New Generation Benefits Administration
Financial Services Abstract

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Company Overview

HFX Partners provides a new generation healthcare services platform for those who use health services, those who provide health services, and those who pay for health services.

The Platform integrates three basic components:

1. **Insurance Services** - Insurance Services – a) fully paid plans for consumers, b) Self-funded plans for employer groups

2. **Distribution Support Coalition** - Support includes 50,000 GA/brokers, 24 hr. Call Center with 426 operators

3. **Financial Payment Platform** - Virtual Payments designed to link insurance and medical expense, to everyday spending for earning reward points, cash-back, and rebates.

**Platform Features**¹: HFX Cards are Bank of America issued with discounts from favorite retailers

**Insurance Features**²: Lower Pre-Obamacare pricing with insurance premium cash-back and rebates

Market Opportunity

Under new government administrative directives, legislators are removing government interference from healthcare and returning control back to the private sector, in an effort to lower insurance costs.

During Obamacare, over 60% of employers no longer offer ESI (Employer Sponsored Insurance). HFX has set up a new insurance agency, representing over 300 insurers with lower health insurance options for consumers, and a captive insurance division to establish group rates for small employers to improve ESI.

The new policies will be linked to a virtual payment platform with financial incentives enhancing eligibility ID cards. The captive insurance company will leverage IRS tax advantages for employers and employees. A digital wallet is attached to each insurance ID card to facilitate healthcare clearinghouse transactions. The HFX captive insurance division is being managed by AON. AON is a global professional services firm that provides risk, retirement and health consulting with approximately 500 offices worldwide, serving 120 countries with 69,000 employees.

The HFX insurance broker network currently services over 6 million insureds. Recently, HFX was approved by the HHS as a SAM (System Award Management) contractor, qualified to receive government contracts.

¹ All reward points can be redeemed to pay for co-payments, as an example. Includes merchant rebates and cash-back
² Special non-Obamacare lower rates to Out-of-pocket Expenses i.e. deductibles, co-insurance, co-payments etc.
Administration Description

HFX has designed a new HR measurement tool; The Employee Navigator Portal. The portal provides employee enrollment and an HR management benefits platform for employers, brokers, and employees that can measure HR management effectiveness through its analytics.

WellPay™ is a new virtual payment platform that upgrades insurance ID cards. Cards are issued by Bank of America and processed by FIS Global.

Cardholders receive discounts from thousands of retailers, and can collect reward points that can be redeemed to pay co-payments. Other options include cash-back and merchant rebates.
Payment Platform Tools

An enhanced "Healthcare ID Card" that simplifies payments, verifies eligibility, manages health care services, and earns reward points to help control costs with financial incentives.

Our service-oriented Open Payment Framework (OPF) facilitates the entire transaction value chain while enhancing and enriching payments information.

The WellPay™ product is a real-time, open loop network designed as a collaborative industry wide solution, one that delivers on the Federal Reserve’s call for speed, security, efficiency, and interoperability.

Financial Incentives
- Rewards
- Refunds
- Rebates
- Reimbursements
- Subsidies

Medical Record Feature
**Dynamic Industry Impact**

*Healthcare costs increased by roughly 100 times, from $27 billion in 1960 to $2.6 trillion in 2010.*

Healthcare organizations are changing their approach to payments, and collecting more from patients at the time of service. About one third of all physicians see 50–99 patients per week. In the 2011 survey, about 40% of doctors saw that many patients per week. About 23% of physicians see 100–174 patients per week.

The new HFX virtual payment cards can open access to more than $1.8 Billion of quarterly claim/payment transactions that banks never see because the health clearinghouses historically monopolize them. WellPay™ is designed to replace those health clearinghouses.

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**New Interchange Revenue for Healthcare Market**

**Annual Interchange Revenue**

**US Bank Market = $30B**

- General Spending $90 Fee Per Yr
- Payroll
- Insurance Exchange
- Rebate

**US Health Market = $0.00**

- Payroll
- Insurance Exchange
- Wellness

*Total Annual Bank Card Revenue over $4.1T
Total Annual Health Card Revenue $0.0*
Impact on Fraud

Fraud Audit Feature
A real-time claim processing, auditing, profiling, and editing service. It is a prepayment solution that lives in a post-adjudication payment environment because "pay and chase" wastes time and money.

Anti-Fraud Comparison
There are nearly 1.4 billion bank cards outstanding. Of those cards, $991 billion in goods are charged annually, and $500 million of reported fraud ($0.32/cardholder). In contrast, Medicare has 47 million beneficiaries, a $425 billion budget and $60 billion in reported fraud or ($1,277/beneficiary). Medicare fraud is 4,000 times greater.
Reinventing The Insurance ID Card for a Virtual World

Companies are embracing this trend. Spending with virtual cards - temporary prepaid, credit or debit card numbers that can be controlled and tracked - is expected to surpass plastic corporate travel cards in 2017, according to First Annapolis Consulting, a firm focused on electronic payments.

Plastics Meltdown

Source: First Annapolis Consulting
Leadership Team

Chairman
- Chairman
- 35 year career, Sr. Executive
- Managed $3 billion annual budget
- Managed 17 divisions with 7,000 employees

Managing Director
- Managing Director
- Developed one of first EMC claims software programs, 1987
- Co-founder of EMC Express Clearinghouse
- Founding father HFX

Operations
- Sr. Vice President, Operations
- 25 year history Sr. executive banking, payment processing industry
- Manager $200 million EFT company
- Sr. Manager of one of the largest payment networks

Marketing
- Director, Sales
- 30 years leadership experience in financial services, international payments and pre-paid cards
- Sr. Manager leading global sales teams

Development
- General manager CTO
- Two decades Sr. Executive
- Global strategy consulting, enterprise development
- Healthcare IT, clinical info systems operations, planning, management

Director, Insurance Services
- President, HFX Insurance
- One of the Top General Agents for Colonial Life Insurance, nationwide
- Accredited by numerous top health insurers
- National Advisor of Healthcare Call Center
- Coordinator of National Field Agent Team
HFX Trademarks

HFX Insurance Services is licensed in the following states:

CA, FL, GA, NC, NJ, PA, SC, and TX.

For more information, please visit www.hfxpartners.com and www.hfxinsurance.com.
Selected Financial Information

Projected to reach over $400 million within 2 Years. To reach that mark, HFX is offering brokers new revenue share, account management, and employee enrollment services. Approximately 4 million claims will be tested between insurers, physicians and cardholders.

Projected Revenue

Employee Navigator System
A new HR Benefit Management service that is integrated between employers, brokers and insurers.

Healthcare Virtual Platform
With patients paying a larger portion of medical bills than ever before, (exceeding $400B) clinics need an easy way to process claims on timely basis. WellPay™ Direct offers clinics the opportunity to shorten payment cycle from patients by offering various financial incentives and rewards.

1 Current negotiations pending with Quotit/Colonial utilizing a National Broker Network to guarantee 2 insureds/month nationally
Projected Market Penetration

One of the most powerful new revenue drivers of banks is healthcare related transactional revenue which historically is not processed directly through banking infrastructure. HFX will leverage its platform to increase bank transaction revenue by driving real-time healthcare processing - i.e. eligibility transactions, electronic payments and premium payments. Under the new federal health mandate, individual and family recurring health expenses have increased. HFX revenue growth is projected at CAGR-45%.

Financial Projection

<table>
<thead>
<tr>
<th>Year</th>
<th>Key Financials and Metrics</th>
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<tbody>
<tr>
<td></td>
<td>Year 1</td>
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<tr>
<td>Revenue</td>
<td>$41,913,747</td>
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<td>Gross Margin</td>
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<td>Net Income</td>
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<td>EBITDA</td>
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<td>Total Assets</td>
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<td>ROE - %</td>
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<tr>
<td>ROA - %</td>
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<tr>
<td>EBITDA Margins - %</td>
<td>1.84%</td>
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Let's Keep The Conversation Rolling!

Reach out to HFX Partners today to discuss next steps! Call 818.259.0440 or visit our informative website at www.hfxpartners.com