

HEALTH NET'S HSA PROGRAM

Your health,
your finances,
your decision.



HSA: Health Savings Account



A plan ahead

Do you contribute to an IRA or a 401(k)?

If so, you've already made a good decision to plan ahead for a stable and secure retirement.

WHAT ABOUT YOUR IMMEDIATE FUTURE?

Nothing promises a greater return than investing in your health. You hit the road. You take charge. But you still can't guarantee the result. From routine care to hospital care, the expectant mom to the unexpected fall, one thing is certain: it all costs. And you can't always control it.

STOP AND TAKE A BREATH.

Now there is **A Better DecisionSM** in managing health care. It's called the Health Net Health Savings Account (HSA) program. A plan for prevention. A tax-efficient savings account. The security of affordable coverage backed by unprecedented support. It all adds up to greater *freedom* and *control* than you have ever imagined.

THE HEALTH NET HSA Program

THE PLAN

Freedom comes from knowing that medical expenses are covered whether you visit the doctor down the street or the one close to work. With the Health Net HSA program:

- You can visit *any licensed provider* and be eligible for plan coverage. No referrals required.
- You get *in-network savings* when visiting one of nearly 140,000 providers.
- You get *100 percent preventive care coverage* from in-network providers, for services like routine exams, immunizations and screenings. (These services are not subject to the plan deductible.)
- This is an "HSA-compatible," high-deductible plan. The high deductible makes the premium much less expensive.
- The deductible is a *combined medical and pharmacy deductible*, which means you pay for the full cost of medical services and prescriptions, at our discounted rates, until you have paid the deductible amount. Afterwards, traditional plan coverage kicks in.
- Current minimum deductibles for 2007 are \$1,100 (self-only coverage) and \$2,200 (family coverage).¹

THE HEALTH SAVINGS ACCOUNT (HSA)

Control means you control the health care dollar; you're *in charge*.

- An HSA is a tax-advantaged account that belongs to *you*. You keep it even if you change jobs or retire.
- HSA funds used for qualified medical expenses are *tax-free*. These expenses include plan deductibles, copayments and coinsurance. They also include expenses for vision, dental and over-the-counter medications.²
- There is no time limit for using HSA funds; they *roll over* from year to year.
- Your contributions are *tax-free*.
- If your employer contributes, you still own the funds, and the contributions are non-taxable to you.
- HSA funds can be *invested*, and earnings are *tax-free*.

¹This is an "aggregate" family deductible. In other words, the deductible accumulates for the entire family as a whole. Each covered family member qualifies for benefit payments *only when* the family deductible is met. It can be met by combining claims from any or all family members.

²A full list of "qualified expenses" is outlined in IRS Publication 502 – *Qualified Medical and Dental Expenses*, which you can find at www.irs.gov. Simply enter "502" in the *Search Forms and Publications* field.



YOU'RE IN CHARGE

YOUR HEALTH

The health plan offers you the ultimate in freedom and security when making health care choices. One hundred percent preventive care coverage encourages a good start in making decisions about your health. Throughout the year, you can visit any doctor, hospital or other medical care provider. When visiting in-network doctors, you get the benefit of *significant savings* through their *negotiated rates* with Health Net and their agreement not to bill you for covered services in excess of plan copayments, coinsurance or deductibles.

Need help finding a network doctor? Our online Doctor Search at www.healthnet.com lets you get an up-to-date listing in a variety of ways:

- By name
- By location
- By specialty
- By languages spoken and more

Have questions? You can call the Customer Contact Center at the number on your Health Net ID card, or log in to www.healthnet.com to learn more about your plan.

YOUR FINANCES

The HSA is administered by Wells Fargo, a premier provider of financial services for more than 150 years, and one of the largest, strongest and most highly recognized financial service companies in the nation. It allows you to save and spend on health care with a whole new level of convenience.³

Upon enrollment, Wells Fargo sends you an HSA welcome letter. This includes complete instructions on how to manage your account:

- Making contributions
- Choosing your investment options
- Making withdrawals
- Using your Visa® Debit Card
- Checking HSA balances and more

Best of all, you can be assured that your money is handled by a trusted financial institution.³ And since the funds do not need to be spent within a limited time, you save for the future, while you may be saving on your taxes!

YOUR DECISION

As a Health Net member, you also get support for *confident health care decisions*.

Decision PowerSM — Maybe you're facing surgery and want to better understand your options. Or you have found out that your child has asthma, and want to know what you can do about it. Decision Power helps you take action. Health Coaches — registered nurses, dieticians and respiratory therapists — are available to provide ongoing support, and help you partner with your doctor to make the right decisions for you.

Hospital Comparison Report — Not all hospitals are good at the same things. The Hospital Comparison Report lets you compare network hospitals based upon the factors that matter to you, like patient volume, hospital charges, lengths of stay and outcomes.

It's Your LifeSM-Wellsite — Health Net has partnered with WebMD® to bring our members cutting edge wellness tools, including a Personal Health Record, Medication Log with drug pricing, and personalized information based on your current Health Risk Questionnaire and member preferences. In addition Health Net's Well Rewards offer discounts on health-related products and services.

Treatment Cost Estimator — Access to location-specific costs for diagnostic tests, drug categories, inpatient procedures, office visits, and outpatient procedures and treatments.

The above services, as well as a host of plan resources, can be found when you log in as a Health Net member at www.healthnet.com.

³ Investments in HSAs are not FDIC insured, may lose value and are not bank guaranteed. The health benefits portion of the HSA program is provided through Health Net of Connecticut, Inc. in Connecticut, Health Net of New Jersey, Inc. in New Jersey, and Health Net Insurance Company of New York, Inc. in New York. These companies are subsidiaries of Health Net of the Northeast, Inc., and are not affiliated with Wells Fargo Bank, N.A. The HSA trustee, Wells Fargo Bank, N.A., is not a registered broker-dealer. HSA administration services are provided through Wells Fargo Health Benefit Services. Promotional materials describing HSA investments have been approved and authorized by Wells Fargo.

HOW IT ALL FITS TOGETHER

Once you decide to enroll in the Health Net HSA program, we work hard to make things easy. This way, you can worry less about “How can I be sure my expenses are being paid?” and more about “How much should I save?” and “What is the right care for me?”

PUTTING HEALTH CARE AND FINANCES IN SYNC

First, you enroll by completing the Health Net plan application forms and Wells Fargo HSA sign-up forms. These come together in your enrollment packet.

Once enrollment is complete, you simply visit the doctor of your choice, and present your Health Net ID card. We'll apply the plan benefits. Then, we'll send an Explanation of Benefits that clearly explains your obligations to the doctor.

Your Health Net HSA comes with a EzAccess Visa® debit Card.

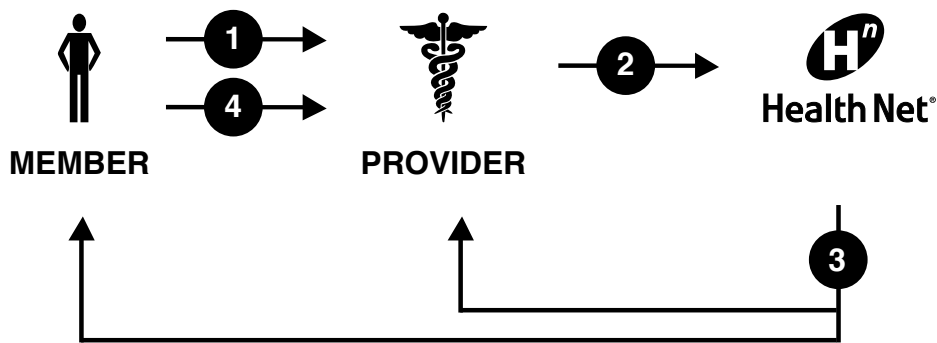
YOUR HSA OPTIONS

- You can have regular HSA contributions deducted from your paycheck.
- You can make additional HSA contributions at any time up to the dollar amount set by the IRS (for 2007, \$2,850 self-only coverage/\$5,650 family coverage).

- EzAccess Option: With our EzAccess Option you can conveniently pay for qualified medical expenses (QMEs) with their Wells Fargo Visa® debit card. This allows you to pay for QMEs directly from the balance of your HSA, without submitting a claim form (up to the available balance). This also gives you the freedom to pick up a prescription or pay for other QMEs by presenting their debit card to an eligible provider who accepts the Visa® debit card.
- You can withdraw HSA money at any time for qualified expenses. Like that pair of glasses you just couldn't pass up.

MONITORING YOUR EXPENSES

After your withdrawal has been made, your HSA balance will be updated online. You can also see information about your medical plan online, including your claims history. Simply log in to www.healthnet.com. Getting a password is simple and access is immediate. Instructions are on the home page.



HSA CLAIM AND REIMBURSEMENT PROCESSES

1. You visit your doctor.
2. Your doctor submits a claim to Health Net.
3. Health Net pays your doctor the plan-covered portion of the bill and sends you an explanation of benefits, which shows the amount you owe.
4. You pay your doctor the amount you owe. with your Visa® debit card.
5. If the HSA does not have enough funds to cover the amount of the qualified medical expense the member will have to pay the provider out-of-pocket and request reimbursement from their HSA as funds become available.

WILL THE HSA PROGRAM WORK FOR YOU?

Before deciding to enroll in the HSA program, consider your health care needs and budget.

A SAMPLE PLAN IN THE HEALTH NET HSA PROGRAM

Self-only deductible	\$1,500 in-network/\$2,500 out-of-network
Family deductible	\$3,000 in-network/\$5,000 out-of-network
Preventive care	100% covered in-network (<i>not subject to deductible</i>)
Coinsurance for medical care	80% in-network/60% out-of-network (<i>after deductible is met</i>)
Copayments for prescription drugs	\$10 generic/\$25 preferred drug list/\$40 non-preferred (<i>after deductible is met</i>)

Julia, a recent college grad, just rented her first apartment. She wants to start slowly, and only contribute “just enough” to her HSA.

LAST YEAR’S HEALTH CARE SERVICES⁴

Preventive care (covered at 100%)

One routine OB-GYN visit	\$75.00
Preventive lab and x-ray	\$125.00
TOTAL	\$200.00

Costs subject to deductible

Two office visits for sickness	\$150.00
Two drug prescriptions	\$150.00
TOTAL	\$300.00

JULIA’S EXPENSES IN THE HSA PROGRAM

Julia’s share of plan premium	\$1,800.00
Her bi-weekly paycheck deductions (\$1,800 ÷ 26)	\$69.23
Julia’s HSA contribution (based on her projected deductible costs)	\$300.00
Her bi-weekly HSA contributions (\$300.00 ÷ 26)	\$11.54

JULIA’S BI-WEEKLY TOTAL
(\$69.23 + \$11.54) \$80.77

Steve made several smart investments this year, which helped make up for that skiing mishap. Now he’s trying to reduce his tax burden, and save more for the future, just in case.

LAST YEAR’S HEALTH CARE SERVICES⁴

Preventive care (covered at 100%)

One routine physical	\$75.00
TOTAL	\$75.00

Costs subject to deductible

One office visit for sickness	\$75.00
One drug prescription	\$40.00
One outpatient surgery	\$525.00
Six physical therapy visits	\$360.00
TOTAL	\$1,000.00

STEVE’S EXPENSES IN THE HSA PROGRAM

Steve’s share of plan premium	\$1,800.00
His bi-weekly paycheck deductions (\$1,800 ÷ 26)	\$69.23
Steve’s HSA contribution (based on his projected deductible costs <i>plus</i> some more for the future)	\$1,500.00
His bi-weekly HSA contributions (\$1,500.00 ÷ 26)	\$57.69

STEVE’S BI-WEEKLY TOTAL
(\$69.23 + \$57.69) \$126.92

REMEMBER, since your HSA contributions are tax-free, you might realize a substantial tax savings. For example, suppose you contribute \$1,000 and are in the 25% tax bracket. This means you might save \$250.00 (\$1,000.00 x .25) on your taxes.⁵

⁴ Dollar amounts are for illustrative purposes only.

⁵ Tax example is for illustrative purposes only. For more information about the tax implications of an HSA or HSA program in your state, please consult a professional tax advisor.

HEALTH NET HSA Program Advantages

- The security and freedom of comprehensive plan coverage.
- 100 percent coverage for preventive care.
- The freedom to visit any licensed doctor or hospital, with significant savings when visiting nearly 140,000 provider locations and over 243 hospitals in the Northeast (as of January 2007).
- The affordability of a high-deductible health plan. (The high deductible makes the premium less expensive.)
- The ability to take charge of your health care spending with an HSA, which stays with you and may offer tax advantages.
- 24/7 online and phone-based customer support from Wells Fargo to check HSA balances, allocate investments and request forms or reimbursements.
- Health Net support services, including Decision PowerSM, for confident health care decisions.

The above is for general informational purposes only. For more information about the tax implications of an HSA or HSA program in your state, please consult a professional tax advisor.



For further information about your Health Net health plan, call 1-800-758-0111 from 8:00 a.m. to 6:00 p.m., Monday through Friday, or log in to Health Net's website at www.healthnet.com.

For further information about HSA administration and your investment options, call Wells Fargo at 1-866-631-1301, 24 hours a day, or access your HSA through the Health Net website, by logging in to www.healthnet.com.

Since its inception in January 2004, over 100,000 Health Net members have used Decision Power to make confident health care decisions.

Health Net of the Northeast, Inc.

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Coverage is provided by subsidiaries of Health Net of the Northeast, Inc. and Health Net Life Insurance Co. Coverage may be provided by Health Net of New York, Inc. or Health Net Insurance of New York, Inc. in New York; Health Net of New Jersey, Inc. or Health Net Life Insurance Co. in New Jersey; and Health Net of Connecticut, Inc. or Health Net Life Insurance Co. in Connecticut. Health Net® is a registered service mark of Health Net, Inc. A Better DecisionSM is a service mark of Health Net, Inc. All rights reserved.

You have access to Decision PowerSM through your current enrollment with any of the following Health Net companies: Health Net of Arizona, Inc.; Health Net of California, Inc.; Health Net of Connecticut, Inc.; Health Net of New Jersey, Inc.; Health Net of New York, Inc.; Health Net Health Plan of Oregon, Inc.; Health Net Insurance of New York, Inc.; Health Net Life Insurance Company. Decision PowerSM is not part of Health Net's commercial medical benefit plans nor affiliated with Health Net's provider network and it may be revised or withdrawn without notice. Decision Power is part of Health Net's Medicare Advantage benefit plans but is not affiliated with Health Net's provider network. Decision Power services, including Health Coaches, are additional resources that Health Net makes available to enrollees of the above listed Health Net companies. Health Net® is a registered service mark of Health Net, Inc. A Better DecisionSM and Decision PowerSM are service marks of Health Net, Inc.

