

HDHP/HSA

Frequently Asked Questions and Answers

Q: What is changing with Woodgrain's Health Plan? Who is impacted by this change?

A: Woodgrain is introducing an HSA-powered health plan effective in the 2017 plan year. The entire Woodgrain employee population, along with their families, will be affected by the move from a "traditional" insurance plan to a Qualified High-Deductible Health Plan (QHDHP) paired with a Health Savings Account (HSA). We are excited about this enhancement to our benefits package. It will benefit our employees and their families from day one and well into the future. The plan is designed to improve the health and financial well-being of all Woodgrain employees and their families. The HSA-enabled health plan will assist employees and their families in becoming better consumers of health care. As participants make wiser choices, we all benefit through lower premiums and improved coverage.

Q: What is a QHDHP? What is an HSA?

A: A "Qualified" high-deductible health plan is a type of health insurance plan that, compared to traditional health insurance plans, requires higher initial out-of-pocket spending and may have lower premiums for the coverage. There is a maximum limit on the total amount you are required to pay out of your own pocket for in-network deductibles, co-payments and coinsurance (premiums are not included in this maximum limit). A health savings account (HSA) is a tax-advantaged savings account that belongs to you. It is always paired with a qualified high-deductible health plan and is used to pay or reimburse certain medical expenses you incur.

Q: Is the HSA replacing medical insurance?

A: No. Employees will still have Woodgrain's great insurance, now called Health Advantage Plus 80/20. The only changes in plan design are related to deductibles and out-of-pocket maximums. Otherwise, it is the same great coverage, same doctors and facilities in the networks.

Q: Why is Woodgrain making this change now?

A: HSAs get consumers more involved in their health care. Health Savings accounts provide a tremendous opportunity for Woodgrain employees to take better control of their health care spending while also benefitting from the tax advantages afforded by the accounts. The special tax advantages of these accounts allow employees to accumulate funds over their working life and withdraw funds tax-free for qualified medical expenses in retirement. Employees keep more of their money which helps stretch their health care dollars!

Q: When will this go into effect?

A: Open enrollment for the new QHDHP/HSA will be this fall. Coverage under the plan and access to health savings accounts will start on January 1, 2017.

Q: Will my premiums go down?

A: We considered lowering premiums as part of the plan design but went with high employer contributions instead. There is a direct trade-off between premiums and employer contributions. We've designed the plan so that the savings gained by moving from a traditional PPO model to a QHDHP/HSA model will be redistributed back to the employee in the form of employer contributions. In the first couple of years this is a benefit to the employee because they will get access to that money sooner.

We hope that premiums in 2017 will remain about the same as they are in 2016. What are the same things that affect premiums every year: the actual experience of the population (the number and severity of medical claims from the population in the prior year). The last few years have seen positive trends for Iowa but significant increases for the non-Iowa population. Actual premiums will be determined at the same time as in years past: just before open enrollment.

Q: Is Woodgrain changing health care networks and/or providers as part of this change?

A: We don't anticipate any changes to medical networks for the 2017 plan year. There may be changes to pharmaceutical or other networks because of contract negotiations or other factors, but those changes are unrelated to this change in medical plan design. Any changes will be communicated at or before open enrollment.

Q: What is a "deductible" and how are deductibles changing?

A: A deductible is the amount you have to pay out-of-pocket before your health insurance coverage pays for covered services. For example, if your deductible is \$1,500, the insurance plan won't pay anything until you've met your \$1,500 deductible for covered health care services subject to the deductible. The deductible may not apply to all services. With an HSA-powered health plan, instead of making copayments at the time of service, you will have to pay the full amount until the deductible is met. Keep in mind that preventive care is always covered 100%.

Q: Are there any changes of how my "family" meets the deductible for a QHDHP?

A: Yes. In the QHDHP, the family deductible is an "aggregate" deductible. That means the total family deductible must be paid out-of-pocket before health insurance starts paying for the health care services incurred by any family member.

Q: Do you know what the deductible amount will be in 2017?

A: The deductible amounts for 2017 will be \$1,500 for someone on single/individual coverage and \$3,000 for someone on family or other coverage.

Q: What is an "Out-of-Pocket Maximum" and how does that apply to me?

A: An out-of-pocket maximum is the out-of-pocket expenses a participant pays during the plan year. Amounts a participant pays for deductibles, co-payments or coinsurance are included in out-of-pocket expense and kept as a running total. Insurance premiums aren't counted toward out-of-pocket limits.

Once the participant reaches the plan's maximum for the year, remaining eligible expenses are covered at 100 percent regardless of the plan's co-payment or coinsurance arrangements.

The out-of-pocket max will come *down* in 2017 to \$3,000 for someone with single coverage and \$6,000 for those with family or other coverage. This should prove to be a huge benefit to those employees who need it the most.

Q: For employees using maintenance drugs for high blood pressure, diabetes, etc., is there any benefit for these prescription drugs?

A: Yes. The Health Advantage Plus plan will cover maintenance and preventive medications at 100%. These medications are defined as drugs that are designed to prevent the onset of a disease, as well as to prevent the recurrence of a disease from which someone has recovered. For example, medications used to treat hypertension may be covered as preventive because they prevent strokes or heart disease. Statins may be covered because they prevent the recurrence of heart attacks. The list is extensive. Drugs such as maintenance drugs for diabetes, cholesterol, and high blood pressure may be considered preventive.

Q: Will Woodgrain make a contribution to employee HSA accounts?

A: Yes. Contribution amounts are based on the employee's insurance coverage.

Single Coverage: \$500

2-Party (Employee & Spouse): \$1,000

Employee & Children (no spouse): \$1,000

Family Coverage: \$1,500

Q: When will Woodgrain make contributions to employees HSA accounts?

A: 2017 Contribution Schedule:

January: 50% of the annual contribution

April: 25% of the annual contribution

July: 25% of the annual contribution

Q: Are all Woodgrain employees eligible for an HSA?

A: Enrollment eligibility in Health Advantage Plus does not necessarily mean you are eligible to enroll in an HSA. The following IRS rules apply:

- You must be covered by a qualified high deductible health plan (QHDHP).
- You cannot be covered by any other non-qualified health plan, including Medicare.
- You cannot be claimed as a dependent on another individual's tax return.
- You or your spouse cannot be participating in a full purpose flexible spending account (FSA).

You must have a Woodgrain sponsored HSA to receive the company contribution.

Q: What if I don't qualify for participation in an HSA?

A: Woodgrain full time employees are still eligible to participate in Health Advantage Plus and can take advantage of all the discounts and coverage available. The employee must have a Woodgrain sponsored HSA to receive the company contribution.

Q: Who will manage the HSA accounts?

A: Woodgrain has partnered with HealthEquity as the trustee for the health savings accounts for the Woodgrain employees. HealthEquity has over \$4 billion in deposits with over 2.1 million health savings accounts and is the industry leader and expert in HSA administration. They are a solid company and know the business better than anyone else. HealthEquity's systems integrate with many of our systems, which will give our associates added visibility in managing their healthcare spend. HealthEquity provides extensive training and educational materials and resources which will prove invaluable as our associates want to learn how they can become better healthcare consumers. HealthEquity's customer service is world class. Live customer service representatives are available to answer questions 24 hours a day 7 days a week.

Q: Once employees have an HSA, how will they pay for medical expenses?

A: All employees with an HSA will be issued a debit card that is directly linked to their HealthEquity health savings account. Employees will be able to pay for services with their debit card as long as they have sufficient funds in their HSA account. All non-Iowa employees will have visibility online to doctor bills and will be able to pay bills online from their HSA accounts. HealthEquity is reaching out to United Healthcare now to see if United Healthcare will partner with them to do the same thing, but as of right now United Healthcare has not chosen to allow that.

Other ways employees can pay for medical bills, prescriptions and other medical services include cash/check/etc. from their other/regular accounts. Employees can "reimburse themselves" from their HSA account at any time after the account is established (so 10 years from now, you could reimburse yourself for an expense you had seven years previous that you paid for with non-HSA money – as long as the service was rendered after you opened an HSA).

Q: Are there fees associated to an HSA?

A: Yes. A Health Savings Account is much like a bank account and carries fees that may be charged to the account holder.

Free Services for members:

- Electronic Statements
- Card Transactions
- Payments made to Providers
- Investment Trades
- Investment Account creation (but there may be other investment related fees). Always check if there are fees for investment options.

Service Fees:

- Additional or replacement debit cards - \$5 (Up to 3 are Free)
- Paper Statement - \$1 (electronic statements are Free)
- Paper Check to Self - \$2 per transaction
- Stop Payment Request - \$20 per request
- Overdrawn account or Non-Sufficient Funds - \$20 per transaction
- Distribution of Excess Contribution (initiated by member - \$20 per request)
- Return Deposit - \$20 per transaction
- Account Closing - \$25 one-time
- Investing Option – Discuss with Health Equity Investment Team

Q: Do I have the ability to invest HSA funds?

A: Yes. As long as the following conditions are met, members can invest their funds, online with Health Equity. The member must have an HSA balance that exceeds \$2,000, have verified email address, knows and understands the risks relating to investing. The member must also agree to the terms and conditions of investing.

Q: What happens to the HAS account in the event the employee dies? Will there be beneficiaries to this account?

A: Yes. Refer to page 39 of the 2016 Complete HAS Guidebook. There is also language regarding non-spouse beneficiary.

Q: Does the 2017 contribution limits include the company match?

A: Yes. 2017 Limits are: Self-Only - \$3,400; Family - \$6,750. There is also a catch-up option for anyone, age 55 or older, with a limit of \$1,000.

Q: Where can I get more information to learn about high deductible health plans and health savings accounts?

A: SharePoint – HSA Education Library, The Complete HSA Guidebook (electronic version in the HSA Education Library); Online at HealthyEquity.com.