

What are the benefits of a Health Savings Account (HSA)?

With most medical plans, you pay a premium each pay period, even if you don't go to the doctor. If you do use medical services, you need to meet your deductible. After that, coinsurance pays a percentage of your bills.

The **PPO Plan with an HSA** takes a different approach.

You pay a much lower premium. You also have the option of setting aside money in a tax-free¹ HSA that can grow from year to year and be used to pay qualified medical expenses. To effectively use the PPO with an HSA, you need to plan ahead. Paying a higher deductible makes it especially important for you to focus on your health before you see a doctor. Why? Because if you adopt a healthier lifestyle, you may need less medical care, which can keep your costs lower.

Because this Medical Plan option has a higher deductible, you'll pay more out of pocket before coinsurance begins. But, you can use money from your HSA to help pay for health care expenses and to help cover the higher deductible. **Ameriprise Financial will contribute \$250¹ to your Optum Bank HSA to help you meet your expenses and deductible.** Qualified Medical Expenses are those defined by the IRS as listed in [Publication 502](#).

Plan advantages

The PPO option with an HSA gives you an easy way to save for your medical expenses and offers other advantages, including:

- Ameriprise Financial will contribute \$250 to your Optum Bank account.
- Tax-free contributions to your HSA come directly out of your paycheck and you receive tax-free distributions when paying for qualified medical expenses.
- Unlike the Health Care Spending Account, that has certain limitations on the amount of dollars that may be carried over to the following year, any unused HSA dollars roll over year to year.
- Money in your account is yours to keep, even if you leave the company. You can even use it to save for medical expenses in retirement.
- You control how and when you spend the money because you decide how to pay for the cost of your care – with HSA funds or cash.
- You can submit expenses incurred later if you change your mind – there's no "use it or lose it" rule.

If you select the PPO with an HSA option, we will notify Optum Bank (member FDIC, our preferred financial partner and a UnitedHealthcare company) to open an HSA for you. You also have the option to open an HSA through any financial institution of your choice, but the **\$250 contribution is only offered to employees that actively contribute pretax dollars to an HSA account opened with Optum Bank**. By utilizing UnitedHealthcare's relationship with Optum Bank, we can offer automatic payroll deductions of HSA contributions and the ability to coordinate your PPO with the HSA.

Note: You cannot enroll in a Health Care Spending Account if you contribute to an HSA.

¹ You can receive tax-free distributions from your HSA to pay or be reimbursed for your qualified medical expenses. If you receive distributions for reasons other than qualified medical expenses, the amount you withdraw will be subject to income tax and may be subject to an additional 20% penalty tax.

What is a deductible?

How a deductible works can be confusing. If you're a single person, you pay for your own medical expenses until you reach the deductible amount. Then your Medical Plan option kicks in.

But what if you also provide coverage for a spouse and children? Read the examples below to understand the math behind a family deductible.

Here's how your family might pay for health care expenses with the Basic PPO option:

Medical expenses

You	\$600	\$600
Spouse	\$600	In-network single deductible
Daughter	\$200	\$1,800
Son	\$0	In-network family deductible

Total	\$1,400	
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At this point, you and your spouse have each met the single deductible of \$600. Any further qualifying expenses for you and your spouse will be covered by coinsurance. However, the family's \$1,400 in combined out-of-pocket expenses are \$400 short of the family deductible of \$1,800. Once the son or daughter has \$400 more in out-of-pocket expenses, the family deductible will be met. Coinsurance will then be in effect for any family member's future eligible expenses.

Here's how your family might pay for health care expenses with an HSA:

Medical expenses

You	\$500	\$1,600
Spouse	\$1,600	In-network single deductible
Daughter	\$200	\$3,200
Son	\$200	In-network family deductible

Total	\$2,500	
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Under the PPO with a Health Savings Account, **the entire family deductible must first be met** before the Plan pays any benefits (including prescription drugs) unless you receive preventive services. At this point, combined out-of-pocket expenses for all family members are \$2,500, which is \$700 short of the deductible. Once a family member (or members) has another \$700 in expenses, then the family deductible will be satisfied. Coinsurance would be in effect for any family member's future qualifying expenses.

Please note: None of the expenses above are preventive care, which is covered at 100% under all Medical Plan options.

With an annual \$250 contribution from Ameriprise Financial to your HSA through Optum Bank, you'll have additional funds to help meet your expenses and deductible.

How does the deductible work for the PPO with an HSA?

Let's take a closer look at when and how you pay the deductible under this option. We'll use a house as an example of how the components combine to cover your health care needs.

1. Plan responsibility: preventive care – first level

Ameriprise Financial realizes that a deductible of \$1,600 for an individual (and \$3,200 for a family) is a lot of money to pay before benefits become payable. We also realize the importance of practicing good preventive medicine, such as immunizations, well-child visits, routine annual exams, age-related screenings, etc.

That's why in-network preventive care services are covered 100% (excluding prescriptions) – without having to pay the deductible.



2. Your responsibility: deductible – second level

Other than preventive care, you are responsible for paying for medical expenses until you have met your deductible (\$1,600 for an individual and \$3,200 for a family), including the full cost of prescription drugs. You may use the money in your HSA to offset the deductible or save your HSA dollars for later (including retiree medical expenses).

An HSA allows you to make tax-free contributions for qualified medical expenses, including prescriptions. You earn tax-free interest and can save the money for future use. In 2024, you can set aside either \$4,150 for individual coverage or \$8,300 if you have family coverage. You need to keep receipts should you be asked to prove that any HSA distributions were for qualified medical expenses.

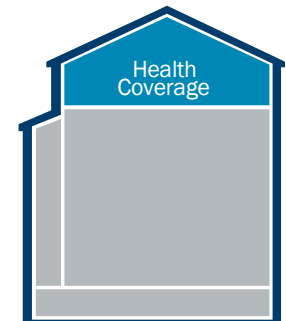


3. Health coverage – third level

Once you meet the deductible, the plan becomes much like a traditional health plan, which requires you to pay coinsurance (generally 20% of the bill).

4. Out-of-pocket maximum – roof

You are protected with an out-of-pocket maximum. Once all of your payments and coinsurance amounts (including those for prescription drugs) reach the maximum amount shown below (including your deductible), the plan pays 100% of in-network charges for eligible expenses for the remainder of the calendar year.



	Employee	Family
In-network	\$4,000	\$8,000
Out-of-network	\$12,000	\$24,000

Know the lingo

- **Deductible:** The amount you must pay for eligible medical expenses each calendar year before the Medical Plan option begins paying for covered services. The deductible works differently between the PPO with an HSA and the other Medical Plan options.
- **Out-of-pocket-maximum:** The most you will pay (including the deductible) in a calendar year; afterward, the Medical Plan pays 100% of eligible health care expenses for the rest of the calendar year.

Is an HSA your path to a more secure retirement?

Did you know an HSA can help you reach your retirement goals? You can use it now to pay for eligible healthcare expenses tax free, but you can also save your contributions (including the \$250 Ameriprise contribution) and roll them over from year to year and accumulate a balance to use for medical expenses in retirement. There's no "use-it-or-lose-it" rule and you take your HSA with you when you leave Ameriprise.

Not only does money go into your account tax free, but you never pay taxes on it or the earnings, as long as you use it for IRS-eligible medical expenses. In 2024, you can set aside \$4,150 for individual coverage or \$8,300 if you have family coverage.

Account options for your Health Savings Account

You can choose from three different account options that provide unique benefits, depending on how you use your HSA. Review the account options carefully to determine which options is most appropriate for how you intend to use your HSA.

If you newly elect the HSA, Optum Bank will mail you a welcome packet. Review this information and select the account option that matches how you plan to use your HSA. If you don't make a selection, you will use the default option of the Health eAccess HSA.

If you are already enrolled in the HSA and would like to change account options, please contact Optum Bank at 1.866.234.8913.

	Health eSaver HSA	Health eAccess HSA	Health eInvestor HSA
Monthly fee	\$3 (if balance < \$5,000) \$0 (if balance > \$5,000)	\$1 (if balance <\$500) \$0 (if balance > \$500)	\$3 (if balance < \$5,000) \$0 (if balance > \$5,000)
Pays interest	Yes	No	Yes
Ability to invest balance	Yes	Yes	Yes
Minimum investment balance required	\$2,000	\$2,000	\$500
Monthly investment fee	None	\$3	\$2.50
Who may be interested in this option	You get easy access to pay for expenses with your HSA, including competitive interest rates, moderate fees and the option to invest balances with no additional fee.	This type of account works well if you are an active user of your HSA and withdraw funds frequently. It offers the lowest fees if you carry a small HSA balance. No interest is paid with this account.	If you don't spend your funds often – and use your HSA mainly to invest and grow your balance – this account might be a good option. It offers competitive interest rates and a lower required balance to start investing your funds.

ⁱ To be eligible for the company HSA contribution of \$250, you must open and actively contribute to the Ameriprise HSA.