

Companion Care
Community Health Plan

Executive Overview

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I. Conceptual Overview

Companion Care Community Health Plan is built on several proven and fundamental medical care delivery and payment concepts from the health care, managed care and insurance industries. By combining these concepts into a singular overall structure and developing a team concept among independent medical care providers, insurance companies and managed care organizations, Companion Care becomes a simple and seamless alternative to high priced group and individual major medical insurance plans. And thus, provides access to high quality healthcare for the uninsured and underinsured segments of the population without limiting freedom of choice of medical care providers.

II. Product/Plan Design

Exhibit 1 – “Product Building Blocks” illustrates the product concept of Companion Care.

- A. The first level includes a Galaxy Health Savings Card which provides the member with access to medical care service and product providers who agree to provide their services and/or products to active members in return for previously negotiated discounted fees so long as payment is received at the time services are rendered. The card is accepted by Galaxy’s nationwide network of physicians and facilities and will be issued to anyone who applies. Dependent coverage is also available. Other discounted services may also be included such as prescription drugs, dental care, eye care, hearing aids and alternative medicine. A Galaxy Health Savings Card member can expect to receive discounts of from 25% to 70% for covered products and services rendered by a Companion Care participating provider.
- B. The second level is optional, may be skipped in favor of the third level or may be purchased as underlying coverage to the third level. The plan requires that the member a limited hospital and surgical expense insurance policy often referred-to as a “mini-med.” This policy is an indemnity plan that pays benefits directly to the insured according to the policy schedule for covered expenses. In situations where the patient is entitled to a discount, the full benefit amount is paid. Therefore, under certain circumstances the patient may receive benefits in excess of the expenses incurred.

The plan design is as follows:

Requirements -

1. The policy will be issued by a licensed insurance company with an A.M. Best rating of A- or better.
2. The policy includes a provision allowing the insured to assign benefit payments directly to the provider.

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3. The policy provides at least three benefit level tiers.

a. Tier 1

| | |
|----------------------------|-------------|
| Daily Hospital R&B Benefit | \$500.00 |
| Daily ICU/CCU R&B Benefit | \$1,000.00 |
| Surgical Schedule | \$10,000.00 |
| Anesthesia Benefit | \$2,000.00 |
| Accident Medical Expense | \$250.00 |
| Physician Visit* | \$50.00 |

b. Tier 2

| | |
|----------------------------|-------------|
| Daily Hospital R&B Benefit | \$750.00 |
| Daily ICU/CCU R&B Benefit | \$1,500.00 |
| Surgical Schedule | \$15,000.00 |
| Anesthesia Benefit | \$3,000.00 |
| Accident Medical Expense | \$375.00 |
| Physician Visit* | \$75.00 |

c. Tier 3

| | |
|----------------------------|-------------|
| Daily Hospital R&B Benefit | \$1,000.00 |
| Daily ICU/CCU R&B Benefit | \$2,000.00 |
| Surgical Schedule | \$20,000.00 |
| Anesthesia Benefit | \$4,000.00 |
| Accident Medical Expense | \$500.00 |
| Physician Visit* | \$100.00 |

* *Maximum 1 visit per week, 10 visits per year, M.D., D.O. only*

4. Indemnity benefits will be the same whether in network or out of network.
5. Carrier will accept claims repriced by Galaxy pre-adjudication via EDI and will pay benefits to provider and/or patient based on assignment, as appropriate. The carrier will provide an Explanation of Benefits (EOB) to the patient and provider outlining the basis of the claim payment including PPO discounts applied.
6. Premiums for the policy will be based on the following factors:
- a. Benefit level tier selected by the insured.
 - b. Actual age of each insured at the time the policy is issued.
 - c. Whether the policy is issued to an individual or a group.

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Options –

1. The policy may be issued to an individual or a group. (negotiable item)
 2. The policy may require full underwriting, limited underwriting, or may be guarantee issue depending on its issue type and carrier requirements. (negotiable item)
 3. The policy may or may not include pre-existing condition limitations based on policy type, HIPAA or state regulations, or carrier policy. (negotiable item)
- C. The third level provides optional Catastrophic Medical Expense coverage with a calendar year deductible of \$25,000.00 to \$50,000.00. No underlying coverage is required or considered in satisfaction of the calendar year deductible. After the deductible has been met, the plan pays 100% of all covered medical expenses incurred during the calendar year to a maximum lifetime benefit of \$1,000,000.00 or \$2,000,000.00.

Requirements –

1. The policy will be issued by a licensed insurance company with an A.M. Best rating of A- or better.
2. The policy includes a provision allowing the insured to assign benefit payments directly to the provider.
3. Carrier will accept claims repriced by Galaxy pre-adjudication via EDI and will pay benefits to provider and/or patient based on assignment, as appropriate. The carrier will provide an Explanation of Benefits (EOB) to the patient and provider outlining the basis of the claim payment including PPO discounts applied.
4. Premiums for the policy will be based on the following factors:
 - a. Calendar year deductible selected by the insured.
 - b. Actual age of each insured at the time the policy is issued.
 - c. Whether the policy is issued to an individual or a group.
5. Only gross billed charges will be considered in satisfaction of the calendar year deductible (see Exhibit 3 for an example).
 - a. There will be no Coordination of Benefits (COB) with underlying indemnity plans.
 - b. Fully documented Medical Savings Card and/or PPO discounts obtained by the insured will be credited against the calendar year deductible in direct proportion to the

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relative amount of the deductible to the total of all eligible expenses incurred during the calendar year.

Options –

1. The policy may be issued to an individual or a group. (negotiable item)
2. The policy may require full underwriting, limited underwriting, or may be guarantee issue depending on its issue type and carrier requirements. (negotiable item)
3. The policy may or may not include pre-existing condition limitations based on policy type, HIPAA or state regulations, or carrier policy. (negotiable item)

III. Benefits to Participants

Through the Community Health Plan substantial benefits can be derived by all participants:

Benefits to Members

The Companion Care model allows members the freedom to select and obtain services from any provider in any geographic area. However, substantial cost savings can be realized when providers who participate in the Companion Care plan are utilized. The level of participation in the plan selected by the member determines the level of savings that can be obtained. It must be noted that discounts for cash payment will generally be deeper than for situations where payments by the selected insurance plan will be paid in lieu of cash.

- A. If the member chooses to participate only in the Health Savings Card, the member is eligible to receive discounts of varying levels from any provider in the Galaxy network who accepts the Health Savings Card as long as the member pays cash for services at the time they are rendered. Discounts off the provider's usual customary and reasonable fees can range from 10% to 35%. Discounts are not guaranteed unless the member is directed to the provider by a Galaxy customer service representative.
- B. Members who participate in the Health Savings Card are guaranteed to receive the best rate offered by any provider under any circumstances if the provider participates in the Companion Care plan and the member pays cash for services at the time they are rendered. Discounts can range from a low of 25% to as much as 70% or more from the provider's usual customary and reasonable rate.
- C. Members who purchase the optional Hospital/Surgical Indemnity policy are entitled to receive the discounts described in items A and B above in addition to receiving reimbursement for incurred eligible medical expenses based on the tier level of the plan they have selected. The

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reimbursed amount will be paid by the insurance company whether or not the provider participates in the Galaxy Health Network or the Companion Care plan. If benefits are assigned to the provider, the insurance company will pay the benefits directly to the provider up to the amount of the claim. Payments in excess of the claim amount will be paid directly to the insured.

- D. Members who purchase the optional Catastrophic Major Medical Expense policy will be entitled to the benefits provided by the policy whether or not services are provided by a provider participating in the Galaxy PPO or the Companion Care plan. However, if a participating provider is utilized, the deductible amount will be offset at least in part by the applicable network discount as described in Item II. /C. /5.

Benefits to Providers

Providers participate in managed care arrangements to insure steerage to their practice and to receive prompt payment for claims submitted to insurance companies. In return for these two benefits, providers agree to discount their fees. Even under the most favorable circumstances, however, steerage through the typical managed care arrangement is via a listing in a printed or electronic directory where the provider is simply a name, address and specialty among many and payment for their services can take as long as 90 days.

Providers who agree to participate in the Companion Care plan enjoy the benefit of direct steerage and cash payment by the patient at the time services are rendered. Direct steerage is a function of the Customer Service Representative handling phone calls from members seeking a provider in their vicinity who accepts the Health Savings Card and meets their needs.

Providers who participate in the Companion Care plan receive referrals in priority order. Because only a small fraction of the PPO's providers accept the card and even fewer are Companion Care participating providers, it is substantially more likely that a patient will be steered to a Companion Care participating provider. Uninsured Health Savings Card patients must pay for services at the time they are rendered in order to be eligible for a discount. And, if the provider's staff is properly trained, they will instruct the insured patient that they will benefit financially if they will pay the provider immediately and wait for reimbursement from the insurance company.

IV. Credit Cards and Lines of Credit

Two credit facilities are available to Galaxy Health Savings Card members.

- A. The American Express Health Pay Plus card is a private-labeled credit card that offers features not previously available through American Express, including:

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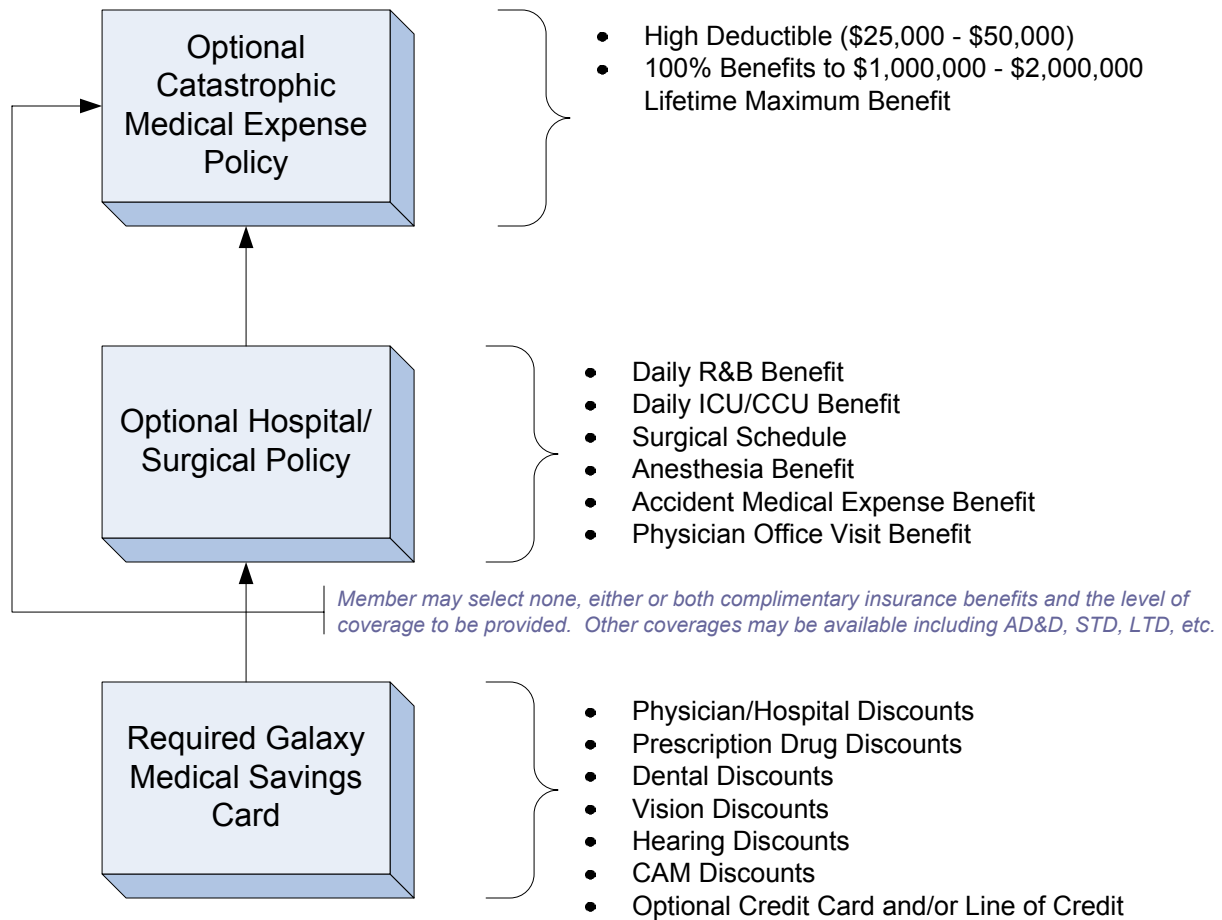
1. Credit amounts from \$1,000 to \$25,000 with a target amount of \$3,000 to \$4,000.
 2. Relaxed credit underwriting and simplified approval
 3. Health care only charges; the patient cannot use the card for the purchase of non-health care related items.
- B. CareCredit from GE Consumer Finance is a health care line of credit program that may be used at physician, dentist, hearing and other medical care practitioners' offices as well as for inpatient and outpatient acute and ambulatory care facilities. CareCredit offers:
1. Credit amounts from \$300 to \$25,000 with a target amount of \$5,000 to \$6,000.
 2. Relaxed credit underwriting and simplified approval.
 3. Health care only charges similar to the American Express card described above.

Both credit programs were created in order to provide Galaxy Health Savings Card members with a means to pay for medical care services at the time they are rendered; thus making them eligible to receive discounts under the Companion Care model. This serves two purposes; 1- the patient is entitled to the deepest discounts available when services are performed by a Companion Care participating provider and; 2 – the provider is assured that he or she will receive full payment at the time services are rendered.

In order to effectively participate in the Companion Care plan, providers must be willing to accept American Express and CareCredit cards and must consider payment from these programs to be the same as cash.

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Product Building Blocks



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Community Health Plan Building Blocks

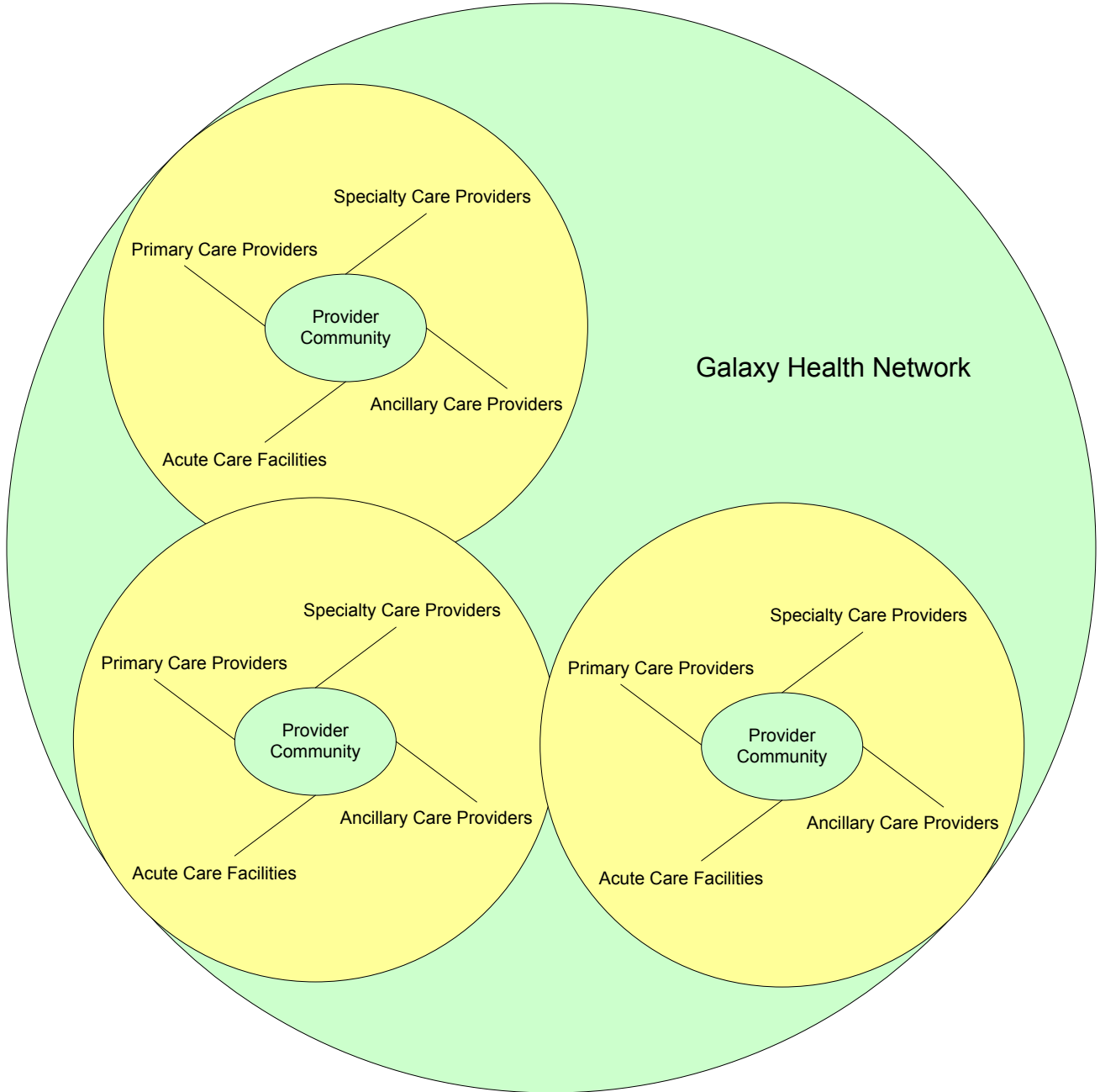


Exhibit 2