

Guide for Individuals & Families

BluePrioritySM HSA

Health Savings Accounts

For 2007



Advantages of a Blue Priority HSA

Putting funds into a Blue Priority HSA to pay for qualified medical expenses gives you several advantages:

- **Portability** — HSA contributions stay with you even if your health plan changes, or if you cancel coverage altogether.
- **Tax Savings** — Contributions to the Blue Priority HSA are tax-deductible,* so you will pay less in taxes. As long as you use the money to pay for qualified medical expenses, you never pay any taxes* on the contributions or interest earned.
- **Control** — You can use the Blue Priority HSA funds tax-free* to pay for qualified medical expenses, as defined by the Internal Revenue Service (IRS). No preauthorization of services or submissions of receipts are required.
- **Savings** — Your unused Blue Priority HSA contributions remain in the HSA from one year to the next and can be invested for future growth.

*State tax treatment may vary.

Setting Up, Funding, and Maintaining a Health Savings Account

You want to prioritize how your health coverage dollars are spent, take control of your family's health care decisions, and visit the doctors you want to meet your family's health care needs. So give yourself exactly what you want. With Wellmark Blue Cross and Blue Shield's Blue Priority HSA — Health Savings Account Plans — you get the control you want and greater responsibility for the costs of your family's care.

How Does Blue Priority HSA Work?

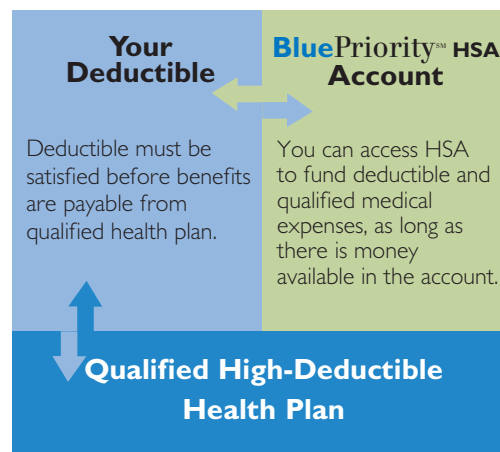
There are two parts to the Blue Priority HSA:

The first component is a high-deductible health plan — You will enroll in a qualified high-deductible health plan from Wellmark Blue Cross and Blue Shield. For qualified plans, the annual deductible is higher than you might expect from a typical health plan. However, you can use your HSA dollars to pay for deductible expenses. Preventive services such as screening for cancer, heart and vascular disease, pediatric conditions, and obstetric and gynecological

conditions may also be paid through Blue Priority HSA.

The second component is the Blue Priority Health Savings Account — The account is a tax-exempt trust, administered by First Horizon Msaver, one of the premier HSA companies in the United States. The Blue Priority HSA works like a bank account you can use to pay for qualified medical expenses, such as office visits, prescription drugs, dental expenses, and laboratory tests. The money that is put into the Blue Priority HSA will reduce your taxes for the year — similar to the money saved in a 401(k) plan. There are dollar limits on the amount that can go into an HSA each year.

How Blue Priority HSA Works



To qualify for an HSA, you:

- May not be covered by a non-qualified health plan,
- May not be entitled to Medicare benefits, and,
- May not be claimed as a dependent on someone else's tax return.

BluePrioritySM HSA

Setting Up

Once qualified, First Horizon Msaver will set up for you a Federal Deposit Insurance Corporation (FDIC)-insured Blue Priority HSA bank account — a tax-exempt trust. The account is established exclusively for your use in paying qualified medical expenses not paid through your high-deductible health plan. The account earns tax-deferred* interest from the first dollar deposited, and offers easy access to your funds. If you are currently enrolled in a Medical Savings Account (MSA), your funds may easily be rolled over into the new Blue Priority HSA with many added benefits and more convenience.

Funding

When you contribute to your Blue Priority HSA, you earn tax-deductibility for the contribution. Contributions are limited to the lesser of 100 percent of your health plan's annual deductible or an annual contribution limit established by law. For each month of coverage under a high-deductible health plan, one-twelfth of the annual limit can be contributed. Coverage as of the first of the month is required to gain credit for that month.

Single Coverage	Family Coverage
Maximum annual contribution in 2007 from all sources, the lesser of your plan's deductible or \$2,850.	Maximum annual contribution in 2007 from all sources, the lesser of your plan's deductible or \$5,650. If both spouses have an account, total combined contributions to both accounts cannot exceed the annual maximum.

Minimum deductibles, out-of-pocket maximums, and the annual HSA contribution maximum all are subject to cost-of-living adjustments annually at the discretion of the U.S. Treasury Department. Please consult your tax advisor for current guidelines.

Enrolling

To enroll in the Blue Priority HSA, complete an First Horizon Msaver HSA enrollment form. Completed and signed enrollment forms are returned directly to First Horizon Msaver along with a check made out to First Horizon Msaver. A minimum initial deposit of \$100 is required to open the Blue Priority HSA. A nominal administration fee of \$2.50 each month will be withdrawn automatically from your account. Standard banking fees also apply.

If you already have an existing Medical Savings Account, you may want to roll over any account balances into your new Blue Priority HSA. You will need to complete an additional form to roll over funds from an existing MSA.

Once the Blue Priority HSA is established, you then will receive at home a welcome kit from First Horizon Msaver that includes:

- Starter bank checks and deposit slips for your new Blue Priority HSA account.

- A list of the terms and conditions for your new Blue Priority HSA bank account.
- Answers to your Frequently Asked Questions about health savings accounts.
- A handy list of examples of qualified medical expenses that may be paid from your account.
- Directions on how to check your Blue Priority HSA account balance.

Accessing Money

Paying for qualified medical expenses couldn't be any easier:

- **Checkbook** — You may use checks from your Blue Priority HSA bank account to pay for qualified medical expenses at your convenience, or to reimburse yourself for expenses you paid with cash.
- **First Horizon Msaver HSA Visa[®] Check Card** — The Blue Priority HSA Visa card will be sent to you under separate cover, and can be used to conveniently pay doctors and hospitals at the time of service, pay for prescription drugs at the local pharmacy or by mail, or to pay other over-the-counter medical expenses. These expenses will automatically be withdrawn from your health savings account. The card can also be used for health care-related purchases wherever Visa is accepted.

Maintaining

You can continue to make contributions to your Blue Priority HSA up to the HSA contribution maximum as long as your qualified health plan is in effect. If you change to a non-qualified health plan, or you no longer qualify as an eligible individual, your Blue Priority HSA remains available to pay qualified medical expenses. And, the account can continue to grow, tax-deferred*. However, without a qualified health plan, you cannot continue to contribute funds to your account.

The Blue Priority HSA Program Includes:

- Account statements and an annual summary statement listing contributions, withdrawals and interest earned.
- Account IRS reports, for use in preparing personal tax returns (form 1040).
- Toll-free telephone assistance for the Blue Priority HSA account.
- Toll-free telephone resource for tax-related questions.
- Available investment alternatives for Blue Priority HSA dollars.
- Free online banking and online bill pay.

Paying for qualified medical expenses through the combination of a high-deductible health plan and your Blue Priority HSA can help you better understand the actual cost of health care. Contact your Wellmark Blue Cross and Blue Shield insurance agent for more information.

*For federal income tax purposes. State income tax laws may differ.



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