PNCE
Health and Welfare Trust

GET TO KNOW YOUR HDHP AND HSA

What they are and how they might be right for you

What is a High Deductible Health Plan?

A High Deductible Health Plan (HDHP) is a medical plan that enables you to make decisions about your health care and how you pay for care. The reason it's called "High Deductible" is your cost depends on how you use the plan.

A key advantage to this type of health plan is you pay less up front in premiums from your paycheck. In turn, HDHPs require you to pay out of pocket for medical care until your plan's deductible is met.

The HDHP is similar to the other traditional medical plans in that you can:

- Use any provider
- Receive discounted rates for in-network services
- Have 100% coverage for annual preventive care visits

How the Plan Works

Unlike traditional medical plans, enrolling in the HDHP makes you eligible for a Health Savings Account, which means you can save money over time for current and future health needs.

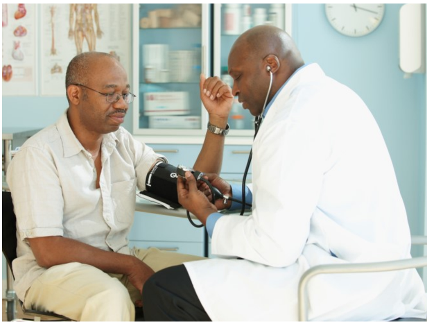
Here's How the HDHP Plan Works:

You pay nothing for eligible in-network preventive care. Preventive care doesn't apply toward the deductible.

You pay your non-preventive medical and prescription expenses out-of-pocket until you reach your annual deductible. This would be the ideal time to use the money in your HSA.

Once the deductible is met, you pay coinsurance for non-preventive medical and prescription expenses. If you wish, you can use your HSA to pay for these expenses.

If your out-of-pocket costs reach the annual maximum, the plan pays 100% for eligible expenses the remainder of the plan year.



Knowing if the HDHP is Right for You

The biggest question you probably have — is the HDHP right for me?

We've found many people are unsure about the higher deductible because the lower deductible feels safer for all those "what if" questions.

- What if something happens?
- What if I have to go to the hospital?
- But what if I have an unexpected surgery?

The good news is, the HDHP still protects you from those "what if's" with the out-of-pocket maximum. You won't have to worry about having endless medical bills since the plan protects your finances to a set limit each year.

Let's look at who might want to consider the HDHP.

If you're healthy and want to save some money or plan to save some in the coming year, this could be the plan for you.

Knowing that you go to the doctor for your annual preventive exam (that's 100% covered) and maybe one or two sick visits a year, it's better to not over-insure yourself with paying for a richer plan you won't use. And you can set aside money into the Health Savings Account (HSA) to use in case you have unexpected health expenses.

It really comes down to math. There are multiple factors to look at like the annual deductible and the out-of-pocket maximum. And don't forget one of the most important factors, the premiums you pay just to have coverage. Looking at the premiums alone, most times the HDHP can save you a significant amount of money each year. Rather than locking your money up in the form of premiums that you can't get back, you might want to consider taking that money and putting it into the HSA. You can save that money to help pay for your deductible or save it for future use.

Hitting the Deductible

One of the biggest factors when considering the HDHP is the deductible. It's important to know you must hit that deductible before coinsurance will start for both medical and prescription drug expenses. Your in-network deductible is:

Individual
$2,000

Family
$4,000

This is why staying in the medical plan's network is so important if you are in the HDHP. The in-network deductible is lower and the plan pays more coinsurance, so be sure you aren't going outside of the network or you may have to pay significantly more. Even before you meet your deductible, you will still receive the plan's network negotiated discounts for services.

Also, this plan has a non-embedded deductible, which means a covered family must meet the family deductible before the plan pays a portion of covered services. And also, a non-embedded out-of-pocket maximum, which means a covered family must meet the family out-of-pocket maximum before the plan begins paying for all covered services at 100%.

Out-of-Pocket Maximum

Once you have paid the out-of-pocket maximum, the plan pays 100% of your medical and prescription drug costs (as long as the service and drug is covered). This is one way that your finances are protected to a certain amount, in case of those "what if's" discussed earlier. Your in-network out-of-pocket maximum is:

Individual
$7,000

Family
$14,000

Health Savings Account

When you enroll in the HDHP you're eligible to open an HSA. An HSA is a personal savings account, funded by you and PNCE, that you can use to pay qualified out-of-pocket healthcare expenses with pre-tax dollars.

HSA Eligibility

You are eligible to open and fund an HSA if you:

- ✓ Are enrolled in the company HDHP medical plan.
- ✓ Are not covered by other non-high deductible health plans, such as your spouse's health plan, Health Care Flexible Spending Account or Health Reimbursement Account.
- ✓ Are not eligible to be claimed as a dependent on someone else's tax return.
- ✓ Are not enrolled in Medicare or TRICARE.
- ✓ Have not received Veterans Administration benefits.

You can use the money in your HSA to pay for qualified medical expenses now or in the future. Your HSA can be used for your expenses and those of your spouse and eligible dependents, even if they are not covered by the HDHP.

Tax Advantages

In 2025, the IRS has set the HSA contribution limits to $4,350 for an individual or $8,550 if you have family coverage. (Contribute an additional $1,000 if you are age 55+.) You'll want to make sure you account for the company contribution when you decide how much you want to contribute for the year.

The money in your HSA rolls over from one year to the next — there's no "use it or lose it" provision with an HSA. You can use the money in your HSA to pay your deductible and other out-of-pocket expenses, as well as any qualified medical expenses that aren't covered by your health plan.

Because the HDHP doesn't provide any non-preventive coverage until your deductible is met, you'll need to have some way of paying the deductible in case you need medical treatment other than preventive care. The HSA is a good solution for making sure you have the funds available to cover your deductible if necessary.

If and when you need to meet your deductible, the money is there for you to use. But if you don't end up needing to meet your deductible, the money in your HSA is still yours to keep – it's always tax-free to withdraw it for qualified medical expenses, even if you don't keep enrolling in the HDHP long-term.

HSA Highlights

- Funds withdrawn from your HSA to pay qualified medical expenses are tax-free.
- Any unused funds in your HSA roll over from year to year.
- Your HSA is portable. If you leave the company, you take the account and its balance with you.
- Your account balance earns interest.

HSA Eligible Expenses

An HSA is designed to pay for any eligible medical expenses for you, your spouse, or eligible dependents (essentially, anyone you claim as a dependent on your tax filing). You can use your HSA to pay for qualified healthcare expenses such as doctors' office visits, hospital care, and prescription drugs. You may also use it to pay for dental and vision expenses.

For a complete list, visit https://www.irs.gov/publications/p969.

Changing Contributions During the Year

Your HSA contributions can be changed during the year! You do not have to have a qualifying life event to make changes. It gives you the flexibility you need to increase or decrease the amount coming out of your paycheck if you need to. You'll need to log in to the benefit portal to initiate the change.