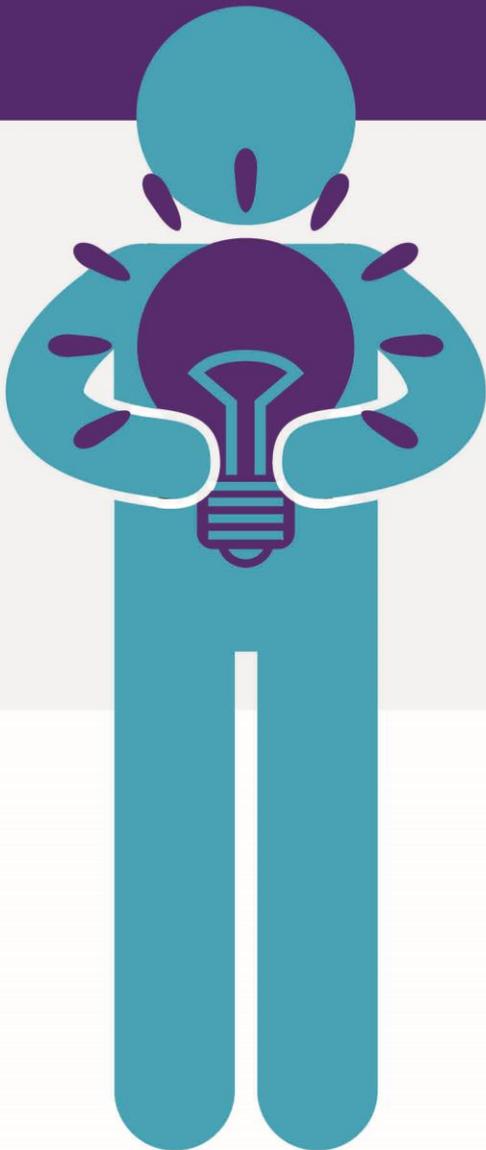


HEALTH ACCOUNTS

.....powered by.....
HealthEquity

Proposal for HSA Administrative Services



THE POWERFUL &
easy health account
SOLUTION

HealthEquity[®]
Building Health Savings[™]



A *simpler* approach to consumer-driven health care

HealthEquity delivers a fully-integrated approach to consumer-driven health care that combines our industry-leading health care account solutions with your health plan. It's an approach that means easy enrollment, less paperwork, and a hassle-free claims process.

For employers, it means simplified account management; online tools, resources, and education; and the dedicated service and support that set HealthEquity apart within our industry. For employees, it means health care accounts they can understand and use, with live Member Services support every hour of every day.

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April 27, 2016

Dear California's Valued Trust (CVT) District:

We know you have a choice when selecting a partner for HSA administrative services.

Why Choose HealthEquity?

- Health Equity offers an industry-leading Health Savings Account (HSA) solution that enables your benefits program to thrive amidst healthcare reform.
- 100% focus on your success: our experienced services help you to deliver a highly popular benefit that drives real savings.
- We'll take you there: our 24x7 team of highly trained account mentors are the best in the business at helping consumers accept, adopt, and fully embrace our elegantly simple solution.

Enclosed is HealthEquity's proposal for HSA administrative services. We are proposing an end-to-end solution – from initial setup, to employee enrollment and education, to ongoing reimbursement of claims, to reporting and auditing – that will give you the visibility, accountability, and control you are looking for in a HSA solution.

HealthEquity services more than 2.1 million HSAs. We serve 32,000 employers nationwide including large and small corporations, non-profit institutions, municipalities, trusts as well as 80 health plans throughout the country. We are one of the top HSA administrators in the country and the largest non-bank custodian.

Properly designed Consumer Directed Health Plans (CDHP) motivate employees to adopt healthy habits and pursue cost-effective healthcare without compromising prevention and treatment. We are committed to supporting your benefit package and improving employee engagement by helping each participant effectively manage their HSA. Employees will enjoy access to HealthEquity account mentors, every hour of every day.

We look forward to working with you. Thank you for your consideration.

Sincerely,

HealthEquity

Executive summary

You want an HSA administrator with depth of experience and leading-edge services. HealthEquity has been providing health care account administration since January 2003 with Medical Savings Accounts (MSA), and Health Savings Accounts (HSA) administration since they were first made available by law, in 2004. We've also been providing Flexible Spending Accounts (FSA) and Health Reimbursement Account (HRA) administration since January 2007. We offer integrated account services to streamline the process and combine accounts for the benefit of both members and employers.

The following services are provided as part of HealthEquity's HSA administration services:

- FDIC insured account for each account holder - up to FDIC dollar limits
- Recordkeeping for claims, payments, and contributions
- Regular online statements
- Tax documentation
- HSA debit cards (Visa[®])
- U.S.-based, live member support and education, every hour of every day
- Integrated HealthEquity PayChoice™ automatic bill pay and self-reimbursement platform
- Best-In-Class integrated investment options
- Online contribution management for employers and employees
- New services, including HealthEquity mobile phone app and documentation library (for iPhone and Android)

About HealthEquity

We are the oldest and largest dedicated HSA custodian/administrator in the country and are recognized as the fastest growing of the top 10 HSA custodians. Our integrated health-care accounts approach delivers a superior experience by providing employees with access to their claims through a single member portal, regardless of their health, dental, vision insurance providers, or pharmacy benefit manager. This integrated approach allows our members to have a single view into their health savings, health spend, and reimbursement. Our member website has been ranked #1 in the industry.

From the beginning, HealthEquity has emphasized providing an exceptional client and member experience. We believe that a responsible HSA administrator has to be more than a bank. We have to be a combination of a business partner, consultant, educator, and coach.

As an IRS-approved non-bank custodian, HealthEquity offers the unique combination of healthcare and banking that employees have come to expect. We will help streamline your benefit offering through our administration of HSA services, claims reimbursement processing, and educational support.

We go beyond just having a finely tuned, specialized IT platform for the solution, a highly usable web portal, and a skilled staff to give you flawless administration. We also provide the human touch for members at all hours of the day and night, every day of the year.

Our chief differentiators

HealthEquity offers employers and members:

- **Timely execution:** Complete data integration between HealthEquity and CVT enables timely execution before, during, and after enrollment
- **Simple, elegant solutions:** Intuitive online administration tools designed specifically for consumer-driven healthcare.
- **Powerful resources:** Dedicated support and education for districts through our employer services team, employer portal, and other tailored tools
- **Convenience:** Employers and members benefit from proprietary web capabilities featuring online payments and real-time claims data.
- **Account mentors:** Through our always-available member service center we provide a unique customer experience, delivered by a knowledgeable team that offers expert advice and insight to maximize savings.
- **Compelling insight:** We understand healthcare consumers and speak effectively to their values and experiences. Our tailored communications provide a clear, positive message that engages employees and inspires greater adoption.

What you can expect from HealthEquity as your CDHP partner

HealthEquity believes that helping employees and dependents become better educated consumers of healthcare will best support their personal health and financial fitness, at the same time better managing the year-to-year cost trend experienced by their employer.

Our key goals are to:

- Support the long-term reduction of your medical plan cost trend
- Ensure a convenient and profound consumer experience, and improve employee health through timely and convenient employee engagement
- Educate and assist your employees every hour of every day
- Provide all your participating employees and their dependents with convenient, online healthcare decision-support tools, and provider payment options

District acceptance process

Simply complete the attached form indicating that you would like to participate and return it to CVT. CVT is integrated with HealthEquity and will be providing enrollment data on your employee's behalf. CVT will provide appropriate enrollment materials for employees to select opening an HSA account.

HSA Administrative Services

HealthEquity is approved as a non-bank administrator and custodian by the IRS. HealthEquity provides all the services for the account holder (*listed below*), but the funds will be deposited in an FDIC-insured financial institution first. The following services are provided as part of HealthEquity's HSA administrative services:

- FDIC insured account for each account holder - up to FDIC dollar limits
- Recordkeeping for claims, payments, and contributions
- Monthly online statements
- Tax reporting
- HSA debit cards
- U.S.-based member support and education, every hour of every day
- Integrated HealthEquity PayChoice™ automatic bill pay and self-reimbursement platform
- Integrated investment options delivered through HealthEquity Advisors™
- Online contribution management for employer and employees

Integrating medical, dental, vision & pharmacy claim data

Integrating the medical, dental, vision and pharmacy claim information from your participating health plan(s) and prescription drug managers (PBM) with pre-tax accounts and an online bill pay system creates the ability for members to create a lifetime record of all their medical expenses and how they were paid.

HealthEquity has a wide range of experience in accepting data files from many combinations of health plan partner claim systems. As long as the information can be "pushed" out, HealthEquity can receive it and integrate it.

Contribution Process

HealthEquity offers 3 hassle-free ways to make contributions easy for both employee payroll deductions and employer contributions to HSAs.

1. Contribution Defaults

In your HealthEquity employer portal, set your contribution amounts to the employee accounts as contribution defaults. The next time you fund employees' accounts, simply use your contribution defaults. Defaults can be edited or cleared if you need to make changes. You can change the employee listing to see current employees or expand to include inactive employees. See the three payment options below.

2. Contribution File

In your HealthEquity employer portal, upload a file that includes your employer and/or employee HSA contribution amounts. The Resources section in the portal includes a simple Excel template to use for creating your own file. See the three payment options below.

3. Pre-paid Deposits (PPD)

The free PPD funding option allows you to run a report in your HealthEquity employer portal that shows routing and account numbers for each participating employee. Simply give this information to your bank or payroll partner to make recurring employee payroll and/or employer HSA contributions. Contact HealthEquity Employer Services by phone or e-mail to set up this feature.

The contribution wizard gives helpful warnings to alert you about potential over contributions, employees who may not have passed the required identity verification, and employees that might have been inadvertently skipped.

Payment Options

- Set up a verified electronic funds transfer (EFT) account in your employer portal. Schedule automatic payments using EFT, allowing payments as early as the following business day or as late as April 15th of the following year. You can add multiple accounts—for example, one account for employer contributions and another for employee payroll deductions.
- Send funds via ACH or Wire
- Send funds via check

Employer Services

Support from client services

Our client services team is available to you from 6 a.m. to 5 p.m. Pacific Standard Time, Monday through Friday. They are available to help you set up and use all of HealthEquity's account management services, orient you to the employer portal, and answer any of your questions. Their toll free number is 866.382.3510.

HealthEquity employer portal

You will be provided online access to the HealthEquity employer portal once your District has enrollment in a CDHP plan. From this portal, you will be able to run real-time reports and view real-time summary data of your plan(s) and participants. HealthEquity will provide portal training and documentation during employer orientation.

Employer reports

You will be provided with all the information needed to assist you during your plan administration.

You can access on-demand reporting at any time. These reports will allow visibility for account balances, account status, card status, and payment batches. To comply with HIPAA requirements, these reports will suppress specific claim information.

HSA employer reports are available at any time on the employer portal. Reports available through the employer portal include:

- Contributions based on calendar year
- Contributions based on tax year
- Employee account summary
- Account status reports
- Potential over contributions
- Past payments
- PPD account numbers (optional)



Ongoing eligibility & coverage

HealthEquity will maintain plan records based on eligibility information submitted by CVT as to the dates on which a plan participant's coverage commences and terminates. We will also maintain records of plan coverage applicable to each plan participant based on information submitted by CVT.

Member Experience

Welcome Kit

Members will receive a welcome kit with their HSA debit card once their enrollment is complete. The kit will provide them with HSA information as well as the contact information they need to reach HealthEquity's member services team, every hour of every day. The welcome kit will also encourage the participant to log onto the HealthEquity member portal for real-time balance information and payment status.

Live, toll-free, friendly assistance every hour of every day

HealthEquity believes that consumers of healthcare need access to someone to talk to any time of the day, any day of the year. We provide that through our 24/7 member services center.

HealthEquity specialists are trained to help employees and dependents navigate the complex healthcare system. They handle all types of calls including activating debit cards, educating members about available services, helping members understand health plan basic such as how co-pays, deductibles and co-insurance work, and providing ideas on how to cost-effectively manage their account.

These specialists can also help with:

- Answering questions concerning member's eligibility
- Researching questions concerning claims for reimbursement
- Responding appropriately to issues or concerns

They also facilitate "warm transfers" to CVT to answer specific questions about coverage, and other questions that are specific to their benefits.

Payments & Reimbursements

Using debit cards to pay for medical services & medications

HealthEquity provides up to three free Visa debit cards per health savings account. Our debit card issuer is TSYS. We have been using their services since 2006.

HealthEquity does not recommend using the debit card to pay providers in full at the time of service. Instead, it is best to wait for the medical insurance carrier to adjudicate and discount the claim, and then issue the explanation of benefits. The members can then initiate payment to the providers using the PayChoice™ feature on their HealthEquity member portal and avoid overpaying for services.

If the member has already used the debit card to pay the provider the “full retail” price, we explain the following to the member:

- They may receive a refund check from the provider for the overpayment and need to pursue that. If they need help with this, HealthEquity will set up a three-way phone conference between the member, their provider, and the HealthEquity member services agent who helps facilitate the conversation.
- The member needs to send the overpayment to HealthEquity for deposit back into their HSA.
- HealthEquity restores the overpayment to the member’s account.

Paying Claims Online

HealthEquity has built one of the top member portals on the web. Change Sciences Group recently reported that HealthEquity’s member portal is the best portal for paying claims, managing health financial information, and for getting help with account-based health plans.

PayChoice™ is HealthEquity’s proprietary online payment platform that allows all account holders convenient access to pay healthcare bills from their HSA and their personal bank account, if desired. Integration with the health plan claims data greatly simplifies the management of healthcare expenses by giving the member immediate access to claims that can be paid directly from the same “all accounts” HealthEquity website.

Electronic claims are sent from your insurance carriers, and then are managed and paid by the member via the member portal. When a claim is received, the member is notified by email that a new claim has been sent to their member portal.

The PayChoice™ platform allows the member to:

- View the claim details
- Understand which part of the claim is their responsibility
- Choose the method to pay the claim
- Schedule time payments to providers
- Track all current and past claims
- Track available balances in their HSA
- Initiate self-reimbursement by check or EFT for out-of-pocket medical expenses

Manually requesting reimbursement

Members will be able to initiate their own reimbursements online via the HealthEquity member portal. HealthEquity will process and initiate electronic transfer of reimbursement funds to the bank accounts of plan participants within two business days following receipt of the claim. The EFT process at the bank will take from two to five business days. In most cases in our experience, the funds transfer is completed the same day it is initiated.

HealthEquity also accommodates reimbursement requests sent by fax and U.S. mail. The request must be accompanied by the appropriate form (available upon request from the toll-free member services hotline or online on the member portal).

Tracking account transactions

Members have several ways to track their accounts:

- They can go to the HealthEquity member portal to view collective and individual details on their HSA and to manage their contributions, reimbursements, and payments.
- They can call our toll-free member services hotline to talk with a live, U.S.-based specialist at any time of the day or night, seven days a week, 365 days a year. The specialist will be prepared to give them an update on any aspect of their HSA, current and past claims, and a wide variety of other topics to help them become more savvy healthcare consumers.
- They can use the HealthEquity mobile app to track and manage accounts while on the go.

Education and Resources

HealthEquity uses a variety of methods including webinars, videos, and onsite support to help members become more educated around their health care financial options. We also provide links out to your health plan partners, so that members can easily access health care information provided through their insurance plans.

Compliance with Privacy & Data Security

HealthEquity ensures compliance with privacy and data security laws, such as HIPAA, and maintains information that identifies a plan participant in a confidential manner. HealthEquity agrees to take all reasonable precautions to prevent disclosure or the use of claims information for a purpose unrelated to the administration of the plan.

All information stored is encrypted in the database. Daily and weekly backup tapes are made at both facilities; then encrypted and stored offsite using commercial data storage vendors. Our hosting facilities employ 24/7 security guards, biometric access controls, redundant power and internet connectivity, and restrict physical access to the equipment, all pre-screened with security background checks. Hosting facilities have completed Type 2 SAS 70 certifications.

Member profiles and accounts are created through the transmission and receipt of electronic eligibility files from CVT. CVT processes enrollments, and sends the HSA enrollee information in an electronic format to HealthEquity. All files are encrypted and transmitted via SFTP.

Conclusion

We at HealthEquity have a strong desire to partner with CVT, you, and your health plans to make every aspect of your HSA administration run smoothly, and in accordance with your expectations. We offer you and your employees:

- **Simplicity amidst complexity:** Reform drives significant benefit complexity – our accounts make compliance straightforward and more efficient for your staff
- **More popular programs:** Our accounts shield employers from added compliance costs and lower exposure to taxes and fees,
- **Bottom line savings:** Our solution lowers your exposure to trend, ‘Pay or Play’ penalties and tax liabilities – we work closely with you to ensure that the plan is broadly and successfully adopted

Fee schedules

Health Savings Account (HSA)		
Account Activation and Setup	No Charge	
H S A Monthly Administration PAMP	No Charge	

HSA Account Holder Fees (Fees subject to change with appropriate advance notice)		
HealthEquity Visa Card	Up to 3 FREE	Additional or replacement cards / \$5 per card
Electronic Statement	FREE	
Paper Statement (avoided with Electronic Statements)	\$1.00	Monthly
Card Transaction	FREE	
Payment to Provider	FREE	
Electronic Payment to Self	FREE	
Paper Check to Self	\$2.00	Per transaction
Investment Trades	FREE	
Investment Account*	FREE	(A cash balance of at least \$XXX must remain in the HSA. Any amount above that threshold can be invested.)
Stop Payment Request	\$20.00	Per request
Overdraft or Non-Sufficient Funds	\$20.00	Per transaction
Return Deposit	\$20.00	Per transaction
Account Closing	\$25.00	One-time

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