

HealthSpan



FOR RETIREES, ELIGIBLE SPOUSES,
AND DEPENDENTS UNDER AGE 65

A photograph of an elderly African American couple smiling and embracing each other outdoors. The woman is leaning over the man's shoulder. They are both wearing light-colored clothing. The background is a soft-focus green lawn.

***Your High
Deductible
Health Savings
Account Plan
(HDHSA)***

Your High Deductible Health Savings Account Plan (HDHSA)

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About This Brochure



Health care is an important consideration in retirement. Cummins has created this brochure to help you understand how your health care coverage works before you reach age 65.

Please read this information carefully and save it for future reference.

ELIGIBILITY

The High Deductible Health Savings Account Plan is available to Cummins retirees, spouses, and eligible dependents under age 65. Once a participant reaches age 65, health care coverage is provided completely by Medicare.

Please note, contributions to the HSA account must stop once you are enrolled in Medicare. However, you keep the money in your account and use it to pay for medical expenses tax-free.

QUESTIONS?

*If you have questions about your benefits, please call the **CBS Benefits Contact Center** at 877-377-4357.*

TIP

To ensure you do not have a gap in coverage, please apply for Medicare no less than 90 days prior to your 65th birthday. Visit www.cms.gov to learn more about Medicare eligibility.



HealthSpan — Your HDHSA plan

Coverage under the HDHSA Plan ends when:

- You reach age 65.
- You fail to pay the monthly premium.

Coverage for your eligible spouse or domestic partner ends when:

- He/she reaches age 65.
- He/she is no longer your eligible dependent.
- He/she fails to pay the monthly premium.

Coverage for your eligible children ends when:

- They reach age 23.
- They are no longer your eligible dependent.
- You fail to pay the monthly premium.

If your child is disabled, you must apply for continuation of coverage prior to your child reaching age 23.

HOW THE PLAN WORKS

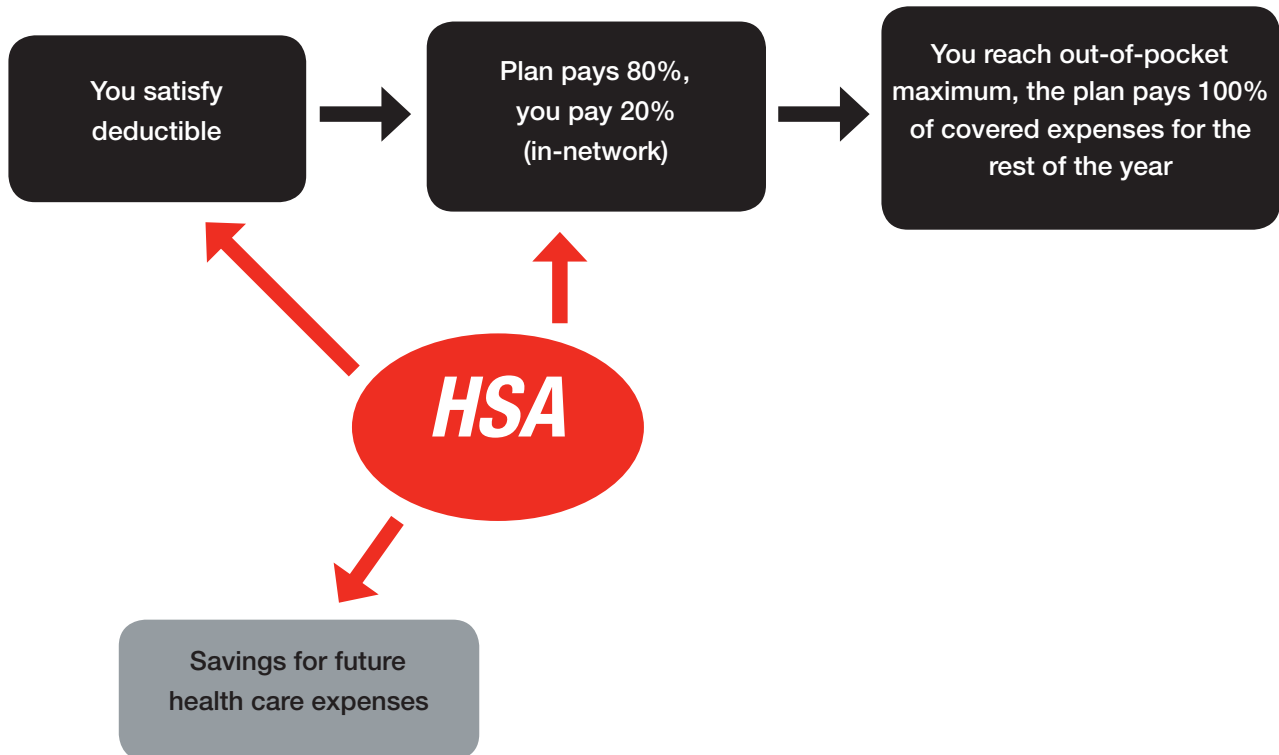
The High Deductible Health Savings (HDHSA) Plan was designed to offer you several benefits, including:

- **Affordable Monthly Premiums** — Health care is important to you. That's why the HDHSA Plan offers you health care coverage at an affordable monthly price.
- **Flexibility** — You want a program that lets you use the doctor, hospital, or health care facility that is right for you. The HDHSA Plan provides flexibility – even when you are away from home.
- **Tax Savings Opportunities** — Recent changes to tax laws give you more opportunities to buy health care services on a tax-advantaged basis. The HDHSA Plan maximizes your opportunity for tax savings through the Health Savings Account (HSA).
- **Financial Protection Against Serious Illness or Injury** — If you experience a serious illness or injury, you want to know that your care will be covered. Under the HDHSA Plan, the lifetime maximum benefit is \$1 million.

Introducing the High Deductible Health Savings Account Plan (HDHSA Plan)



The High Deductible Health Savings Account Plan (HDHSA Plan) allows you the flexibility to see any doctor or go to any hospital you choose, but pays a larger percentage of covered expenses when you use in-network providers. The HDHSA Plan is administered through Anthem Blue Cross and Blue Shield (Anthem BCBS).



HDHSA Plan: Benefits Summary

The chart on pages 5 and 6 shows the specific services and coverage available to you under the HDHSA Plan.

PLAN FEATURE	IN-NETWORK COVERAGE ¹	OUT-OF-NETWORK COVERAGE ²
<i>Your Doctor</i>	<i>You choose an Anthem BCBS provider</i>	<i>You choose a non-Anthem BCBS provider</i>
Annual Deductible – amount you must pay before Cummins pays benefits (applies to all eligible expenses, including retail and mail-order prescription drugs)	Single: \$2,850 Family: \$5,650	Single: \$5,000 Family: \$10,000
Annual Out-of-Pocket Maximum – after you reach this (including the annual deductible), Cummins pays 100% of covered expenses for the rest of the year	Out-of-pocket maximum (includes deductible): Single: \$5,000 Family: \$10,000	Out-of-pocket maximum (includes deductible): Single: \$10,000 Family: \$20,000
Lifetime Maximum Benefit – the most the plan will pay in benefits on your behalf during your entire participation in the plan	\$1 million	

¹ Cummins pays the percentage in the chart based on Anthem BCBS's discounted fee schedule after you satisfy the in-network annual deductible.

² Cummins pays the percentage in the chart based on Anthem BCBS's reasonable and customary (R&C) fee schedule after you satisfy the out-of-network annual deductible.



HDHSA Plan

PLAN FEATURE	IN-NETWORK COVERAGE ¹	OUT-OF-NETWORK COVERAGE ²
Medical – Physician Services		
Preventive Care	Cummins pays 100% up to \$500 per person in benefits annually (deductible does not apply) Then Cummins pays 80% You pay 20% (deductible applies)	None
Primary Care Office Visit	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Specialty Care Office Visit	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Allergy Testing	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Allergy Shots	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Maternity Care	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Home Visits	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Anesthesia, Radiology, Pathology ³	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Inpatient Medical – Facility		
General Hospital	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Room (Semiprivate) and Board, Intensive Care	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Diagnostic Tests and X-Rays	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Inpatient Medical – Professional Services		
Anesthesiologist ³	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Radiologist ³	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Pathologist ³	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Physician/Surgeon/Providers	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Outpatient Medical – Facility		
Emergency Room/Emergency Care	Cummins pays 80% You pay 20% (as appropriate)	
Laboratory	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%

¹ Cummins pays the percentage in the chart based on Anthem BCBS's discounted fee schedule after you satisfy the in-network annual deductible.

² Cummins pays the percentage in the chart based on Anthem BCBS's reasonable and customary (R&C) fee schedule after you satisfy the out-of-network annual deductible.

³ Anesthesia, radiology, and pathology services rendered at a contracted facility are paid at 80% even if the provider is out-of-network.

HDHSA Plan

PLAN FEATURE	IN-NETWORK COVERAGE ¹	OUT-OF-NETWORK COVERAGE ²
Radiology	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Observation Room	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Outpatient Medical – Professional Service		
Urgent Care Provider	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Therapies		
Physical Therapy	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Speech Therapy (children & rehabilitation)	Cummins pays 80% (up to \$500 lifetime maximum benefit per child; \$500 lifetime maximum benefit for rehabilitation) You pay 20%	
Dyslexia & ADHD	Cummins pays 80% (up to \$500 annual benefit for dyslexia & ADHD combined) You pay 20%	
Respiratory Therapy	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Chemotherapy	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Radiation Therapy	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Chiropractic Services (excludes diagnostics)	Cummins pays 80% (up to \$250 annual maximum benefit; \$10,000 lifetime maximum benefit) You pay 20%	
Medical – Mental Health		
Inpatient Care	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Outpatient Care	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Health/Chemical Dependency Services		
Inpatient Care	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%
Outpatient Care	Cummins pays 80% You pay 20%	Cummins pays 50% You pay 50%

¹ Cummins pays the percentage in the chart based on Anthem BCBS's discounted fee schedule after you satisfy the in-network annual deductible.

² Cummins pays the percentage in the chart based on Anthem BCBS's reasonable and customary (R&C) fee schedule after you satisfy the out-of-network annual deductible.

³ Anesthesia, radiology, and pathology services rendered at a contracted facility are paid at 80% even if the provider is out-of-network.

PRESCRIPTION DRUG COVERAGE

The HDHSA Plan provides coverage for a wide variety of prescription drugs — generic drugs, formulary brand-name drugs, and non-formulary brand-name drugs. Express Scripts (ESI) is the administrator for Cummins prescription drug benefits. What you pay for a drug will depend on where it is purchased:

- **If you purchase your drugs through mail-order**, you will pay a flat-dollar amount — called a copayment — **after** the annual deductible is met for your prescriptions. Mail-order is a great way to save money on your maintenance drugs (drugs you take for an extended period of time).

- **If you purchase your drugs at a retail pharmacy**, instead of paying a flat copayment, you will pay a percentage of the total cost of the drug — called coinsurance — **after** the annual deductible. This way, you and the plan share in the total cost of the drug.

Government regulations require that the HDHSA Plan's annual deductible apply to **all** eligible expenses — including retail and mail-order prescription drugs. The plan begins paying its share of eligible prescription drug expenses after you have met the plan's annual deductible.

The chart below describes your prescription drug coverage.

HDHSA Plan: Prescription Drugs

PLAN FEATURE	IN-NETWORK COVERAGE ¹	OUT-OF-NETWORK COVERAGE ²
Annual Deductible	HDHSA Plan annual deductible (see page 4) applies before the plan begins to pay for prescription drugs.	
Retail (30-day supply)		
Generic	You pay 25% (\$8 minimum)	You pay 25% (\$8 minimum)
Formulary brand	You pay 25% (\$25 minimum)	You pay 25% (\$25 minimum)
Non-formulary brand	You pay 50% (\$50 minimum)	You pay 50% (\$50 minimum)
Mail-Order (90-day supply)		
Generic	You pay \$20	Not applicable
Formulary brand	You pay \$65	Not applicable
Non-formulary brand	You pay \$135	Not applicable

¹ Cummins pays a percentage based on ESI's discounted fee schedule after you satisfy the in-network annual deductible.

² Cummins pays a percentage based on ESI's usual and customary (U&C) fee schedule after you satisfy the out-of-network annual deductible.

WHAT'S A FORMULARY?

A brand-name drug is advertised and sold under a product name. Often, more than one brand-name drug can treat a condition effectively. Therefore, ESI creates a list of "preferred" brand-name medications for treating certain conditions — and concentrates its buying power on those medications. Because ESI buys large quantities of the formulary drugs, they usually cost less than similar brands that are not on the formulary list.

I'M INTERESTED IN USING THE MAIL-ORDER DRUG PROGRAM. HOW DO I DO THAT?

Purchasing your drugs by mail saves time and money. You can buy a three-month supply for less than what it would cost you at a retail pharmacy. If you need information on how to start using the mail-order drug program, call ESI at 866-544-6968, or visit <http://www.express-scripts.com>.



COPAYMENTS AND COINSURANCE: WHAT'S THE DIFFERENCE?

*A **copayment** is a flat dollar amount that you pay for a drug regardless of the total cost.*

***Coinsurance** is a percentage of the total cost of the drug. Paying coinsurance encourages you to be mindful of the total cost of a drug when you purchase it.*

PREVENTIVE CARE KEEPS YOU HEALTHY

An important part of leading a healthy life and keeping your health care costs down is keeping an illness from getting out of control or preventing it from ever starting. Make smart lifestyle choices every day and avoid costly problems later by using your annual preventive care benefit.

Cummins offers 100% coverage for preventive care services to each person participating in the HDHSA Plan — up to \$500 per person per year — when services are provided in-network.

Preventive care includes:

- Annual physical exams
- Colorectal exams
- Diabetic eye exams
- Mammograms
- Pap smears
- Prostate screenings
- Health screenings and related tests

Once you have incurred preventive care costs in excess of \$500, preventive care benefits are covered at 80% (**after** you satisfy the annual deductible).

HOW TO KEEP YOUR COSTS DOWN

Here are some ways you can take charge of your health and keep your out-of-pocket costs down:

- **Prevent illness before it starts.** The plan encourages you to keep an eye on your health. Take advantage of the \$500 per year preventive care benefit and catch conditions early so you can avoid greater health problems later. Early detection and treatment keeps you in good health and can save you money by avoiding more complicated care down the road.
- **Use in-network providers.** By staying in the Anthem BCBS network, you get provider discounts on doctor and hospital visits. As a result, your annual out-of-pocket costs are significantly lower.

- **Buy generics or drugs on the formulary.** When your doctor prescribes a brand-name drug, ask if there is a generic equivalent or a less expensive brand-name drug that still meets your need that is on the formulary list.
- **Buy prescriptions by mail.** If you have a chronic condition that requires ongoing medication, order a three-month supply by mail. You'll save a lot of time and money!
- **Consider over-the-counter medications when prescribed by a doctor.** These are usually less expensive and often very effective. Many effective brand-name drugs are available over-the-counter, such as Claritin (for allergies) and Prilosec (for ulcers).

Introducing the Health Savings Account (HSA) Feature



When you participate in the HDHSA Plan, you are eligible to participate in a Health Savings Account (HSA) — an account that lets you control how your health care dollars are spent. You can use the HSA to pay for current and future health care expenses on a tax-free basis.

HSA Provisions

<i>HSA Contribution Limits</i>	<i>You can contribute up to the annual maximum amount as long as you're enrolled in a qualified HSA plan as of December 1. Maximum contribution amounts for individuals and for families may change from year to year. Check out IRS Publication 969 at www.irs.gov to see how much you can contribute this year.</i>
<i>Proration of Contribution Limits</i>	<i>Proration of the maximum contribution no longer applies if you join an HSA plan late in the year, as long as you are enrolled by December 1 of the tax year and remain enrolled in the plan for the following year.</i>
<i>IRA to HSA Transfer</i>	<i>A one-time, tax-free trustee-to-trustee transfer from an IRA to an HSA is now allowed. You must remain enrolled until the same date the following year.</i>

**IF YOU WANT MORE INFORMATION REGARDING HSA REGULATIONS,
GO TO THE TREASURY DEPARTMENT'S WEBSITE AT WWW.TREAS.GOV.**

HSA FEATURES

- You deduct your annual HSA contributions on your income taxes (Form 8889) so your contributions are tax-free, saving you money.
- You earn tax-free interest on your account — allowing it to grow faster.
- Any money left over at year-end rolls over to the next year — allowing you to build your HSA account for future health care expenses.
- At the time of your death, your account stays in your estate and is passed on to your beneficiary(ies).
- You can direct investment options with an HSA balance of \$1,000 or more, similar to a 401(k).

How the HSA Works

SETTING UP AN HSA	CONTRIBUTING TO YOUR HSA	USING YOUR HSA
<p>Because an HSA is your own private account, you can establish one with any bank or financial institution.</p> <p>However, Anthem BCBS has selected BenefitWallet as its preferred HSA administrator.</p> <p>The HSA includes a debit card, which allows you to pay eligible expenses at the time of service directly from your HSA.</p>	<p>You can contribute up to the maximum HSA contribution amount regardless of the amount of the HDHSA plan deductible.</p> <p>If you are age 55 or older you may contribute an additional “catch-up” amount beyond the deductible, which is \$1000.</p>	<p>When you or anyone in your family covered by the HDHSA Plan incurs a qualified medical expense, you simply use your debit card, and the money is automatically deducted from your account.</p> <p>Qualified medical expenses include:</p> <ul style="list-style-type: none"> • Out-of-pocket health care expenses. • Healthcare premiums — especially for Medicare supplement plans after you reach age 65. <p>You may use your HSA to pay for any non-health-related expense, but that HSA money will be taxed at 20%.</p>

HOW MUCH SHOULD I CONTRIBUTE TO THE HSA?

Because money in your HSA can grow with interest on a tax-free basis, it is to your advantage to save as much money in your HSA as you can. Remember, unused amounts automatically roll forward to the next year, allowing you to build savings for future retiree health care expenses. With that in mind, consider saving the maximum amount allowed through your HSA each year.

The annual HSA deposit limit set by the government changes from year to year. Check out IRS Publication 969 at www.irs.gov to see what you can deposit this year. You can deposit up to the maximum annual limit for individual or family regardless of the amount of the HDHSA plan deductible.

If you are over age 55, you can contribute an additional “catch-up” amount of \$1,000 per person.

PLEASE NOTE: If you participated in the Consumer 400 or 1000 medical plans as an active employee and accumulated a Pre-Retiree HRA enrollment in the HDHSA plan, this may delay availability of your Pre-Retiree HRA funds. IRS guidelines state that if a retiree may be eligible to use Pre-Retiree HRA funds to reimburse their medical expenses, they are ineligible to contribute to a Health Savings Account (HSA). In order to maintain your eligibility to contribute to an HSA, there are limitations on when you can access your Pre-Retiree HRA funds.

Your Pre-Retiree HRA funds will be made available for reimbursement of your dental expenses, vision expenses, and over-the-counter expenses when prescribed by a doctor. Medical and prescription expenses are eligible for reimbursement only after the statutory minimum deductible has been met.

Your Pre-Retiree funds will also be made available for all your eligible expenses if:

- You waive coverage in the HDHSA plan before age 65.
- Your coverage ends in the HDHSA plan at age 65.
- You contact Hewitt at 1-800-682-8788 and notify them that you are waiving your right to contribute to a Health Savings Account.

ADVANTAGES OF THE HSA

One advantage of high deductible health plans is that they lower your monthly premium. However, you will be responsible for paying more out of your pocket when you use the plan. Having money in your HSA will help you cover health care costs both today and tomorrow.

For today's expenses:

- The HSA gives you an opportunity to save toward your anticipated health care costs during the year. Instead of trying to find the money to pay for expenses when they are incurred, the HSA lets you save money throughout the year so it's there when you need it.
- You won't be subject to taxation on any HSA amounts that are used to pay for health care expenses. This provides you with the most tax-efficient way to pay for your out-of-pocket costs.
- Consider saving more money than you anticipate needing each year. This gives you an extra cushion for unexpected expenses and any leftover money simply rolls forward to the next year — so you don't lose anything you contribute.
- You can add to your account at any time during the year — up to plan limits.

For future expenses:

- Money in your account rolls forward from year to year.
- You can begin to build a substantial savings for future medical costs since amounts in your HSA grow tax-free with interest.
- If you have a substantial medical expense in the future, the money saved through your HSA can be used to pay for that expense.
- You can use it to pay premiums such as qualified long-term care insurance, Medicare premiums and out-of-pocket expenses, including deductibles, co-pays, and coinsurance for: Part A (hospital and inpatient services), Part B (physician and outpatient services), Part C (Medicare HMO and PPO plans), and Part D (prescription drugs).

The HSA is a great way to help you pay for your out-of-pocket health care costs now and in the future.

BENEFITWALLET IS THE PREFERRED HSA ADMINISTRATOR

Cummins wants to make setting up an HSA as easy as possible. So while you can set up an HSA with any bank or financial institution you choose, Cummins retirees are encouraged to use the HSA provided through BenefitWallet.

If you select BenefitWallet, Cummins will pay the annual administrative fee for your HSA while enrolled in the medical plan. You only pay for any "extras" you want for your account. If you sign up for an HSA through another bank or financial institution, you will pay the administrative expense.

HOW TO ENROLL IN THE HSA

When you elect the HDHSA Plan, you will receive an BenefitWallet Welcome Kit. The first thing you need to do is activate your account. BenefitWallet can only authorize deposits to and payments from your HSA once your signature has been processed and your account is activated. Funds cannot be posted to your account if you send contributions before your signature is processed. There are two ways to activate your HSA account:

1. **Master Signature Document:** Activate your account by mail by completing the Master Signature Document and returning it to BenefitWallet using the postage-paid return envelope. When you activate by mail, you get a personalized debit card and HSA checkbook with deposit slips. You should complete your beneficiary designation section of the document to name an account beneficiary.
2. **Online E-signature:** Register at anthem.com using the information on your Anthem ID card, and provide your e-signature to activate your account. When you activate your HSA online, your account will be ready to receive funds immediately. You will receive a personalized debit card by mail which can be used to pay for eligible medical expenses. If you activate your account online, you should still send in the Master Signature Document to designate your account beneficiary and receive your personalized HSA checkbook with deposit slips.

HOW TO WITHDRAW MONEY FROM THE HSA

Withdrawing money from your BenefitWallet HSA to use for your health care expenses is easy and convenient with the debit card you will receive.

When you want funds withdrawn from your HSA, simply have your debit card swiped anywhere Visa is accepted. When you use your debit card, you will not incur any fees.

You may also withdraw money in the following ways:

- Using HSA checkbook.
- Using HSA debit card.
- Using an ATM machine (Limited withdrawals can not exceed \$500 per day).

Fees will be detailed in the BenefitWallet Welcome Kit.

You do not need to submit a receipt or give any reason to BenefitWallet for withdrawing funds. You will be responsible for identifying eligible and ineligible expenses at the end of the year when you file taxes.

HOW TO CONTRIBUTE MONEY TO THE HSA

Contributing money to your HSA is simple. You can contribute to your HSA by sending a check with a deposit slip to BenefitWallet. You can contact BenefitWallet at 877-472-4200 with any questions you may have about your HSA account.

WHEN YOU WANT TO USE YOUR HSA TO PAY	DO THIS
<i>Doctor's office visit costs</i>	<i>Remind your doctor to submit your claim. Once it is processed by Anthem BCBS, you will receive an Explanation of Benefits. Pay the "allowed amount" by writing down the number of your HSA debit card on the bill in the space that is reserved for credit card payments.</i>
<i>The cost of prescription drugs at a retail pharmacy</i>	<i>Have your HSA debit card swiped.</i>
<i>A bill you receive in the mail for a health care service</i>	<i>If the provider takes credit cards, write down the number of your HSA debit card on the bill in the space that is reserved for credit card payments.</i>
<i>The cost of ineligible health care expenses (see the IRS website for a complete list)</i>	<i>Have your HSA debit card swiped. (When you file your taxes, you will need to indicate on Form 8889 the HSA withdrawals that were eligible and ineligible expenses.) You will be taxed on ineligible expenses.</i>

WHERE YOUR HSA IS INVESTED

When you first enroll in the BenefitWallet HSA, an HSA Cash Account is set up for you. This HSA Cash Account is similar to a bank account, earning interest each year.

After your HSA balance reaches \$1,000 you can start investing your HSA savings in mutual funds offered through BenefitWallet.

The BenefitWallet Welcome Kit will contain materials that describe the investment options under the BenefitWallet HSA and provide instructions about how to set up or convert to an HSA Investment Account.

Frequently Asked Questions (FAQs) About the HSA

1. Can I make my entire HSA contribution for the year at one time?

Yes. The rules allow you to make a tax-free contribution — up to the maximum allowed — at any time during the year. To make a contribution, simply mail a check along with a deposit slip. Your Welcome Kit will have details.

2. What happens to money that is left over at the end of the year?

Your HSA balance automatically rolls forward from year to year, so there's no need to worry about losing any money that you put into the HSA. If you can afford to contribute up to the limit, it will be to your advantage because higher balances will generally earn higher interest over time.

3. What happens if HSA funds are used for something other than qualified medical expenses?

Generally, the amount used for nonqualified expenses is subject to regular income taxes plus a 20% additional tax penalty. If you are age 65 or older at the time you withdraw money for a nonqualified expense, the 20% penalty is waived. It is also waived for distributions following your death or disability.

4. Do I need to be participating in a high deductible health plan to get money out of my HSA?

No. You do not need to be covered under a high deductible health plan to withdraw funds from your HSA. However, you must be covered by a high deductible health plan that meets IRS guidelines in order to make HSA contributions.

5. When must HSA contributions stop?

Contributions must stop once you are no longer an “eligible individual” under government rules, such as when you become enrolled with Medicare benefits, or when you are no longer covered under a high deductible health plan that meets the government rules.

6. Where can I see a listing of all eligible expenses for the HSA?

You are eligible to receive reimbursement for all eligible health care expenses as defined under Section 213(d) of the Internal Revenue Code. A list of these expenses is located in IRS Publication 502, which is available at www.irs.gov. Note that health insurance premiums are generally not qualified medical expenses except for (1) qualified long-term care insurance, (2) COBRA health care continuation coverage, and (3) health care coverage while you are receiving unemployment compensation. In addition, when you reach age 65, you can use the HSA to pay premiums for Medicare Parts B and D or Medicare Advantage. Premiums for Medigap policies are not qualified medical expenses.



Example — Sally Participates in the HDHSA Plan

SALLY'S ELECTION

Sally chooses to participate in the HDHSA Plan and also elects the BenefitWallet HSA.

Sally elects to deposit \$1,000 from her checking account to the HSA as well as make monthly contributions of \$100.

Sally Makes Her First Health Care Purchase — Prescription Drugs

On January 10, Sally buys three non-preventive prescription drugs at an in-network retail pharmacy for \$120. Because these were non-preventive drugs and Sally has not yet met the annual deductible, she is responsible for the total cost of \$120. She decides to use her HSA debit card, and \$120 is deducted from her HSA.

Sally Gets Her Second Health Care Service — Surgery

On April 25, Sally has surgery at an in-network hospital. Because she has not yet reached the annual deductible, she must pay for the \$1,200 surgery. When the bill arrives in May, Sally uses \$1,200 in her HSA to cover the cost. If the surgery had cost more than what was in her HSA, she could have made an extra deposit in her HSA to help her cover the extra cost on a tax-free basis, up to the annual maximum contribution.

Her HSA balance is now \$180, but she will be making additional contributions in the upcoming months to pay for ongoing health care needs.

This chart shows what is contributed to and withdrawn from Sally's HSA from January through May.

HSA CONTRIBUTION	CONTRIBUTION AMOUNTS	ACCOUNT WITHDRAWALS
<i>Initial deposit</i>	\$1,000	
<i>January contribution</i>	\$100	
<i>Debit made on January 10</i>		(\$120)
<i>February contribution</i>	\$100	
<i>March contribution</i>	\$100	
<i>April contribution</i>	\$100	
<i>May contribution</i>	\$100	
<i>Uses HSA in May to pay for surgery in April</i>		(\$1,200)
Subtotal	\$1,500	\$1,320
<i>HSA Balance in May = \$180</i>		



COULD SALLY USE HER RETIREE HRA?

Yes. Sally may have participated in the Consumer 400 or Consumer 1000 plan when she was an active employee. If so, she may have a Retiree HRA balance. Funds in the Retiree HRA were provided to Sally by Cummins. She can use that money to help pay for her eligible health care expenses. Government rules state that after Sally has spent at least \$1,200 (indexed annually) of her own money (including money from the HSA), she can use her Retiree HRA to help cover her out-of-pocket costs. The Retiree HRA can also be used to pay premiums to participate in the HDHSA Plan. For more information, refer to page 10 of this guide or contact the CBS Benefits Contact Center at 877-377-4357.



Your Checklist for Now... and Later

Here's a look at what you can be doing now and in the future:

What to Do Now

- Read through all materials in this packet.
- If you're married and your spouse's employer also offers retiree medical coverage, determine which coverage is best for you.
- Decide if you want to participate in the BenefitWallet HSA. If you do, enroll by returning your signature card from the Welcome Kit or enroll online at anthem.com. If you have any questions, call BenefitWallet at 877-472-4200 to speak to a representative.

What to Do Before You Reach Age 65

- Begin thinking about the health care you will receive at age 65 and beyond.
- Go to <http://www.cms.gov> or call 800-MEDICARE to learn more about your options under Medicare.
- We encourage you to sign up for Medicare coverage no less than 90 days before you reach age 65.

WOMEN'S HEALTH AND CANCER RIGHTS ACT OF 1998

Under federal law, the HDHSA Plan must provide certain benefits related to breast reconstruction. If you are receiving mastectomy benefits from the HDHSA Plan and elect breast reconstruction in connection with that mastectomy, the HDHSA Plan will cover:

- *Reconstruction of the breast on which the mastectomy has been performed.*
- *Surgery and reconstruction of the other breast to produce a symmetrical appearance.*
- *Prostheses and treatment of physical complications at all stages of the mastectomy, including lymphedemas.*

Coverage will be provided in a manner determined in consultation between you and your attending physician.

This coverage is subject to the same annual deductibles and coinsurance limitations that apply for other benefits under the HDHSA Plan.

About This Guide

This brochure provides a high level summary of the High Deductible Health Savings Account Plan. We encourage you to sign up for Medicare coverage no less than 90 days before you reach age 65. Details about this plan are in the official plan document. In case of a conflict between this brochure and the plan document, the plan document will be the authority.

FOR RETIREES, ELIGIBLE SPOUSES,
AND DEPENDENTS UNDER AGE 65

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Rev. 06/01/2016*

