

IMPORTANT NOTICE TO ALL HIRSP POLICYHOLDERS

Notice of change to the policy of the Health Insurance Risk-Sharing Plan (HIRSP)

EFFECTIVE JANUARY 1, 2008

- The names of the HIRSP plans have been changed:
 - Plan 1, Option A will be called HIRSP 1,000
 - Plan 1, Option B will be called HIRSP 2,500
 - Plan 2 will be called HIRSP Medicare Supplement
- HIRSP will be offering two new higher deductible, lower premium plans:
 - HIRSP 5,000 – this plan offers a \$5,000 medical deductible and lower premiums
 - HIRSP Health Savings Account (HSA) – this plan offers a \$3,500 medical deductible and qualifies you to open a health savings account. An HSA is a federally tax-favored, personal savings account that you can deposit money into and may be used for future medical expenses. Policyholders enrolled in the HIRSP HSA are required to reimburse the pharmacy for their prescriptions. The claims will be electronically transmitted to HIRSP for processing and remit any payment, after the deductible is met, to the policyholder. This plan does not offer a fourth quarter deductible carryover for any deductible met during the last three months of a prior year.
- All plans will offer a reduction in premium, deductible, and out-of-pocket if your household income is less than \$25,000. Complete an Application for Reduced Premium, Deductible, and Drug Out-of-Pocket Maximum and return it to HIRSP by November 16, 2007 for the reductions to take affect by January 1, 2008.
- Medicare eligibility:
 - Policyholders eligible for Medicare are required to be enrolled in all three parts of Medicare; Part A (hospital), Part B (medical), and Part D (drug).
 - HIRSP Medicare Supplement plan is the only plan available for applicants eligible for Medicare
- Drug copay and no maximum out-of-pocket for drug copays, unless you qualify for a subsidy
 - HIRSP 1,000/HIRSP 2,500/HIRSP 5,000: Tier 1, \$10.00 or Tier 2, \$30.00 copay for each fill or refill for each prescription for a 30 day supply
 - HIRSP Medicare Supplement: \$10.00 Generic or \$30.00 Brand copay for each fill or refill for each prescription for a 30 day supply
 - Please visit the HIRSP Website for more detailed information at www.hirsp.org/policyholder/pharmacy.shtml
- No prior approval required for:
 - HIRSP Medicare Supplement plan
 - Emergency inpatient admissions. Note; It is recommended that the Plan Administrator be notified within two business days of your hospital admission for emergency care.
- Alcoholism, Drug Abuse and Nervous or Mental Disorders
 - Outpatient services and transitional treatment benefits are covered up to a combined maximum of 50 visits per calendar year. Prior approval is required beyond the first 50 visits per calendar year, up to a combined maximum of 100 visits per calendar year
 - Inpatient Hospital Services, are payable for covered expenses you incur in that calendar year for up to 30 days
 - HIRSP no longer offers coverage of 100% of the first \$500 for outpatient alcoholism, drug abuse and nervous or mental disorders
- Cardiac Rehabilitation benefits are payable for charges up to 48 supervised and monitored exercise sessions per covered illness starting with the first session in the outpatient exercise program
- Diabetic treatment, one routine eye exam per calendar year
- Review by the HIRSP Appeal Committee must be requested in writing within 30 days of receiving the decision from the HIRSP Grievance Committee
- Please be aware that your HIRSP premiums may change on January 1, 2008 as the plan transitions to a calendar year budget. Refer to the rate chart attached.

Frequently Asked Questions

Please Note: An updated Outline of Coverage will be available on the HIRSP Web site at www.hirsp.org/about late November.

Question: If my income is <\$25,000, am I eligible for a subsidy no matter which plan I enroll in?

Answer: Yes. Starting 1/1/08 all HIRSP plans will be eligible for a reduced premium. Review the Subsidy Discount Table to see what additional discounts are available for each plan.

Question: How do I know if my drug is Tier 1 or Tier 2?

Answer: You can visit the HIRSP Web site at www.hirsp.org/policyholder/pharmacy.shtml for a listing of covered drugs and information on each Tier.

Question: What is the difference between coinsurance and copayment (copay)?

Answer: Coinsurance is a percentage of the covered expense that a policyholder is responsible for (after the deductible is met). Copay is a fixed amount for a covered service/prescription that the policyholder pays.

Question: I am a male, age 50, living in zone 1 and have an annual household income of \$30,000. I currently have very high medical costs due to complications from a liver transplant and the subsequent onset of diabetes. I also take three generic (\$10 copay) and three brand name (\$30 copay) drugs each day. I expect very high medical costs again in 2008. Which plan is best for me?

Answer:

Plan	Yearly Premiums Spent	Expected Medical Costs	Medical Deductible and Coinsurance	Medical Costs You Pay	Estimated Drug Cost You Pay	Estimated Out-of-Pocket Costs for 2008
HIRSP 1,000	\$9,168	Over \$20,000	\$2,000 out-of-pocket maximum	\$2,000	\$1,440	\$12,608
HIRSP 2,500	\$5,808	Over \$20,000	\$3,500 out-of-pocket maximum	\$3,500	\$1,440	\$10,748
HIRSP 5,000	\$4,236	Over \$20,000	\$6,000 out-of-pocket maximum	\$6,000	\$1,440	\$11,676
HIRSP Health Savings Account	\$4,992	Over \$20,000	\$5,600 combined medical and drug out-of-pocket maximum	\$2,720	\$2,880	\$10,592

Based on your projected medical and drug expenses, the HSA plan may be the plan for you. Also, in 2008, you can contribute \$2,900 to your HSA tax free, providing additional savings.

Question: I'm a 32 year old female living in zone 1 with household income above \$25,000. I take no medications and have been to the doctor only once in the past year when I had the flu. Which plan would be best for me in 2008?

Answer:

Plan	Yearly Premiums Spent	Expected Medical Costs	Medical Deductible and Coinsurance	Medical Costs You Pay	Estimated Drug Cost You Pay ²	Estimated Out-of-Pocket Costs for 2008
HIRSP 1,000	\$5,856	\$200	\$2,000 out-of-pocket maximum	\$200	\$0	\$6,056
HIRSP 2,500	\$3,216	\$200	\$3,500 out-of-pocket maximum	\$200	\$0	\$3,416
HIRSP 5,000	\$2,352	\$200	\$6,000 out-of-pocket maximum	\$200	\$0	\$2,552
HIRSP Health Savings Account	\$2,760	\$200	\$5,600 combined medical and drug out-of-pocket maximum	\$200	\$0	\$2,960

Based on your projected medical and drug expenses, you may want to consider the HIRSP 5,000 plan. However, in 2008, you can contribute \$2,900 to your HSA tax free, providing additional savings on the HSA plan. Depending on your tax situation, you may also want to consider the HIRSP HSA plan.

Question: I'm a 45 year old male living in the zone 2 with household income above \$25,000. I take three generic and two brand name drugs each day, and have had serious complications with my diabetes in the last several months. These complications have required additional doctor visits and treatments, including one trip to the emergency room in 2007. Which plan would be best for me in 2008?

Answer:

Plan	Yearly Premiums Spent	Expected Medical Costs	Medical Deductible and Coinsurance	Medical Costs You Pay	Estimated Drug Cost You Pay	Estimated Out-of-Pocket Costs for 2008
HIRSP 1,000	\$7,596	\$5,000	\$2,000 out-of-pocket maximum	\$2,000	\$1,080	\$10,676
HIRSP 2,500	\$4,236	\$5,000	\$3,500 out-of-pocket maximum	\$3,500	\$1,080	\$8,816
HIRSP 5,000	\$3,108	\$5,000	\$6,000 out-of-pocket maximum	\$5,000	\$1,080	\$9,188
HIRSP Health Savings Account	\$3,648	\$5,000	\$5,600 combined medical and drug out-of-pocket maximum	\$3,800	\$1,800	\$9,248

Based on your projected medical and drug expenses, you may want to consider the HIRSP 2,500.

Health Savings Account (HSA)

Question: Where can I get more information on the Health Savings Account?

Answer: A Health Savings Account (HSA) is an alternative to traditional health insurance and is one example of "consumer driven health care". It can be used to not only pay for health related expenses, but can also be used as a mechanism to save for future qualified medical and retiree health expenses on a tax-free basis. For more information visit the United States Department of the Treasury Web site at <http://www.treas.gov/offices/public-affairs/hsa/>.

Question: My spouse and I both want an HSA. How much can we contribute?

Answer: For 2007 and forward, each spouse is eligible to contribute to a health savings account in their own name, up to the statutory limit (\$2,900 for 2008)

Question: Can the funds in an HSA be invested?

Answer: Yes, you can invest the funds in your HSA. You will want to consult with your financial advisor to determine the benefits of HSA qualified plans.

Question: How do I use my HSA to pay my physician when I'm at the physician's office?

Answer: If you are covered by the HIRSP Health Savings Account plan and have not met your policy deductible, you will be responsible for 100% of the amount HIRSP would have paid (the HIRSP rate).to the physician had you already met your deductible. Your physician may ask you to pay for the services provided before you leave the office. If your HSA custodian (i.e. your bank or other financial institution) has provided you with a checkbook or debit card, you can pay your physician directly from the account. If the custodian does not offer these features, you can pay the physician with your own money and reimburse yourself for the expense from the account after your visit.

Question: May a self-employed person contribute to an HSA on a pre-tax basis?

Answer: No, self-employed persons may not contribute to an HSA on a pre-tax basis and may not take the amount of their HSA contribution as a deduction for self-employment tax (SECA) purposes. However, they may contribute to an HSA with after-tax dollars and take the above-the-line deductions.

HEALTH INSURANCE RISK-SHARING PLAN

Plans Subsidy Discount Table

HIRSP 1,000, HIRSP 2,500 and HIRSP 5,000

Household Income	Medical Deductible Discount	Premium Discount	Drug Out-of-Pocket Maximum
\$25,000 and Above	No Discount	No Discount	No Cap
\$20,000 - 24,999.99	\$100	25%	\$750
\$17,000 – 19,999.99	\$200	29%	\$600
\$14,000 – 16,999.99	\$300	34%	\$525
\$10,000 – 13,999.99	\$400	39%	\$450
Less than \$10,000	\$500	43%	\$375

HIRSP Medicare Supplement

Household Income	Medical Deductible Discount	Premium Discount	Drug Out-of-Pocket Maximum
\$25,000 and Above	No Discount	No Discount	No Cap
\$20,000 - 24,999.99	No Discount	15%	\$125
\$17,000 – 19,999.99	No Discount	20%	\$125
\$14,000 – 16,999.99	No Discount	25%	\$125
\$10,000 – 13,999.99	No Discount	30%	\$125
Less than \$10,000	No Discount	35%	\$125

HIRSP Health Savings Account

Household Income	Medical/Drug Deductible Discount	Premium Discount	Drug Out-of-Pocket Maximum *
\$25,000 and Above	No Discount	No Discount	Not Applicable
\$20,000 - 24,999.99	\$100	25%	Not Applicable
\$17,000 – 19,999.99	\$200	29%	Not Applicable
\$14,000 – 16,999.99	\$300	34%	Not Applicable
\$10,000 – 13,999.99	\$400	39%	Not Applicable
Less than \$10,000	\$500	43%	Not Applicable

* The medical and drug benefit in the HSA plan is a combined benefit; therefore, a cap on out-of-pocket drug costs is not available. The maximum out-of-pocket cost of the HSA plan is set by federal law and is currently \$5,600, unless you qualify for a reduced deductible.

How to read HIRSP's Quarterly Premium Rate Tables

You should review the rate tables on the next page to determine if you would benefit from changing your HIRSP coverage.

Complete the following steps:

1. Find the table that currently applies to you. Tables are listed by plan and gender. If you do not know which plan you are enrolled in, please refer to your HIRSP identification card.
2. Find your age bracket in the table.
3. Find your zone as indicated by the ZIP code ranges as defined in the key below the tables.
4. Find the box where the age row and zone column meet. This is your current quarterly premium, excluding reductions for premium, deductible, and drug out-of-pocket maximum.
5. Find the correct rate table either above or below your current rate table. This table will show your premium if you choose to change your HIRSP plan.
6. Repeat steps 2-4 above to see what the premium would be if you choose HIRSP's other plan coverage.
7. Compare the rates and deductibles.

Example

A 42-year old Milwaukee woman in HIRSP 1,000, would make the following comparison.

She would find the table saying "HIRSP 1,000, Female," look down the "Age Bracket" column to the row identified as "40-44," and read across to "Zone 1" (ZIP codes 532__) to find a quarterly premium of \$1,974.00

She would then look at the "HIRSP 2,500, Female" table, find age bracket "40-44," and read across to the "Zone 1" column to find a premium of \$1,068.00

She would continue her comparison, same as above, of the HIRSP 5,000 and HIRSP Health Savings Account (HSA). She would have a chart that would have the following:

<u>Female / age 40-44 / Zone 1</u>	
<u>Plan</u>	<u>Quarterly Premium</u>
HIRSP 1,000	\$1,974.00
HIRSP 2,500	\$1,068.00
HIRSP 5,000	\$ 780.00
HIRSP HSA	\$ 921.00

HEALTH INSURANCE RISK-SHARING PLAN

Quarterly Premium Rates

Rates Effective January 1, 2008

HIRSP 1,000 -- (\$1,000 Deductible)

Age	Males		
	Zone 1	Zone 2	Zone 3
0-18	\$906	\$879	\$783
19-24	906	879	783
25-29	954	915	813
30-34	1,101	1,059	939
35-39	1,296	1,242	1,107
40-44	1,560	1,509	1,344
45-49	1,899	1,899	1,725
50-54	2,292	2,295	2,295
55-59	2,799	2,799	2,802
60 +	3,405	3,402	3,402

Age	Females		
	Zone 1	Zone 2	Zone 3
0-18	\$891	\$879	\$783
19-24	1,134	1,092	972
25-29	1,281	1,227	1,092
30-34	1,464	1,401	1,245
35-39	1,704	1,641	1,464
40-44	1,974	1,908	1,701
45-49	2,229	2,226	1,989
50-54	2,469	2,466	2,379
55-59	2,742	2,742	2,742
60 +	2,895	2,895	2,898

HIRSP 2,500 -- (\$2,500 Deductible)

Age	Males		
	Zone 1	Zone 2	Zone 3
0-18	\$519	\$495	\$477
19-24	519	495	477
25-29	537	513	495
30-34	624	597	573
35-39	720	687	657
40-44	873	834	798
45-49	1,110	1,059	1,014
50-54	1,452	1,386	1,317
55-59	1,884	1,794	1,704
60 +	2,379	2,262	2,148

Age	Females		
	Zone 1	Zone 2	Zone 3
0-18	\$504	\$489	\$477
19-24	633	612	600
25-29	699	681	663
30-34	804	780	762
35-39	921	894	876
40-44	1,068	1,038	1,014
45-49	1,236	1,194	1,167
50-54	1,434	1,386	1,347
55-59	1,641	1,581	1,539
60 +	1,881	1,806	1,758

HIRSP Health Savings Account -- (\$3,500 Deductible)

Age	Males		
	Zone 1	Zone 2	Zone 3
0-18	\$450	\$426	\$408
19-24	450	426	408
25-29	462	441	426
30-34	537	516	492
35-39	621	591	564
40-44	750	717	687
45-49	957	912	870
50-54	1,248	1,191	1,131
55-59	1,620	1,542	1,464
60 +	2,046	1,947	1,848

Age	Females		
	Zone 1	Zone 2	Zone 3
0-18	\$432	\$420	\$414
19-24	546	528	516
25-29	600	585	570
30-34	690	669	654
35-39	792	768	753
40-44	921	891	870
45-49	1,062	1,026	1,002
50-54	1,233	1,191	1,158
55-59	1,413	1,359	1,323
60 +	1,617	1,554	1,512

HIRSP 5,000 -- (\$5,000 Deductible)

Age	Males		
	Zone 1	Zone 2	Zone 3
0-18	\$381	\$360	\$348
19-24	381	360	348
25-29	393	375	363
30-34	456	435	420
35-39	525	501	480
40-44	636	606	585
45-49	813	777	738
50-54	1,059	1,011	960
55-59	1,377	1,311	1,245
60 +	1,737	1,653	1,569

Age	Females		
	Zone 1	Zone 2	Zone 3
0-18	\$366	\$357	\$351
19-24	462	447	438
25-29	513	495	486
30-34	588	570	555
35-39	672	654	639
40-44	780	756	738
45-49	900	870	852
50-54	1,047	1,011	984
55-59	1,197	1,155	1,125
60 +	1,374	1,320	1,284

Zone 1 = ZIP codes **532**__

Zone 2 = ZIP codes **530**__, **531**__, **534**__, and **537**__

Zone 3 = All other ZIP codes

* Household Income as defined in Wisconsin Statute s. 71.52(5)

HIRSP Plans Option Table

	HIRSP 1,000	HIRSP 2,500	HIRSP 5000		HIRSP Health Savings Account
Premiums	Refer to rate table	Refer to rate table	Refer to rate table	Premiums	Refer to rate table
Premium reductions available if you qualify	Yes (refer to “Reductions in shaded box below)	Yes (refer to “Reductions in shaded box below)	Yes (refer to “Reductions in shaded box below)	Premium reductions available if you qualify	Yes (refer to “Reductions in shaded box below)
Medical deductible (you pay)	\$1,000 per year	\$2,500 per year	\$5,000 per year	Medical/Drug deductible (you pay)	\$3,500 per year
Medical deductible reductions available if you qualify	Yes (refer to “Reductions” in shaded box below)	Yes (refer to “Reductions” in shaded box below)	Yes (refer to “Reductions” in shaded box below)	Medical deductible reductions available if you qualify	Yes (refer to “Reductions” in shaded box below)
Medical Coinsurance (you pay)	20% of allowed amount \$1,000 per year	20% of allowed amount \$1,000 per year	20% of allowed amount \$1,000 per year	Medical Coinsurance (you pay)	20% of allowed amount
Individual medical out-of-pocket maximum (your total expenditures for medical deductible and medical coinsurance, after which HIRSP will pay at 100%)	\$2,000 per year	\$3,500 per year	\$6,000 per year	Drug Coinsurance (you pay)	20% of allowed amount
Family medical out-of-pocket maximum (all family members must be on the same plan)	\$4,000 per year	\$7,000 per year	\$12,000 per year	Individual medical/drug coinsurance maximum	\$2,100 per year
Drug Copay (you pay)	\$10 Tier 1 / \$30 Tier 2	\$10 Tier 1 / \$30 Tier 2	\$10 Tier 1 / \$30 Tier 2	Individual medical/drug out-of-pocket maximum (your total expenditures for deductible and coinsurance, after which HIRSP will pay at 100%)	\$5,600 per year
Drug out-of-pocket maximum reductions available if you qualify	Yes (refer to “Reductions” in shaded box below)	Yes (refer to “Reductions” in shaded box below)	Yes (refer to “Reductions” in shaded box below)	Family out-of-pocket maximum (all family members must be on the same plan)	\$11,200 per year
Pre-existing condition waiting period	Yes (refer to “Pre-existing” in shaded box below)	Yes (refer to “Pre-existing” in shaded box below)	Yes (refer to “Pre-existing” in shaded box below)	Out-of-pocket maximum reductions available if you qualify	Yes (refer to “Reductions” in shaded box below)
Maximum lifetime benefit	\$1,000,000	\$1,000,000	\$1,000,000	Pre-existing condition waiting period	Yes (refer to “Pre-existing” in shaded box below)
				Maximum lifetime benefit	\$1,000,000

Reductions: Available for policyholders with household incomes of less than \$25,000.

HIRSP 1,000 / HIRSP 2,500 / HIRSP 5,000 – subsidized premium, medical deductible, and drug out-of-pocket maximum

HIRSP HSA – subsidized premium and medical/drug deductible

Pre-existing: If you are eligible for HIRSP based on your medical condition, HIRSP does not cover services or medications related to a pre-existing injury or illness during your first six months of coverage. A pre-existing injury or illness is a condition, whether physical or mental, regardless of the cause of the condition, which was diagnosed or for which medical advice, care, or, treatment was recommended or received during the six months immediately preceding the policy effective date.



Act now if you want to change your HIRSP coverage for 2008

October 2007

Attention Policyholders:

Once a year HIRSP policyholders are provided the option to choose between HIRSP plans. If you are satisfied with your current coverage, you do not have to select a new HIRSP plan at this time; however, as of January 1, 2008 you will be eligible to apply for a reduced premium, deductible and drug out-of-pocket maximum regardless of which HIRSP plan you are enrolled in. See below for more information. Making a change during the “Choice of Coverage” period will affect how much you pay in premiums, deductibles, and out-of-pocket costs.

You may wish to review this list of important considerations before making your decision:

- o This is the **only** time during the year that you may change your coverage.
- o If you change your coverage at this time, your new coverage will be **effective on January 1, 2008**, and will remain in effect **for the entire year**. Likewise, if you do **not** change your coverage, your current coverage option will remain in effect for all of 2008. Your new HIRSP premium will take effect on January 1, 2008.
- o When comparing the premium rates, take the deductible amounts into consideration. Although HIRSP 2,500 and HIRSP 5,000 generally have lower premiums, they have higher deductibles (\$2,500 & \$5,000) and therefore; your out-of-pocket expenses may be greater. HIRSP 1,000 has higher premiums, but has a lower deductible (\$1,000) with lower out-of-pocket costs. See the attached *Monthly Premium Rate Tables*.
- o **Starting January 1, 2008 all plans will offer a reduction in premiums and some plans will also offer reductions in deductible and drug out-of-pocket maximum. If your household income is less than \$25,000, you will be able to apply for these reductions. See the *Plans Options Table* on the next page for more information. You must complete an *Application for Reduced Premium, Deductible, and Drug Out-of-Pocket Maximum* and return it to HIRSP by November 16, 2007 for the reductions to take affect by January 1, 2008. The application can be found on the HIRSP Web site at www.hirsp.org/policyholder/low_income or calling HIRSP Customer Service at 1-800-828-4777.**
- o Consider the cost of medical services and prescription drug services you use in one year to see which medical deductible and corresponding out-of-pocket maximum would best serve you. See the *Plan Options Table* on the next page for more information.
- o Review your financial situation and determine if your premiums will change during 2008 as a result of moving into a different age bracket.
- o To change coverage, **HIRSP must receive your application by November 16, 2007**. The *Choice of Coverage Request* form is attached.

If you have questions, please call HIRSP Customer Service at (800) 828-4777 or (608) 221-4551, Monday through Thursday 7:00 a.m. to 7:00 p.m. and Friday 7:00 a.m. to 4:30 p.m. CST.