



VITAL110

Consumer Guide for CEO's, CFO's, and HR Managers

2024

WaterRockfn.com/vt110biz

Understanding Vital110 and Why It's the Best Option

Introduction to Vital110

Welcome to the **Vital110 Consumer Guide**! This guide explains how **Vital110** works and why it stands out from other healthcare programs like **CHAMP Plan** and **TruMark Health (Powered by Capstone Health)**. We'll explore how Vital110 offers **continuous care monitoring**, **comprehensive financial protection**, and **proactive healthcare management**, making it the ideal choice for both employers and employees.

What is Vital110?

Vital110 is a **Minimum Essential Coverage (MEC)** health program designed to offer a wide range of healthcare services with an emphasis on **continuous care monitoring**, **preventive care**, and **financial protection**. The program offers both **virtual care** and **in-person services**, along with unique features like **hospital bill erasure**, which helps eliminate the financial burden of large medical bills.

Important Note: Vital110 is designed to **complement** existing health insurance plans, **not replace them**. It works alongside traditional health insurance by absorbing the costs of **co-pays**, **deductibles**, and **other out-of-pocket expenses** that come with major medical events.

Why Choose Vital110?

Vital110 is more than just a health plan—it is a **complete healthcare management system** that provides **continuous care monitoring** and financial protection for employees. Here's why it's the best option for your company:

1. **Continuous Care Monitoring:** Vital110 uses the Vital Signs Smart Device technology to collect real-time biometric data, such as blood pressure, blood oxygen levels, and heart rate by turning your smartphone into a Level II medical device. This allows for **proactive healthcare management**, where chronic health conditions are tracked and managed continuously. Employees receive real-time feedback on their health and benefit from **early intervention** when potential risks are identified(QuestSelect - Ark).
2. **In-Person and Virtual Care:** Vital110 provides access to **in-person urgent care** (up to 3 visits per year) at **\$0 copay**, along with comprehensive **virtual care services**, including unlimited **virtual primary & urgent care**, and **mental health counseling**. This

3. ensures employees can receive the care they need without worrying about out-of-pocket costs(Member's Guide).
 4. **\$0 Copay for Prescriptions and Lab Tests:** With over **1,000 generic prescriptions** available at **\$0 copay**, and access to **QuestSelect Labs** for **\$0 copay lab tests**, employees can manage their health without the financial stress of paying for routine medications or diagnostic tests(PCA Rx and Health Compa...)(QuestSelect - Ark).
 5. **Hospital Bill Erasure:** Vital110's **hospital bill erasure** feature is a unique financial protection service that helps eliminate high deductibles and out-of-pocket expenses associated with major medical events. This feature provides peace of mind for employees by significantly reducing their financial burden(Member's Guide).
 6. **Care Navigation:** Employees are supported with **care navigation services** that help them understand and manage their healthcare expenses, ensuring they get the best possible care while reducing unnecessary costs.
-

Cost Savings

- **Section 125 Savings:** Vital110 enables employers to save an estimated **\$500 per employee annually** through **Section 125 tax savings**, allowing employees to pay for healthcare benefits using **pre-tax dollars**. This reduces payroll taxes and increases employees benefits without a reduction in their take home pay.
 - **Additional Savings:** Employers can realize **additional savings** through reductions in **absenteeism, workers' compensation expense**, and overall **healthcare costs** due to the comprehensive care, continuous health monitoring, and preventive services offered by Vital110.
-

Comparing Vital110 to CHAMP Plan and TruMark Health

While **Vital110** excels at providing **comprehensive care**, both **CHAMP Plan** and **TruMark Health** offer alternative healthcare solutions, but with notable limitations:

CHAMP Plan:

- **Focus: Fixed indemnity plan** (see FAQ's) offering **cash benefits** for specific events like primary care and urgent care.
- **Services:** Provides **\$0 copay** for select services but lacks continuous care monitoring or in-person care services. Payments from the CHAMP Plan can be **taxable** if premiums are paid with pre-tax salary reductions

TruMark Health (Powered by Capstone):

- **Focus:** Virtual preventive care and chronic disease management, emphasizing predictive health technologies such as biometric facial scanning.
 - **Services:** Offers virtual urgent care, chronic care management, and mental health services, but does not include in-person care or hospital bill coverage.
-

Why Vital110 is the Superior Choice

Vital110 is designed for employers and employees who need more than basic preventive services or fixed cash payouts. With **continuous care monitoring**, **in-person care**, and **comprehensive financial protection**, Vital110 offers a unique healthcare solution that combines the benefits of **virtual care** with robust **in-person services** and **proactive healthcare management**.

- **Financial Protection:** Vital110's **hospital bill erasure** ensures that employees are protected from high out-of-pocket medical costs, providing peace of mind and financial security.
 - **Comprehensive Coverage:** With a blend of **preventive care**, **urgent care**, and **virtual health services**, Vital110 addresses both routine and emergency health needs at **\$0 copay**.
 - **Cost Savings:** Employers can save an **estimated \$500 per employee annually** through **Section 125 tax savings**, while also benefiting from **additional savings** related to reduced absenteeism, workers' compensation claims, and overall healthcare costs.
-

Conclusion

Vital110 is the best healthcare solution for companies that need comprehensive, proactive healthcare management. With features like **continuous care monitoring**, **hospital bill erasure**, and **\$0 copay prescriptions**, Vital110 provides both **healthcare coverage** and **financial protection** that goes far beyond what other plans offer.

For more information or to get started with **Vital110**, visit www.waterrock.com/vital-110 or contact us today.

FAQ's

Is Vital110 A Fixed Indemnity Plan?

No, Vital110 is **NOT** a fixed indemnity plan.

Vital110 is a **Minimum Essential Coverage (MEC)** health program that focuses on **preventive care**, **continuous care monitoring**, and **financial protection**, such as **hospital bill erasure** and **\$0 copay services** for prescriptions, lab tests, and urgent care. Unlike fixed indemnity plans, which provide **cash payouts** for specific healthcare events, Vital110 offers **comprehensive healthcare services** that aim to cover actual healthcare needs and costs without the use of indemnity payments.

Fixed indemnity plans provide a **set cash payment** for certain events or services, regardless of the actual cost incurred, and are typically **supplemental** to traditional health insurance. Vital110, on the other hand, is structured to **complement existing health insurance plans** by offering additional financial protections and care options without relying on predetermined cash payouts.

Therefore, **Vital110 is not a fixed indemnity plan** but a comprehensive program that works in conjunction with traditional insurance plans.

Is TruMark Health (Capstone) a fixed indemnity plan?

Capstone Health Plan and **TruMark Health (Powered by Capstone)** are **not fixed indemnity plans**. Both plans are designed to provide **preventive care services**, **virtual care**, and **tax benefits** through **Section 125**. These plans work as **supplements** to existing health insurance rather than offering **fixed cash payouts** for specific medical events, which is the primary characteristic of a fixed indemnity plan.

Is The Champ Plan A Fixed Indemnity Plan?

Yes, the **CHAMP Plan** is a **fixed indemnity plan**. This is supported by information from **champhc.com** and **champplan.com**, where it is described as a plan providing **cash benefits** for specific medical services or events, such as primary care visits, urgent care visits, and prescription drugs, all with **\$0 copay** for employees. The plan pays a **fixed amount** for these services, which is characteristic of indemnity plans, rather than providing comprehensive insurance coverage. Indemnity plans are designed to supplement existing health insurance by offering set reimbursements for specific covered services, but they are not intended to replace full health insurance.

Are The Champion Plan and TruMark Health IRS Compliant for Saving FICA Tax?

Yes, both The CHAMP Plan and TruMark Health (Powered by Capstone) claim to be IRS compliant for saving **FICA tax** under **Section 125**. However, there are important nuances to consider regarding how these plans work, especially in light of IRS guidelines, such as the **IRS Chief Counsel Memorandum (202323006)**.

The CHAMP Plan:

- **FICA Tax Savings:** The CHAMP Plan is structured as a **Section 125 plan**, which allows employees to pay for healthcare benefits using **pre-tax dollars**, thus reducing taxable income and lowering both the employer's and employees' **FICA taxes** (Social Security and Medicare taxes).
- **IRS Chief Counsel Memorandum 202323006:** According to this memorandum, **fixed indemnity payments**—like those offered by plans such as CHAMP, which pay a set amount for specific medical services—may become **taxable** if premiums are paid pre-tax. This is because, under IRS rules, when employees receive cash benefits from a fixed indemnity plan that aren't tied to unreimbursed medical expenses, the payouts are treated as **taxable income**. This means that while the CHAMP Plan can save payroll taxes initially, **fixed payments from the plan may be subject to income tax** if the premiums were paid with pre-tax dollars

TruMark Health (Powered by Capstone):

- **FICA Tax Savings:** Similar to the CHAMP Plan, TruMark Health operates under **Section 125**, offering **pre-tax deductions** for healthcare benefits, which reduces payroll taxes. TruMark Health primarily offers preventive care services, and since it does not rely on **cash indemnity payments**, it is less likely to face the same taxability concerns as CHAMP.
- **IRS Compliance:** Since TruMark Health does not involve fixed cash payouts and focuses on providing services directly (such as telemedicine, virtual care, and preventive care), it is more straightforward in maintaining **FICA tax savings** without the complications tied to fixed indemnity plans.

Important Considerations:

- **Taxability of Fixed Payments:** According to IRS Chief Counsel Memorandum (202323006), any payments made under a **fixed indemnity plan** that are not directly tied to actual medical expenses may be considered **taxable wages**. This applies to **The CHAMP Plan** if employees receive cash payments without proving unreimbursed medical expenses. For **TruMark Health**, which focuses on providing services rather than fixed payments, this is less of an issue.

Conclusion:

Both **The CHAMP Plan** and **TruMark Health** offer FICA tax savings through **Section 125**, but **The CHAMP Plan** carries potential tax liabilities due to its **fixed indemnity payments**, as outlined in **IRS Chief Counsel Memorandum (202323006)**. These payments may become taxable income if not properly managed. In contrast, **TruMark Health** focuses on **service-based care** and is less likely to face the same tax concerns related to fixed indemnity payments.

What is TruMark Health & are they a part of Capstone Health?

TruMark Health and **Capstone Health Plan** both offer supplemental health care programs, but they are distinct entities with unique offerings. Based on the available information:

TruMark Health:

- **Focus:** TruMark Health emphasizes **predictive and preventive healthcare**. Their plan includes unlimited **telehealth**, **chronic disease management**, **mental health services**, and other virtual care options, all with **\$0 copays**. It also promotes **health risk assessments** and **biometric facial scanning** to predict and prevent future health issues.
- **Financial Benefits:** TruMark helps employers and employees save on **payroll taxes** through **Section 125** pre-tax deductions, offering potential savings of **\$480-\$620 annually per employee**. Employees can see an increase in take-home pay as they participate in this program, which operates alongside existing health insurance, without replacing it.
- **Partnership with Amaze Health:** Amaze Health serves as the core provider for virtual services under the TruMark Plan, offering a range of **telemedicine**, **mental health**, and **chronic disease management** services

Capstone Health Plan:

- **Focus:** Capstone Health Plan is also structured as a **Section 125 plan** that offers **preventive care** and **virtual services**. It features comprehensive virtual healthcare, including **chronic disease management**, **urgent care**, and **mental health services**. Capstone emphasizes **preventing high-cost medical events** by intercepting unnecessary emergency room and specialist visits, saving employers on healthcare costs.
- **Concierge-Style Services:** Capstone uses **Amaze Health** to offer **on-demand medical care**, **patient navigation**, and **billing advocacy** to assist employees with their medical and insurance needs. Capstone aims to reduce ER and urgent care visits by over 40%, helping employers save on overall healthcare expenditures.
- **No Net Cost:** The Capstone plan, like TruMark, operates at **no net cost** to the employer or employee. It functions as an **enhancement** to existing medical insurance rather than a replacement

Conclusion:

- Both **TruMark** and **Capstone** offer similar services in terms of **virtual healthcare** and **preventive care**, with a strong focus on **Section 125** tax savings.
- **TruMark** includes more **predictive health tools** (like biometric facial scanning) and highlights **chronic disease management** as a key feature, while **Capstone** focuses more on **concierge-style support** and reducing healthcare costs through proactive management of urgent and emergency care needs.
- Depending on the employer's priorities—whether it is **predictive health and chronic care management** or **virtual healthcare with a strong focus on cost reduction**—either plan could be beneficial. Both are designed to complement, not replace, primary health insurance.

TruMark Health is **powered by Capstone Health**, which means that **TruMark Health** is essentially utilizing Capstone's healthcare platform and services. Capstone Health provides the underlying structure, such as **preventive care**, **virtual services**, and **Section 125** payroll tax savings, while TruMark Health brands and markets these services under its own name. This partnership means that TruMark Health's offerings, such as **telemedicine**, **chronic care management**, and **preventive care**, are all facilitated by Capstone Health's platform.

In essence, **TruMark Health** offers the same core services as **Capstone Health**, but under its own label. Both plans are designed to function as **enhancements** to existing health insurance plans, focusing on reducing healthcare costs through **preventive care** and offering **virtual healthcare** to minimize the need for expensive in-person services

Do any of these plans offer legal/audit defense that is a direct result of participating in these plans?

Based on the available information, neither The CHAMP Plan nor TruMark Health explicitly mention offering audit defense services in the event that a company is audited due to participation in their respective plans.

- CHAMP Plan: While The CHAMP Plan provides Section 125 compliance and potential FICA tax savings, there is no mention of specific audit defense support if a company were to be audited. The plan focuses on offering supplemental healthcare and tax savings but doesn't highlight any formal protection against audits
- TruMark Health: Similarly, TruMark Health emphasizes tax savings through Section 125 compliance, enabling payroll tax reductions for employers and employees, but there is no indication that the program includes audit defense services in case of an IRS audit. Like CHAMP, the focus is on reducing payroll taxes and enhancing benefits rather than offering defense in case of tax-related issues

In both cases, the plans focus on tax benefits but do not appear to offer specific audit defense provisions. If you are concerned about the potential for an audit due to participation in either of these programs, it would be wise to consult a tax advisor or legal professional to ensure your company is prepared for any audit scenarios.

Vital110 does not explicitly mention providing audit defense for companies in the event they are audited as a result of participation in the plan. However, Vital110 does take several steps to ensure that companies remain **IRS Section 125 compliant**, including offering support for **administration of Section 125 Cafeteria Plans** and **providing required documentation and assistance** in plan administration.

Vital110 partners with third-party administrators (TPAs) to handle administrative tasks such as **reporting**, **payroll integration**, and **plan compliance**. While the agreement specifies that the TPA provides administrative services and compliance assistance (like preparing plan documents), there is **no explicit mention of audit defense** as part of their services.

While **Vital110 provides compliance support**, **audit defense** is not explicitly stated as part of the services. If audit defense is a concern, it would be advisable to consult with a tax or legal professional regarding potential audit risks and preparation. However, **Section 6 of the Vital110 Employer Agreement** is about both sides (Vital110/Health Compass and the employer) agreeing to protect each other from legal trouble that might arise from mistakes or failure to do what's required under the agreement. Here's what it means for legal and audit protection:

1. **Vital110's Responsibilities:** If Vital110 makes a mistake, breaks a law, or doesn't follow through on something they're supposed to do under the agreement, they agree to **cover the employer's legal costs** and defend them against any claims related to that mistake.

2. **Employer's Responsibilities:** Similarly, if the employer (or their employees) does something wrong, like giving bad advice or failing to meet obligations under the agreement (e.g., not paying certain taxes or compensations properly), the employer agrees to **protect Vital110** from any legal trouble and cover their costs.

This section doesn't specifically offer **audit protection**, but it does ensure that if one party causes legal issues or mistakes, they are responsible for defending the other party and covering costs related to those issues. For audit protection, this section would mainly apply if the audit results in claims or penalties caused by one party's actions or mistakes.

Which plan is better?

- **Vital110** is the best choice for employers looking for **comprehensive care**, including **in-person** and **virtual services**, along with **strong financial protection** (e.g., **hospital bill erasure**). This makes it particularly valuable for companies with employees who need both **routine preventive care** and **robust services that complement current plans**.
- **CHAMP Plan** is more limited in scope, offering **cash payouts** rather than full healthcare services. It works well for employers who need a **simple, supplemental plan** but may fall short for those needing more robust coverage or **financial protection** in serious health events.
- **TruMark Health (Powered by Capstone)** is ideal for employers focusing on **preventive health** and **virtual care**. It offers strong **predictive healthcare tools** but lacks the comprehensive care options that **Vital110** provides.

Recommendation:

**For employers seeking comprehensive financial protection
and broad healthcare services,**

Vital110 is the superior choice.

TruMark Health (Capstone-powered) is best for employers seeking **virtual preventive services**, while **CHAMP Plan** is suitable for those who need a **basic, supplemental option** with cash payouts.

*The information provided in this guide is for **educational purposes only** and is based solely on the data and materials available at the time of writing. It is not intended to provide any **tax advice**, legal guidance, or opinions regarding the **suitability of Vital110, CHAMP Plan, or TruMark Health (Powered by Capstone)** for your company or individual circumstances.*

*Before making any decisions, it is essential that you **consult your tax advisor** or legal counsel regarding the applicable tax laws and regulations, and to assess how these programs might impact your company's specific situation. The potential **tax savings** discussed in this guide, including those related to **Section 125 plans**, may vary depending on your organization's structure and the applicable tax rules. This guide should not be relied upon as tax advice.*

Each employer or employee's situation may differ, and it is important to conduct thorough research and obtain professional advice before implementing any healthcare or benefits program.