

HDHP

Value Proposition



MISSION STATEMENT

Our firm will help you create and maintain the highest quality, low-cost health plan by utilizing the latest in cutting edge plan design.

HDHP AT A GLANCE

- Provides traditional medical coverage and a tax free way to help you build savings for future medical expenses.
- Offers greater flexibility and discretion over how you use your health care benefits.
- Features higher annual deductibles than other traditional health plans.
- With the exception of preventive care, you must meet the annual deductible before the plan pays benefits.
- Generally doesn't pay for the first several thousand dollars of health care expenses (i.e., your "deductible") but will generally cover you after that.
- You will need to set up an HSA (Health Savings Account) or HRA (Health Reimbursement Account) to pay for expenses.



HEALTH SAVINGS ACCOUNT

- You are eligible to open or contribute to an HSA as long as you are enrolled in a federally qualified high deductible health plan. Its purpose is to help employees pay for healthcare expenses not covered by the high deductible medical plan or save long term.
- HSAs offer flexibility for the employee because it is owned by the employee and is portable. HSA contributions can be made by the employer or employee or a combination of both.
- There is no time limit on using HSA funds for your qualified medical expenses, as long as the expenses were incurred after your HSA was established.

HEALTH REIMBURSEMENT ACCOUNT

- By combining a higher deductible insurance plan with an HRA, you can lower your company's health insurance costs resulting in lower employer and employee contributions.
- Administrative costs are tax deductible and can be paid by the employer, the employee or a combination of both.
- HRAs are funded by the employer with tax deductible dollars, reimbursements of qualified medical expenses are received by the employees tax-free.
- Employers can design their HRA to meet their specific needs.

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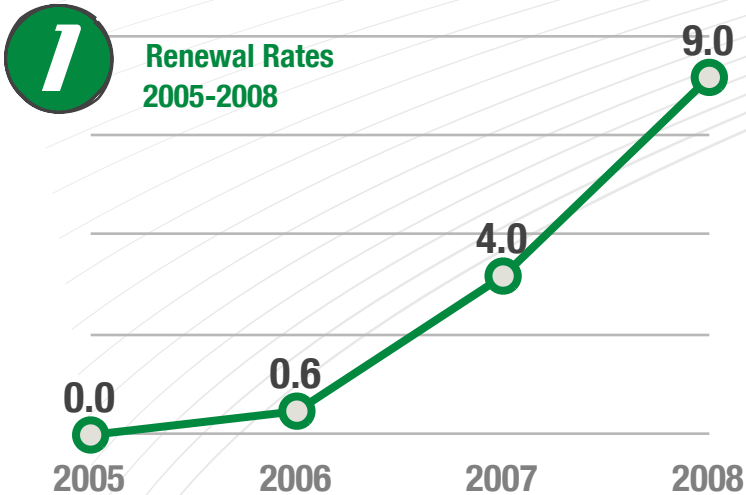
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Lowering your renewal rates



Case Study

These charts illustrate a company we have worked with who chose to switch to a High Deductible Plan in 2005. The results are as follows:

- 1 Renewal rates from 2005-2008 were well below traditional health plan numbers. One of the main attributes of the HDHP is lower average renewal rates.
- 2 If the company had stayed with their plan and received only *average* renewal rates, they would have encountered 11% higher costs for the plan. In many cases, the outlook would be far worse.
- 3 The overall costs are nearly cut in half as a result of the company switching to a HDHP. The **initial** savings cost from switching from a traditional plan to a HDHP was over \$80,000 in this particular case.

