

USHL Helps You To Understand HDHP's and HSA's

We understand that in the beginning this new product can be confusing. You and your clients will have many questions about this new and different concept for health plans.

This is why we offer training and web based tools on our website. Many of you attended our 2004 seminar on Health Savings Accounts (HSA's) and

High Deductible Health Plans (HDHP's). Our resident HSA expert, Christopher Cobb, covered the entire concept and we received very positive feedback from the attending agents. Chris and our staff of salespeople are always available to answer your questions. Please do not hesitate to call.

We are also available to hold seminars

at your client's worksite. Our HSA Product Manager would attend along with your USHL Sales Agent. We believe that this would be very helpful and ease the stress of change.

Please see HSA's page 2

Dear Agent:

USHL has revised its Employee Enrollment form. It is not bigger, but better.

The demands of regulation and administration require that we collect a lot of information from our customers, and we appreciate the time and effort that goes into completing every form. Recent legislation and improvements to our process, along with a great new logo, have forced us to change many of our forms, including the Employee Enrollment form.

At USHL, we saw this as an opportunity to create a better form. One that would be easier to complete, help us serve you better and keep us both compliant with the law. With input from representatives from legal, underwriting, enrollment, claims, agents, employers and members we tried to consider anyone who might have an interest in the shape of the new form and learned some interesting lessons along the way.

Asking the right questions—Industry lingo or questions abbreviated to save space can cause confusion and usually won't return the information we need. Writing for the reader helps us both.

Asking the right person—Although more than one of us may have the answer, one of us probably has the right answer. Our forms are designed to ask that person, and only that person.

Only asking for the information that we need and use—whether it's something that would have been nice to know in a few rare situations or information that has become obsolete over time have been excluded from the new application form.

We hope that your experience with our new Employee Enrollment Form, and with US Health and Life, reflects our efforts to be responsive, flexible and professional.

Keep an eye out for our new Employer Group Application and our redesigned website.

Sincerely,

Jim Hicks



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Prescription Drug Cost Trend Slows at USHL

It is hard to remember when there was some good news about the rising costs of prescription drugs. At USHL, we are always searching for ways to hold down claims cost while providing our members access to the finest medical benefits available.

“We are very pleased with the performance of our Pharmacy Benefits Management vendor, ScriptGuideRX” said Rex Critzer, VP, Underwriting. “The discounts from AWP and the proper administration of the plan rules has proven very beneficial. I believe this will be beneficial to our members and client groups when it comes time for the renewal of their coverage”.

As drug manufacturers continue to blitz the airwaves and publications with their advertising, and the age of our country's population rises, the use of prescription drugs is sure to increase. Also, with the introduction of many new and miraculous bio-tech injectibles, costs will spike even higher. US Health and Life continues to monitor these situations and we are proactive in mandatory generic substitution, when possible, and by providing guidance to the place of service for those members that require these very expensive bio-tech infusions.

Our goal continues to be to provide our members with the best care possible. We believe that it is possible to do this while controlling the cost.

HSA's *continued from page 1*

You and your clients can also visit www.ushealthandlife.com for twenty-four hour information. Here you will find health assessment and disease management tools; lifestyle improvement programs, including weight control, stress management and smoking cessation.

You will also find a comprehensive collection of health information and articles along with prescription drug comparisons, costs and pharmacies.

US Health and Life is committed to offering a wide variety of HDHP's and HSA's in order to provide you and your clients with more affordable high quality medical benefit schedules.

We recognize the Consumer Driven Health Care is a brand new way of utilizing and paying for health care services, and are committed to providing all the information and tools you need to understand the new plans and use it to your best advantage.

Used wisely, CDHP offers great rewards— quality care now, and a nest egg for future health care expenses.

WELLNESS WORKS

A well known factor in wellness is your annual visit to the doctor for your physical. Who was it that said “an ounce of prevention is worth a pound of cure”? Take the lead from our young man pictured below and see your doctor at least once a year. And we are not so sure that an apple a day will keep the doctor away.



Q. Who benefits from an HSA?

A. Both the employee and the employer.

At US Health and Life, this is the question that we hear all of the time. We thought it would be a good opportunity to talk about a real company that recently made the move to a Health Savings Account with a High Deductible Health Plan.

The company has 92 eligible employees on their current health plan. The management had two goals in mind. They wanted to maintain the same benefit level for their employees and hold down the proposed 12% rate increase that was due at renewal.

The annual cost of their PPO and HMO benefits for the current year was \$612,590. The renewal rates would take them to \$619,666 for the next plan year. This would be an increase of \$7,076. The move to an HSA and a HDHP resulted in an annual premium of \$574,159, a savings of \$119,506.

As we all know, change is a difficult and scary thing for many employees. Even if the change is beneficial to the employee. The company chose to move to an HSA with a HDHP. As a result of this change, the current employee deductible would change from \$250 for one individual to \$1,200. The new deductible would be pre tax. Contributions to the HSA remain in the HSA and “roll over” to the next year if it is not used. However, this was a change and to some it was scary.

To ensure employee peace of mind, while still allowing the company to cut costs, the company decided to contribute the difference between the old (\$250) and the new (\$1,200) deductibles to the employees' HSA's

The important fact to recognize is that, even with the company funding the difference in the deductible, the company experienced an annual premium savings, as did the employees.

The above scenario does not take into consideration the tax advantages realized



by the company with this decision. This real life example might give you cause to considering this for your clients. Health costs will not go down in the foreseeable future. Converting to and HSA with an HDHP may be a tool to ensure your future.

If you have any questions about HSA's please contact your US Health and Life salesperson. We stand ready to help you help your clients.

New Member Benefits Packet Arrives

At USHL we constantly strive to upgrade our member communications. This is why we are pleased to announce our new Benefits Packet.

All new members are receiving this packet which is bound and personalized for each member. The booklet looks great and contains:

- A welcome letter on the ID card carrier
- The new format USHL ID Cards
- Pharmacy Benefits Manager Brochure
- Employee Certificate of Group Coverage
- Any Applicable Benefit Riders
 - Dental
 - Prescription
 - Accident
- Schedule of Benefits
- All Applicable Mandatory Notices

"We are very proud of this product and our vendor has worked very hard to meet our expectations", said Theresa Spurr, Manager, Client Data Services. "I believe that our members and client companies will be very pleased with the new Benefits Packet".

As a USHL agent, please let us know if you would like a sample packet for your file. Just call our Marketing Department at 586-693-4332. We will be happy to send you a sample and answer any questions that you have.

LuminX Information Network is Coming

The LuminX Information Network (LIN) will be available for all self-funded clients in 2005. LIN will provide our self-funded employers and their employees with simple and secure access to our claims system, LuminX, information using the internet.

More specifically, LIN provides a Graphical User Interface (GUI) to selected LuminX features. We are introducing this as a result of our customer requests to have access to member information and periodic reports.

US Health and Life's Director of Operations, Joanne Sciuto, is very pleased with LIN. "We have done our homework on this project. I am very excited about the opportunity to provide such a fantastic tool to our clients", she said.

Joanne continued, "Just the ability to review and print reports at your convenience is something in which our clients have expressed a high level of interest".

LIN is Secure—The LIN server provides 128-Bit encryption of all data being communicated between the remote user and your web server. All the Employer or Employee needs is access to a web browser, internet and a LIN user ID code and password. The User ID codes are provided by Automated Benefit Services, Inc..

LIN is Fast—Information is provided quickly due to the sophisticated high speed technology incorporated in the system. It is all hosted internally and connects to our T1 line.

LIN is Easy to USE—The portal utilizes easy to use point and click Java technologies that most internet users are familiar with. Prompts and highlights appear for erroneous entries and there is a comprehensive help section.

LIN is Available—The web server is available 24 hours a day, every day. There are regularly scheduled maintenance sessions necessary so you may occasionally not be able to access. We plan to run these sessions when usage is at its lowest.

What can I do with LIN?

Review Claims History

Authorized individuals can access claims history for status, verify eligibility and review plan annual and lifetime maximum benefit levels. You may also review EOB's (Explanation of Benefits) forms.

Reports

Employers have access to reports, check registers and requests for funding from this secure website. This could eliminate the need for paper reports. You would have the option to print the reports if necessary.

Access our Document Library

The document library option provides a structure where plan descriptions and other documents, like your Schedule of Benefits, can easily be stored. Only the documents that pertain to the participants are made available. Automated Benefit Services is responsible for creating and maintaining the documents published in the library.

You will also be able to access your Flexible Spending Account activity on line.

This is just a brief overview of the LIN capabilities. We will keep you advised of the 2005 launch date. Our Beta test sites are being exercised and we are very pleased with the performance of the system.

Your Automated Benefit Services, Inc. Account Manager will contact you as soon as LIN is available. If you have any questions, please feel free to contact us.

"We have done our homework on this project. I am very excited about the opportunity to provide such a fantastic tool to our clients".

Joanne Sciuto, Director Operations



US Health and Life / ABS Semi-Annual Meeting

The semi-annual managers meeting was held in February 2005 at the Sterling Inn in Sterling Heights, Michigan.

The senior management team presented the semi-annual report to the management staff. The presenters were:

- John O'Brien, Chief Financial Officer
- Rex Critzer, VP, Underwriting
- Sylvia Beavis, VP, Operations
- Jim Hicks, VP, Sales and Marketing
- Daniel Gorczyca, President

"Last year was our best ever", said John O'Brien. "We had record revenue growth, record quoting activity and we enjoyed nearly a 90% retention of our clients at renewal".

"Our claims turnaround time was the best in our company's history, and that is saying a lot since we are already known for our superior claims processing", he said. "We passed our SAS-70 audit with flying colors for payment accuracy and prompt turnaround".

Rex Critzer followed with his presentation for underwriting. Rex had some very interesting information. "Medical trend in the USA is 13.8% and prescription drug trend is 16.9%", he said.

He went on to say that as a result of this trend many of our clients are buying down in the benefits in an attempt to control cost. "This translates to fewer premium dollars for substantially more business".

Critzer said that the company had 191 new client groups in 2004. He also said that the underwriting department succeeded in their goal to diversify the stop loss carriers.

Now, rather than only one carrier for the stop loss, the mix is 19% Gerber, 30% Madison National with the balance split among other carriers.

Next, Sylvia Beavis, VP of Operations

"SmartClaims is successful beyond our wildest dreams"

Sylvia Beavis VP, Operations



addressed her department. "We had some remarkable achievements last year and I am very proud of the entire staff", she said.

She reviewed some of the following statistics:

- 1,300,000 claims processed
- 5.47 day turnaround
- 35% Auto Adjudication
- The launch of "Fax Recall"
- 29 Second phone answer time
- The launch of SmartClaims

"SmartClaims is successful beyond our wildest dreams", she said. Of the significant amount of money that has been saved by US Health and Life and our self funded clients enrolled in the program, fraud and abuse represented 12%, supplemental PPO and negotiations represented 74% and subrogation was 14%".

She said she was proud that USHL and ABS are the only entities in the USA that currently provide this tremendous service.

She also reviewed the LuminX Information System (LIN) which is now available to all of our self funded clients. With LIN they may access reports, claims status, benefit summaries, submit funding requests and much more.

Jim Hicks, VP Sales and Marketing was next. He stated that even though 2004 was a much better year than the previous year, "2005 was going to be

even better".

"Our sales team is trained and very knowledgeable. We have new and exciting products such as our full line of HSA offerings and the powerful SmartClaims system", he said.

He said that we will continue to focus our President's goal of:

- Lowering our clients' claims cost
- Improving our communications with our internal and external customers
- Become the industry leader for HSA's

The final presenter was Daniel Gorczyca, President. He addressed the challenges that our company and the industry face, such as the unfair Single Business Tax legislation that is pending in Lansing and the continuing escalation of the cost for health benefits.

"I am very pleased with the progress of our company over the last year and I want to take this opportunity to thank you and your staff for making this happen", he said.

"I am confident that, with you and your staff, we will continue to be successful and provide the highest standard of service for our members and clients far into the future", Gorczyca said.



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