

Hi Pastor,

I sent you the new rates for the calendar year 2010 iDirect High Deductible plan and wanted to talk you through it. This plan puts forth a \$1500 single/\$3000 family high deductible. I will try to explain why I believe this is a good choice:

1. Lower Monthly Premium—High Deductible plans seem to be a very attractive solution to insurance needs when comparing iDirect's \$258.41/mth/single and \$701.91/mth/family to the '08-'09 quotes for Blue Cross/Blue Shield's HMO 203 (traditional insurance) of \$429.00/mth/single and \$1,191.00/mth/family. Remember, insurance rates usually increase at least 15% each year, and a lower rate to start with is greatly beneficial.

2. HSA Eligible-- iDirect allows you to set up a Health Savings Account (HSA) (you and your employer can contribute to this) that functions like a checking account to pay your deductible with pre-tax dollars and can be rolled over year after year. Check your local bank to see if they offer an HSA. If not, I have included everything you will need to open an HSA account with First Niagara.

3. The Deductible Is Fairly Low—the deductible for this plan (\$1500/single and \$3000/family) is low enough that your church could fund the whole amount and still be significantly cheaper than traditional insurance plan premiums. Fact: In 2010, you can contribute up to \$3,050 for individual coverage or \$6,150 for families (people age 55 and older can make an extra catch-up contribution of \$1,000 in 2010).

4. 100% Insurance Coverage After Payment Of Deductible (Except Co-pays And Drug Card) --Once your deductible is fully paid, Independent Health will pay **ALL ELIGIBLE COSTS** of your health claim except for the appropriate co-pay. Check the plan summary to see the amount of co-pays beyond the deductible. The drug card copay would kick in only after the deductible is satisfied and is the same \$10.00 amount for the first tier, the same \$30.00 amount in the second tier and the third tier copay is \$50.00.

5. Preventive Services (download the brochure for these) are paid 100% by Independent Health and do not count towards your deductible.

Pastor, let me illustrate how Lin and I have made this work for us and at the same time benefit the district. We switched to this plan and asked the district to contribute the full amount for our family deductible (\$3,000.00) into our HSA. We, then, contributed our own amount of money to the HSA (voluntary salary reduction based on last years spending); to make sure our health dollars are in pre-tax dollars. This plan cost the district \$701.91 per month and their contribution to our HSA is \$250.00 more per month (total health cost per month, just over \$950.00). Lin's quarterly bone scans run quite high (\$8,000???) and will quickly wipe out our deductible. We can then access full pay health insurance from Independent Health minus some co-pays. After satisfying the deductible, we will pay for our drugs according to the \$10/30/50 drug card. Though our vision benefit does not count against our deductible, we will pay the relatively inexpensive \$10.00 copay to see the eye doctor (fees for frames and lenses are spelled out in the policy). We will take full advantage of the Preventive Services that Independent Health

offers to pay 100% for. We will use our HSA account to pay our dental and over-the counter health costs with pre-tax dollars. At the end of the year we can roll over any money left over in HSA to help us pay for next year's health expenses. Pastor, if your church cannot do the full \$3,000, I still believe that you will be better off on this plan.

I hope this helps you.

Thanks.

Eternally His,
Neil Koppen