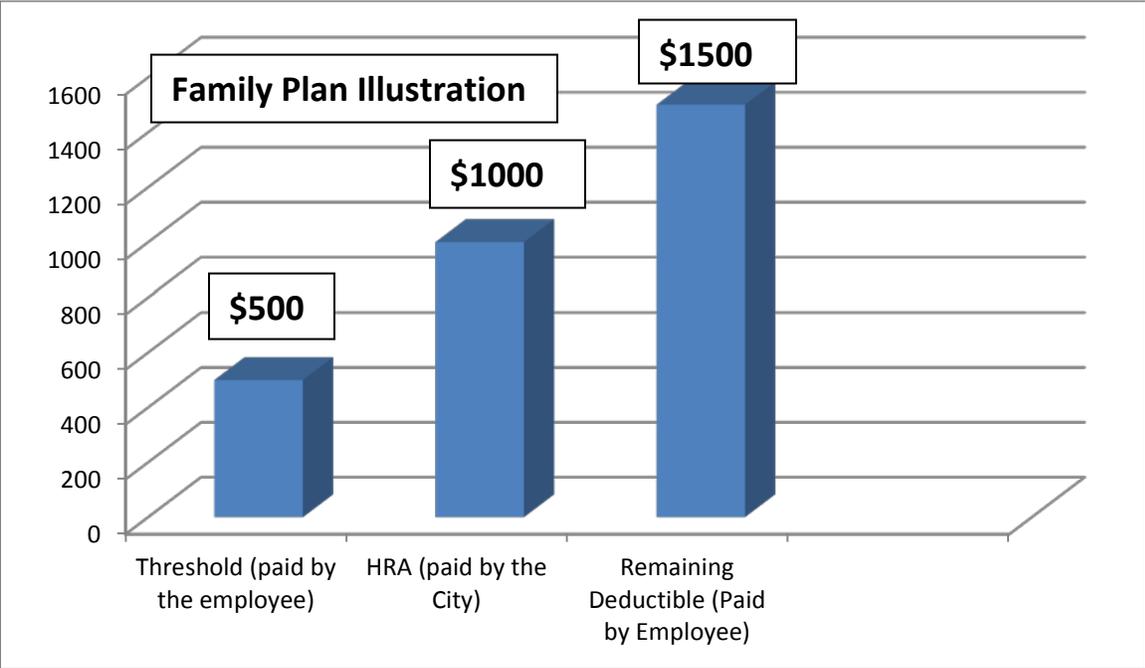
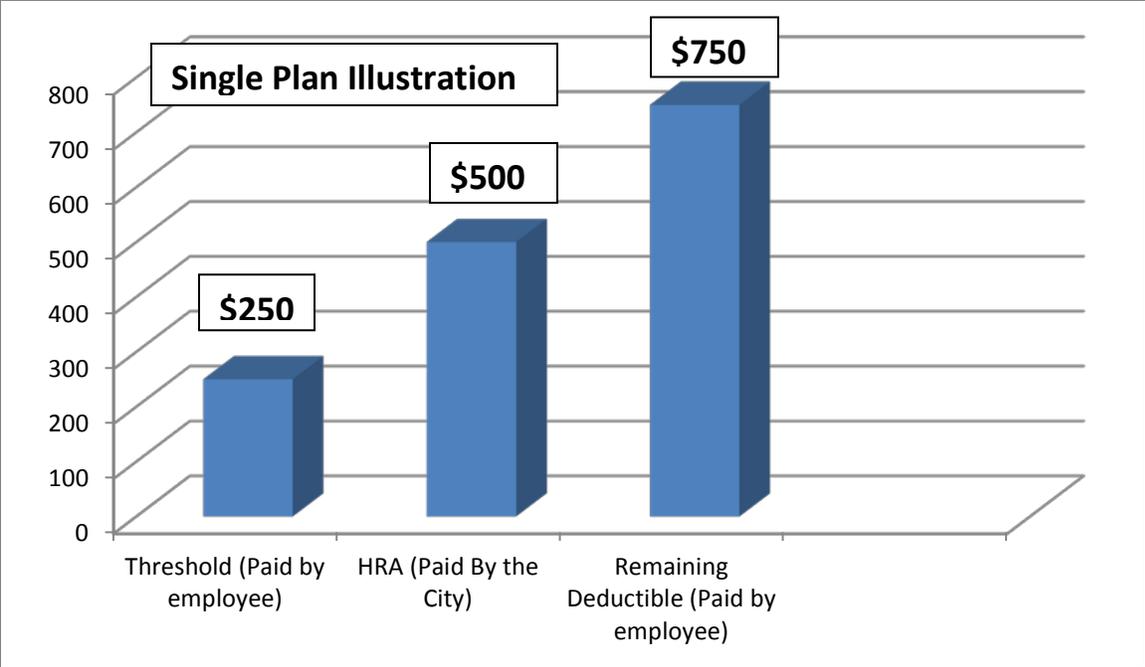


EXPLANATION OF HIGH DEDUCTIBLE PLAN

1. The deductible must be met before the insurance begins paying claims. The deductible is as follows:
 - a. Single – 1500 Annually
 - b. Family – 3000 Annually
2. Once the deductible is met the insurance pays 80% and the Employee/Retiree pays 20% with two exceptions
 - a. Certain preventative benefits are paid at 100% with no deductible.
 - b. The actual cost of staying in the hospital is paid at 100%. This is the per diem charge that pays for the bed, television, nursing services etc.
3. The question becomes - How is the deductible paid. The answer is: Partially by the city and the remaining part by the employee. (SEE ATTACHED CHART)
4. An important note to remember is that employees can use funds that they put in Flexible Spending Accounts to pay any out-of-pocket expenses associated with the High Deductible Plan. Retirees, however, don't have access to Flexible Spending Plans.



Order of Payment – Employee must meet threshold first (Employee Paid), Then HRA begins paying claims (City Paid), Once HRA is exhausted Employee picks up remaining deductible (Employee Paid). Once deductible is met, the employee is responsible for 20% of each claim processed.

HRA Rollover Feature – At the end of the plan year any unused HRA funds – up to a maximum of the annual contribution –can be rolled over to the new plan year.

NOTE: This HDP only applies to Medical Claims. RX, Mental Health, Substance Abuse and Dental remain the same.