

“If you are healthy but sick of spending thousands of dollars on health insurance, a Health Savings Account is the answer.”¹ – Forbes

“If you would be wealthy, think of saving as well as getting.” – Benjamin Franklin

HEALTHY WEALTHY & WISE

MHBP Consumer Option & You

Inside...

- How the MHBP Consumer Option helps keep you **healthy** with comprehensive doctor, hospital and wellness coverage
- How you could grow **wealthy** (get up to \$1,690, tax-free, from the Plan each year)
- 8 Reasons why it's a **wise** choice

2010 MHBP Consumer Option Rates

	Federal Employees (Biweekly)	Postal Employees (Biweekly)	Annuitants (Monthly)
Self Only	\$35.86	\$20.80	\$77.71
Self and Family	\$81.27	\$47.14	\$176.08

These rates do not apply to all enrollees. If you are in a special enrollment category, please refer to your special Guide to Federal Benefits or contact the agency which maintains your health benefits enrollment.

MHBPSM
MAIL HANDLERS BENEFIT PLAN



Contents:

Introduction	2
Staying Healthy	3-5
Growing Wealthy	6-7
A Wise Choice? Take This Quiz.....	8
FAQ	9-11
8 Reasons Why It's a Wise Choice to Make the Switch Today	12

MHBP Consumer Option enrollment codes:

Self Only: **481**

Self and Family: **482**

Eligibility: You are not eligible for a health savings account if you are claimed as a dependent on anyone's tax return, enrolled in Medicare, covered by TRICARE, covered by your own or someone else's Health Care Flexible Spending Account (HCFSAs), or covered by any health benefits plan other than permitted insurance, as defined by the IRS.

Remember, Open Season ends December 14th!

Call **1-800-694-9901** 24/7 for answers to your questions and help with enrollment. Or visit www.mhbp.com.

MHBP Consumer Option & You

If you're a federal or postal employee or annuitant, the MHBP Consumer Option may be right for you if...

- **You've just about *had* it** with paying health insurance premiums for benefits you rarely, if ever, end up using. You know better than any insurance company how your health care dollars should be spent, and you're happy that someone has finally recognized that simple fact.
- **You wonder why you can't put aside tax-free money for medical expenses and *keep* it** from year to year if you don't use it – and even invest it, tax-free, for your family's future. **And you think that receiving up to \$1,690 tax-free each year for Self and Family coverage (up to \$845 for Self Only coverage) would just make it all even better.**
- **You think you should have more options for how your health care dollars are spent.** Perhaps you'd rather use your money to pay for things like laser vision surgery, dental treatment, or over-the-counter medications.
- **You want comprehensive coverage** for those large, unexpected costs. And you'd like to see **wellness benefits** – including an annual physical, immunizations, cancer and cholesterol screenings, and well-child care – covered 100% from the very start.



What is the MHBP Consumer Option?

The MHBP Consumer Option is a new kind of health plan that's part insurance, part tax-free savings and investment for your future. It combines a **Health Savings Account (HSA)** with a **High Deductible Health Plan (HDHP)** to give you more choice and more control than with traditional health plans.

When you enroll and complete the required bank application form, you'll get a **health savings account** that the Plan funds with up to \$1,690, tax-free, each year for Self and Family coverage (up to \$845 for Self Only coverage) deposited over 12 months. You can spend the money in your account on qualified medical expenses or save it – you own the account, so you decide how to use it! You can find out more about saving money in your HSA in the "*Growing Wealthy*" section.

PPO wellness benefits are provided from the moment you enroll. And when you reach your deductible, Consumer Option provides comprehensive medical coverage. See the next section, "*Staying Healthy*," for details on how Consumer Option provides your health benefits.

Staying Healthy

Your HSA funds are yours to spend on qualified medical expenses

You have the freedom to spend your funds (money) in your HSA on the qualified medical expenses that are most important to you.

The law that made HSAs possible defines “qualified medical expenses,” and it’s an extensive list. We’ve provided just a few examples below. And remember, you can stretch your HSA dollars further when you use PPO network providers, because you get negotiated network rates.

You decide how to spend *your* health care dollars. Qualified medical expenses include...



You can also choose to use your HSA for...

- Stop-smoking programs (if prescribed)
- Hearing aids
- Long-term care insurance premiums
- Psychiatric care
- Nursing care
- Birth control pills

For a complete list of qualified medical expenses, refer to IRS publication 502 or visit www.irs.gov.



Your Preventive Care Benefits help keep you healthy from the start

You'll find that important preventive care, such as an annual physical, won't put a dent in your HSA. That's because **preventive care is 100% covered with no deductible and no copayment** when you use PPO network providers. After all, we want you to be able to save money in your HSA, but we certainly don't want you or your family members to put off essential physicals, immunizations or screenings.

You have access right from the start to preventive care benefits such as:

- Annual physical
- Immunizations
- Colon cancer screenings
- Cholesterol tests
- Well-child care
- Mammograms
- Pap tests
- PSA tests
- Bone density testing

Your High Deductible Health Plan (HDHP) includes comprehensive doctor and hospital coverage

According to the law, you can't have an HSA without a High Deductible Health Plan (HDHP). But don't let the words "high deductible" frighten you. With MHB Consumer Option, the deductible may *seem* high at first glance: for an individual, it's \$2,000, and \$4,000 for a family. But remember, **the Plan is giving you up to \$1,690 for Self and Family coverage every year** (or up to \$845 for Self Only) deposited in your HSA over 12 months – leaving a "gap" of just \$1,155 (Self Only) or \$2,310 (Self and Family). You can close the gap by making tax-deductible contributions to your account and allowing money to grow in your HSA tax-free. Your contribution is optional.

In addition, once your deductible is met, you can count on **hospital, medical and prescription drug coverage** as you would expect with a traditional plan. (*See the benefits summary on the next page for details.*)

2010 Mail Handlers Benefit Plan Consumer Option Benefits

Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA, if you are not eligible for an HSA)		
Annual Contribution	HSA	HRA
MHBP: (up to)	\$845 (Self Only); \$1,690 (Self & Family)	\$845 (Self Only); \$1,690 (Self & Family)
Member, Optional: (up to)	\$2,205 (Self Only); \$4,460 (Self & Family)	Not applicable
Deductible	Self Only	Self and Family
Calendar-Year Deductible	\$2,000	\$4,000
<i>The calendar-year deductible applies to almost all benefits. We added "(No deductible)" to show when the calendar-year deductible does not apply.</i>		
PPO Preventive Care		You Pay
Benefit Description	PPO	Non-PPO
Routine Physical Exam and Immunizations	Nothing (No deductible)	Not covered
Routine Preventive Screenings	Nothing (No deductible)	Not covered
Traditional Medical Coverage		You Pay
Benefit Description	PPO	Non-PPO
Doctor's Office Visits	\$15 copayment per office visit, including associated testing	40% of the Plan's allowance and any difference between our allowance and the billed amount
Convenient Care Center <i>(Such as MinuteClinics in CVS retail stores and Take Care Health centers at Walgreens)</i>	\$10 copayment per visit`	40% of the Plan's allowance and any difference between our allowance and the billed amount
Lab, X-ray and Diagnostic Tests	\$15 copayment per office visit, including associated testing	40% of the Plan's allowance and any difference between our allowance and the billed amount
Lab Savings Program	Nothing for covered lab tests with the Lab Savings Program with Quest Diagnostics®	
Chiropractic Care	\$15 copayment per office visit, and all charges after the Plan has paid the \$2,500 combined alternative, chiropractic and rehabilitative therapies maximum	40% of the Plan's allowance and any difference between our allowance and the billed amount, and all charges after the Plan has paid the \$2,500 combined alternative, chiropractic and rehabilitative therapies maximum
Hospitalization	Nothing for covered room & board and \$75 per day up to \$750 for hospital ancillary services	40% of the Plan's allowance and any difference between our allowance and the billed amount
Outpatient Surgical Facility	\$150 copayment per occurrence	40% of the Plan's allowance and any difference between our allowance and the billed amount
Surgery and Anesthesia	Nothing in hospital; \$15 copayment in doctor's office	40% of the Plan's allowance and any difference between our allowance and the billed amount
Emergency Treatment	\$50 copayment per occurrence	40% of the Plan's allowance and any difference between our allowance and the billed amount
Overseas Medical Expenses	PPO-level benefits for covered care received outside the United States	
Catastrophic Protection <i>(Some costs do not count toward this protection)</i>	Nothing after your out-of-pocket expenses for covered services from PPO providers totals \$5,000 per calendar year for Self Only enrollment (\$10,000 for Self and Family enrollment)	Nothing after your out-of-pocket expenses for covered services from PPO providers and non-PPO providers combined totals \$7,500 per calendar year for Self Only enrollment (\$15,000 for Self and Family enrollment)
Prescription Drug Coverage		You Pay
Benefit Description	Network Pharmacy and Electronic Claims	Non-Network Pharmacies and Paper Claims
Retail Pharmacy — Up to a 30-day supply		
Generic	\$10 copayment	Not covered
Preferred brand name	\$25 copayment	Not covered
Non-Preferred brand name	\$40 copayment	Not covered
Mail Order Pharmacy — Up to a 90-day supply		
Generic	\$20 copayment	Not covered
Preferred brand name	\$50 copayment	Not covered
Non-Preferred brand name	\$80 copayment	Not covered
Special Member Benefits*		
Vision care discounts and savings from EyeMed® Vision Care providers, laser vision correction savings from the U.S. Laser Network and QualSight®, a hearing aid discount program from HearPO, pharmacy savings with the CVS Caremark ExtraCare® Health card, and healthy living and fitness benefits from GlobalFit™.		

* These benefits are neither offered nor guaranteed under contract with the FEHBP, but are made available to all MHBP enrollees and their covered family members. You cannot file a FEHBP disputed claim about them. The fees you pay for these services do not count toward the FEHBP deductibles or out-of-pocket maximums.

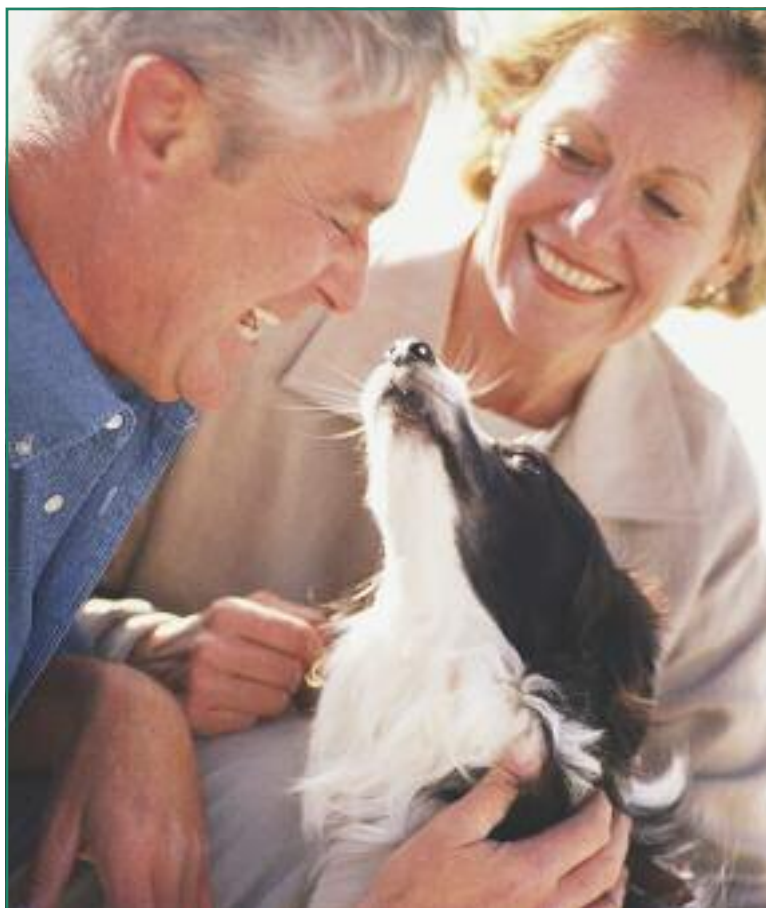
This is a summary of the Mail Handlers Benefit Plan Consumer Option. Before making a final decision, please read the 2010 official Plan brochure (R171-007). All benefits are subject to the definitions, limitations and exclusions set forth in the 2010 official Plan brochure. A single annual \$42 MHBP associate membership fee makes the Consumer Option available to you.

Growing Wealthy

Think of MHBP Consumer Option as a kind of IRA for health care, and you won't be far off the mark.

Your HSA starts out with federal tax-free money from the Plan: **up to \$1,690 each year for Self and Family coverage, up to \$845 for Self Only coverage** deposited over 12 months in your HSA. You can contribute more money — tax-free — each year if you wish, an additional \$4,460 per year for Self and Family or \$2,205 for Self Only.

And when we say “tax-free,” we mean it. The money that the Plan gives you does not count as part of your income for federal tax purposes, and any additional money that you choose to contribute to your HSA counts as an “above-the-line” federal tax deduction — in other words, you can subtract *all* of it from your income whether you itemize your deductions or not. Please consult your financial advisor to determine if your contributions are free of state and local taxes.



Over 55?

It's not too late! You're allowed to contribute extra to “catch up.”

If you're 55 or older (but not yet enrolled in Medicare), the law allows you to contribute even more money to your HSA — an additional \$1,000 in 2010 and thereafter. This way you can “catch up” and build up more money in your HSA for your retirement. After you enroll in Medicare, you can no longer make contributions to your HSA, but you can use the money you have accumulated to pay for medical expenses, including premiums for long-term care insurance or your retiree health insurance.

Your money goes *in* tax-free and comes *out* tax-free

In some ways, your HSA is even better than an Individual Retirement Account (IRA), because you *never* pay federal taxes on your money as long as you spend it on **qualified medical expenses**.

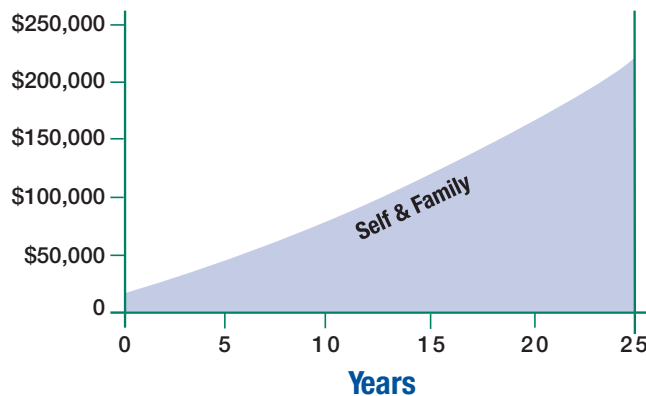
And what if you really want to use the money for something other than qualified medical expenses? If you're under 65, you'll pay your income tax rate plus a 10% penalty. If you're over 65, you'll pay only income tax.

Your money earns interest tax-free, year after year

Remember, the money in your HSA is yours to keep. You're free to invest any money you've saved once you accumulate \$1,000 in your account. When you enroll in the MHBP Consumer Option, investment counselors will be available to help you understand your investment options.

Let's assume that your family contributes the full optional amount to your HSA (an additional \$4,460 in 2010). If you earn just 2.5% a year on that money combined with the Plan's contribution, after 25 years, thanks to compound interest and the fact that your interest grows tax-free, you'll have accumulated \$210,070.25.

Projected HSA Growth Over 25 Years*



The more you contribute to your HSA, and the more you keep in it, the faster your money will grow, tax-free.

* Assumes a net (after your medical expenses) contribution of \$4,460 to the HSA each year that earns an average interest rate of 2.5%. This is only an example; your savings and rate of return may be different.

MHBP Consumer Option, 2010 premiums

	Federal Employees Biweekly	Postal Employees Biweekly	Annuitants Monthly
Self Only	\$35.86	\$20.80	\$77.71
Self & Family	\$81.27	\$47.14	\$176.08

These rates do not apply to all enrollees. If you are in a special enrollment category, please refer to your special Guide to Federal Benefits or contact the agency which maintains your health benefits enrollment.

A Wise choice for you? Take this quick quiz...

Would you and your family benefit from MHBP Consumer Option? That's a choice only you can make, but this quiz can help. Remember, you know yourself better than anyone — how you feel about your health, your savings and your future.

1. I trust my own intelligence and decision making.
 Yes, that's me! Hmmm, about as much as most people. No, that's not me.
2. I learn as much as I can before deciding among treatment options for a health problem.
 Yes, that's me! Hmmm, about as much as most people. No, that's not me.
3. I think that maintaining good health depends on good nutrition, exercise and avoiding becoming overweight.
 Yes, that's me! Hmmm, about as much as most people. No, that's not me.
4. I don't even reach my plan deductibles most of the time.
 Yes, that's me! Hmmm, about as much as most people. No, that's not me.
5. I think that health coverage should actually cover things like dental care, vision services and non-prescription medications.
 Yes, that's me! Hmmm, about as much as most people. No, that's not me.
6. I think that I know better than any insurance company how my own money should be spent on health care.
 Yes, that's me! Hmmm, about as much as most people. No, that's not me.
7. It's very important to me to plan and save for my future or my retirement.
 Yes, that's me! Hmmm, about as much as most people. No, that's not me.
8. Control of my own money and my own health care is very important to me.
 Yes, that's me! Hmmm, about as much as most people. No, that's not me.

Do you find yourself drawn more often than not toward the "Yes, that's me!" answers?

Then you should definitely make the switch to MHBP Consumer Option today! Enroll before December 14th using these codes:

Self Only: **481**

Self and Family: **482**

Frequently Asked Questions about MHBP Consumer Option

Q. Does the Consumer Option work like a traditional PPO plan?

A. A High Deductible Health Plan such as Consumer Option does provide traditional PPO-style coverage. However, you must meet your deductible first for all benefits except preventive services. This plan comes with a higher deductible and is paired with a health savings account that offers tax advantages. Plus, you receive monthly deposits to that account from the MHBP.

Q. Is the money that the Plan gives me really tax-free?

A. Yes. It's not counted as income at all for federal tax purposes. Please consult your financial advisor regarding state and local tax information.

Q. How much can I contribute to my MHBP Consumer Option HSA each year?

A. You can contribute up to \$2,205 with Self Only and \$4,460 with Self and Family coverage. That's in addition to the Plan's contribution of \$845 for Self and \$1,690 for Self and Family. However, if you are enrolled for less than 12 months after the year in which you first become eligible, the Plan's contribution and the maximum amount you may contribute are prorated accordingly.

Q. Do I have to contribute funds to the HSA in order to get benefits from the health plan?

A. No. Your wellness benefits and your major medical coverage are provided to you regardless of any funds you deposit in your account. However, you must meet your deductible first for all benefits except preventive services.

Q. Can I have an HSA without enrolling in the MHBP Consumer Option?

A. No. An HSA is available only if you are enrolled in a High Deductible Health Plan (HDHP). If you are not enrolled in the MHBP Consumer Option, you cannot make contributions to an HSA.

Q. What about "catch-up" contributions for people 55 or older?

A. If you or your spouse is 55 or older and not enrolled in Medicare, you can contribute an additional \$1,000 a year in 2010 and beyond.

Q. Can I have both a flexible spending account (FSA) and an HSA?

A. You can't have a traditional FSA if you have an HSA. However, you can add a new type of FSA called a Limited Expense Health Care Flexible Spending Account (LEX HCFSA). You may use it for eligible dental and vision expenses. Like any FSA, it must be spent during the calendar year. It's a way to set aside additional tax-free money if you're interested in saving more in your HSA, which remains yours to accumulate year to year.

Q. How do I withdraw the money?

A. You simply use your MHBP Consumer Option debit card, and the money will automatically be debited from your account. You or your physician should first file a claim, to ensure you receive appropriate network discounts for medical services to which network benefits apply. For pharmacy services, simply present your debit card at the point of sale. When you use money from your HSA, you should keep your receipts for future reference.

Q. Can I withdraw my HSA money for non-medical expenses?

A. If you're under 65 and take money out of your HSA for any reason except for a qualified medical expense, you will owe income tax plus a 10% penalty. If you're over 65, you pay only normal income tax on the HSA money you use.

Q. What counts as a "qualified medical expense?"

A. The Internal Revenue Service (IRS Publication 502) has defined qualified medical expenses in a very broad way, to include "the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body." Based on that definition, qualified medical expenses include many services from acupuncture to dental procedures to weight-loss programs. Prescription and non-prescription (over-the-counter) medications are included as well. However, expenses that are merely beneficial to general health, such as vitamins or vacations, do not qualify. In general, health insurance premiums do not qualify either. If you have any questions, call MHBP Consumer Option at **1-800-694-9901**.

Q. What happens when I go to my first doctor visit?

A. Ask your PPO doctors to file a claim with us so you can receive appropriate network discounts for medical services you receive from PPO network providers. Once you reach your deductible and are eligible for PPO benefits, you can simply pay your copayment to the PPO doctor using your debit card, after your claim is filed.

Q. How is an HSA different from a Flexible Spending Account (FSA)?

A. An FSA is a "use-it-or-lose-it" account. You fund it with a specified amount of money, tax-free, and if you don't use that money by the end of the year, you lose it. In addition, you cannot earn interest on the money in an FSA. The money in an HSA, on the other hand, is yours to keep, year after year, to spend as you wish on qualified medical expenses (or even for other expenses, with tax and penalties). You can earn tax-free interest on money in your HSA.

Q. What would happen to the money in my HSA should anything happen to me? Would my family be able to keep it? Would they have to pay taxes?

A. Your HSA is like any other investment account in this way; you name a beneficiary, and any money remaining in your account goes to that person should you pass away.

What if I'm not eligible for an HSA?

Q. What happens after I turn 65?

A. If you enroll in Medicare, you can no longer make contributions to your HSA; however, you can continue to withdraw money tax-free for qualified medical expenses. And when you're 65, you can even withdraw money for non-medical expenses and pay only your current income tax rate.

Q. Am I eligible for an HSA if I'm enrolled in TRICARE or Medicare?

A. No. According to the IRS, you cannot be covered by TRICARE, enrolled in Medicare, covered by your own or someone else's Health Care Flexible Spending Account (HCFA), or another traditional health plan and be eligible for an HSA. However, you may have any of the following types of coverage and remain eligible for an HSA: insurance for a specified disease or illness, insurance that pays a fixed amount per day for hospitalization, dental or vision care, long-term care, or accidents or disability.

Q. What if my spouse and I both have HSA-eligible High Deductible Health Plans?

A. You can have an HSA, but the total amount you can contribute each year will depend on the IRS defined limits. The total amount that can be collectively contributed each year must not exceed this statutory limit — \$3,050 Self Only coverage and \$6,150 Self and Family for 2010.

Under rules established by FEHBP, if you enroll in the MHBP Consumer Option and do not qualify for an HSA, the Plan will establish a health reimbursement arrangement (HRA) for you. The ways that an HRA is like an HSA include:

- MHBP funds your HRA with up to \$1,690 tax-free each year for Self and Family coverage (\$845 for Self Only coverage)
- When you spend your HRA on qualified medical expenses, funds are withdrawn from your account
- If you don't spend the money, you keep it from year to year
- If you spend all of your HRA funds, comprehensive medical coverage protects you from large, unexpected health care costs
- You also receive 100% PPO wellness benefits

However, there are important differences:

- Your HRA funds must be completely exhausted and your yearly deductible must be satisfied before the plan provides cost-sharing benefits other than preventive care
- You cannot contribute additional funds to your HRA
- You may not use your HRA funds for anything except qualified medical expenses
- If you leave the Plan, you do not keep your unused HRA funds
- You cannot invest or earn interest on unused funds

If you have any questions about your eligibility for MHBP Consumer Option, or about Health Reimbursement Arrangements, please call us at **1-800-694-9901**, or visit www.mhbp.com.

8 Reasons why it's a Wise Choice to Make the Switch Today...

1. Low premiums help you save for the future.
2. Comprehensive medical coverage protects you against large, unexpected health care costs.
3. 100% PPO preventive care benefits right from the start, with no copayment.
4. You get up to \$1,690 a year (Self and Family coverage), federal tax-free, to spend on qualified medical expenses — including many not covered by traditional health plans. Individuals get up to \$845 a year with Self Only coverage.
5. The money is yours to keep — you never lose it unless you spend it.
6. You can contribute even more money, tax-free, if you choose (up to the total amount of the IRS defined limits, \$3,050 for Self Only coverage and \$6,150 for Self and Family coverage).
7. Money you don't spend accrues interest and grows tax-free.
8. You *never* pay taxes on the money as long as you spend it on qualified medical expenses.

Questions? Need help with enrollment?

Federal Employees: If your agency allows, use www.EmployeeExpress.gov. Otherwise, complete a Health Benefits Election Form (2809) from your HR office.

Postal Employees: Visit *PostalEASE* on the Intranet (from the blue page) or at an Employee Self-Service Kiosk where available, or call *PostalEASE* at **1-877-477-3273**.

Annuitants: Go to www.OPM.gov to enroll via Open Season Online or call **1-800-332-9798** to enroll via Open Season Express.

Use these enrollment codes —

Self Only: **481**

Self and Family: **482**

Call us at **1-800-694-9901** anytime day or night, even on weekends!

Or visit www.mhbp.com.

*As Benjamin Franklin said, "Never leave till tomorrow what you can do today."
Ben was a very wise man... Make the switch to the MHBP Consumer Option today!*

¹ Carrie Coolidge, "Saving for Your Health," *Forbes*, December 13, 2004.

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