

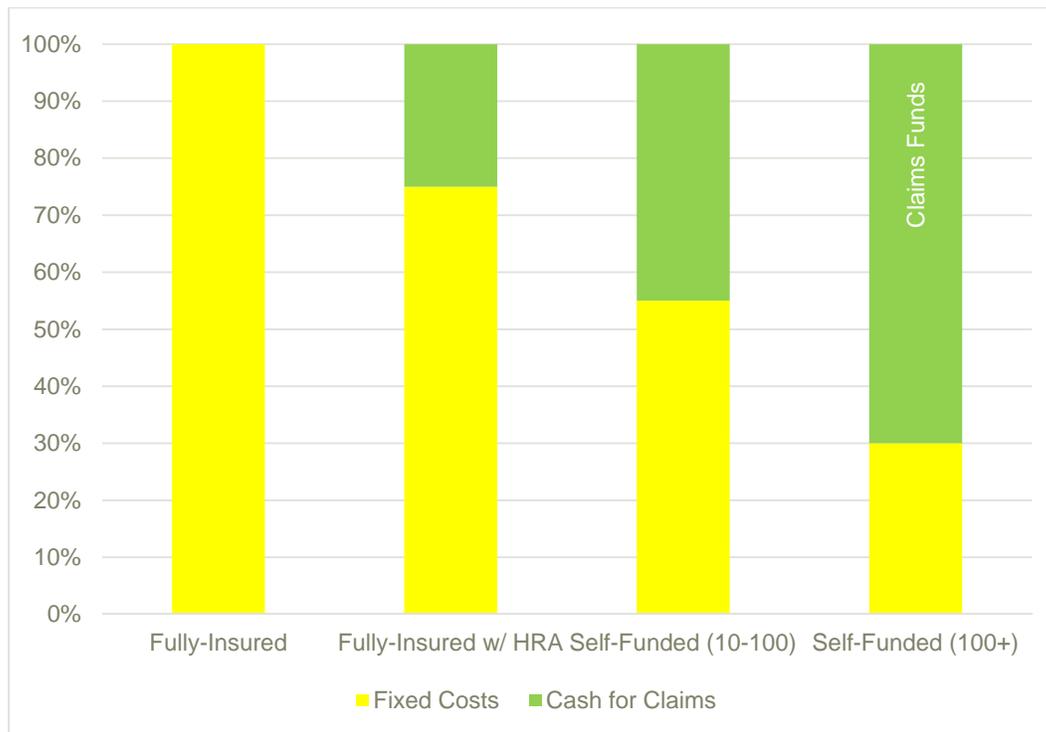


FINANCING HEALTHCARE

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THE FUNDING CONTINUUM—FULLY-INSURED TO SELF-FUNDED

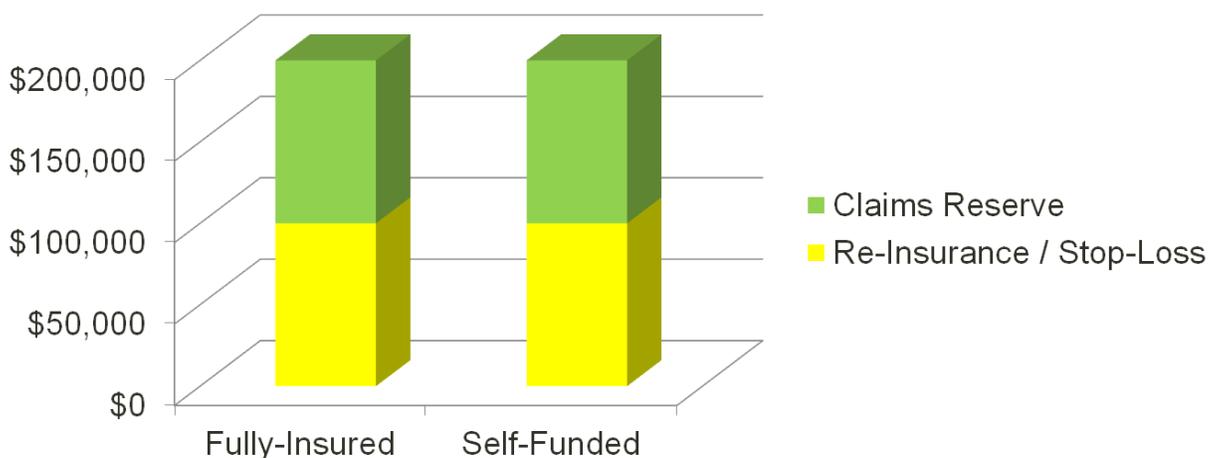


As the cost of healthcare continues to escalate more and more, employers are looking for alternative solutions. Health Reimbursement Arrangements and Self-Funding offer employers a powerful, practical alternative to traditional insurance. It allows employers to directly fund a portion of their actual claim costs while limiting their risk with the purchase of insurance. With a traditional fully insured plan, the insurance carrier pays for most of the benefits and offer members small out of pocket expenses in the form of deductibles, copays and coinsurance. In a self-funded plan, the employer pays the cost of benefits up to a higher deductible, but purchases stop-loss insurance to reimburse the plan if claims expenses exceed the deductible.



As the cost of healthcare continues to escalate, more and more employers are looking for alternative solutions. Self-funding offers employers a powerful, practical alternative to traditional insurance. It allows employers to directly fund their actual claim costs while limiting their risk with the purchase of stop-loss insurance. With a traditional fully insured plan, the insurance company pays for most of the benefits and offers member's small out of pocket expenses in the form of deductibles, copays and coinsurance but keeps the profits when your claims are lower than expected. In a self-funded plan, the employer pays the benefits up to a higher deductible, but purchases stop-loss insurance to reimburse the plan if the deductible is met.

It works a lot like fully-insured. With one BIG difference...



Who owns the claims reserve?!

Stop-loss insurance protects the plan against individual catastrophic claims (specific stop-loss) or their total claim expenses (aggregate stop-loss) exceeding their annual budget. Employers hire Third Party Administrators (TPA) such as GBS to process, manage, and pay the claims on behalf of the employer.

Level Funded Health plans allow employers to pay a preset level premium equivalent which includes fixed costs and maximum claims fund. Because the employer is pre-paying the claims, 100% of the unused funds at the end of the contract period will be returned to the employer as savings!