

Culligan's Medical Plan



Culligan®

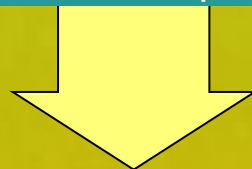
better water. pure and simple.®

The Goal: Create a balanced approach to Medical Coverage



Balancing our benefits priorities

- ✓ Life is Better When You are Healthy
 - Culligan offers free health coaching and a wellness program
- ✓ Provide an effective level of coverage for our employees
- ✓ Reasonably share the cost of benefits with our employees
 - Employee pays less than 25% of the actual premium costs
- ✓ Reduce trend of high cost increases
- ✓ Remain competitive in the marketplace



Results:

- ➔ **A health plan that provides Medical coverage and a way to save taxes on IRS qualified healthcare costs**

Take an active role in your healthcare



Think about *buying* healthcare like we think about other important purchases, such as a car:

Your Car	Your Health
Tune up	Annual physical (medical, dental, and vision)
Oil Change	Take vitamins
Lower octane gas	Generic drugs
Wash and vacuum	Go to the gym / be active
New wiper blades	Vision exam

Under this plan you will learn:

- ✓ What healthcare really costs
- ✓ How to use our money wisely
 - To use pre-tax savings to pay for healthcare
 - To use preventive care to help avoid serious illnesses
- ✓ You only pay for insurance coverage you need
- ✓ Helps Culligan continue to provide meaningful benefits

Terms you should know



Deductible

Amount you pay out of pocket before the plan pays

Coinsurance

Percentages that the company and you pay for services after the deductible has been satisfied (80/20)

Out-of-pocket maximum

Maximum amount of money you pay during the calendar year (through deductibles and coinsurance payments) before plan pays at 100%

In-network services

Care received through providers and facilities contracted through BCBS IL to provide healthcare services at discounted (in-network) rates

Out-of-network services

Care received by providers and facilities that do not contract with BCBS IL. Services are full price with no discounted (out-of-network) rates

Health Savings Account (HSA)

Tax-free savings account designed to help you pay for current and future out of pocket healthcare expenses

Two key elements of our BlueEdge HSA Medical Plan



BlueEdge HSA is:



Other Things You Should Know

- ✓ Large national BCBS network
- ✓ Culligan employees have not had a medical premium increase for several years

High Deductible Health Plan

- Provides insurance for medical expenses and protection from catastrophic events
 - **100% coverage for preventive care (no deductible)**
 - Has high deductible
 - After deductible is met, coinsurance begins
 - Pays 100% once you reach annual out-of-pocket maximum



Health Savings Account (HSA)

- Helps you pay out-of-pocket healthcare expenses **tax-free**
 - Culligan makes an annual contribution *
 - You can contribute your own pre-tax \$\$
 - Remaining balance rolls over from year to year & is portable (no “use it or lose it”)
- Accumulates interest and investment gains **tax-free**
- This account grows with contributions from both Culligan & you

*Upon completion of biometric screening & health assessment



Plan features and cost of coverage (in-network)*

	BlueEdge HSA	PPO															
Bi-weekly premium contribution	Premium is lower	You pay a higher premium															
Your annual deductible <i>minus</i> Culligan's HSA contribution	<table border="0"> <tr> <td></td> <td>Single</td> <td>Family</td> </tr> <tr> <td></td> <td>\$1,250</td> <td>\$2,500</td> </tr> <tr> <td>--</td> <td>\$500</td> <td>\$1,000</td> </tr> <tr> <td></td> <td>=====</td> <td>=====</td> </tr> <tr> <td></td> <td>\$750</td> <td>\$1,500</td> </tr> </table>		Single	Family		\$1,250	\$2,500	--	\$500	\$1,000		=====	=====		\$750	\$1,500	Your annual deductible is not reduced
	Single	Family															
	\$1,250	\$2,500															
--	\$500	\$1,000															
	=====	=====															
	\$750	\$1,500															
How do you pay for services?	Deductible Coinsurance	Deductible Coinsurance & copays															
Preventive services	FREE	FREE															
Annual out-of-pocket maximum	-Includes all medical payments -Reduced by the Culligan HSA contribution to your account	-Only includes coinsurance payments -Excludes deductible and copayments															
What is different	HSA account, portable personal bank account, that can be used to pay for IRS qualified healthcare expenses PRE-TAX . Balance carries over.	You pay all your expenses with after tax \$ unless you use a FSA. FSA has lower contribution levels & no flexibility. Spend it or lose it.															

**Paying for expenses using PRE-TAX HSA \$ cost less!
\$6k=\$4.8k.**

*Additional Out-of-Network option with a separate cost structure

Use Preventive Services: Identify risks before they become problems



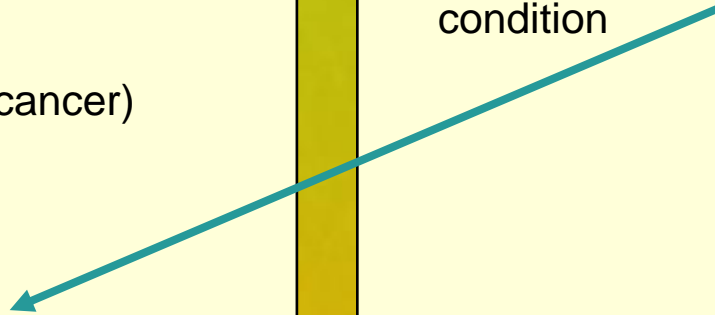
- Participate in **FREE** Culligan provided annual wellness screenings and work with a health coach to improve your health
- What are **FREE** Preventive Services?

Preventive Services are...

- Annual physicals
- Well-baby visits
- Routine health screenings based on age and gender
 - Mammogram
 - Pap smear
 - PSA test (prostate cancer)
 - Colonoscopy
 - Diabetes screening
 - Cholesterol
 - Blood pressure
- Immunizations
- Contraceptive Services (in-network)

Preventive Services are not...

- Additional colonoscopy after polyp or cancer is discovered
- A *regular* visit to your doctor to manage a previously diagnosed condition



How to choose a Medical plan



Compare

- Annual premium + _____
- Annual deductible + _____
- Company HSA contribution - _____
- Expected annual copays + _____

TOTAL

- Coinsurance _____
- Out of Pocket Max (OOPM) _____
- Does OOPM include all costs? Yes or No
- Savings by paying for all healthcare with **Pre-Tax** \$ _____

**Remember:
a HSA
reduces
expenses for
Medical,
Dental &
Vision by tax
savings on
your HSA
contribution**

Save taxes with the HSA – Impact on a paycheck



Account balance is:

=====

- + Your HSA contribution
- + Culligan contribution
- + Investment earnings

Paycheck impact is:

=====

- + Your HSA contribution
- Tax savings

Contributing to and using your Health Savings Account will give you a tax advantage:

	Bi-Weekly Paycheck
Your HSA Contributions	\$100 / pay period
Federal tax savings (25%)	\$25.00
State tax savings (5%)	\$5.00
FICA tax savings (7.65%)	\$7.65
Total tax savings	\$37.65 bi-weekly (\$978.90 annually)
Paycheck impact	\$62.35

**Triple tax advantage —
your money is not taxed:**

- When deposited
- As it grows with interest or investment income
- When withdrawn for use on qualified expenses

HSA Roadmap

Your HSA is your healthcare bank account — you own it, you manage it, and you choose how it grows



Culligan contributes \$ to your account
+ you contribute \$ to your account

How to view your account

1. A way to pay for IRS Section 502 qualified expenses pre-tax
2. An additional pre-tax long term investment, similar to a 401(k)
 - Use it for qualified expenses without tax penalty
 - Use it for non-qualified emergencies with tax penalty

What are IRS Section 502 qualified expenses?

- Medical, Dental and Vision expenses for yourself & IRS tax dependents (even if not enrolled)
- Your future or current healthcare premiums – not employment related (Long-term Care, COBRA, Medicare, etc.)

ENROLLMENT IS EASY & THE ACCOUNT IS PORTABLE

Three Easy Steps to Set up your Mellon Bank HSA

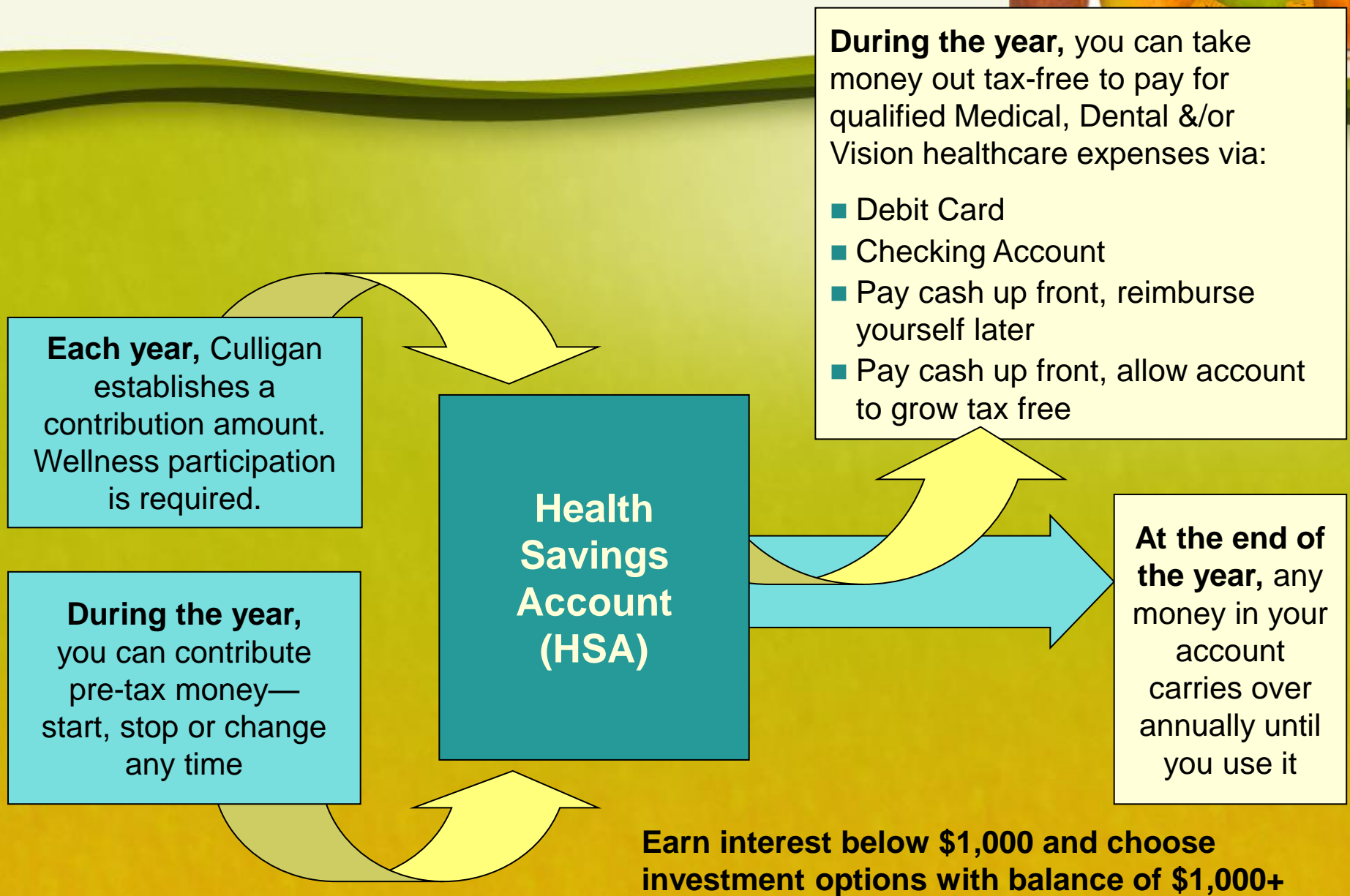


To begin Log in at

<https://hsamember.com/HSA/advantagedirect?hpp=002>

1. Enter your name, SSN, Date of Birth, zip code, e-mail
Submit
2. Review your information
Next
3. Review the account terms and conditions, “Agree”
Finish

Here's how the HSA works



Earn interest below \$1,000 and choose investment options with balance of \$1,000+

How much does Culligan contribute to my HSA and when?



Hire date	Contribution Single / Family	Date of deposit to HSA account
Prior to 1/1/13-3/31/13	\$500 / \$1,000	4/18/13
4/1/13-6/30/13	\$375 / \$750	7/25/13
7/1/13-9/30/13	\$250 / \$500	10/17/13
10/1/13-11/30/13	\$125 / \$250	12/26/13

Note: You must complete wellness requirements to receive your Culligan HSA contribution

Examples of how the plan works





Meet Jerry, with single coverage



Claim Information	Amount Billed (in-network)	Deductible \$1,250 Jerry Pays	Coinsurance 20% Jerry Pays	Culligan Pays 80% plus Preventive	Jerry's Total
Office visit for illness	\$100	\$100	\$0	\$0	\$100
Allergist (specialist) office visit	\$125	\$125	\$0	\$0	\$125
Blood tests	\$200	\$200	\$0	\$0	\$200
Annual physical (Preventive)	\$300	\$0	\$0	\$300	\$0
Total cost of healthcare services	\$725	\$425	\$0	\$300	\$425
2013 Culligan HSA contribution	—	—	—	—	\$500
Balance in HSA					+\$75

Jerry's physical does not apply to the deductible or cost Jerry anything out of pocket

Note: Example assumes in-network claims and uses in-network deductible and coinsurance rates

*Additional Out-of-Network option with a separate cost structure



Meet Yvonne, who covers her family



Prescription drugs are subject to the deductible and co-insurance

Amount needed to satisfy the family deductible, then co-insurance kicks in

Claim Information	Amount Billed (in-network)	Deductible \$2,500 Yvonne Pays	Coinsurance 20% Yvonne Pays	Culligan Pays 80% plus Preventive	Yvonne's Total
4 office visits for illness	\$400	\$400	\$0	\$0	\$400
Prescription drugs (\$80/month)	\$960	\$960	\$0	\$0	\$960
Well baby checkup (Preventive)	\$200	\$0	\$0	\$200	\$0
Outpatient surgery	\$3,000	\$1,140	\$372	\$1,488	\$1,512
Total cost of healthcare services	\$4,560	\$2,500	\$372	\$1,688	\$2,872
2013 Culligan HSA contribution	—	—	—	—	\$1,000
Yvonne's total costs					\$1,872

Note: Example assumes in-network claims and uses in-network deductible and coinsurance rates

*Additional Out-of-Network option with a separate cost structure



Meet John, with unexpectedly high claims & covers his family



Keep in Mind
 When John's out-of-pocket (OOPM) expenses reach the \$7,000 out-of-pocket limit, the plan would pay 100% of his eligible expenses for the remainder of the year

Note: Example assumes in-network claims and uses in-network deductible and coinsurance rates

Claim Information	Amount Billed (in-network)	Deductible \$2,500 John Pays	Coinsurance 20% John Pays	Culligan Pays 80% plus Preventive	John's Total
3 Office visits for illness	\$225	\$225	\$0	\$0	\$225
Lab work	\$600	\$600	\$0	\$0	\$600
Annual physical (Preventive)	\$300	\$0	\$0	\$300	\$0
Outpatient surgery	\$26,000	\$1,675	\$4,500	\$19,825	\$6,175
Physical therapy	\$1,200	\$0	\$0	\$1,200	\$0
Total cost of healthcare services	\$28,325	\$2,500	\$5,105	\$20,800	\$7,000
2013 Culligan HSA contribution	—	—	—	—	\$1,000
John's total costs					\$6,000 John met the \$7k OOPM

*Additional Out-of-Network option with a separate cost structure

It is important to take prompt action



You can see it's important to budget to help you cover your deductible and coinsurance



How much should you contribute to your HSA?



TIP

At a minimum, consider contributing enough to meet your annual deductible (\$1250/\$2500) after you use the Culligan HSA contribution

Reminder:
Instead of paying higher premiums, you only use the funds you need & keep the remainder in your HSA Bank account

For single coverage, you would need to contribute **\$29 per bi-weekly pay period**

$$\begin{aligned} \$1,250 \text{ deductible} - \$500 \text{ from Culligan} &= \$750 \div 26 \\ \text{pay periods} &= \$28.85 \end{aligned}$$

For family coverage, you would need to contribute **\$58 per bi-weekly pay period**

$$\begin{aligned} \$2,500 \text{ deductible} - \$1,000 \text{ from Culligan} &= \$1,500 \div \\ 26 \text{ pay periods} &= \$58 \end{aligned}$$

NOTE: The Culligan HSA contribution is prorated based on your start date with Culligan

Action required



1. Participate in the Wellness program

- Eligible for the Culligan HSA contribution & access to the lowest medical premiums for 2014.

www.CulliganBetterHealth.com

2. Within your first 60 days

- Complete Biometric screening and MHA (Medical Health Assessment).
- Information is confidential & individual data is not be shared with Culligan.

3. Activate your Culligan Medical Plan HSA account

4. Culligan will make a contribution to your HSA account

5. Earn 400 points in the Wellness Program by September 30th to be eligible for the lowest Medical Premium in 2014

Questions?

