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Enrollment Guide
2027 Medical Benefit Plans

In-Network Provider Services	Traditional Plan	HDHP Plan
Physician Office Visits	Coinsurance 20% Deductible waived	Deductible / Coinsurance applies
Deductible	$2,000 per person $4,000 per family	$3,500 per person $6,000 per family
Out-of-pocket Maximum	$4,000 per person $8,000 per family	$4,000 per person $8,000 per family
Coinsurance	80% / 20%	80% / 20%
Preventive (Routine) Care	100% covered by plan	100% covered by plan
Hospitalization	Deductible / Coinsurance applies	Deductible / Coinsurance applies
Emergency Room OR Urgent Care	Deductible / Coinsurance applies	Deductible / Coinsurance applies
Prescription Drugs • **Generic** • **Formulary** • **Non-Formulary**	Coinsurance 20% - maximum $30 25% - maximum $60 30% - maximum $100 Deductible waived	Deductible / Coinsurance applies

Understanding Your HDHP Insurance Option

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How does your HDHP option work?

This plan has two parts:

- **Part 1: Qualifying High Deductible Health Insurance Plan (HDHP)**
  Intended to cover serious illness or injury after the deductible has been met.

- **Part 2: Health Savings Account (HSA)**
  Pays for out-of-pocket expenses incurred before the deductible is met.

What is a High Deductible Health Plan (HDHP)?

A High Deductible Health Plan is a plan with a minimum annual deductible and a maximum out-of-pocket limit. The amounts are determined annually by the Internal Revenue Service (IRS) and are subject to change.

What is a deductible?

It is a set dollar amount determined by your plan that you must pay out-of-pocket or from your HSA account, before insurance coverage for medical expenses can begin.

What is a health savings account?

Otherwise known as an HSA, a health savings account can be funded with tax-exempt dollars to help pay for eligible medical expenses not covered by an insurance plan, including the deductible, coinsurance, and other out of pocket expenses.

Who is eligible for an HSA?

Anyone who is:
- Covered by a High Deductible Health Plan (HDHP);
- Not covered under another medical or flex plan that is not an HDHP;
- Not entitled to Medicare benefits; or
- Not eligible to be claimed on another person's tax return.

What are the steps to use an HSA?

1. Employee funds HSA account.
2. Employee seeks medical services.
3. Claims for medical services are processed by the HDHP, subject to deductible and coinsurance.
4. Employee may seek reimbursement from HSA account for amounts paid toward deductible and coinsurance. Make sure to save your receipts in the event of audit!
5. Once the deductible and out-of-pocket maximum are fulfilled, Employee may be covered for all remaining eligible expenses by the HDHP.*

Note - Preventive care is covered at 100%

**Subject to plan design; check Summary Plan Description.*

Understanding Your HDHP Insurance Option cont…

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When do I use my HSA?

After visiting a physician, facility or pharmacy, your medical claim will be submitted to your HDHP for payment. Your HSA dollars can be used to pay your out-of-pocket expenses (deductibles and coinsurance) billed by the physician, facility or pharmacy, or you can choose to save your HSA dollars for a future medical expense.

How much can I contribute to an HSA?

As noted by federal law, the 2027 annual contribution limits are:

- $4,500 for individual coverage or $9,000 for family coverage.
- Individuals aged 55 or older may be eligible to make a catch-up contribution of $1,000.

What is the difference between an HSA and Flexible Spending Account (FSA)?

- An HSA can roll over unused funds from year to year.
- An FSA can roll over only $680 in unused funds from 2026 to 2027. Unused amounts in excess of $680 are lost. The rollover for unused funds from 2027 to 2028 is projected to be $700.
- You can only set aside $3,500 annually in your FSA.

Can I contribute to both an HSA and an FSA in the same year?

Typically not, unless your spouse is covered by a “Limited Use” flex plan isolated just for dental and vision expenses (not very common).

What if I enroll in the HDHP in the middle of the year?

If you enroll in the HDHP mid-year, you are allowed to make a full year’s contribution to your HSA, provided that you remain covered by the HDHP for at least the 12-month period following that year.

Why should I elect the HDHP?

1. **Cost Savings**

   Tax benefits
   - HSA contributions are excluded from federal income tax
   - Interest earnings are tax-deferred
   - Withdrawals for eligible expenses are exempt from federal income tax
   - Reduction in medical plan contribution
   - Unused money is held in an interest-bearing savings or investment account

2. **Long-Term Financial Benefits**
   - Save for future medical expenses
   - Funds roll over from year to year
   - This is your account – you take it with you
   - Funds can be used at Retirement age for additional income if you wish (income would be taxable at normal income rate).

3. **Choice**
   - You control and manage your health care expenses.
   - You choose when to use your HSA dollars to pay your health care expenses.
   - You choose when to save your HSA dollars and pay health care expenses out-of-pocket.

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Trying to predict which plan is best for you? Take these steps:

1. **How much will you save in premiums with the HDHP plan?**
   Consider the *savings from each paycheck AND the HSA contribution that ImpactLife will make* to YOUR account.

2. **Estimate your out-of-pocket expenses under each plan.**
   Remember, with the Traditional Plan, Office Visits and Prescription Drugs have a single coinsurance associated with them. In the HDHP plan, these services are subject to the Annual Deductible. Once you've met the deductible, you'll pay 20% of the cost of these services (based on Wellmark's contracted rates with your provider).

   Outpatient services and inpatient stays, including Emergency Room visits, are subject to the annual deductible and the coinsurance in both plans. The HDHP plan has a higher deductible, but both plans have 20% coinsurance once the deductible is met.

   In the Traditional Plan, one member of your family meets his or her deductible when his or her medical costs reach $2,000. In the HDHP plan, one member of your family meets his or her deductible when his or her medical costs reach $3,500.

   Confused? We'll be happy to help you sort through these rules.

3. **Compare your savings in Step 1 to your estimated out-of-pocket expenses in Step 2.**
   If your increased costs are lower than your savings, the HDHP plan may be your best choice.

   If your increased costs are nearly equal to your savings, remember that your costs with the HDHP plan are pre-tax costs, creating some tax savings for you. It may mean the HDHP plan is still your best choice.

   If you expect that your costs will be higher than your savings, feel free to select the Traditional Plan. That's why ImpactLife is offering you a choice!

4. **Concerned with the possibility of unexpected expenses?**
   Consider the purchase of the voluntary accident, hospital and/or critical illness policies that can provide cash for unanticipated medical expenses. These policies are compatible with your health savings account.