

Brief Notes

News for
Brokers and Consultants

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3 Penn Plaza East, Newark, NJ 07105-2200

Applies to: Small Employer (2-50 employees) and Individual markets

Medical Savings Account Deductibles Adjusted For Inflation

Effective January 1, 2009, Horizon Blue Cross Blue Shield of New Jersey's Individual and Small Employer Medical Savings Account (MSA) high-deductible plan amounts for the Horizon MSA Companion Plans were adjusted for inflation based on the IRS Revenue Procedure 2008-66. The new amounts for 2009 are listed below:

Individual Coverage	
Minimum Deductible	\$2,000
Maximum Deductible	\$3,000
Out-of-Pocket Limit	\$4,000
Family Coverage	
Minimum Deductible	\$4,000
Maximum Deductible	\$6,050
Out-of-Pocket Limit	\$7,350

Employees eligible to make MSA contributions, or to have employer contributions made on their behalf, must be covered under an employer-sponsored, high-deductible health plan. Separate limitations apply depending on individual or family coverage.

Legislation does not permit new MSAs to be sold after December 31, 2007. We encourage our customers to consider other options. Rollovers from MSAs to Health Savings Accounts (HSAs) are permitted. Small employers can offer HSA-compatible high-deductible health plans, which would permit individual employees to roll over their MSA balance into an HSA. We strongly encourage small employer groups to switch to an HSA account. Small employer groups with MSAs can convert to HSA accounts regardless of their anniversary for a January 1, 2009 conversion effective date. This would not impact their anniversary. The anniversary date will remain the same. Groups can also convert to an HSA upon their renewal date.

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Horizon Blue Cross Blue Shield of New Jersey

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Your small employer clients and their employees should consider the advantages of HSA accounts, including:

- Contributions can be made by employees and/or employers.
- A negotiated agreement with Mellon is available with a favorable interest rate.
- In addition, Horizon BCBSNJ will pay the administrative fees to Mellon on your clients' behalf.
- Mellon also offers several integrated online capabilities to help you better manage your clients' health care expenses and their HSA.
- There is only a 10 percent penalty tax for non-qualified withdrawals from an HSA.
- Contributions can be made up to the deductible (up to \$6,050 for 2009).

As with MSAs, HSAs also have the following advantages:

- Employee contributions are tax free and employer contributions are not taxable to the employee.
- Interest can accrue.
- Earnings and qualified withdrawals are tax free.
- Retiree health insurance premiums other than medical supplement policies are considered a qualified withdrawal.

As always, if you have any questions or are interested in learning more about our HSA plans and our arrangement with Mellon Bank, please feel free to contact your Horizon BCBSNJ sales executive.