

HealthEquity®

The health account alphabet soup

Serving up the right benefits to your clients

Important Information

Nothing in this communication is intended as legal, tax, financial, or medical advice. Always consult a professional when making life changing decisions. It is the members' responsibility to ensure eligibility requirements are met.

HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-free with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

Investments made available to HSA holders are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity's investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and HSA holders making investments should review the applicable fund's prospectus. Investment options and thresholds may vary and are subject to change. Consult your advisor or the IRS with any questions regarding investments or on filing your tax return.

No soliciting. No recording. No photography.

No part of this presentation may be copied, recorded or rebroadcast in any form.

AGENDA



- 1 HSA basics
- 2 HRA basics
- 3 FSA basics
- 4 Comparison of plans
- 5 Research

HSA basics

HealthEquity®

Two parts: health plan + savings account



HSA-qualified health plan



Minimum deductible/OOP

- \$1,400 single (2021)
- \$2,800 family (2021)

Maximum deductible/OOP

- \$7,000 single (2021)
- \$14,000 family (2021)

Note: Limits on deductibles and out-of-pocket expenses apply only to 'in-network' providers. Embedded deductible not to exceed \$7,150 for each member in a family plan.

No copays before deductible



OTC medications

As of January 1, 2020, over-the-counter medications are considered a qualified HSA expense without needing a prescription.



HSA eligibility



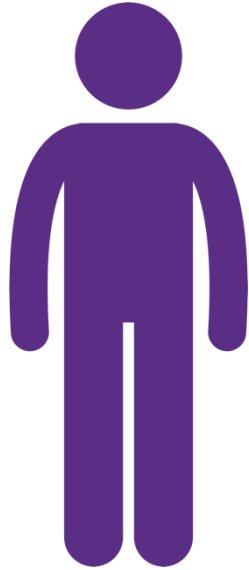
To contribute to an HSA, you must:

- Be covered **only** by an HSA-qualified plan
 - Having other health coverage (*including Medicare, Tricare, a traditional health coverage*) will disqualify you
- Not have a full-purpose FSA (*including through a spouse*)
 - You can have the Limited Purpose FSA and/or Dependent Care Reimbursement Account
- Not be claimed as a dependent on someone else's tax return

Health savings accounts

Single

2020 / 2021:
\$3,550 / \$3,600
per year



Family

2020/ 2021:
\$7,100 / \$7,200
per year

Age 55+: \$1,000 catch-up contribution annually

One or two accounts?

- **For married couples**, the family can open one or two HSAs, if both spouses are eligible.
- **The total contribution** to the two accounts cannot exceed the maximum allowed for the year, including pro-rated amounts.
- **As with Individual retirement accounts**, joint accounts are not permitted.
- **Spouses should consider** establishing an account in their own name. This allows both spouses to make catch-up contributions when each spouse is 55 and older.
- **There is no requirement** to open separate accounts.



HSA contribution deadline

Contributions may be made with any frequency the account holder desires in equal installments or in one lump sum as late as the tax filing deadline of the following year.

Note: Due to the COVID-19 pandemic, Congress shifted the tax filing deadline for 2019 taxes to July 15, 2020.



Eligible expenses



It is the members' responsibility to ensure eligibility requirements as well as if funds are used on qualified medical expenses.

Other eligible expenses



MEDICAL

- Doctor's fees
- Prescription medicines or drugs
- Operations or surgery
- Hearing aids and hearing aid batteries



DENTAL

- Dental treatment (x-rays, fillings, extractions, dentures, braces, etc.)
- Artificial teeth



VISION

- Eyeglasses (including eye examinations)
- Contact lenses (including saline solution & cleaner)
- Eye surgery (including laser eye surgery)

For an expanded list of qualified medical expenses, visit: HealthEquity.com/qme

It is the members' responsibility to ensure eligibility requirements as well as if funds are used on qualified medical expenses.

HSAs and insurance premiums



HSAs can be used to pay for certain insurance premiums:

- COBRA
- Insurance premiums while receiving unemployment benefits
- Long-term care insurance
- Medicare, parts B & D

Spouse and children's expenses



Qualified medical expenses for your spouse and tax-dependent children are qualified HSA expenses even if they're not eligible or not covered on your HSA-qualified health plan.

It is the members' responsibility to ensure eligibility requirements as well as if funds are used on qualified medical expenses.

Not use it or lose it

USE IT *or* KEEP IT



Triple tax benefit

1

Contributions are tax-deductible

2

Earnings are tax-free

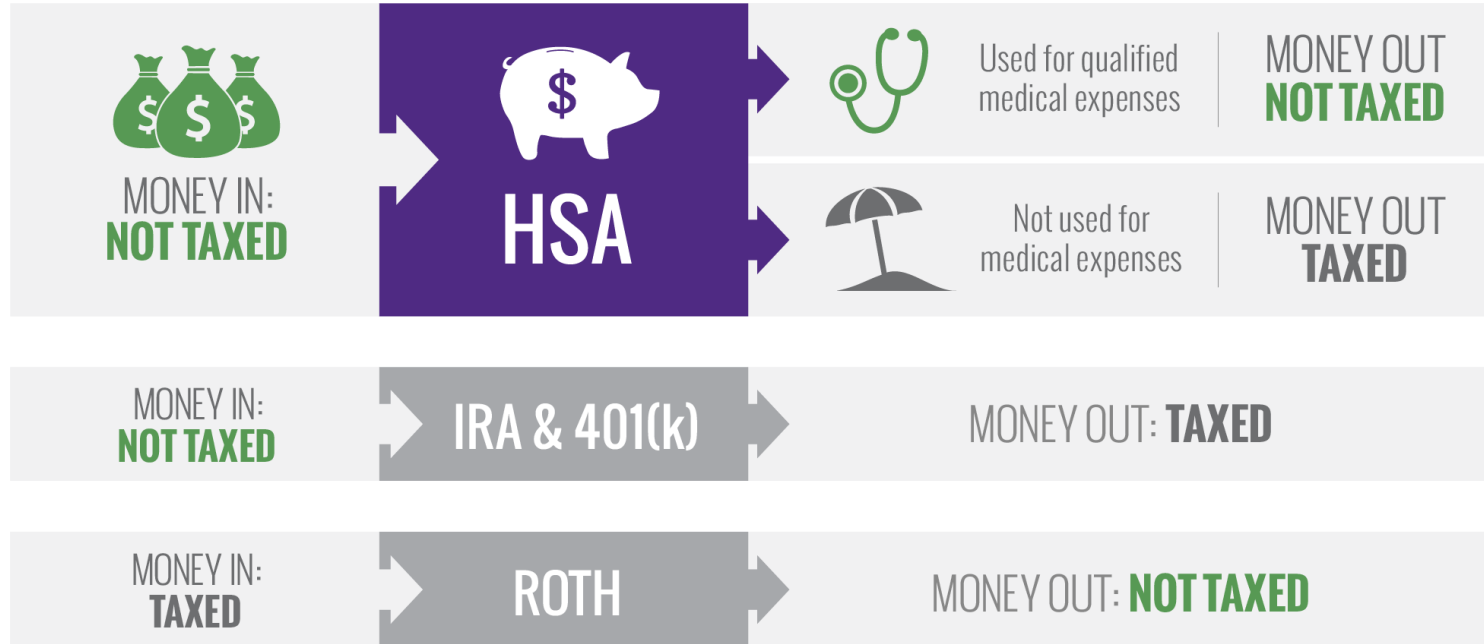
3

Distributions for qualified medical expenses are tax-free



HSA funds are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-free with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

HSAs vs IRA or 401(k)



HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-free with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

Time for a quiz

HealthEquity®

Coverage

HUSBAND

self-only
HSA-qualified

WIFE

self-only
HSA-qualified

1

Who is HSA eligible?

Answer: Both

2

If only the husband sets up an HSA, how much can he contribute?

Answer: \$3600 (2021)

Coverage

Julie enrolls in an HSA-qualified medical plan on March 15, but she does not open her health savings account until June 1

1

Can Julie reimburse herself for expenses incurred on April 1?

Answer: Possibly, depends on the location where the HSA administrator is incorporated and the state trust laws they operate under.

Coverage

HUSBAND

HSA-qualified
family coverage

WIFE

HSA-qualified
family coverage

1

If only the wife sets up an HSA, how much can she contribute?

Answer: \$7,200 (2021)

2

If they both set up an HSA, how much can each contribute together?

Answer: \$7,200 to be divided however they choose. (2021)

Coverage

HUSBAND

self-only
HSA-qualified

WIFE

non-HSA-qualified
family coverage. She,
her husband and her
kids are on the plan.

1

**How much can the husband
contribute to an HSA?**

Coverage

HUSBAND

HSA-qualified family coverage through his employer. He is also enrolled in Medicare.

WIFE

age 62, is retired and is covered on her husband's plan.

1

How much can the husband contribute to an HSA?

Answer: \$0

2

How much can the wife contribute to an HSA?

Answer: \$8,200 (family+catch up) 2021

HRA basics

HealthEquity®

HRA basics



- **Account is owned** and ‘funded’ by the employer
- **Must be ‘integrated’** with a qualified ACA health plan (except retiree-only HRA)
- **Funds are not** expensed until they are reimbursed
- **A plan document is required**

HRA funding

- **Employer funding only** (not considered income for employees)
- **Amount determined** by the employer (no statutory maximum)
- **Funds may roll over** at the discretion of the employer (remaining funds belong to the employer)
- **No money is set aside** in a trust-pay as you go system.



HRA distributions



- **Employer determines** coverage amounts
- **Medical, vision and dental expenses** may be covered
- **Over-the-counter drugs** are covered without needing a prescription as of Jan. 1, 2020
- **Cards are optional**

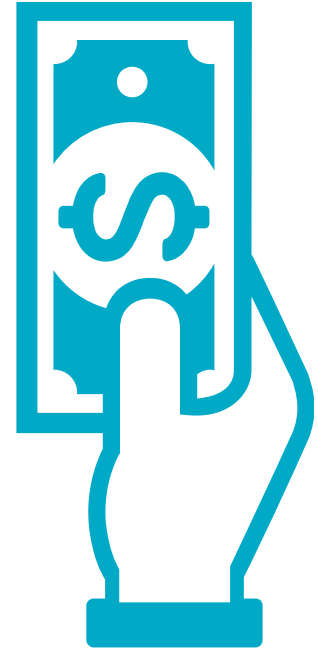
Post-deductible HRA (PDHRA)

PDHRA with HSA

- Similar to a PDFSA, but employer funded
- HRA funds become available after the HSA statutory deductible of \$1,400/\$2,800 (2021) or greater is met

PDHRA with traditional PPO

- The employer can set the deductible at any amount it chooses. Members will pay all costs until they've reached the deductible



Time for a quiz

HealthEquity®

Coverage

MIKE

enrolls in an HRA-compatible health plan with single coverage.

MEGAN

enrolls in an HRA-compatible health plan with family coverage.

1

How much do Megan and Mike receive in their HRA?

Answer: It's up to the employer

2

Who can add money to the HRA?

Answer: Neither

Coverage

Megan leaves her employer on June 15; her HRA plan was effective January 1 through December 31.

1

Can Megan still use her HRA funds on July 1?

Answer: If she elects COBRA

2

If she elected COBRA can she still pay for items using her HRA?

Answer: Yes, the HRA remains available while she is enrolled on COBRA

FSA basics

HealthEquity®

Why FSAs?



A simple way to save:

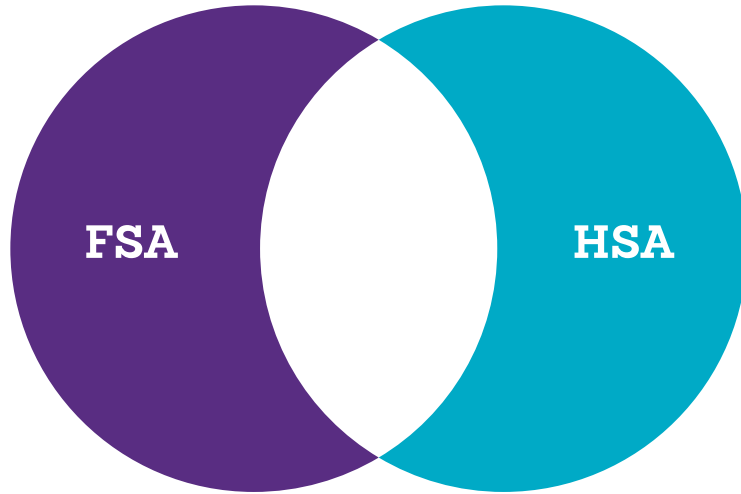
- **Significant** tax savings
- **Convenient** payroll contributions
- **Easy** to use payment options
- **Pay for** qualified medical expenses or for qualified dependent care

Health care FSAs

- **Pre-tax** payroll contributions
- **Can be used** to pay for qualified medical expenses
- **Entire fund amount** available at the beginning of the plan year
- **IRS allows** contributions up to \$2,750 per working spouse
- **Employers can choose** to offer up to a \$550 rollover or a grace period of 2 ½ months, but not both



FSA and HSA overlap



Grace period

- \$0 balance by the last day of the plan year (typically 12/31)
- Automatically extends period of time to incur expenses by 2½ months
- Even if they exhaust their funds, participants will not be able to fund HSA until 4/1 (IRS Notice 2020-29 modified the grace period for 2020)

Rollover

- Can roll up to \$550 into a LPFSA

Plan docs cannot be amended for a sub-group, but must be amended for everyone on the plan

Limited-purpose FSAs



- **Tax-deductible** payroll contributions
- **Funds available up front** at the beginning of the plan year
- **Used in conjunction** with a health savings account (HSA)
- **Can be used for** dental and/or vision expenses only
- **Allows you to maximize** your pre-tax HSA contributions and contribute additional pre-tax dollars to your LPFSA

Post-deductible FSAs

- **The employer can** set the deductible or use the IRS statutory deductible of \$1,400/\$2,800 (2021)
- **Funds available** once the member meets the deductible
- **Used in conjunction** with a health savings account (HSA)



Time for a quiz

HealthEquity®

Coverage

Desiree has a full-purpose health care FSA ending on December 31, 2020 with a grace period ending March 15, 2021. She would like to elect an HSA January 1, 2021.

1

Is Desiree eligible to open the HSA?

Answer: Yes, as long as she has a \$0 balance as of December 31, 2020

2

Is Desiree eligible to open the HSA if her plan has a rollover instead of a grace period?

Answer: Yes if she has a \$0 balance by 12/31, rolls her FSA balance into a LPFSA or forfeits her FSA funds.

Coverage

A new group decides to offer an FSA to its employees and wants to be strategic in their offering.

1

Is it possible for an employer to contribute to the FSA?

Answer: Yes, but there are some guidelines and limitations.

Coverage

Megan leaves her employer on June 15. Her FSA plan was effective January 1 through December 31. She elects COBRA.

1

Does her COBRA extend to her FSA?

Answer: This is dependent on the balance of her FSA and how much she has had withheld from her paycheck.

2

If she did not elect COBRA, can she still pay for items using her FSA?

Answer: Maybe, it depends on the plan design.

Comparison

HealthEquity®

HSA advantages

Employer

- Ability to help control costs and utilization
- No plan document

Employee

- Can be funded by anyone
- Funds roll over
- Owned by individual
- Can save for expenses in retirement
- Funds earn tax-free¹ interest
- No maximum balance
- Account is portable
- No plan document is required
- Triple-tax benefit
- Preventive care is covered
- Use it or keep it
- No COBRA requirements
- Cover medical expenses of all tax dependents
- Investment options possible²

HSA disadvantages

Employee

- HSA-qualified health plan is required
- Funds are only available after contribution
- IRS reporting requirements
- Maximum annual funding limits
- Can't be used with full medical FSA

¹HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-free with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

²Investments are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and before making any investments, review the fund's prospectus.

HRA advantages

Employer

- Employer determines the amount of coverage
- Unused benefits can be forfeited
- HRA costs are deductible as business expenses

Employee

- Funds are available immediately for qualified medical expenses
- Unused funds can roll over
- Can be used alongside an FSA

HRA disadvantages

Employer

- Plan document is required
- COBRA requirements
- Rules/regulations are complex
- Self-employed are not eligible

Employee

- Funds belong to the employer
- Claims must be submitted for reimbursement
- No ability to save for health care expenses in retirement

FSA advantages

Employer

- Unused benefits can be forfeited

Employee

- Funds are available immediately for qualified medical expenses
- Unused funds can roll over (if permitted by the employer)
- Can be used alongside a health reimbursement arrangement or HSA (as limited or post deductible)
- Pre-tax savings applied to funds elected

FSA disadvantages

Employer

- Plan document is required
- COBRA requirements (if balance in FSA is equal or less than the amount withheld from payroll)
- Rules/regulations are complex (COBRA, ERISA and HIPAA apply)
- Self-employed are not eligible

Employee

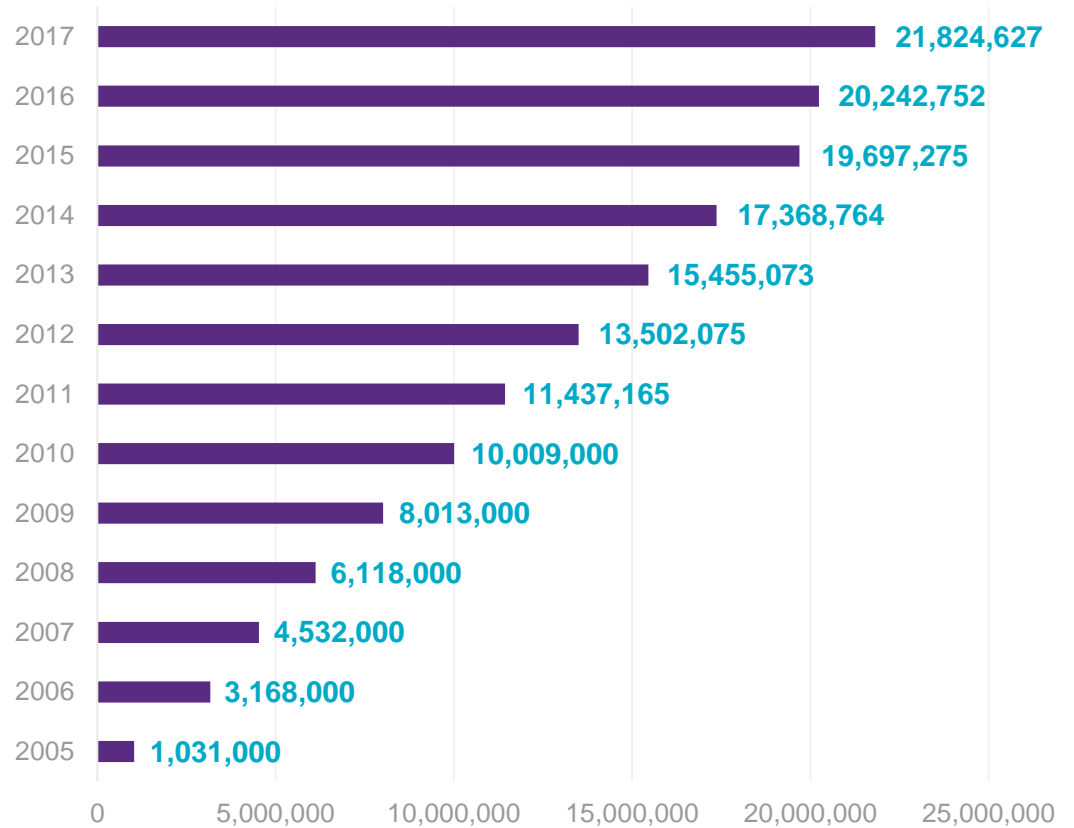
- Funds belong to the employer (not portable from employer to employer)
- Claims must be submitted for reimbursement
- No ability to save for health care expenses in retirement

Studies

HealthEquity®

HSAs continue to grow

Health plan enrollment
2005 - 2017



Source: AHIP 2017 Survey of Health Savings Account - High Deductible Health Plans

Employers offering CDHP

Employers with 500 or more employees

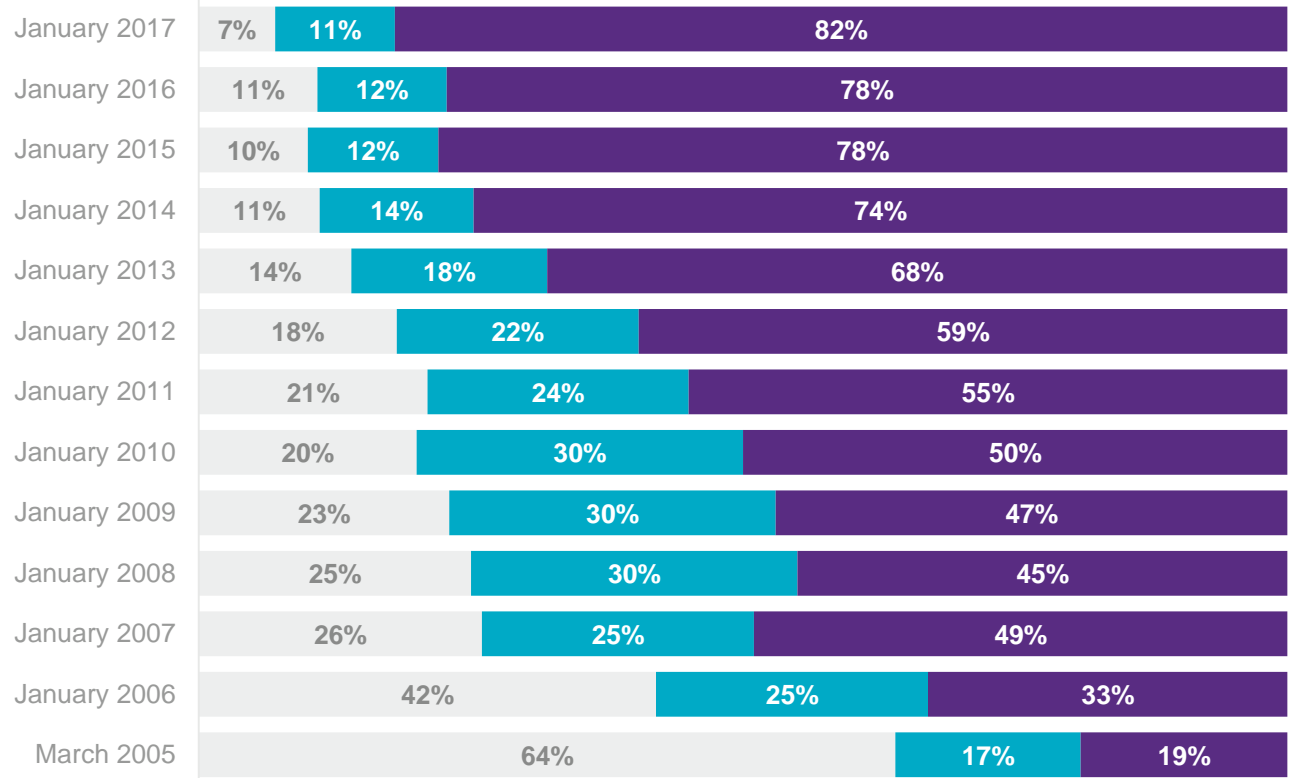


- Offer CDHP as full replacement
- Do not offer CDHP
- Offer CDHP alongside another plan

Source: Mercer's National Survey of Employer-Sponsored Health Plans November 2017

Market type coverage

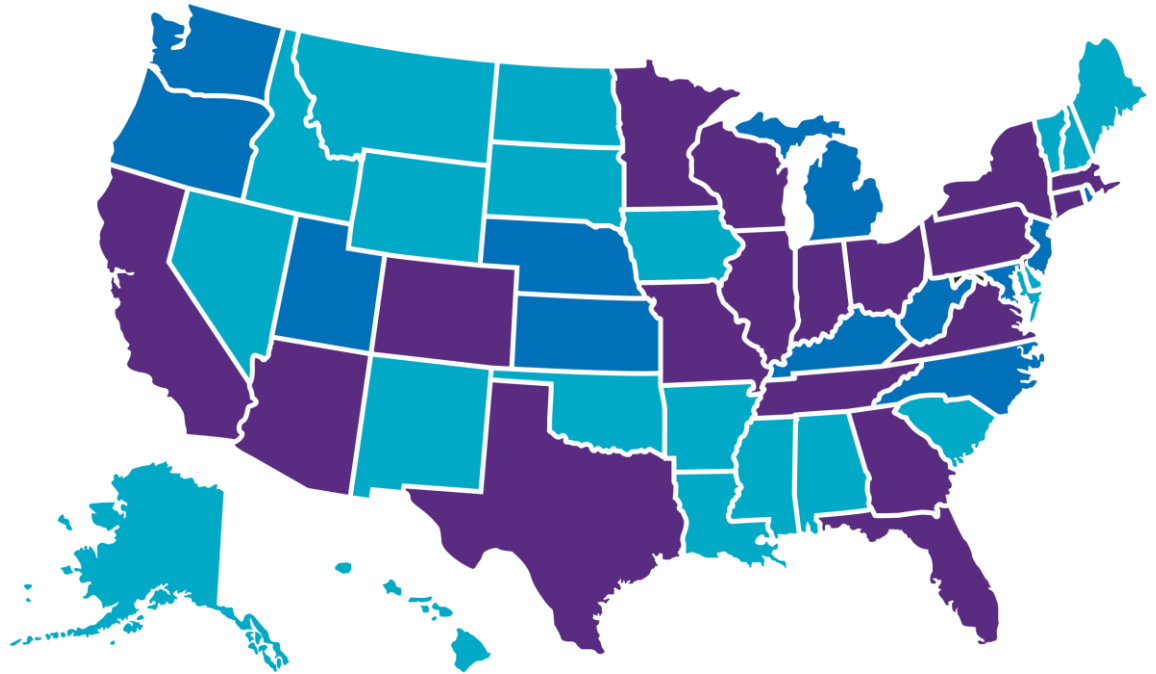
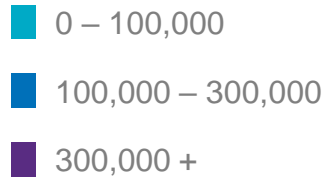
- Individual
- Small group
- Large group



Source: AHIP 2017 Survey of Health Savings Account - High Deductible Health Plan, by Market Type

HSA / HDHP enrollment

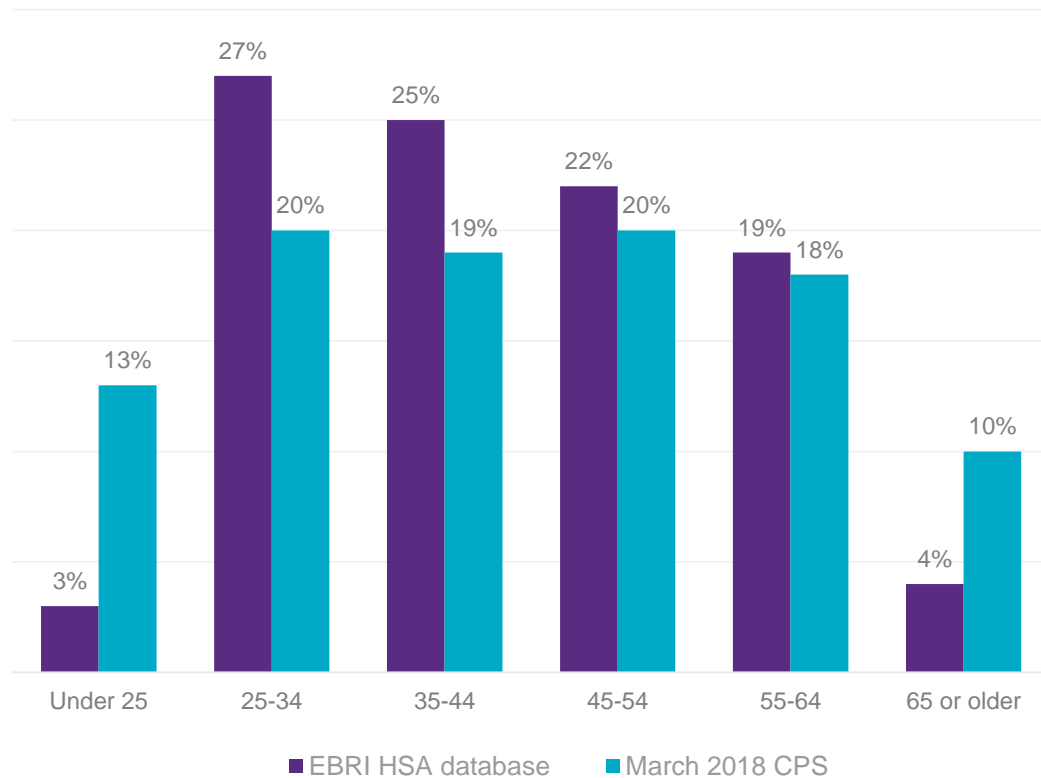
State-by-state
January 2017



Source: AHIP 2017 Census of Health Savings Account - High Deductible Health Plans, January 2017

HDHP enrollment by age

HSA owners by age 2018



Source: EBRI HSA database and March 2018 current population survey (CPS).

Industry contributions

Year to date
2018

Employer

31% of all HSA dollars contributed to an account came from an employer

\$648 the average employer contribution (for those making contributions)

Employee

52% of all HSA dollars contributed to an account came from an employee

\$1,121 the average employee contribution (for those making contributions)

Individual

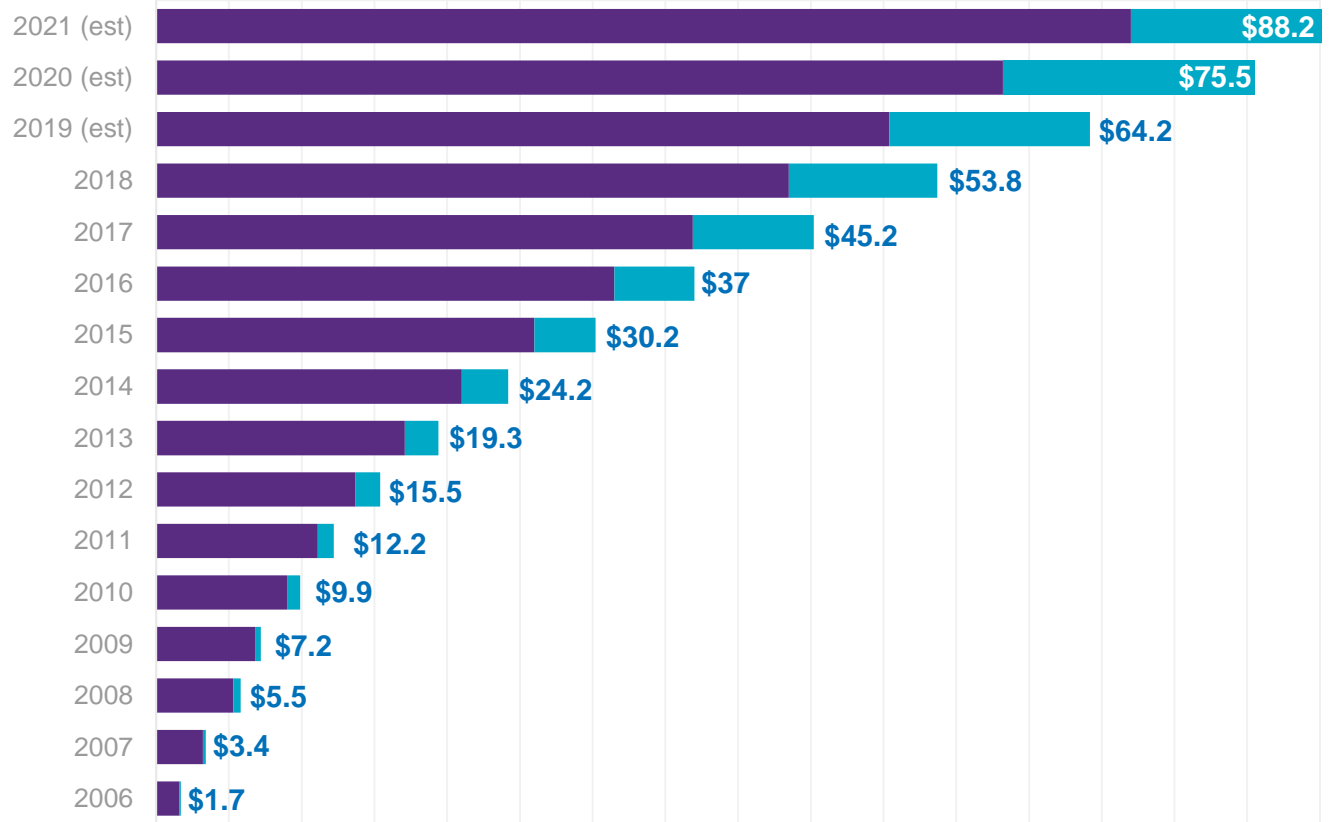
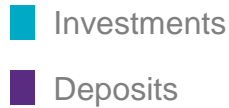
13% of all HSA dollars contributed to an individual account not associated with an employer

\$1,546 the average employee contribution (for those making contributions)

Source: 2019 Midyear Devenir HSA Research Report

HSA assets

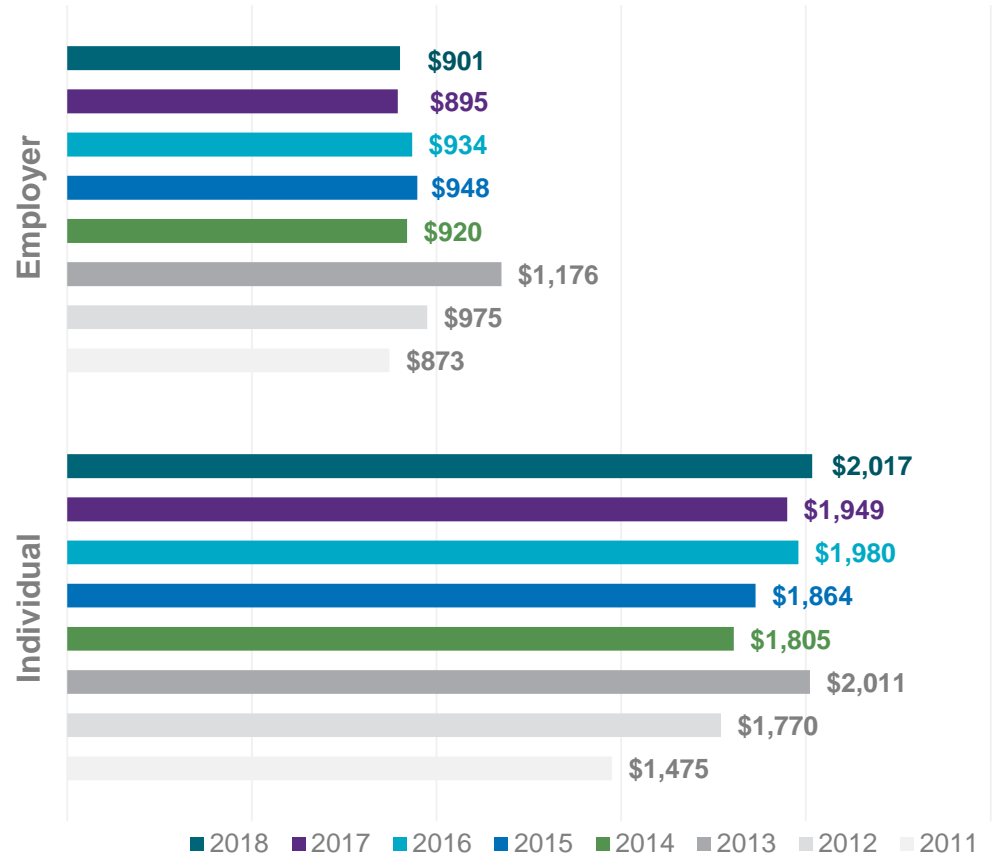
Total HSA assets (in billions)



Source: 2019 Midyear Devenir HSA Research Report

Average contribution

Annual average individual and employer HSA contributions 2011 - 2018



Source: EBRI HSA database.

HSAs continue to grow

Year-to-date
2019

2019 YTD	Average # of withdrawals per account	% of total withdrawals (#)	Average transaction size
Debit card	5.3	87%	\$100
Check	0.1	2%	\$389
Online bill pay	0.2	4%	\$207
ATM	0.5	3%	\$67
Unknown	0.3	3%	\$207

Source: 2019 Midyear Devenir HSA Research Report

Questions?

HealthEquity®

HOW DO I SELL INSURANCE

DURING A PANDEMIC?

WORKING WITH GRABER & ASSOCIATES,
YOU HAVE AN ALL-IN-ONE SOURCE FOR:

- Carrier Specific Electronic Enrollment Training
- Federal & State Regulation Updates
- Carrier Updates
- Sales & Marketing Training
- New Agent Training



VISIT GRABERASSOC.COM FOR ACCESS TO
OUR AGENT PORTAL WHICH INCLUDES:

- Electronic Enrollment Tutorials
- Life Quoting Tool
- Recently Recorded Webinars
- And More!

GRABER & ASSOCIATES

YOUR HEALTH, LIFE, & LONG TERM CARE SPECIALISTS

QUESTIONS ANSWERED

*WE'RE HAPPY TO ANSWER YOUR QUESTIONS!
SIMPLY CALL OR SEND US AN E-MAIL!*

WHERE TO SEND

appsandforms@graberassocinc.com

Individual applications – under 65 & Medicare
EFT forms – under 65 & Medicare
Change forms – under 65 & Medicare
Cancellations – under 65 & Medicare

groupforms@graberassocinc.com

Sold group paperwork
Employee applications
Employee terminations
Group/employee changes (address, household, etc.)

WHO TO CONTACT

Individual Health Quotes and Inquiries *Under 65*

Ashley Ahlers-Sanders | aahlers@graberassoc.com
Chris Hanson | chanson@graberassoc.com
Veronica Williams | vwilliams@graberassoc.com
Ana Jones | ajones@graberassoc.com

Individual Ancillary Quotes and Inquiries *(accident, cancer, etc.)*

Ashley Ahlers-Sanders | aahlers@graberassoc.com
Chris Hanson | chanson@graberassoc.com

Medicare Quotes and Inquiries

Preston Harris | pharris@graberassoc.com
Ashley Ahlers-Sanders | aahlers@graberassoc.com
Ryan Graber | rgraber@graberassoc.com
Veronica Williams | vwilliams@graberassoc.com
Lisa Glasgow | lglasgow@graberassoc.com

Life, Annuity, Disability, & LTC Quotes and Inquiries

Tom Church | tochurch@graberassoc.com • (c) 605.929.1920
Chris Hanson | chanson@graberassoc.com
Kristina Graber | kgraber@graberassoc.com

Group Health Quotes and Inquiries

Ana Jones | ajones@graberassoc.com
Jose Addink | jaddink@graberassoc.com
Veronica Williams | vwilliams@graberassoc.com

Group Ancillary Quotes and Inquiries *(life, disability, dental, etc.)*

Jose Addink | jaddink@graberassoc.com
Ana Jones | ajones@graberassoc.com
Veronica Williams | vwilliams@graberassoc.com

Marketing/Co-Op Advertising

Ryan Graber | rgraber@graberassoc.com

Licensing & Contracting

Joe Fitzgerald | jfitzgerald@graberassoc.com
Kristina Graber | kgraber@graberassoc.com

Commissions

Lisa Glasgow | lglasgow@graberassoc.com

Supplies & General Inquiries

Barb Mesman | bmесman@graberassoc.com

800.669.3959 • 605.331.2100 • (f) 605.331.4160

When sending an email to our office, please send to only one email address. This will allow us to process your request in the most efficient manner. Keep in mind you will receive a response that your email has been received from both appsandforms@graberassocinc.com and groupforms@graberassocinc.com.

YOUR CONTACTS



--- LISA GLASGOW
lglasgow@graberassoc.com



VERONICA WILLIAMS ---
vwilliams@graberassoc.com



--- KRISTINA GRABER, MBA
kgraber@graberassoc.com



ASHLEY AHLERS-SANDERS ---
aahlers@graberassoc.com



--- TOM CHURCH, CLTC
tchurch@graberassoc.com



JOSE ADDINK, REBC ---
jaddink@graberassoc.com



--- ANA JONES
ajones@graberassoc.com



RYAN GRABER, MBA ---
rgraber@graberassoc.com



--- BARB MESMAN
bmesman@graberassoc.com



CHRIS HANSON ---
chanson@graberassoc.com



--- JOE FITZGERALD
jfitzgerald@graberassoc.com



PRESTON HARRIS ---
pharris@graberassoc.com

About HealthEquity

HealthEquity®

HealthEquity overview

- **5.4M HSAs**
- **\$11.5 B in custodial assets**
- IRS-approved non-bank trustee
- One of the nation's largest administrators of consumer-directed accounts like FSAs, HRAs and HSAs
- Education-based service model
- Phone support for members available every hour of every day
- Client-tailored websites
- Founded 2002
- Headquartered in Salt Lake City, UT



Your HealthEquity Team



Kyle Domin HSAe

REGIONAL SALES DIRECTOR
up to 5,000 employees
CO, MN, MT, ND, SD, WY



Matt Mason

SALES SUPPORT
up to 5,000 employees
CO, MN, MT, ND, SD, WY

One partner. Total solution.

Only HealthEquity delivers the end-to-end integrated solutions you need to simplify benefits administration and give employees a truly cohesive experience.



HSA



FSA



DCFSA



HRA



COBRA



Commuter



Wellness

The Complete HSA Guidebook

Order your copy at:

www.HSAGuidebook.com

For a free digital copy, use promo code:

HSAsmart

