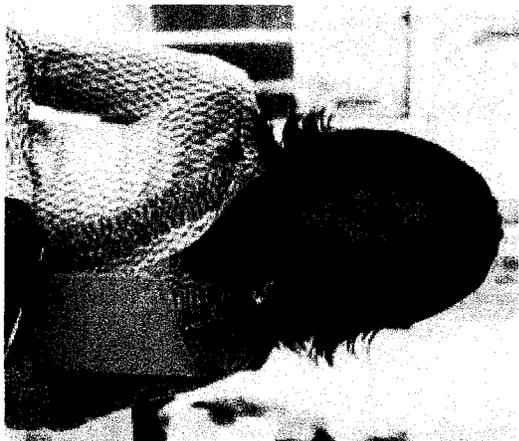
Using the HSA With the Tax Saver Benefit (TSB) Reimbursement Account

The HSA can be used for most of the same expenses as the TSB account; however, when paired with the HSA, TSB funds cannot be used to meet the plan deductible. TSB reimbursements allowed include dental and vision expenses, and medical expenses after the deductible is met. To plan effectively and maximize savings, refer to the details of allowable expenses. See the HDHP & HSA Questions and Answers available at hr.iu.edu/benefits/2012/hdhp-qa.html.



"Use it or keep it"

If you've ever used the Tax Saver Benefit (TSB) Plan, you know about the "use it or lose it" rule that applies to money remaining in the account at the end of the year. But, the HDHP PPO & HSA is very different because it lets you *keep* money from year to year to pay for future healthcare expenses, even into retirement. You can also change the HSA contributions throughout the year, whereas with the TSB, you don't have that flexibility.



Plan Advantages

The HDHP PPO & HSA has several advantages over IU's other medical plans.

It's not just medical coverage—it's one plan with three features

Medical Coverage

Covers healthcare costs (like other plans)

The HDHP PPO & HSA is a lot like the other PPO plans:

- The same covered services
- The same network of doctors, hospitals, and other providers
- The same protection against healthcare costs

The HDHP PPO & HSA has a higher deductible but the lowest employee premium of the four medical plan options.

This plan's out-of-pocket maximum provides protection if you have high medical expenses.

+

A Health Savings Account

Helps you save for future healthcare expenses

The HDHP PPO & HSA is a health savings account with tax advantages and contributions from IU.

- When enrolling in the HDHP PPO & HSA, IU contributes \$1,200 (employee-only coverage) and \$2,400 (all other coverage levels), which covers the deductible, if you choose.
- IU makes its contribution in early January, so you can use it immediately if needed.

- You also contribute—a minimum of \$300 up to IRS annual limits. How much you want to save is up to you. Your contributions are made throughout the year with convenient payroll deductions.

- The money in the account is always yours to keep, so if it's not needed now, it can grow for the future. It's available for healthcare expenses anytime you need it—even into retirement.

+

The Flexibility of a Debit Card

Makes it convenient to use the money in your account when you need it

Once you're in the HDHP PPO & HSA and have a medical expense, you have a choice:

- Pay what is not covered by the plan out of pocket and keep the money in the HSA to grow over time; or
- Use the HSA debit card to pay for eligible expenses, including deductibles and co-pays.

**It's one
plan with
three
features.**