



Sedera Membership Considerations

We get a lot of questions about the nature/handling of a Member's participation in the Sedera Community, which is natural since Sedera is not the status quo. The following are some things to consider when thinking about joining the Sedera Medical Cost Sharing Community.

DISCLAIMER: Sedera cannot and does not provide tax, legal, or accounting advice. This material has been prepared for informational purposes only, and is not intended to be, and should not be, relied on for tax, legal, or accounting advice. We strongly recommended that you consult your own tax, legal, or accounting advisors concerning your particular situation.

What is the relationship between a Member and the Sedera community?

Each individual Member (for themselves and/or on behalf of their household) starts a direct relationship with Sedera when they choose to participate in Sedera Medical Cost Sharing ("Sedera MCS"). This is a personal decision, and there is always a direct relationship between Sedera and the Member. You may have been introduced to the idea of Sedera Medical Cost Sharing by an affiliate, licensed broker, another member, a colleague, a business owner, or a friend. While these third parties may introduce you to Sedera, educate you about how Sedera works, or even help you register for Sedera, they are not providing Sedera to you. Instead, your choice to participate in the membership is personal, and these third parties are helping you with some part of the process.

What is your relationship to the Member participating in Sedera?

Here are some of the types of individuals that you may encounter during your Sedera journey:

- **Member/Household** – Sedera is a Medical Cost Sharing Community made up of individuals and households just like you.
- **List Bill Entity** – Sometimes an entity, group, or employer ("Entity") already has a relationship with a Member or group of Members. This Entity may decide to contract with Sedera simply to forward the team member contributions to Sedera, which makes it easier for the Member to make their Monthly Member Contributions to Sedera. These Entities are simply making it easier for you to pay your Sedera Membership each month but are not paying on your behalf and do not control your membership.
- **Affiliate, Marketer, Referral Entity** – Sometimes you may first encounter Sedera through one of these various third-party "Partners". Any of these Partners may introduce you to the concept of medical cost sharing, help you sign up, facilitate your monthly payment, or you may be purchasing other products from a Partner. Partners take many forms and help the Members in many ways, but your Medical



Cost Sharing (“MCS”) relationship is still between you and Sedera.

- **Employer** – Sometimes you may hear about Sedera through your employer. The employer may inform you that it does not offer a group health plan for its employees but make you aware of Sedera MCS. Employers whose employees have made their own decision to join Sedera often have executed a List Bill Agreement with Sedera, which means they are List Bill Entities that collect the Monthly Member Contributions from their team members and forward the gross amount to Sedera as an administrative convenience. Employers have no other contractual relationship with Sedera and their work with Sedera is limited to this one administrative activity. Employers may not make contributions for your individual MCS payment. However, some employers will increase your salary (gross up your pay), which you could use to help pay for your participation in Sedera MCS or for any other purpose. All of these things are helpful to the Member, but remember that it is the Member that has the direct relationship with Sedera and can continue to be a Sedera Member even if they switch employers.

Why doesn't my employer just pay for my Sedera Membership?

Remember that Sedera is a membership in a medical cost sharing community and not an insurance plan, and therefore does not qualify as a benefit. Many employees are used to having “benefits” paid for by their employer and/or deducted from their paycheck. “Benefits” to which your employer may directly contribute are defined under federal law, and membership in a Medical Cost Sharing community like Sedera is not yet included in the definition of a “benefit”. An employer cannot make a “directed employer contribution” towards your individual MCS payment.

Can my employer help me pay for my Sedera membership?

Yes, your employer can increase your taxable wages to give you additional resources to pay for a Sedera MCS membership. This can be done as a salary gross-up or wage increase to the employee.

Example: Imagine your employer can afford to give every employee a \$200 per month wage increase to help its employees with life's expenses. What should the employer do?

- 1) The employer can use that \$200 as an employer contribution towards a health insurance plan. The \$200 likely won't go very far towards an expensive insurance premium and the employer contribution nature of the payment limits the choices the employee can make. The employee may feel like they are not really getting much help at all.
- 2) The employer can decide to increase each employee's salary by \$200 per month. This allows their employees to decide what they want to do with the money. The employee can decide to use it to purchase a Sedera MCS Membership, join a Direct Primary Care Practice, purchase dental insurance,



or use it as beer money; the choice is up to the employee. This empowers the employee to make the decision that is best for the employee.

May my employer and I make pre-tax contributions towards my Sedera membership?

No. Payments cannot be made on a pre-tax basis to a Medical Cost Sharing membership such as Sedera. All contributions towards Sedera Medical Cost Sharing must be made on a post-tax basis. This is a key distinction between premiums paid to a group health plan, which is often much more expensive than payments for a Medical Cost Sharing Community like Sedera.

Can my employer facilitate payments to Sedera for my individual MCS payment?

Yes, your employer can choose to be a List-Bill Entity and help collect and deposit your Monthly Member Contribution from your paycheck each billing cycle. The key point is that the Employer is helping you deposit your funds each month. This is different from the employer depositing employer money on your behalf. Your employer may still make contributions on your behalf towards a Minimum Essential Coverage (“MEC”) insurance plan, dental plan, or vision plan. These are not provided to you as part of your Sedera membership, so if you have questions about these types of offerings you should contact your HR department or Third Party Administrator (“TPA”) for more information.

What if I lose my job or change employment?

The good news is that you can keep Sedera MCS membership even if you lose your job or change employment. Remember, your Membership is between you and Sedera, not something given to you by your employer, so membership eligibility does not depend on your continued employment. However, if you had a List Bill Entity to facilitate payment, the way you interact with Sedera may have to change a little. (Contact a Sedera Member Service Advisor for further details.) Please remember that “Benefits” or other services provided by an employer or other entity may not be portable, so contact your employer’s HR department or TPA for more information about those services you may receive.

Doesn’t my employer have to be involved in my health care choices?

The simple answer is no. People have been trained to believe that their employer should or must provide health insurance to their employees. No one generally expects their employer to pay for their homeowner’s insurance or personal car insurance. People have been conditioned to believe that employer sponsored insurance is required to access or pay for health care. In reality, employer health insurance is not a requirement to access health care. In fact, in addition to Medical Cost Sharing, there are all kinds of non-insurance ways to access and pay for health care, including Direct Primary Care Practices (“DPC”), Virtual Primary Care Practices (“VPC”), and Medical Cost Sharing (“MCS”), to name a few. Remember that Sedera is not insurance and it’s not provided to you by someone else. You make the decision to join the membership, you pay for the membership yourself, and you decide when you want to stop being a Member.



Does Sedera fulfill state and/or federal health insurance requirements?

No, remember that Sedera is not health insurance. Sedera, by itself, is not qualifying coverage as defined by the Affordable Care Act (ACA) or any state healthcare coverage or insurance requirement. However, some TPAs or other third parties may provide other solutions that satisfy the ACA or state law requirements.

What are the components of my Monthly Member Contribution?

Pricing for membership in Sedera Medical Cost Sharing is referred to as the Monthly Member Contribution. This Monthly Member Contribution consists of the Member Share Amount ("monthly share"), the Member Services Fee, and other expenses. The Member Share Amount is used to share in community medical expenses. The Member Services Fee is used to facilitate and service the Sedera MCS Community, which includes providing Member Advisors, Needs Coordinators, patient advocacy, navigation services, referral fees, and other services. The other expenses include items like banking fees and other ancillary services purchased.

What is Sedera, Inc. and how is it paid?

The Sedera Medical Cost Sharing Community has engaged Sedera, Inc. to facilitate certain services on its behalf as described in the Guidelines. The services that Sedera, Inc. provides to you on behalf of the Sedera MCS Community include, but are not limited to, the handling of the following: 1) Member Management; 2) Member Services; 3) Needs Sharing; and 4) Monthly Member Contributions. Sedera, Inc. is compensated for these services in three ways: 1) Sedera, Inc. retains a Member Services Fee that you pay monthly; 2) Sedera, Inc. retains 9.9% of the Member Share Amount for administrative purposes; and 3) Sedera, Inc. may take up to the first three months of the Member Share Amount for a new member to help grow the Sedera MCS Community.