



Explore Excellence

Health Savings Account (HSA)
Horizon Blue Cross Blue Shield of New Jersey
Small Employer Guide

September 2005



Table of Contents

Table of Contents	1
Introduction and Overview	2
ACS and Mellon HSA Administration Services	3
Contacts	4
Pre-member Web Site.....	4
Enrollment Process	5
Funding / Contributions.....	6
Participant Web Site	8
Interactive Voice Response	8
Customer Contact Center	8
Fees and Billing	8
Implementation Overview and Timeframes	9
Appendix:	
Small Employer Discovery Document	10



Introduction and Overview

Affiliated Computer Services, Inc. (ACS) and Mellon Financial Corporation are pleased to provide the Health Savings Account (HSA) solution to your employees through **Horizon Blue Cross Blue Shield of New Jersey (Horizon BCBSNJ)**. We look forward to working with you to establish a successful program. This guide is intended to help small groups (2 to 50 employees) accomplish that goal. For larger groups, please contact your Horizon BCBSNJ representative and request the Large Employer Guide.

Together, ACS and Mellon are uniquely positioned to deliver an employer, provider and accountholder-friendly HSA experience. As the leading global HR services consulting and outsourcing firm, ACS designs, builds, operates and communicates all types of employee health and welfare benefits and retirement plans. Consumer-directed health care is one of our specialties. Mellon, a leading asset servicing firm, provides the financial component of the HSA program.

Mellon understands global high-volume financial and banking transactional services. ACS' expertise is administrative support, customer service and record keeping. Together we have formed an unbeatable partnership.

Through our services we will administer the entire plan for both sponsor and participants — including establishing and maintaining the HSA custodial account and processing deposits and payments — all while providing total customer service support.

Welcome. Please visit our corporate web sites to find out more:
<http://www.acs-inc.com> and <http://www.mellon.com>.



ACS and Mellon HSA Administration Services

The Mellon HSA SolutionSM provides comprehensive administration services:

- A single, real-time, fault-tolerant system that maintains the actual balance in each HSA at any moment in time, and responds to real-time requests for funds from debit cards or checks.
- Record keeping services (average balance calculations that include consideration of check deposits with delayed availability and the calculation of interest — using average daily balances)
- Custodial accounts: an interest-bearing demand-deposit account and a market-based, long-term investment vehicle for HSA balances in which participants may invest for retirement
- Employee contact center resources to handle all account inquiries and transactions
- Fulfillment services (for example, distribution of application and disclosure forms)
- Multiple account deposit options: Automated Clearing House (ACH) or check
- Account statements
- Tax report filings with the IRS; printing and mailing of Forms 5498 and 1099 to participants



Contacts

As primary contact, your Broker or Horizon BCBSNJ representative will coordinate the delivery of the HSA product. Your ACS Client Service Manager will support your contact and serve as a back-up point of contact.

ACS Client Service Manager:

Lee Barson, CEBS
610-651-8527
Lee.Barson@acs-inc.com

HSA Account Member Customer Service Numbers (**account members only**)

Horizon Blue Cross Blue Shield of New Jersey: 1-800-355-BLUE (2583)

Broker Contact Line (**brokers only**)

ACS Broker Line: 1-866-210-8057 (press option 7)

For any ongoing payroll funding questions, please contact the Mellon payroll team at

GCM-HSA-Department@mellon.com

Pre-member Web Site

We maintain and regularly update a Mellon HSA SolutionSM pre-member Web site:

<http://www.mellon.com/hris/hsa/index.htm>

The Web site contains the answers to frequently asked questions regarding HSAs and printer-ready illustrations and worksheets. Prospective participants may use the site to determine how HSAs work, the potential advantages, and how their expenses might compare under a traditional plan vs. a high deductible health plan with an HSA.



Enrollment Process

Through your normal health plan enrollment process, you will provide Horizon BCBSNJ with the data for employees who elect the Horizon MyWay HSA.

ACS will issue an HSA Welcome Kit to all employees who enroll in the Horizon MyWay HSA. It will include an HSA overview, signature card, postage-paid return envelope, disclosure statement and beneficiary designation form.

Horizon BCBSNJ will transmit enrollment data to ACS. Mellon, in conjunction with ACS will open an HSA account for all enrollees.

The participant provides additional identification and enrollment information as needed, completing the beneficiary designation form and the signature card. All forms must be returned to Mellon. (Mellon must have the accountholder's signature on a bank-issued card in order to process HSA withdrawals and deposits.) Enrollees will receive a debit card and checkbook after the signature card is received.

The information collected during the enrollment process will be used by Mellon, in compliance with the federal USA PATRIOT ACT and after the account is established, to verify and record information that identifies individuals and entities that engage in certain transactions with or through the bank.

Throughout the year, provide updates to Horizon BCBSNJ including: status changes, new enrollments, changes in addresses, etc. In turn, Horizon BCBSNJ will transmit this information to ACS-Mellon to update our systems.



Funding / Contributions

Each year, participants may contribute up to the lesser of the deductible amount under the health care plan, or (for 2005) \$2,650 for individuals or \$5,250 for family coverage. These dollar amounts will be adjusted for inflation each year.

Participants age 55 and older may make additional catch-up contributions of up to (for 2005) \$600. This amount will increase by \$100 each year through 2008.

Employee Payroll-based and Employer Contributions

For employer and employee contributions, ACS/Mellon offers two possible methods for depositing funds into participant HSA accounts:

1. Direct deposit into individual accounts via the **ACH Network**.
2. Direct Employee Contributions (not payroll-based)

ACH Direct Deposit

An employer, or its 3rd-party payroll administrator, may initiate direct deposits into participant accounts via the ACH (Automated Clearing House) Network.

You use that account data to initiate direct deposits through your ACH Originating Depository Financial Institution. Your originating account is debited. As the Receiving Depository Financial Institution, we credit the individual participant accounts as instructed.

Specifics for routing ACH direct deposits are:

Receiving Bank:	Mellon Trust of New England, NA
Receiving Bank Address:	One Boston Place, Boston, MA, 02108
Bank Transit Routing number:	011001234
Receiving Bank Accounts:	[Employee Name]
Receiving Bank Account Numbers	[see specs below]

Under this approach, your employee provides their account number data to you or your payroll administrator. The participant's account number is a 14-digit number. The ACH file account number is a 17-byte field. The three-digit number that designates whether the monies are employee or employer should be added as a prefix to the 14-digit account number. **951XXXXXXXXXXXXXX** represents employee contributions, and **952XXXXXXXXXXXXXX** represents employer contributions. This then becomes the 17-byte field.

- * Mellon must receive the ACH credits for employee accounts two business days before the date they will be reflected in the participants' accounts. You should initiate the items as two-day credits with your originating bank and should be directed to a checking (not savings) account.



We strongly recommend that you pre-note (test) an account to ensure that the account number is valid and properly formatted. If a pre-noting transaction fails, we will return the item within five business days. Otherwise, you may assume that the transactions were successful. Please be advised, for accounts with outstanding signature cards, the pre-note will “fail” with reason code “ Account Closed.” Pre-noting will ensure the proper account number and ABA number are presented.

Direct Employee Contributions (not payroll-based)

The employee may send additional deposits to Mellon directly by check or ACH. The Welcome Kit contains a deposit slip for direct employee contributions. The checkbook contains a further supply of deposit slips. The return address for these deposits is:

Mellon HSA Solution
P.O. Box 4038
Woburn, MA, 01888-4038

(Do not send employer or payroll-based contributions to this address)

Participants can use this method to rollover funds from an existing Health Savings Account or Medical Savings Account (MSA) into the HSA. However, rollover balances in a Health Reimbursement Account (HRA) may not be transferred to an HSA.



Participant Web Site

ACS and Mellon maintain a Web site for account holders. It can be accessed via:

<http://hsamember.mellon.com/HSA/>

The Web site facilitates self-service for activities such as checking daily account balances, reviewing recent transactions, reordering check books and downloading forms.

Interactive Voice Response

HSA members can obtain account information by accessing the Interactive Voice Response system 24 hours a day:

1-866-210-8057

1-201-329-8818 (International)

Customer Contact Center

The Mellon HSA SolutionSM Contact Center is open from 8:00 a.m. to 8:00 p.m. EST Monday through Friday.

The Contact Center will be closed during the following holidays:

- New Year's Day (not applicable for 2005)
- Martin Luther King Jr. Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

Fees and Billing

Fees pertaining to the individual participant accounts are detailed in the member Welcome Kit and may be explained to you by your Horizon BCBSNJ representative.



Implementation Overview and Timeframes

Step 1:

Obtain a copy of the ACS/Mellon HSA Employer Guide from your Horizon BCBSNJ representative.

Step 2:

Work with your Horizon BCBSNJ representative to complete the attached ACS/Mellon HSA Employer Discovery Document. Horizon BCBSNJ will send the form directly to the ACS Client Service Manager contact.



"HSA Employer
Discovery Template -

Once eligibility information is received and processed at ACS, a Mellon HSA account will be established and the HSA Welcome Kit package will be sent to the employee's address on file. Mellon can accept production payroll contribution data after the employee's HSA account has been established.

Timing:

ACS receives eligibility from Horizon BCBSNJ	3-5 days
ACS mails Welcome kits once eligibility is received	3-5 business days
Signature Cards Returned*	10-15 days after welcome kit mailing
Checkbook and debit card are mailed once signature card returned	3-5 business days
ACH funds transmitted	2 days

In summary, typical timeframe for setting up the HSA payroll process with Mellon should take approximately 4 weeks

* Dependent upon individual response rate; detailed timeframe is an estimate only



**ACS Mellon Health Savings Account
Small Employer Discovery Document**

Directions: Please complete all requested information for each employer setup and provide this form to your ACS Client Service Manager. In addition, please provide copies of any employee communications regarding the HSA product along with date it was/will be sent.

Health Plan Name	Horizon Blue Cross Blue Shield of New Jersey
Health Plan Customer ID	502

General Employer Information

Employer ID (to be assigned by Mellon)	
Employer Name	
Employer Address – Line 1	
Employer Address – Line 2	
Employer City	
Employer State	
Employer Zip	
Employer Business Contact Name (on-going operations)	
Employer Business Contact Phone	
Employer Business Contact E-mail	
Group Effective Date	
Expected number of HSA accounts	

Information to be displayed at bottom of account statement (in most cases this information will be the same as displayed in the Welcome Kit):

Website URL	https://hsamember.mellon.com/HSA
Phone Number	1-800-355-BLUE (2583)
Hours of Operation	Monday, Tuesday, Wednesday and Friday from 8 a.m. to 6 p.m., Thursday from 9 a.m. to 6 p.m. (Eastern Time).



ACS Mellon Health Savings Account Small Employer Discovery Document

Fees & Funding

Account Set-up Fees

Health Plan Paid

Account Maintenance Fees

Health Plan Paid

Deposit file type (data for each employee account):

ACH (individual direct deposit)

None

Funding method (how money will be transferred to Mellon to fund individual accounts):

ACH

N/A

Contribution types:

Employee only (payroll)

Employee and Employer (payroll)

Employee only (deposit slip)