

# Consumer Choice Plan, Health Savings Account and Health Care Flexible Spending Account

## Frequently Asked Questions



### Introducing the Consumer Choice Plan

#### How it works

#### 1. How is the Consumer Choice Plan (CCP) different from other plans?

The CCP is different from the plans you may be more familiar with in some important ways:

- The CCP has a higher deductible (\$1,250 for Employee Only and \$2,500 for Employee + 1 or more dependents) than many traditional plans. The amount of the deductible has to meet the IRS limits for this type of plan, and the Company has chosen the lowest deductible allowed for a plan that allows you to fund a Health Savings Account (HSA).
- With the CCP you are eligible to contribute to and use a Health Savings Account (HSA) to pay for qualified expenses and cover the annual deductible with tax-free dollars (see the "Your Health Care Flexible Spending Account (HCFSA)" section beginning on page 5 for more information).
- The deductible includes both medical and prescription drug expenses. This means you pay the full cost of most medical and prescription drug expenses (see exceptions below) until you reach the deductible, at which time the plan begins to pay 80% of covered expenses.
- You must meet the deductible (\$1,250 for employee-only coverage or \$2,500 for family coverage) before the plan will pay 80% for most medical and prescription drug expenses. **Note:** Unless you choose employee-only coverage, you must meet the family deductible before the plan will pay benefits for any covered individual.

Other features of the CCP include:

- Free preventive care and screenings; these services are covered at 100% (no copays) and the deductible does not apply.
- Certain preventive medications are covered at 100% with no deductible or other out-of-pocket cost to you. A list of the approved preventive medications is available on the Medco website, [www.medco.com/xerox](http://www.medco.com/xerox).

#### 2. How does the Consumer Choice Plan help me become a smart health care shopper?

This plan is called "consumer choice" because it's designed to encourage you to start thinking like a consumer when you purchase health care services and supplies, just like you would when you make other potentially expensive purchases, like a TV or a car. The higher deductible means that you'll be using your own money to pay for medical and prescription drug expenses at their normal cost

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before the plan starts to pay benefits. This will help you see the true cost of health care in ways you might not have considered before and encourage you to make thoughtful decisions about purchasing medical care, based on cost and quality. For example, you might think twice about using an out-of-network provider or requesting brand-name medication when a generic is available.

### 3. What is changing in the Consumer Choice Plan (CCP) for 2013?

- The annual deductible will **increase** from \$1,200 to \$1,250 for employee-only coverage and \$2,400 to \$2,500 for family coverage.
- The plan is also being updated to comply with women's preventive care requirements as a result of Health Care Reform. You will learn more about this expanded coverage in your 2013 Annual Enrollment communications.
- The prescription drug plan will include new minimum and maximum copays for costly specialty drugs (drugs used to treat certain complex, chronic and often costly conditions, such as asthma, cancer, HIV/AIDS, rheumatoid arthritis, etc.).

### 4. Will I have to pay more for the Consumer Choice Plan (CCP)?

If you are currently enrolled in the Coinsurance Plus option or an HMO, your payroll contributions for CCP coverage will be less than you pay today, but your out-of-pocket expenses as you use the plan will be higher due to the higher deductible.

If you are currently in the Consumer Choice Plan, you will pay more in contributions.

If your salary is \$120,000 or less per year (see question 21) and you elect the CCP, Xerox will make a contribution to whichever account you elect (the Health Savings Account or the Health Care Flexible Spending Account) to help offset the increased out-of-pocket costs.

### 5. The \$1,250/\$2,500 deductible seems so high. Is it likely that the Consumer Choice Plan (CCP) will help me with my medical or prescription drug expenses?

Yes. The Consumer Choice Plan covers in-network preventive care and certain preventive prescription medications at 100% even if you haven't yet met your deductible. And you can use the funds in your Health Savings Account or Health Care Flexible Spending Account until you meet the deductible. See "Your Health Savings Account (HSA) and Your Health Care Flexible Spending Account (HCFSA)" on page 5 for more information about these accounts.

### 6. What is an annual out-of-pocket maximum and how does it work in the Consumer Choice Plan?

An annual out-of-pocket maximum is the maximum amount of covered health expenses that you are responsible for paying each year. If you reach the out-of-pocket maximum, the plan pays 100% of covered services for in-network providers

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and 100% of the allowed amount for out-of-network providers for the remainder of the calendar year.

In the Consumer Choice Plan, the annual out-of-pocket maximum is \$5,000 for employee-only coverage or \$10,000 for family coverage.

All medical and prescription drug expenses, including your deductible, count toward the out-of-pocket maximum in the Consumer Choice Plan.

### **7. If I'm expected to meet the deductible before the CCP pays any benefits, can I find out in advance what health care services will cost?**

Just as you would when you shop for other serious items, you should expect to be able to access information about costs and quality to help you make your choices. Most medical carriers now offer online tools to help you compare costs for medical procedures, estimate your out-of-pocket costs and find the right providers and facilities for you. Members may visit the following sites to get informed:

- Anthem: [www.anthem.com](http://www.anthem.com) (select "Estimate Your Cost" and "Start Cost Search")
- Cigna: [www.myCigna.com](http://www.myCigna.com) (select "Find Docs & Services")

### **8. I saw an announcement that Medco is becoming part of Express Scripts. What does this mean to me?**

Yes, Medco is now officially part of Express Scripts, and the company will be known as Express Scripts going forward. During the transition, however, the name of the mail order service (the Medco Pharmacy) will remain as is. You should also know that while most pharmacies belong to the Express Scripts network, Walgreens is not part of the network our Company uses.

To find out if your pharmacy is part of the Express Scripts network, log on to [www.Express-Scripts.com/xerox](http://www.Express-Scripts.com/xerox), select "Prescriptions and Benefits" from the left-hand navigation bar and select "Locate a Pharmacy." Note: New ID cards will not be issued unless you enroll in the Consumer Choice Plan for the first time.

### **9. How does prescription drug coverage work under the Consumer Choice Plan (CCP)?**

Under the Consumer Choice Plan, most prescription drugs are covered the same as any other medical service: You must meet the deductible before the plan pays benefits. This means that when you go to a retail pharmacy, or use the mail order pharmacy, you will be required to pay the full cost of the prescription until you meet the deductible. If you have money in your Health Savings Account (HAS) or Health Care FSA, you can use the funds to help pay for the prescription. The cost of the prescription will count toward meeting your deductible. Prescription drug expenses and medical expenses count toward the deductible. Once you have met your deductible, you pay 20% of the cost of the drug (at in-network pharmacies), with the CCP paying 80%.

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The Consumer Choice Plan covers certain preventive medications at 100% with no out-of-pocket cost to you, even if you haven't met your deductible. A list of the approved preventive medications is available at [www.Express-Scripts.com/xerox](http://www.Express-Scripts.com/xerox).

### **10. I take medicine regularly for an ongoing condition. How can I find out how much I can expect to pay for my current prescriptions before I meet my 2013 deductible?**

To determine the cost of your current prescriptions, ask your pharmacist, visit the Medco website at [www.Express-Scripts.com/xerox](http://www.Express-Scripts.com/xerox) or call member services at 1.800.886.4005. You do not need to be a current Medco participant to use this site.

### **11. How can I save on the cost of my medications?**

There are several things you can do to save on prescription drug costs:

- Use generic medicines whenever possible. They cost less money but have the same active ingredients as their brand-name counterparts and are also approved by the Food and Drug Administration.
- If you take medicine on a regular basis, you can save money when you use the Medco Pharmacy mail order service to order a 90-day supply of your medication. Even though you pay the same 20% whether you use the Medco Pharmacy or go to a retail pharmacy, the pricing is better, which saves money for you and the Company. When you use retail pharmacies, be sure to stay in the network. When you use a pharmacy that participates in the plan's network, the cost of the medication is discounted, lowering your out-of-pocket cost in most cases. If you fill your prescription at a non-participating pharmacy, the plan pays 60% of the allowable amount after the deductible instead of 80% after the deductible.

### **12. What services and supplies are not subject to the deductible under Consumer Choice (CCP)?**

Certain routine preventive care, as listed in the Preventive Care Schedule on BenefitsWeb, is covered at 100% with no deductible as long as you use providers that participate in the plan's network. In addition, certain preventive medication is covered at 100% with no deductible. You can find a list of the approved preventive medications on the Express Scripts/Medco website, [www.Express-Scripts.com/xerox](http://www.Express-Scripts.com/xerox).

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### Introducing Your Health Savings Account (HSA) and Your Health Care Flexible Spending Account (HCFSA)

#### General Questions and Eligibility

#### **13. Can I enroll in both a Health Care Flexible Spending Account (HCFSA) and a Health Savings Account (HSA)?**

No. If you enroll in the Consumer Choice Plan (CCP) you can choose either an HCFSA or an HSA. You cannot enroll in both. The questions and answers in this section should help you decide which account is right for you.

If you enroll in any option other than the CCP or you elect no medical coverage, you are not eligible to open an HSA; the HCFSA is your only option.

#### **14. What is a Health Savings Account (HSA)?**

An HSA is an account designed specifically for use with a high deductible health plan, such as the Consumer Choice Plan (CCP). Advantages of an HSA include:

- You are not taxed on your contributions.
- You do not pay taxes when you withdraw money to pay for qualified expenses.
- Once you have accumulated a minimum balance of \$1,000, you will have the option to invest your balance in a range of funds; any earnings on your investments are tax-free (when used for qualified expenses).

Other advantages of the HSA include:

- The maximum annual contribution allowed — \$3,250 for employee-only coverage or \$6,450 for any tier of family coverage in 2013 — is higher than the maximum contribution allowed under the Health Care Flexible Spending Account. (Note that the maximum contribution allowed is the maximum for your contribution and the Company's contribution combined.)
- You can make an additional catch-up contribution of \$1,000 per year if you are age 55 or older.
- You own the entire balance in your account, even the Company contributions, beginning on the day they are deposited.
- The funds are not subject to the use-it or lose-it rule. You can carry over any unused balance from year to year.
- It's portable. If you leave Xerox, you can take your account with you.

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### **15. What is a Health Care Flexible Spending Account (HCFSA) and how does it differ from the HSA?**

An HCFSA also is an account designed to help reduce your out-of-pocket health care expenses using tax-advantaged funds. It is different from the Health Savings Account (HSA) in some important ways:

- The HCFSA is subject to the use-it or lose-it rule. The HSA has the advantage of allowing you to roll over remaining funds from year to year so you can build your savings.
- With the HCFSA, your entire annual contribution amount (including amounts not yet deposited) is available on January 1. With your HSA, only contributions already deposited into your account are available.
- Beginning in 2013, the maximum contribution allowed under the HCFSA (\$2,500) will be less than what is allowed with an HSA (\$3,250 for employee-only coverage or \$6,450 for family coverage).
- With the HCFSA, you do not have the option of investing your balance as you do with the HSA.

See “Funding Your Accounts” on page 7 for more information.

### **16. Are there any eligibility restrictions for a Health Savings Account (HSA)?**

You must be enrolled in a plan that meets the IRS definition of a high deductible health plan (HDHP) — and not be covered by another health plan — to be eligible to contribute to an HSA. The Consumer Choice Plan (CCP) meets that definition.

In addition, HSA contributions will be subject to tax consequences if you:

- Are covered under another major medical health plan that is not a qualified HDHP such as your spouse’s/domestic partner’s medical plan
- Are enrolled in Medicare
- Participated in veterans’ benefits within the last three months
- Can be claimed as a dependent on another person’s tax return

It is your responsibility to understand the tax consequences of the employee and employer contributions to your account. For more information, please consult your tax advisor.

**Important Note:** If you have a Health Care FSA balance after 12/31/2012, you will not be eligible to contribute to an HSA until 3/15/13.

### **17. If I have funds left in my 2012 HCFSA at year-end, can I still open an HSA for 2013?**

Yes, but you will have to wait until the end of the 2012 grace period (March 15, 2013).

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To avoid these complications, be sure to use up all your HCFSA funds by December 31, 2012 — the cash balance in the account must be zero by that date.

### 18. Why doesn't the Company open an HSA for me, like you do with the HCFSA?

The Company cannot open an HSA for you because the account belongs to you, even after you leave the Company, just like a regular bank account.

## Funding Your Accounts

### 19. How does my HSA get funded?

There are three ways you can fund your Health Savings Account:

- With contributions you make through payroll deduction (these contributions are made pre-tax),
- With federally non-taxable contributions made by the Company (note that some states do consider this taxable income: see also question 21), and
- With contributions you make directly to your account (you can take a tax deduction for these contributions when you file your federal income tax return).

### 20. How does my HCFSA get funded?

There are two ways you can fund an HCFSA:

- With contributions you make through payroll deduction (these contributions are made on a pre-tax basis), and
- With non-taxable contributions made by the Company (see also question 22).

### 21. How much will the Company contribute to my Health Savings Account (HSA)?

If you choose the CCP and you open an HSA, the amount the Company will contribute to your HSA depends upon your base salary as of September 1, 2012.

If your annual salary is...	Your Company HSA contribution will be...
\$40,000 or less	\$600 for employee-only coverage or \$1,200 for family coverage
\$40,000.01 – \$80,000	\$450 for employee-only coverage or \$900 for family coverage
\$80,000.01 – \$120,000	\$300 for employee-only coverage or

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	\$600 for family coverage
More than \$120,000	\$0

### 22. How much will the Company contribute to my Health Care Flexible Spending Account (HCFSA)?

If you choose the CCP and you choose the HCFSA instead of the HSA, the Company contribution to your HCFSA depends on your base salary as of September 1, 2012. The contribution amount will be the same whether you enroll in employee-only coverage or any tier of family coverage.

If your annual salary is...	Your Company HCFSA contribution will be...
\$40,000 or less	\$450
\$40,000.01 – \$80,000	\$350
\$80,000.01 – \$120,000	\$250
More than \$120,000	\$0

### 23. When will the Company contribute to my HAS/HCFSA?

If you open your HSA by December 21, 2012, your account will be funded with 50% of the Company contribution on January 2, 2013, and the balance of the Company contribution will be paid evenly throughout the year on a per-paycheck basis. It's important to note that the Company can't fund your HSA until you have set up your account (see question 36). (If you have an HCFSA in 2012, see question 17 for some important information about timing.)

If you select the HCFSA, it will be funded in full on January 1, 2013.

### 24. What are the maximum contribution limits for the HSA/HCFSA?

For the HSA, the maximum contribution limit is set annually by the U.S. Department of Treasury and is based on your coverage category. For 2013, the annual maximum contribution allowed for each account is shown below.

Coverage Level	Health Savings Account	Health Care Flexible Spending Account
Employee-only: Employee under age 55	\$3,250*	\$2,500**
Employee-only:	\$4,250*	\$2,500**



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Employee age 55+		
Family (any tier): Employee under age 55	\$6,450*	\$2,500**
Family (any tier): Employee age 55+	\$7,450*	\$2,500**

\* Including Company contribution

\*\* Company contribution does not count toward this maximum

### 25. Do I need to elect an HSA contribution amount each year or will my election carryover from year-to-year?

Once you elect a contribution amount, you may change it – increase, decrease, or stop it altogether – at any time during the year. Your per pay period contribution amount will continue to carryover from year to year until you elect to change it.

### 26. Can I invest the money in my HSA?

Yes. Once you accumulate a minimum balance of \$1,000 in your HSA, you may choose your own investments. You can choose from 22 highly-rated funds from multiple fund families. Visit [www.hsamember.com](http://www.hsamember.com) to see the list of available funds.

### 27. Can I invest the money in my HCFSA?

No. You are not permitted to invest money in your HCFSA.

## Accessing Your Funds

### 28. When can I access the funds in my HSA/HCFSA?

This is an important difference between the two accounts. With the HCFSA, you can access the entire amount that you've elected to contribute to your account on January 1. So if the Company is contributing \$450 and you elect to contribute \$450 over the course of the year, the full \$900 is available for your use on January 1.

However, with the HSA you can only access funds that already have been contributed to your account. The Company will deposit 50% of its contribution into your account on January 1, but your own contributions, and the remaining 50% of Company contributions (see question 23), will be placed in your account on a per-paycheck basis throughout the year.

So if your Company contribution is \$600 and you elect to contribute an additional \$600 over the course of the year, your total for the year will be \$1,200 — but because you can only access funds as they're contributed, if you need funds on

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January 2, you will only have access to \$300 — the 50% Company contribution made on January 1. By the end of the month, if you received the same amount each month, you would have access to an additional \$75 (\$25 in Company contributions and \$50 in your own contribution) and an additional \$75 each month through the end of the year.

### **29. Are amounts in my HSA/HCFSA subject to the use-it or lose-it rule?**

All amounts in your HCFSA are subject to the use-it or lose-it rule. You have until June 30, 2014 to submit HCFSA claims for eligible expenses incurred from January 1, 2013 through December 31, 2013. After that you will forfeit any unused balance in your account. (The grace period that would normally run from January 1 to March 15 will be eliminated for the 2013 plan year. Therefore, all 2013 HCFSA expenses must be incurred no later than December 31, 2013.)

HSA funds are not subject to the same use-it or lose-it rule. You can use the funds in your HSA to pay for eligible 2013 medical expenses, or for any eligible medical expenses in the future. You can even use the account to help save for retiree medical expenses.

### **30. What can I use the funds in my HSA to pay for?**

You can use the funds in your HSA to pay for qualified medical and prescription drug expenses, including deductible and coinsurance, as well as vision and dental expenses. In addition, you can use the funds to pay for anything the IRS considers a “qualified medical expense” (as long as they are not otherwise reimbursed by insurance) including premiums for COBRA coverage and certain other coverage if you become unemployed or are over age 65 (such as Part B Medicare premiums or a Medicare drug plan). Qualified medical expenses for purposes of your HSA must also be expenses incurred since you opened your HSA.

Some of the services and supplies not considered “qualified medical expenses” for purposes of your HSA include insurance premiums (except those specifically allowed; see above), cosmetic surgery, health club dues, nutritional supplements, and over-the-counter drugs (except insulin). There are other non-qualified expenses; for a complete list, please see IRS Publication 502, available at [www.irs.gov](http://www.irs.gov). You may not use your HSA for expenses incurred before you opened your HSA.

### **31. Can I use HSA funds to pay for the same things I use HCFSA funds for?**

Generally, the expenses you can pay for with your HSA are the same as for the HCFSA. However, there is a significant difference between the HSA and the HCFSA in what you can use the money for. With the HCFSA, you can only be reimbursed for expenses incurred through the end of the calendar year. With the HSA, you can use the funds to pay for expenses incurred at any time after you open the HSA.

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### **32. What happens if I don't have enough money in my HSA to pay for a health care expense?**

Your HSA works like a checking account; you can only withdraw money that is in the account.

You may only use your available HSA fund balance, plus money from your personal checking account or credit card to pay for a medical bill. As your HSA contributions accumulate throughout the year, you may use them to reimburse yourself from your HSA by writing yourself a check, by using online Direct Pay or by using your debit card at the ATM (available January 1, 2013).

**Note:** If you find you did not put enough money in your HSA, you can contribute more. Unlike an HCFSA, you can change your HSA contribution amount during the calendar year. At any time, you are free to change your pre-tax payroll contribution amount through BenefitsWeb, or make post-tax contributions directly to your HSA.

### **33. If I decide I want to start saving for future medical expenses in my HSA but have a pressing need for that money before retirement, can I access that money before retirement?**

You can use the funds in your HSA at any time to pay for any eligible health care expenses without penalty.

If you need the money for a non-health care related reason, you may withdraw the funds, but you will be subject to income taxes on that amount. You may also be subject to a 20% tax penalty. The penalty is waived after the date you become disabled, reach age 65 or die. You should consult your tax advisor about the consequences of withdrawing funds from your HSA for reasons other than for health care expenses.

### **34. How do I access the funds in each plan?**

For your HSA, you'll receive a debit card you can use to pay qualified health care expenses. You also have the option to pay bills online or by check. To request an HSA checkbook, complete a Master Signature Card, available from [www.hsamember.com](http://www.hsamember.com).

For your HCFSA, you'll receive a debit card you can use to pay qualified health care expenses. You can also pay bills online or submit a claim for reimbursement.

### **35. Who is considered a dependent under the HSA/HCFSA?**

According to IRS Publication 969 (Health Savings Accounts and Other Tax-Favored Health Plans), generally you can use funds in your account to pay health care expenses for yourself and the following people:

- Your spouse
- All dependents you claim on your tax return
- Any person you could have claimed as a dependent except that:

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- The person filed a joint return,
  - The person had gross income of \$3,700 or more, or
  - You, or your spouse if filing jointly, could be claimed as a dependent on someone else's tax return.
- Your child under age 27 at the end of your tax year

### 36. How do I set up an HSA?

It's easy to open your account. If you enroll in the Consumer Choice Plan during Annual Enrollment, you will automatically be directed to the HSA account opening screens to open your account, if you don't already have one. **Note: Even if you don't want to make your own contributions to the HSA, in order to receive the Xerox contribution, YOU MUST open your HSA online or mail in a signed Master Signature Card provided by "The HSA Solution".**

If you do not open your account during Annual Enrollment, you will receive additional information from ACS|BNY Mellon HSA Solution ("The HSA Solution") about how to open your account before January 1, 2013.

If you don't open your account during the enrollment process, you can open an HSA at any time, as long as you are enrolled in the CCP or another high deductible health plan. To open your account, you will need to provide your signature electronically via the secure website, or you can complete and return a Master Signature Card, as described below.

1. To provide an electronic signature:
  - a. Go to <https://hsamember.com/HSA/hsaadvantage>. Enter the last four digits of your Social Security number, birth date and ZIP Code to register.
  - b. Review and accept the listed terms and conditions.
  - c. Complete and return a Master Signature Card to receive a personalized checkbook and/or to designate a beneficiary (these two account features require your written signature for security purposes). The Master Signature Card is available on BenefitsWeb or by calling 1.877.472.4200 (1.800.833.8334 for TDD callers), weekdays from 8 a.m. to 11 p.m. Eastern Time. Note: Your HSA will be opened as soon as you complete the electronic signature process, even if your Master Signature Card has not been returned.
2. To provide a paper signature:
  - a. Complete and sign a Master Signature Card, available from [www.hsamember.com](http://www.hsamember.com) or on BenefitsWeb. The form will also be available in the Welcome Kit you receive from BNY Mellon Bank in December.

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- b. Mail the form to: ACS|BNY Mellon HSA Solution, P.O. Box 199706, Dallas, TX 75219-9706 (see form for alternate address to be used for overnight or courier delivery).

### **37. Can I name a beneficiary for my HSA?**

Yes, you should name a beneficiary for your HSA funds when you open your account by completing a Master Signature Card, available from [www.hsamember.com](http://www.hsamember.com) or on BenefitsWeb. For questions about designating your beneficiary, call ACS|BNY Mellon HSA Solution at 1.877.472.4200 (1.800.833.8334 for TDD callers), weekdays from 8 a.m. to 11 p.m. Eastern Time.

You can change your beneficiary at any time.

This document is intended for U.S. benefits-eligible employees of our Xerox Technology and Corporate organizations.

This document provides information about benefits and wellness programs offered through the Xerox. In some cases, more complete information about certain benefits may be found in the plan documents and Summary Plan Description (SPD). There also may be differences in benefits based on your business group or location. Every effort has been made to provide accurate information; however, if there is a discrepancy between information contained in this publication and the plan document, the information in the plan document will prevail. Xerox and its vendors comply with HIPAA's privacy requirements.