

A DIFFERENT HSA FOR A HEALTHIER LIFE

Health Savings Account Proposal

Table of Contents

Welcome..... 1

Heath Savings Accounts (HSAs) 2

What is an HSA? 2

Benefits 3

Triple Tax Savings3

Unused Contributions Accumulate3

Investment Options.....3

Flexibility.....3

Portability.....3

Freedom3

Contribution Methods 5

Employer5

Contributions Based on IRS Compatibility Rules5

Contributions Made Through a Section 125 Cafeteria Plan5

Matching Contributions5

Wellness Contributions5

Employee6

Payroll Contributions6

Check & Electronic Funds Transfer Contributions6

Family Contributions.....6

Contribution Limits6

The eBenefits Administrators Difference 7

Comprehensive Administration 7

Special Features 9

Online Account Access9

The TSYS® My Care Card9

HIPAA-Compliant Document & Claims Storage.....9

Optional Wellness Programs & Tools 10

Health Advocate™10

Consult A Doctor™11

My Health Mall™12

My WellChoice+12

HSA Packages 13

Bronze.....13

Silver13

Gold13

Platinum13

Fee Schedule 14

Frequently Asked Questions..... 16

Notes..... 19



We **thank you** for the opportunity to present our comprehensive employee benefit solutions.

Welcome

As an independent business that offers third party administration, eBenefits Administrators, Inc. understands the best way to help your business is to do it all. Our firm understanding of both brokerage and TPA services ensures a benefit strategy that maximizes the value of your insurance and saves you and your employees money.

Once we have your business, we plan on keeping it. We’ve invested heavily in the latest online technologies, providing you and your employees with a wealth of tools that simplify the claims process, eliminate paperwork, educate everyone on how plans work and provide unsurpassed access to account information. In addition, we also offer best-in-class services so employees can better manage wellness, chronic care needs, disease prevention and embark on a proactive strategy to improve their overall health.

Over the next few pages, we hope to give you a better understanding of Heath Savings Accounts and why eBenefits Administrators should be the only choice for your HSA administration needs.

You’ll be pleased with our work, or we won’t be. **That’s our promise.**





HSAs put health care decisions
back in the hands of **consumers**.

Health Savings Accounts (HSAs)

What is an HSA?

An HSA is a tax-exempt savings account that is owned by an employee, and contributions may be used for the payment of current and future qualified medical expenses on a tax-free basis. HSAs allow employees to make their own health care decisions. Employees understand their needs better than anyone, so it stands to reason that they - not an insurance company - should decide how to spend their money.

In order to take advantage of HSAs, you must be covered by a qualified High Deductible Health Plan (HDHP). Employers and employees both benefit greatly by HDHPs. HDHPs reduce employer expenses by lowering the amount they spend on health insurance premiums. With the employer spending less money on insurance premiums, they can put more money back into their employees' pockets in the form of HSA contributions.

eBenefits Administrators provides complete, comprehensive administration of HSA services. See page 7 for detailed information.



Funds can be used now or saved
for **future health expenses**.

Benefits

Triple Tax Savings

Contributions are tax-free, potential interest gains are tax-free and distributions are tax-free when used to pay for qualified medical expenses.

Unused Contributions Accumulate

The remaining account balance conveniently rolls over year after year.

Investment Options

Features include management workflows for automatic investment, redemption and real-time balance updates. There is also support for external HSA investment portals, enabling employees to automatically transfer HSA cash balances in/out of their investment accounts.

Flexibility

Funds can be used to pay for current medical expenses such as deductibles, coinsurance and co-payments, as well as dental and vision care and over-the-counter medications not covered by the insurance plan.

In addition, the money can be saved and used for future needs such as:

- Health insurance or medical expenses during times of unemployment or temporary layoff
- Medical expenses after retirement before Medicare
- Out-of-pocket expenses when covered by Medicare
- Long-term care expenses and insurance

Portability

Accounts move with employees even if they change jobs or retire.

Freedom

Employers can set up and/or change insurance plans without changing their HSA administrator or custodian, since eBenefits Administrators is an independent administrator.



Reduce costs while providing employees with a great incentive to live a **healthier lifestyle.**

Contribution Methods

Employer

There are two primary methods for employers to add contributions to their employees’ HSAs:

Contributions Based Upon the IRS’ Comparability Rules

All contributions made to employees must be the same. Variances are allowed only if they are based on employees’ dependency status.

Contributions Made Through a Section 125 Cafeteria Plan

Governed under Section 125 of the internal revenue code, employee-funded Section 125 Cafeteria Plans help both employers and employees save money by using tax-free dollars to pay for eligible expenses. Every HSA dollar deducted pre-tax through a Section 125 Cafeteria Plan saves the employer 7.65% in matching FICA.

Employers can avoid the IRS’s comparability rules with this method and choose from one of the following options:

Matching Contributions

If an employee makes HSA contributions via payroll deduction, the employer can match that contribution or a percentage of it.

Wellness Contributions*

If the employer adopts a wellness program (see page 10 for detailed information), they can base HSA contributions on employee participation in various wellness initiatives. Contributions can be based upon:

- Health risk assessment questionnaire participation
- Biometric screening(s) participation
- Monthly wellness seminar attendance
- Wellness challenge participation
- Achievement of set health and fitness goals

Contributions can be a set dollar amount, or they can be established by implementing a point system with a dollar value assigned to the points being earned.

Note: A third contribution option can be a combination of the two options above.

* Subject to the Section 125 nondiscrimination rules and eligibility requirements. Contributions and benefit tests, as well as key employee concentration tests, must be applied.



Employee

There are several ways for employees to add contributions to their HSAs:

Payroll Contributions

Contributions are deducted pre-tax. Payroll contributions made pre-tax through a Section 125 Cafeteria Plan also save the employee additional state and FICA taxes.

Check & Electronic Funds Transfer Contributions

These contributions can be deducted when an employee files their personal income tax return.

Family Contributions

Contributions can also be made by other family members as long as the collective amount does not exceed the annual contribution limit.

Contribution Limits

The IRS contribution limits for HSAs are as follows:

	2009	2010
Individual (self-only) coverage	\$3,000	\$3,050
Family coverage	\$5,950	\$6,150

HSA contribution limits are based on taxable years, even if the health plan renews at a time other than the calendar year. The same annual contribution limit applies whether the contributions are made by the eligible individual, by the employer of the individual or by any other person.

Contributions are calculated on a monthly basis and cannot exceed the monthly limitations for all months in which the employee is an eligible individual. However, new IRS legislation allows an individual to contribute up to the IRS maximum limits listed above regardless of their deductible.

Note: Individuals age 55 and older can also make additional “catch-up” contributions until they enroll in Medicare. The max annual catch-up contribution for 2009 is \$1000.



We will ensure an employee’s monthly election does not exceed the IRS mandated limit for the applicable tax year.

We are dedicated to providing all-inclusive, on-call customer care before, during and after enrollment.



The eBenefits Administrators Difference

Comprehensive Administration

eBenefits Administrators provides complete, comprehensive administration of HSA services. Our experienced team effortlessly navigates the complex world of HSAs, taking care of enrollment, account set-up, implementation, education, staff training and account administration with complete financial integration.

To ensure successful and effective plan adoption, we thoroughly cover tax advantages, general IRS rules, contributions and qualified expenses. Most importantly, we give employees the personalized support they need to understand and utilize all of the advantages an HSA offers. We are dedicated to providing all-inclusive, on-call customer care before, during and after enrollment. An employee can simply pick up the phone or email us anytime they have a question or concern.

myHSAfunds.com



myHSAfunds.com provides convenient and **user-friendly account access.**

Special Features

Online Account Access

Participants may access their HSA information via our secure web site, www.myHSAfunds.com.

myHSAfunds.com allows 24/7 access to the following:

- Account balances & payment history
- Deposit & withdrawal capabilities
- Important forms & documents
- Latest news & benefit updates
- Account statements
- Investment options



The TSYS® My Care Card

The TSYS My Care Card is a Visa® debit card which enables employees to pay for eligible out-of-pocket expenses directly from their accounts. Transactions post online instantly, eliminating the hassle of claim forms and reimbursement checks and, in most cases, the need to submit receipts. The card is unequalled in its ability to provide convenience to the employee and simplify HSA administration, and employees may track expenditures and remaining account balances at www.mycarecard.com.

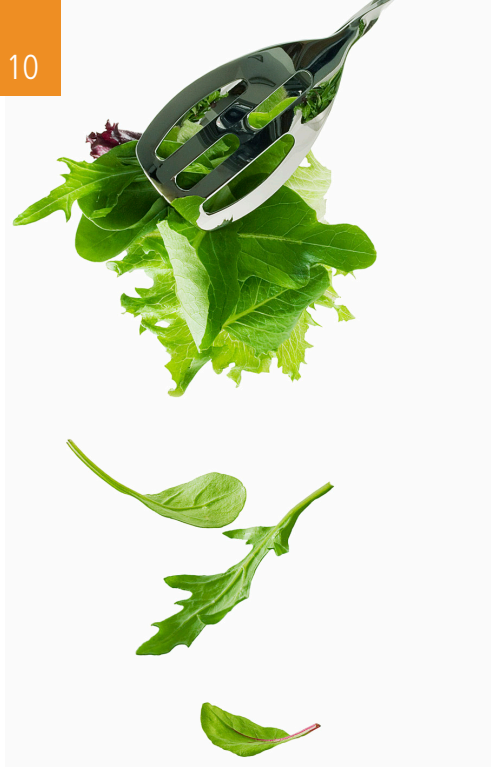
HIPAA-Compliant Document & Claims Storage

We validate and electronically store all eligible expense receipts. Participants have peace of mind knowing their claims meet IRS requirements for tax-free status and that receipts can be emailed to them upon request or in the event we need to validate any account withdrawals due to IRS requirements.

Most importantly, all documents and claims are stored in a HIPAA-compliant SAS 70 certified document storage system. HIPAA security guidelines advocate protection of private consumer medical records along with industry accepted technology protocols for transmitting and storing consumer medical information.



Say goodbye to the “shoebox” rule with **electronic claims storage.**



Optional Wellness Programs & Tools

Poor diet, lack of exercise, smoking, obesity and stress are prime factors in 80% of costly chronic disease. Rising health care costs can be significantly controlled when individuals change unhealthy behaviors and take charge of their health. We offer best-in-class services so employees can better manage wellness, chronic care needs, disease prevention and embark on a proactive strategy to improve their overall well-being.

Health Advocate™

Navigate through the world of health care with confidence! This one-on-one program saves employees time and money while easing the burden placed on HR staff.

Health Advocate's services are delivered by a team of independent registered nurses, medical directors and administrative experts who aid consumers with clinical and insurance issues. The program addresses the entire family's needs including the employee, employee's spouse or domestic partner, dependent children and parents and parents-in-law.



A participant can make a toll-free call to their assigned personal health advocate whenever they need to resolve a range of time-consuming tasks such as deciphering claims, locating the best medical facilities and specialists, assisting with eldercare and much more. Below is a more detailed list of Health Advocate's features.

- Finds the best doctors, dentists, hospitals and other health care providers anywhere in the country
- Expedites appointments including hard-to-reach specialists
- Arranges specialized treatments and tests
- Provides comparative health cost estimates
- Negotiates billing and payment arrangements
- Assists with eldercare such as finding adult daycare, assisted living and other related issues facing parents and parents-in-law
- Works with insurance companies to obtain appropriate approvals for needed services
- Obtains unbiased health information about complex medical conditions to help make informed decisions
- Helps resolve insurance claims
- Answers questions about test results, treatments and medication prescribed by physicians
- Assists in the transfer of medical records, x-rays and lab results
- Locates and researches the newest treatments for a medical condition
- Explains benefits and helps facilitate access to appropriate care

Consult A Doctor™

Reach a licensed physician anytime, anywhere.

Consult A Doctor provides participants with on-demand, 24/7 phone and email access to U.S. based and licensed physicians. Participants and their families can connect instantly with Consult A Doctor's network of physicians for information, advice and treatment including prescription medication when appropriate. There are no waiting rooms, no insurance forms, no limitations on usage and no one is denied. Best of all, there is no copayment from the employee and no cost against the health plan.



Receive treatment and advice from
licensed physicians at any time
without the hassle of copayments
and waiting rooms.



12

My HealthMall™

Purchase pharmacy, vision, nutrition and wellness products online from one convenient web site.

MyHealthMall is a one-stop destination for accessible, affordable health-related products. The consumer receives discounts or cash back for every eligible purchase, and they can even make purchases using their Flexible Spending Account, Heath Reimbursement Arrangement or Health Savings Account dollars.

My Wellchoice+

An affordable wellness program that is easy to launch, promote and measure.

My Wellchoice+ participants receive customized plans for fitness, nutrition, stress management, smoking cessation, and even virtual trainers for safe and effective health and weight loss programs. Participants not only gain the rewards of good health, but they can also significantly reduce health care-related costs and sick days. In addition, individuals may participate in on-site and mail-in biometric screenings to measure annual progress toward goals and potentially catch serious diseases before symptoms begin to show.

My Wellchoice+ offers customized fitness plans that suit each individual’s unique goals and lifestyle.



13

HSA Packages

We offer a variety of affordable packages to fit your budget. Custom package design is also available. Please call 800.494.6804 for more information.

	 Bronze	 Silver	 Gold	 Platinum
Plan administration	✓	✓	✓	✓
On-call member care	✓	✓	✓	✓
Online account access	✓	✓	✓	✓
Debit card access	✓	✓	✓	✓
Document & claims storage	✓	✓	✓	✓
Health Advocate™		✓	✓	✓
Consult A Doctor™				✓
My HealthMall™	✓	✓	✓	✓
My Wellchoice+			✓	✓
Fee per participant*	\$4.50	\$5.75	\$7.75	\$9.75

* Fee subject to change.

The eBenefits Administrators Difference

The eBenefits Administrators Difference

Fee Schedule

Administration	
Setup fee per account	No fee
Section 125 Cafeteria Plan document fee (if applicable)	\$300.00
Monthly fee per account	Refer to page 13
Reporting	
Electronic copy of 1099 or 5498	No fee
Paper copy of 1098 or 5498	\$4.00
Deposit Methods	
Electronic contribution methods	No fee
• Automated Clearing House (ACH) transfer	
Fee-based contribution methods	\$3.00
• Required money service fee per account of:	
- The UPS Store™	
- MoneyGram® Express PaymentSM	
- Mail-in check or money order	
Debit Card Access	
Primary embossed debit card	\$3.00
Dependent debit cards (each)	\$3.00
Monthly debit card fee	No fee
Card reissue or replacement	\$10.00 each

Other	
Account closing	\$25.00
Online account access	No fee
Monthly online statement	No fee
Quarterly paper statement	\$5.00

Getting started is easy!
Simply call **800.494.6804**
to begin the enrollment process.



Frequently Asked Questions

What type of High Deductible Health Plan (HDHP) do I need to have in place?

You must have coverage under an HSA-qualified HDHP to open and contribute to an HSA. Generally, this is health insurance that does not cover first dollar medical expenses.Under Federal law, an HSA-qualified HDHP has the following characteristics:

Minimum Deductible	2009	2010	Maximum Out-of-Pocket Limit	2009	2010
Individual (self-only) coverage	\$1,150	\$1,200	Individual (self-only) coverage	\$5,800	\$5,950
Family coverage	\$2,300	\$2,400	Family coverage	\$11,600	\$11,900

Are there any additional requirements for individuals who want to participate?

Eligible individuals include those who are:

- Not covered by any other health insurance plan that provides reimbursement for incurred health expenses, unless it is another HSA-qualified HDHP (An individual cannot double their HSA contribution if they have coverage with two HSA-qualified HDHPs.)
- Not enrolled in Medicare, Medicaid or Tricare (military health care)
- Not claimed on another individual’s tax return

How is money deposited into an HSA?

eBenefits Administrators will manage the movement of employee contributions (and employer contributions, if applicable) to their HSA accounts on a monthly basis. Although custom contribution schedules can be created, most of our clients choose to make HSA deposits on the date of the second payroll of each month (for bi-weekly and semi-monthly frequencies). This scenario allows the employer to collect 100% of the employee contributions via payroll deduction before moving the funds from the employer’s bank account to the individual HSA accounts.

Can you have a Flexible Spending Account combined with an HSA?

A general-purpose Flexible Spending Account (FSA), which fills in gaps between health plan premiums and out-of-pocket expenses, would prevent an individual from being eligible for HSA contributions. However, limited-purpose FSAs do not prevent HSA eligibility. A limited-purpose FSA may only permit coverage for vision, dental and preventive care and must be specifically spelled out in the Section 125 Cafeteria Plan document. The limited-purpose FSA can be very beneficial to participants. Just as with a general purpose FSA, 100% of the election will be available at the start of the plan year.

What medical expenses are eligible?

Below is a quick reference list of eligible expenses according to Section 213 (d) of the Internal Revenue Code. This listing may not be inclusive of all eligible expenses. For more information, please view IRS Publication 502 at www.irs.gov/pub/irs-pdf/p502.pdf.

Eligible Medical Expenses

- Abdominal supports
 - Acupuncture
 - Air conditioner (due to breathing difficulty)
 - Alcoholism treatment
 - Ambulance
 - Anesthetist
 - Arch supports
 - Artificial limbs
 - Autoette (for relief of sickness/disability)
 - Birth control pills (if prescribed by physician)
 - Blood tests
 - Blood transfusions
 - Braces
 - Cardiographs
 - Chiropractor
 - Christian science practitioner
 - Contact lenses
 - Contraceptive devices (prescription)
 - Convalescent home (medical treatment only)
 - Crutches
- Dental treatment
 - Dental X-rays
 - Dentures
 - Dermatologist
 - Diagnostic fees/devices (diagnosing illness and disease)
 - Diathermy
 - Drug addiction therapy
 - Drugs (prescription)
 - Elastic hosiery (prescription)
 - Eyeglasses fees paid to health institute prescribed by a doctor
 - FICA and FUTA tax paid for medical care service
 - Fluoridation unit
 - Guide dog
 - Gum treatment
 - Psychoanalyst/psychologist
 - Psychotherapy
 - Radium therapy
- Registered nurse
 - Special school costs for handicapped
 - Spinal fluid test
 - Splints
 - Sterilization
 - Surgeon
 - Telephone/ TV equipment to assist the hard-of-hearing
 - Therapy equipment
 - Transportation expenses (relative to health care)
 - Ultraviolet ray treatment
 - Vaccines
 - Vasectomy
 - Vitamins (if prescribed by physician)
 - Wheelchair
 - X-rays

Eligible Over-the-Counter Drugs

- Allergy medications
 - Antacids
 - Antibiotic ointments
 - Anti-diarrhea medicine
 - Calamine lotion
 - Cold medicine
 - Cough drops/throat lozenges
 - First aid creams
 - Motion sickness pills
- Nicotine medications
 - Nasal sprays
 - Pain relievers
 - Pedialyte®
 - Sinus medications
 - Sleep aids
 - Suppositories/creams for hemorrhoids
 - Wart removal medication



Contact lenses are an eligible expense.

What medical expenses are ineligible?

Below is a quick reference list of ineligible expenses according to Section 213 (d) of the Internal Revenue Code. This listing may not be inclusive of all ineligible expenses. For more information, please view IRS Publication 502 at www.irs.gov/pub/irs-pdf/p502.pdf.

Ineligible Medical Expenses

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> • Advance payment for services to be rendered next year • Athletic club membership • Automobile insurance premium allocable to medical coverage • Boarding school fees • Bottled water • Commuting expenses of a disabled person • Cosmetic surgery and procedures • Cosmetics, hygiene products and similar items • Funeral, cremation or burial expenses | <ul style="list-style-type: none"> • Health programs offered by resort hotels, health clubs and gyms • Illegal operations and treatments • Illegally procured drugs • Maternity clothes • Penalties for failure to pre-certify according to health plan rules • Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits • Scientology counseling | <ul style="list-style-type: none"> • Social activities • Special foods and beverages • Specially designed car for the handicapped other than an Autoette or special equipment • Swimming pool • Travel for general health improvement • Tuition and travel expenses to send a problem child to a particular school |
|--|--|--|

Ineligible Over-the-Counter Drugs

- Acne treatments
- Cosmetics (including face cream and moisturizer)
- Dietary supplements
- Fiber supplements
- Herbs
- Lip balm (including ChapStick® or Carmex®)
- Medicated shampoos and soaps
- Toiletries (including toothpaste)
- Vitamins (daily)
- Weight-loss drugs for general well-being

Multivitamins and dietary supplements are **not eligible**.



Notes





For more information about HSA administration or additional services offered by eBenefits Administrators, please call **814.866.9400** or toll-free **800.494.6804**.

4740 Peach Street • Erie, PA 16509 • www.ebeneadmin.com
David W. Shull, RHU, President • dwshull@ebres.com

