



**...spanning the gap in medical benefits**

**A deductible and coinsurance program paying up to \$5,000 when hospital confined.**



- ◆ The rising cost of health care is a real challenge to both employees and employers!
- ◆ The number of employers who believe controlling health care costs to be their #1 employee benefit priority, has risen from 71% in 2000 to 90% in 2005<sup>1</sup>.
- ◆ Affordable health care coverage often means more risk to employees through increased deductibles and high out-of-pocket expenses.
- ◆ Employers struggle to provide meaningful and affordable health care coverage to their employees.

## The Solution?



<sup>1</sup> Deloitte & Touche/ISCEBS surveys, "Top 5 Benefit Priorities 2000-2005."

## HOW *SISLINK* WORKS

The benefits provided by *SISLINK* help pay for out-of-pocket expenses incurred due to Hospital Confinement, out-patient medical procedures, physician office visits, and routine wellness examinations, depending on the plan designed by the employer. The following are examples of how the Hospital Confinement and Out-Patient benefits work. These examples are for illustrative purposes only; exact figures will vary with the plan selected.

### HOSPITAL CONFINEMENT CLAIM EXAMPLE:

Hospital Stay & Surgery = \$16,000 Total Expenses

	<u>Without HCB</u>	<u>With \$5,000 HCB</u>
Deductible	\$2,500.00	\$2,500.00
Coinsurance (20%)	\$2,700.00	\$2,700.00
Total Out-of-Pocket	\$5,200.00	\$5,200.00
<b><i>Hospital Confinement Benefit (HCB)</i></b>	<b>\$0</b>	<b>\$5,000.00</b>
<b>Net Out-of-Pocket*</b>	<b>\$5,200.00</b>	<b>\$200.00</b>

\*After the deductible, if any, has been satisfied.

### OUT-PATIENT CLAIM EXAMPLE:

Procedure: MRI = \$2,250 Total Expenses

	<u>Without OPB</u>	<u>With \$2,000 OPB</u>
Deductible	\$2,500.00	\$2,500.00
Coinsurance (20%)	\$0	\$0
Total Out-of-Pocket	\$2,250.00	\$2,250.00
<b><i>Out-Patient Benefit (OPB)</i></b>	<b>\$0</b>	<b>\$2,000.00</b>
<b>Net Out-of-Pocket*</b>	<b>\$2,250.00</b>	<b>\$250.00</b>

\*After the deductible, if any, has been satisfied.

# SAMPLE *SISLINK* CASE

## **CURRENT MEDICAL PLAN EXAMPLE**

Plan Design	PPO - \$1,000 Deductible, 80/20 Coinsurance; \$2,000 Out-of-Pocket		
		<u># of lives</u>	<u>Monthly Cost</u>
Cost:	Employee Only	34	\$338.60
	Employee & Child(ren)	1	\$678.05
	Employee & Spouse	1	\$585.56
	Employee & Family	3	\$988.25
	Monthly Premium		\$15,740.76

## **PROPOSED MEDICAL PLAN EXAMPLE**

Plan Design	PPO - <b>\$3,000</b> Deductible, <b>70/30</b> Coinsurance; <b>\$2,000</b> Out-of-Pocket		
		<u># of lives</u>	<u>Monthly Cost</u>
Cost:	Employee Only	34	\$234.70
	Employee & Child(ren)	1	\$499.98
	Employee & Spouse	1	\$431.80
	Employee & Family	3	\$727.24
	Monthly Premium		\$11,093.30

## **PROPOSED *SISLINK* PLAN EXAMPLE**

	\$5,000 In-Patient Benefit; \$2,000 Out-Patient Benefit	
	Monthly Premium	\$2,970.96

## **SUMMARY**

	<u>Summary</u>
Total Annual Cost of Current Plan:	\$188,889.12
Total Annual Cost of Proposed Plan and <i>SISLINK</i> Plan:	\$164,551.80
<b>Total Annual Savings using the <i>SISLINK</i> Plan:</b>	<b>\$ 20,337.32</b>

These examples are for illustrative purposes only; exact figures will vary with the plans selected and costs of plans.

## **BENEFITS**

Employers can design a plan of coverage that best suits the needs of their Employees, based on the Deductible and Coinsurance particulars of their group Major Medical/Comprehensive Policy. Benefits available for the plan design include the base Hospital Confinement benefit, and optional out-patient, physician office visit, and wellness benefits. Benefits are outlined below.

### **HOSPITAL CONFINEMENT (Required)**

This benefit helps pay the out-of-pocket expenses an Insured Person incurs for a Hospital Confinement due to injury or sickness, provided:

- ◆ the Insured is under the regular care and attendance of a Physician; and
- ◆ such expenses are covered by the Insured Person's Major Medical/Comprehensive Policy; and
- ◆ the Injury or Sickness begins after the effective date.

Such benefits are limited to the Deductible and/or the Coinsurance Amount the Insured Person is required to pay under their Major Medical/Comprehensive Policy, and include:

- ◆ In-patient Hospital stays
- ◆ In-patient surgeries
- ◆ Physician's in-hospital charges

Benefits will also be payable for Hospital emergency room treatment for Injuries and for Sicknesses if the Sickness results in a Hospital Confinement within 24 hours of the Hospital emergency room treatment.

Benefits are "per Insured Person per Calendar Year", and the Employer can choose a Maximum Calendar Year limit, from \$500 to \$5,000 (see Rate Sheet inserts for incremental amounts available.) The benefit selected cannot exceed the Insured Person's out-of-pocket responsibility under their Major Medical/Comprehensive Policy.

### **OUT-PATIENT BENEFIT (Optional)**

This benefit is payable for expenses incurred for medically necessary out-patient treatment of an Injury or Sickness. Benefits are limited to the difference between the benefit paid by the group Major Medical/Comprehensive Policy and the actual out-patient expenses incurred, including Deductibles and Coinsurance. Benefits include treatment under the regular care and attendance of a Physician at a Hospital, an out-patient surgical or emergency facility, or a diagnostic testing facility or similar facility that is licensed to provide out-patient treatment.

Benefits are "per Sickness or Injury", subject to a maximum of four occurrences per person/family per Calendar Year. The Employer can choose a "per occurrence" maximum of \$200, \$500, \$750, \$1,000, \$1,500 or \$2,000 however, the maximum out-patient benefit chosen cannot exceed the amount of the base Hospital Confinement benefit.

Same or related conditions will apply to the same Injury or Sickness, unless separated by a period of 90 treatment-free consecutive days or more.

If an Employer chooses to include this Out-Patient benefit option in his plan design, the Emergency Room coverage afforded under the base Hospital Confinement benefit is no longer available, and treatment otherwise covered by the Policy will be included under the Out-Patient benefit instead.

### **PHYSICIAN OFFICE VISIT BENEFIT (Optional)**

If selected by the Employer as part of the plan design, this benefit will pay for medically necessary expenses incurred when, as a result of an Injury or Sickness, an Insured Person receives treatment by a Physician in the Physician's office, Hospital, emergency facility, or outpatient facility, when expenses are billed separately as an office visit by the Physician. Benefits are limited to the difference between the benefit paid by the group Major Medical/Comprehensive Policy and the actual expense incurred, including Deductibles and Coinsurance, subject to the maximum benefit chosen by the Employer.

The Employer can choose from two Physician Office Visit Benefit structures:

- ◆ \$15 per visit up to the lesser of \$120 per Calendar Year or 8 visits per person/family per Calendar Year

**or**

- ◆ \$20 per visit up to the lesser of \$240 per Calendar Year or 12 visits per person/family per Calendar Year

Physician Office Visit Benefits do not include expenses incurred for routine health or check-up examinations, routine well child visits, or other charges incurred during the course of a routine physical examination or check-up.

This benefit pays in addition to any Physician in-hospital charges paid under the base policy.

### **WELLNESS BENEFIT (Optional)**

Benefits are payable for routine health or check-up examinations, routine well child visits and other charges incurred during the course of a routine physical examination or check-up. Benefits are limited to the difference between the benefit paid by the group Major Medical/Comprehensive Policy and the actual expenses incurred, which includes any out-of-pocket expenses such as Deductible and Coinsurance.

Wellness Benefits include services performed at a Hospital, outpatient facility, laboratory, diagnostic testing facility, and Physician services.

The Employer can choose a maximum Calendar Year benefit per person/family of \$100, \$200 or \$500.



## **ELIGIBILITY**

All active full-time employees working at least 20 hours or more per week and engaged in an eligible occupation, their lawful spouse, and their unmarried, dependent children who are under 19 years of age (24 if a full-time student.) Dependent eligibility may vary by state.

Additionally, in order to be eligible, each person must be covered under a group Major Medical/Comprehensive Medical plan that includes coinsurance and deductible.

## **INELIGIBLE OCCUPATIONS**

Professional Athletes  
Mining & Quarrying

Ironworkers  
Window Washers

Deep Sea Divers

## **EFFECTIVE DATE**

The effective date of an employee's coverage will be the first day of the month following approval of an eligible person's enrollment form, provided he: (a) is not confined at home or in a Hospital or medical institution; (b) is engaged in his Regular and Customary Activities; and (c) has met the eligibility requirements of, and is covered under, a group major medical/comprehensive medical plan.

If the eligible person is not engaged in his Regular and Customary Activities on the day coverage would otherwise begin, it will begin on the first day of the month following the day he is physically able to engage in his Regular and Customary Activities.

The effective date of coverage for an eligible Dependent will be on the first day of the month following the Company's acceptance of the enrollment form, however if the employee's coverage has not yet become effective, the effective date for Dependent coverage will be the same as the effective date of the employee's coverage.

Newborn children, adopted children or children placed for adoption will be covered on their date of birth, adoption or placement for adoption for a period of 31 days, as long as the employee's coverage was in force on that date. If, during this 31 days, the insured employee notifies the Company in writing and pays any premium that may be due, coverage will continue. If notification and premium payment is not received within the first 31 days after birth, adoption, or placement for adoption, evidence of insurability will be required and the Pre-Existing Condition Limitation, if any, will apply.

In all other instances, if a Dependent is unable to engage in his Regular and Customary Activities when coverage would otherwise become effective, the coverage for that dependent will be deferred until the first of the month following the date his inability to engage in his Regular and Customary Activities ceases.

## **Late Enrollees**

If an eligible employee does not apply for coverage on their initial eligibility date, they may not apply for coverage until the next policy anniversary date, unless: (a) they are allowed to enroll in, or change their enrollment in the employer's Major Medical/Comprehensive Policy because they qualify as a Special Enrollee as defined by law; or (b) they are allowed to enroll in the employer's Major Medical/Comprehensive Policy during an employer sponsored period of open enrollment.

## **TERMINATION OF COVERAGE**

Coverage terminates on the earliest date any of the following events occur:

- ◆ **For any Insured Person:** (a) on the date the policy is terminated; (b) as of the premium due date when the required premium remains unpaid, subject to the grace period; (c) on the premium due date following the date the Insured ceases to be an employee of the policyholder; or (d) on the premium due date following the date the Insured's coverage under a group Major Medical/Comprehensive Policy is no longer in effect.
- ◆ **For an Insured dependent spouse:** on the premium due date following the date the spouse ceases to be an eligible spouse.
- ◆ **For Insured dependent children:** on the premium due date following the date the child ceases to be an eligible child.

## **DEFINITIONS**

**Hospital** means a legally authorized and operated institution for the care and treatment of sick and injured persons. It must have graduate registered nurses (RN's) on 24 hour call and organized facilities for diagnosis and surgery either on its premises or in facilities available to it on a contractual prearranged basis. The following does not qualify as a Hospital: an institution, or part of it, which is used mainly as a facility for rest, nursing care, convalescent care, care of the aged, or for remedial education or training.

**Hospital Confinement means** the Insured Person is admitted to the facility as an overnight bed patient for a minimum of 15 consecutive hours.

**Insured Person** means either an Insured or an Insured Dependent. An Insured is an employee of the policyholder whose coverage under the policy has become effective and has not been terminated. Insured Dependent means any of the following:

- ◆ the lawful spouse of an Insured whose coverage under the policy has become effective and has not terminated; and
- ◆ the unmarried dependent child or children of an Insured or of an Insured's spouse who are under 19 years of age (24 if a full-time student) and whose coverage under the policy has become effective and has not been terminated. Dependent children include stepchildren, legally adopted, and foster children. (Dependent child definition may vary by state.)

**Major Medical/Comprehensive Policy** means any one of the following types of policies or plans which provide benefits for Hospital Confinement for an Insured Person on his or her effective date of coverage, and such policy or plan requires the Insured Person to pay a deductible and/or portion of coinsurance: group or blanket insurance plans; group Blue Cross, Blue Shield or other group prepayment coverage plans; coverage under labor-management trustee plans; union welfare plans; employer organizational plans; employee benefit organizational plans, or other arrangements of benefits for persons of a group. "Major Medical/Comprehensive Policy" does not include Medicare or Medicaid.



## **EXCLUSIONS**

Benefits will not be paid for losses caused by or resulting from any one or more of the following:

- ◆ Declared or undeclared war or any act thereof;
- ◆ Suicide or intentionally self-inflicted Injury or any attempt thereat, while sane or insane (while sane in Colorado and Missouri);
- ◆ Any Hospital Confinement or other covered treatment for Injury or Sickness while an Insured Person is in the service of the armed forces of any country. Orders to active military service for training purposes of two months or less do not, for the purposes of this exclusion, constitute service in the armed forces of any country. Upon notification to the Company of entering the armed forces of any country, the Company will return to the Insured pro rata any premium paid, less any benefits which have been paid, for any period during which the Insured Person is in such;
- ◆ Confinement in a Hospital or other covered treatment provided in a facility operated by an agency of the United States government or one of its agencies, unless the Insured Person is legally required to pay for the services;
- ◆ Confinement or other covered treatment for Injury or Sickness which is not medically necessary;
- ◆ Confinement or other covered treatment for Dental or Vision care not related to an accidental Injury;
- ◆ Mental or nervous disorders;
- ◆ Alcoholism, drug addiction or complications thereof;
- ◆ Any Hospital Confinement or other covered treatment for Injury or Sickness for which compensation is payable under any Worker's Compensation Law, any Occupational Disease Law, the 4800 Time Benefit Plan or similar legislation;
- ◆ Any Hospital Confinement or other covered treatment for Injury or Sickness that is payable under any insurance that does not require Deductible and/or Coinsurance payments by the Insured Person;
- ◆ Any Hospital Confinement or other covered treatment for Injury or Sickness for which benefits are not payable under the Insured Person's basic Major Medical/Comprehensive Policy;
- ◆ Any Hospital Confinement or other covered treatment for Injury or Sickness if, on the Insured Person's effective date of coverage, the Insured Person was not covered by a Major Medical/Comprehensive Policy. Our sole obligation will then be to refund all premiums paid for that Insured Person;
- ◆ An Insured Person engaging in any act or occupation which is a violation of the law of the jurisdiction where the loss or cause occurred. A violation of the law includes both misdemeanor and felony violations.

## **LIMITATIONS**

### **Pre-Existing Condition Limitation**

This product does not have a pre-existing condition limitation, however, a condition must be covered under the Insured's Major Medical/Comprehensive Medical plan in order for benefits to be payable under this plan. Therefore, any pre-existing condition limitation applied to the Major Medical/Comprehensive Medical plan would, in effect, limit coverage under this plan.

### **Pregnancy**

Pregnancy is covered the same as any other illness for insured employees and their insured spouses if it is covered under their group Major Medical/Comprehensive Medical plan, but pregnancy (except for complications of pregnancy) is not covered for dependent children, unless required by state law.



**UNDERWRITTEN BY:**

**FIDELITY SECURITY LIFE INSURANCE COMPANY**  
**Kansas City, Missouri**

Rated A- Excellent, based on an analysis of financial position and operating performance, by A.M. Best Company, an independent analyst of the insurance industry.

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