

Attention PPO Participants

2018 Open Enrollment is fast approaching. Learn how an Account-Based Health Plan (ABHP) option can save you money and help you plan for your future.

Have you determined whether you may financially benefit from enrolling in one of the ABHPs? Two of the biggest financial benefits are:

- ✓ **Significantly lower paycheck premiums.** With the PPO, you'll pay more in premiums for coverage that you may not need.
- ✓ **A Health Savings Account (HSA)** in which Philips makes a contribution. With the PPO, you cannot contribute to an HSA.

What makes the Health Savings Account so special?

- **You can contribute tax-free dollars — and change your contribution amount at any time.**
- **There are no taxes on contributions (yours and Philips), interest earned or withdrawals** made for eligible healthcare expenses for you and eligible dependents. Paying with tax-free dollars is the smartest way to pay.



	ABHP 1	ABHP 2
The Philips HSA contribution (made in January);		
Employee-only	\$620	\$370
Family	\$1,200	\$700

- **There's no use-it-or-lose-it rule.** Your HSA funds, including contributions from Philips, are yours to keep and use at any time — even after you leave the company.

Since all the national ABHP and PPO medical plans cover the same services at the same negotiated rates and have the same network of doctors and hospitals, **it comes down to a financial decision for you.**

Here is an example of how the HSA can save you money

Medical Plan	2018 annual premiums	Estimated out of pocket costs*	Philips Health Savings Account contribution	Estimated total cost
ABHP 1	\$4,668	\$3,902	(\$1,200)	\$7,370
ABHP 2	\$2,532	\$4,702	(\$700)	\$6,534
PPO	\$7,164	\$2,702	\$0	\$9,866

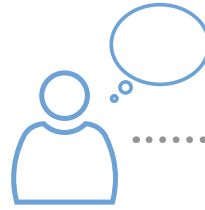
Notes:

- The information above is based on family plan coverage at the \$100,000+ salary tier.
- This is for illustrative purposes only. Premiums and costs will vary by each employee.
- * Estimated out-of-pocket costs are based on the deductibles, coinsurance and out-of-pocket maximum applicable to each medical plan.

Projected lowest cost option for 2018 coverage is: BCBS ABHP 2

Health Advocate Can Help. Trained professionals can help you understand your Philips medical plan options, compare them with options that may be available through your spouse's employer, and answer questions. Call **888-367-7223, Option 1** between 8:00 a.m. and 9:00 p.m. Eastern time, Monday through Friday.

What we've heard...and some suggestions



<p>It's hard to find the money to contribute to my HSA.</p>	<p>With the ABHPs, you're paying lower premiums compared to the PPO plan. Put what you would have paid for higher PPO premiums in your HSA.</p> <p>Consider this: the PPO costs \$6,240 in premiums (assuming family coverage for \$45,000 – \$99,999 Salary Tier). This means:</p> <ul style="list-style-type: none">• The PPO costs \$4,092 more than the ABHP 2 in premiums.• The PPO costs \$2,244 more than the ABHP 1 in premiums. <p>With the PPO: you pay more each paycheck in premiums and if you don't need that coverage, the money is gone – you can't get it back.</p> <p>With an ABHP: if you put that money in the HSA, and you need to use it, you've got it. And, better yet, if you don't need it, you can save that money for future years.</p>
<p>What if I get really sick? An ABHP will cost me a lot of money!</p>	<p>Whether you are in an ABHP or the PPO, you're financially protected from high medical claims by the out-of-pocket maximum or "cap." If you hit that cap, the plan pays 100% of eligible medical expenses, for the remainder of the year.</p> <p>Consider this: let's assume Bill enrolls in the ABHP 1, single coverage with a \$3,250 out-of-pocket maximum.</p> <ul style="list-style-type: none">• He has \$100,000 in medical claims in 2018.• He uses the \$620 Philips contributes to his HSA. <p>End result? He only pays \$2,630 out-of-pocket for medical claims in 2018! In the PPO, he would have had to pay \$5,000 out-of-pocket plus higher premiums each paycheck!</p>

Choose the plan that's best for you and your family for 2018. It's up to you to make the financial decision that makes the difference. Remember — Open Enrollment begins on October 25 and ends on November 8.

This flyer only provides an overview of the ABHPs and HSA. For more information, refer to the 2018 Open Enrollment Decision Guide and the 2018 Account-Based Health Plan with Health Savings Account Guide on the Open Enrollment site at www.philips.com/benefits.

This document contains only highlights of the Philips benefit plans and programs. Receipt of this document does not guarantee eligibility for any Philips sponsored plan or program of benefits. Eligibility for and entitlement to a benefit is governed by the terms of the official Plan Document. In the event of a discrepancy between the official Plan Document and this document, the official Plan Document will control. Philips reserves the right to modify, or terminate completely, any benefit plan or program, at any time and without notice. This document does not constitute an express or implied contract of employment. Your employment remains at will.

Note: The HSA does not apply to employees covered by a collective bargaining agreement.