

Your Letterhead

Risk Memorandum

Health Reimbursement Account Model Feasibility, Funding and COBRA Rates

To: William Jones
XYZ Service Company
124 Main Street
Raleigh, NC 27601

From: Joseph Johnson

Re: HRA Model: Health Care Plan of XYZ Service Company
Projected Plan Year 1-1-2010 through 12-31-2010

Date: April 23, 2010

1. Feasibility Analysis

	<u>Projected Annual Costs</u>	
	<u>Traditional</u>	<u>HRA Model</u>
Participant	\$1,000,000	\$1,500,000
HRA (Employer-Financed)		1,500,000
High Deductible Health Plan		2,000,000
Low Deductible Health Plan	4,000,000	
Total	\$5,000,000	\$5,000,000

2. Funding and COBRA Rates

<u>Tiering</u>	<u>Monthly Rates</u>	
	<u>Funding</u>	<u>COBRA</u>
Individual	\$60	\$65

Participant/Child(ren)	\$100	\$110
Participant/Spouse	\$120	\$130
Family	\$150	\$160

Notes: A Risk/Actuarial Work-Product is attached hereto and is the basis of the data above-displayed.