Changes and Choices
Medical Plan Options for 2010

Saving Money the Flexible Way
All About FSAs and the Savings Plan

CHI Perspective:
Health Care Reform

Ed Mejia has served in ministry for the last seven years as the creative coordinator at Saint Elizabeth Regional Medical Center in Lincoln, Neb. Ed and his wife are expecting their first child in December, so Ed has plenty of options to consider when it comes to selecting benefits for 2010.
After overcoming his drug addiction, Mike Gimbel now gives back to the community by teaching kids about teamwork, fairness and the dangers of performance-enhancing drugs.

Sports, teamwork, fairness and doing things the right way: these are the concepts that Mike Gimbel has embraced since he overcame drug addiction 37 years ago. “I was in a lot of trouble back then and was fortunate to receive help,” he said. “Now, my mission is to give back. As part of St. Joseph Medical Center in Towson, Md., I have the opportunity to do work that is about everything I believe in. I’m truly doing the work I was meant to do.”

Mike has worked in substance abuse education and treatment for 30 years. He served as the first “drug czar” of Baltimore County. At Sheppard Pratt Health System, he developed a substance abuse education program for college athletes. The avid marathon runner joined Powered by ME! as a consultant and became the full-time director of the program on July 1. “As a recovering addict, the 12-step programs of Alcoholics Anonymous and Narcotics Anonymous have been a spiritual support system for me and reinforced my belief in a higher power,” said Mike. “It has also taught me to be a better, more caring person.”

Powered by ME! began as a steroid awareness program, but has evolved into a program about values. “We tell kids that using performance-enhancing drugs just to win is not fair or ethical, and it’s dangerous to their health,” he said. “We encourage kids to compete safely, fairly and drug-free. That’s more than a way to compete; it’s a way to live.”

Powered by ME! has received support from CHI’s Mission and Ministry Fund, and Mike sees great things ahead. “The program’s philosophy of living life fairly and healthfully can apply to other challenges, such as youth violence and delinquency,” he said. “I’m thrilled to be part of this program, which embodies the core values of CHI and is making our youth, and our community, stronger.”

CHI PERSPECTIVE: Focus on Health Care Reform

CHI brings important perspectives to the health care reform debate including:

- Our commitment to comprehensive benefits for CHI employees
- Our value of Reverence and belief in health care for all
- Our vision to enhance care delivery

HEALTH CARE FOR ALL

More than 46 million Americans are uninsured or underinsured, and all Americans face rapidly rising health care costs.

“First and foremost, reform needs to address health care for everyone,” said Colleen Scanlon, senior vice president of advocacy for CHI. “We must remain committed to building a health care system that promotes human dignity and the health and well-being of individuals, communities and this nation.”

Colleen is the new chairperson of the Catholic Health Association, the nation’s largest group of not-for-profit health care sponsors, systems and facilities. Her role is just one example of CHI working with other Catholic health care systems and other groups to reduce the number of people who are uninsured or underinsured.

MULTIPLE PRIORITIES

“The recession has caused CHI, other providers and the
Changes and Choices

MEDICAL PLAN OPTIONS for 2010

“We redesigned the options to be sure employees have choices,” said Ed Carthew, chief human resources officer at Saint Joseph Health System in Lexington, Ky. Ed played a major role in redesigning the plans. “We put a big focus on wellness and giving employees the information they need to make choices about their care.”

Sharing the Cost

Some of these changes – such as 100% coverage for preventive care services and lower costs for generic prescriptions – directly affect how much you pay. However, in some cases you may pay more because of the change from copayments to coinsurance. With coinsurance, you pay a percentage of the actual cost of your medical

government to look at how we can provide quality services and lower costs,” CHI President and CEO Kevin Lofton said.

CHI has already begun a number of initiatives that mirror likely national health care reform efforts. These include implementing evidence-based practices for safer, more effective care; changes at the national office to improve efficiency; and performance improvements at the local level.

These efforts complement CHI’s focus on greater preventive care and wellness. All will lead to a stronger CHI no matter the outcome of the health care reform debate.

A MODEL OF REFORM

CHI seeks to be a leading employer in demonstrating what health care reform can accomplish. We believe we are ahead of reform efforts by making changes to our medical plan options now. We expect that many of the changes we are making for 2010 will be basic components of any national health care reform effort:

• Focus on using health care more efficiently
• Providing low-cost coverage options

“We are building a high-quality program that employees and CHI can afford for today and the future,” said Herb Vallier, senior vice president and chief human resource officer for CHI.

Continued on next page
Here is a preview of some of the medical plan changes for 2010:

<table>
<thead>
<tr>
<th>BENEFIT CHANGE</th>
<th>WHAT IT MEANS FOR YOU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PREVENTIVE CARE</strong></td>
<td>All medical plan options will cover preventive care at 100%. No copayments, deductibles or coinsurance apply. Preventive care includes: annual checkups, immunizations, mammograms and colonoscopies.</td>
</tr>
<tr>
<td><strong>RETAIL PHARMACY PRESCRIPTIONS</strong></td>
<td>You will pay a $10 copayment for generic drugs (less than what you pay today). You will pay a percentage of the price (coinsurance) for brand name drugs.</td>
</tr>
<tr>
<td><strong>NEW PLAN OPTION: BASIC 1500</strong></td>
<td>The Basic 1500 medical plan option offers basic coverage that costs less each pay period than the other options. However, you will pay a larger share of the cost (coinsurance, deductibles, etc.) when you do need care and out-of-network providers are not covered.</td>
</tr>
<tr>
<td><strong>OFFICE VISITS</strong></td>
<td>You will pay a percentage of the actual cost (coinsurance) of an office visit. Each plan option has a different coinsurance level for office visits. Office visits for preventive care are covered at 100%.</td>
</tr>
<tr>
<td><strong>CHI FACILITIES</strong></td>
<td>You will pay a percentage of the actual cost of services (coinsurance) billed as facility charges at a CHI facility. Each plan option has a different coinsurance percentage for these services.</td>
</tr>
<tr>
<td><strong>EMERGENCY DEPARTMENT VISITS</strong></td>
<td>You will pay a higher copayment for visits to the emergency department.</td>
</tr>
</tbody>
</table>

See your enrollment materials for more details about your medical plan options and changes.

Continued from page 3

care instead of paying a flat dollar copayment. CHI will still pay most of the cost of your coverage.

“IT IS IMPORTANT FOR ALL OF US TO LEARN ABOUT HOW MUCH HEALTH CARE SERVICES COST,” said Ed. “THAT’S THE IDEA BEHIND THE CHANGE TO COINSURANCE. IT WILL MAKE US MORE CAREFUL USERS OF HEALTH CARE BECAUSE WE WILL UNDERSTAND THE TRUE COST OF THE HEALTH CARE SERVICES WE ARE BUYING.”

Choosing Among Options

In most cases, you can make choices to minimize your cost. “WE HOPE THAT BY USING PREVENTIVE CARE, MAKING HEALTHY LIFESTYLE CHOICES AND TAKING ADVANTAGE OF THE COST-SAVING OPTIONS, EMPLOYEES CAN AVOID SIGNIFICANT CHANGES TO WHAT THEY PAY DIRECTLY FOR HEALTH CARE,” said Ed. PLUS, THERE IS A LIMIT TO HOW MUCH YOU WILL HAVE TO PAY IN THE CASE OF A SERIOUS INJURY OR ILLNESS. THIS PROTECTS YOUR HEALTH AND FINANCES.

### MEDICAL PLAN OPTIONS BY THE NUMBERS

For 2010, the redesigned medical plan options will have new names. The number in each plan name matches the individual in-network deductible amount for that plan.

1. “Option B” is now “Enhanced 500”
2. “Option E” is now “Core 1000”
3. New option is “Basic 1500”

<table>
<thead>
<tr>
<th>ACTION POINT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compare Your Options</strong></td>
</tr>
</tbody>
</table>

When comparing the medical plan options during enrollment, you should consider these changes so that you can understand how they might affect your medical care costs next year. It’s important to know how much you will pay each pay period and what you will pay out-of-pocket under each plan option. This will help you choose the option that is best for you and your family.
All the news of the 2009 H1N1 virus, sometimes called swine flu, may have you wondering what you can do to protect yourself and your family. Below are answers from health officials to some of the most common questions about the disease.

**What are the symptoms?**
The 2009 H1N1 flu symptoms include fever, coughing, runny or stuffy nose, sore throat, body aches, and sometimes an upset stomach, vomiting and diarrhea. Symptoms can range from minor to severe.

**How is the 2009 H1N1 spread?**
The 2009 H1N1 flu seems to spread like regular flu through the coughs and sneezes of people who have it.

**How can I protect myself?**
Wash your hands regularly in soap and warm water or use alcohol-based hand wipes or gel sanitizers. Try not to touch your mouth, nose or eyes without first washing your hands.

Avoid contact with sick people. Get plenty of sleep and exercise, drink lots of fluids and eat nutritious foods.

A vaccine to prevent the 2009 H1N1 flu is being developed. It is expected to be widely available in late October or early November.

**What should I do if I get sick?**
More than likely, you’ll recover without needing medical care. If your symptoms are severe, call your doctor. If you get sick, stay home except to get medical care. Avoid contact with other people to keep from spreading the virus.

You may be contagious for up to seven to 10 days after you get sick. Children may be contagious for longer than 10 days.

**Can the 2009 H1N1 flu be treated?**
Yes. Two prescription medicines – oseltamivir (also known as Tamiflu) and zanamivir (Relenza) – may help. They can make the illness milder and help you recover more quickly. They are most effective if taken within two days of symptoms.

Call your doctor right away if symptoms are severe and you or your loved one is younger than five years old, is pregnant or has a chronic medical condition, such as asthma, diabetes, or heart or kidney disease.

For the latest information on the 2009 H1N1 flu, visit www.cdc.gov/h1n1.

Sources: Centers for Disease Control and Prevention, World Health Organization
“Many of us could save money if we participated in CHI’s flexible spending accounts,” said Allan Calonge, director of health and welfare for CHI. “CHI makes it easy to open an FSA. It makes sense to figure out if an FSA would pay off for you.”

Money to Pay Medical and Day Care Costs

A flexible spending account (or FSA) is a special kind of employee benefit. It is a tax-free account you can use to pay specific kinds of expenses. At CHI, you can open a health care FSA, a dependent day care FSA or one of each. With the money in your health care FSA, you can pay for out-of-pocket medical costs such as insurance deductibles and coinsurance, eyeglasses and over-the-counter medicine. With your dependent day care FSA, you can pay for day care for your children under the age of 13 or care for aging parents who are unable to care for themselves.

Pay Less in Taxes

When you sign up for an FSA, money from your paycheck is automatically deposited into your account. The money you deposit in your FSA(s) is not subject to most taxes, including federal and most state and local income taxes and Social Security. This means you keep approximately 25 cents for every dollar deposited in your FSA, money you would have paid in taxes if you didn’t have an FSA.

Know the FSA Rules

You decide how much money to put into your FSA. Decide carefully. In most cases, you can contribute up to $5,000 a year to each account. You must use all of the money in each FSA by March 15 of the following year, or you lose what you do not spend. CHI cannot refund money that you do not spend by then because of IRS rules.

My FSA Experience

“I’ve had really good luck with my FSA. It’s definitely improved my health. There are things I probably would have put off that I didn’t because I had my FSA to fall back on. That really helped.”

– Pat Moyer, St. Joseph’s Area Health Services, Park Rapids, Minn.

“Think about how much you are likely to spend in medical, dental and vision expenses as well as day care costs for the year,” said Allan. “It is a good idea for most people to put a little less into their FSAs than they think they will need. This way, they are sure to use it all.”

To use the money in your FSA, you may need to submit receipts. Then you will get a check in the mail for that amount. Be sure to submit all receipts by March 31 each year for any eligible bills you paid by March 15.

Open Your Flexible Spending Account

You can sign up for one or both FSAs during annual enrollment and use them to help control your medical and/or day care costs. Find a list of all expenses that can be reimbursed with FSAs by reading IRS Publications 502 and 503 (available at www.irs.gov).
An FSA Savings Example: Manuel and His Family

Manuel is a radiology technician. He is 30 years old, married and has 4-year-old twins. His wife, Gina, also works outside the home and they file a joint tax return. They know they will spend $3,500 for day care for their sons next year. And based on last year’s medical bills, they expect to spend about $2,000 on medical care next year.

The table at right shows how using FSAs would lower their taxes and what that means in real savings.

So, Manuel and Gina can save more than $1,200 over the course of the year – just by changing how they pay for their eligible health and dependent care expenses.

Put Your FSA Savings to Work

“If paying less in taxes makes sense, putting away the amount you save into the Catholic Health Initiatives Employee Savings Plan is a great next step,” said Troy Lindon, director of retirement programs for CHI.

The Catholic Health Initiatives Employee Savings Plan makes saving for retirement easy. When you sign up, money is automatically taken out of your paycheck each pay period and put into a savings account for your retirement. Just like the FSA, money you save in the plan is taken out before taxes, which means you pay less in taxes.

How $1,200 a Year Might Grow to $214,000+

Let’s continue on with our example and see how Manuel can turn his FSA savings into a retirement nest egg. Let’s say that Manuel already has saved $10,000 in the plan. He decides to start contributing $100 a month (about the amount he saves by using FSAs) to the Catholic Health Initiatives Employee Savings Plan. The chart at the bottom of the page shows how his savings could grow over time.

By the time Manuel reaches age 65, his plan savings could grow to be more than $214,000 – simply by applying his FSA tax savings to his retirement account.

“How One Family Could Save $1,200 in a Year

<table>
<thead>
<tr>
<th>Gross Annual Pay for Manuel and Gina</th>
<th>With FSAs</th>
<th>Without FSAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>$70,000</td>
<td>$70,000</td>
<td></td>
</tr>
</tbody>
</table>

| Health Care FSA Contribution          | -$2,000   | $0           |
| Dependent Day Care FSA Contribution   | -$3,500   | $0           |
| Taxable Income                        | $64,500   | $70,000      |

<table>
<thead>
<tr>
<th>Federal Income and Social Security Taxes</th>
<th>With FSAs</th>
<th>Without FSAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>-$9,874</td>
<td>-$11,120</td>
<td></td>
</tr>
</tbody>
</table>

| Total of Paychecks for the Year          | $54,626   | $58,880      |
| Medical Expenses                         | $0        | -$2,000      |
| Day Care Expenses                        | $0        | -$3,500      |
| What’s Left After Paying Medical and Day Care Expenses | $54,626 | $53,380 |

| Total Savings With FSAs                  | $1,246    | $0           |

Based on 2009 tax rates

“It’s amazing how saving just a little each month can add up over time when you use the pre-tax Employee Savings Plan,” said Troy.

Start Saving Today

You can start putting money into the plan with your first paycheck of 2010. Just sign up for the Catholic Health Initiatives Employee Savings Plan and decide how much you want to save. Even a small amount will help you begin building your own retirement nest egg.
next time...

Saving for retirement –
do you know how much you need to retire?

Show Us Your Spirit
Do you have a personal health or retirement planning story that your co-workers might benefit from hearing? Is there a health or retirement topic you’d like to learn more about? Let us know. Send your comments, questions and letters to news@catholichealth.net and include “My Spirit” in the subject line. You might just see your story in an upcoming issue of Spirit.

This publication provides information about benefits offered through CHI. More complete information about these plans can be found in the official plan documents and Summary Plan Descriptions (SPDs). There also may be minor differences in benefits based on your location. Every effort has been made to provide accurate information, however, if there is a discrepancy between information contained in this publication and the plan documents or SPDs, the information in the plan documents and SPDs always prevails. Catholic Health Initiatives reserves the right to amend or terminate any of its benefit programs at any time and for any reason. This publication is not a contract for employment or a guarantee of future employment.