



Consumer Driven Health Care (CDHC)

*An Alternative Individual
Health Insurance Solution*



As your W&R advisor, I can:

Page 2

- Provide cost-effective health insurance options
- Suggest alternative approaches to your changing needs
- Develop long-term, strategic solutions
- Package health insurance with financial incentives
- Serve as the “single source” for *all* your benefit needs

- CDHC is a strategy for delivering health insurance
 - Typically includes lower premiums
 - Places consumers in charge of first-dollar healthcare expenditures
- A CDHC plan consists of two parts:
 - High-Deductible Health Plan (HDHP) and ...
 - Health Savings Account (HSA)

Why the shift towards CDHC?

Page 4

- The continued rising cost of healthcare
- Consumers need to have a stake in the healthcare transaction in order to be wise healthcare consumers
 - Most consumers have no idea how much healthcare goods and services really cost—just their copayments!

How Can CDHC Concepts Help?

Page 5

- Reduce the impact of rising insurance costs
- Remove co-payments
- Educate consumers on “smarter” use of medical services
- Encourage preventive / wellness care usage

Why are CDHC Solutions Successful?

Page 6

- HSAs make financial sense
 - Multiple options for checking, saving and investing
 - HSAs offer savings incentives and automatic tax advantages*

* *HSAs were created by Public Law 108-173, the "Medicare Prescription Drug, Improvement and Modernization Act of 2003," signed into law by President Bush on Dec. 8, 2003*

Breaking Down the CDHC



High Deductible Health Plans (HDHPs)

Page 8

- PPO plan without copayments and first-dollar coverage
- Typically covers preventive services at 100%
- A fully-insured plan with multi-million dollar lifetime maximum benefit levels and much more

- Premiums are lower—consumers can buy plans they may not otherwise be able to afford
- A solution to the growing problem of the uninsured
- Helps raise consumer awareness of the real costs of healthcare
 - Total health spending is reduced when consumers bear more responsibility for their healthcare expenses

Health Savings Accounts (HSAs)

Page 10

- Represents a plan of insurance that combines the efficiencies of an HDHP with the tax advantages of a savings and investment account
- Gives account holders control over how they spend their well-earned healthcare dollars
- Represents a viable approach to long-term healthcare reform in the U.S.

Health Savings Accounts (HSAs)

Page 11

- Must be enrolled in a HDHP in order to establish an HSA—which includes annual limitations for account holders: (2009)
 - Minimum Deductible
 - \$1,150 Single
 - \$2,300 Family
 - Maximum Out-of-Pocket
 - \$5,800 Single
 - \$11,600 Family
 - Contributions
 - Maximum of \$3,000 for single and \$5,950 for family
 - Catch-up (55+) = \$1,000 (for 2009 and after)

Why Have An HSA?

Page 12

- Cost ownership
 - By moving away from first-dollar benefits, the account holder becomes responsible for the “typical” out-of-pocket expenses
- Incentives
 - To save for future healthcare expenses, as we do for retirement
 - An annual tax break
 - Live a healthier lifestyle to help reduce your expenses later in life

- HDHPs can provide significant savings over current health plan premiums—*if properly selected*
- Over time, HSAs will help change consumer spending behavior
- HSAs can serve as a short- and long-term investment platform for consumers

- Develop a long-term strategy for controlled and reduced healthcare costs
- Design and implement a CDHC plan that works best for you





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