

we  you

Your Blue Shield benefits

City of Huntington Beach – HDHP and HSA
Open Enrollment 2012

High Deductible Health Plan PPO – New Added Plan

| | Preferred Providers ² | Non-Preferred Providers ² |
|---|--|--------------------------------------|
| Calendar Year Deductible¹ | \$1,250 per individual / \$2,500 per family | |
| Calendar Year Out-of-Pocket Maximum¹ | \$5,000 per individual / \$10,000 per family | |
| Medical | | |
| Office Visits | 20% | 50% |
| Preventive Care (does not accumulate towards deductible) | No charge | Not covered |
| Inpatient Hospital | 20% + \$100 | 50% (maximum \$600 per day) |
| Outpatient Services | 20% | 50% (maximum \$350 per day) |
| Lab and X-Ray | 20% | 50% |
| Emergency Services | (Deductible applies with or without admission) | |
| • No direct admission | \$100+20% | |
| • Direct admission | 20% | |
| Chiropractic Services | 20% | 50% |
| Acupuncture Services | 20% | |
| Pharmacy – Provided through Blue Shield | | |
| <ul style="list-style-type: none"> • Deductible • Retail (30 day supply) • Mail order (90 day supply) | <ul style="list-style-type: none"> • Medical Deductible applies • \$10 generic / \$20 brand / \$50 non-formulary • \$20 generic / \$40 brand / \$100 non-formulary • Specialty Drugs 30% up to \$150 out-of-pocket maximum | |

¹Deductible accrue to the copay maximum,. For family coverage, the full family deductible must be met, by one or more family members, before the enrollee or covered dependents can receive benefits for covered services. For family coverage, the full family out-of-pocket maximum must be met, by one or more family members, before the enrollee or covered dependents can receive 100% for covered services.

² Member is responsible for copayment in addition to charges above allowable amounts.

Wells Fargo Health Savings Account (HSA)

product features & benefits

WELLS
FARGO

Open Enrollment Meeting 2012



Agenda

- HSA Basics
- HSA Advantages
- Paying for Expenses
- Web Based Tools

What are Health Savings Accounts (HSAs)?

- Tax-advantaged personal savings accounts that work with high deductible health plans*
- Pay for qualified medical expenses with tax-free dollars
- You own it — no “use-it-or-lose-it” requirement
- Your balance, earned interest, and investment earnings carry over from year to year — tax free



* Tax references are at the federal level. State taxes vary. Please consult a tax adviser.

HSA-qualified medical expenses

Most out-of-pocket healthcare expenses can be paid with an HSA

- Contact lenses
 - including saline solution and cleaner
- Dental treatment
 - x-rays, fillings, extractions, etc.
- Medicines or drugs
(does not include OTC items)

Note: IRS Form 502 lists HSA-eligible expenses and is located on the Wells Fargo web site - www.wellsfargo.com/hsa



Eligibility exceptions

People who are...

- Enrolled in health insurance other than an HSA-eligible health plan
- Enrolled in Medicare or Tri-care
- Claimed as a dependent on someone else's tax return



HSA advantage: Tax savings* and Long-term savings

- Contributions made through payroll deductions are on a pre-tax basis
- Earnings are tax-free for as long as the money stays in your HSA
- Withdrawals for qualified medical expenses are tax free (ordinary income taxes and a 20% penalty are charged for non-qualified medical use of funds)
- Save for future medical needs
- Unused balances roll over tax-free from year to year

*Tax references are for federal taxes only. State taxes vary. Consult your tax advisor.

The Wells Fargo HSA

- HSA deposit account:
 - FDIC-insured
 - interest paid; rates available at wellsfargo.com/hsa
- HSA investments:
 - Can be accessed once deposit account balance reaches \$2,000
 - 13 *Wells Fargo Advantage Funds*SM



INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

How much can I contribute?

| | Tax Year 2012 |
|--------------------------------|---|
| HSA Annual Contribution Limits | Single - \$3,100 Family - \$6,250 |
| HSA Catch-Up Contributions | Additional \$1,000 if 55 years or older (can apply for employee and spouse - \$2,000 maximum if both over 55 but spouse will need to open their own HSA account for the catch-up contribution) |

HSA contributions

- Pre-tax payroll deductions
- Individual contributions
- IRA transfer
- Transfer/rollover from another HSA

2012 Wells Fargo HSA updates

- 13 investment fund options, including six *Wells Fargo Advantage Dow Jones Target Date Funds*SM

| <i>Wells Fargo Advantage Funds</i> [®] | Ticker Symbol |
|---|---------------|
| Government Money Market | WFGXX |
| Cash Investment Money Market | NWIXX |
| Total Return Bond | MNTRX |
| Target Today Fund | WFLOX |
| Conservative Allocation | NVCBX |
| Target 2010 Fund | WFLGX |
| Moderate Balanced | NVMBX |
| Target 2020 Fund | WFLPX |
| Growth Balanced | NVGBX |
| Target 2030 Fund | WFLIX |
| Target 2040 Fund | WFLWX |
| Target 2050 Fund | WFQDX |
| Diversified Equity | NVDEX |

Most conservative



Most aggressive

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

How to Access HSA Funds

- Wells Fargo Visa[®] HSA debit card swipe at doctor's office or pharmacy
- Debit card number written on a bill
- Checks
- Cash disbursement/reimbursement:
 - At more than 12,000 Wells Fargo or Wachovia ATMs
 - At more than 3,000 Wells Fargo banking stores
 - Transfer to a Wells Fargo account using the Health Account Manager portal
 - HSA customer service



Wells Fargo HSA – Simplified Fee Structure

- No set-up, transaction or change fees
- No brokerage fees to participate in investment funds (minimum balance of \$2000 in savings required to participate in investment funds)
- Nominal monthly administrative fee \$3.75 per account
- Monthly account fee waived when the account balance is maintained at \$5,000
- Checks also available for the account (additional cost for checks based on type and quantity)

Health Account Manager portal: employee account management

- Full picture of account balances and activity
- Transaction information for debit card purchases
- Online statements and tax forms for W2 filing
- Setup recurring contributions

The screenshot displays the Wells Fargo Health Account Manager interface. At the top, there is a Wells Fargo logo and a navigation bar with 'Home', 'Product Information', and 'My Profile'. The main content area is titled 'HSA Account Activity' and includes a sidebar with 'Home', 'HSA Account Activity', and 'Additional Services'. The 'HSA Account Activity' section shows the account number 'HSA XXX-XXX1234' and an available balance of '\$2,500.00'. Below this, there is a 'Transactions — All Activity' section with a date range filter set to '02/21/2008 through 08/21/2009'. A table of transactions is displayed, showing dates, descriptions, and amounts.

| Date | Description | Amount |
|---------|--|------------|
| 9/30/06 | Interest | +2.00 |
| 9/25/06 | Contribution | + \$100.00 |
| 9/05/06 | HSA CARD PURCHASE 06/15 RX Place 422 Q26 MESA, AZ 432374XXXXXX9821 168840014312950 | - \$100.00 |
| 9/02/06 | ATM WITHDRAWAL - 299 S MAIN ST SALT LAKE CTY UT 1234 | - \$100.00 |
| 8/25/06 | TRANSFER TO INVESTMENTS | - \$500.00 |

Managing your HSA

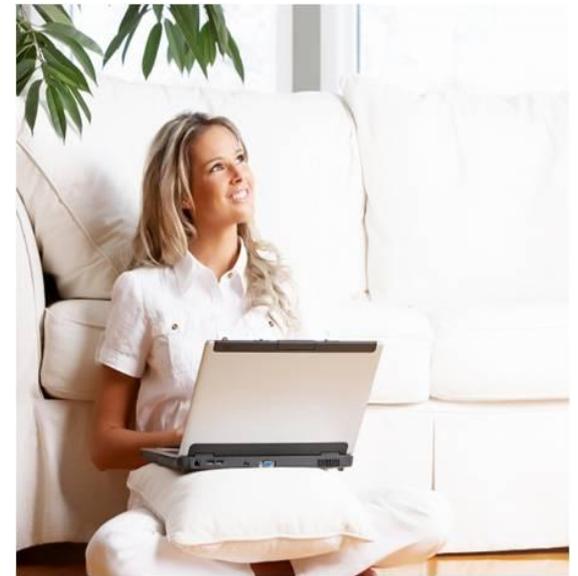
- Contribute as much as you can, up to the annual limit. The more you contribute, the more you save in taxes!*
- Keep track of and save receipts
- Review monthly statements
- File all appropriate tax forms
- Know your account balance before using your debit card



* Tax references are at the federal level. State taxes may vary. Please consult a tax advisor.

Getting Started with Your HSA

- Your health plan and your HSA work together, but are managed independently
- When you receive your HSA Welcome Packet from Wells Fargo, sign on to the Health Account ManagerSM Web portal at wellsfargo.com/hsa to access your account
- Customer Service Representatives are available to assist you (866.884.7374 7am-8pm CT)



Summary

No matter what stage of life you are in...

- Your HSA stays with you
- Your balance carries over
- You spend and save at your own pace



High Deductible Health Plan (New Plan)

What is a Consumer Driven Health Plan (CDHP) Model?

- This plan model combines a high-deductible PPO plan (HDHP) with an employee controlled spending account
- The spending account is funded by the employer and/or employee and can be used toward the deductible

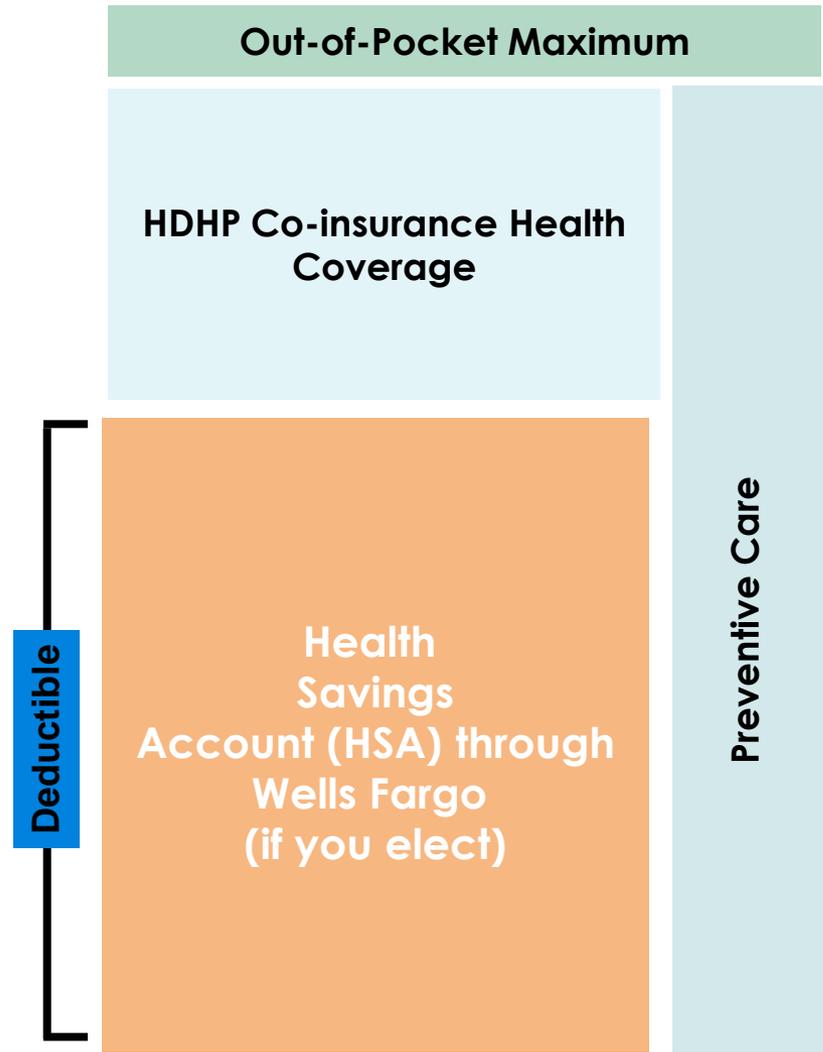
What is a Health Savings Account?

Health Savings Accounts (HSA): Health Savings Accounts allow employee contributions. Individuals can make tax-deductible cash contributions that can then be used to reimburse the employee for qualifying medical expenses.

- Fully portable account
- Limited FSA permitted alongside
 - Eligible dental and vision expenses

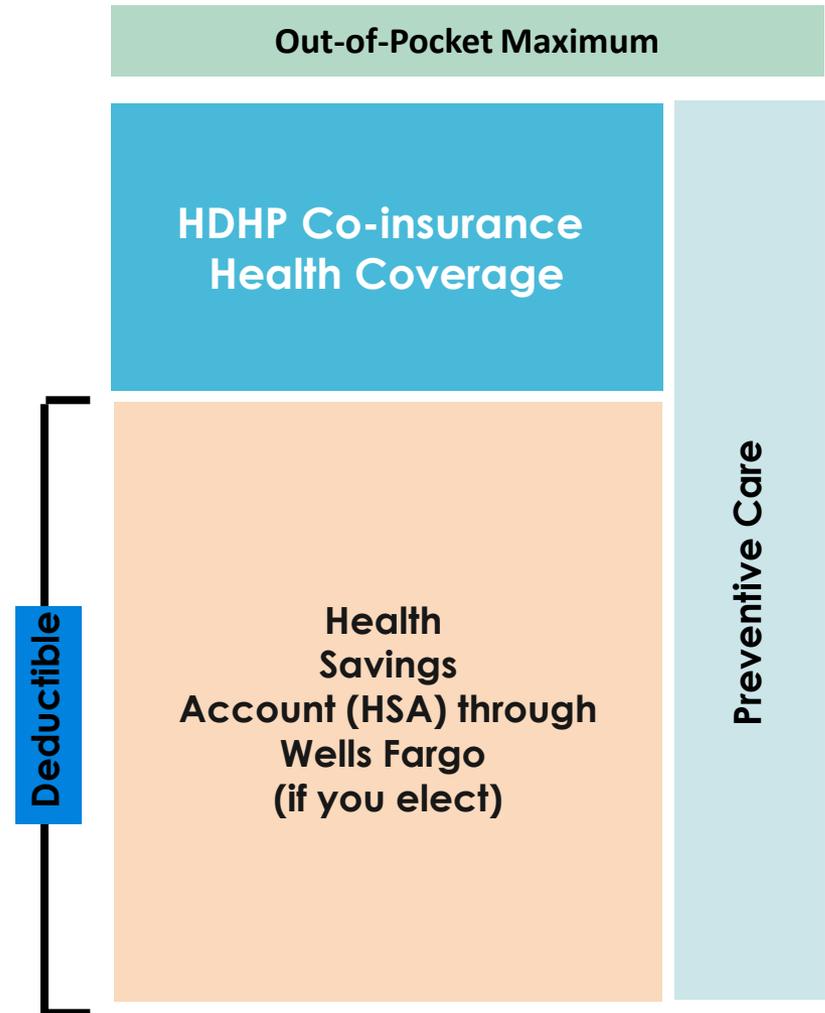
Blue Shield HDHP – Characteristics

- Discounted rates when using in-network providers
- Roll over unused dollars to next benefit year if you elect to enroll in the Health Savings Account
- Deductible and out-of-pocket max is on a Calendar Year January 1 to December 31



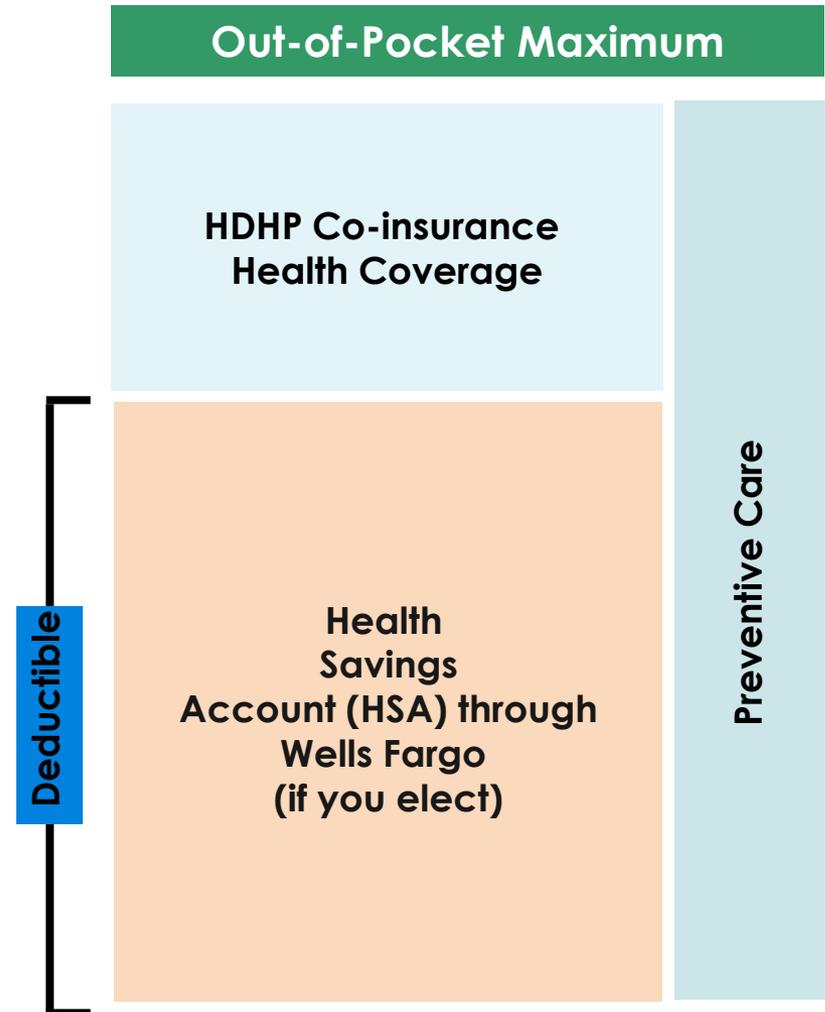
Blue Shield HDHP – Characteristics

- When you meet the deductible, then your HDHP Health Coverage takes effect
- Blue Shield and member share costs
 - Your share is 'coinsurance'
- HDHP Health Coverage provides covered benefits both in- and out-of-network
 - Receiving services from providers in the (PPO) network helps minimize out-of-pocket costs



Blue Shield HDHP – Characteristics

- There's a limit on your annual out-of-pocket expense
- Out-of-pocket maximum does include your Member Responsibility (Deductible)
- If you reach the out-of-pocket maximum, then your eligible medical and pharmacy expenses are covered 100% for the rest of the plan year in-network



Blue Shield HDHP – Characteristics

- 100% coverage for preventive care with in-network providers for physical exams, screenings, immunizations and more
 - Check online or see printed materials for details
- Preventive care does not go through other program components
 - e.g. not subject to the deductible, do not need to use monies that you have elected to set aside in your Health Savings Account

