



Lock in
Health Care
Savings!

John Alden
Medical Savings Account Plans



FORTIS

Solid partners, flexible solutions®

*John Alden is a
Fortis Health member company*

The Right Combination

Lower health insurance premiums plus cash accumulation for future needs make John Alden Medical Savings Account (MSA) Plans ideal for many small business owners and their employees.

John Alden MSA Plans have two simple components – High-deductible medical insurance AND a Medical Savings Account

John Alden MSA Plans Offer Employers:

- Lower health insurance costs.
- Exemption from federal income tax, Social Security tax, and, in many instances, state income tax on MSA contributions.
- A desirable benefit program that helps attract and retain valuable employees.

John Alden MSA Plans Offer Employees:

- Solid major medical protection.
- Power to decide how health care dollars are spent.
- Year-end savings from their tax-deductible MSA contributions.
- Tax-deferred interest accumulation.
- Ability to pay for qualified medical expenses.
- Cash savings to pay for future health care expenses or supplement retirement income.
- A portable, permanent, highly valuable benefit.



WHAT IS A MEDICAL SAVINGS ACCOUNT?

A Medical Savings Account is exactly that... a savings account set up to pay for qualified medical expenses.

MSAs:

- are established with a financial institution.
- include money that is contributed by either the employer or employee (not both).
- accumulate tax-deferred interest.
- enable employees to use the accumulated funds to help pay health plan deductible expenses.
- enable employees to use the accumulated funds to help pay qualified medical expenses that the insurance plan doesn't cover.
- offer the chance to invest in stocks, bonds and mutual funds.
- do not include a "use it or lose it" provision – unused MSA funds roll over from year to year.
- can be used, after age 65, to pay for non-medical expenses without penalty (subject to ordinary income tax).

WHO CAN GET AN MSA?

MSAs include the following qualifications:

- MSAs are available only to employees of a small employer or to a self-employed person.
- MSAs are available only when coupled with an MSA-qualified high-deductible health plan. Federal regulations define the annual deductible range allowable for MSAs. John Alden MSA Plan deductibles are shown below.

Type of Coverage	John Alden MSA Plan Available Deductibles
Single	\$1,800 and \$2,400
Family	\$3,600 and \$4,800

EMPLOYEE CHOICE

John Alden's Employee Choice Program allows employers to include multiple plans in one benefit package. For example, employers may choose to purchase a John Alden MSA Plan along with a PPO Copay Plan and allow employees to choose the one that best suits their needs.

Employee Choice also provides remote or satellite office employees with plans and providers in their own local areas. The employer receives one convenient bill for all locations and plans.

Note: Certain restrictions apply.

MSA CONTRIBUTIONS

John Alden MSA Plans hold funds contributed by either the employer or the employee (not both). Contributions may be made in a lump sum or in monthly installments. For single coverage, annual contributions can be as much as 65% of the annual deductible amount. For family coverage, the maximum annual contribution is 75% of the deductible amount.

Employers often find that the premium savings from an MSA plan are large enough to cover the MSA contributions they make on behalf of their employees. This gives them the opportunity to enhance their benefit package without increasing their current outlay for health insurance.

MSA FUNDS

Withdrawals

Accumulated MSA funds may be withdrawn tax free to pay for qualified medical expenses. This includes out-of-pocket costs for services covered by the insurance plan, such as physician office visits and necessary hospital services, as well as costs for such items as crutches, oxygen equipment, wheelchairs or guide dog services. MSAs can also be used to pay for qualified medical expenses not covered under the insurance plan. This may include dental and orthodontic treatment, vision care and alternative therapies such as acupuncture.

If MSA funds are withdrawn for non-qualified expenses prior to age 65, they are subject to normal income tax and a 15% penalty tax. Once an employee reaches age 65, MSA funds may be withdrawn penalty-free for any reason, subject to normal income tax.

See the opposite side of the plan benefit chart for examples of qualified and non-qualified expenses.

MSAver

John Alden's Medical Savings Accounts are administered by MSAver Resources, L.L.C., a nationally recognized leader and provider of MSA services.

MSAver gives clients two easy ways to access their John Alden MSA funds:

- The **MSA Premier Plus Debit Card** can be used to conveniently pay for qualified medical expenses at the time of service, directly from the employee's MSA fund. No claim forms are needed, and the debit card may be used wherever MasterCard® is accepted.
- An **MSAver Checking Account** is available for employees who prefer to write checks.



Savings

MSA savings that are not spent remain in the account and belong to the employee, providing resources to pay future medical expenses or to supplement retirement income. Savings can be deposited into a special account, enabling the employee to invest in stocks, bonds and mutual funds.

MONEY-SAVING PLAN OPTIONS

Small Group One Deductible Plans

The Small Group One Deductible Plan is just that – one deductible for everyone and everything.

- All covered expenses for all insured family members count toward one integrated deductible.
- Even prescription drug costs are included.
- When the one deductible is met, it's met for everyone in the family.
- Afterwards, all covered medical expenses are paid at the plan's established benefit percentage.

MSA/HRA Plans

A Health Reimbursement Arrangement (HRA) is a tax-favored program set up and paid for by an employer. The incentive to establish an HRA lies in the insurance plan premium savings that can be attained as well as in greater control of health care dollars.

HRA advantages include:

- **Health insurance premiums are significantly reduced** because of the higher deductible plan that is coupled with an HRA.
- Under an HRA, the employer reimburses a portion of each employee's medical expenses – usually by paying for part of the deductible. **These HRA reimbursements are 100% tax deductible.**
- **The employer maintains complete control over the HRA design.** This flexibility allows the employer to meet a variety of benefit goals and maintain greater cash flow control.
- The premium savings an employer realizes with an HRA Plan is often **more than enough to completely cover any necessary reimbursements.**
- **HRAs are available to any employer**, regardless of the number of employees.
- **HRAs do not require pre-funding.**

POP Plans

The Premium Only Plan (POP) option enables employees to pay their health insurance premiums with pre-tax dollars. That adds up to state, federal and FICA tax savings for employees and payroll tax savings for employers. POP is easy to implement and a valuable enhancement to any benefit package.

INSURANCE FOR THE BIG EXPENSES

Insurance Plan Types

While MSA funds may be used to cover the smaller, routine medical expenses, clients can rest assured that the insurance plan will take care of the bigger needs. John Alden's MSA Plans include the following, where available:

- **PPO MSA Plans** include 100% coverage for most network medical services once the deductible is satisfied. Maximum benefits are paid when employees use network providers. A reduced benefit is paid when services are obtained through non-network providers.
- **Classic MSA Plans** include 100% coverage for most medical services once the deductible is satisfied. Employees also have the freedom to receive care from any physician or hospital. As an added value, Classic Plan customers can take advantage of John Alden's various network arrangements and possibly reduce their out-of-pocket expense.
By using John Alden's national medical provider networks – Private Healthcare Systems (PHCS) or MultiPlan – Classic Plan customers will benefit from discounted fees. Discounts are also available on ancillary medical services such as specialty injectable medications and home infusion through the Fortis Health National Ancillary Network.

Benefits

John Alden MSA Plans include all the core benefits, like coverage for physician/professional services, hospital services, urgent care and emergency room visits, outpatient therapies and hospice care.

Other features include:

- **Preventive Care Services** – These stay-well benefits include routine physicals, flu vaccinations, prostate exams, occult blood tests, mammograms and Pap tests. Routine nursery and pediatric care and well-child exams to age 3 are also covered under Preventive Care Services.
- **Prescription Drug Options** – Outpatient prescription drug coverage is available with MSA Plans subject to the insurance plan deductible and coinsurance. Or, for added premium savings, employers can opt for the Rx Preferred Pricing Card with no other drug coverage.

Please refer to the enclosed insurance plan highlight grid for a summary of benefits included with John Alden's MSA Plans.

John Alden MSA Plans

PPO PLAN NETWORK BENEFITS / CLASSIC PLAN BENEFITS

	Coverage
Physician Services <i>(paid after deductible)</i>	
■ Office visits	100%
■ Urgent care visits	100%
■ Emergency room visits	100%
Preventive Care Services <i>(paid after deductible)</i>	
■ Physical exams, well-child care and general wellness, including: mammograms, prostate exams, flu vaccinations and Pap smears	100%
Prescription Drug Options	
■ Option 1	Medical Plan Deductible/Coinsurance + Rx Preferred Pricing Card
■ Option 2	Rx Preferred Pricing Card only
Hospital Services <i>(paid after deductible)</i>	
■ Physician services	100%
■ Inpatient	100%
■ Surgical procedures, assistant surgeon and anesthesia	100%
■ Outpatient surgical facility	100%
■ Other outpatient charges	100%
■ Newborn nursery and inpatient pediatric care	100%
Maternity Benefits <i>(if included in plan)</i>	
■ Prenatal and postnatal care	100% after deductible
■ Delivery and facility charges	100% after deductible
Other Services <i>(paid after deductible)</i>	
■ Hospice care	100%
■ Home health care	100%
■ Extended care facility	100%
■ Medical equipment and supplies	100%
■ Outpatient x-ray, lab tests, diagnostic imaging and radiation therapy	100%
Mental Health/Substance Abuse Benefits <i>(paid after deductible)</i>	
■ Inpatient	100%
■ Outpatient	50%
Deductible <i>(calendar year)</i>	Single: \$1,800 or \$2,400 Family: \$3,600 or \$4,800
Out-of-Pocket Limit	\$0
Lifetime Maximum	\$5,000,000

LIMITS

The following types of coverages may be subject to separate limits:

- Outpatient therapies
- Extended care facility
- General wellness
- Well-child care
- Mental health and substance abuse
- Home health care
- Physical exams
- Transplant benefits

NOTES

- The following services are covered following a mastectomy, for which benefits are provided under this plan:
 - Reconstruction of the breast on which the mastectomy was performed.
 - Surgery and reconstruction of the other breast to produce a symmetrical appearance.
 - Prostheses and treatment of physical complications at all stages of mastectomy, including lymphedemas.
- Outpatient mental health/substance abuse coinsurance is not credited to the out-of-pocket limit.
- Maternity benefits may be an option for groups initially insuring up to nine employees for medical coverage and automatically included for groups initially insuring ten or more employees for medical coverage.
- Certain non-contracted providers, working in association with network providers, are paid at the network benefit level based on usual, customary and reasonable rates. These providers include:
 - Hospital-based radiologists, anesthesiologists, pathologists and emergency room personnel at a network facility.
 - Independent labs used by network physicians in conjunction with an office visit.
- Urgent care facilities may not be available in all networks.

PPO PLAN NON-NETWORK PROVISIONS

- The non-network benefit percentage is 80%.
- The non-network out-of-pocket limit is up to current Federal limits.
- The deductible applies to the non-network out-of-pocket limit.

This information is only a summary. The plan certificate includes complete details on all insurance plan benefits, limitations and exclusions and is the governing document in case of discrepancies.



This document provides summary information on benefits, exclusions and limitations which may vary by state. Please refer to the certificate of coverage for the actual terms and conditions that may apply. In the event that there are discrepancies with the information in this document, the terms and conditions of the coverage document will govern.

John Alden products are presented by **North Star Marketing**, www.nstarmarketing.com.

OTHER BENEFITS

(availability varies by state)

Life Insurance

The basic Life Insurance included with John Alden plans can be upgraded in increments of \$5,000. In addition, six different Dependent Life options are available.

Dental Insurance

John Alden Dental is a popular addition to any employee benefit program. Available at a discount when purchased with medical coverage, John Alden Dental is designed especially for small employers with at least three covered employees. John Alden Dental can also be purchased as a stand-alone product.

Short Term Disability Benefits

Coverage is available up to a maximum amount of \$1,500 per week.

CONFIDENCE AND STABILITY

John Alden offers health insurance solutions to fit every need and budget. Founded in 1961, John Alden has built a solid reputation with both its customers and agents. As a Fortis Health member company, John Alden is backed by more than 110 years of experience and stability. Fortis Health is one of the largest independent companies in the United States devoted exclusively to serving the small business and individual health insurance markets.



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Master Policy Form J-3001
Form J4-1836 (Rev. 8/2003)