Request for Proposals:
VEBA and Account-based Employee Benefit Plan Administration

Presented to:

Minnesota Healthcare Consortium
Participating Minnesota Service Cooperatives

MidAmerica

NIS National Insurance Services

777 South Harbour Island Blvd., Suite 390, Tampa, FL 33602 | (813) 533-4704 | www.myMidAmerica.com

Attn: Mark Kinney, Kinney & Larson LLP

Dear Mr. Kinney—

The Minnesota Healthcare Consortium (MHC) provides an FSA, DCAP, HRA, HSA, and VEBA Trust solution that is not only cost-effective, but also provides an exceptional service experience to MHC's employer members and individual participants. As opportunities are examined to drive further cost reductions for the Consortium and its participants, MidAmerica is the partner that the MHC needs to take its savings (and revenue) to the next level.

Our firm has been built with partnerships at the forefront of everything we do. For more than 25 years, we've crafted long-lasting relationships with our public sector clients (and the entities that serve them) by going the extra mile to understand and conquer the challenges they face. From the inception of HRAs in 2002, we've pioneered implementation and administration of consumer-driven health plans across the country. In the upper Midwest, we have collaborated with our trusted partner National Insurance Services (NIS) to bring our unique health and welfare solutions to a sizable portion of public sector entities in the region, driving millions of dollars of yearly savings for employers and their participants. Today, in Minnesota alone, we administer over $147M of VEBA and HRA plan assets, with more than $1.4B in assets under management (AUM) across our client base nationwide. This scale and experience enables us to pass on significant savings to MHC via fee revenue sharing of $1.50 per participant, per month—a winning combo when paired alongside our best-in-class fixed interest rate product (1.80% guaranteed interest through 2021 for HRA plans) and market-leading participant and employer experience. Furthermore, MidAmerica's HRA and FSA solutions have received national endorsement by the Association of Educational Service Agencies (AESA), in recognition of the tremendous value our plans provide to the multiple Educational Service Agencies we're honored to serve. We're proud to have earned the trust of AESA, which counts the Minnesota Service Cooperative and its numerous MHC-linked organizations among its membership—agencies like Lake County Services Cooperative, Resource Training and Solutions, and Southeast Service Cooperative, to name just a few.

MidAmerica can provide all FSA, DCAP, HRA, HSA, and VEBA Trust services to MHC members under one roof through our custom-developed MidAmerica Journey platform, which we've optimized for easy access through our online portal, mobile application, and account-linked debit cards. While we find value in providing all these services in one easy-to-use platform, we also understand that, given the nature of each benefit type, it may be the preference of MHC and its members to use multiple administrators. With a growing percentage of your active participants enrolling in the HSA, access to the VEBA is generally suspended until they retire or are no longer enrolled in an HSA-eligible HDHP. As such, MHC may desire to prioritize selecting a skilled VEBA administrator who can work alongside a preferred TPA to maximize value across both the VEBA and HSA/account-based plans as participants move between the plans. Given our significant

experience in partnerships and collaborations, should MHC find value for its account-based and HSA plans to be administered by another recordkeeper (including the incumbent), MidAmerica can easily administer MHC's VEBA Trust and its assets while partnering with the other firm to provide a streamlined experience for members and participants. This approach would preserve access to Minnesota's unique HRA beneficiary provisions within MHC's existing VEBA plan, unlock access to MidAmerica's 1.80% fixed interest rate product, provide for no-cost on-site servicing through our partner NIS, and facilitate a seamless transition of VEBA trust administration with no setup costs or administrative fees to MHC employers or participants. We are thrilled to offer both options for consideration of the MHC leadership as part of our consultative approach to delivering the very best for our clients.

We're grateful for the opportunity to partner with the Minnesota Healthcare Consortium and truly believe we can improve your benefit experience while reducing your costs. Within this proposal, you'll find examples of what your plan experience could look like and why public sector employers across the country have trusted us since 1995.

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Your partner, not just another vendor.

After reviewing MHC's needs, we believe the below core offerings would uniquely benefit the Consortium, its Member Employers and participants:

Increased Value at Reduced Cost

MHC and its members will not be charged fees for plan documents, amendments, custom education materials, or onsite assistance for any of the programs MidAmerica administers. Our monthly per-participant administrative fee of $2.50 is among the lowest in the industry, and encompasses access to all plan types (with no stacking for multiple plans) and access to our advanced MidAmerica Journey account management platform (with included debit card and mobile application). What's more, even at our extremely competitive fee pricing, we will provide revenue sharing to MHC of $1.50 per participant, per month. Combine that with our A+ rated investment vehicle, in-house consultative services and accessibility to decision-making executive leadership, and your overall service package will improve while your costs decrease.

For additional details on our fees and revenue sharing, please see **Attachment 1-F**.

Strategic Support & Guidance

As your partner, we take a consultative approach—always looking for ways to improve your benefits experience and create value. MidAmerica and NIS have significant experience in the Minnesota market, and if you find you need guidance or strategic support on new, unforeseen benefit issues, our team of service managers, licensed representatives, benefit experts and executive leadership is available to rally by your side. After reviewing MHC's current plan design, we believe that we can partner with you to create an enhanced benefit solution that provides additional value to the employee without any added cost to you. We're proud to help you solve issues for the long haul and not just during the initial plan setup.

Unparalleled Service and Program Education

MHC deserves an administrator that takes care of its customers and delivers on its service commitments. Since 2002, MidAmerica has maintained a 99% client retention rate because of our dedication to creating meaningful education opportunities and our development of processes that make sense for the public sector. Understanding that ongoing service is just as important as initial implementation, we will monitor MHC's service trends through our Service Cloud case management software and provide a monthly dashboard that can help inform you of insights from participant inquiries and behaviors as well as transaction trends. This allows us to pinpoint any areas of improvement, opportunities for education, and/or the need for additional communication

efforts to ensure that we are tailoring our programs to address the topics most relevant to MHC's members and employees. Additionally, through our longtime service partnership with NIS, we assign a dedicated, local Account Representative to provide MHC with onsite assistance and ensure satisfaction of MHC and its employers. This investment in our partnership with MHC ensures we constantly stay ahead of concerns before they cause dissatisfaction, and fuels continued innovation as we work tirelessly to drive additional savings for the Consortium and its members.

Total In-House Administration

Our administrative services and education are completely in-house—never outsourced—giving us a 360-degree view of your plan. This means we can quickly amend your plans and give you a complete picture of your administration whenever you need. Best of all, the enduring partnership between MidAmerica and NIS means you'll have access to our team of industry veterans and executive-level leadership, all of whom are at your disposal at a moment's notice. Another advantage to our services being totally in-house is that we maintain full control over our processes. With MidAmerica performing all recordkeeping services, we have complete oversight of how your plans are being administered and can manage them with the utmost degree of accuracy.

Path to **Success**

What your plan experience looks like at MidAmerica

Transition Education and Communication Campaign

Transitioning your plans to a new administrator requires a well-thought-out communication campaign to your employees. More importantly, your employees need to know how to take full advantage of their plan. That's why we'll partner with you to create a communication and education campaign specific to MHC. For past plan transitions, we coordinated with key staff members to ensure a flawless execution of their outreach campaigns. To review what your materials could look like, see **Exhibit D.**

Here's what we can do for you:

- Personalized transition letters mailed to each employee
- Solution-specific welcome kits for you and your employees
- Plan highlights that dive deeper into your specific plan
- Participant education that covers need-to-know details about the plan, tips on using the online portal, guidance on IRS plan regulations as well as what to expect during the transition
- Custom presentations, education packets, custom sign-up pages, as well as posters and email templates are provided to the plan sponsor at no cost
- Custom investment mapping flyers
- Not seeing what you need? No problem. Our team of Marketing experts can quickly craft pieces to meet the unique needs of MHC.

Ongoing Education and Communication

Our education efforts and client engagement continue after implementation and throughout the life of your plan. We are committed to ongoing education and proactive communication that help you and your participants make the most of your plans. Below are just some of the ongoing education and communication services we provide at no additional cost (depending on the scope of our services):

- Employer-level consultative services and guidance on legislative or regulatory updates, as well as opportunities to improve the overall benefits package
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- Quarterly employer newsletters to keep you up to date on industry trends, MidAmerica updates and helpful tips for managing your benefits
- A MidAmerica Benefit Education Microsite to provide your employees visibility into the features and highlights of the plans offered to them
- Through our partnership with NIS, a dedicated Account Representative and Account Managers who will provide onsite education and assistance as needed by MHC

Unparalleled Service

Onsite or virtual assistance and education, specially trained service representatives, and a dedicated account representative—these are just a few of the service benefits MHC will receive from MidAmerica at no additional cost. Some of our service highlights include:

- Service trends and inquiry tracking through Service Cloud
- Custom employer dashboards prepared especially for MHC that highlight your participants' frequently asked questions, distribution and service timeframes, as well as insight into future opportunities to improve benefits for you and your employees
- Quarterly investment performance monitoring to ensure a best-in-class lineup
- Intuitive online benefits portal (MidAmerica Journey) for both the employer and participant

In-House Plan Administration

We understand that plans and processes aren't one-size-fits-all. That's why we'll partner with MHC to develop a plan tailored to meet your needs. Since our administration is completely in-house, we have the agility to adjust internal processes if it means delivering an exceptional experience to you and your participants.

Plan Administration Highlights:

- Total in-house administration
- Daily claims processing
- Automatic claims substantiation and adjudication rates (via debit card usage) of 90%+
- Posting of contributions to participant accounts
- Daily valuation of funding choices
- Daily posting and processing of all distributions, forfeitures, and withdrawals
- Daily issuance of distribution checks
- Perform federal income tax withholding as necessary, and issue annual information returns, Form 1099-R, etc.
- Direct deposit capabilities
- Performance of required plan testing
- Automatic plan enrollment
- Annual employer reporting and tax documentation, including PCORI fees for HRA plans
- Participant account statements (quarterly for variable investments, annual for fixed investments)

Online Resources

Claims Submission

- Submit a claim online, upload receipts, & track expenses
- View account activity, claims history, & reimbursement history

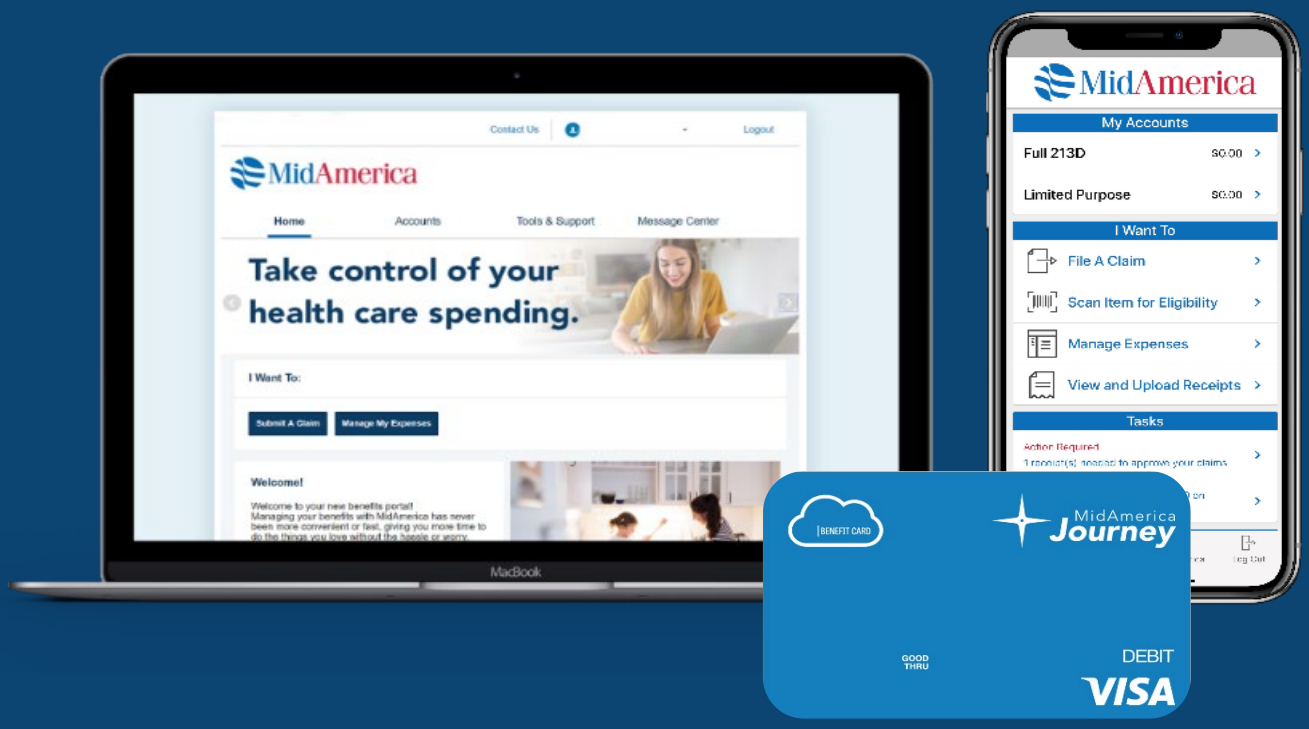
Employer Account Access

- View current & prior year plan information
- Access forms and documents
- Monitor account activity
- Retrieve reports and notifications
- Load data files

> “Submit claims online, on-the-go, or at the point of sale.”

Employee Account Access

- Monitor account balance
- Access plan forms
- View claims requiring receipts
- Set account alerts & get notifications via text message
- Edit personal profile information
- Manage debit card



Future Thought Partnership

Help retirees pay for medical premiums using existing benefit funds

We go beyond what you might expect from a typical administrator by providing additional consultative services when and if you need help. An example of how we do this is our work to help retirees bridge the gap between retirement and Medicare eligibility. Paying for health care premiums is often the top concern for hardworking employees considering retirement and, unfortunately, they're likely to postpone their retirement dreams due to uncertainty around how they'll be able to afford it. We also recognize the unexpected budget strains introduced by the COVID-19 global pandemic. As a result, we have been actively problem-solving to help public sector employers soften the impact of layoffs with targeted buyout strategies and creative benefit structures to help employees transition with peace of mind and maximum financial wellness.

As your benefits partner, we can discuss future solutions that can solve these issues for MHC. One such solution could be our funded Retiree Health Reimbursement Arrangement (rHRA). The rHRA can be used for the same eligible medical expenses as other HRA plans and is funded using payouts of employee accumulated leave (and other incentives) paid out upon employee retirement or separation. Unlike cash payouts of accumulated leave—which incur payroll tax liability for the employer and income tax liability for the participant—deposits of accumulated leave into rHRA plans are completely tax free for the participant and permanently save the employer up to 7.65% in payroll taxes.

Additionally, MidAmerica can offer a complimentary solution to deploy alongside the retiree HRA: the Special Pay Plan. Using the same accumulated leave dollars that can fund the rHRA, the Special Pay plan provides permanent FICA tax savings to employers and employees, along with tax-deferred growth for employee funds that can be withdrawn for any purpose. MidAmerica already administers Special Pay Plans with numerous MHC member groups, which facilitates easy expansion of this valuable benefit across the remainder of the Consortium.

Ultimately, MHC's current benefit offerings aren't disrupted at all—only enhanced—and without any additional cost. Best of all, the rHRA and Special Pay plan can work harmoniously together, creating a winning benefit structure for both you and your employees, as illustrated below.

Here's what the retiree benefit structure could look like.

Special Pay Plan

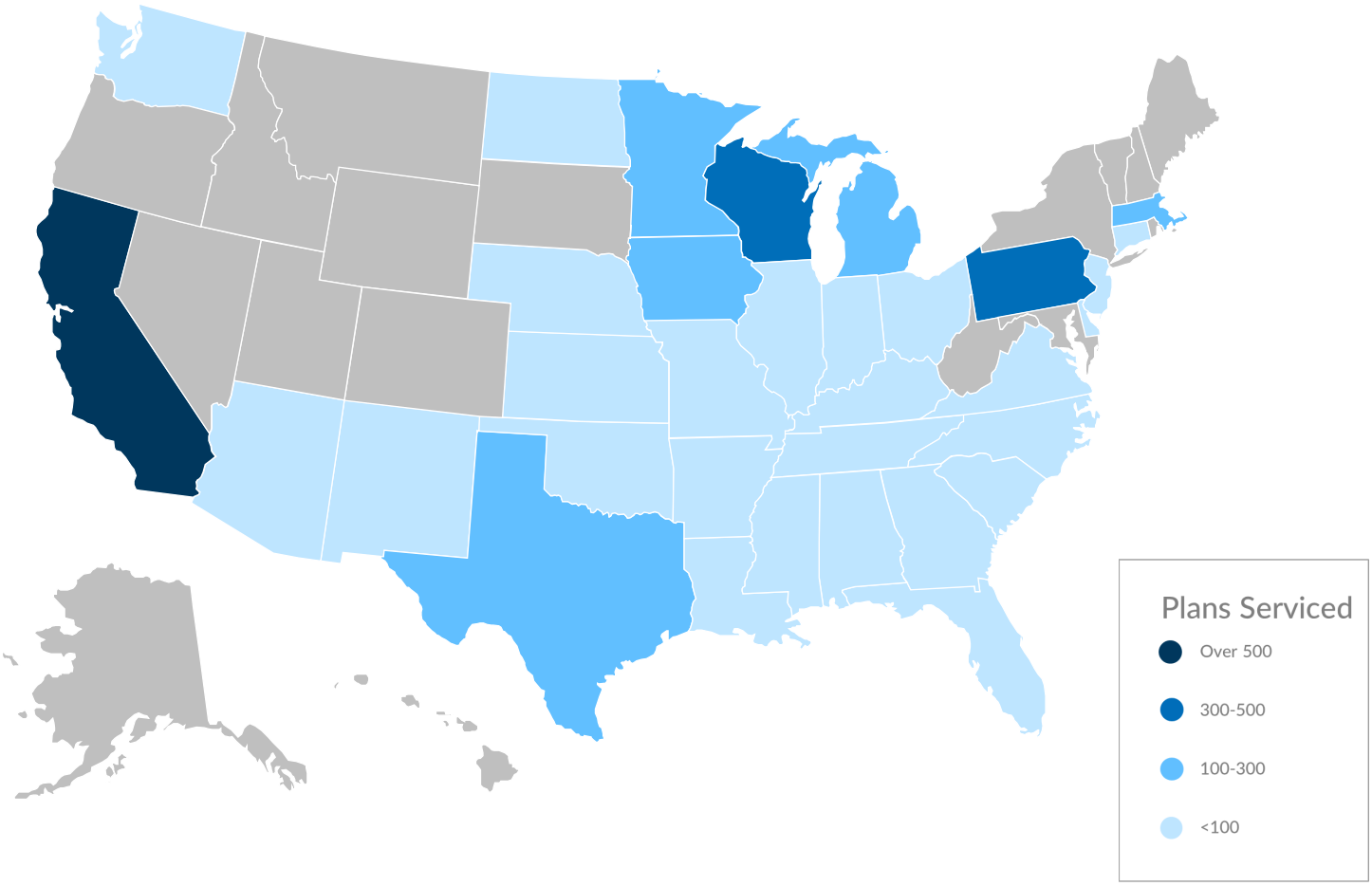
- ✓ Funded using the employee's accumulated leave
- ✓ Tax-deferred
- ✓ Invested for potential growth
- ✓ Funds can be used for any purpose once eligibility requirements are met

rHRA

- ✓ Funded using employee's accumulated leave
- ✓ Tax-free
- ✓ Invested in same investment vehicle as Special Pay Plan
- ✓ Funds can be used tax-free to pay insurance premiums and other eligible medical expenses

Why **MidAmerica Makes Sense**

Our National Presence



1,795

Total Plans Administered

$1.4B

Total Assets Under Management

99%

Client Retention Rate

Why **MidAmerica Makes Sense**

Understanding the ***why*** behind MidAmerica

Our Mission

We strive to take care of those people who do so much to take care of our communities—like public school employees, law enforcement and firefighters, and municipal employees—by providing best-in-class administration for the benefit plans that allow them to live with security and to retire with peace of mind.

Our Vision

It's our vision that MidAmerica will become the nation's most trusted provider of public sector benefits funding & administration, helping five million employees in their personal health and wellness journey.

Our Values

Where Passion Meets Purpose
We are passionate about what we do, who we serve, and the impact we have; we work hard to deliver positive outcomes in all situations.

We Take Care of our Customers
Whether it's a participant, plan sponsor, or partner, we do the right thing to create an excellent experience for them.

We Deliver
We are passionate about MidAmerica's results. We take accountability to drive performance at the company, team, and individual levels to continuously improve and exceed expectations.

We are PeopleFirst
People are our most important asset. We care for each other and those we serve by always being positive, honest, and respectful in everything we do.

We Win Together
We are better as one team than we are as a group of individuals. We collaborate to drive the best outcomes for each other and for our customers.