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KOBELCO ALUMINUM PRODUCTS & EXTRUSIONS INC.

Benefits Glossary

Key terms to help you understand your Benefit Summary and get the most from your plan

PPO MEDICAL PLAN

Copays: Flat dollar amounts listed on your Benefit Summary for certain services. Typically, copays apply to physician office visits and prescriptions.

Deductible: When you use services such as MRIs, CT scans, lab work, hospitalization, or surgeries, you must meet the deductible as indicated on your plan. Copays do not apply to your deductible.

Coinsurance: A percentage of costs that you share with the insurance carrier after meeting your deductible.

Maximum Out-of-Pocket: The maximum amount you will pay during a benefit period, including all deductible, copay, and coinsurance expenses. When an individual meets the maximum out-of-pocket, covered services are paid in full by the plan for that individual until the end of that benefit period. If the family maximum out-of-pocket is met, services are covered in full by the plan for the entire family until the end of the benefit period.

HDHP (HSA) MEDICAL PLAN

Copays: HDHP plans do not feature copays for medical or pharmacy services. Instead, you are responsible for the full claim amount, after the carrier has applied all applicable discounts, and the entire claim will be applied toward your deductible.

Deductible: Your HDHP (HSA) medical plan's full deductible must be met before your plan begins to pay. Your deductible applies to all out-of-pocket medical and prescription expenses. You cannot use manufacturer copay assistance cards if you are covered under the HDHP (HSA) medical plan.

Coinsurance: A percentage of costs that you share with the insurance carrier after your deductible has been met.

Maximum Out-of-Pocket: The maximum amount you will pay during a benefit period, including all deductible, copay, and coinsurance expenses. When an individual meets the maximum out-of-pocket, covered services are paid in full by the plan for that individual until the end of that benefit period. If the family maximum out-of-pocket is met, services are paid in full by the plan for the entire family until the end of the benefit period.

HOW IT FITS TOGETHER

1. **Copays come first.** On a PPO, you pay a flat fee at the front desk or the pharmacy counter. Copays do not count toward your deductible. On a HDHP, copays do not apply to any service.
2. **Then the deductible.** For imaging, lab work, hospital stays, and surgery, you pay the full discounted cost the carrier negotiated until you reach your deductible. If you are on the HDHP, that applies to almost everything, including your prescriptions. Preventive care is still covered at 100%.
3. **Then coinsurance.** Once the deductible is met, you and the plan split what comes next. At 20% coinsurance you pay one fifth of the remaining cost and the plan pays the rest.
4. **Then the ceiling.** When your deductible, copays, and coinsurance together reach the maximum out-of-pocket, the plan pays 100% of covered services for the rest of the benefit period.
5. **Then it resets.** On the first day of the new plan year, your deductible and maximum out-of-pocket go back to zero and the sequence starts again.

TAX-ADVANTAGED ACCOUNTS

Health Savings Account (HSA): Available only with an HDHP. You contribute pre-tax dollars to pay for qualified medical, dental, vision, and prescription expenses. The balance rolls over year to year and stays with you if you change jobs or retire. The IRS sets an annual contribution maximum.

Flexible Spending Account (FSA): A pre-tax account for qualified medical, dental, vision, and prescription expenses. Your full annual election is available on the first day of the plan year, but unused dollars are generally forfeited at year end unless your plan offers a carryover or grace period.

Dependent Care FSA: A pre-tax account for eligible child care or adult day care expenses that allow you to work. Funds are reimbursed as they are contributed, not in full up front.

USING YOUR PLAN

In-Network: Providers and facilities under contract with your carrier at discounted rates. Staying in network is the single most effective way to lower your cost.

Out-of-Network: Providers with no contract with your carrier. You typically face a higher deductible and coinsurance, and may owe charges above the allowed amount.

Allowed Amount: The maximum your plan will recognize for a covered service. Your deductible and coinsurance are calculated from this amount, not from the provider's original billed charge.

Balance Billing: When an out-of-network provider bills you for the difference between their charge and the plan's allowed amount.

Explanation of Benefits (EOB): A statement from your carrier showing what was billed, what the plan paid, and what you may owe. An EOB is not a bill.

Preventive Care: Routine screenings, immunizations, and annual exams. Under most plans, in-network preventive care is covered at 100% with no deductible or copay.

Prior Authorization: Carrier approval required before certain services, procedures, or medications will be covered.

Formulary: Your carrier's list of covered prescription drugs, organized into tiers. Lower tiers cost you less.

ELIGIBILITY AND ENROLLMENT

Plan Year / Benefit Period: The 12-month stretch your deductible and maximum out-of-pocket apply to before resetting to zero. **Your medical and dental plan year is October 1st to September 30th.**

Calendar Year: January 1 through December 31. HSA contribution maximums and other IRS limits follow the calendar year even when your plan year does not, so the two can run on different clocks.

Open Enrollment: The annual window when you may add, drop, or change coverage for any reason.

Qualifying Life Event: A change such as marriage, divorce, birth, adoption, or loss of other coverage that lets you change elections outside of open enrollment. You must notify Human Resources within 30 days.

THE EXCEPTION TO ALL OF IT

Preventive care sits outside this sequence entirely. In-network annual physicals, routine screenings, and immunizations are covered at 100% from day one, before you have paid anything toward your deductible.