

HR Concepts, LLC

"Your Third Party Administrator of Choice"

Health Savings Account (HSA)

ABC Company

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Presented By:

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Flex Plans • HSA's • Commuter Plans • HRA's • Dental Plans • COBRA

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Company Overview

Our Mission

"Our mission is to be dedicated to providing an administration solution that addresses the overwhelming changes in the benefits market today, with a focus on member satisfaction, ease of use, and an advanced technology platform, at the most cost effective price."

Peter H. Jennings, Founder
Human Resource Concepts, LLC

Our Background

HR Concepts, LLC was founded in 2001 with the sole purpose of becoming a company's "Single Source Solution" to Third Party Administration and Benefit Consulting/Design. We have grown to be among the leading TPA'S in New England by offering similar services as our competitors, but with a focus on delivering exceptional customer service, utilizing an enhanced technology platform, and distributing our services through a brokered/association focused channel. HR Concepts has positioned itself competitively by offering service enhancements that other Third Party Administrators don't offer, and by utilizing technology, we have been enabled to deliver our services with a new marketing appeal at a reduced cost of administration. Our exceptional customer service focus and commitment to this space has enabled HR Concepts to stand out as a regional leader in Third Party Administration.

Our Approach

The outsourcing of certain key functions of a company has been a growing trend that employers are utilizing to maintain expenses, stay current with all the new compliance regulations, streamline and become more effective in certain overhead draining expenses, and to allow companies to focus on their core business elements. HR Concepts offers full service third party administration at wholesale pricing. We handle all of a client's benefit administration needs, documents, compliance, and employee education, at a fraction of the cost of our competition. Our services are delivered through insurance brokers and associations which enable us to reduce our cost of marketing and certain business overhead costs. HR Concepts is comprised of multiple layers of services, that when combined, the depth of our capabilities, provides a "Single Source Solution" to manage all of a company's benefit administration needs.

Our Commitment

HR Concepts offers services that consist of Third Party Administration (Flex Plans, HSA's, Commuter Plans, HRA's, Dental Plans, and COBRA), and Benefit Consulting / Design. Though many companies offer these services individually, no one combines the expertise of each and delivers them to the marketplace under one umbrella, "A Single Source Solution". We are committed to taking the needs and uniqueness of each of these services, combined with the talent and experience of our staff, and deliver them to our clients with a focus on exceptional customer service, integrity, honesty, and a fair price. Our firm is an employer's "Single Source Solution" to Benefit Administration.

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Health Savings Account (HSA)

1. What is a Health Savings Account?

A Health Savings Account, or HSA, is a tax-exempt account with a financial institution in which funds accumulate to pay for medical expenses. They were created in response to the rising cost of health care with the intent to give the consumer back the control of their health care costs as part of a movement towards consumer-driven health-care.

2. Why Would a Company Consider a HSA?

HSA'S give financial incentives for employers of all sizes to provide health insurance benefits to their employees and allow them to save money on a pre-taxed basis for their medical expenses. HSA'S allows companies to enjoy tax reductions while having affordable health insurance premiums.

3. How Does A HSA Work?

Before a health savings account can be opened, a qualified High Deductible Health Plan (HDHP) must be in place to cover the individual or family. An HDHP provides health coverage for an individual or family with an affordable premium. The guidelines for an HDHP are determined by the Internal Revenue Service each year. To determine if your plan qualifies, please contact your health plan representative. The current requirements of an HDHP are as follows:

Deductible Requirements	Minimums for Tax Year 2009: \$1,150 for Single \$2,300 for Family
Maximum Out-of-Pocket	Maximums for Tax Year 2009: \$5,800 for Single \$11,600 for Family

After a qualified HDHP has been put into place, an employee decides if they are going to fund a portion of the deductible for the employee. Whatever portion of the deductible is not funded by the employer, the employee has the opportunity to contribute to the HSA to make up the difference. Contributions can be made according the schedule below.

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Health Savings Accounts (HSA) (Continued)

4. Contribution Schedule

Health Savings Accounts (HSA) provide tax benefits for the funds that you contribute. However, the Internal Revenue Service limits the amount you are able to contribute to an HSA for each tax year. If you contribute more than the IRS allows, you could incur tax penalties. To avoid making excess contributions, coordinate your contributions with any other contributions that are being made to your account by an employer or another third-party.

- Contributions can be made by:
 - Accountholders / Individuals
 - Employers
 - Any other third party
- Contributions are tax-deductible for the accountholder. Employer contributions and employee contributions through a Section 125 Plan are pre-tax.
- Contributions made to an accountholder’s account belong to the accountholder until the funds are used (please see the Distributions section below).
- Employer contributions must be made on a comparable basis.
- Contributions are limited to the lesser of 100% of the deductible or the IRS Contribution Limit.

5. What are the Limits

The Internal Revenue Service (IRS) reviews and determines the HSA contribution limits on an annual basis. An accountholder is able to contribute 100% of their qualified HDHP deductible up to the IRS contribution limit. The limits for 2009 are listed below. An additional catch-up contribution is available to individuals over the age of 55 who are not enrolled in Medicare.

2009 IRS Contribution Limits

An accountholder is able to contribute 100% of their qualified HDHP deductible up to the IRS contribution limit. This limit is subject to change each year.

Single Policy	\$3,000
Family Policy	\$5,,590
Catch-up (55 or Older)	\$1,000

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Health Savings Accounts (HSA) (Continued)

6. Distribution

- Funds can be used tax-free at any time for eligible medical expenses.
- As of age 65, funds can be used for non-eligible medical expenses subject to ordinary income tax without any IRS penalty.
- Prior to age 65, funds can be used for non-eligible medical expenses subject to ordinary income tax and a ten percent IRS penalty.
- Upon the accountholder's death, the assets in the HSA become the property of their named beneficiary. If there is no beneficiary named, the assets go to the accountholder's estate.
 - If the beneficiary is a spouse, the HSA may be treated as their own account.
 - If the beneficiary is a non-spouse, the HSA must be treated as ordinary income for taxation purposes.

7. Tax Advantages

Health Savings Accounts create unique tax benefits for accountholders/individuals.

- Contributions are 100% tax-deductible
- Funds grow on a tax-deferred basis, and if the funds are used for an eligible medical expense, the funds are tax-free
- Funds roll over from year to year, and funds used after age 65 are able to be used tax-free for eligible medical expenses or at your normal tax rate for any other reason

Over the life of your Health Savings Account, you could save thousands of dollars in taxes.

Federally qualified Health Savings Accounts are tax-deductible, tax-deferred and tax-free.

Tax-deductible – Contributions to your HSA are able to be deducted from your gross income.

Tax-deferred – HSA funds grow without being subject to taxes until they are used for non-eligible medical expenses.

Tax-free – The funds in an HSA are completely tax-free when used for eligible medical expenses.

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Strategic Banking Partner

Strategic Banking Partner for the Savings Account

HR Concepts handles all the administration and provides a local regional approach to the claims adjudication, employer interface, customer service, and employee training/education. However, the investment vehicle for the savings account needs to be offered through a qualified custodian/trustee. For this reason, HR Concepts through our current strategic business partner MBI, has aligned our administration with HSA Bank.

As a national leader in the Health Savings Account market, HSA Bank™, located in Sheboygan, Wisconsin, is dedicated to providing resources and expertise to help consumers gain control of their health care decisions.

In 1997, **HSA Bank**, then known as State Bank of Howards Grove, entered into the new consumer-driven health plan initiative called Medical Savings Accounts (MSA). Medical Savings Accounts, the predecessor to Health Savings Accounts (HSA), were offered to small employers and self-employed individuals as part of a pilot program. Through grassroots marketing efforts and word of mouth, they began to develop a presence in the consumer-driven health care market and began marketing themselves nationally as **HSA Bank**. While many financial institutions were hesitant to enter the market, HSA Bank saw the potential. They began redefining their product offering, enhancing customer service initiatives and increasing account volumes.

They have made providing and servicing Health Savings Accounts their business, not just a part of it. Their staff of nearly 100 people is focused and committed to their continued success as an industry leader. Based on external estimates, they are currently the second largest provider of HSA'S, and the largest provider as a financial institution. They serve accountholders throughout all 50 states.

The experience and dedication to the industry are some of the attributes that have contributed to their continued growth. In addition to competitive rates, low fees and convenient options for accessing funds in the HSA, they have brought in experts from the TPA and insurance industries which have helped develop their product offering from both an insurance and investment perspective.

At **HSA Bank**, they use six words to summarize their rapidly growing company: “High Tech, High Touch, High Satisfaction.” “High Tech” describes their continued pursuit of new, innovative technologies that will facilitate a consumer-directed philosophy by making involvement and interaction more convenient. “High Touch” focuses on the foundation of their company where the best personal service and attention are the expectation, not the exception. And, “High Satisfaction” pulls together the fact that their product is service-based, and serves as a reminder that each employee is focused on the satisfaction of each and every agent, employer and accountholder.

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Outline Of Services

Initial Setup / Installation / Take-Over

1. Initial Consultation

Whether you have a HSA program or not, HR Concepts will take the time necessary to analyze and develop the right HSA program to fit your company's budget and benefit needs. We will integrate with your existing benefit programs and implement our procedures, which you customize, to keep your employees satisfied.

2. Interface With Existing Broker / Benefit Consultant

After we have analyzed your current Health Insurance design, HR Concepts will interface with your existing broker / benefit consultant to research available health plans and their costs.

3. Setting Up Of The Systems

In order to process the claims efficiently and accurately, HR Concepts, along with your input, will design the best procedures in order to manage claims. Your Health Insurance plan design and outline of benefits will be inputted into our systems and if your company chooses to utilize the debit card, the cards will be ordered and programmed.

Employee Communications

1. Enrollment Forms / Materials

HR Concepts will provide you with a customized outline of Health Plan Letter that will be given to the employees during the enrollment process.

2. Enrollment Meetings

Upon the initial setup or takeover, HR Concepts will provide enrollment meetings and education sessions to introduce the HSA to the employees. After this initial time, HR Concepts will conduct enrollment meetings for employees annually and when there is a significant amount of new hires.

3. Claim Forms

If the employer decides to monitor the claims reimbursement for the employee, HR Concepts will provide claims forms that can be submitted to track eligible expenses that are deducted from the account.

On-Going Administration Services

1. Daily Claims Administration

HR Concepts provides employers with a HSA Debit card for each employee. These cards are considered MasterCard, however, they can be programmed to only be used at predefined locations. If an expense can not be put through on the card, then the employee can write out a check from their account.

2. Online Employee Account Balances

Employees will have access to checking their balances of their HSA accounts online. They will also be allowed to download claim forms off of our website.

3. Online Employer Account Statuses

Employers will have access to periodic plan activity and employee's account balances via the web or by calling HR Concepts.

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Implementation and Ongoing Administration Schedule

Phase I

1. Application taken and plan designed
2. Interface with broker / benefit consultant
3. Design the enrollment material
4. Set the enrollment dates
5. Funding discussed and set up
6. Setup/Installation charges billed (Due within 30 days)

Phase II

1. Enrollment meeting letter goes out with paychecks or posted
2. Enrollment meetings performed
3. Employees complete their enrollment forms and return them to HR
4. HR forwards a complete list of all the employees who will have a HSA account to HR Concepts
5. HR Concepts enters data from the census given
6. Confirmation letter and welcome kits are sent out to employees

Phase III

1. Daily processing of claims commencing
2. The online web access opened up for employees to check balance
3. HSA account balance / claims monitored

Phase IV

1. Daily processing of claims
2. HSA account balance / claims monitored
3. Analyst of program for effectiveness and costs savings
4. Future employee enrollment meetings conducted
5. Updates and plan amendments completed

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Fee Schedule

HR Concepts is a full servicing Third Party Administrator. Our philosophy on pricing is to include all of our services for the plan you purchase for one simple fee. We do not have any additional charges other than what is outlined below. HSA Bank does have other traditional fees associated with their checking account if the employee uses the check options, or other banking services. The employee will receive an outline of all their potential fees with their welcome kit from HSA Bank. Each plan, regardless of the options chosen, will have an installation price, renewal fee, and a monthly account fee. All of the services outlined for HR Concepts in this proposal, are included in our pricing model. We appreciate a company's necessity to gather competitive pricing to compare costs, so if there are any questions or comments on our pricing / services, please don't hesitate to ask. Thank you for considering HR Concepts, LLC as your Administrator of choice.

Health Savings Account

Option 1 (HSA Only)

Installation:	\$495
Renewal:	\$295
Employee Account Maintenance Fee:	\$3.95/Employee/Month with a HSA Account. (Employer or Employee paid)
HSA Bank Setup Fee:	\$6 per participant (Employer or Employee paid)

Option 2 (HSA and Limited FSA)

Installation:	\$795
Renewal:	\$595
Employee Account Maintenance Fee:	\$5.95/Employee/Month with a HSA and FSA Account. (Employer or Employee paid)
HSA Bank Setup Fee:	\$6 per participant (Employer or Employee paid)

(Both options 1 and 2 have additional fees that the employee can incur if they access their HSA account via checks. Additional HSA Bank fees may apply for additional services provided by HSA Bank. Each participant will receive a fee schedule from HSA Bank in their welcome kit.)