

To: Ryone Smith
From: Kim Braun
Date: November 20, 2011
Re: Health Insurance Plans



Internal Memorandum

In preparation for our meeting, I have obtained two health insurance plan quotes for us to consider. One is from Advance Health Solutions (AHS) and the other is from Continental Health (CH).

Table 1 below shows a cost comparison of the monthly expense to Telotech under each plan. The cost for the AHS plan is lower than that of the Continental plan.

| Employee Status (current number) | Monthly Cost per Employee AHS | TOTAL With AHS | Monthly Cost per Employee CH | TOTAL With CH |
|-------------------------------------|-------------------------------------|-------------------|------------------------------------|------------------|
| Single Male (3) | \$65 | \$195 | \$95 | \$285 |
| Single Female (1) | \$72 | \$72 | \$92 | \$92 |
| Married Couple (3) | \$150 | \$450 | \$250 | \$750 |
| Each dependent (6) | \$50 | \$300 | \$70 | \$420 |
| TOTAL MONTHLY COST | | \$1,017 | | \$1,547 |

Table 1. Quotes on company health insurance plans based on current Telotech employees.

I am also providing a summary of what each plan provides the employees (Table 2). I realize that we will probably want to go with the one that provides the most savings to the company; however, we may want to be aware of the plan's basic provisions in our decisions.

There are several benefits and drawbacks to both of the health plans we are considering. The benefits of the Advanced Health Solutions plan are lower cost for us and lower co-payments for employees. ~~The drawback of the Advanced Health Solutions plan is higher deductible costs for employees with families.~~ The primary benefit of the Continental health plan is lower cost to our employees because few co-payments are required. **The drawback of the Advanced Health Solutions plan is higher deductible costs for employees with families.** The drawback of the Continental Health plan is higher cost for us.

1. Co-payment per Employee with Advanced Health Systems

| Procedure | Cost | Dental | Cost |
|----------------------------|------|-------------------------|-------|
| Emergency Room | \$20 | Cleaning and checkups | \$50 |
| Routine Physical | \$40 | Fillings | \$100 |
| Diagnostics (x-rays, etc.) | \$80 | Oral Surgery | \$150 |
| Outpatient Mental Health | \$65 | Orthodontic Adjustments | \$50 |
| Pap Smear | \$50 | Denture Adjustments | \$50 |

Table 2. Employee co-pays with AHS.

2. **Co-payments per employee with Continental Health** are \$0. They are calculated based upon employee incurring certain amount of expenses i.e. \$400 for a single male or female, \$600 for couples and families.

Please familiarize yourself with these options so we can make a decision next week. If you have any further questions or concerns before then, or would like any additional information for the meeting, let me know.