

Section 5. High Deductible Health Plan Overview

This Plan offers a High Deductible Health Plan (HDHP). The HDHP benefit package is described in this Section. Make sure that you review the benefits carefully.

HDHP Section 5, which describes the HDHP benefits, is divided into subsections. Please read Important things you should keep in mind about these benefits at the beginning of each subsection. Also read the general exclusions in Section 6; they apply to benefits in the following subsections. To obtain claim forms, claims filing advice, or more information about HDHP benefits, contact us at 757-552-7550 or 800-206-1060 or on our website at www.optimahealth.com/federal.

Our HDHP option provides traditional health care coverage and a tax-advantaged way to help you build savings for future medical expenses. The Plan gives you greater control over how you use your health care benefits.

When you enroll in this HDHP, we establish either a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA) for you. We automatically pass through a portion of the total health Plan premium to your HSA or credit an equal amount to your HRA based upon your eligibility on a monthly basis.

With this Plan, in-network preventive care is covered in full. As you receive other non-preventive medical care, you must meet the Plan's deductible before we pay benefits according to the benefits described on page 74. You can choose to use funds available in your HSA to make payments toward the deductible or you can pay toward your deductible entirely out-of-pocket, allowing your savings to continue to grow.

This HDHP includes five key components: in-network medical and dental preventive care; traditional medical coverage that is subject to the deductible; savings; catastrophic protection for out-of-pocket expenses; and health education resources and account management tools, such as online, interactive health and benefits information tools to help you make more informed health decisions.

- **Preventive care** The Plan covers preventive care services, such as periodic health evaluations (e.g., routine physicals), screening services (e.g., routine mammograms), well-child care, routine child and adult immunizations, and preventive prescription drugs. These services are covered at 100% if you use a network provider. The services are described in Section 5, *Preventive Care*. You do not have to meet the deductible before using these services. This does not reduce your HRA nor do you need to use your HSA for in-network preventive care.

- **Traditional medical coverage** After you have paid the Plan's deductible (\$2,000 for Self Only enrollment, \$4,000 for Self Plus One enrollment and \$4,000 for Self and Family enrollment), we pay benefits under Traditional medical coverage described in Section 5. The Plan typically pays 80% for in-network care.

Covered services include:

 - Medical services and supplies provided by physicians and other health care professionals
 - Surgical and anesthesia services provided by physicians and other health care professionals
 - Hospital services; other facility or ambulance services
 - Emergency services/accidents
 - Mental health and substance use benefits
 - Prescription drug benefits
 - Special features

- **Savings** Health Savings Accounts or Health Reimbursement Arrangements provide a means to help you pay out-of-pocket expenses (see page 65 for more details).

• **Health Savings Accounts (HSAs)**

By law, HSAs are available to members who are not enrolled in Medicare, cannot be claimed as a dependent on someone else’s tax return, have not received VA (except for service-connected disability) and/or Indian Health Services (IHS) benefits within the last three months, or do not have other health insurance coverage other than another High Deductible Health Plan. In 2019, for each month you are eligible for a HSA premium pass through, we will contribute to your HSA \$66.67 per month for a Self Only enrollment or \$133.33 per month for a Self Plus One or a Self and Family enrollment. In addition to our monthly contribution, you have the option to make additional tax-free contributions to your HSA, so long as total contributions do not exceed the limit established by law, which is \$3,500 for Self Only enrollment and \$7,000 for Self Plus One or Self and Family enrollment for 2019. The IRS allows you to contribute up to \$1,000 in catch-up contributions for 2019, if you are age 55 or older. See maximum contribution information on page 66. You can use funds in your HSA to help pay your health plan deductible. You own your HSA, so the funds can go with you if you change plans or employment.

Federal tax tip: There are tax advantages to fully funding your HSA as quickly as possible. Your HSA contribution payments are fully deductible on your Federal tax return. By fully funding your HSA early in the year, you have the flexibility of paying qualified medical expenses from tax-free HSA dollars or after tax out-of-pocket dollars. If you don’t deplete your HSA and you allow the contributions and the tax-free interest to accumulate, your HSA grows more quickly for future expenses.

HSA features include:

- Health Equity will provide a debit card and is the custodian for the HSA accounts.
- You may establish pre-tax HSA deductions from your paycheck to fund your HSA up to IRS limits using the same method that you use to establish other deductions (i.e., Employee Express, MyPay, etc.)
- Your HSA earns tax-free interest or any investment gains through a choice of voluntary investment options.
- You can make tax-free withdrawals for qualified medical expenses for you, your spouse and dependents. (See IRS publication 502 for a complete list of eligible expenses.) A link to this publication can also be found at www.optimahealth.com/federal.
- Your unused HSA funds and interest accumulate from year to year.
- It’s portable – the HSA is owned by you and is yours to keep, even when you leave Federal employment or retire.
- When you need it, funds up to the actual HSA balance are available.

Important consideration if you want to participate in a Health Care Flexible Spending Account (HCFSA): If you are enrolled in this HDHP with a Health Savings Account (HSA), and start or become covered by a Health Care Flexible Spending Account (HCFSA) (such as FSAFEDS offers – see Section 11), this HDHP cannot continue to contribute to your HSA. Similarly, you cannot contribute to an HSA if your spouse enrolls in an HCFSA. Instead, when you inform us of your coverage in an HCFSA, we will establish an HRA for you.

• **Health Reimbursement Arrangements (HRA)**

If you are not eligible for a HSA, for example you are enrolled in Medicare, Tricare or have another health plan, we will administer and provide an HRA instead. **You must notify us that you are ineligible for an HSA.** If we determine that you are ineligible for an HSA, we will notify you by letter and provide an HRA for you.

In 2019, we will give you an HRA credit of \$800 per year for a Self Only enrollment, \$1,600 for a Self Plus One enrollment and \$1,600 per year for a Self and Family enrollment. These amounts will be credited on a monthly basis and prorated if you join the health plan or become ineligible for an HSA within the plan year. Your HRA will be used to help pay for covered services that apply towards your health plan deductible.

HRA features include:

- For our HDHP option, the HRA is administered by Choice Strategies.
- HRA credit (prorated from your effective date to the end of the plan year) is available on a monthly basis.
- Tax-free credit can be used to pay for qualified medical or prescription expenses within your deductible for you and any individuals covered by this HDHP.
- Unused credits will not carryover from year to year.
- HRA credit does not earn interest.
- HRA credit is forfeited if you leave the FEHB Program or switch health insurance plans.
- An HRA does not affect your ability to participate in an FSAFEDS Health Care Flexible Spending Account (HCFA). However, you must meet FSAFEDS eligibility requirements.

- **Catastrophic protection for out-of-pocket expenses**

When you use network providers, your annual maximum for out-of-pocket expenses (deductibles, coinsurance and copayments) for covered services is limited to \$6,000 for Self Only, \$12,000 for Self Plus One or \$12,000 for Self and Family enrollment. However, certain expenses do not count toward your out-of-pocket maximum and you must continue to pay these expenses once you reach your out-of-pocket maximum (such as expenses in excess of the Plan's allowable amount or benefit maximum). Refer to Section 4 *Your Catastrophic Protection Out-of-Pocket Maximum* and HDHP Section 5 *Traditional Medical Coverage Subject to the Deductible* for more details.

- **Health education resources and account management tools**

HDHP Section 5(i) describes the health education resources and account management tools available to you to help you manage your health care and your health care dollars.

Section 5. Savings - HSAs and HRAs

Feature Comparison	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA) Provided when you are ineligible for a HSA
Administrator	<p>The Plan will establish an HSA for you with Health Equity (an administrator, trustee or custodian as defined by Federal tax code and approved by IRS).</p> <p>Health Equity 15 West Scenic Pointe Dr., Suite 100 Draper, UT 84020 866-346-5800 www.healthequity.com</p>	<p>Choice Strategies is the HRA fiduciary for this Plan.</p> <p>Choice Strategies P.O. Box 2205 South Burlington, VT 05407 888-278-2555 (toll free) www.choice-strategies.com</p>
Fees	<p>There is no HSA set-up fee.</p> <p>The administrative fee is covered in the premium while the member is covered under the HDHP.</p> <p>Members will be subject to the administrative fee if they are enrolled but no longer eligible for contributions into the HSA and/or are enrolled in the HSA.</p>	None
Eligibility	<p>You must:</p> <ul style="list-style-type: none"> • Enroll in this High Deductible Health Plan (HDHP). • Not currently receiving VA benefits or services unless they are due to a service-connected disability. • Have no other health insurance coverage (does not apply to another HDHP plan, specific injury, accident, disability, dental, vision, or long term care coverage). • Not be enrolled in Medicare. • Not be enrolled in Tricare. • Not be claimed as a dependent on someone else’s tax return. • Not have received Indian Health Service (IHS) benefits in the last three months. 	<p>You must enroll in this HDHP.</p> <p>If you enroll in a HDHP during open season or in the month of January, your HRA will be funded on a monthly basis after premium has been received. If you enroll outside of Open Season or other than the month of January, the funding of your HRA will be prorated based on each full month in which you are enrolled in a HDHP.</p>
Funding	<p>If you are eligible for HSA contributions, a portion of your monthly health plan premium is deposited to your HSA each month.</p> <p>Premium pass through contributions are based on the effective date of your enrollment in the HDHP.</p> <p>Note: If your effective date in the HDHP is after the 1st of the month, the earliest your HSA will be established is the 1st of the following month.</p>	<p>Eligibility for the annual credit will be determined on the first day of the month and will be prorated for length of enrollment. HRA contributions, a portion of your monthly health plan premium is deposited to your HRA each month.</p>

	<p>In addition, you may establish pre-tax HSA deductions from your paycheck to fund your HSA up to IRS limits using the same method that you use to establish other deductions (i.e., Employee Express, MyPay, etc.). You may contribute to your HSA by submitting a contribution coupon or setting up an electronic funds transfer from your checking or savings account up to the maximum allowed. The deadline for HSA contributions is April 15 following the year for which contributions are made. When making contributions for a previous tax year, use the Tax Year Designation Change for Contributions to HSA form. You can obtain additional HSA forms by logging into the Optima Health website at www.optimahealth.com.</p>	
<p>• Self Only enrollment</p>	<p>For 2019, a monthly premium pass through of \$66.67 will be made by the HDHP directly into your HSA each month.</p>	<p>For 2019, a monthly premium pass through of \$66.67 will be made by the HDHP directly into your HRA each month.</p>
<p>• Self Plus One enrollment</p>	<p>For 2019, a monthly premium pass through of \$133.33 will be made by the HDHP directly into your HSA each month.</p>	<p>For 2019, a monthly premium pass through of \$133.33 will be made by the HDHP directly into your HRA each month.</p>
<p>• Self and Family enrollment</p>	<p>For 2019, a monthly premium pass through of \$133.33 will be made by the HDHP directly into your HSA each month.</p>	<p>For 2019, a monthly premium pass through of \$133.33 will be made by the HDHP directly into your HRA each month.</p>
<p>Contributions/credits</p>	<p>The maximum that can be contributed to your HSA is an annual combination of the HDHP premium pass through and enrollee contribution funds, which when combined, do not exceed the annual statutory dollar maximum, which is \$3,500 for Self Only coverage, \$7,000 for Self Plus One coverage and \$7,000 for Self and Family coverage for 2019. If you are age 55 or older, the IRS permits you to make additional “catch-up” contributions to your HSA. The allowable catch-up contribution is \$1,000. Contributions must stop once an individual is enrolled in Medicare. Additional details are available on the U.S. Department of Treasury website at www.treasury.gov/resource-center/faqs/Taxes/Pages/Health-Savings-Accounts.aspx</p> <p>If you enroll during Open Season, you are eligible to fund your account up to the maximum contribution limit set by the IRS.</p> <p>Note: Annual premium pass through contributions will be forfeited if you do not open an HSA by 12/31 of that plan year.</p>	<p>HRA credits will be made monthly and are subject to proration based on the effective date of enrollment. The HRA does not earn interest. You cannot contribute to the HRA.</p>

	<p>You are eligible to fund your account up to the maximum contribution limit set by the IRS, even if you have partial year coverage as long as you maintain your HDHP enrollment for 12 months following the last month of the year of your first year of eligibility. To determine the amount you may contribute, take the IRS limit and subtract the amount the Plan will contribute to your account for the year.</p> <p>If you do not meet the 12 month requirement, the maximum contribution amount is reduced by 1/12 for any month you were ineligible to contribute to an HSA. If you exceed the maximum contribution amount, a portion of your tax reduction is lost and a 10% penalty is imposed. There is an exception for death or disability.</p> <p>You may rollover funds you have in other HSAs to this HDHP HSA (rollover funds do not affect your annual maximum contribution under this HDHP).</p> <p>You are able to make a one-time, tax-free, irrevocable, trustee-to-trustee rollover from your IRA to your HSA. The amount that may be rolled over from an IRA to an HSA is limited to the amount of your maximum annual HSA contribution limit for the year in which the rollover is made. Any amount you rollover from an IRA will count towards your annual HSA contribution limit so you will need to make sure that the amount you transfer from your IRA combined with your other HSA contributions for the year do not exceed the annual HSA contribution limit.</p> <p>HSAs earn tax-free interest (does not affect your annual maximum contribution).</p> <p>Catch-up contribution discussed on page 70.</p>	
<ul style="list-style-type: none"> • Self Only enrollment 	<p>You may make a voluntary annual maximum contribution of \$2,700.</p> <p>Note: Additional deposits by the Plan into your HSA can impact the amount you can contribute for the year. Please review IRS guidelines or discuss with your accountant.</p>	<p>You cannot contribute to the HRA.</p>
<ul style="list-style-type: none"> • Self Plus One enrollment 	<p>You may make a voluntary annual maximum contribution of \$5,400.</p> <p>Note: Additional deposits by the Plan into your HSA can impact the amount you can contribute for the year. Please review IRS guidelines or discuss with your accountant.</p>	<p>You cannot contribute to the HRA.</p>
<ul style="list-style-type: none"> • Self and Family enrollment 	<p>You may make a voluntary annual maximum contribution of \$5,400.</p> <p>Note: Additional deposits by the Plan into your HSA can impact the amount you can contribute for the year. Please review IRS guidelines or discuss with your accountant.</p>	<p>You cannot contribute to the HRA.</p>

Feature Comparison	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA) Provided when you are ineligible for a HSA
Access Funds	<p>You can access your HSA by the following methods:</p> <ul style="list-style-type: none"> • Debit Card – The Health Equity HSA Visa debit card must be activated in order to have access to HSA Funds, customer service and online information. • The online employee portal. From the portal, you will be linked to the Health Equity. If there is money available in your HSS, claims may be paid to a provider from the HSA as claims are submitted to Optima Health. • Direct Deposit for HSA Reimbursement - Reimbursements can now be sent electronically to personal checking or savings accounts. You can access this feature from the employee portal. 	<p>For covered medical expenses under the deductible of your HDHP, claims will be paid automatically by your HRA when claims are submitted to Optima Health, if there is money available in your HRA.</p> <p>You may also be reimbursed from the HRA for prescriptions covered within the deductible period, if there is money available in your HRA.</p>
Distributions/withdrawals <ul style="list-style-type: none"> • Medical 	<p>You can pay the out-of-pocket expenses for yourself, your spouse or your dependents (even if they are not covered by the HDHP) from the funds available in your HSA.</p> <p>Your HSA is established the first of the month following the effective date of your enrollment in this HDHP. For most Federal enrollees (those not paid on a monthly basis), the HDHP becomes effective the first pay period in January 2019. If the HDHP is effective on a date other than the first of the month, the earliest date medical expenses will be allowable is the first of the next month.</p> <p>If you incur a medical expense between your HDHP effective date but before your HSA is effective, you will not be able to use your HSA to reimburse yourself for those expenses.</p> <p>Note: Plan contributions are typically deposited around the middle of each month.</p> <p>See IRS Publication 502 for a list of eligible medical expenses.</p>	<p>You can pay the out-of-pocket expenses for qualified medical expenses for individuals covered under the HDHP.</p>
<ul style="list-style-type: none"> • Non-medical 	<p>If you are under age 65, withdrawal of funds for non-medical expenses will create a 20% income tax penalty in addition to any other income taxes you may owe on the withdrawn funds.</p> <p>When you turn age 65, distributions can be used for any reason without being subject to the 20% penalty, however they will be subject to ordinary income tax.</p>	<p>Not applicable – distributions will not be made for anything other than qualified medical and prescription expenses within the deductible.</p>
Availability of funds	<p>Funds are not available for withdrawal until all the following steps are completed:</p> <ul style="list-style-type: none"> • Your enrollment in this HDHP is effective (effective date is determined by your agency in accord with the event permitting the enrollment change). 	<ul style="list-style-type: none"> • Your enrollment in this HDHP is effective (effective date is determined by your agency in accord with the event permitting the enrollment change).

	<ul style="list-style-type: none"> • The HDHP receives record of your enrollment and initially establishes your HSA account with the fiduciary by providing information it must furnish and by contributing the minimum amount required to establish an HSA. • The fiduciary sends you HSA paperwork for you to complete and the fiduciary receives the completed paperwork back from you. 	<ul style="list-style-type: none"> • A monthly amount will be deposited into your HRA, based on your enrollment tier.
Account owner	FEHB enrollee	Optima Health
Portable	<p>You can take this account with you when you change plans, separate or retire.</p> <p>If you do not enroll in another HDHP, you can no longer contribute to your HSA.</p>	<p>If you retire and remain in this HDHP, you may continue to use and accumulate credits in your HRA.</p> <p>If you terminate employment or change health plans, only eligible expenses incurred while covered under the HDHP will be eligible for reimbursement subject to timely filing requirements. Unused funds are forfeited.</p>
Annual rollover	Yes, accumulates without a maximum cap.	No.

If you have a HSA

- **Contributions**

All contributions are aggregated and cannot exceed the maximum contribution amount set by the IRS. You may contribute your own money to your account through payroll deductions, or through Electronic Fund Transfer deposits that are withdrawn from your personal bank accounts, or you may make lump sum contributions at any time, in any amount not to exceed an annual maximum limit. If you contribute, you can claim the total amount you contributed for the year as a tax deduction when you file your income taxes. Your own HSA contributions are either tax-deductible or pre-tax (if made by payroll deduction). You receive tax advantages in any case. To determine the amount you may contribute, subtract the amount the Plan will contribute to your account for the year from the maximum contribution amount set by the IRS. You have until April 15 of the following year to make HSA contributions for the current year.

If you newly enroll in a HDHP during Open Season and your effective date is after January 1st or you otherwise have partial year coverage, you are eligible to fund your account up to the maximum contribution limit set by the IRS as long as you maintain your HDHP enrollment for 12 months following the last month of the year of your first year of eligibility. If you do not meet this requirement, a portion of your tax reduction is lost and a 10% penalty is imposed. There is an exception for death or disability.

- **Catch-up contributions**

If you are age 55 or older, the IRS permits you to make additional “catch-up” contributions to your HSA. The allowable catch-up contribution is \$1,000. Contributions must stop once an individual is enrolled in Medicare. Additional details are available on the U.S. Department of Treasury website at www.treasury.gov/resource-center/faqs/Taxes/Pages/Health-Savings-Accounts.aspx.

- **Investment Options**

Participation in voluntary investment options are entirely optional and Health Equity will not be acting in the capacity of a registered investment advisor for the HSA.

Account holders who exceed the minimum required balance of \$2,000 in their HSA cash account, will have a number of different investment options to choose from in 2019 that will be offered by different organizations that have been selected by Health Equity in these investment options may fluctuate up or down and will not be insured by the FDIC or other government agencies.

Health Equity will make available HSA investment options to account holders who exceed the minimum required balance of \$2,000 in their HSA cash account. (Investment options are subject to change).

- **If you die**

If you have not named a beneficiary and you are married, your HSA becomes your spouse’s; otherwise, your HSA becomes part of your taxable estate.
 - **Qualified expenses**

You can pay for “qualified medical expenses,” as defined by IRS Code 213(d). These expenses include, but are not limited to, medical plan deductibles, diagnostic services covered by your plan, long-term care premiums, health insurance premiums if you are receiving Federal unemployment compensation, **physician prescribed** over-the-counter drugs, LASIK surgery, and some nursing services.

When you enroll in Medicare, you can use the account to pay Medicare premiums or to purchase health insurance other than a Medigap policy. You may not, however, continue to make contributions to your HSA once you are enrolled in Medicare.

For a detailed list of IRS-allowable expenses, request a copy of IRS Publication 502 by calling 800-829-3676, or visit the IRS website at www.irs.gov and click on “Forms and Publications.” Note: Although **physician prescribed** over-the-counter drugs are not listed in the publication, they are reimbursable from your HSA. Also, insurance premiums are reimbursable under limited circumstances.
 - **Non-qualified expenses**

You may withdraw money from your HSA for items other than qualified health expenses, but it will be subject to income tax and if you are under 65 years old, an additional 20% penalty tax on the amount withdrawn.
 - **Tracking your HSA balance**

You can view account activity such as the “premium pass through,” withdrawals, and interest earned on your account, as well as account balances online on the MyOptima portal. You can also request a paper monthly activity statement at an additional charge - \$1.00 per month.
 - **Minimum reimbursements from your HSA**

There is no minimum withdrawal or distribution amount.
- If you have a HRA**
- **Why a HRA is established**

If you don't qualify for an HSA when you enroll in this HDHP, or later become ineligible for an HSA, we will establish an HRA for you. If you are enrolled in Medicare, you are ineligible for an HSA and we will establish an HRA for you. You must tell us if you are or become ineligible to contribute to an HSA.
 - **How a HRA differs**

Please review the chart beginning on page 65 which details the differences between an HRA and HSA. The major differences are:

 - you cannot make contributions to an HRA
 - funds are forfeited if you leave the HDHP
 - an HRA does not earn interest
 - HRAs can only pay for qualified medical and prescription expenses which apply to your deductible for individuals covered by the HDHP. FEHB law does not permit qualified medical expenses to include services, drugs or supplies related to abortions, except when the life of the mother would be endangered if the fetus were carried to term, or when the pregnancy is the result of an act of rape or incest.