

PARKLAND HEALTH 2027
FAQs for HDHP and HSA

Q1. What is an HDHP?

An HDHP is a High Deductible Health Plan. With this health plan, you must pay an annual deductible before health care costs are covered (except for preventive services required by the Patient Protection and Affordable Care Act). You can pair the HDHP with a Health Savings Account (HSA). The HDHP is designed to offer a lower monthly premium in return for the employee potentially sharing more of the health care cost up to their annual deductible. The HDHP also has an out-of-pocket maximum amount that you are required to pay, as discussed below.

Q2. What is a Health Savings Account (HSA)?

An HSA is like a personal savings account, but it can only be used for qualified health care expenses. To be eligible for an HSA, you must be enrolled in a High Deductible Health Plan. The HSA will help cover your out-of-pocket costs based on the available funds in your account.

Q3. **How do I enroll in the HDHP with an HSA?**

During Open Enrollment or as a new hire, you may elect to participate in the HDHP in Workday. You will make a separate election in Workday for the HSA. If you do not elect the HSA when you enroll in the HDHP, you will NOT receive Parkland's HSA contribution. Before enrolling in the HDHP, be sure that you understand how the HDHP works.

Q4. **I want to enroll in an HSA but don't see it on the enrollment page.**

You will find the Health Savings Account enrollment tile next to the Dependent Care Flexible Spending Account tile near the end of the Open Enrollment page in Workday (Benefits and Pay). Remember, to enroll in an HSA, you must elect to participate in the High Deductible Health Plan under medical plans.

Q5. **Are HDHPs recommended for all employees?**

A High Deductible Health Plan is not always the best option, especially for those who expect to have significant health care expenses.

Q6. **Is it worth having an HDHP?**

HDHPs are not suitable for everyone. HDHPs have higher annual deductibles (the plan pays nothing for most services and drugs until you satisfy your deductible) but lower premiums than other health plans. The financial benefit of an HDHP's low-premium and high-deductible structure depends on your personal situation.

Q7. **Who will be the Third-Party Administrator for the HDHP plan?**

Cigna will be the Third-Party Administrator (TPA) for both medical plans (PPO & HDHP). Optum Bank will be the bank used for the Health Savings Account (HSA).

Q8. **What is the difference between an FSA and HSA?**

Unspent money in an HSA rolls over at the end of the year, so it's available for your future health care expenses. This ability to roll over funds to the next year is unlike Flexible Spending Accounts (FSAs), which are subject to the IRS "use it or lose it" rule.

Q9. Is the HSA like a 403(b) Plan?

No. The Health Savings Account (HSA) is for eligible medical expenses; a 403(b) Plan is strictly a retirement savings plan and not for payment of medical expenses.

Q10. How can I use the funds in my HSA?

You can use your HSA to pay for eligible expenses for you, your spouse, and dependents you claim on your tax return (including your children up to age 19, or age 24 if a full-time student), even if they're not enrolled in the Parkland Employee Health Plan. (While the Parkland medical plans cover eligible children up to age 26, the IRS has different rules for HSAs.)

Q11. What are eligible expenses when using my HSA funds?

Eligible expenses are medical expenses such as office visits (in-network and out-of-network; prescription drugs; and over-the-counter medical supplies, such as OTC medications, bandages, diabetic supplies and contact lens solutions). Also included are dental and vision expenses; you can even pay your dental and vision deductible from your HSA. Expenses that you incur before you establish your HSA are not eligible medical expenses.

Q12. Does Parkland have control over what is spent from my HSA?

No. You must understand that you can only spend the amount of funds available in your account. If the funds are not available at the time you have a medical expense, you can submit your receipt once you make further contributions, and more funds are available.

Q13. Does HSA money expire?

No. The money you put in your HSA has no expiration date and will be available for your use until you close the account. This means that unspent money in an HSA rolls over at the end of the year, so it's available for future health care expenses. You can roll over your balance to a different HSA once a year based on the IRS guidelines.

Q14. What is the advantage of an HDHP with an HSA?

Contributions are made with pre-tax dollars through payroll deductions. Parkland will make per-pay-period contributions of $19.24 for employee-only coverage and $38.47 for other levels of coverage. If you participate for the full year, these amounts total $500 for employees only and $1,000 for families enrolling in a HDHP with an HSA. The accounts also offer annual rollover, portability, and the convenience of having the funds to assist with medical costs.

Q15. How will my bank account with Optum be set up for use?

After you enroll in the HDHP with HSA, Parkland sets up an HSA for you at Optum Bank. You'll receive a packet in the mail from Optum when your account is ready so you can set up your username and password.

Q16. Can I add my own money to my HSA?

Yes. You can contribute up to IRS limits. The IRS limit includes both what you contribute and what Parkland contributes. You can change your contributions at any time during the year. Your contributions are taken out of your pay before taxes. If you want to change your HSA contributions during the year, contact OTM Shared Services at 469-419-3000 (ext. 7-3000) or visit the OTM Service Portal at parkland.service-now.com.

Q17. When will Parkland fund my HSA?

If you elect the HDHP with an HSA, Parkland will fund your HSA each pay period. If you participate in the Parkland HSA for the full year, you will receive:

- $500 ($19.24 per biweekly pay period) for employee-only coverage.
- $1,000 ($38.47 per biweekly pay period) for any level of family coverage.

Q18. Does the HDHP cover Preventive Care?

Yes. You'll still have 100% coverage for preventive services from in-network providers before you meet your deductible.

Q19. Can I contribute to an HSA once I'm enrolled in Medicare?

No. You lose HSA eligibility once you enroll in Medicare.

Q20. If I'm not HSA eligible, can I still enroll in the HDHP?

Yes. You can still enroll in the HDHP without opening an HSA. However, you will not receive funding from Parkland for your HSA if you are not enrolled in the HSA through Parkland.

Q21. Do I have to re-enroll in the HSA every year as I do in the FSA?

No. After you make your initial election to participate in an HSA (ensuring that you will receive Parkland's contributions), you must **NOT** re-elect the HSA every year during Open Enrollment to continue participating in the HSA (as long as you remain eligible) and receive Parkland's contributions. You will need to make a new election if you want to change the amount you are contributing.

Q22. What are the IRS limits that I can contribute to my HSA?

Here's how much you can contribute for 2027.

- **Employee-only coverage:**
  $4,500 (IRS limit) - $500 (Parkland contribution) = **$4,000 maximum employee contribution**
- **Any level of family coverage:**
  $9,000 (IRS limit) - $1,000 (Parkland contribution) = **$8,000 maximum employee contribution**
- **If you'll be age 55 by Dec. 31, 2027:**
  An additional **$1,000** in HSA catch-up contributions

Q23. How will I prove that my expenses are eligible?

Always keep your bills and receipts just in case the IRS asks you to prove that an expense is eligible for reimbursement.

Q24. Can I use an HSA if I enroll in a PPO plan?

No. Due to IRS regulations, contributions to the HSA are available only if you enroll in the HDHP. If you enroll in another medical plan, you can take advantage of the Health Care Flexible Spending Account (FSA).

Q25. **I have an FSA in 2026 and enroll in the HDHP with an HSA for 2027. Can I use both accounts in 2027?**

If you are enrolled in the Health Care Flexible Spending Account for 2026 and you choose to elect an HSA for 2027, you cannot carry over your 2026 FSA balance into 2027. You must use any remaining FSA funds by Dec. 31, 2026. You must file all 2026 Health Care FSA claims by March 31, 2027.

Q26. **How will using an HSA affect my taxes?**

HSAs have triple tax advantages with pre-tax savings, tax-free investment earnings, and tax-free withdrawals if you use the withdrawals to pay for or reimburse yourself for eligible medical expenses that you incur after you establish the HSA. If you receive withdrawals from your HSA for other reasons (not eligible medical expenses), the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax.

Q27. **Can I participate in the HDHP with HSA if on Medicare?**

You are not eligible to participate if you are enrolled in Medicare, Tricare, or your spouse's employer's plan.

Q28. **If I leave Parkland, what will happen with my HSA?**

HSA money is always yours, even if you leave Parkland. This would include Parkland's contributions and any interest earned.

Q29. **Are there any fees assessed for participating in an HSA?**

If you are an active employee with Parkland, you will not pay any additional fees for participating in an HSA. However, if you leave Parkland, you will be responsible for paying a monthly fee of $1.95 ($2.75 if your average monthly balance is below $3,000) to Optum Bank unless you move the HSA to a different bank. There is also a fee for paper copies based on Optum Bank transaction costs at the time of your request.

Q30. **Where may I get additional information about an HSA?**

You may read about the Health Savings Account in IRS Publication 969, which is available from the Internal Revenue Service at www.irs.gov.

Q31. **If I participate in the diabetic incentive program through the PEHP, what will I pay for certain diabetic medications and supplies if I have these prescriptions filled at a Parkland pharmacy?**

If you or your covered spouse has diabetes, you may qualify to receive certain diabetic-related medications and supplies at no cost. To qualify, you will need to see a Parkland (Tier 1) provider and have your related prescriptions filled at a Parkland pharmacy. If you see a Tier 2 provider, you will pay the Tier 2 (Cigna pharmacy network) copay.

If you are enrolled in the HDHP, see a Tier 1 provider and have your related prescriptions filled at a Parkland pharmacy, you will pay the full cost for prescriptions until you meet the medical deductible. You can use funds from your HSA to help pay the deductible. After you meet your deductible, the HDHP will pay for eligible diabetic-related medications and supplies at no cost. If you see a Tier 2 provider, you will pay the Tier 2 (Cigna pharmacy network) copay after meeting the deductible.