



Options Blue



A health plan that puts you in control

Flexible, affordable coverage with a health savings account for individuals and families

2008

You're independent. Maybe you're running your own business.

And you're responsible for choosing a health plan.

Whatever your situation, Options Blue from Blue Cross and Blue Shield of Minnesota makes a lot of sense.

Great health care coverage. Significant cost savings. Tax advantages.

Whether you're buying a plan for just yourself or your family, Options Blue is an outstanding choice that puts you in charge of your health and your money. It's a high-deductible health plan that can be paired with a health savings account (HSA) that puts you in control of your health care spending. You choose the doctors you want and how to use your account. It's easy, it's flexible and we'll give you the tools to help you make your decisions.

Here's how Options Blue works for you:

Save money on your monthly premiums. You'll get the security of an outstanding health plan from Minnesota's one and only "Blue" with a cost-effective premium that comes with a higher deductible.

Get an HSA with tax advantages. You can contribute tax-deductible money to your account to help meet your deductible. Unused amounts earn interest and "roll over" to the following year.

Access powerful online decision tools. At myBlueCross, our online member self-service center, you can find a wealth of cost and quality information to help you make informed health care choices and manage your account.

Take advantage of health improvement programs.

Blue Cross offers a variety of programs to help you get and stay healthy. Please refer to the programs on page 6.

Choose options for your budget and the way you live

Above all, Options Blue is a health plan that can help you look forward to the future without worry. You choose your deductible. You choose either 100 percent coverage or our 80/20 coinsurance plan.

Once you've met your deductible, you're covered for everything from doctors' visits, hospital care and surgery to prescriptions and chiropractic care. And preventive care — including well-child care, immunizations and prenatal care — is covered, too. You can choose "first-dollar" preventive coverage, with up to \$300 in preventive care not subject to your deductible or coinsurance. Or, for a lower premium, you can choose to have preventive care subject to your deductible and pay for those services with HSA funds.

How your deductible works

The deductible you choose applies to everyone in your family covered by the plan. There are no per-person deductibles when you have Options Blue family coverage.

Our plans include "fourth quarter carryover." That means whether you have an individual or family plan, if you have expenses in October, November and December that count toward your deductible, we'll apply those charges to the following year's deductible, too.

Out-of-pocket savings

When your share of eligible expenses (your deductible plus coinsurance) reaches the out-of-pocket maximum for your plan, eligible charges will be paid at 100 percent for the rest of the year for the entire family.

Prescription drug coverage

Unlike many other types of health plans, prescriptions are subject to the deductible. Options Blue pays for all or part of your prescriptions after you satisfy the deductible. At any of the more than 55,000 pharmacies in the pharmacy network, you'll pay the lowest price for any drug on the formulary at the time of your purchase. Choose generic formulary drugs over brand-name formulary drugs and you'll save even more.

You choose your doctor

It's up to you. You'll never need a referral for care from a specialist. Our extensive network includes most Minnesota doctors (probably yours), hospitals and clinics. Of course, you'll get the best coverage when you see providers in our network and they'll take care of most paperwork, too — no claims to file.

You're also covered all over the world. By seeing providers in the BlueCard® network, you'll pay the lowest prices for care you receive outside of Minnesota. To find providers wherever you go, visit bluecrossmn.com and select "find a doctor" or call 1-800-810-BLUE (2583) and ask for the Traditional/Indemnity network.

Crossover makes things easier

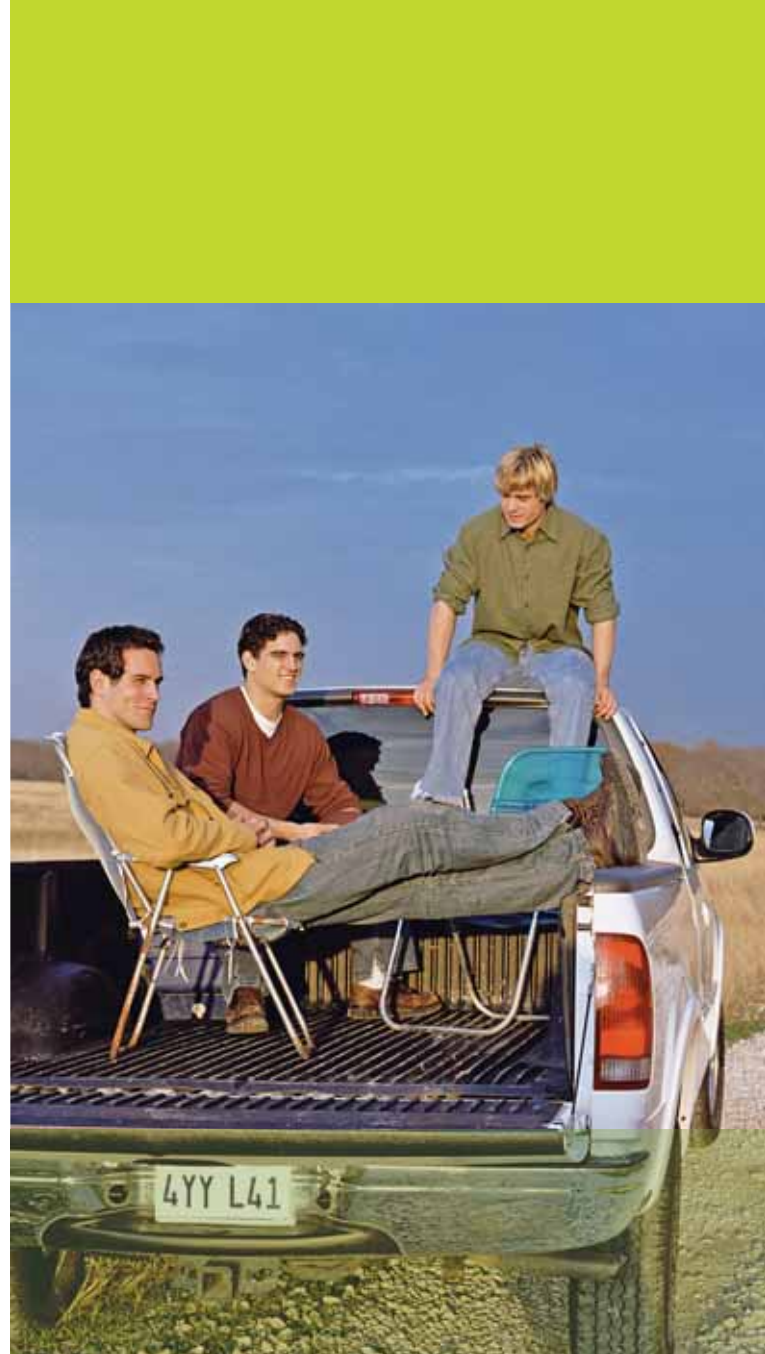
"Crossover" creates an electronic connection between your health plan and SelectAccountSM. SelectAccount works in partnership with Blue Cross to administer your account. Crossover lets Blue Cross electronically submit claims to SelectAccount so you're automatically reimbursed for your part of health care expenses. Pharmacy claims are point of sale.

Sign up for crossover if:

- you plan to use the money in your account to pay for expenses

Don't sign up for crossover if:

- you want to save the money or pick and choose when you use it (you'll need to submit requests for reimbursements)
- you choose to use a debit card with your HSA
- you or someone in your family has other health coverage



Here's how your medical claims are paid with crossover



1 You see the doctor of your choice.



2 The doctor submits the claim to Blue Cross.



3 Blue Cross pays according to your health plan and notifies you of your responsibility.



4 If you have selected crossover, the claim is forwarded to SelectAccount.



5 The request for reimbursement is processed and a check is sent to you or the money is deposited directly into your checking or savings account. You pay your doctor directly when you receive the bill (if you haven't already paid). For medical claims, you pay your provider until your deductible and/or out-of-pocket maximum is reached.



6 At the pharmacy, the pharmacist checks your HSA balance. If you've signed up for crossover and there's money available in your account, the pharmacy can be paid immediately and you pay nothing out of pocket. If funds are not available, you pay your portion of the expense to the pharmacy.

Which medical expenses can be paid for with tax-deductible HSA funds?

The following is a partial list of eligible/potentially eligible/ineligible medical expenses. If you have any questions about an item's eligibility, please contact SelectAccount customer service at (651) 662-5065 or toll free at 1-800-859-2144.

Eligible medical expenses

Abortion	Eye surgery (laser or radial keratotomy)	Patterning exercises
Acupuncture	Eyeglasses – prescription sunglasses/safety glasses	Physical exams (routine, medical, well-child)
Alcoholism treatment	Eyeglasses – reading	Physical therapy
Ambulance	Fertility treatments (e.g., artificial insemination, egg donor fees, in vitro)	Prenatal/postnatal exams
Artificial limbs	Flu shots	Prescription drugs (special rules apply, e.g., prescription drugs obtained from out of country are not covered)
Asthma treatments/nebulizer	Fluoridation treatment at a dental office	Preventive care screenings (e.g., mammogram, colonoscopy)
Blood pressure monitoring devices	Gambling problem treatment	Prosthesis
Body scans (e.g., MRI, CAT Scan)	Hearing tests, aids and batteries	Psychiatric care
Brace (e.g., knee, back, wrist)	Home health care	Shipping and handling fees for eligible expenses
Braille books/magazines (excess cost)	Hormone replacement therapy (HRT)	Sleep study
Chiropractic treatments (e.g., adjustments)	Immunizations	Smoking cessation medications/programs
Circumcision	Individual counseling (counseling must be performed to alleviate or prevent a physical or mental defect or illness)	Speech therapy
Coinsurance amounts (health, dental or vision)	Lab tests	Support (e.g., wrist, knee, elbow)
Contact lenses (corrective)	Medical alert bracelet or necklace	Surgical stockings (e.g., Jobst stockings)
Contraceptives (e.g., birth control pills, condoms, Norplant)	Medical records charges	Taxes paid for eligible expenses
Convalescent home (for medical treatment only)	Mental health treatment facility	Telephone/television equipment for hearing-impaired persons (excess cost)
Copayments (health, dental or vision)	“Morning-after” contraceptive pill	Transportation expenses relative to health care (corresponding medical documentation requested)
C-PAP machine and supplies	Occlusal guards to prevent teeth grinding	Tubal ligation/tubal ligation reversal
Crutches (purchase or rental)	Oral surgery	Vaccinations
Deductibles (health, dental or vision)	Organ transplant (including donor's expenses)	Vasectomy/vasectomy reversal
Dental procedures, non-cosmetic (e.g., X-rays, fillings, extractions, crowns, implants)	Orthodontics	Walkers/canes (purchase or rental)
Dentures/denture adhesive	Oxygen and oxygen equipment	Wheelchair (purchase or rental)
Diabetic supplies (e.g., insulin, syringe, monitor, insulin pump)	Patient responsibilities under the medical, dental or vision plan solely because of the plan's deductible, copay (coinsurance), reasonable and customary charge limit or benefit limit	X-rays
Drug addiction/substance abuse treatment		
Embryo, egg and sperm storage fees		
Eye exams		

Potentially eligible medical expenses (requires Letter of Medical Necessity)

Abdominal supports	Fluoridation device	Mentally handicapped residential or group home
Air conditioner (capital expense)	Genetic testing	Mineral supplements (if prescribed by a physician for a specific medical condition)
Air purifier (potential capital expense)	Group therapy	Mouthwash
Arch supports	Guide dog/service animal (purchase, care for, training)	Orthopedic inserts
Athletic club membership	Herbal treatments	Orthopedic shoes (excess cost)
Autoette	Holistic or natural healers, dietary substitutes, drugs and medicines	Personal trainer fees
Automobile modifications (capital expense)	Home improvements (e.g., exit ramps, widening doorways) (capital expense)	Prescription drugs that also have a cosmetic purpose (e.g., Retin-A, Rogaine, Botox, Propecia)
Bariatric surgery	Household products/improvements to treat allergies	Special education costs for dependents with disabilities
Behavioral modification programs	Inclinor	Special foods/beverages (if prescribed by a physician to treat a specific condition) (excess cost)
Breast pumps	Lactation consultant	Stem cell, harvesting and/or storage of
Breast reconstructive surgery	Lead-based paint removal	Umbilical cord, freezing and storing of
Breast reduction surgery that is medically necessary	Learning disability treatment	Varicose veins, treatment of
Childbirth/lamaze classes (related to pre-birth)	Lodging (away from home for outpatient care – special rules may apply)	Vitamins (if prescribed by a physician for a specific medical condition, e.g., prenatal vitamins)
Cosmetic surgery (for repair or reconstruction after accident or surgery or for correction of birth defect)	Massage therapy	Weight loss program and medications (if prescribed by a physician for a specific medical condition – excludes food)
Dietary/nutritional supplements	Mastectomy-related special bras	Wigs
DNA collection and storage	Medical conference admission and transportation (excludes meals and lodging)	
Dyslexia testing and instruction		
Elevator (capital expense)		
Exercise equipment or programs		

Generally, health insurance may not be purchased with HSA funds. There are some exceptions. Funds may be used for 1) a health plan during any period of continuation of coverage required under any federal law, 2) a qualified long-term care plan, 3) a health plan during a period in which the individual is receiving unemployment compensation under federal law (COBRA), 4) retiree health coverage offered by an employer, or 5) Medicare Part B premiums.

These expenses do not qualify for reimbursement:

Bottled water	Maternity clothes
Cleaning service	Meals
Cosmetic surgery and procedures	Medical newsletter
Cosmetics, hygiene products and similar items	Missed appointment fees
Dancing lessons	New parent/newborn child care classes
Diapers or diaper service	Non-prescription eyeglasses, sunglasses, safety glasses or contacts
Diet foods	Prepayments
Ear or body piercing	Prescription drug discount program fees
Electrolysis or hair removal	Prescription drugs and medicines obtained from other countries
Feminine hygiene products (e.g., tampons)	Sports training and activities
Funeral, cremation or burial expenses	Surrogate expenses
Hair colorants	Swimming lessons
Hair transplants	Swimming pool and maintenance
Household help	Tanning salons and equipment
Illegal operations and treatments	Teeth whitening
Illegally obtained drugs	Transportation costs of disabled individual commuting to and from work
Late fees (e.g., for late payment of bills for medical services)	Travel for general health improvement
Lodging while attending a medical conference	Veneers
Marijuana or other controlled substances in violation of federal law	Vision discount program fees
Marriage counseling	

If you decide to use your account for non-qualified expenses (or any others not listed in IRS Publication 502), you must pay taxes on the funds and a 10 percent penalty.

These lists are intended to serve as a quick reference. Please remember that neither your health plan nor your account administrator can provide tax advice. For more detailed information, refer to IRS Publication 502, "Medical and Dental Expenses," catalogue number 15002Q. Order

by calling 1-800-TAX FORM (1-800-829-3676). The account holder is responsible for filing necessary tax information. Always discuss tax strategies with a financial advisor.

Support for your good health

It's your life. It's your health. Make the most of it with personalized programs designed to help you live well, available as part of your Options Blue plan.

24/7 nurse advice line — talk to a nurse about your health questions and get advice on how to take care of yourself

Care support — one-on-one help for members with chronic conditions, including diabetes and heart disease

Stop-smoking program — helps you quit in your own way, at your own pace, with one-on-one support

Fitness discounts program — get reimbursed up to \$20 on your monthly dues at participating fitness centers when you work out 12 times a month

myBlueCross: online tools put you in control

When it comes to taking care of your family and taking charge of your health plan, information access is where it's at. You'll find what you need, whenever you need it, with myBlueCross at bluecrossmn.com.

Health provider quality and comparison information — choose the doctor that's right for you, compare hospitals and more

Cost estimates — research medical cost estimates and compare generic and brand-name drug prices

Health and wellness resource — use the online wellness center to learn what you can do to keep you and your family healthy

Health plan management — look up claims, order member ID cards

Customer service — e-mail customer service any time of the day or night

HSA management — check your HSA balance, manage your investments

How an HSA can work for you

Here's a step-by-step to get you started. If you have more questions, one of our experts will be happy to answer them. Call Blue Cross customer service at the number on the back of your member ID card.

1 Set up and contributions

Once you've completed an HSA application and have received written confirmation of your account from SelectAccount, you make your first contribution to your account. (You decide how much and how often you will contribute.) Your health plan must be in effect on the first day of the month in which you make an HSA contribution. Your account must be set up before expenses are eligible.

How much can you contribute?

By federal law you're limited on how much you can contribute into your HSA each year. Generally, in 2008, the maximum annual contribution into the account is \$2,900 for individuals or \$5,800 for families.

Your contributions are tax-deductible and earn interest from the first dollar you deposit.

2 Until you reach your deductible

When you receive eligible services or medical supplies and equipment, you pay the providers. Then, you may choose to be reimbursed with HSA dollars, or you can leave your money to earn interest in the account. It's your money and your choice!

3 After your deductible is met

Your health plan begins to pay for eligible expenses when you have reached your deductible. At this point, your share of expenses depends on your plan — 80 percent or 100 percent coverage. You can pay your share with money you might still have in your HSA, or you can pay with money out of your pocket.

You can also choose to pay for a wide range of medical expenses that are not covered by your health plan, like



acupuncture or laser vision surgery, using your HSA dollars. Some of these expenses don't count toward satisfying your deductible, but the tax advantages of using money in your HSA to pay for these expenses still applies.

A little extra toward retirement

If you're 55 or older, you can make additional tax-advantaged contributions to your HSA. The catch-up amount in 2008 is \$900 and will increase to \$1,000 for 2009 and thereafter.

What about administrative fees?

You can choose from three pricing options with SelectAccount. See the HSA application for additional information.

Debit cards make payment easy and convenient

We've made paying for eligible medical services from your HSA a breeze. You can choose to use a debit card when you want to access your funds to pay for medical, dental or vision expenses not reimbursed by your health plan. It's fast and it's simple. (Additional fees may apply.)

Note: There is no crossover with a debit card. Debit cards are included with the Basic or Premium fee options; there is an additional charge for a debit card with the Thrift fee option.

You cannot open or contribute to an HSA if:

- you're covered under another health plan that's not a qualified high-deductible plan, including Medicare
- you're covered under a flexible spending account that's not a limited-use account (this means that until you meet your health plan deductible, the flexible spending account can only be used to pay for dental, vision or preventive care)

Invest in yourself. Invest in your health.

This is what's really different. The HSA that's paired with your Options Blue health plan gives you:

- tax advantages
- interest earned on your unused Base Balance
- money that's yours to keep

An HSA gives you more control over how and when you spend your health care dollars — any unused balance earns interest for your future. It's sort of like a 401(k) for your health, yours to manage and build upon. As your account grows, you can even invest a portion of your unused dollars in a variety of stocks, bonds or mutual funds.

And there are tax advantages. Contributions up to the allowed amount are tax-deductible. You pay no income tax on withdrawals as long as they're used for qualified medical expenses (as defined by Internal Revenue Code). The money is yours whether you use it or not and rolls over from year to year. There's no "use-it-or-lose-it" penalty.

What's more, at age 65, any money in the account is yours to spend how you choose, no penalties. If you spend the funds on qualified medical expenses, you won't pay income tax on the funds. You can spend the money for other purposes without penalty, but the dollars will be subject to income tax.

HSA investment options at a glance

When the Base Balance in your HSA reaches \$1,000

You can open a self-directed account Basic Investment Account within your HSA — with the Charles Schwab Trust Company as the custodian — with funds that exceed \$1,000. This account gives you access to a variety of mutual funds in various asset classes from the Schwab OneSource mutual fund program. These funds have been selected by a Devenir Investment Advisors LLC, a registered investment advisor. You decide whether and when to invest, select the funds in which you want to invest and decide how much to invest. The fee for this account is \$1.50 per month.

When your Basic Investment Account balance exceeds \$10,000

You can open a self-directed Brokerage Investment Account through your HSA with Charles Schwab & Co. Inc. This account gives you access to more than 2,500 mutual funds, as well as stocks, bonds and other investments. You decide whether and when to invest, select your investments, and decide how much to invest. The fee for this account is \$1.50 per month.

Need help?

For questions about your HSA or investment account opportunities, call Blue Cross customer service at the number on the back of your member ID card.

Options Blue: much more than a health plan

Starting today, you can begin thinking of your health care as a very important purchase, not an invisible expense. You can start thinking of your health plan — and your HSA — as part of your long-term financial strategy.

Most important: You can get the information you need to make the choices that work for you and your family.

It's about time, isn't it? From trusted health coverage to smart savings to powerful information, Options Blue gives you the security you need and the control you want. Are you ready for a fresh approach to health care coverage?

Other plans as individual as you are

When your health care needs change, so should your health plan coverage. You can count on Blue Cross for a variety of individual plans to match whatever your life situation is.

Insta-CareSM. A temporary health care plan when you need coverage right away. Just graduated, between jobs, or waiting for group coverage to take effect? Insta-Care provides 30-, 60- or 90-day coverage for a long list of medical and hospital services, but does not cover pre-existing conditions or mental health.

Aware CareSM. A traditional plan for you and/or your family. Coverage for hospital and medical services, annual checkups, immunizations, prescription drugs and more. Ten deductible options to fit your budget.

Simply Blue. A plan designed for how you live. It's a new kind of health plan that covers your doctor visits right from the very first dollar. It has all the essential health care you need and none of what you don't. It's easy to understand and affordable but does not cover childbirth labor and delivery.

If you'd like more information on any of these plans, contact your agent, go to **bluecrossmn.com** or call Blue Cross at (651) 662-5050 or toll free at 1-800-262-0823.

It's easy to get started

We're ready when you are. For more information or to apply for Options Blue, talk to an agent. You can find one in the yellow pages or visit **bluecrossmn.com** and select "find an agent." Or you can call Blue Cross at (651) 662-5050 or toll free at 1-800-262-0823.

Options Blue plan highlights

Options Blue provides individual or family health coverage paired with an HSA. You're in control of your health care spending. You also have access to our fitness discounts program that reimburses up to \$20 per month of your health club dues, an online wellness center, stop-smoking program, 24-hour nurse advice line and care support program.

	80% plan		100% plan	
Annual deductible options	Individual only \$1,450 \$2,050 \$2,850	Family \$2,900 \$4,100 \$5,700	Individual only \$1,450 \$2,050 \$2,850	Family \$2,900 \$4,100 \$5,700
Annual out-of-pocket maximum	Individual only \$2,900 \$4,100 \$5,500	Family \$5,800 \$8,200 \$11,000	Equal to deductible	
Office visits In the doctor's office or urgent care facility (within the network) for an illness or injury	80% after deductible		100% after deductible	
Preventive care (routine physicals, eye exams, cancer screening)	Option 1 – 100% of the first \$300 of eligible services, then 80% after deductible Option 2 – 80% after deductible		Option 1 – 100% of the first \$300 of eligible services, then 100% after deductible Option 2 – 100% after deductible	
Prescription drugs 31-day supply Maintenance prescriptions: 90-day supply available through 90dayRx program at participating retail pharmacies or by mail order (3-cycle supply of oral contraceptives for 3 copays)	80% after deductible		100% after deductible	
Emergency room care				
Inpatient and outpatient lab and X-ray services				
Inpatient and outpatient hospital services				
Ambulance				
Medical supplies				
Chiropractic, occupational, physical and speech therapy				
Home health care up to \$25,000 per year				
Behavioral health/mental health care				
Behavioral health/substance abuse (You can decline this coverage and receive a lower rate)				
Well-child services to age 6 Immunizations to age 18	100% (no deductible)			
Prenatal care				
Maternity labor, delivery and post-delivery care	For the first 18 months of coverage: after you pay the deductible, benefits are limited to \$500 Beginning with the 19th month of coverage: 80% after deductible		For the first 18 months of coverage: after you pay the deductible, benefits are limited to \$500 Beginning with the 19th month of coverage: 100% after deductible	
Lifetime maximum benefit per person	\$5 million			

This is only an outline of plan benefits. The contract and certificate include complete details of what is and isn't covered. Services not covered include eyeglasses, hearing aids, items primarily used for a non-medical purpose, over-the-counter drugs/nutritional supplements, services that are cosmetic, experimental, not medically necessary, or covered by workers' compensation or no-fault auto insurance. Preexisting conditions may not be covered for a limited period of time. A preexisting condition is a condition we have determined existed up to six (6) months immediately preceding the enrollment date of your coverage. Conditions are considered to be preexisting if medical advice, diagnosis, care or treatment was recommended or received within the specified time frame. This limit is reduced by prior continuous coverage and doesn't apply to pregnancy, newborns, adopted children or handicapped dependents. We feature a large network of health care providers. Each provider is an independent contractor and is not our agent. Nonparticipating providers do not have contracts with Blue Cross and Blue Shield of Minnesota. Deductibles and out-of-pocket maximums are based on the Consumer Price Index and may change annually.

Glossary of terms

EOB – An EOB (Explanation of Benefits) is a form you'll receive from Blue Cross each time you receive care. The EOB provides information about the care you received, what portion of the expense was covered by your plan and what portion is your responsibility.

EOP – An EOP (Explanation of Payment) is a form you'll receive from SelectAccount when you make a withdrawal from your HSA, or when you receive reimbursement (if you have crossover).

HDHP – An HDHP (high deductible health plan) is a health plan that meets certain IRS requirements that can be paired with a financial savings account.

HSA – An HSA (health savings account) is a financial account that enables you to save money for future health care expenses. There are special tax advantages to your HSA, along with the opportunity to invest your unused account dollars.

How to get help

You have a variety of options for getting help, if you can't find the information you need in these pages. Here are a few of the resources available to you as an Options Blue member:

🔍 **Online service center** – Visit myBlueCross, the online member service center available at bluecrossmn.com

📞 **Dedicated customer service** – Call Blue Cross customer service at the number on the back of your member ID card with questions about your health plan coverage, prescription drugs or networks, your HSA or your HSA investment accounts

📞 **Automated telephone self-service** – You also have the option of getting basic account information through our new interactive phone system when you call Blue Cross customer service. This gives you access to information like your account balance, recent contributions and withdrawals, claims status, investment account balances, and more!



**BlueCross BlueShield
of Minnesota**

An independent licensee of the Blue Cross and Blue Shield Association

Options Blue — The plan with an accountSM

Invest in yourself and your health

Options Blue offers:

- Great medical coverage from a name you trust
- Tax-advantaged account
- Lower premiums
- Wide selection of doctors and hospitals
- Optional first-dollar preventive coverage