Consumer Driven Health Plans
Managed care cost controls are no longer working

Members isolated from the actual cost of care

Double-digit premium increases

Employers, employees and providers are frustrated

Organized around the Insurer
## Market Conditions

**NATIONAL EXPENDITURES = $1.5 Trillion**
- HEALTH BENEFIT EXPENDITURES = 13% ↑
- RETAIL DRUG EXPENDITURES = 17% ↑

### General Marketplace
- Hospital Consolidation
- Pharmaceutical Practices
- Medical Technology
- Consumer Demands
- Aging Population
- General Economy

### Small Group Specific
- Erratic Price Competition
- Generic Provider Deals
- Difficult Compliance Issues
- Product Differentiation
- Administrative Efficiencies
- Top-line vs. Bottom-line

---

**NATIONAL EXPENDITURES = $1.5 Trillion**
- HEALTH BENEFIT EXPENDITURES = 13% ↑
- RETAIL DRUG EXPENDITURES = 17% ↑
Consumer Driven Health Care

- Customer Empowerment
- Innovative Products
- Information Tools
- Stable Pricing
Product Trend: Consumerism

Health insurance plans putting consumers and their physicians at the center of healthcare decision-making, giving them greater discretion and control over their benefit dollars and medical care choices.

**WHEN DOES THE CONSUMER GET INVOLVED?**

**POINT OF ENROLLMENT**
- Deductible
- Coinsurance
- Co-Pay
- Savings Account
- Pharmacy Plan

**POINT OF CARE**
- Price of Services
- Quality of Provider
- Health Coach
- Technology Tools
  - Self-Service Benefits
  - Clinical Content
Consumer Driven Health Plans

- Alternative to managed care
- Empowered members and providers make healthcare decisions
- Achieve lower, more predictable premiums

Organized around the Member
HealthMarket
Corporate Overview
American Travelers Assurance Company

- **CAPACITY**: Fully-Insured, Full Replacement
- **TRACK RECORD**: 1,000 Employers, 25,000 Members
- **RESULTS**: Early Utilization, Distribution Demand

Unique CDHP Operating System

- **CUSTOMIZED**: Risk Management, Customer Service
- **INNOVATIVE**: Product Design, Technology Applications
- **SCALABLE**: Organic Growth, Co-Branded Partners
American Travelers Assurance Company

Active States YE 2002

Other Licensed ATAC States

Proposed New States 2003

Non-Licensed ATAC States
HealthMarket Membership by Month

*Total membership through September 2002 exceeds 1,000 groups and 23,000 members.*
Partners and Vendors

Care Management

Consumer Experience

Contracted Providers

Insurance

- Paradigm Health
- Subimo
- Health Dialog
- Healthwise
- Doctor Quality
- PHCS
- Merck-Medco Managed Care, LLC.
- American Travelers Assurance Company
- Milliman & Robertson Actuaries & Consultants
Management Team

- Stephen F. Wiggins – Chairman and Chief Executive Officer
- Gregory R. Morris – Chief Operating Officer
- Edward J. Zecchini – Chief Technology Officer
- Lindsay R. Resnick – Chief Marketing Officer
- Hassan S. Rifaat, M.D., Vice President, Sales
- Kurt M. Fullmer – Vice President, Network Development
- A. Roger Francoline – Vice President, Insurance
- Lisa S. Schulte – Vice President, Administration
HealthMarket Products
HealthMarket Consumer Driven Health Plans

Comprehensive Coverage with Prescription Drug Benefit

HealthMarket Savings Account

HealthMarket SMARTFUNDS

Coverage is subject to the Maximum Allowable Charge (MAC), Deductible and Coinsurance
## Comprehensive Coverage

<table>
<thead>
<tr>
<th>Plan Year Deductible (per plan year)</th>
<th>Individual $500; Family $1,000 or Individual $1,000; Family $2,000 or Individual $2,000; Family $4,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Coinsurance Level</td>
<td>70%, 80% or 90%</td>
</tr>
<tr>
<td>Maximum Out-of-Pocket Expense</td>
<td>Individual $1,500; Family $3,000 or Individual $2,000; Family $4,000 or Individual $4,000; Family $8,000</td>
</tr>
<tr>
<td>Maximum Benefit</td>
<td>$2 Million Annual; Unlimited Lifetime</td>
</tr>
<tr>
<td>HealthMarket Savings Account</td>
<td>Individual $500; Family $1,000 or Individual $1,000; Family $2,000</td>
</tr>
<tr>
<td>HealthMarket SMARTFUNDSSM (optional)</td>
<td>Individualized spending accounts; Allowances based on specific medical procedures and conditions</td>
</tr>
<tr>
<td>Prescription Drug Benefit</td>
<td>$7 generic; $20 formulary; $35 non-formulary or $10 generic; $25 formulary; $40 non-formulary or 80% generic; 80% formulary; 80% non-formulary</td>
</tr>
</tbody>
</table>

Coverage is subject to the Maximum Allowable Charge (MAC)
HealthMarket’s Product Line

*Designed to Meet Every Need*

**Routine / Preventive Care**
- 25 - 30% of dollars

**Acute & Chronic Care**
- 55 - 65% of dollars

**Catastrophic Care**
- 10 - 15% of dollars

**Comprehensive Coverage**
- 82% of population

**HealthMarket Savings Account**

**SMARTFUNDS℠**

**82% of population**

**17% of population**

**1% of population**
HealthMarket Savings Account

- Funded as part of the insurance premium, with full amount available on Plan Effective Date

- Provides first dollar coverage for routine and preventive care — no deductible or coinsurance — up to account limit

- Routine and preventive care remains covered after account limits have been reached, subject to deductible and coinsurance

- Unused limit rolls over to the next year; cannot be withdrawn as cash

- Coverage is subject to the Maximum Allowable Charge (MAC)
100% Coverage for Preventive & Routine Care

- Abdominal X-Ray
- Allergy Tests
- Cardiac Stress Test
- Chest X-Ray
- EKG
- Lab tests-urinalysis, CBC, TB Tine, Fecal Occult
- Lead Screen
- Mammography
- Office Visit
- Panel Tests
- Pap Smear
- PSA Test
- Sigmoidoscopy
- Thyroid Imaging

*Example only, not a complete listing.*
Offer comprehensive benefits for members and control over premium levels for employers

First dollar coverage — no deductibles or coinsurance — up to a stated Allowance (limit)

Allowance based on nationally recognized medical database; can vary by condition or procedure, geographical area, even from patient to patient within the same plan.

Coverage continues once Allowance limit is reached; Members then pay deductible and coinsurance

Allowance is “activated” when a SMARTFUNDS℠ treatment package is identified by HealthMarket or upon receipt of a valid claim for payment.

Coverage is subject to the Maximum Allowable Charge (MAC)
Covered Procedures

- Appendectomy
- Arthroscopy - Knee
- Arthroscopy - Shoulder
- Carpal Tunnel Repair
- Cholecystectomy
- Hemorrhoidectomy
- Hernia Repair
- Lithotripsy (Removal of Kidney Stones through Lithroscopy)
- Myringotomy (Cutting/Insertion of Tubes into the Middle Ear)
- Tonsillectomy & Adenoidectomy
- Cesarean Section
- Vaginal Delivery
Maximum Allowable Charge (MAC) is the total fee your plan will pay a provider for a given healthcare service.

MAC applicable to any provider.

Discounted contract prices through PHCS providers allow members to buy “wholesale” where MAC is often payment in full vs. “retail” from any other provider they choose.

Members may shop for providers seeing cost and quality information (including the MAC) on HealthMarket’s website or by calling customer service.

Should a provider’s billed fee be over the MAC, then the excess amount is the member’s responsibility.
### Search for Facilities

**Facility Search**

Facilities Search Results: INPATIENT ACUTE CARE HOSPITAL

The following hospitals match your search criteria. HealthMarket has contracted with these hospitals to provide you with access to specially negotiated discounts for services rendered. Only those hospitals contracted with HealthMarket are listed below. As a HealthMarket member, you are free to seek services anywhere you choose. However, if you obtain care from a HealthMarket contracted hospital, you will access our discounted rates which generally range from 10% to 70% off retail charges.

As a HealthMarket member, you can compare cost and quality information on any of the hospitals listed below. For cost information specific to the services provided at a particular hospital, click on the Overall Cost Rating ($ signs). To obtain quality information, simply click on the hospital name.

**Results: 9 Listings**

- Click on the hospital name for quality information
- Click on the Overall Cost Rating ($ signs) for specific bed type ratings and your benefit information

**New Search | Refine Search**

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Address</th>
<th>Telephone</th>
<th>Overall Cost Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOUTH FULTON MEDICAL CENTER</td>
<td>1170 CLEVELAND AVE EAST POINT, GA 30294</td>
<td>(404) 305-3500</td>
<td>$</td>
</tr>
<tr>
<td>EMORY UNIVERSITY HOSPITAL</td>
<td>1304 CLEVELAND AVE EAST POINT, GA 30294</td>
<td>(404) 713-7621</td>
<td>$</td>
</tr>
<tr>
<td>CRAWFORD LONG HOSPITAL OF EMORY UNIVERSITY</td>
<td>500 PEACHTREE ST NE ATLANTA, GA 30308</td>
<td>(404) 686-4411</td>
<td>$</td>
</tr>
<tr>
<td>St. Joseph's Hospital of Atlanta</td>
<td>5600 Peachtree Dunwoody Rd Atlanta, GA 30342</td>
<td>(404) 651-0770</td>
<td>$</td>
</tr>
<tr>
<td>PACIFIC HOSPITAL</td>
<td>450 N. CANDLER STREET DECatur, GA 30030</td>
<td>(404) 691-8260</td>
<td>$</td>
</tr>
<tr>
<td>PIEDMONT HOSPITAL INC.</td>
<td>1550 PEACHTREE RD NW ATLANTA, GA 30309</td>
<td>(404) 656-5000</td>
<td>$</td>
</tr>
<tr>
<td>NORTHSIDE HOSPITAL</td>
<td>1000 JOHNSON FERRY RD NE ATLANTA, GA 30342</td>
<td>(404) 651-3000</td>
<td>$</td>
</tr>
<tr>
<td>DEKALB MEDICAL CENTER</td>
<td>2701 N DECATUR RD DECATUR, GA 30033</td>
<td>(404) 501-1000</td>
<td>$</td>
</tr>
</tbody>
</table>

### Overall Cost Rating Legend:

- $ = Low to None
- $$ = Low
- $$$ = Moderate
- $$ $$ = Moderate to High
- $$ $$ $$ = High
- N/A = Not Available
## Facility Bed Type Ratings

### Facilities Bed Type Ratings

#### Search Performed On:
- Facility Type: INPATIENT ACUTE CARE HOSPITAL

#### Results: 9 Listings

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>Overall Cost Rating</th>
<th>Adult Medical</th>
<th>Adult Surgical</th>
<th>Cardiac Surgery</th>
<th>Intensive Care Unit</th>
<th>Neonatal Intensive Care Unit</th>
<th>OB Normal Delivery</th>
<th>OB Casarean Section</th>
<th>Psychiatric</th>
<th>Substance Abuse</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOUTH FULTON MEDICAL CENTER</td>
<td>$</td>
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<td>EMMORY UNIVERSITY HOSPITAL</td>
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<tr>
<td>CRAWFORD LONG HOSPITAL OF EMMORY UNIVERSITY</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Saint Josephs Hospital of Atlanta</td>
<td>$$$</td>
<td></td>
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<tr>
<td>DECATUR HOSPITAL</td>
<td>$$$</td>
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<tr>
<td>PIEDMONT HOSPITAL INC.</td>
<td>$$$</td>
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<tr>
<td>NORTHSIDE HOSPITAL</td>
<td>$$$</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>DEKALB MEDICAL CENTER</td>
<td>$$$</td>
<td></td>
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</tbody>
</table>
**Expected Cost Exposure**

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**Facility Search**

**Bed Type Ratings and Benefits**

**Facility**

EMORY UNIVERSITY HOSPITAL  
1364 CLIFTON RD NE  
ATLANTA, GA 30322  
(404) 712-7021

**Overall Cost Rating:** $

---

**Benefit Information**

<table>
<thead>
<tr>
<th>Service/Bed Type</th>
<th>Your Benefit per day (MAC)</th>
<th>Your Likely Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Medical</td>
<td>$1,700.00</td>
<td></td>
</tr>
<tr>
<td>Adult Surgical</td>
<td>$1,750.00</td>
<td></td>
</tr>
<tr>
<td>Cardiac Surgery</td>
<td>$2,800.00</td>
<td></td>
</tr>
<tr>
<td>Intensive Care Unit (ICU)</td>
<td>$1,990.00</td>
<td></td>
</tr>
<tr>
<td>Neonatal Intensive Care Unit (NICU)</td>
<td>$1,800.00</td>
<td></td>
</tr>
<tr>
<td>OB Normal Delivery</td>
<td>$1,500.00</td>
<td></td>
</tr>
<tr>
<td>OB Cesarean Section</td>
<td>$1,400.00</td>
<td></td>
</tr>
<tr>
<td>Psychiatric</td>
<td>$765.00</td>
<td></td>
</tr>
<tr>
<td>Substance Abuse</td>
<td>$625.00</td>
<td></td>
</tr>
</tbody>
</table>

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*Maximum Allowable Change (MAC): To avoid your HealthMarkets Self Directed Health Plan, services are reimbursed up to the MAC, with copays, coinsurance and deductibles applied. A combination of the following: the net cost of medical services is not known, the level of coverage your employer has chosen to provide and the total monthly premium you and your employer each pay for the specified bed type listed above.

**Legend:**

- **Member is expected to have little or no financial exposure**
- **Member is expected to have financial exposure**
- **Member is expected to have some financial exposure**
- **Likelihood of financial exposure is unknown**
- **N/A Not Available**
Member Services

**HealthMarket C.A.R.E.S.**
- Health Coaches 24-7
- Acute triaging of care needs
- Answer health questions
- Guidance on decisions
- Provide medical information
- Care Management and Disease Management

**Customer Service**
- Available phone or e-mail
- Answer benefit and administrative questions
- Help search for providers
- Technical support
Welcome John HMI Demo
Your Personal ID: 2011571

Group Information
Group Name: HMI GA
Group ID number: 10001

Sub-Group Information
Sub-Group Name: HMI GA Sub All Tiers
Status: ACTIVE 01/01/2001 01/01/2003

Sub-Group Name: HMI GA 2
Status: INACTIVE 09/01/2002 01/01/2003

Premiums
Month: Coming Soon!
Status: Amount:
Give Customers A Fighting Chance

THE OLD WAY – Unmotivated, Isolated Consumers
- No Information: Cost or Quality
- Managed Care Restrictions
- Co-Pay Mentality
- Rate Escalation

THE NEW WAY – Engaged, Accountable Customers
- Transfer Information: Price & Quality
- Create Benefit “Account Managers”
- Reward Comparison Shopping
- Customize Member Experience
- Achieve Premium Predictability
Power of the Free Market Healthcare!