



City of Carson

Presented by:
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*Technology Driven HR Solutions to
Take Your Company Further*



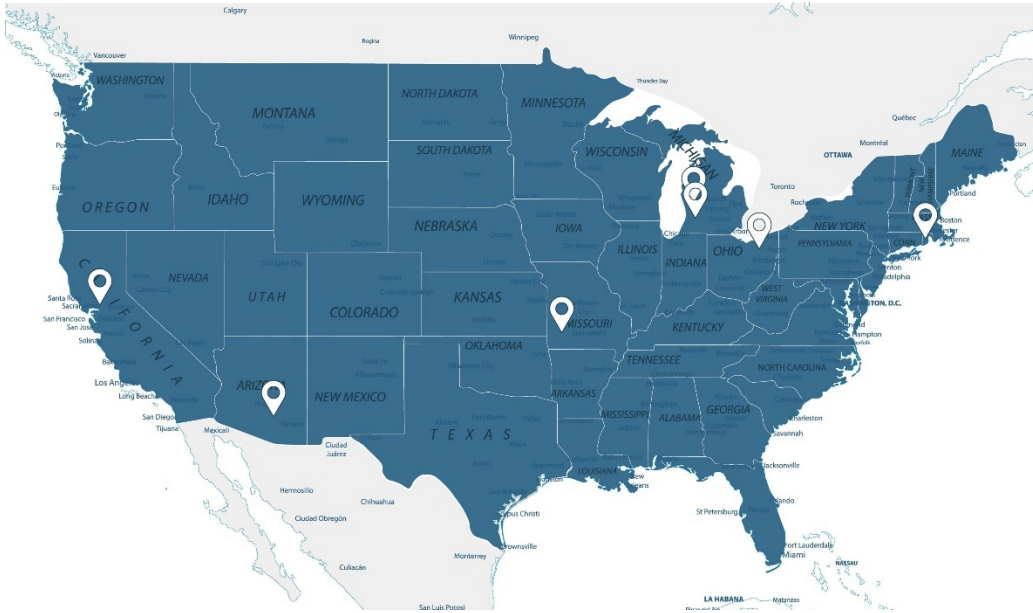


HR solutions should be simple. **Keep it BASIC.**

Company Summary

About Our Company

Established in 1989, BASIC has grown into one of the largest TPA's in the nation with 11 regional sales and servicing centers throughout the United States providing an HR ecosystem to employers and health insurance agents/brokers. Paired with our experienced staff, BASIC's proprietary software and solutions allow employers to control costs, manage risks, and maintain flexibility. **HR solutions should be simple. Keep it BASIC.**



BASIC family of companies includes:

- BASIC pacific
- BASIC NEO
- BASIC New England

Commitment to Service

BASIC's commitment to service is in the numbers. We manage our processes and quality by measuring the key metrics of our operations. With an average hold time of only 11 seconds, an FSA and HRA claim accuracy rate of 99.95%, and an average claim processing time of 1 day. We understand that consistency is the key to success. Our Integrated HR Solutions paired with our commitment to service can come full circle for your business.

Certified Experts

Our industry certified case managers take the time to thoroughly understand your unique business environment. As Federal and State laws continue to evolve, it's reassuring to know an expert is simply a phone call away.



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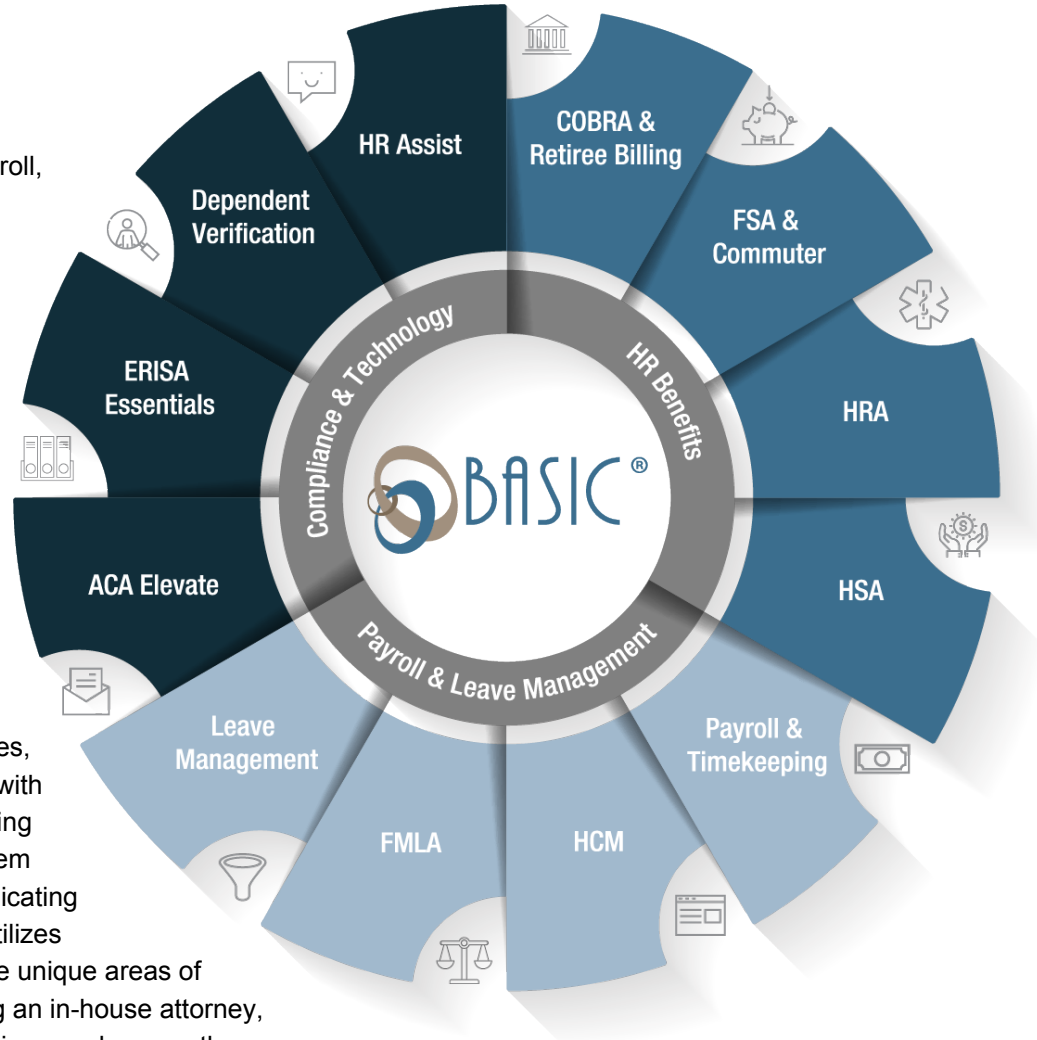
Why BASIC

Our Services

Our suite of HR Benefit, Payroll, Leave Management, and Compliance solutions are offered independently or as part of a platform of services. Our custom built FMLA, ACA, and Payroll Software were designed with our clients' needs in mind.

Guaranteed Compliance

BASIC is focused and dedicated to ensuring compliance for all our services, including staying up to date with changes in regulations, making necessary process and system improvements, and communicating changes to clients. BASIC utilizes experienced attorneys for the unique areas of service we provide, including an in-house attorney, two ERISA attorneys on retainer, and many other distinguished legal experts.



Awards and Honors

BASIC is committed to providing best-in-class service to our referral partners, clients we serve, and their employees.

- A+ Better Business Bureau Rating
- Awarded the Inc. 5000 Fast Growing Private Companies award four consecutive years
- 2018 Wex Solution Visionary Award
- 2017 Top 25 HR Technology Service Providers
- 2016 Wex Health Service Excellence Award
- Awarded the Service Award by the Independent Payroll Providers Association

TOP 25
HR TECHNOLOGY
SOLUTION PROVIDERS-2017





Proposed Service

COBRA Administration

Notifying BASIC of New Participants and Qualifying Events:

BASIC offers three ways for employers to notify us whenever they have new plan participants (whether employee or spouse) or new Qualified Beneficiaries (QB):

- Employer completes a “paper” (WORD) form (may be used on an exception basis)
- Employer enters QB directly into the system using a secure web portal.
- Employer reports via an acceptable electronic format.

Premium Billing and Collection:

BASIC offers three COBRA premium billing and collection processes. 95% of our clients are on the “standard” process. However, under limited circumstances, we offer two alternate processes. Contact your BASIC Regional Director if you would like more information on these options.

Standard Billing & Collection Option:

- BASIC requires receipt of the Election form (including carrier required forms, if any) AND full payment of the initial premium prior to enrolling a QB in COBRA.
- Once received, BASIC will mail an acceptance letter and payment coupons to the QB.
- Each month thereafter, the QB is required to pay the full premium to BASIC. The payment should include the appropriate coupon/monthly bill to ensure proper crediting.
- QBs may pay their premium by check and ongoing ACH.
- Participants are required to pay their COBRA premiums (including the 2% fee) by the first day of each month.
- A late payment notice will be provided to QB’s that have not paid their premium by the 17th of each month. The late payment notice is a courtesy that is not required.
- Participants are granted a 30-day grace period to pay their premiums during which time the employer may choose to suspend coverage.
- If the participant fails to pay (i.e. postmark) the premium by the last day of the month, coverage will be terminated.
- In order to allow for mail time, BASIC begins processing terminations 5-business days after the end of each month.
- If the QB underpays a premium by an “insignificant amount”, BASIC will hold the payment and issue an insufficient payment notice giving the QB 30 days to make up the difference.
- BASIC reimburses the employer on or about the 10th day of each month via check or direct deposit.
- The employer is responsible to reconcile their COBRA records with their carrier invoices monthly. Failure to reconcile the premiums reimbursed by BASIC with the carrier invoices could result in substantial additional costs to the employer.

Health FSA COBRA Administration:

As part of our standard service, BASIC administrates COBRA for your Health FSA. When we are notified of a Qualified Beneficiary who participates in a Health FSA, we first test to determine if the participant must be offered COBRA for the FSA. If we determine that the participant must be given the opportunity to extend their Health FSA coverage under COBRA, BASIC will provide the notification and administration services required (Dependent Care Assistance Plans are not included under COBRA).



DOL General Notice (Initial Notification):

BASIC mails DOL General Notifications to employees and spouses (if covered). In almost all cases, the General Notice is mailed USPS First Class within 3-business days of notification from the employer. BASIC retains a hard copy of the postage pre-paid envelope as “proof” of mailing for a minimum of 6 months. Thereafter, BASIC retains a .pdf copy for a minimum of 7 years.

Qualifying Event Notice (Election Notification):

BASIC mails COBRA Election Notices to Qualified Beneficiaries upon notification from the employer. BASIC will include additional carrier required enrollment forms with the Election Notice if provided by the employer. In almost all cases, the Election Notice and carrier enrollment forms are mailed USPS First Class within 3-business days of notification from the employer. BASIC retains a hard copy of the postage pre-paid envelope as “proof” of mailing for a minimum of 6 months. Thereafter, BASIC retains a .pdf copy for a minimum of 7 years.

Election Process:

If BASIC is responsible to notify the carrier(s) of an election, the following process will occur upon receipt of the completed election material AND full payment of initial premium. BASIC will:

- Mail payment coupons to the qualified beneficiaries;
- Send an election notice with carrier enrollment forms (if applicable) to the carrier(s) within 3- business days;
- Retain a copy of the election form and carrier enrollment forms (if applicable).
- PLEASE NOTE - The employer is responsible to maintain eligibility with their carriers.
- Termination Process
- If BASIC is responsible to notify the carrier(s) of a termination, the following process will occur whenever COBRA coverage is terminated prior to the end of the maximum COBRA continuation period. BASIC will:
 - Mail a loss of termination of COBRA coverage and loss of COBRA rights letter to the qualified beneficiary;
 - Send a COBRA termination notice to the applicable carrier(s); and,
 - Send a COBRA termination notice to the employer (including all documents that were sent to the carrier(s)) within 3-business days (The employer is responsible to provide their carriers with any additional special reporting forms that the carrier(s) may require).
 - PLEASE NOTE - The employer is responsible to maintain eligibility with their carriers.

Additional Notices:

In addition, to the General and Election Notice, BASIC provides an extensive list of required and optional notifications and reports. Following are just a few of the reports and notices provided by BASIC as part of our standard service:

- Non-availability of coverage notice
- Termination of COBRA continuation coverage notice
- Payment Coupons
- Failure to elect COBRA notice
- Late payment notice
- Notice of COBRA premiums short by an “Insignificant Amount”
- Notice of change of COBRA premium
- Individual conversion policy notice
- Required California notices
- Alternative coverage options (if available)



Employer Reports:

BASIC provides a detailed accounting of the monthly reimbursement check remitted to the employer prior to the 15th of each month for activity during the previous month. In addition, the employer has the ability to run real-time reports 24/7 in a variety of formats using the web portal. Real-time reporting includes:

- General (Initial) Notices mailed to new plan participants
- Election Notices mailed to new QB's (Election Notices are archived for the employer)
- COBRA terminations
- New COBRA enrollments

Sample Implementation Timeline (recommended - assumes a July 1 start):

- May 01: BASIC is awarded contract and provides implementation paperwork to employer.
- May 10: Employer/Agent return completed paperwork including Service Agreement and BAA to BASIC.
- May 15: BASIC provides enrollment/eligibility file specifications to file vendor and completes plan build-out.
- June 01: BASIC provides initial web portal training with Employer. Employer may commence reporting new hires and new QE's (for a July 1 COBRA start date) immediately.
- June 01: Employer provides legacy QB file to BASIC.
- June 10: Employer sends letter introducing BASIC to legacy (pre-existing) COBRA QB's.
- June 15: BASIC sends introductory letter with coupons to COBRA participants. June 20: BASIC personally reaches out to COBRA participants.

Employer Portal Features

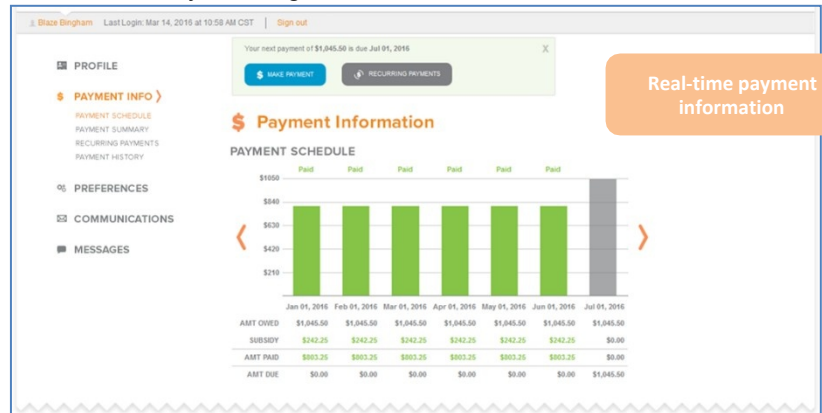
- Our comprehensive Employer web portal includes the following rich features:
- Reduction in form, faxes, duplication of entry, elimination of errors.
- Access to COBRA participant data, reporting and correspondence in real-time.
- Screens are simple, easy to understand and easy to navigate.
- Employers (and their Brokers) can access information when you want. The layout of the screens ensures that the most commonly asked consumer and client questions are boldly presented i.e. in a box toward the top of the screen, where people typically look first.
- Employers can see exactly what the BASIC staff sees (with certain information limited for accuracy and security).
- The Employer portal is accessible anywhere, any-time.
- Information is accurate and up-to-the-second at all times. Employers can add or change data and it will show for their COBRA QB's immediately.
- The system has notes and access tracking tools that provide a real-time audit trail of who did what and when it occurred.
- Employers save time and ensure accuracy using the web portal.
- Employers can use the portal hyperlink option to link consumers to external documents for items such as enrollment packages or alternative products of interest.



COBRA Participant Portal

Our comprehensive COBRA Participant web portal includes the following rich features:

- Reduction in form, Faxes, duplication of entry, elimination of errors.
- Self-reliance – access to records, reporting and correspondence.
- Participants have access to all data in real-time.
- Screens are simple, easy to understand and easy to navigate.
- Participants can see exactly what the BASIC staff sees (with certain information limited for accuracy and security).
- The participant portal is accessible anywhere, any-time.
- Information is accurate and up-to-the-second at all times.
- Participants can add or change data and it will show immediately.
- Participants can elect or down select their coverage levels online through the portal. Through a secure login process, the consumer can avoid the paper process and elect coverage types and levels of coverage online.
- Participants can make payments online up to 11:59 pm (Central) on the last day of their grace period. Online payment options include Credit (fees apply), Virtual Check and scheduled ACH.
- Participants can view and print all letters locally.



Consumers can make electronic payments at any time, 24/7

COBRA Determination Year:

Under COBRA, employers may only change the premium charged to COBRA participants once each 12- month cycle except under very limited conditions. This consecutive 12-month period is called the “Determination Year”. BASIC will help clients establish and maintain their COBRA Determination Year.

BASIC will also notify clients of possible COBRA violations resulting from premium changes occurring during the Determination Year.

Open-Enrollment:

As part of our standard service, BASIC will provide clients with the names and addresses of each QB at open enrollment to ensure all QB’s receive the same enrollment material as active employees. In addition, after enrollment BASIC will provide QB’s with a change of premium notification and new payment coupons.



Open-Enrollment Outsource Service: The Budget Open-Enrollment Outsource Service is the perfect solution for employers that want full-service assistance, but also want to keep their cost to a minimum. The employer provides BASIC pacific with the open-enrollment material (printed or electronic) prior to their scheduled benefits open-enrollment period. BASIC pacific will then print (if necessary) and send the packets to each COBRA participant (after adding a cover letter), assist participants with completing their elections, receive the completed election paperwork and distribute the completed material as necessary. As an alternative to mailing packets, BASIC pacific may email packets upon request or post some of the less critical material online and provide participants with a unique link to view/retrieve as desired. BASIC pacific will also notify carriers of the new elections and send a confirmation with new payment coupons to each COBRA participant. There is no additional charge for this service. However, the employer must meet ALL of the following conditions to avoid additional charges for open-enrollment outsourcing:

- The employer must elect the Open-Enrollment Outsource Service each year when they complete their implementation or renewal confirmation web form.
- The open-enrollment material must be received by BASIC pacific “mail-ready” (meaning collated, complete and in the proper order). If the material is received electronically, packets must come as a single PDF file (no multiple files).
- The open-enrollment material must arrive in its final, ready to distribute form (the employer should never send preliminary, piece-meal or incomplete material).
- The open-enrollment material must include a clear explanation of all benefit plan changes for the new year and provide contact information for COBRA participants who have questions about their health plan coverage.
- The open-enrollment material should only include benefits that are being offered under COBRA. For example, this material should not include information about a 401(k), group life or LTD coverage.
- The material cannot exceed 80 sides (40 pieces of paper).
- If the open-enrollment material is provided to BASIC pacific electronically, it will be printed in grayscale (black & white).
- The complete packet must be RECEIVED by BASIC pacific at least 7 business days prior to the start of open-enrollment for active employees. The Regulations require that COBRA participants be afforded the same election period as active employees. Employers that fail to provide COBRA participants with an equal period of time to make their decisions are exposed to an increased risk of liability under COBRA.
- Open-enrollment packets are sent to each participant via email (if requested) or USPS First Class mail. Employers may request courier shipping (e.g. Fed Ex or UPS) at no extra cost if the employer provides the appropriate billing information (meaning the cost will be charged directly to the employer).

BASIC also offers more extensive open- enrollment assistance as an optional service (refer to Additional Services).

Enforcement of Election & Payment Deadlines

- Without exception, BASIC administrates COBRA within all required timelines.
- Qualified Beneficiaries are required to elect COBRA and pay premiums by the deadlines established under COBRA or their COBRA rights are terminated immediately. Initial Notifications and Qualifying Event Notifications are mailed within 3-business days of



- receipt (1-business day in most cases). The COBRA deadline for mailing these notifications is 14 days.
- By enforcing the election/payment deadlines without exception and by mailing the notifications well before the deadline whenever possible, BASIC helps the employers minimize exposure to COBRA litigation, unnecessary medical claims and COBRA penalties.

COBRA Participants Moving Out of a Service Area

BASIC provides alternative coverage options and enrollment material in situations whereby a QB moves out of an HMO service area. In addition, BASIC will help coordinate a conversion when alternative coverage is required to be provided through an affiliated employer.

California Required Services

BASIC includes notifications required by the State of California with the Qualifying Event Notification at no additional charge to the client. BASIC does not provide "Cal-COBRA" administrative services for employers that are not required to comply with Federal COBRA.

Disclosure to Service Providers Inquiring About Coverage

BASIC will provide a full and complete response to service provider inquiries regarding COBRA coverage during the election period, initial premium payment period and grace period(s). Clients should refer all service provider inquiries to BASIC.

Records

BASIC archives all reports, records and correspondence for a minimum of 7 years. These records include a detailed call log. All records are maintained in a .pdf format. Data files are backed-up every day and stored off-site.

Document/Service Agreement Modifications

BASIC includes semi-custom documents and service agreements as part of our base fee. In addition, if your fees exceed \$4,000 annually, we will review and consider any suggested and/or requested changes made by the client; provided such changes can be applied to our master documents or service agreements. If your fees are less than \$4,000 for the year, the agreements must be accepted as offered. Therefore, if your organization requires a legal review of documents and service agreements, we ask that you please perform your review before making your final decision to move forth with us. We are more than happy to provide you with a sample agreement to review.



Direct Payment of COBRA Premiums to Carriers

As part of our standard service, BASIC will “notify” carriers of all COBRA additions, terminations and plan changes. As an optional service (and for an additional fee), we will reconcile carrier bills monthly, pay COBRA premiums directly to carriers and take full financial responsibility to maintain all COBRA participant eligibility records with the carriers. This option is **ONLY** available for employers that meet **ALL** the following conditions:

- The employer must have a minimum of 200 benefited employees.
- All carrier invoices must be reconciled (meaning in balance and all eligibility records are accurate) at the time BASIC takes over responsibility for payment. If the carrier invoice is not reconciled at the service start date, the employer will not be eligible for this service during the initial contract year. The service may be added on any contract anniversary provided the carrier invoices are properly reconciled.
- All carriers must agree to receive payments directly from BASIC.
- All carriers must provide BASIC with separate invoice (bill) for COBRA participants.
- All carriers must agree that BASIC can adjust payments (meaning they must allow BASIC to pay only the premiums collected from participants).
- All carriers must accept payments up to 60 days after the due date without assessing a penalty or terminating coverage.
- The Employer must authorize all carriers to work directly with BASIC (and provide BASIC with a copy of each authorization).



Proposed Service

Flexible Spending Account (FSA) Administration

Service Highlights

Implementing a flexible benefit plan (FBP) can save you and your employees thousands of dollars in taxes every year. In other words, if you do not offer a FBP, you are volunteering to over-pay taxes!

Employees may participate in one or all the benefits available when their employer chooses BASIC FSA:

- **Medical FSA and Dependent Care FSA** – employees may choose to participate in either or both plans for a single participant fee.
- **Premium Only Plan (POP)** – A Section 125 POP is included with your BASIC FSA with unlimited participants at no extra cost.

Employees may participate in one or all of the benefits available. They may also choose the amounts they wish to contribute to each benefit. This freedom of choice is the reason these plans are often referred to as "cafeteria plans".

The primary benefit of a flexible benefit plan is that it lowers taxable income by eliminating taxes on money that is already being spent! When expenses are redirected through the plan, less tax is paid. The result is more money to spend!

For example, if an employee earning \$18,000 redirects \$1,200 of expenses through the plan, their "taxable" income will be reduced to \$16,800 (their W-2 will show \$16,800 of taxable income). This is why employees NEVER have to pay taxes on money that is redirected through a flexible benefit plan. The key is, the flexible benefit plan does not require employees to spend money; rather, it provides the opportunity to eliminate taxes on expenses the employees are already paying! The following graph illustrates how employees save taxes:

<u>Before FLEX</u>		<u>After FLEX</u>
\$1,500.00	Monthly income	\$1,500.00
Not Available	Pre-tax insurance deduction	\$100.00
\$115.00	Federal income tax	\$97.00
\$25.00	State income tax	\$20.00
\$115.00	FICA tax	\$107.00
\$15.00	SDI tax	\$14.00
\$100.00	After-tax insurance deduction	Deducted Above
\$1,130.00	Monthly take-home pay	\$1,162.00
	Monthly Savings	\$32.00
	Annual Savings	\$384.00

The plan increases this employee's "take-home" pay by \$384.00 **every** year just by eliminating taxes on the \$100 monthly health insurance contribution!

A flexible benefit plan provides a great way to save on taxes, but there are rules and restrictions you need to understand. That's where we come in. BASIC pacific can answer all your questions, implement and manage a plan that works for you and your employees.



Administrative Services

At BASIC pacific, we understand that we are first and foremost a service organization. All the technology in the world will not do you any good if your employees are not happy. That is why every decision we make begins with the question “how will this improve our service?” Following are just a few of our value-added services:

Services for Employees –

Welcome Packets - Each plan year, we provide a welcome packet to every employee that enrolls in a Spending Account. The welcome packet includes an election confirmation plus lots of information about the Spending Accounts, including ways to avoid problems. The welcome packet also includes instructions for filing claims, debit card information (if applicable) and information for using the Internet web portal.

Full Service Website – Our full service website offers employees the opportunity to learn all about their flexible benefit plan, review expenses that can be reimbursed, calculate their tax savings, download claim forms, access up to date account information, and much more.

Participants can even check on the status of their claims and re-enroll (optional), and apply to change an election mid-year. Contact BASIC pacific for a demonstration.

Mobile App – With our Apple and Android Mobile apps, participants can access account information, set up customized text messaging and file claims using their Apple or Android device. The apps are free and easy to download right off our secure web portal.

Toll-Free Customer Service – Even with our self-service features, participants and HR staff often need to speak with a real person. Calling us is convenient and pleasant on our toll-free direct customer service line. Employees do not have to suffer through a frustrating and time-consuming voice mail system. If our representatives are helping other clients, participants can leave a detailed message. A Participant Advocate will normally return their call within one hour. Customer service representatives are available between the hours of 8:30 am and 4:30 pm PST.

E-Mail Customer Service – Many employees prefer to communicate via e-mail. Participants and HR staff can e-mail us directly or through our website. Our goal is to respond to emails within one hour (during normal business hours).

Paying Claims – For employees, nothing is more important than receiving their money.....when they expect it! That’s why we focus so much attention on the reimbursement process. Following are just some of the standard features that distinguish our process from the competition:

- We process claims daily and pay out claims every Wednesday and Friday (except Holidays).
- Dependent care contributions are credited ON payday, thereby eliminating the lag between when payroll deductions are made and when they become available to your employees.
- Your employees will have the option to be reimbursed by check or direct deposit to their personal bank account.
- Your employees can track their claims online from submission (by using the online claims filing feature) to payment! And with our real-time web system, information is posted immediately.
- Orthodontia reimbursements can be setup to pay participants automatically each month. Once set-up, your employees will not need to submit their orthodontia receipts every month.



Submitting Claims For Reimbursement – We offer five (5) convenient ways for participants to submit claims: (1) mail; (2) Fax; (3) scan/email; (4) use the online filing system; and, (5) debit card (if provided by the employer). Claim forms are available by contacting BASIC pacific or downloading from our web site.

2 ½ Month Grace Period – BASIC pacific offers the 2 ½ month Grace Period as an option for our clients. Employers may add the Grace Period effective on any Plan anniversary at no additional cost.

\$500 Health FSA Carry-Over – BASIC pacific offers the \$500 Health FSA carry-over as an option for our clients. The \$500 Carry-Over and 2 ½ Month Grace Period are mutually exclusive, meaning clients must elect one or the other. The \$500 carry-over also applies to a Limited Purpose Health FSA (if offered by the employer).

Debit Cards – Our debit card is one of the most advanced, convenient cards on the market. Here are just a few of the features we offer:

- On average, employers who offer the card will see a 25% increase in participation. In addition, the average size of the elections will increase by 28%. Overall, offering the debit card translates into happier participants and more tax savings for employers.
- 75% of all debit card transactions can now be “auto-adjudicated” (auto-approved) by BASIC pacific. This means BASIC pacific does not have to require supporting documentation for three quarters of all debit card transactions, saving participants the time and frustration associated with having to provide supporting documentation for all but 25% of all transactions.
- The BASIC pacific debit card is fully compliant with the latest IAS (Inventory Identification Approval System) requirements.
- The BASIC pacific debit card is one of the few real-time cards on the market. Real-time means all transactions are instantaneously reflected in the system, which safeguards the Plan against overpaying claims due to delayed crediting of debit card transactions.
- The BASIC pacific debit card can be used for any account, or any combination of accounts, including the Medical FSA, Limited Purpose FSA, Dependent Care FSA, Commuter, HRA and HSA accounts.
- The BASIC pacific debit card is fully integrated with the 2 ½ Month Grace Period. If a participant uses their debit card during their Grace Period, BASIC pacific system will automatically pay the claim from the prior year balance. Only after the prior year account is depleted will claims be paid from the current year account(s).
- The BASIC pacific debit is an optional plan feature. Employers are not required to offer the debit card. In addition, each participant has the option to accept or decline the debit card.
- All basic debit card charges are included in the base fees. There is a small additional charge for a second card or to replace a lost/stolen card. This additional fee may be paid by the employer or the participant (tax-free).

Quarterly Participant Statements – BASIC pacific will send a Quarterly Account Statement (or a notice that the statement is available online) to each Spending Account participant that has an email address on file with BASIC pacific. Participants that do not maintain an email address on file with BASIC pacific will receive a mid-year and end-of-year statement by mail.



Services for the Employer –

Dedicated Account Manager – Every employer that comes with BASIC pacific works with a dedicated Account Manager that knows your plan. Your Account Manager is responsible to ensure your satisfaction. If a problem arises, your Account Manager will work with the broker and employer to resolve it quickly.

Employee Enrollment Material – Each plan year, we provide you with plan specific enrollment material. The packet includes an enrollment form (if requested), a detailed benefit summary, and an SPD. For enrollments using our system, BASIC pacific will provide step-by-step instructions with the enrollment material.

Assistance With Plan Design – Before a Plan can run correctly, it has to be setup correctly. Whether we are helping you establish a new Plan or taking over administration for an existing Plan, we conduct a thorough review. By doing this we can help you avoid implementing or continuing with a Plan design that is cumbersome or, even worse, discriminatory. Up to three hours of assistance with Plan Design is included in your base fee. Rarely does an employer need more time but if you do, we offer additional assistance as an optional service.

Unlimited HR/Payroll Staff Assistance – We view our client relationship as a partnership. As such, we want your staff to feel comfortable contacting us whenever questions or issues arise. That is why unlimited, toll-free customer service is included in your base fee.

Plan Documents – Plan documents are the backbone of your Plan. Maintaining updated and complete documents is essential to protecting the favorable tax status of your Plan. At BASIC pacific, we take this responsibility seriously. BASIC pacific documents are written and updated by one of the most respected legal firms on ERISA law in the country.

You will receive a customized Plan Document and Summary Plan Description (SPD) prior to the effective date of services. In future years, you will receive amendments and restatements whenever a change is required by the Federal or State regulations governing your Plan. In addition, you may make changes to your Plan each year on your anniversary at no additional charge.

Administration Materials – We will provide you with a complete set of administrative forms needed to manage your Plan. Your forms will be updated annually as needed.

HIPAA Privacy Compliance – Effective April 14, 2004, all Health FSA plans had to comply with stringent HIPAA Privacy Regulations. As a service to our clients, BASIC pacific includes many of the compliance requirements at no additional cost to our clients. Our HIPAA Privacy compliance services include the following:

- Amendments to Plan Document & SPD required by HIPAA
- Business Associate Agreement for the Health FSA
- Participant Privacy Notice for Health FSA participants
- BASIC pacific will complete your requirement to distribute the Privacy Notice by including it each year in the “Welcome Packet”.



Claims processing – Our claims processing services are truly “full service”. Following is an outline of our standard service:

- We communicate directly with your employees. There is no need for HR/payroll staff to spend valuable time playing “middleperson”.
- Claims may be submitted to BASIC pacific by regular mail, fax, email, and online using our secure web portal or by using the BASIC pacific Mobile App (free to participants with an Apple or Android phone).
- Non-debit card claims are paid each Wednesday and Friday (no holidays). Our goal is to include all claims received by noon the previous day. We are able to meet this cycle well over 95% of the time. On rare occasions, it may be necessary to delay some claims until the next reimbursement day. The most common times when this may occur are the two weeks prior to Christmas, the last week of the calendar year, the last week of February and the last week of March. These dates coincide with the end of the Plan Year and the end of the claims run-out periods for more than 75% of our clients.
- Each participant decides if they prefer to receive their reimbursements by check or direct deposit. Participants are encouraged to use direct deposit for reliability and efficiency. However, there is no extra charge for check reimbursement.
- BASIC pacific is one of the few TPAs that does not impose a minimum claim payment. Most TPAs will hold claims under a certain dollar amount (e.g. \$25, \$50) until the participant submits additional expenses. While this is a great money saving tool for the TPA, it confuses and frustrates participants. At BASIC pacific we believe that if a participant asks for \$10, they should be paid \$10 timely.
- If a claim has to be denied or delayed, the participant will receive a notice explaining why the claim was denied and what steps the participant needs to take to have the claim approved (if applicable).

Management Reports – BASIC pacific provides a full array of management and accounting reports. Reports including check registers, contribution reports, summary year-to-date reports and year-to-date reports by participant. We can organize reports in alphabetic order, by social security number or by a unique employee number that you provide. Most reports can be provided on the frequency and in the format requested without the need for customization (i.e. extra charges).

- Reports can be provided monthly, quarterly, annually and upon request.
- Reports can be emailed & posted to the employer web portal, just posted to the web portal with a reminder email to the employer, or simply posted to the web portal with no reminder email.
- Reports can be provided with participant detail or with no individual identifiers for employers that are concerned with HIPAA privacy.
- Each report can be sent to a different employer representative (or grouping of representatives).
- Reports can be reassigned temporarily on a moment's notice if an employer representative will not be at work for any period of time.
- Reports are provided in Excel for ease of use by the employer.
- Reports can also be run “on-demand” on the Portal.



Claim Funding –

Claim Funding – The standard claim funding process is referred to as “Pass-Through” funding. Clients who are not comfortable with Pass-Through may elect one of the alternative processes described below. Conditions and additional accounting charges may apply if an alternative option is selected.

Option #1 Pass Through Funding (No Additional Charges Apply):

Pass-Through funding is utilized by 85% of our CDH (Consumer Driven Health) clients. It is our most efficient and lowest cost funding process. Following is a description of the Pass-Through funding process:

- With this method, BASIC pacific (and the debit card provider) front the money needed to pay claims and then recoup the funds from the employer on a daily basis.
- The employer authorizes BASIC pacific (and the card vendor) to draft funds from an employer general ledger bank account of their choice. The employer may establish a dedicated bank account, if desired. The employer is responsible to have adequate funds available on account to pay claims as presented.
- Any BANKING day on which claims are paid (whether manual or debit card), the employer will receive an email notification stating the total amount paid and the date on which funds will be withdrawn via ACH bank draft. In almost all cases, the funds will be drafted on the next banking day. For example, if claims are paid on a Friday, the employer will be notified on Friday and the funds will normally be drafted on the following Monday (unless Monday is a banking holiday).
- Bank drafts are by day, not by claim. For example, if BASIC pacific pays 5 manual claims for \$100 each on a Wednesday, the employer will receive a notice that \$500 will be drafted from their funding account on Thursday. The employer will also receive detailed back-up for each transaction. Using our example, the notice would include 2 pages; a Summary and a list of the 5 participants/amounts of the reimbursements.
- At the beginning of each month the employer will receive reports of all bank drafts for the prior month. This should make reconciliation a snap.
- Employer's that elect this option must ensure that all drafts are honored (paid). If a draft is not honored, it must be corrected timely and the employer will be charged a \$50 reprocessing fee.
- Due to continuous adjustments and the timing of transactions, it is very difficult to reconcile Pass Through bank drafts to monthly management reports (meaning reports illustrating participant balances). Employers that wish to continuously reconcile the banking and administrative balances, may want to consider utilizing our Payroll Funding option.



Options #2 Deposit Replenishment Funding (additional fee may apply):

Generally, this funding method is chosen by employers that do not want BASIC pacific drafting funds electronically as claims are paid out; and want to minimize the number of remittances paid to BASIC pacific each month. Deposit Replenishment requires a significant deposit on account to be held by BASIC pacific. Deposit Replenishment funding is our second most popular option and works as follows:

- With this method, BASIC pacific will hold employer funds on account (the Deposit). Funds will be used to pay all claims during the month. After the end of each month, the employer will then remit an amount equal to the total claims paid during the previous month (the Replenishment). In this way, BASIC pacific is always using employer funds to pay claims.
- After the initial open-enrollment is complete, BASIC pacific will invoice the employer for an initial funding deposit. The deposit amount will be 25% of the employer's annual unfunded liability (minimum \$5,000). The deposit will be held for as long as BASIC pacific administers the plan and can change from year-to-year depending on enrollment.
- The invoice for the deposit will include detailed instructions; how to make out the deposit, where to send the deposit, the process for sending monthly replenishments going forward. BASIC pacific will ONLY provide an invoice for the initial deposit.
- Going forward, on the 2nd of each month, BASIC pacific will provide a report of all claims paid during the previous month. The employer is responsible to automatically remit the amount of the *TOTAL CLAIMS PAID* directly to BASIC pacific in a timely manner. This is why we refer to this option as *Deposit Replenishment*.
- The replenishment funds are due to be received by BASIC pacific no later than the 15th of each calendar month. For example, the January report will be provided on February 2nd. BASIC pacific should then receive the replenishment by February 15th. If the replenishment is not received by the last day of the month, the employer will be charged a late fee of \$25 on their next administrative fee invoice.
- Employers that elect this option must replenish monthly even if very little is due. This is necessary to keep accounting costs for this option to a minimum. If an employer does not replenish their deposit every month, regardless of the amount due, the cost to offer this option would increase significantly, which would result in BASIC pacific having to charge a higher fee for this option. By helping us keep this option as efficient as possible, we can continue to offer this option at a very low cost of \$25 per month, so clients can choose the option that works best for them.
- Administration fees paid by the employer MAY NOT be combined with plan funding. Employers that combine admin fees with funding payments on a single remittance are subject to a processing fee of \$25 per instance. This is very important as we cannot comingle these funds. We will provide initial warning for correction, before assessing a fee.
- While it is not anticipated, BASIC pacific may need to require an additional deposit if, in our judgment, the account balance becomes too low to ensure claims can continue to be paid timely. Employers that remit their replenishment late put themselves at the highest risk of having to increase their deposit.
- The employer may remit funds by check or send via ACH direct deposit. Employers that select to remit by ACH direct deposit are required to provide Remittance Advice to BASIC pacific by email each time a funds transfer is initiated.
- BASIC pacific will pay claims out of the BASIC pacific reimbursement account. This is an aggregated account used for all employers. Employers that prefer their funds are not comingled should consider Pass Through.
- Deposit Replenishment does not work well for employers that desire to account for claim funding by Plan Year.



Options #3 Payroll Funding (additional fee may apply):

It is primarily elected by employers that do not want BASIC pacific drafting funds electronically. It is also ideal for employers that prefer to account for funding by Plan Year and reconcile the amount deducted from pay with the amount remitted to BASIC pacific. Payroll Funding works as follows:

- With this method, BASIC pacific will hold employer funds on account (Deposit required), and remit additional funds as Payroll deductions take place. In this way, BASIC pacific is always using employer funds to pay claims.
- After the initial open-enrollment is complete, BASIC pacific will invoice the employer for an initial funding deposit. In general, the deposit amount will be equal to 1/12 the employer's annual unfunded liability rounded to the next \$500. For example, if the annual elections total \$60,000, the deposit would be \$5,000. The minimum deposit is \$1,000. The deposit will be held for as long as BASIC pacific administers the plan and can change from year-to-year depending on the level of participation.
- The invoice for the deposit will include detailed instructions; how to make out the deposit, where to send the deposit, the process for sending payroll deductions going forward. BASIC pacific will ONLY provide an invoice for the initial deposit.
- Going forward, the employer is responsible to automatically remit all payroll deductions made during the Plan Year to BASIC pacific. BASIC pacific will NOT provide an invoice for the payroll deductions. Payroll deductions must be remitted to BASIC pacific each pay day, so we have adequate funds on account to pay claims as presented.
- BASIC pacific offers several ways for employers to remit payroll deductions. If an employer fails to remit payroll deductions each payday, BASIC pacific may increase employer's deposit. By helping us keep this option as efficient as possible, we can continue to offer this option at a very low cost of \$25 per month, so clients can choose the option that works best for them.
- Funding is considered late if not received by BASIC pacific by the 15th of the following calendar month. For example, if you pay twice monthly in January and we do not receive your January payroll deductions by February 15th, the employer will be charged a late fee of \$25 on their next administrative fee invoice.
- Administration fees paid by the employer MAY NOT be combined with plan funding. Employers that combine admin fees with funding payments on a single remittance are subject to a processing fee of \$25 per instance. This is very important as we cannot commingle these funds. We will provide initial warning for correction, before assessing a fee.
- While it is not anticipated, BASIC pacific may need to require an additional deposit if, in our judgment, the account balance becomes too low to ensure claims can continue to be paid timely. Employers that remit their replenishment late put themselves at the highest risk of having to increase their deposit.
- The employer may remit funds by check or send via ACH direct deposit. Employers that select to remit by ACH direct deposit are required to provide Remittance Advice to BASIC pacific by email each time a funds transfer is initiated.
- BASIC pacific will pay claims out of the BASIC pacific reimbursement account. This is an aggregated account used for all employers. Employers that prefer their funds are not commingled should consider Pass Through.
- While BASIC pacific does not provide an invoice for the payroll deductions, we do provide clients with a payroll deduction listing prior to each payroll. This listing should match the employer's payroll records.



Year-End Accounting – Each plan year, after the close of your “run-out period” (the extension period during which participants may continue to submit claims for services rendered during the prior plan year) we provide you with a final accounting for the reimbursement accounts. In most cases there will be at least a small amount remaining in your account from the prior year as a result of participant forfeitures. When this occurs, we will recommend how best to distribute remaining funds. Although it is rare, your account could end the year with a deficit; if this happens, you will need to make up the loss.

- **Form 5500 Preparation** – In the spring of 2002, IRS Notice 2002-24 suspended the requirement to file an annual Form 5500 & Schedule F for cafeteria plans under Internal Revenue Code § 6039D. The suspension only applies to Code § 6039D. All ERISA Form 5500 filing requirements for welfare plans remain in-force, including those for Health FSA’s.


If you are required to file a separate Form 5500 for your Health FSA, we will prepare the Form 5500 on a signature ready basis at no additional charge. This service is limited to preparation of the Form 5500 for an “unfunded” Health FSA.

- **Document/Service Agreement Modifications** – BASIC pacific includes semi-custom documents and service agreements as part of our base fee. In addition, if your fees exceed \$4,000 annually, we will review and consider any suggested and/or requested changes made by the client; provided such changes can be applied to our master documents or service agreements. If your fees are less than \$4,000 for the year, the agreements must be accepted as offered. Therefore, if your organization requires a legal review of documents and service agreements, we ask that you please perform your review before making your final decision to move forth with us. We are more than happy to provide you with a sample agreement to review.
- **ALERT – HSA Contributions NOT Deductible For California!** – Please note that the State of California does not currently permit pre-tax HSA contributions, even when made through a Flexible Benefit (“cafeteria”) Plan. This means employers must report HSA contributions as taxable for California State tax purposes. A few other states also do not permit HSA contributions to be made pre-tax. Check with your States Tax Board to confirm if your state permits pre-tax HSA contributions.



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Employer Web Portal Homepage



[HR Dept. ▾](#) | [Logout](#)

[HOME](#) | [REPORTS](#) | [REQUESTS](#) | [EMPLOYEES ▾](#) | [PLANS](#) | [RESOURCES](#) | [IMPORTS ▾](#) | [LINKS ▾](#)

Last Login Date: 8/8/2016 5:03:39 PM CDT
Last Login Source: Employer Portal

Welcome, HR

Welcome to your benefits administration solution. View your plan details, access reports, manage employee information, and more!

Recently Created Reports

[Payroll Deduction Notification \(8/15/2016\)](#)
Created: 8/8/2016 | Detail Report | PDF

[Employer Payment History Report \(7/29/2016 - 8/4/2016\)](#)
Created: 8/6/2016 | Detail Report | EXCEL

[Payroll Deduction Notification \(8/11/2016\)](#)
Created: 8/4/2016 | Detail Report | PDF

[Employer Account Balance Report \(8/1/2016\)](#)
Created: 8/2/2016 | Detail Report | EXCEL

[Employer Account Balance Report \(8/1/2016\)](#)
Created: 8/2/2016 | Detail Report | EXCEL

[View All Reports](#)

Contributions

[Set Up Recurring Contributions](#)

Import Queue

Completed in the last 7 days

[Import Data From File](#)

Questions?
Contact BASIC pacific at (916) 303-7090, toll free (800) 574-5448 or customerservice@basicpacific.com.

Reports	Recently Viewed Report Types	Recently Viewed Employees
Requests	Account Balance Detail Report	Row, Karen (ROTGI2222)
Employees	Account Balance Report	Duck, Donald (DUTGI3355)
Plans	Payment History Report	Doll, Barbie (DOTGI4444)
Resources		Haves, Robert (HATGI8759)
Imports		Smith, Sally (SMTGI1234)

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Participant Web Portal Home Page

The screenshot displays the BASIC pacific web portal home page. At the top, the logo for BASIC pacific is shown, with the text "Last Login: 7/27/2016 - Online" and "Ima Awesome (0) Logout" on the right. A navigation menu includes "Home", "Dashboard", "Accounts", "Tools & Support", "Statements & Notifications", and "Profile".

The main content area is divided into several sections:

- I Want To...:** A sidebar with buttons for "File A Claim", "My Dashboard", and "Place Transit Order".
- Welcome:** A central banner with the text "Welcome" and "We're Making it Easy to Manage Your Healthcare Expenses View More", accompanied by an image of a man at a computer.
- Available Balance:** A section showing two balances: "2016 Parking Acct" at \$255.00 and "TEST 2016 Medical S..." at \$1,500.00.
- Message Center:** A notification area with a red "1" icon and the text "To get your money faster, set up a bank account for direct deposit".
- Quick View:** A section with two donut charts. The first is titled "Election Summary 2016 Full Plan Year - Parking" and the second is "Election Summary TEST - 2016 MEDFSA & DCFSA". Both charts are currently blank.

At the bottom, there is contact information: "Contact Us - Call BASIC pacific at (916) 303-7090, Toll Free at (800) 574-5448 or Email us at customerservice@basicpacific.com". Copyright information for Evolution1, Inc. (2004-2016) and a note "Powered by 1Cloud, a product of Evolution1*" are also present.



Proposed Service

FMLA Ease

Family Medical Leave Act (FMLA) Administration

BASIC FMLA Ease administration is designed to support employers that have a low frequency of claims and minimal intermittent leave.

Service Highlights

- Employer manages employee absences, we take care of the rest
- Review current FMLA documentation, policies and practices for compliance to federal and state FMLA regulations
- Expert outside administration provides consistent, non-biased, compliant administration of FMLA claims
- Our FMLA Case Managers help eliminate the risks and unnecessary penalties associated with noncompliant State and Federal regulations
 - Claim approval / denial
 - Recertification
 - 2nd and 3rd opinions
 - Military Leave
 - Direct contact with health care provider to clarify Medical Certifications
- FMLA Case Managers identify potential FMLA absences in detail, address all questions, and provide regulation coaching
- 12-month period tracking to employers' specification
- Monitor and track reported FMLA absences and provide "clarification and authentication" communication with HCP as required
- Our HR Services regulatory team tracks the industry and political climate to help anticipate possible changes to legislation. We believe that the best defense is a good offense.

BASIC FMLA Dashboard

Harnessing technology increases consistency and operational efficiencies.

- Real time online access to claims through custom built dashboard available 24/7 – 365 days
- Easily identifies claims trends or abnormalities by individual employee to help pin point potential abuse
- Intermittent leave, the hardest FMLA instances to track, is our specialty



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Financial Analysis – January 29, 2020

Number of Employees: 288

Number of Eligible Employees: 288

Estimated Number of Participants: 50

Number of Insured: 288

FSA Administration

Monthly Rate

\$ 4.00 per participant
(\$ 50.00 monthly minimum)

Additional fees may apply for service aspects outside our standard offerings or require manual processing.

- \$1.50 per enrollment or a \$25 minimum if Client chooses to submit paper/non-electronic enrollments, or electronic not in BASIC's format
- A \$200 setup fee applies for short plan administration takeover (mid-year)
- Enrollment materials are provided electronically however booklets may be purchased for \$0.95 per booklet + \$50 shipping
- Employee meetings are available the first plan year via online webinar at no cost, based on scheduling availability
- The monthly fee includes debit cards (two per participant). A set of 2 replacement cards can purchased for \$5 paid from the participants account.
- The pricing provided in this proposal is based on the funding of claims through a client-owned account. Other methods of funding of claims will be subject to additional fees.
- Typically there are no fees for vendor file feeds (EDI); fees apply if set-up with the Client's vendor takes more than 20 hours of BASIC staff time for set-up coordination or if there are data quality issues with ongoing files that cannot be rectified with the vendor.



COBRA Administration	
Set-up Fee	Waived
Monthly Rate	\$ 0.70 per insured employee (\$ 40.00 monthly minimum)
<p>Please Note:</p> <ul style="list-style-type: none"> 2% Administration Fee (Charged on full premium, incl. severance): Retained by BASIC pacific <p>Additional Cost May Apply:</p> <ul style="list-style-type: none"> BASIC pacific will pay COBRA premiums & maintain eligibility directly with Carriers (conditions apply*) *This service is in addition to our standard service whereby we notify carriers whenever a person enrolls in COBRA, terminates COBRA coverage or changes their coverage under a COBRA health plan: \$75 Hr./Historical Recon <ul style="list-style-type: none"> <1,000 (\$100 min): 50% Addn/Mo 1,000 – 1,999: 40% Addn/Mo 2,000 – 2,999: 30% Addn/Mo 3,000+ (\$400 max.): 25% Addn/Mo \$12 for each COBRA takeover One-Time blanket mailing of DOL General Notice or other notice to all participants: \$2.00 per notice mailed Multiple Employer Monthly Reimbursement Checks, BASIC pacific reimburses clients for all premiums received for the prior month. Additional charges may apply if an employer wants their reimbursement split into multiple checks: \$20/ month per additional check Open-Enrollment Processing Option - (includes up to 11 pages printed (22 sides) per packet, standard mailing costs, assisting plan participants with forms, and distributing completed forms as necessary): \$15 Per Packet (\$60 minimum fee applies) Mass Layoff Fee - Additional charge if the employer lays-off or terminates 15% or more employees during any 30 day period: \$6 per qualifying event Custom EDI File Specifications - EDI Electronic files submitted to BASIC in any format other than standard file specifications will be charged \$115/hr. 	

FMLA Ease	
Set-up Fee	Waived
Monthly Fee	\$ 288.00

**See detailed proposal page(s) for guidelines, exclusions and requirements*

***This proposal and pricing are based on specifications given to BASIC. If the specifications are not accurate or change, pricing may be affected. This proposal is current for 60 days.*

**** Billing cycles vary from monthly, quarterly or annually depending on level of service charges.*

This proposal contains confidential and privileged information and may not be used or shared with any other person or organization without authorization.



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