THE 2027

EASY GUIDE

To Understanding Your High-Deductible Health Plan

DDC
DINÉ DEVELOPMENT CORPORATION

A high deductible health plan with a health savings account is a smart way to finance healthcare costs today while building a nest egg for future healthcare and retirement expenses.

The plan that gives you more...

The Cigna HDHP 3000 is a high-deductible health plan that give you:

- **More money** in your paycheck from lower monthly premiums
- **More ways to reduce taxes** with a tax-free health savings account (HSA)
- **More flexibility** in how you choose and pay for healthcare services
- **More opportunities** to build long-term healthcare and retirement savings

HDHP at a glance

- Lower monthly employee premiums than our other medical plans
- Higher deductible
- Free in-network preventive care
- Comprehensive medical and prescription drug coverage
- Use tax-free health savings account (HSA) to offset the deductible

When you enroll in the HDHP, you receive a health savings account (HSA) funded with tax-free contributions from Diné Development Corporation and you.

This is important because with the HDHP you pay for 100% of all medical costs (except preventive care) until you reach the annual deductible.

You can use the money in your HSA for your deductible and any other eligible healthcare expenses you have throughout the year or any time in the future.

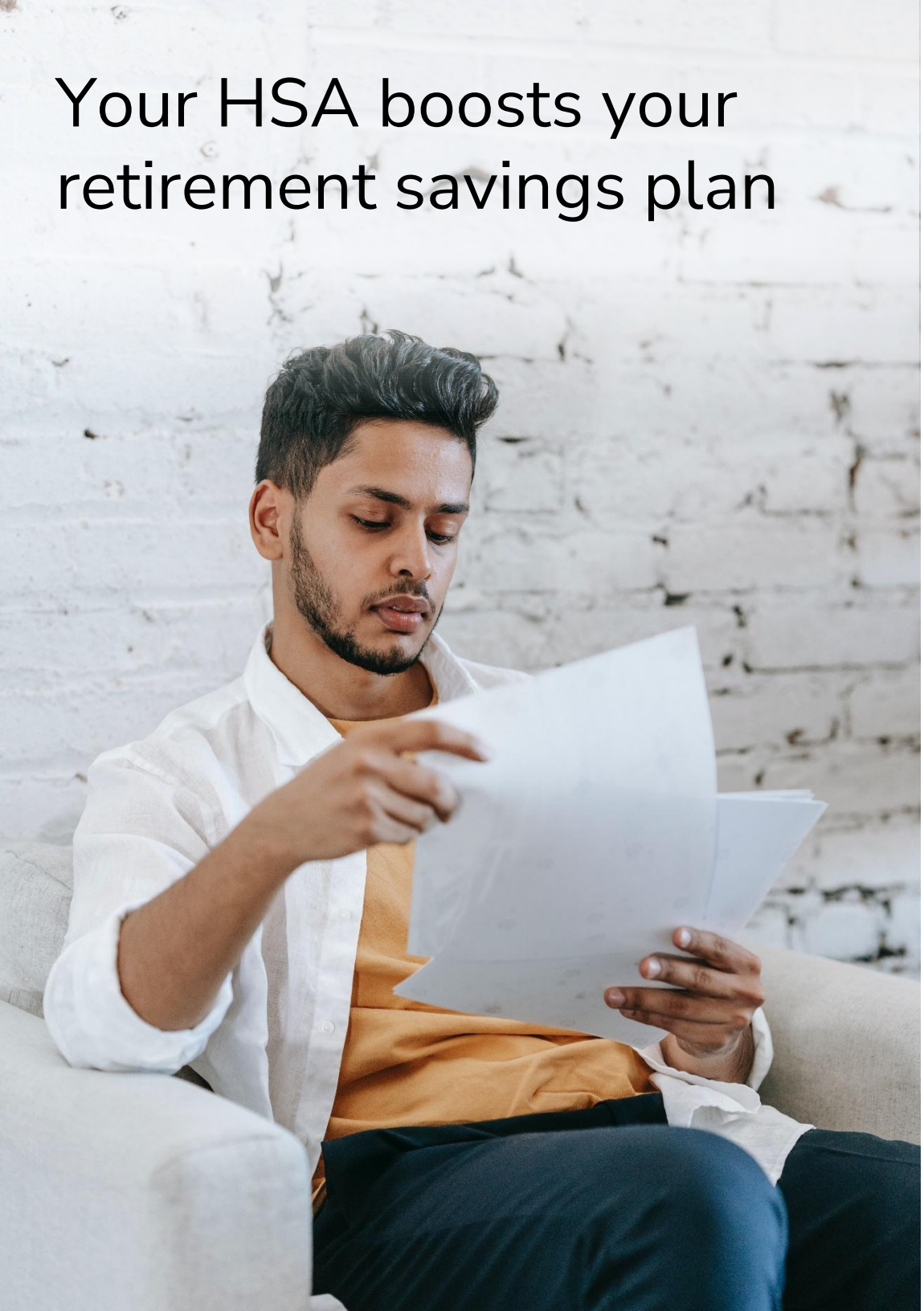
Your HSA balance never expires—avoid “use it or lose it” rule. You keep the account even if you leave the company, and any balance earns interest.

Your HDHP & HSA put you in control of healthcare spending

- Preventive care is a no-brainer. Keep up with your annual checkups without worrying about the cost, since preventive care is fully covered in-network.
- Use your HSA for many different health expenses: regular office visits, prescriptions, lab tests, acupuncture, chiropractic adjustments, even dental care, glasses and contacts.
- You don't have to spend your HSA. If you'd rather save your HSA for a potential large expense down the road, feel free to pay small medical costs from your bank account. If you change your mind, you can always get reimbursed from your HSA later.
- Your HSA gives you flexibility to visit any doctor, hospital or lab of your choice, even out-of-network providers.
- You can shop around. Healthcare is like any other purchase. If you have the time, it pays to shop around for the best quality and price.

Your HSA helps you save on federal taxes
NO TAX on HSA contributions
NO TAX on eligible HSA withdrawals
NO TAX on HSA interest and earnings
Click here for more about federal and state tax savings.

Your HSA boosts your retirement savings plan

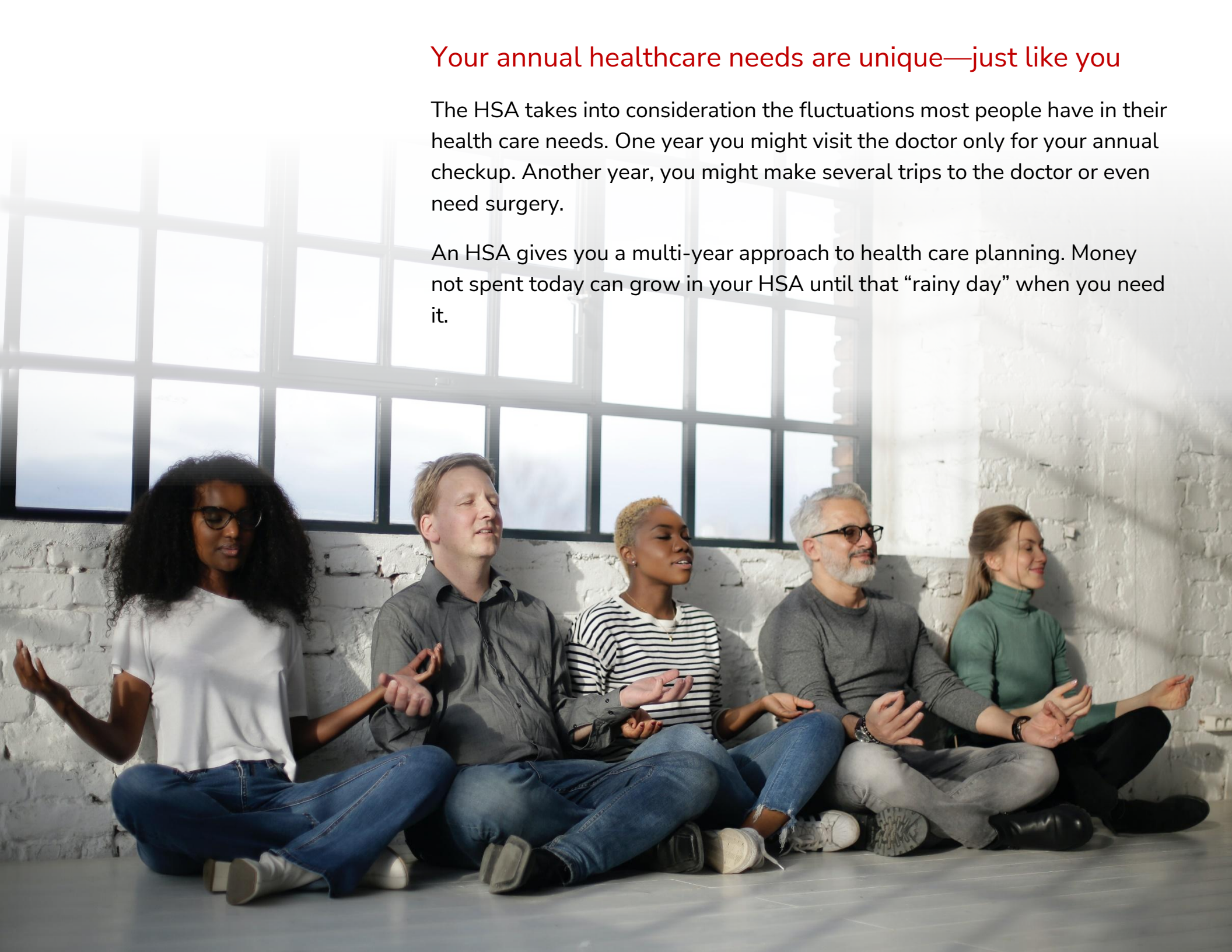


- Your HSA is your long-term health fund. The balance rolls over year after year so you can use it for healthcare expenses 30 days or 30 years from now.
- Your HSA is a smart addition to your retirement savings plan. Your post-retirement healthcare spending will be tax-free when you use your HSA. And after age 65, you can use HSA dollars for non-health expenses too (subject to ordinary income tax).
- You can invest your account balance. After you reach a minimum balance, you can invest your funds, just like a 401(k) or IRA. You have a number of investment options to choose from.
- See the benefits guide for additional information and requirements.

Your annual healthcare needs are unique—just like you

The HSA takes into consideration the fluctuations most people have in their health care needs. One year you might visit the doctor only for your annual checkup. Another year, you might make several trips to the doctor or even need surgery.

An HSA gives you a multi-year approach to health care planning. Money not spent today can grow in your HSA until that “rainy day” when you need it.



How much can you contribute to an HSA?

2027

Allowable HSA contributions (per year)

	Employee Coverage	Family Coverage
Company Contribution	$1,200*	$1,400*
+		
Your Pre-Tax Contributions	$3,300	$7,600
=		
IRS Annual Maximum	$4,500	$9,000

In addition to the company contribution, you can contribute money to your HSA, up to the total annual amount allowed by the IRS. If you're 55 or older, you can contribute $1,000 more each year.

*These amounts vary slightly due to rounding.

Plan Highlights

Cigna HDHP 3000

Preventive Care	PLAN PAYS 100% (In-network)	
Before Meeting Deductible	YOU PAY 100% ($3,000 Employee Only / $6,000 Family) ***Deductible for any one individual enrolled in family coverage is $3,500***	
After Meeting Deductible	YOU PAY 20%	PLAN PAYS 80%
After Meeting Out-of-Pocket Max	PLAN PAYS 100% (After $6,550 Employee Only / $13,100 Family) ***OOP Max for any one individual enrolled in family coverage is $6,550***	

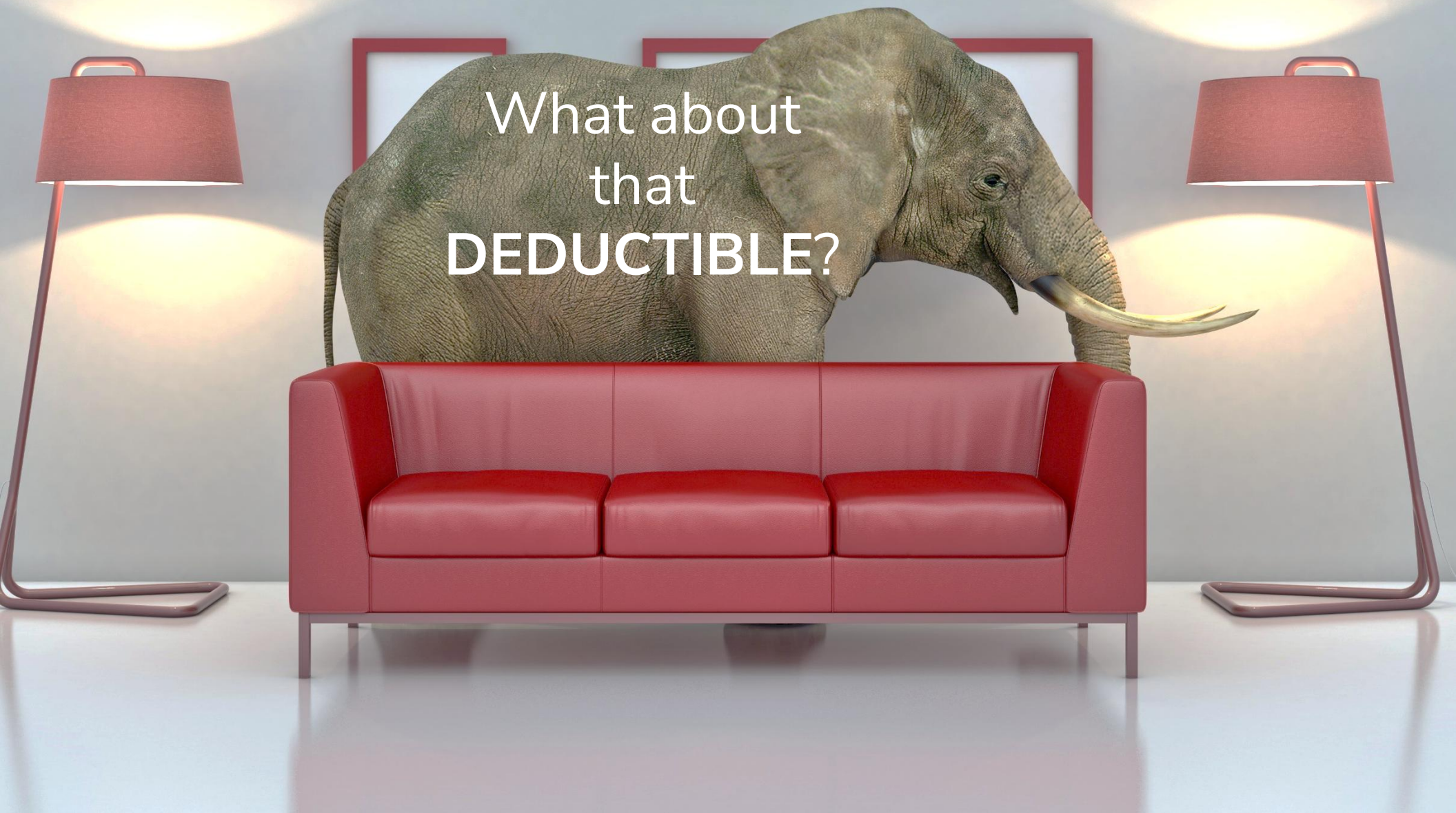
Your Semi-Monthly Cost

You can save up to $2,223 in premiums per year for employee-only coverage or up to $6,055 per year for employee + family coverage, compared to the Cigna OAP 500 plan.

Employee only	$79.87
Employee + spouse	$195.52
Employee + children	$180.55
Employee + family	$247.95

Refer to your benefits guide for additional plan details

Can we talk about the **ELEPHANT** in the room?

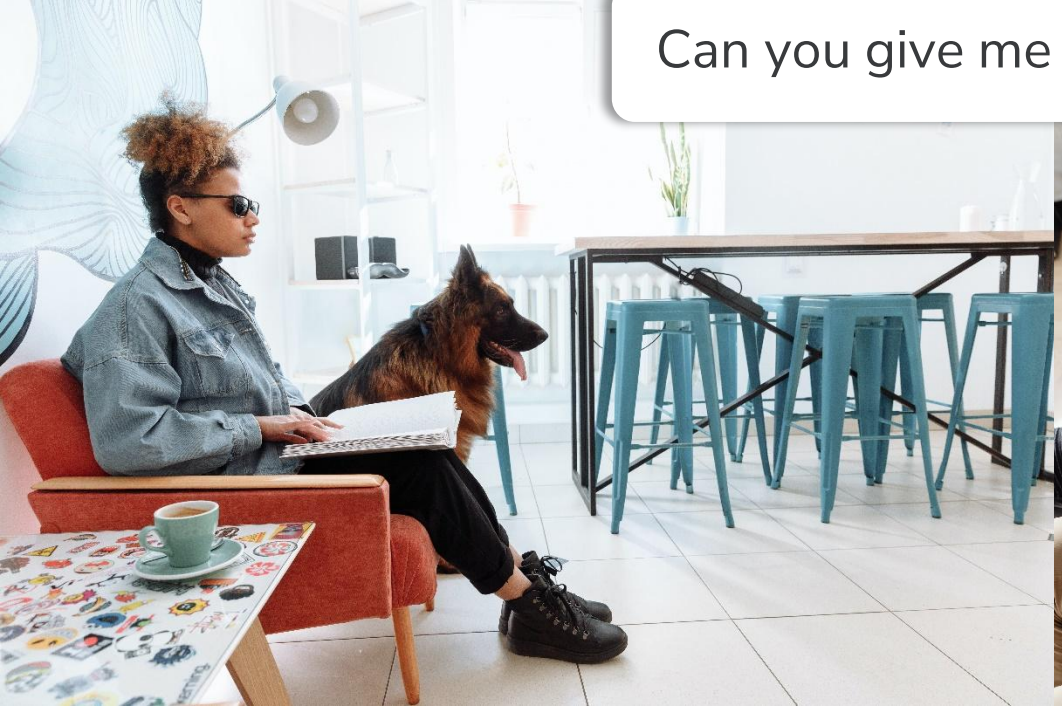


It all comes back to the HSA

At first, many people have deductible “sticker shock,” but many features of the HDHP partially or completely offset your deductible and other healthcare costs:

- You pay less in premiums, allowing you to use the money you save for other things, including funding your HSA.
- Diné Development Corporation helps you cover a portion of your deductible with employer contributions to your HSA.
- The IRS sets a generous annual limit on HSA contributions.
- You get significant tax benefits. HSA contributions, withdrawals and earnings are free from federal tax when used for eligible healthcare costs. (Some states tax HSA contributions or earnings.)
- Your HSA balance rolls over every year. What you don’t spend continues to grow, with interest. Funds can be invested. There is not a cap or penalties on the total account balance of your HSA.

Can you give me some examples?



Candace: Healthy Single Woman

Candace's costs were very low throughout the year. She had her annual checkup (fully covered), and she got an ankle brace after a minor sprain. She did not meet her deductible.

	$1,200	HSA deposit from Diné Development Corporation
+	$2,000	Candace's HSA contributions
=	$3,200	Total HSA Deposits
-	$500	Urgent care and ankle brace
=	$2,700	HSA balance rolls over to next year

Seth: Family Man

Seth covers his whole family. They visited the doctor often because life happens! Even though his family's expenses were higher, he did not meet his deductible.

	$1,400	HSA deposit from Diné Development Corporation
+	$5,500	Seth's HSA contributions
=	$6,900	Total HSA Deposits
-	$2,400	Sniffles, sneezes & fevers
=	$4,500	HSA balance rolls over to next year

*DDC contributes $1,200 for employee only coverage and $1,400 for family coverage annually, prorated over 24 pay periods. These amounts vary slightly due to rounding.

Andre: A Little Too Sick at the Skate Park

Andre usually nails a kick flip, but this weekend he wiped out hard. His knee surgery exceeded his deductible. Here's how his health plan benefits (employee-only coverage), and HSA worked together to cover his costs.

HDHP Plan Benefits

	$3,000	Andre's in-network deductible
+	$800	Andre's additional coinsurance costs
=	$3,800	Andre's total out-of-pocket
+	$2,800	Covered by insurance
=	$6,600	Total knee surgery cost

HSA Usage

	$1,200	HSA deposit from Diné Development Corporation
+	$2,600	Andre's HSA contributions
=	$3,800	Total HSA Deposits
-	$3,800	Paid for medical costs
=	$0	HSA balance

*DDC contributes $1,200 for employee only coverage and $1,400 for family coverage annually, prorated over 24 pay periods. These amounts vary slightly due to rounding.

Easy Ways to Make Your HSA Grow

1. If you will save on monthly premiums by enrolling in the HDHP, put the savings into your HSA.

2. If you usually set aside money for medical expenses in a healthcare Flexible Spending Account (FSA), direct those dollars to your HSA instead.

3. If you get a pay increase or bonus, direct a portion of it towards your HSA.

4. If you haven’t maxed out your contributions, make a deposit to your HSA before April 15 for an additional tax deduction.

What **ELSE** do I need to **KNOW**?

Common Eligible Expenses

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Birth control pills
- Blood pressure monitoring device
- Breast pumps and related supplies
- Chiropractic care
- Dental treatment
- Dentures
- Diagnostic services
- Drug addiction treatment
- Eye examination, eye glasses, reading glasses, contacts
- Family planning items
- Fertility treatment
- Hearing aids
- Hospital services
- Immunization
- Insulin and diabetic supplies
- Laboratory fees
- Laser eye surgery
- Medical testing devices
- Menstrual care products
- Nursing services
- Obstetrical expenses
- Orthodontia (not cosmetic)
- Oxygen
- Physical therapy
- Prescription drugs
- Psychiatric care
- Smoking cessation program and medications
- Surgery
- Telehealth services
- Transportation for medical care
- Wheelchair, walkers, crutches and canes

Many over-the-counter products are HSA-eligible, including things like allergy medicines and feminine hygiene products. Look for a more comprehensive list on the HSA administrator website.

How do I pay with my HSA?

You can use your HSA like a checking account to pay for qualified medical expenses as long as you have enough money in your account to cover them. If your provider is billing you, wait until you have a statement from your insurance carrier showing exactly how much of the charge you're responsible for.

Debit Card

You will receive a debit card that you can use at the doctor's office, pharmacy, etc. Use this just as you would a debit or credit card. Charges will be deducted from your HSA account. Be sure to hold onto your receipts.

Checks

You can order a checkbook if you prefer to write checks. There may be a small charge to order checks.

Reimburse Yourself

If you paid your provider out-of-pocket, you can request reimbursement from your account. Refer to your HSA administrator's website for rules and instructions.

Go to the HSA administrator's website

HSA Eligibility Rules

For You

To be eligible to make deposits to an HSA:

- You must currently be enrolled in an HDHP.
- You may not be enrolled in any other non-HDHP health coverage, except for accident, disability, dental or vision, or long term care coverage.
- You may not have a general purpose flexible spending account (FSA) or be eligible to use one (such as a spouse's FSA). Limited purpose FSAs, which cover dental and vision expenses only, are allowed.
- You cannot be claimed as a dependent on another person's tax return.
- You may not be enrolled in Medicare, Medicaid or Tricare.

For Your Adult Dependents

- Your HSA may be used to pay for eligible expenses for you and for your legal tax dependents (people listed on your federal income tax return).
- While you can cover dependent children on your health plan up to age 26, this does not extend to HSA spending. When your adult child is no longer a tax dependent, any HSA distributions for the child would be subject to taxes and penalties.
- If you cover your Domestic Partner on the HDHP, you may each set up an HSA and contribute the full family amount (assuming you are HSA-eligible). However, you may not use your HSA for your partner's expenses (and vice versa).

Nonqualified Medical Expenses

If you use your HSA for a nonqualified medical expense, you may owe taxes plus a 20% tax penalty on that amount. If you are age 65 or older or disabled at the time, you just pay your regular tax rate but no penalty on nonqualified withdrawal amounts.

Keeping Records

Keep all your receipts for your HSA transactions for at least three years. This proves that you used your funds for qualified medical expenses and provides documentation in case you are audited by the IRS.

State Taxes

Most states treat HSA contributions and earnings on a tax-favored basis, just like federal. California and New Jersey do not exclude HSA contributions from income. Contact your tax adviser or HSA administrator for additional information on taxes in your state.

Excess Contributions

If you contribute over the IRS limit in one year, you will have to pay tax plus 6% on the excess. To avoid additional taxes, you can withdraw the excess amount before the April 15 tax filing deadline or direct the excess toward the next year's contributions.

HSA Beneficiaries

If you name your spouse as your HSA beneficiary, your spouse will inherit your account and it will become your spouse's HSA. If your beneficiary is not your spouse, the account will no longer be considered an HSA and becomes taxable to the beneficiary.

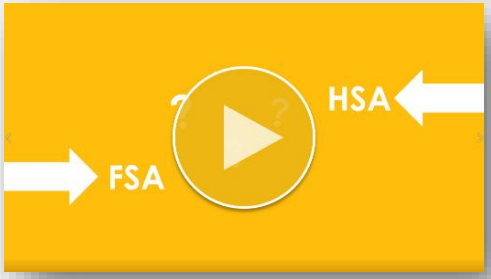
Consult a tax adviser for guidance on how these rules may affect you.

Helpful Online Resources

Click below for additional online resources.

High-Deductible Health Plan

HSA



HSA vs. FSA

Cigna Member Website

Fidelity Member Website

The EASY Guide to Understanding Your High-Deductible Health Plan

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