



BlueCross BlueShield  
of Delaware

Blue Advantage<sup>®</sup>



Consumer-Directed  
Health Plans

Giving health care  
consumers more choice.



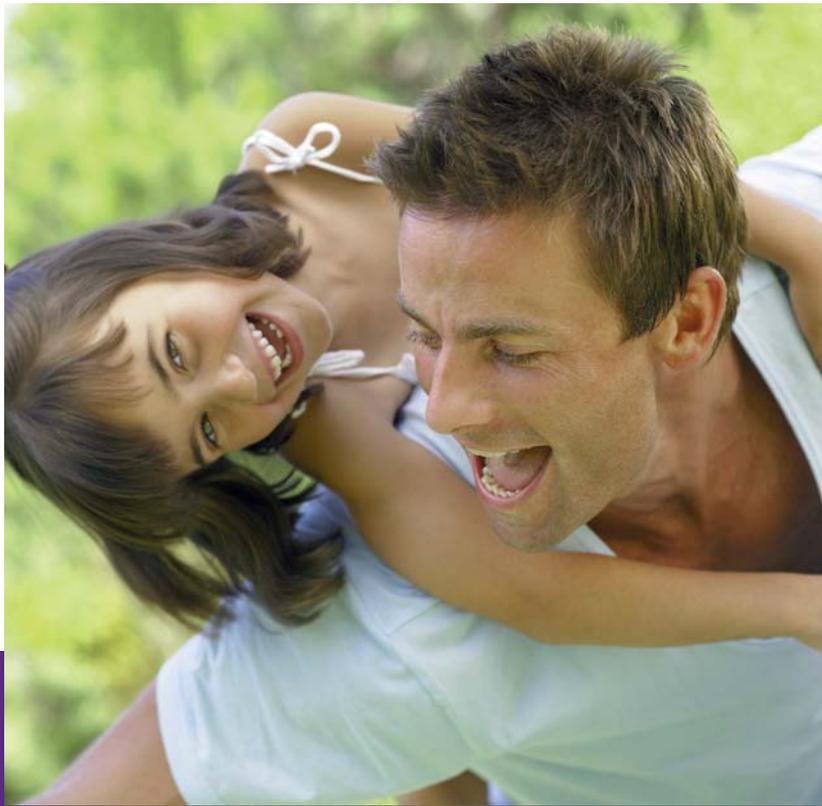
# Blue Advantage



Because Blue Cross Blue Shield of Delaware (BCBSD) understands the challenges created by rising health care costs, we are responding with products to meet your needs. Our **BlueAdvantage®** plans are designed to help you and your employees manage health care costs. With expanded health information and consumer tools, your employees become more aware of the cost of health care services and can learn to use them wisely. At the same time, they benefit from having most preventive screenings covered in full.



BlueCross BlueShield  
of Delaware



## What is BlueAdvantage?

**BlueAdvantage** is a consumer-directed health plan with:

- Fully integrated products — **BlueAdvantage** plans provide your employees with a health benefits plan, an HSA or HRA, and online consumer tools
  - Most preventive services covered at 100 percent
  - Lower premium costs than traditional health plans
  - Tax-advantaged account to help control health care costs
  - A debit card that may be used with the HSA or HRA, reducing paper claims
- Tools and resources to help consumers make more educated health care decisions

While **BlueAdvantage** plans are based on our popular health benefits and prescription drug plans, there's a difference. With a consumer-directed health plan, you purchase a high-deductible health plan (HDHP) at a lower cost that is compatible with a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA). With a variety of deductible and coinsurance combinations to choose from, you can select the plan that meets both your company's budget and health benefits needs.

## BlueAdvantage Health Benefits Plans

BCBSD offers a variety of competitively-priced HDHPs with an HSA- or HRA-compatible option. With our PPO and EPO<sup>1</sup> plan designs, employees can choose in-network doctors without a referral. Plus PPO, EPO and IPA products all include preventive health benefits to help keep your employees healthy.<sup>2</sup> Our **BlueAdvantage** health plans also provide access to comprehensive online tools where employees can track health care expenses and explore extensive health and wellness information.

# What is a Health Savings Account?

A Health Savings Account (HSA) is a tax-exempt savings account established<sup>3</sup> for the purpose of paying for qualified medical expenses<sup>4</sup> that are incurred by eligible individuals. These expenses, such as deductibles and coinsurance, are not covered by a health insurance plan. Contributions can be made to the HSA by an employee who is a qualified individual, an employer or both.<sup>5</sup> Employer contributions are tax-deductible and employee contributions<sup>6</sup> will reduce the employee's taxable income.<sup>7</sup> When HSA funds are used to pay for, or reimburse, qualified medical expenses,<sup>4</sup> they will not be considered taxable income to the account owner.

A key feature of an HSA is that the account is portable and remains with the individual even if he/she changes employers. Funds contributed to an HSA roll-over from year-to-year, while balances earn interest until funds are used for medical expenses. In addition, an individual can use account funds to pay for qualified medical expenses<sup>4</sup> when he/she is no longer an employee or eligible to contribute to an HSA.

## MyAdvantageHSA<sup>®</sup> Account Features

By law, HSAs must be established with a bank or other qualified financial institution. The HSAs for BCBSD's **BlueAdvantage** health benefits plans are provided by *The Bancorp Bank (Bancorp)*, an independent bank and member of the FDIC.

Each account includes:

- No application or account set-up fees
- No monthly account fees
- Interest earned on HSA funds from the first dollar deposited
- **MyAdvantageHSA VISA<sup>®†</sup>** debit card for easy account access with no annual fee
- Free first order of checks
- Full online account access to monitor savings and expenses at **MyAdvantageHSA.com**
- Investment products, offered through National Financial Services LLC, a Fidelity Investments Company, Member NYSE, SIPC
- 24/7 customer service provided by *Bancorp*

## HSA Highlights:

- **Triple Tax Advantage:**
  - Tax-excludable contributions to HSA
  - Tax-exempt interest and investment gains on HSA
  - Tax-free withdrawals from HSA for qualified medical expenses<sup>4</sup>
- **Portability:** Employees own the account and it remains with them, even if they change employers
- **Flexibility:** HSAs can be used to pay for qualified medical expenses<sup>4</sup> not typically covered by some health benefits plans, such as eyeglasses or dental care
- **Investing Potential:** HSA funds can be invested to maximize future value
- **Health FSA Compatibility:** HSAs can generally be coupled with limited purpose health Flexible Spending Accounts – limited purpose means limited for dental and vision only
- **Retiree Medical Expenses:** Employees can save money in their HSAs to pay for qualified medical expenses<sup>4</sup> incurred during their retirement years

# What is a Health Reimbursement Arrangement?

A Health Reimbursement Arrangement (HRA) is an employer-paid reimbursement program<sup>3</sup> that assists employees and their families with paying for medical expenses, such as deductibles and coinsurance, not covered by insurance.<sup>4</sup> An employer agrees to set aside a fixed dollar amount for each employee that the employee can access by using a debit card or submitting a claim for reimbursement of medical expenses. The HRA option offers more flexibility for the employer.

## HRA Highlights:

- **Control:** Employer has complete control over determining what medical expenses can be reimbursed
- **Accountability:** This option encourages members to better understand how they spend their medical benefits dollars
- **Health FSA Compatibility:** HRAs can generally be coupled with health Flexible Spending Accounts
- **Roll-over Flexibility:** An employer can choose to have all or some of the funds in an HRA roll-over to future years or limit the use to the current benefit year

Employers control:

- Maximum funding limits
- Which qualified medical expenses are eligible for reimbursement
- Who can participate, subject to meeting non-discrimination rules
- Whether unused money in the HRA will roll-over each year

The HRA product is an unfunded liability for the employer. You only pay or reimburse qualified medical expenses<sup>4</sup> incurred up to the stated maximum amount. Unlike an HSA, if the employee population incurs fewer medical expenses than anticipated, the unused HRA funds may be retained by the employer.



## How Consumer-Directed Health Plans Work

A **BlueAdvantage** consumer-directed health plan, when combined with an HSA or HRA, can be a valuable, cost-effective way to help you and your employees control rising health care costs, while saving money for future medical expenses.

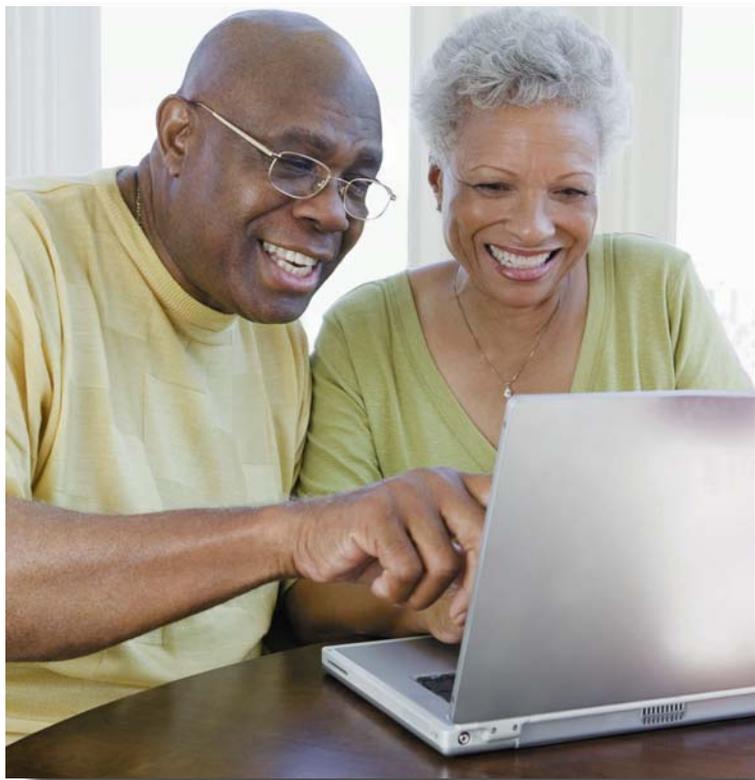
For HSAs, the employer and/or employee determines the amount of money to be deposited into the employee's HSA on a periodic basis. For HRAs, the employer determines the amount to provide each employee per year. When an employee receives health care services, qualified medical out-of-pocket expenses (such as those subject to deductibles and coinsurance) can be reimbursed or paid from the funds in the HSA or HRA.<sup>4</sup>



If the HSA or HRA is depleted, the employee is responsible for all out-of-pocket costs until the plan's annual in-network deductible is met. Once the deductible is satisfied, in-network benefits will be paid under the **BlueAdvantage** health plan. The plan will pay a percentage (based on the plan selected, generally 70-90 percent) of the BCBSD allowable amount of covered medical services until the in-network, coinsurance maximum is reached. The plan will then pay 100 percent of in-network services for the remainder of the year. There is a separate out-of-network deductible, coinsurance and out-of-pocket maximum for out-of-network services.

# Convenient Online Tools and Resources

The more your employees know, the more effectively they can manage their health care costs. The tools and resources at **bcbsde.com** encourage your employees to better manage their health care and help reduce your costs.



Our website provides your employees with comprehensive information to make the most of their health benefits. Members are provided with tools to track health care dollars and help them stay healthy.

## Account and Benefits Tools

**Customer Self-Service** — Our secure and private online customer self-service site allows a member to:

- Check the status of a claim
- Track deductible and out-of-pocket amounts
- Determine eligibility
- Request a new identification (ID) card
- Change his/her address
- Contact the Customer Service Department

**Find a Doctor** — Our online BCBSD provider directory is the most current resource for finding a doctor, lab or specialist who accepts BCBSD

coverage. Visit **bcbsde.com** and click on *Find a Doctor, Lab, Hospital*. Our directory allows you to search by zip code, county and state, or town/city. Or you can learn more about a physician or practitioner, such as board certification status or languages spoken.

**Hospital Comparison Tool** — Choosing where to go for a medical procedure is an important decision. The hospital comparison tool provides your employees with the ability to search and compare the success rates of specific procedures at hospitals throughout the country. Hospitals can be compared by performance factors such as length-of-stay, the number of procedures performed, and complication and mortality rates.<sup>8</sup>

**Calculators** — For employers: HSA and HRA cost-savings calculators are available through the employer portal at **bcbsde.com** under the *Tools* tab. These calculators allow you to estimate the premium savings potential when switching from your current plan to an HDHP. It also allows you to calculate the HSA and/or HRA funding totals based on your anticipated number of employees in individual and family coverage. For employees: if they need to decide between two or more plan options, they can access a plan comparison tool to see how their out-of-pocket expenses would change between plans based on their current health care usage. The comparison tool is available on the *Customers* portal on **bcbsde.com** under the *Resources & Tools* tab.

## Travel Worry-Free with the PPO BlueCard® Program

With the Blue Cross and Blue Shield BlueCard® network, your employees' coverage travels with them. If you offer a **BlueAdvantage** PPO plan, your employees have access to providers and hospitals nationwide. Accessing care is as easy as presenting a BCBSD ID card. Providers who participate with their local Blue Cross and Blue Shield plans will recognize and honor a BCBSD card. That way when your employees travel, their benefits go with them. Employees with a **BlueAdvantage** EPO plan are generally eligible for out-of-state coverage for emergencies and urgent care only.

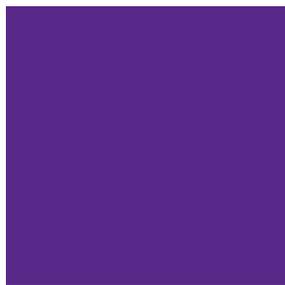


### *BluePrints for Health*

BCBSD is committed to helping employees improve their health. As part of this goal, we created the *BluePrints for Health* program, which provides members with tools they can use to make informed health care choices and better manage their general health. The program focuses on four components: Prevention and Wellness; Medical Management; Education; and Care Management.

The *BluePrints for Health* program provides eligible members with health and wellness tools, including an online wellness program with health risk assessments; management programs for nutrition, weight, fitness and stress; online coaching; and a smoking cessation program. Other highlights of *BluePrints for Health* include preventive health screenings and

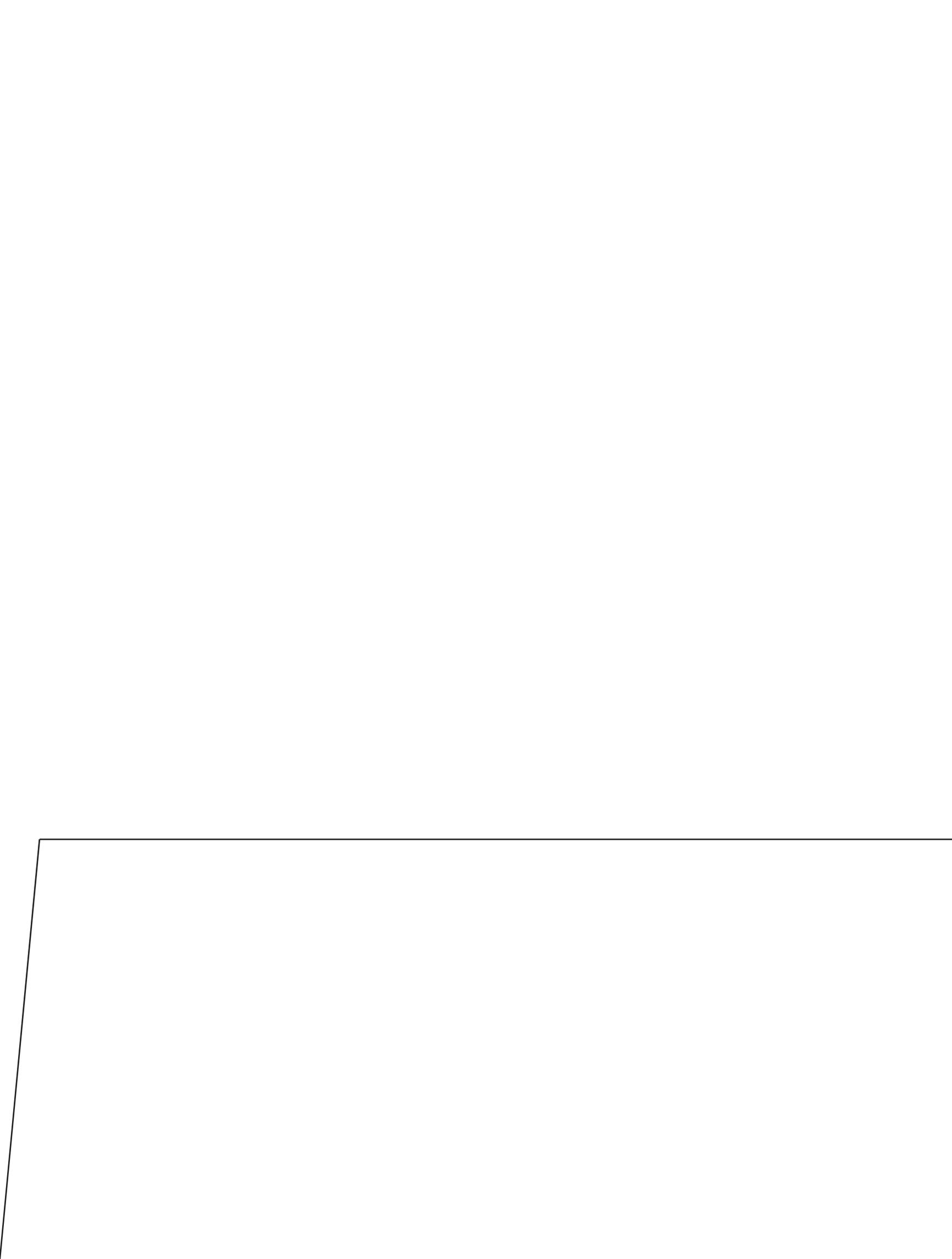
immunizations, care (disease) management programs and discounts on alternative health and wellness services such as acupuncture, chiropractic care and eldercare.



## The Advantage of Blue

When you choose a **BlueAdvantage** health plan, you're choosing a Blue Cross and Blue Shield plan from the most trusted name in health care. BCBSD offers the largest network of physicians, labs and hospitals in Delaware, so we're likely to have the doctors you and your employees prefer. *For more information on **BlueAdvantage** plans, please contact your broker or BCBSD at 800.572.4400, or visit us online at [bcbsde.com](http://bcbsde.com).*





This brochure has been prepared for the information of customers and brokers of BCBSD. It does not provide legal, tax or financial advice. You should not act upon the information in this brochure without seeking professional legal, tax or financial advice, based upon the specific facts of your individual situation. This brochure is not a contract. It is designed to introduce the plan only and does not create rights given by the benefit plan. Not all services and procedures are covered by your benefits contract.



Working well together.  
**[bcbsde.com](http://bcbsde.com)**

Blue Cross Blue Shield of Delaware is an independent licensee of the Blue Cross and Blue Shield Association.

® Registered trademark of the Blue Cross and Blue Shield Association.  
©2009 Blue Cross Blue Shield of Delaware. All rights reserved.

# Footnotes

1. A PPO plan provides a lower out-of-network benefit level. An EPO plan has no out-of-network benefits.
2. Preventive care does not generally include services or benefits intended to treat an existing illness, injury or condition.
3. Employees and employers should obtain professional legal or tax advice before establishing, contributing to, or selecting an HSA or an HRA. Eligibility for an HSA or HRA is based on the application of federal tax rules to each individual.
4. HSAs generally permit payment or reimbursement of qualified medical expenses as defined by Section 213(d) of the Internal Revenue Code. For HRAs, employers generally limit reimbursements to a smaller category of Section 213(d) qualified medical expenses. As required by law, HRAs and HSAs are permitted to pay or reimburse qualified medical expenses incurred by a qualified individual (an employee, spouse and/or dependent children as defined under applicable federal laws and regulations).
5. **Common eligibility requirements to contribute to an HSA:**
  - Maintain coverage under a qualifying HDHP
  - Not enrolled in Medicare
  - Not eligible to be claimed as a dependent on someone's tax return
  - Did not receive medical benefits from the Department of Veterans Affairs at any time during the previous three months
  - Not covered under TRICARE (the health care program for active duty and retired members of the uniformed services, their families and survivors)
  - Not covered by any other health plan not permitted by the HSA rules.  
For example:
    - A general purpose health Flexible Spending Account (FSA) provided by your or your spouse's employer
    - Another health plan that is not an HDHP
    - Another health plan that is an HDHP, where the application of coordination of benefits rules would result in the payment of benefits under the secondary health plan that would satisfy all or part of the deductible under the primary plan
  - Other coverage that is permitted:
    - Coverage under another plan (insurance or otherwise) for accidents, disability, worker's compensation, dental, vision or long-term care
    - Insurance for a specified condition or illness, such as cancer insurance
    - Insurance that pays a fixed amount per day or other period of hospitalization
6. Visit [ustreas.gov](http://ustreas.gov), go to the left column and click on Health Savings Accounts (HSAs) to view maximum contribution amounts.
7. Employer contributions to an HRA or HSA, and employee contributions to an HSA made under an employer's cafeteria plan, are exempt from withholding and payment of the employee's federal income tax, Federal Insurance Contributions Act (FICA) and Federal Unemployment Tax Act (FUTA). HSA contributions made outside of an employer's cafeteria plan may be deducted by an employee on the employee's federal income tax return. Withdrawals from an HSA used to pay for, or reimburse, qualified medical expenses incurred by a qualified individual are exempt from federal income tax. Reimbursement or payment of qualified medical expenses permitted by an employer's HRA and incurred by a qualified individual are exempt from federal income tax. State and local tax treatment of HRA and HSA contributions and withdrawals may vary.
8. In states such as Delaware, current data for all patient hospitalizations it is not made available for use by non-hospital entities. Medicare data (patients primarily over 65) is available from all 50 states and is useful for comparing hospitals for most diagnoses or procedures; however, some diagnoses or procedures are not available when only using data for patients primarily over 65 — including those categorized as gynecology, mothers and babies, pediatric conditions, and pediatric surgery.

## Important Notes for Health Savings Accounts

BCBSD's **BlueAdvantage** health plans are not HSAs. They are high-deductible health plans. Each HSA provided by *The Bancorp Bank* (collectively *Bancorp*) is a separate, individual contract between the individual and *The Bancorp Bank*. Please see *BCBSD Disclosures and Disclaimer Statements* below. An individual may choose to establish an HSA with any bank or qualified institution under a separate, individual contract. An individual must be eligible under applicable laws and regulations to open and contribute to an HSA and/or to have his/her employer contribute to the HSA.

## The Bancorp Bank Privacy and Security Information

*The Bancorp Bank*, which provides the HSA accounts that accompany the BCBSD **BlueAdvantage** plans, is committed to treating and using your financial information responsibly. *The Bancorp Bank* will safeguard your information and comply with all laws and regulations related to privacy, and will continue to assess new technology for protecting your privacy. *The Bancorp Bank* does not share customer information with any third party companies for any purpose without customer consent, unless required by law.

## BCBSD Disclosures and Disclaimer Statements

Blue Cross Blue Shield of Delaware (BCBSD) receives no commissions or other financial incentives from *The Bancorp Bank* or its subsidiaries (collectively *Bancorp*) to encourage enrollment in the Health Savings Accounts (HSAs) offered by *Bancorp*. BCBSD does not guarantee the performance or solvency of *Bancorp*, or the availability of HSA funds on deposit with *Bancorp*. In the event that BCBSD, acting as an agent for an employer, transfers HSA contributions in the form of payroll deductions or otherwise from such employer to *Bancorp*, BCBSD shall not be obligated to pay interest on such contributions held during the transfer process. Neither contributions made to an HSA, nor HSA account balances, constitute, or may be deemed to constitute, the assets of any ERISA plan or other benefit plan. BCBSD is not, and shall not be deemed to be, the fiduciary, custodian or trustee of any HSA, or of any funds held or transferred in connection with an HSA. Each HSA offered by *Bancorp* is the responsibility of *Bancorp* and the respective account holder; all funds on deposit with *Bancorp* are liabilities solely of *Bancorp*.

Effective January 14, 2008, *Bancorp* made available to HSA account holders who have/had a BCBSD qualifying HDHP, the option of investing HSA balances in investment products available by, and through, National Financial Services LLC, (NFS), (a Fidelity Investments Company, Member NYSE, SIPC), and provided by various investment companies. NFS and the various investment companies are owned and operated independently of BCBSD and *Bancorp*. Neither BCBSD nor *Bancorp* is a registered investment adviser, nor is BCBSD or *Bancorp* acting in the capacity of a registered investment advisor with respect to the offering by, and through, NFS and the various investment companies of HSA investment options. Participation in the investment options is voluntary. Under no circumstances is BCBSD or *Bancorp* offering any of the HSA investment options. Neither BCBSD nor *Bancorp* makes any representations with respect to the investment options offered by, and through, NFS and provided by various investment companies. Each HSA account holder may select the portion (from 0 percent to 100 percent) of his/her account balance to invest and may choose among the investments available by, and through, NFS and from the various investment companies. Each HSA account holder should carefully consider the risks associated with any such investment. Each HSA account holder should understand that any such investment product is: (i) not insured by the FDIC or the NCUA; (ii) not a guaranteed deposit or obligation of BCBSD, *Bancorp*, MyAdvantageHSA®, or any other bank or credit union; and (iii) subject to investment risk, including the possible loss of income or of the principal invested. BCBSD and *Bancorp* disclaim any and all liability, contingent or otherwise, for the selection, appropriateness or performance of any such investment product, including any loss of income or of the principal invested. Each HSA account holder is solely responsible for determining whether any investment, security, strategy, or any other product or service is appropriate or suitable for him/her based on the laws and regulations regarding HSAs; his/her health; and any medical situation of his/hers, spouse and dependents; his/her investment objectives; and his/her personal and financial situation. Each HSA account holder should consult a competent attorney or tax professional regarding his/her specific legal or tax situation prior to making any investment decisions.

BCBSD and its employees are **not** registered investment advisors, securities brokers or dealers, and are **not** authorized to sell any securities to you, accept investment instructions from you, or provide investment advice to you in connection with any HSA account balances. BCBSD has **not** authorized licensed insurance producers (agents and brokers) to perform any such investment function or service in connection with HSA account balances, even if those producers are otherwise licensed to sell securities. Neither BCBSD nor its employees will receive commissions or any other forms of compensation based on securities transactions in connection with any investment of HSA account balances. BCBSD has **not** authorized the payment of any such form of investment-related compensation to licensed insurance producers.