

Disrupting Traditional Health Benefits

OSMS Meetings

May 19, 2017

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Founder & Vice Chairman
HealthEquity

HealthEquity®

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This presentation contains “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. These forward-looking statements include, without limitation, statements regarding our industry, business strategy, plans, goals and expectations concerning our market position, product expansion, future operations, margins, profitability, future efficiencies, capital expenditures, liquidity and capital resources and other financial and operating information. When used in this discussion, the words “may,” “believes,” “intends,” “seeks,” “anticipates,” “plans,” “estimates,” “expects,” “should,” “assumes,” “continues,” “could,” “will,” “future” and the negative of these or similar terms and phrases are intended to identify forward-looking statements.

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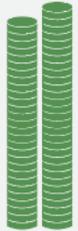
For a full description of the federal and state income tax rules applicable to HSAs please consult a tax advisor.

Nothing in this presentation is intended as legal, tax, financial, medical or marital advice for individuals. Always consult a professional when making life changing decisions. It is the responsibility of HSA holders to ensure eligibility requirements as well as if they are eligible for the plan and expenses submitted.

HealthEquity

2.7 MILLION 

NASDAQ LISTED **HQY** PUBLIC COMPANY

\$5.0 BILLION 
in **AUM**
(assets under management)

34,000+
EMPLOYERS
SERVED 

 **87**
HEALTH PLAN
PARTNERS

1st
US TREASURY
NON-BANK
CUSTODIAN

- ✓ **HSAs**
- ✓ **HRAs**
- ✓ **FSAs**

FINANCIAL
STRENGTH & STABILITY 

Customer is king!



Ranked third best airline in the world by TripAdvisor Travelers' Choice



Rating Summary

- Legroom
- Customer Service
- Cleanliness
- Food and Beverage
- Seat Comfort
- Value for Money
- Check-in and Boarding
- In-flight entertainment (WiFi, TV, movies)

Top 5 Airlines in the World

- #1 Emirates
- #2 SINGAPORE AIRLINES
- #3 Azul
- #4 jetBlue
- #5 AIR NEW ZEALAND



Masterchef Brazil

Competition to select Azul's new business class menu



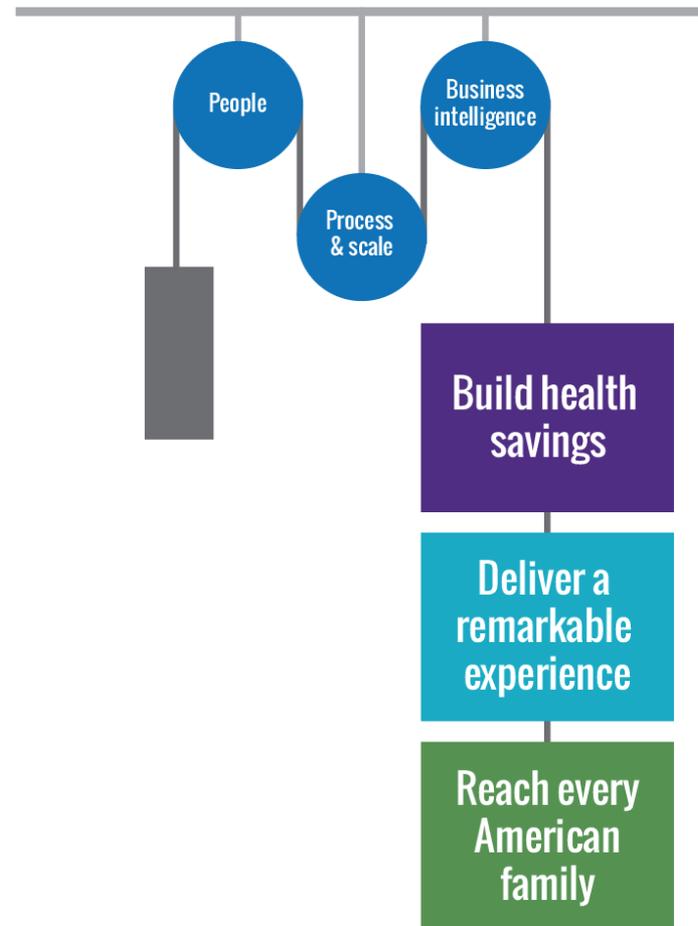
Best on-time performance in South America

A15
Last twelve months ended March 2017

Mission and vision

SAVE HEALTHCARE

Provide every American family with an HSA and the education, support, and technology to help them better save and spend their healthcare dollars and build long term health and retirement savings.

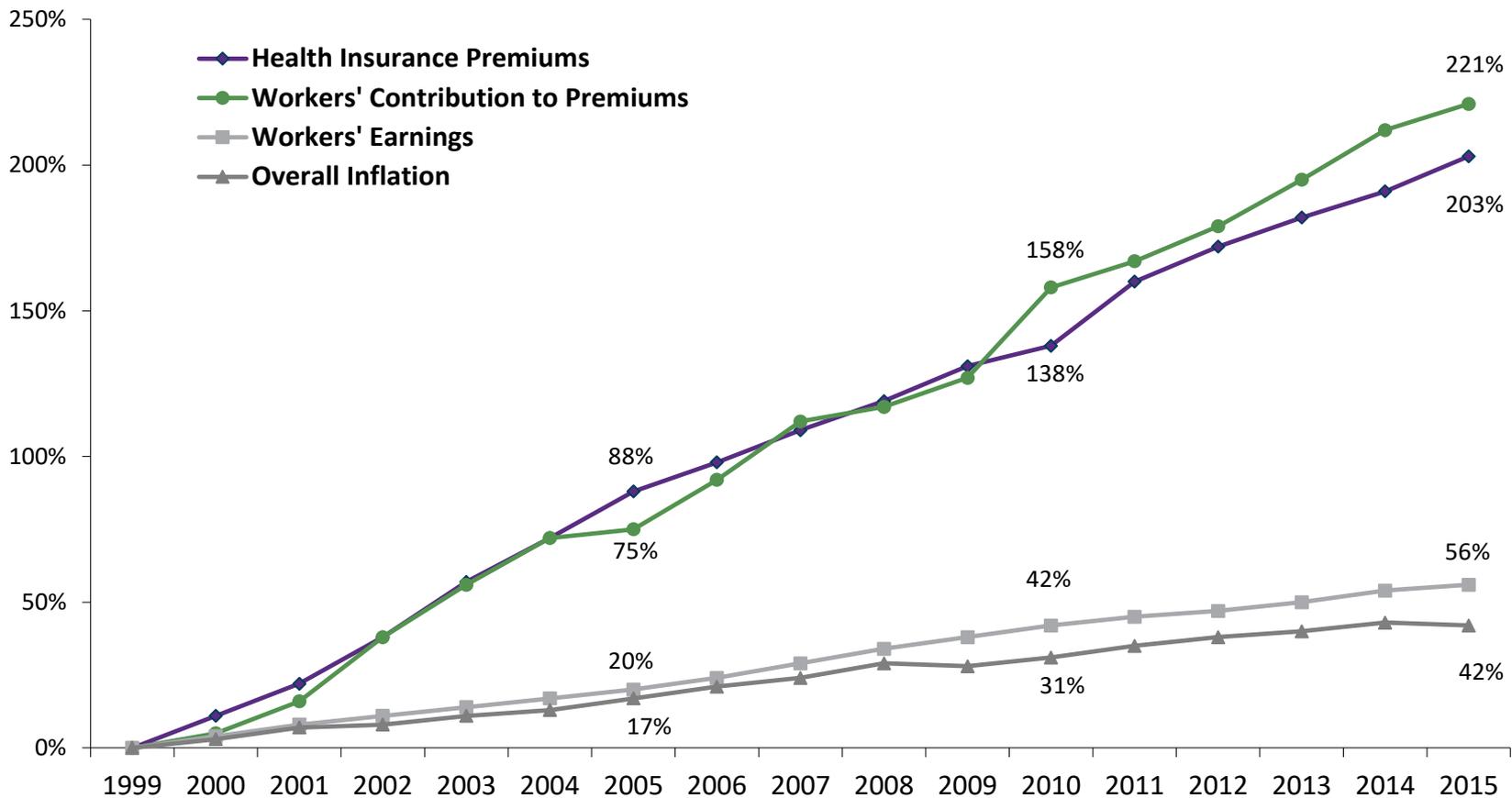


National megatrends

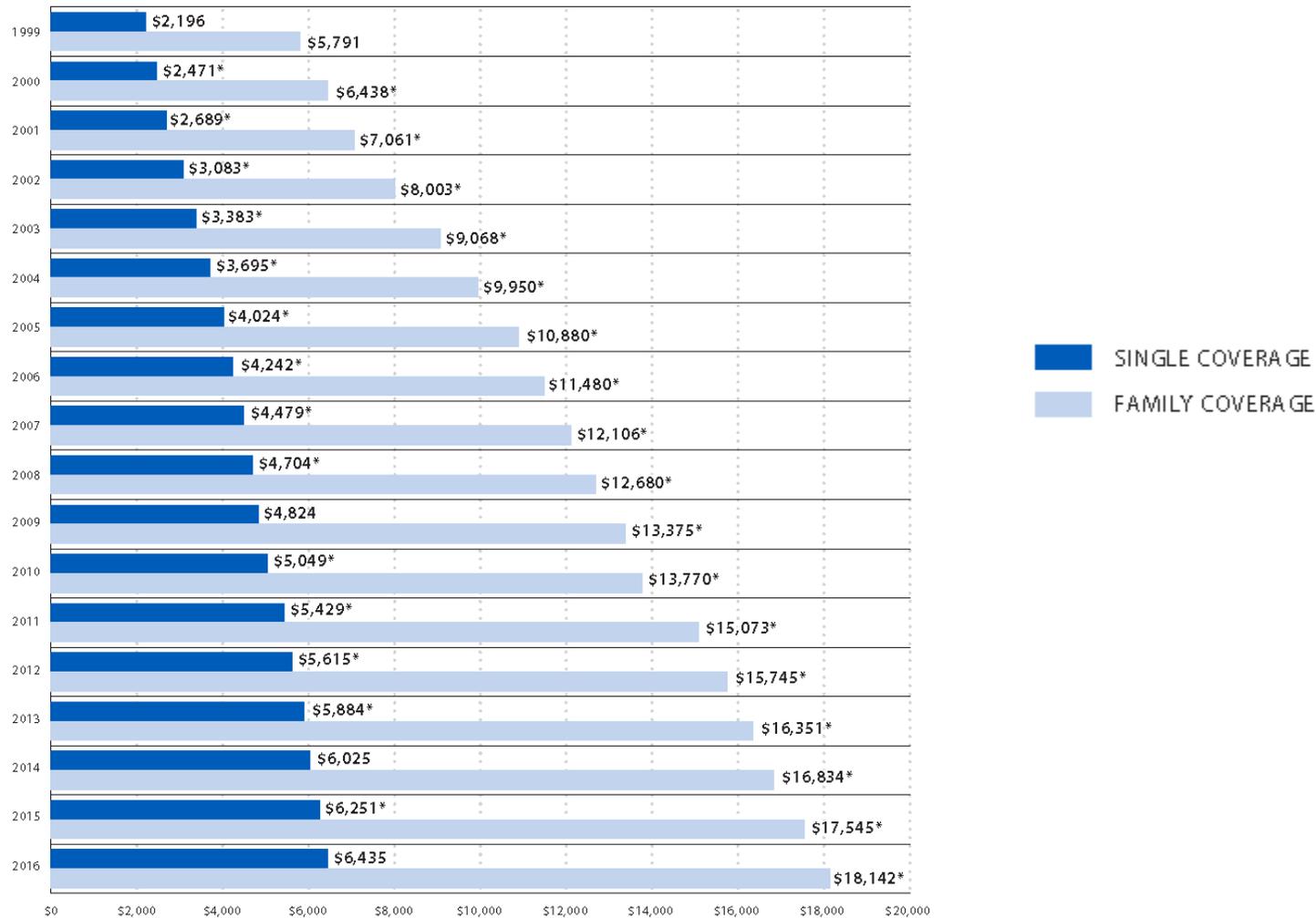
- ✓ Mass adoption of HSAs & high deductible health plans
- ✓ Higher life expectancy, increased health care needs in retirement
- ✓ Use of consumer technology in health care



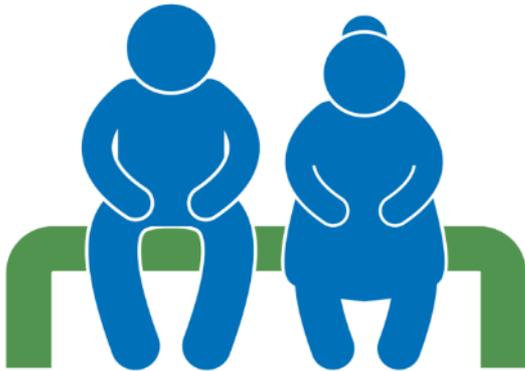
Health benefits cost increases relative to workers' earnings & inflation



Health premium cost increase over time



Health care costs in retirement



The average couple retiring this year will incur \$245,000* to cover medical expenses during retirement.

This is \$350,000 gross withdrawal from traditional 401(k) plan to achieve net \$245,000 medical expense in retirement**

-or-

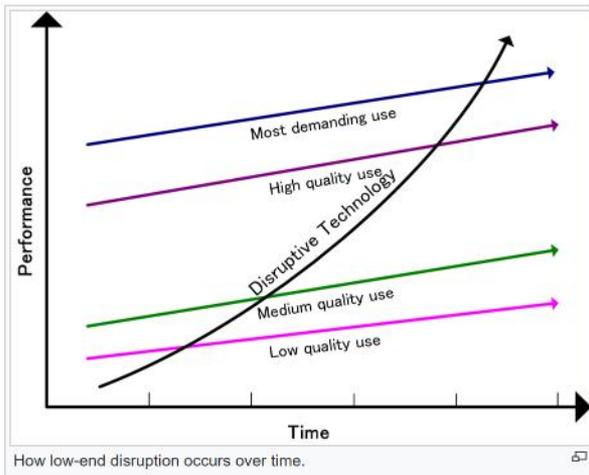
Only \$245,000 tax free withdrawal from HSA

Average 401(k) balance at retirement is ~\$200,000***

401(k) & HSA together can offer the optimal retirement planning solution

Disruptive innovation

A **disruptive innovation** is an [innovation](#) that creates a new [market](#) and [value network](#) and eventually disrupts an existing market and value network, displacing established market leading firms, products and alliances.



"Clayton Christensen has done it again . . .
The *Innovator's Prescription* might just mark
the beginning of a new era in health care."
—MICHAEL BLOOMBERG, 100th Mayor of New York City

The Innovator's Prescription

A Disruptive Solution for Health Care



Clayton M. Christensen

BESTSELLING AUTHOR OF *THE INNOVATOR'S DILEMMA*
Jerome H. Grossman, MD • Jason Hwang, MD

Disruptive innovations



The old way



The HSA core

Tax advantaged savings

HSAs provide strong incentive to grow cash and investment balances

Sticky

93% of all HQY HSAs remain open

Multiple revenue streams

Account fees, Custodial fees, Investment fees and Card fees



Long-term

Use tax-free for health care or like 401(k) / IRA after age 65

Engaged consumers

High HQY website usage leads to more health savings

Lower cost option

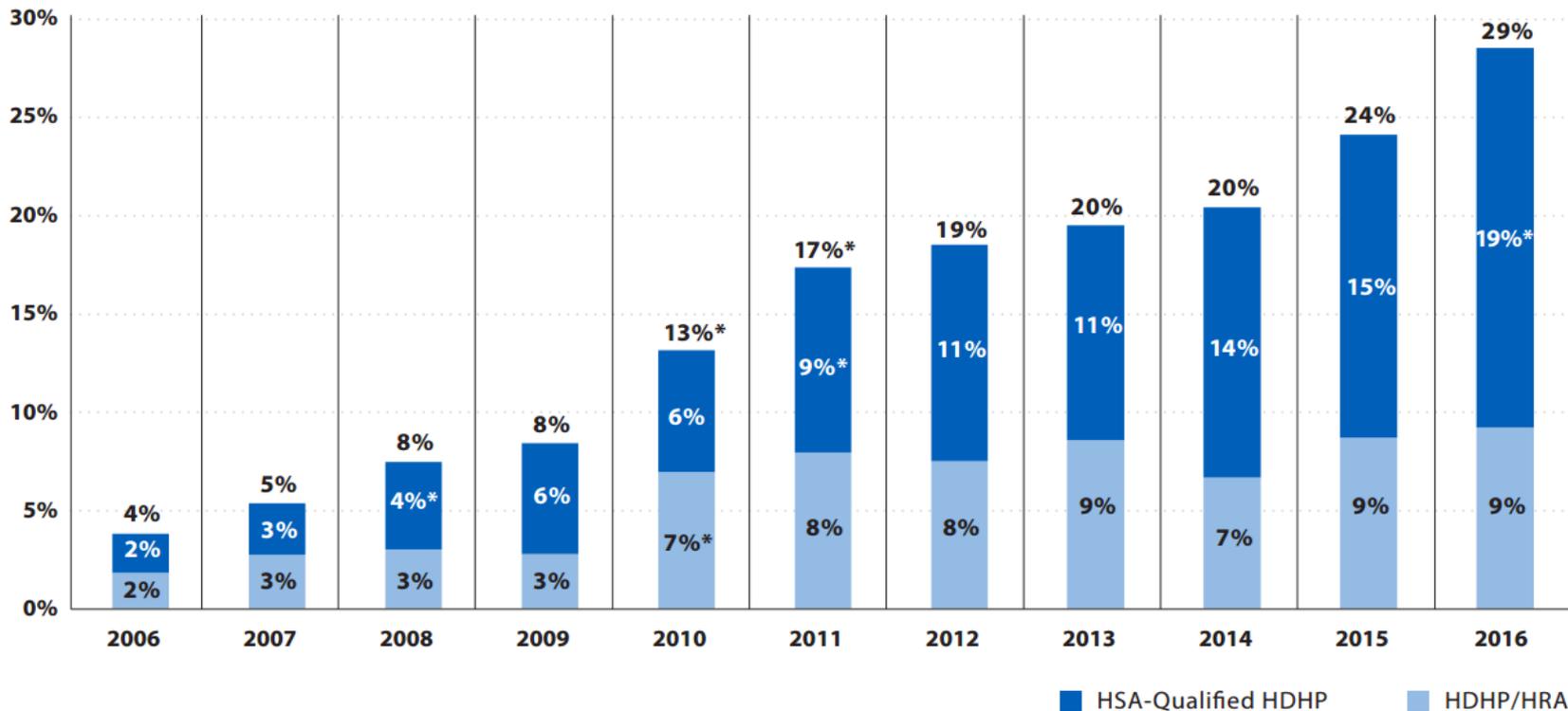
HSA-qualified plans typically cost less for employers & employees, driving higher uptake

The new way



Increased Participation in HSAs/HRAs

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006–2016



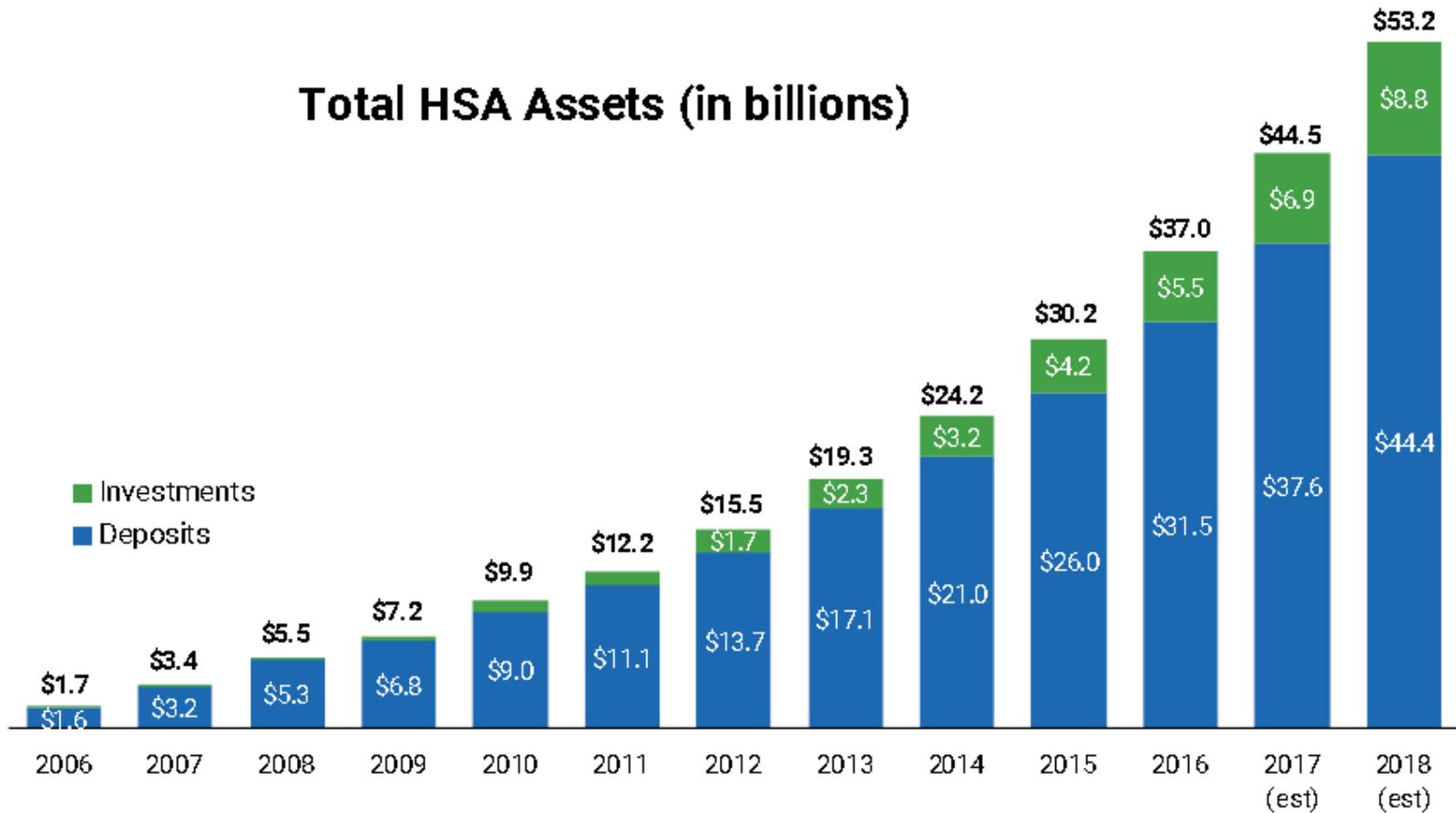
*Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: Covered Workers enrolled in an HDHP/SO are enrolled in either an HDHP/HRA or a HSA-Qualified HDHP. For more information see the Survey Methodology Section. The percentages of covered workers enrolled in an HDHP/SO may not equal the sum of HDHP/HRA and HSA-Qualified HDHP enrollment estimates due to rounding.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2016.

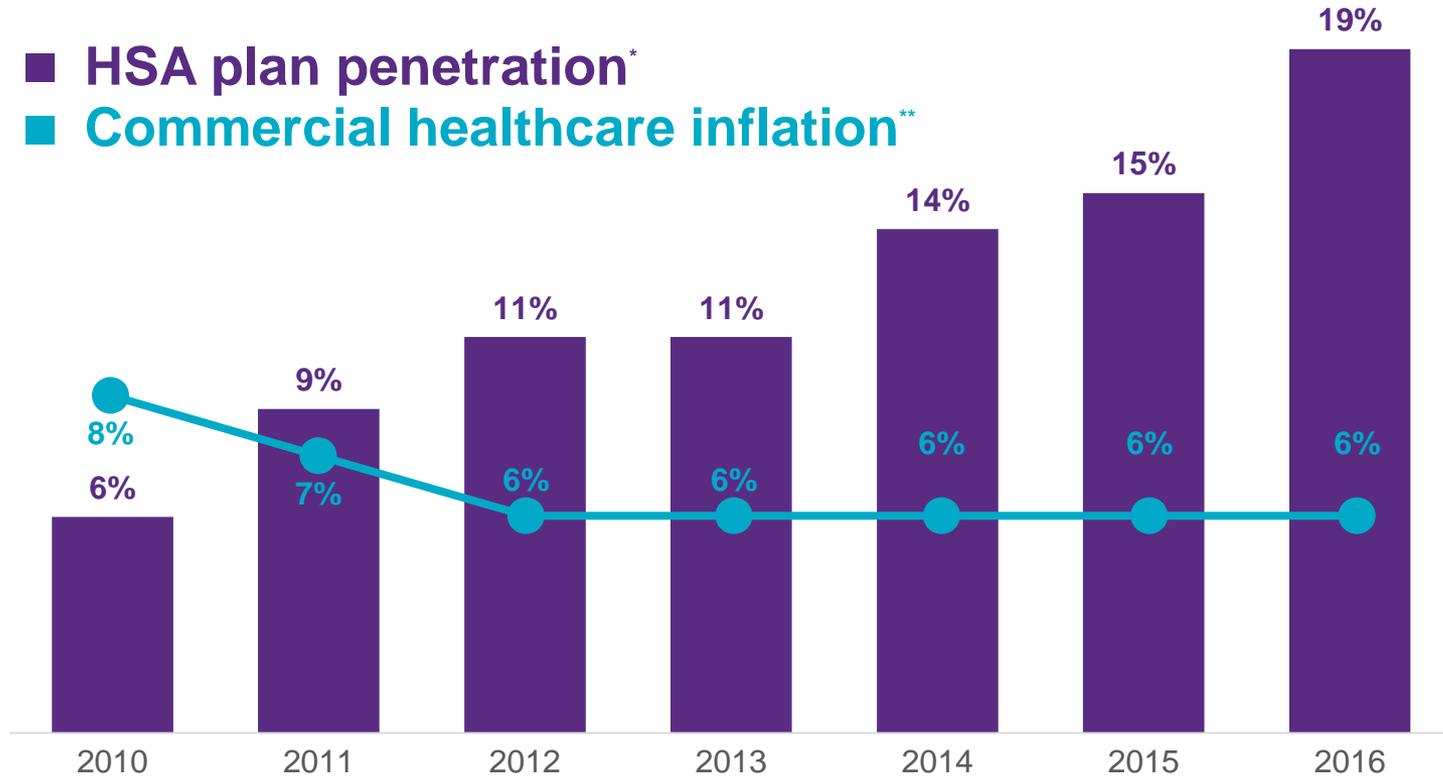
National HSA balance growth

Total HSA Assets (in billions)



HSA national metrics

- HSA plan penetration*
- Commercial healthcare inflation**



\$2,266

Average premium savings*

\$6,750

Maximum contribution to HSA

\$1,617

Average employer contribution*

HSAs for Physicians

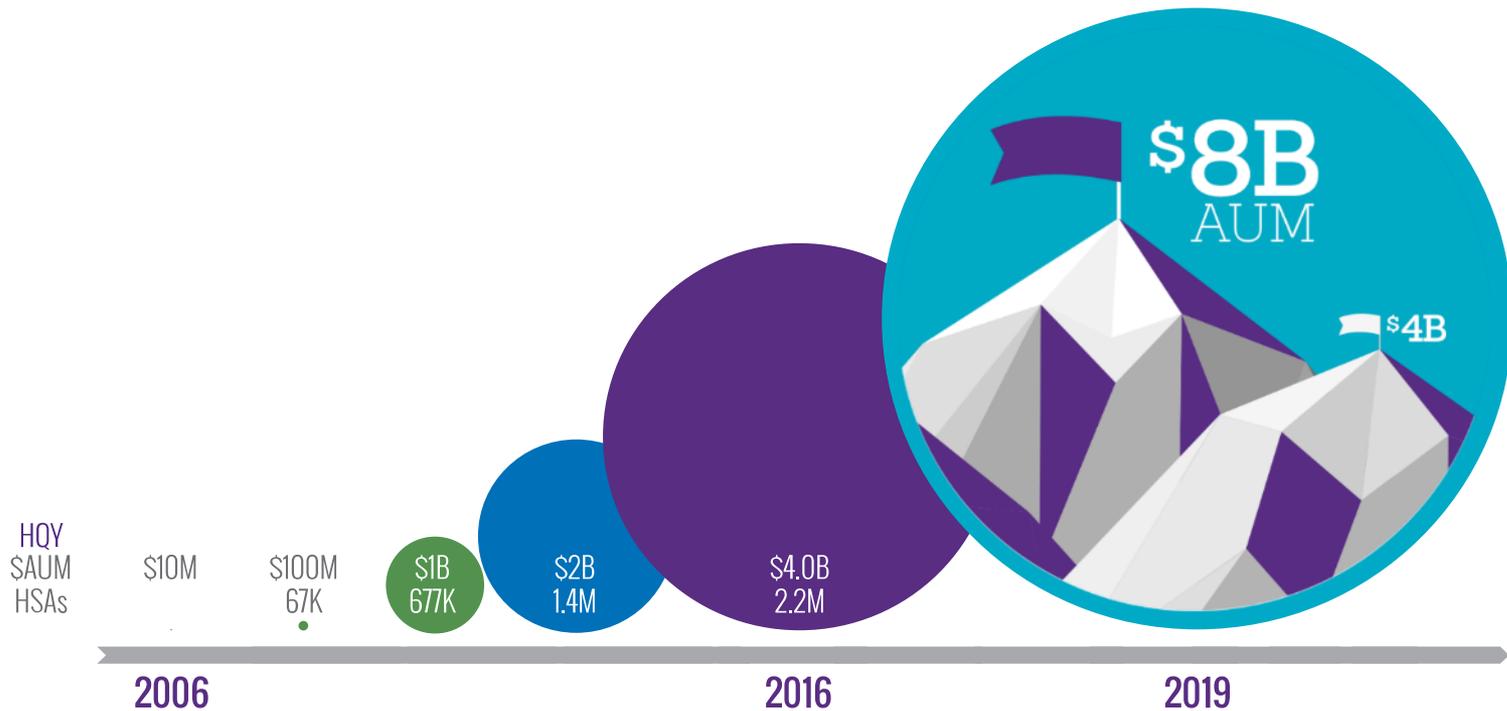
7 reasons why HSAs are great for medical professionals

1. Lower insurance premiums
2. Lower taxes
3. Still great insurance for major events
4. An additional tax-advantaged retirement growth account—for both health care and non-health care spending
5. More flexibility on how to spend dollars
6. Portable if changing jobs
7. Higher contributions than FSAs + no “use it or lose it” provision



Building health savings

If every American family had an HSA...



Proprietary platform

INVEST



SAVE



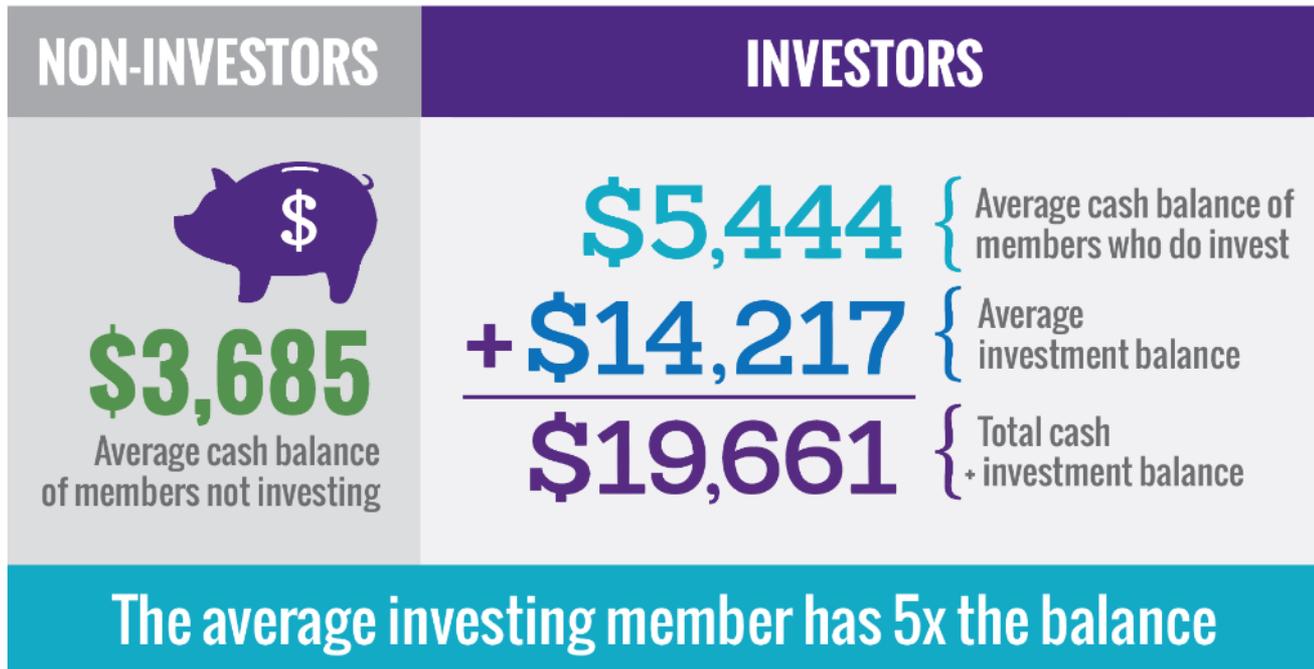
SPEND



Personalized education and engagement

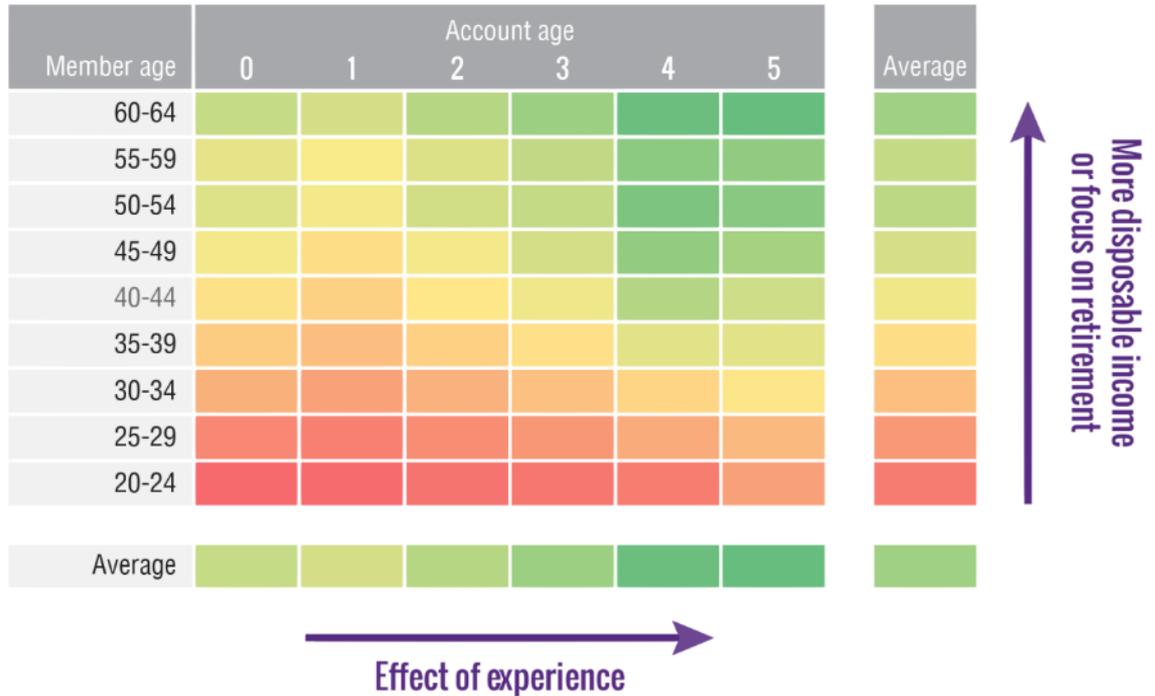
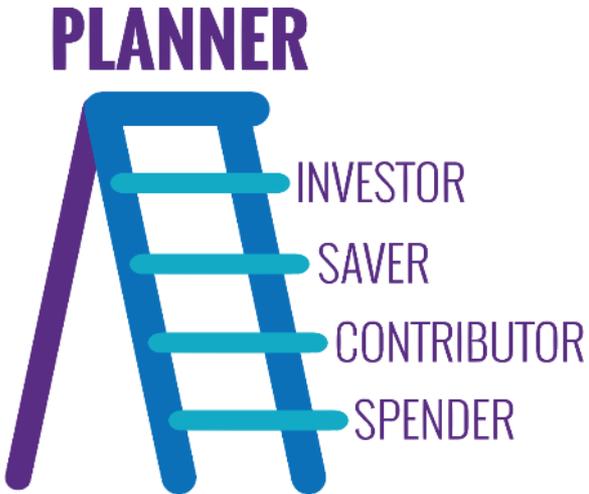
Mature accounts

HealthEquity HSAs open 5+ years



Data driven education

Employee and individual contributions



Growing Your Health Equity



Good:

“A penny saved is a penny earned.”

“An ounce of prevention is worth a pound of cure.”

--Benjamin Franklin

Bad:

“Every ER patient deserves a CT Scan.”

“Never let a little skin get between you and the diagnosis.”

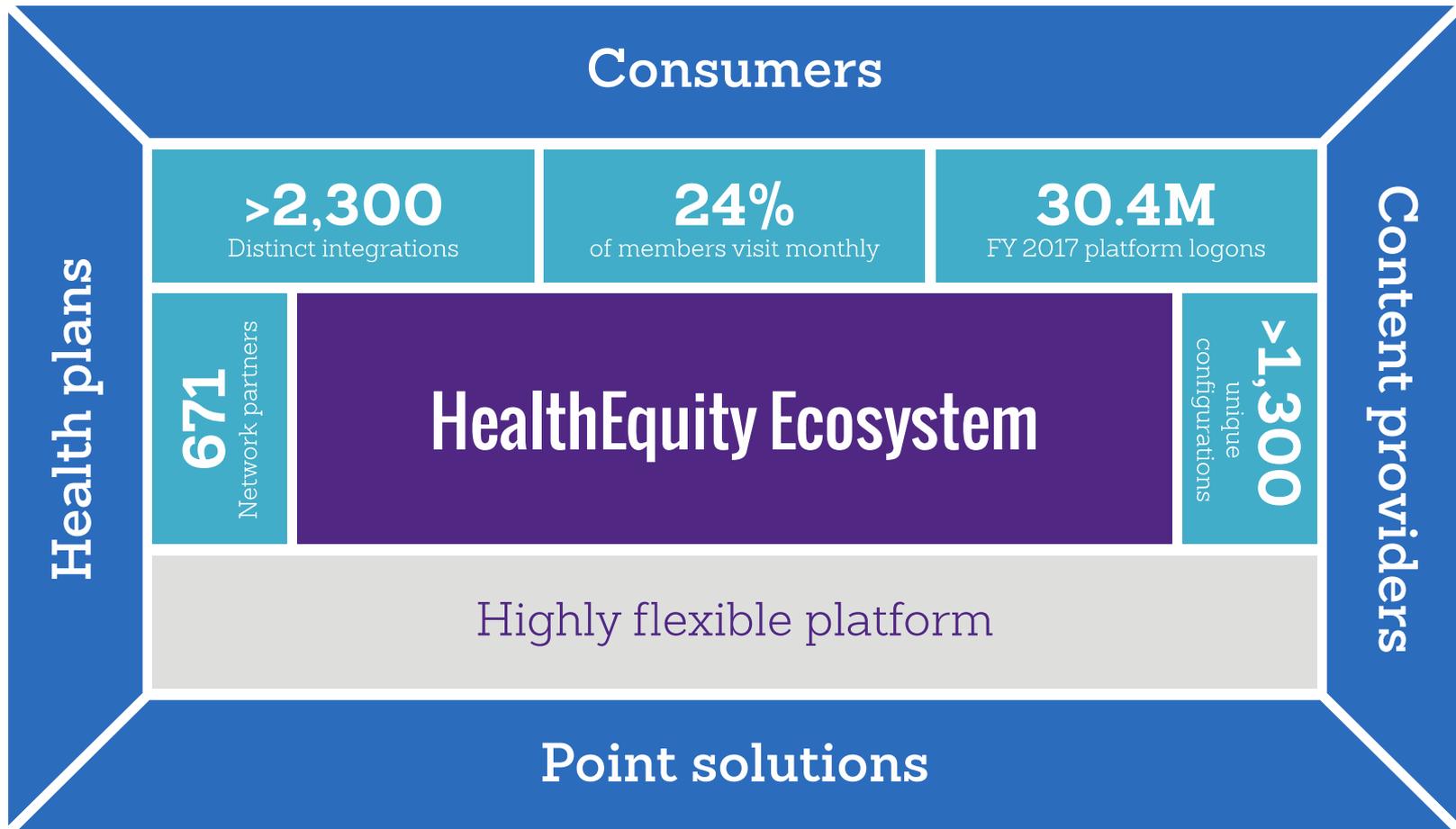
“A chance to cut is a chance to cure.”

--Anonymous

New Popes—changing world!



Unique engagement ecosystem



The impact of HSA plans

Reduces	Increases
Overall 1 st year cost trend: 13%	Checked price before care: 39%
Insurance premiums: 4–13%	Health Risk Assessments: ~2x
Employee premiums : 11–20%	Talked to MD about cost: 43%
ER visits: 6%	Online tool usage: ~50%
Pharmacy costs: 8%	Generic Rx usage: 35%

Cigna Choice Fund™ Study 2013, EBRI Consumer Engagement in Health Care Study 2013, Kaiser Family Foundation Annual Employer Health Benefits Survey 2014



Powered by HealthEquity

Welcome back, John Doe [6719823]

- My Account
- My Money
- My Toolkit
- News & Info
- MESSAGES 1
- HOME
- MY PROFILE
- FORMS & DOCS
- LOGOUT



Call us anytime at 866-855-4067

Quick Stats

- HSA Balance \$3,929.20
- HSA Available Balance \$3,429.20
- Open Claims Review
- Saving Opportunities view details

My Alerts (3)

Maximize your health savings with Castlight Health. Access your account to compare prices and quality of health care providers.

My Account

- Account Balance
- HSA Transaction History
- Account Statements
- Insurance Information
- Dependent Information
- Authorized Individuals

My Money

- Reimbursement/Payments
- View Claims
- Manage Investments
- Account Interest Rates
- Make Contribution
- Contribution History

My Toolkit

- Castlight Health
- Member Portal Tutorials
- Symptom Checker
- Health Risk Assessment
- Castlight



My Account

My Money

My Toolkit

News & Info

MESSAGES 1

HOME

MY PROFILE

FORMS & DOCS

LOGOUT

Details

CLAIM INFORMATION

Claim ID: 6719823-0006	Provider Name: Dr. Jones
Underwriter Claim: U123456788	Billing Organization: Community Hospital
Group #: 17209	Organization ID: 987654321
Insured ID: 4408940	Billing Address: 580 E Hospital Way Salt Lake City, UT 84118
Patient Account Number: 4408940	Network Status: In
Insured Name: John Doe	Date Received: 2/6/2007
Patient Name: John Doe	Claim Status: Partially Paid (Scroll down for payment details)
	Copay Carve Out Type: None

PROCEDURE DETAILS

Service Date	Code	Description	Rx Savings	Amount Billed	After Discount	Eligible Amount	Applied to Deductible	Copayment	Coinsurance	Paid by Insurance
7/25/06	99282	EMERGENCY DEPT VISIT		573.53	458.82	458.82	158.12	0.00	0.00	185.99
Total				\$573.53	\$458.82	\$458.82	\$158.12	\$0.00	\$0.00	\$185.99

PAYMENT HISTORY

Note: Insurance paid \$185.99.

Date	Amount	Paid From	Paid To	Reference ID	Status	Processed Date	Method	Notes
Click on any action that you wish to take for this expense.			Pay Provider	Reimburse Me	Close Expense	Match Transaction	Link Documentation	



Details

CLAIM INFORMATION

Claim ID: 6719823-0006	Provider:
Underwriter Claim: U123456788	Billing Org:
Group #: 17209	Organiz:
Insured ID: 4408940	Billing:
Patient Account Number: 4408940	Netwo:
Insured Name: John Doe	Date:
Patient Name: John Doe	Clai:

PROCEDURE DETAILS

Service Date	Code	Description	Rx Savings	Amount Billed	After Discou
7/25/06	99282	EMERGENCY DEPT VISIT		573.53	458.8
Total				\$573.53	\$458.8

PAYMENT HISTORY

Note: Insurance paid \$185.99.

Date	Amount	Paid From	Paid To	Reference ID	Status	Date	Method	Notes
Click on any action that you wish to take for this expense.								
							Pay Provider	Reimburse Me
							Close Expense	Match Transaction
							Link Documentation	

Understanding CPT Codes

Current Procedural Terminology (CPT) Codes

CPT Code: 99282 - EMERGENCY DEPT VISIT

Emergency department visit for the evaluation and management of a patient, which requires these 3 key components: An expanded problem focused history; An expanded problem focused examination; and Medical decision making of low complexity. Counseling and/or coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the presenting problem(s) are of low to moderate severity.

"ADVISOR SAYS"

D+ Your current portfolio grade | **A** Recommended portfolio grade

Advice

Recommended Trades



Implement Advice

Sells

Name	Ticker	Category	Current		Trades	Final	
			Balance	Percent		Balance	Percent
Money to Invest	HSA Cash	Cash	\$23,029.59	84.28%	\$23,029.59 ↓	\$0.00	0.00%
Pimco Foreign Bond (Usd-Hedged) D	PFODX	International Bonds	\$180.67	0.66%	\$180.67 ↓	\$0.00	0.00%

Buys

Name	Ticker	Category	Current		Trades	Final	
			Balance	Percent		Balance	Percent
Pimco Real Return R	PRRRX	TIPS	\$179.93	0.66%	\$979.26 ↑	\$1,159.19	4.24%
Metropolitan West Total Return Bond M	MWTRX	Aggregate Bonds	\$180.18	0.66%	\$979.01 ↑	\$1,159.19	4.24%
Sunamerica Focused Dividend Strategy ...	FDSAX	Large Cap Equity	\$469.96	1.72%	\$2,510.83 ↑	\$2,980.79	10.91%
Nicholas	NICSX	Mid Cap Equity	\$468.51	1.71%	\$2,512.28 ↑	\$2,980.79	10.91%
Clearbridge Small Cap Growth A	SASMX	Small Cap Equity	\$470.02	1.72%	\$2,510.77 ↑	\$2,980.79	10.91%
Artisan International Value Investor	ARTKX	Developed Non US	\$464.27	1.70%	\$2,516.52 ↑	\$2,980.79	10.91%
Driehaus Emerging Markets Growth	DREGX	Emerging Non US	\$465.34	1.70%	\$2,515.45 ↑	\$2,980.79	10.91%
Rems Real Estate Value Opportunity P	HLPPX	REIT	\$471.90	1.73%	\$2,508.89 ↑	\$2,980.79	10.91%
Fidelity Advisor Materials T	FMFTX	Natural Resources	\$471.43	1.73%	\$2,509.36 ↑	\$2,980.79	10.91%
Pimco Commodity Real Ret Strat D	PCRDx	Commodities	\$472.08	1.73%	\$2,508.71 ↑	\$2,980.79	10.91%
Prudential Global Total Return A	GTRAX	International Bonds	\$0.00	0.00%	\$1,159.19 ↑	\$1,159.19	4.24%
			\$27,323.87	100.00%		\$27,323.87	100.00%

Show Recommended Portfolio

Advised Allocation

EXPRESS SCRIPTS

Home Manage Prescriptions Health & Benefits Information My Account

Cart 0 Items

My Account
View Claim

IMPORTANT: The information on this page shows the status of your claims, if any. Any questions, please contact your insurance provider.

Status

All 2

ID	Source
0048	Administrator
0044	Insurance
0043	Insurance
0045	Insurance
0047	Insurance
0046	Insurance
0041	Insurance
0042	Insurance
0039	Insurance
0038	Insurance
0040	Insurance
0035	Member
0034	Member
0037	Insurance

Go to: Home > My Rx Choices

My Rx Choices

Have a question? Need help? [Learn more >>](#)

Choose alternatives for your doctor to consider and click the "continue" button to go to the next step.

For your convenience, we've preselected the lowest-cost medication alternatives available at this time. There may be multiple lower-cost alternatives.

- To review other alternatives, which could have the same or similar pricing, click the "view other alternatives" link for each medication.
- To remain on your current medication, select the radio button to the left of the medication name.

If you received a letter from us regarding potential savings using My Rx Choices, the savings may be different from what is displayed below because My Rx Choices uses the most current pricing based on your plan.

Please note, your plan has an out-of-pocket maximum. The "You pay" amounts shown below, for both the per fill and per year costs, are based upon what you would pay for the medication today. Once you have satisfied your out-of-pocket maximum, the "You pay" amounts will change.

[scroll to continue](#)

Medication	You pay	Lower-cost choice	You pay	YOU SAVE
<input type="radio"/> atenolol-chlorthalidone 30/25mg Tablet (generic) Dosage: 1 Tablet, once a day Pharmacy: Retail • Coverage rules may apply. • Get different results with different days, supply and quantity. • How is my cost determined?	\$455.76 per year	<input checked="" type="radio"/> atenolol-chlorthalidone 30/25mg Tablet (generic) Dosage: 1 Tablet, once a day Pharmacy: Home delivery • Coverage rules may apply. • Compare drug information • How is my cost determined?	\$36.00 per year	\$419.76 per year View other alternatives including home delivery service
<input type="radio"/> metformin hcl er 500 MG Tab Er 24h (generic) Dosage: 2 Tablets, once a day BEST BUY DRUGS view reports	\$50.28 per year	<input checked="" type="radio"/> metformin hcl 500 MG Tab Er 24h (generic) Dosage: 2 Tablets, once a day BEST BUY DRUGS view reports	\$36.00 per year	\$14.28 per year View other alternatives including home delivery service
<input type="radio"/> CRESTOR 10mg Tablet (brand) Dosage: 1 Tablet, once a day Pharmacy: Retail • Coverage rules may apply. • Get different results with different days, supply and quantity. • How is my cost determined?	\$2,016.96 per year	<input checked="" type="radio"/> atorvastatin calcium 20 MG Tablet (generic alternative) Dosage: 1 Tablet, once a day Pharmacy: Home delivery • Coverage rules may apply. • Compare drug information • How is my cost determined?	\$62.84 per year	\$1,954.12 per year View other alternatives including home delivery service

0034	Member	04/22/14	John	Surgery Center	\$506.00	\$506.00	Paid	Expense
0037	Insurance	04/22/14	John	Dr. Jones	\$668.00	\$331.00	Partially Paid	<input type="button" value="Pay Provider"/> <input type="button" value="Reimburse Me"/> <input type="button" value="Close Expense"/>

 Your Best Match

 **Indiana University Health Tipton Hospital**

1000 S Main St [15.44 miles away]
Tipton, IN 46072 [Map It](#)

 (859) 623-3131

 **\$500**
SmartShopper Incentive

\$5,051.80
Your Expected Cost

\$18,556 - \$21,343
Total Procedure Cost

★★★★☆

4.8 Member Rating [16]
[Write a Review](#)

 26 SmartShoppers Earned Incentives Here

 [See All Quality](#)

 **Indiana University Health Arnett Hospital**

5165 McCarty Lane [42.18 miles away]
Lafayette, IN 47905 [Map It](#)

 **\$250**
SmartShopper Incentive

\$5,479
Your Expected Cost

\$24,465 - \$27,041
Total Procedure Cost

★★★★☆

4.6 Member Rating [11]
[Write a Review](#)

 8 SmartShoppers Earned Incentives Here

 [See All Quality](#)

Source: Vitals SmartShopper

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Frequently asked questions

Contact us

You can have a doctor by your side 24/7

Learn how



00:00

02:22

▶ PLAY



Doctor by your side - LiveHe...



Taylor's story



Jack's story

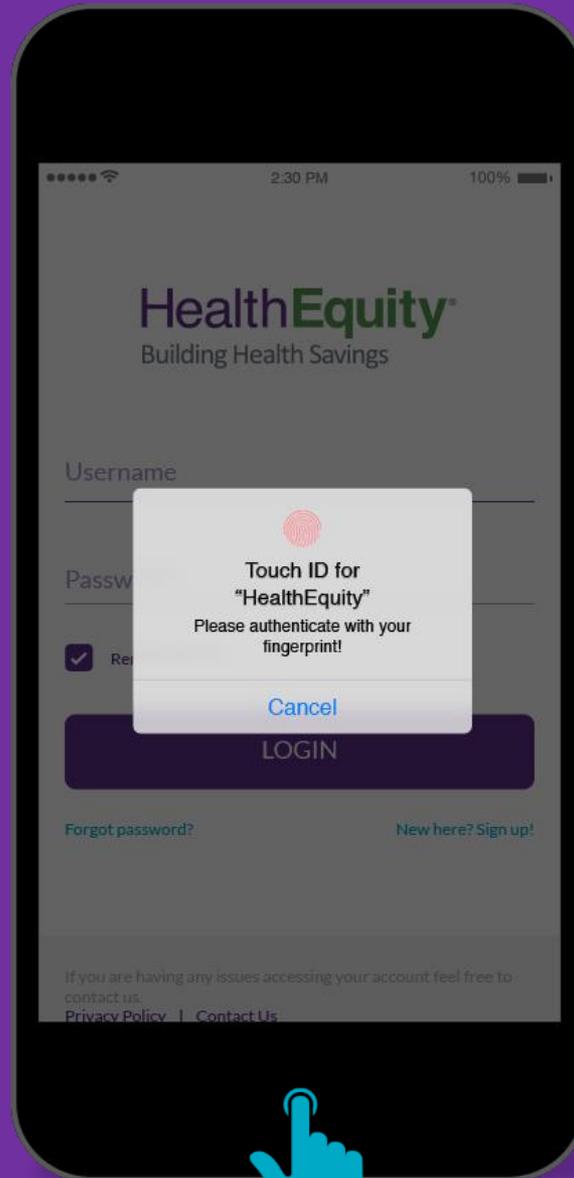


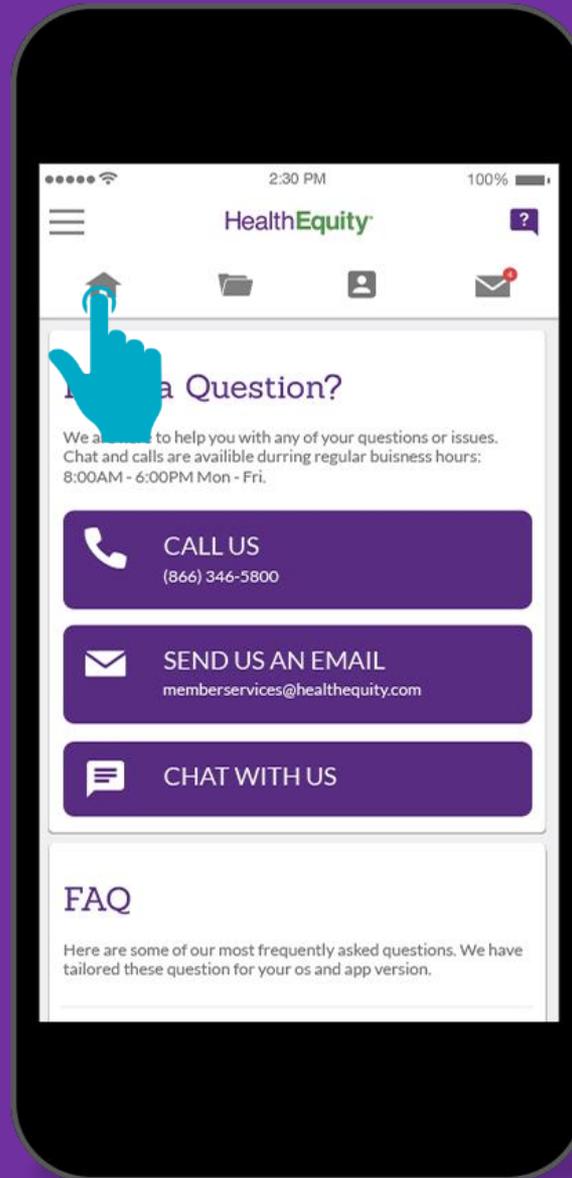
MEET THE DOCTORS (CHOOSE ONE TO SEE WHO IS ONLINE NOW)

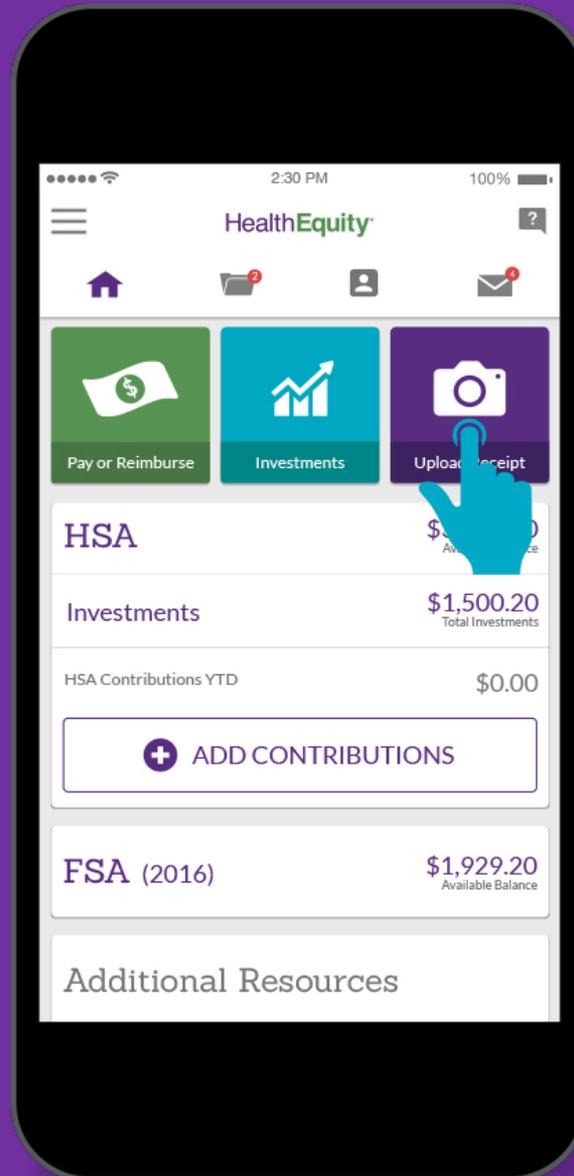


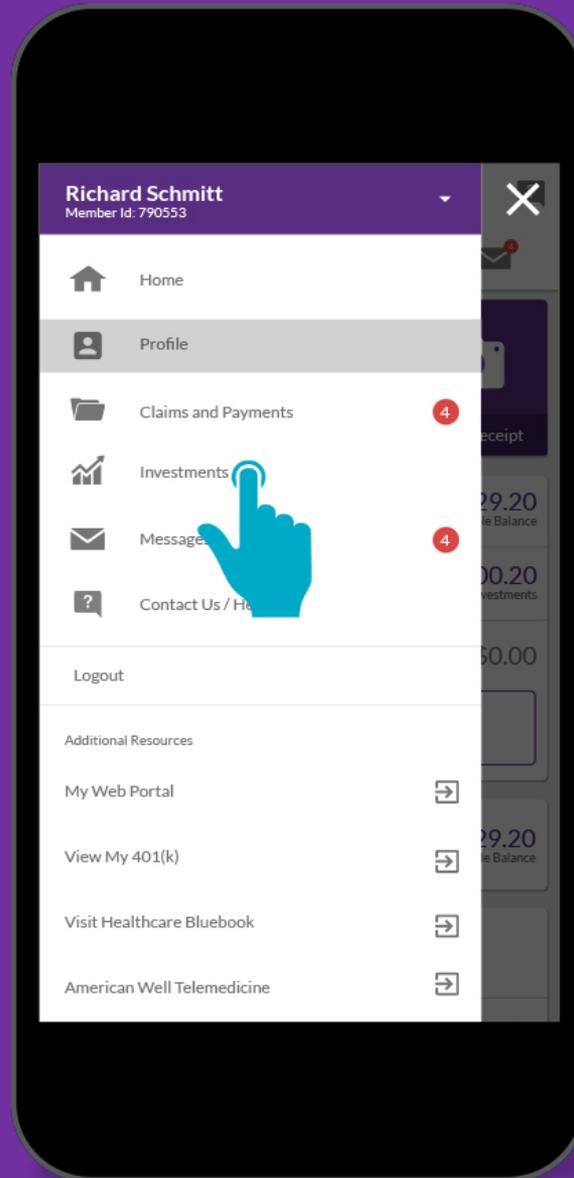
Doctor visits in the palm of your hand

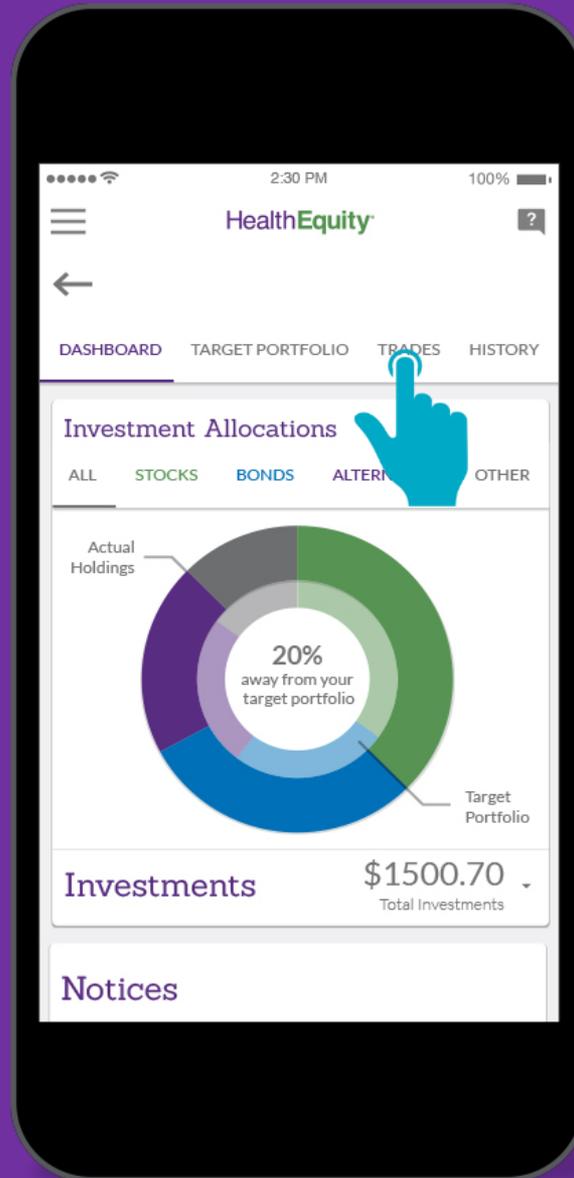


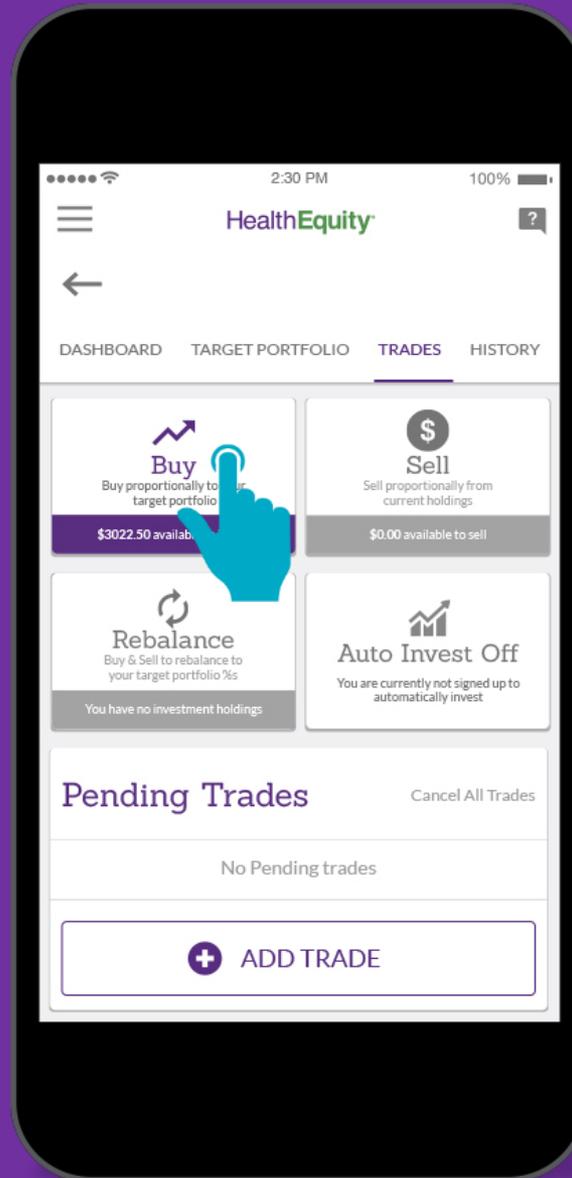




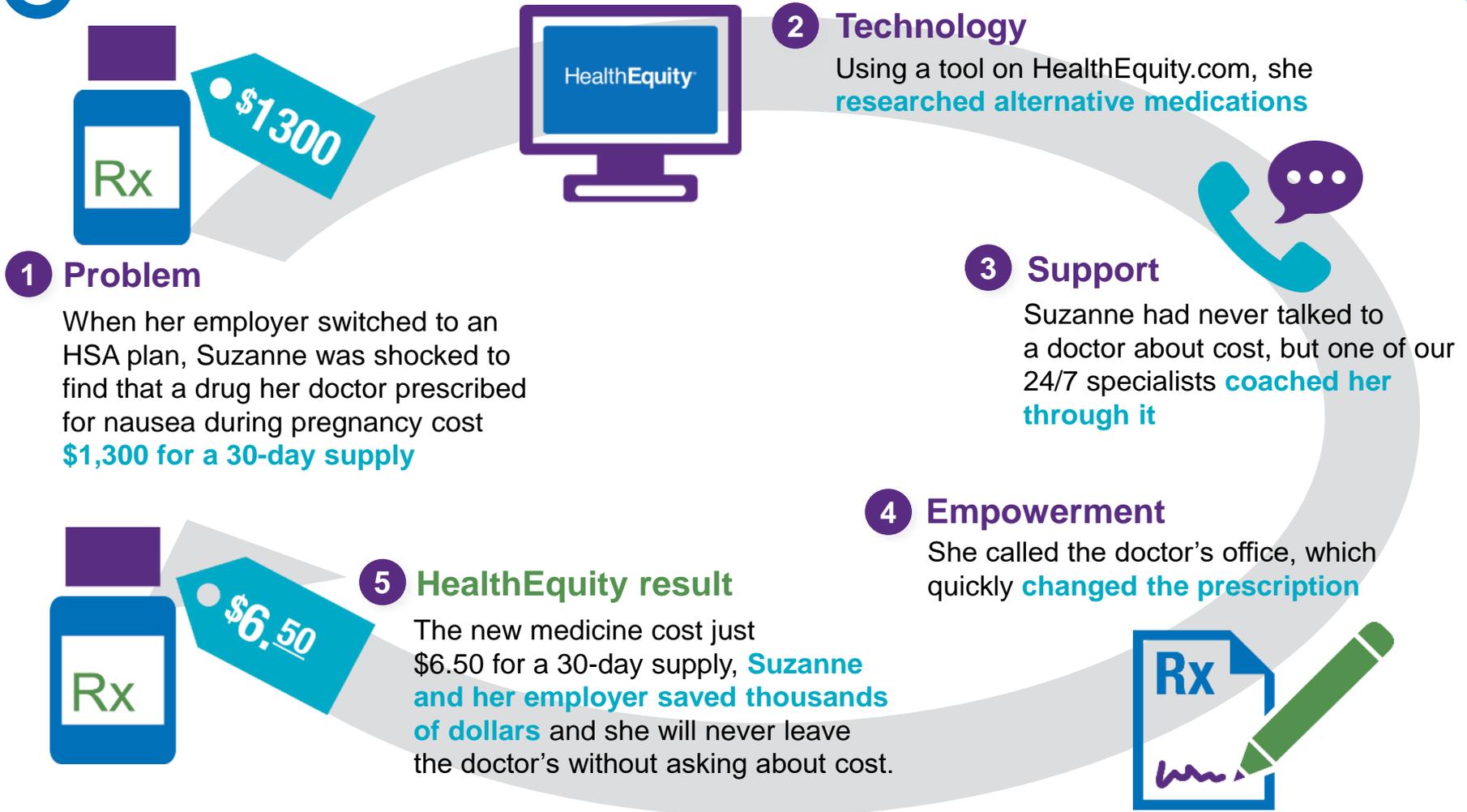








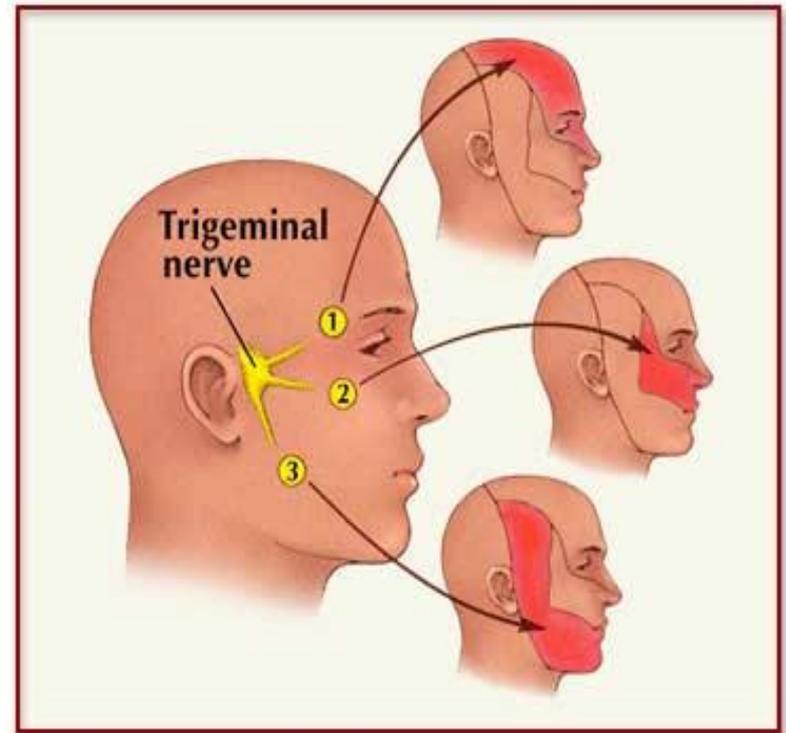
Suzanne's story



Note: this example is based on a true story and should not be considered representative of all customers

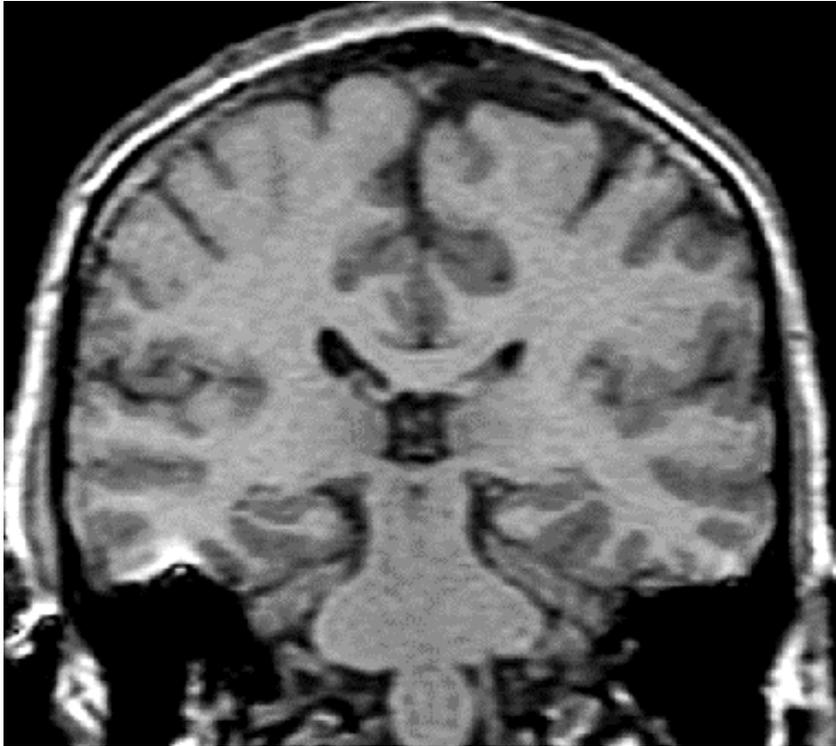
Christine's Story

- Right side jaw & face pain
- Dentist visit showed no problems
- Husband (occasional physician) referred her to a neurologist
- She was diagnosed with Trigeminal Neuralgia (*Tic Douloureux*)
 - “Among most severe pain known to humanity”
 - The suicide disease
 - Idiopathic, tumor, MS, artery
- She was referred for an MRI of her brain



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Engaged consumer



Christine contacted her health plan and then several radiology centers within 25 miles of her home:

MRI of her brain + radiologist ranged between \$1,200—\$1900

- Christine chose the lowest priced alternative, saving her significant money

MRI was negative

Christine's condition is improving

Thank you

Download a free copy of *The Complete HSA Guidebook*; the definitive industry reference.

www.hsaguidebook.com

Promotional Code:
HSAsmart

