

HEALTH BENEFITS OVERVIEW



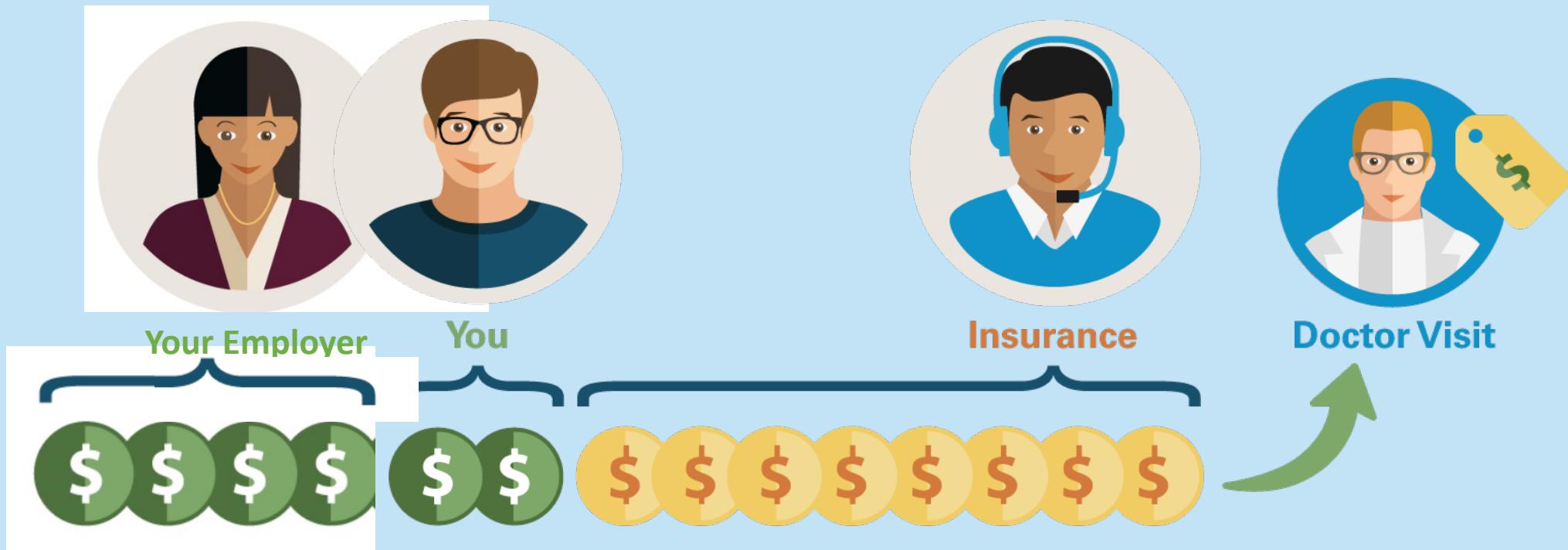
esi ESSENTIAL SOFTWARE INC



MEDICAL

CARE
FIRST

Health Insurance costs are shared between:



Premiums

Every month you make a payment to be covered by a health plan.

Your payment is called a premium.



You might get health insurance at your job.

In some cases, your employer pays part of the monthly premium and you pay part.



Plan Types

When you visit a doctor or health care provider, you and your insurance company share the cost, generally in one of two ways:

1. Health Plans with a Copay + Deductible + Coinsurance
2. Health Plans with a Deductible + Coinsurance (No Copay)



←Also known as a High Deductible Healthcare Plan (HDHP) and used in conjunction with an Health Savings Account (HSA)

How plans work: Co-Pay

The \$ below represent examples, and not ESI specific plan components



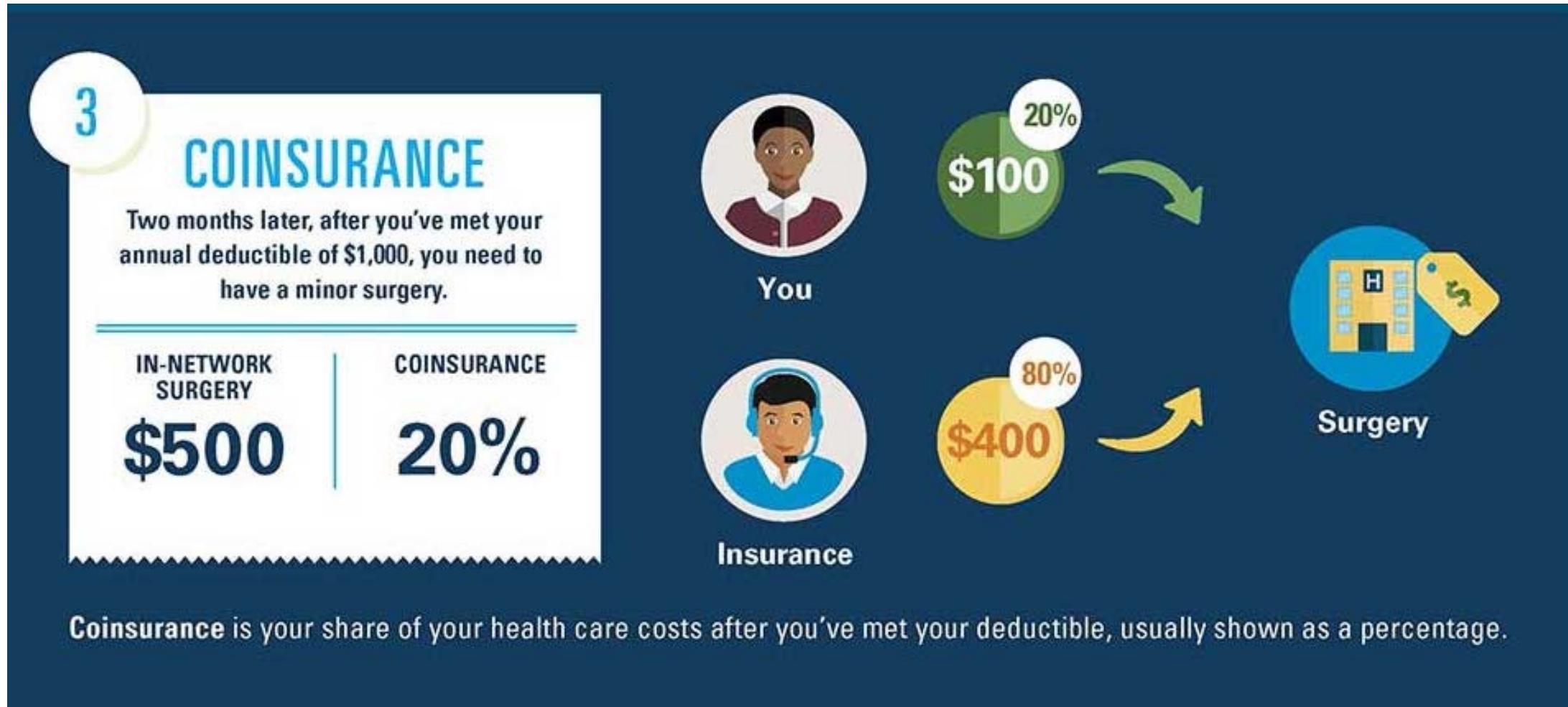
How plans work: Deductibles

The \$ below represent examples, and not ESI specific plan components



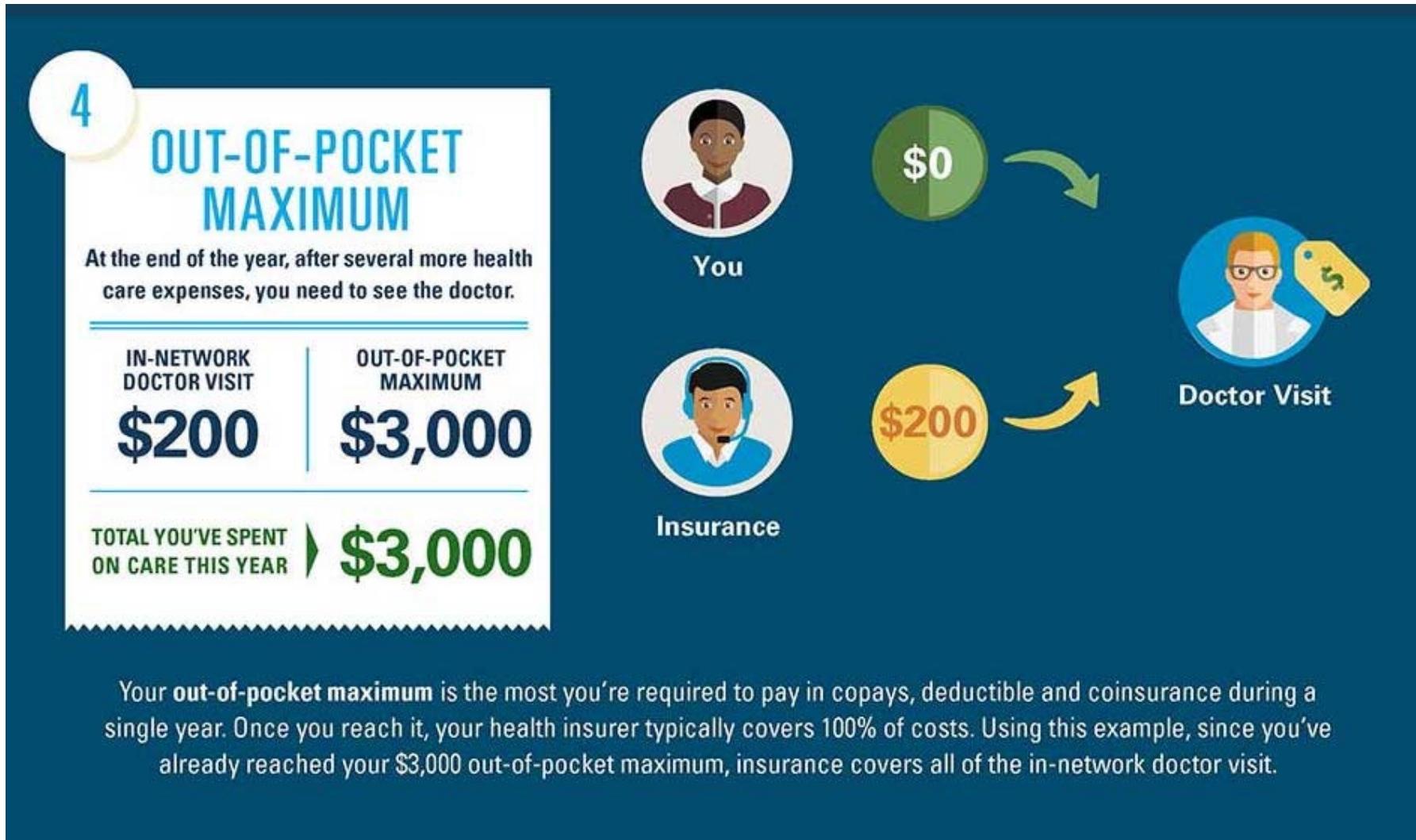
How plans work: Coinsurance

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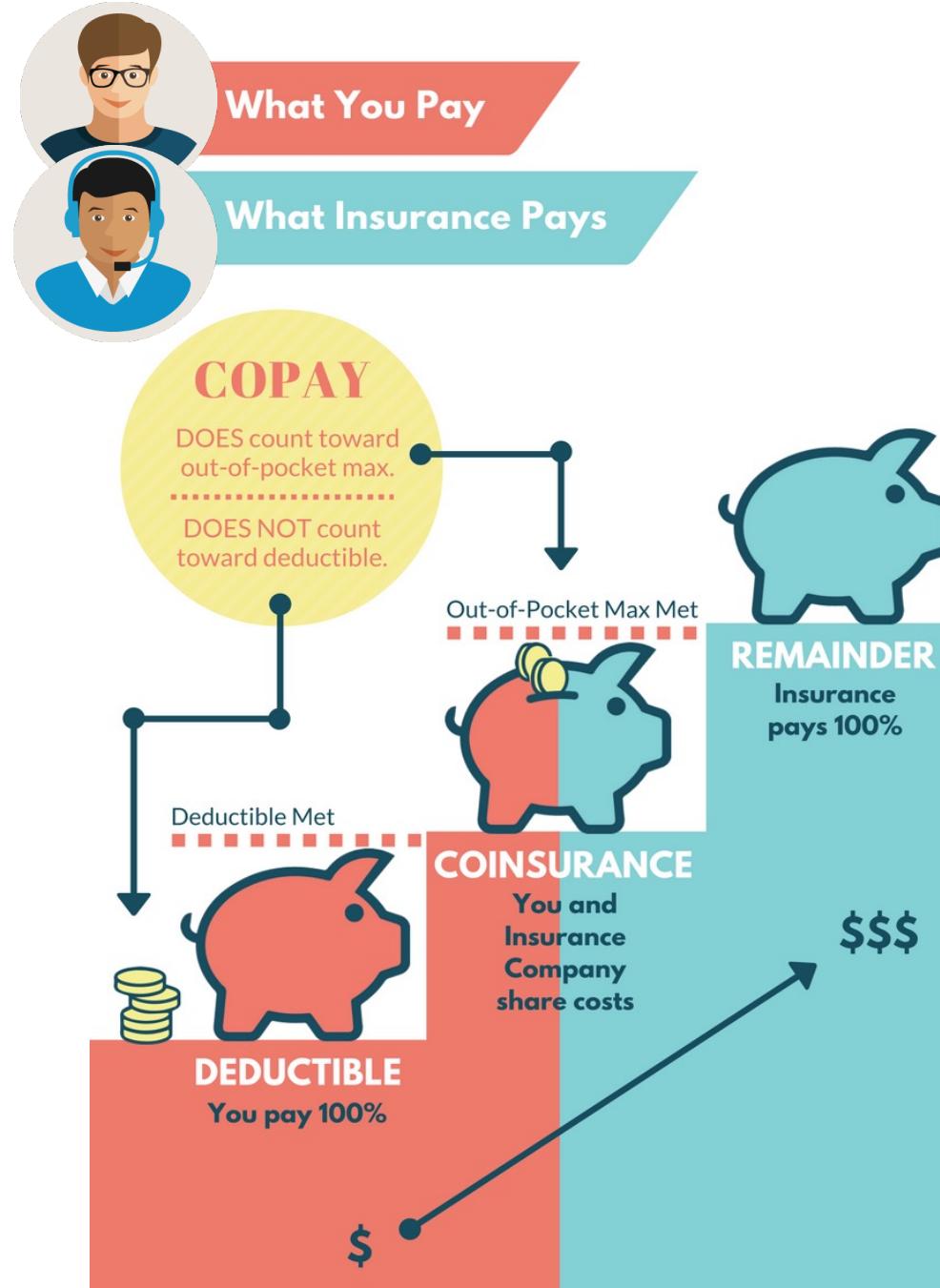


How plans work: Out Of Pocket Maximum

The \$ below represent examples, and not ESI specific plan components



Another way of seeing how cost sharing works



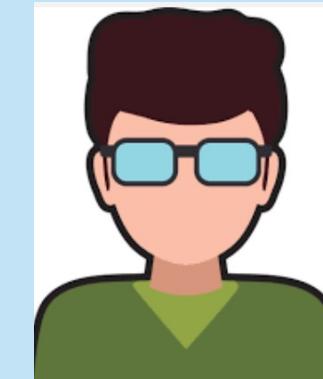


DENTAL & VISION

CareFirst

Dental & Vision Care

- These work like the medical coverage plans but have separate deductibles.
- The good news is that Dental Preventative Care is covered 100%!
- And the Vision plan allows you receive an eye exam, contacts exam, frames, lenses, and contacts yearly!
- Both types of coverage are relatively inexpensive, and both are widely accepted by Dental and Vision providers.
- See CareFirst's plan details for more info.





FLEX SPENDING (FSA)

TASC

Flexible Spending Account

At a glance: a payroll-tax-free spending account for qualified medical or dental expenses (and sometimes dependent-care)

PROS

- No eligibility requirements
- Access full amount on day one
- Pay for qualifying medical or dental expenses from an extensive list
- Often linked to a debit card for easy use

CONS

- “Use it or lose it” with few exceptions
- Hard to plan for unexpected
- Stays with your employer



Your Estimated Tax Savings

Without Healthcare FSA	With Healthcare FSA
Gross annual pay (estimate)	\$60,000
Estimated tax rate (30%)	- \$18,000
Net annual pay	= \$42,000
Estimated annual healthcare expenses	- \$2,550
Final take-home pay	= \$39,450
Gross annual pay (estimate)	\$60,000
Maximum annual Healthcare FSA contribution	- \$2,550
Adjusted gross pay	= \$57,450
Estimated tax rate (30%)	- \$17,235
Final take-home pay	= \$40,215

Take home this much more

\$765

FURTHER

HEALTH SAVINGS ACCOUNT (HSA)



Health Savings Account

At a glance: a tax-free savings account for medical expenses. Used alongside a high-deductible health insurance policy.

PROS

- Balances do not expire
- Grows with you over time
- Stays with you as you change jobs
- Contribute up to \$3,450 per year, or \$6,850 for your whole family

CONS

- Requires high-deductible plan
- Hard to plan for unexpected
- Diligent record-keeping needed
- Penalties on non-qualified expenses

How an HSA works with your eligible health plan



Medical premium
(your payment for health insurance)

Out-of-pocket costs you pay for health care (up to deductible and coinsurance)

HSA contributions

Out-of-pocket maximum

Premiums often cost less for HSA-qualified plans.

Consider how much you'll spend on health care next year. Put that money into an HSA pretax from your paycheck.

Putting money into an HSA helps you prepare and pay for these costs tax-free. If you don't need the money, save it for future needs.

Once you reach your out-of-pocket max, everything is 100% covered. This protects you from a major financial crisis should unexpected health care needs arise.



Let's see how an HSA might affect Jim

Health Savings Account (HSA) Savings Calculator Inputs

HDHP coverage type: * ?

HDHP deductible amount: * ? \$0 \$1k \$5k \$20k

Years before retirement: * ? 0 15 30 45

Current HSA balance: * ? \$0 \$1k \$5k \$20k

Monthly HSA contribution: * ? \$0 \$100 \$500 \$1k

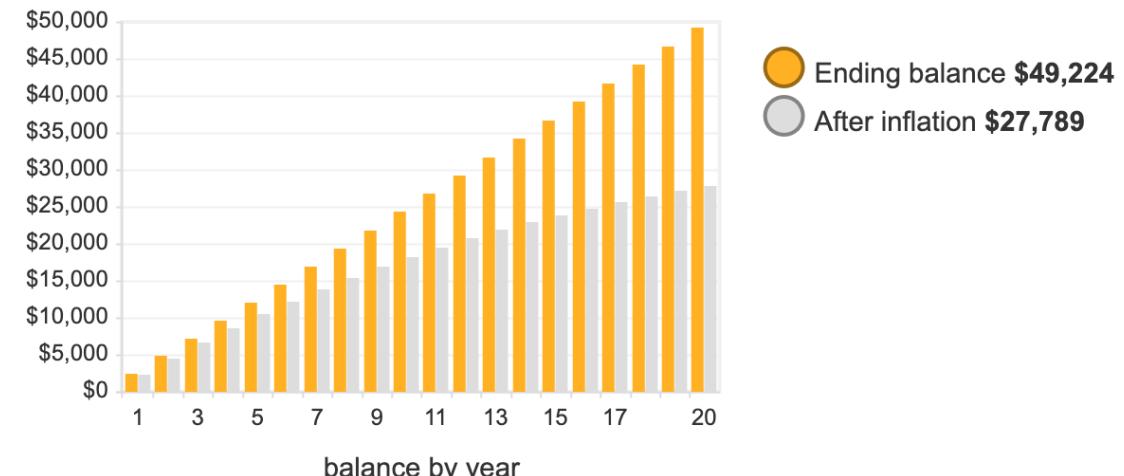
Monthly health care expenses: * ? \$0 \$100 \$200 \$300

Annual rate of return: * ? 0% 4% 8% 12%

Marginal income tax rate: * ? 0% 17% 33% 50%

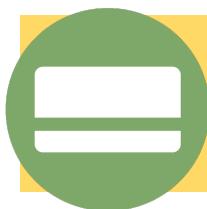
Expected inflation rate: * ? 0% 4% 8% 12%

After 20 years you could have \$49,224.



Flex Spending & Health Savings Accounts

Both types of plans allow you to save by using pre-tax elected dollars for qualified medical expenses, however there are some key differences:



FSA

What ESI currently offers

- Must use most money by end of plan year, but you can also use it all at once
- Can roll-over unused money*, which gets used first in the next year
- Any additional amount you don't use you lose
- You can't take it with you

*subject to IRS limits annually



HSA

Must use HDHP medical plan

- Available only when you select a high-deductible insurance plan
- Carry-over all unused money from year to year
- You own your HSA account keep it even if you change plans in the future
- Your account may even earn interest over time

*subject to IRS limits annually