

High Deductible

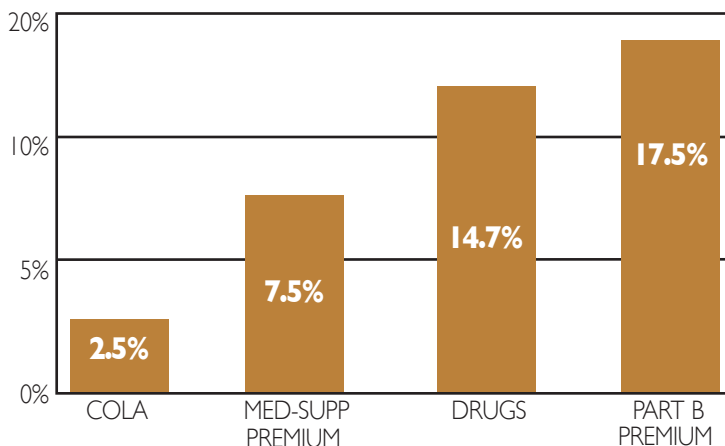
Low Cost Policy Helps Seniors

If you've been out of the Medicare Supplement market for a while or if you want to broaden your Med-Supp capabilities and increase your sales, we have a winner for you! Effective this month, United American is offering **High Deductible Plan F (HDF)** for the first time in approved states. This is an exciting approach to Medicare Supplements and will make health coverage more attainable for many Seniors.

According to Weiss Research, "If you are relatively healthy and currently only incur routine medical expenses, you should purchase a catastrophic, or high-deductible health insurance policy that would kick in when your medical bills exceeded a predetermined level." *Weiss Ratings' Consumer Guide to Medicare Supplement Insurance, Summer 2004*

This product comes at an especially critical time for many Seniors and retirees who find themselves being squeezed by rising insurance premiums, higher prescription costs, and modest Cost Of Living Adjustments (or COLAs). Over the past several years, there's been a wide margin between Seniors' Social Security income and their expenses. In fact, health insurance rate increases have outpaced COLA increases by nearly three times. For Seniors wanting Medicare Part B covered services, \$78.20 is deducted monthly from their Social Security checks in 2005 – a 17.5 percent increase and the largest in Medicare's history.

Social Security COLA vs. Medical Cost Increases



But these are not the only costs that affect Seniors' budgets. Out-of-pocket prescription drug spending grew from \$644 in 2000, to \$999 in 2003, and is projected to reach \$1,454 in 2006. We're concerned about these budget constraints. Seniors shouldn't have to choose between paying for basic living expenses and needed medications, or paying health insurance premiums. That's why we're introducing the HDF policy.

Q: Why should Seniors buy an HDF policy?

A: Why pay for claims they may never have?

When United American reviewed the 2003 policyholder claims under our Plan F Med-Supp policy, 84 percent of our policyholders ages 65 to 67 had claims under \$1,730. The average claim was \$412. Why use

UA 2003 Plan F Policyholder Claims*

Claim Amount	Age 65-67		Age 68-72	
	% of Policyholders	Average Annual Claims	% of Policyholders	Average Annual Claims
Under \$200	37%	\$83	27%	\$97
Under \$500	59%	\$173	50%	\$205
Under \$1,000	74%	\$283	67%	\$332
Under \$1,730 (deductible)	84%	\$412	80%	\$489

*per Company statistics

\$1,730 as our yardstick? That is the federally determined calendar-year deductible for all HDF Medicare Supplement policies for 2005. At first glance, this may seem like a substantial deductible for your customer to handle, but consider the fact they may already be paying this amount, or more, for their current insurance premium.

For Seniors who are healthy and whose claims are small, an HDF policy is a superior way to achieve premium savings and cap their risk at \$1,730. United American believes our High Deductible Plan F (HDF) offers solid protection against the gaps in Medicare and helps provide a great solution to Seniors' budget concerns.