

THE ISMA INSURANCE AGENCY OFFERS

HIGH DEDUCTIBLE HEALTH PLANS - HDHPs

Everyone is talking about the new alphabet soup of health plans. HRA's—HSA's—MRA's. The good news is we can help you sort through these different options with sound advice and the insurance products to back them up. The common thread behind all of these plans is a higher deductible that helps reduce premium. The trick is determining which plan is best for your situation and how to best cover the exposure of the new high deductible. The chart to the right will give you a quick reference to these options. Feel free to call us to discuss your particular situation.

PLAN	HSA HEALTH SAVINGS ACCOUNT	HRA HEALTH REIMBURSEMENT ARRANGEMENT	MRA MEDICAL REIMBURSEMENT ARRANGEMENT
BEST USE	For individuals and groups looking for tax advantages with limited benefits	For groups looking to reduce cost and get employees involved in the cost of health care	For groups looking to significantly reduce cost and keep benefits strong for employees
TAX ADVANTAGES	Contributions to an HSA are deductible by the individual making the contributions	Contributions are deductible by the employer	Reimbursements are tax deductible by the corporation and tax free to employees
UNIQUE FEATURES	Full contributions can be made annually and roll forward with tax deferred growth	Maximum reimbursement set by employer	Allows employees to continue to have attractive benefits, i.e., office visit copays and prescription drug copays
ISMA PLAN CHOICE	<ul style="list-style-type: none"> • HSA PPO 2500/5000 • HSA PPO 3000/6000 • Lumenos HSA NEW 	<ul style="list-style-type: none"> • PPO 1000 • PPO 1500 • PPO 2500 	<ul style="list-style-type: none"> • PPO 1000 • PPO 1500 • PPO 2500



High Deductible Health Plan (HDHP) Overview from	HSAs	HRAs	MRAs
Indiana State Medical Association Insurance Agency Angela Gorton 877-647-2242	Health Savings Accounts	Health Reimbursement Arrangements	Medical Reimbursement Arrangements
Availability -----	Individuals, and any size group	Any size group (not available to partners in a partnership, shareholders who own more than 2% stock in a Sub S corp. and member of LLC)	Any size group (not available to partners in a partnership, shareholders who own more than 2% stock in a Sub S corp. and member of a LLC)
Maximum Contribution 2007 -----	The lesser of deductible or \$2,850 for singles and \$5,650 for families (amount increased annually based on CPI)	Maximum reimbursement determined by employer	Employer established maximum reimbursement usually the difference between the old low deductible and the new HDHP
Additional Contribution Allowance -----	Additional contributions allowed for age 55 and older (\$800 in 2007)	Not applicable	Not applicable
Eligible Contributors -----	Individuals, employers and /or employees	Employers only	Employer funds reimbursements
Tax Deductibility-Employer -----	Contributions are tax deductible	Reimbursements are tax deductible	Reimbursements are tax deductible
Tax Deductibility-Employee -----	Contributions may be either pre-tax if offered through a cafeteria plan or tax deductible (no need to itemize)	No employee tax deduction (employer sponsored)	Reimbursements to employees are received tax free
Fund or Account Ownership -----	Employee	Employer	Employer (only funded when claim occurs)
Portable -----	Yes	No	No
Rollover of Fund -----	Yes	Employer determines if allowed and can set caps	No
Funding Required -----	Yes	No pre-funding necessary	Only when claim occurs
Plan Types -----	High deductible plan required as defined by HSA laws; no copay plans	No plan restrictions	High deductible plan selected by employer
Deductibles Singles - 2007 -----	\$1,100 minimum	No limits	Employer selects
Deductibles Families - 2007 -----	\$2,200 minimum	No limits	Employer selects
Out-of-Pocket Maximum -----	Singles-up to \$5,500; Families- up to \$11,000 (includes deductible but no out-of-network costs)	No limits	Employer selects
Office Visit Copay Allowed -----	No	No	Yes
Rx Copay Allowed -----	No	Yes	Yes
Administration -----	Insurance company, TPA or bank	Self-administered, insurance company or TPA	Self-administered, insurance company or TPA
Withdrawals for non-qualified medical expenses -----	Taxable and subject to 10% penalty (no penalty for over 65)	Reimbursements only for qualified eligible expenses; employer determines whether to pay after age 65	Reimbursements only for qualified expenses; (no "account", so no money to withdraw)

Indiana State Medical Association Insurance Agency, established 1982, has been effectively saving employers tens of thousands of dollars using high deductible health plans since 1989.