

# HDHP & HEALTH SAVINGS ACCOUNT (HSA)

## ADMINISTERED BY PAYFLEX

If you participate in the HDHP medical plan option, you may be eligible to participate in a Health Savings Account (HSA). An HSA is a tax-exempt savings account that can be used for eligible health care expenses.

### High Deductible Health Plan (HDHP)

HDHPs — also called “consumer-driven” health plans — are designed to lower health care costs by encouraging members to pay closer attention to their health care decisions, while making insurance premiums more affordable.

HDHPs are typically paired with HSAs, which provide a tax- advantaged way to set money aside for deductibles and other out-of-pocket health care expenses.

### How HSAs Work

*(For those enrolled in the HDHP medical plan only)*

HSAs are accounts you can use to set aside pre-tax money for qualified medical, dental and vision expenses. Money in your HSA belongs to you, and it goes with you even if you change employment or retire — in fact, the HSA is a good way to plan ahead for medical expenses in retirement. Unused money in the account rolls over from year to year — there is no “use it or lose it” restriction, as there is with a Flexible Spending Account.

*You may contribute to an HSA if you:*

- Are covered under an HSA Qualified HDHP
- Do not have disqualifying coverage such as other “first dollar” medical coverage etc.
- Are not enrolled in Medicare\*
- Cannot be claimed as a dependent on someone else's tax return

\* If you decide to delay enrolling in Medicare, make sure to stop contributing to your HSA at least six months before you do plan to enroll in Medicare. This is because when you enroll in Medicare Part A, you receive up to six months of retroactive coverage, not going back farther than your initial month of eligibility. If you do not stop HSA contributions at least six months before Medicare enrollment, you may incur a tax penalty.

### HSA Eligible Expenses Include:

- Medical and prescription drug deductibles, and copays
- Orthodontia or other dental care
- Eye exams, contact lenses and glasses

### HSA Contributions

*Per the IRS, the 2022 calendar year limits are:*

- **\$3,650** for individual coverage
- **\$7,300** for family coverage
- **\$1,000** catch-up contribution (for age 55 and older)

This annual maximum includes funds contributed by the Company as well as funds contributed by the employee.

### Special Incentive for 2022-23 Plan Year

If you enroll in the HDHP medical plan, and you contribute a minimum of **\$10 per pay** into your Payflex HSA, Caron will contribute the follow amounts to your HSA, based on your coverage tier:

- **\$19.23 per pay (up to \$500 per year max)** for Employee Only coverage
- **\$38.46 per pay (up to \$1,000 per year max)** for all other coverage tiers.

