CDHP with HSA

Frequently asked questions, 2027

What is a Consumer Directed Health Plan (CDHP)?

A CDHP is a type of medical plan option you have as a Lam Research employee. It is a high-deductible medical plan that provides traditional medical coverage and is compatible with a Health Savings Account (HSA).

What is a Health Savings Account (HSA)?

An HSA (only available with a high-deductible health plan) is a savings account that is established with Optum Financial. It is similar to a regular bank savings account with special tax advantages. See "About the HSA" to learn more.

If I am considering the Kaiser CDHP, do these FAQs apply?

The "About the HSA" section of this document applies to both Anthem and Kaiser CDHP enrollees. Refer to the Kaiser CDHP plan summary to understand how that medical plan works.

Is this plan right for me?

A CDHP with HSA could work well for you if you're looking for a way to lower your taxable income and/or you want to save money for future health care costs. While the HSA can offer you tax savings, **the CDHP does have a higher annual deductible** than other medical plans, and you share a percentage of your health care costs with the plan, which is referred to as coinsurance.

ABOUT THE ANTHEM CDHP

What does the Anthem CDHP cover?

Like a Preferred Provider Organization (PPO), the CDHP offers comprehensive medical coverage for doctor's office visits, lab and X-ray services, urgent care, prescription drugs (through CVS Caremark), and more. It offers you the freedom to choose any doctor; however, you'll pay less if you visit an in-network provider. Preventive care services are paid 100% by the plan when you visit an in-network provider, and you're not subject to the deductible. This means the plan will pay for your preventive services regardless of whether you've met the annual deductible.

The CDHP is a high-deductible plan with an annual deductible, which is the **amount you must pay** before the plan begins paying any benefits. After you meet the deductible, you pay the coinsurance until you reach the out-of-pocket maximum. Once you reach the out-of-pocket maximum, the plan pays for all covered services at 100%.

How do the CDHP and HSA work together?

The table below gives you an idea of how the CDHP and HSA work. As you can see, you are responsible for more of your health care costs up front; however, that's when your HSA comes into play by helping you pay for those expenses with pretax dollars.

All your eligible preventive care is covered 100% by the plan

1. **You must meet the annual deductible before the plan pays**

   Before the plan benefits begin, you must meet the annual deductible. You can use your HSA funds to pay for this expense.

2. **After you satisfy your deductible, you pay coinsurance**

   Once you meet the deductible, you share the cost for covered services, referred to as coinsurance.

3. **When you reach the out-of-pocket maximum, the plan pays 100% for covered services**

   The out-of-pocket maximum protects you by putting a limit on the amount you spend during the plan year. Once you reach it, the plan pays 100% of eligible expenses.

← Health Savings Account (HSA) →

Your HSA is available to help you pay for eligible health care expenses. Throughout the year, you can withdraw available funds from your HSA to reimburse yourself for eligible expenses you've paid directly to health care providers. If you don't use all the funds in your account, they'll carry over from year to year. It's also portable and can be used even when you leave Lam Research or retire.

What are the deductibles, coinsurance, and out-of-pocket maximums in the CDHP?

The amount you are responsible for paying depends on who you cover and whether you use in-network or out-of-network providers:

Anthem CDHP	Individual coverage	Individual in a family	Family coverage
Annual deductible *You pay before the plan pays benefits*	$2,000 in-network $4,000 out-of-network	$3,500 in-network $8,000 out-of-network	$4,000 in-network $8,000 out-of-network
Coinsurance *You and the plan share*	**In-network:** Plan pays 80% and you pay 20% **Out-of-network:** Plan pays 70% and you pay 30%		
Out-of-pocket maximum *You pay no more than this amount*	$4,000 in-network $8,000 out-of-network	$4,000 in-network $16,000 out-of-network	$8,000 in-network $16,000 out-of-network

If I enroll only myself and my spouse in the CDHP, what coverage level is that considered to be?

For purposes of determining your deductible and out-of-pocket maximum, if you enroll yourself and any dependent(s) in the CDHP, you are considered to be enrolled in family coverage.

How does the deductible work for a family?

Once any combination of family members have medical expenses that reach the family deductible (e.g., $4,000 for in-network services), the plan will then share health care costs (coinsurance) for any family member.

How does the deductible work for an individual in a family?

You don't have to meet the *entire* $4,000 in-network family deductible before the plan begins to share medical costs. Instead, once one family member meets a $3,500 in-network deductible, the plan will share health care costs (coinsurance) *for that family member*.

How does the out-of-pocket maximum work for a family?

Once any combination of family members have medical expenses that reach the family out-of-pocket maximum (e.g., $8,000 for in-network services), the plan will then pay 100% of eligible expenses for all family members.

How does the out-of-pocket maximum work for an individual in a family?

The most you'll pay out of pocket for one family member's in-network care will be $4,000 for the year. You don't need to hit the *entire* in-network family maximum of $8,000 before the plan begins to pay 100% of eligible costs *for that family member*.

Does the cost of preventive services—including physicals—count toward the deductible or out-of-pocket maximum?

No. Since the plan pays for 100% of eligible preventive services—like physical exams, child immunizations, mammograms, and some prescription drugs—you have no expenses to count toward either the annual deductible or the annual out-of-pocket maximum.

Does the plan include prescription drugs?

Yes. The CDHP includes prescription drug coverage. Like all medical expenses, prescription drugs are subject to the deductible. Once you have met the deductible, the plan will pay 80% of the cost of a prescription obtained from an in-network pharmacy. You can choose to pay for your prescription drugs from your HSA.

In both the Anthem and Kaiser CDHPs, certain preventive drug prescriptions are 100% paid for by the plan. Refer to the CVS Caremark (for Anthem) or Kaiser Permanente preventive drug list on the prescription drugs page.

Will the CDHP provide medical benefits for my adult child or my domestic partner?

Yes. Medical services are covered by the CDHP for your enrolled adult child (up to age 26) or domestic partner. However, children over age 19 (or over 24 if full-time students) and domestic partners are not considered tax dependents by the IRS; therefore, their medical expenses are not eligible for reimbursement from your HSA.

ABOUT THE HSA

What is the HSA for?

You can use the money in your Health Savings Account (HSA) to pay for eligible current or future health care expenses. After enrolling in a CDHP, an HSA is established for you. Lam Research makes contributions to this account, and you can also choose to contribute your own money to your HSA.

Who is eligible to open an HSA?

To be eligible to open a Lam HSA, you must meet these criteria:

- You must be covered by one of the HSA-compatible health plans offered through Lam Research: the Anthem CDHP or Kaiser CDHP.
- When you enroll in a CDHP and elect an HSA during Open Enrollment, your HSA will open in January. If you enroll at any other time during the year, your eligibility to make contributions to your HSA begins the first of the month following your enrollment.
- Your HSA can be used only for eligible expenses incurred after your HSA is opened.
- You or your spouse cannot have a General Purpose Health Care Flexible Spending Account (FSA), even if your spouse is not covered by the Lam Research CDHP. That's because both an HSA and a Health Care FSA offer tax advantages that cannot be combined.
- You must **not** be enrolled in another medical plan, including TRICARE.
- You must **not** be enrolled in Medicare, and you generally must stop contributing to your HSA at least six months before you apply for Medicare.
- You must **not** be eligible to be claimed as a dependent on another individual's tax return.
- You must be a U.S. resident and not a resident of American Samoa.
- If you are a veteran, you must not have received veterans' benefits within the last three months.

Do I need to enroll separately in an HSA?

Yes. When you enroll in a CDHP, you must also enroll in the HSA through benefits.plansource.com. Then, your account will automatically be opened for you with Optum Financial, the administrator for Lam HSAs. You will receive a payment card and a welcome packet from Optum Financial. Once your HSA is established, contributions from Lam Research—and from you, if you choose—will start to be deposited. You must use your 16-digit payment card number to register on the HSA website if you are new to using Optum Financial.

Note: The opening of your HSA may be delayed if:

- Optum Financial cannot validate your Social Security number,
- You are using a PO box or corporate mailing address instead of your physical home address, or
- Your phone number has not been provided.

If you receive a notification of a delay from Optum Financial, **it is your responsibility to follow up with Optum Financial**.

How much is the annual company contribution to the HSA?

Lam's full-year contribution is $1,300 for individual coverage and $2,600 for family coverage. This is an annual amount. You will receive this full amount by the end of the year if your HSA is opened and active before the first pay period in January and you remain actively enrolled in a CDHP with HSA through the end of the year.

How is my HSA funded?

Lam will contribute up to $1,300 for individual coverage and $2,600 for family coverage. You can also make your own contributions to your HSA by having deductions taken from your regular paycheck. Both the company contribution and your contribution will be made on a pay-period basis. You must enroll in the HSA—even if you don't plan to contribute—to receive the company's contributions.

When does Lam make contributions to my HSA?

Lam makes contributions of $50 for individual coverage or $100 for family coverage each pay period once your HSA is established. However, with the Lam HSA On Demand feature through Optum Financial, you have access to the company's full-year HSA contribution to pay for eligible medical expenses beginning January 1.

Are contributions to an HSA taxed?

That depends on the state where you live. California and New Jersey residents will owe state tax on contributions (both from you and from the company) and on earnings from interest or investments.

State of residence	HSA contributions and earnings subject to federal tax	HSA contributions and earnings subject to state tax
California or New Jersey	No	Yes
All other states	No	No

How do I make contributions to my HSA?

Contribute to your HSA through payroll deductions. You can select a contribution amount during Open Enrollment by logging in to the enrollment website, benefits.plansource.com. Your contributions will be deducted from your paycheck each pay period.

Can I change my HSA contribution amount during the year?

Yes. You can change your contribution amount at any time by logging in to the benefits enrollment website, benefits.plansource.com. Once logged in, click **Make a Change to My Benefits**. Choose **HSA Election/Changes** as the Life Event and the Event Date. Then click **Continue** and follow the prompts.

Is it possible to make a lump-sum contribution to my HSA at the beginning of the year? For example, I anticipate a large expense in February and want to use my HSA to reimburse myself.

Yes. You can do this by contacting the Benefits Help Desk at **877-291-9494**. Keep in mind, if you leave Lam Research anytime during the year, you may need to remove some of these funds from your account. Lower IRS limits may apply if you leave the plan during the year and are no longer enrolled in a high-deductible health plan. Excess contributions to your HSA are subject to tax penalties.

How much can I contribute to my HSA?

Provided that your HSA is opened by January, your annual maximum contribution is shown below as "Annual employee maximum contribution."

2027: Applicable when an HSA is opened in January					
Coverage	**Annual IRS maximum contribution[1]**	**Annual employee maximum contribution[1]**	**Annual company contribution[2]**	**Company contribution per pay period**	**Pay periods**
Employee only	$4,500	$3,200	$1,300	$50	26
All other coverage levels	$9,000	$6,400	$2,600	$100	26

[1] If you are age 55+ at any time in the year, you can contribute an additional $1,000 in catch-up contributions.

[2] You will receive this amount, awarded on a pay-period basis, if your HSA is opened by January and you remain at Lam and actively enrolled in a CDHP with HSA through the end of the year.

What happens if I open an HSA after January?

If you open your HSA midyear (e.g., if you join Lam or have a life event during the year), Lam's contributions will begin in the pay period after the first of the next month.

Likewise, the IRS prorates the limit for your contributions to an HSA for only the months of the year in which you are enrolled in an eligible high-deductible health plan. For example, if you enroll in a CDHP and HSA in July, so your HSA is open in August, your IRS limit for HSA contributions for the year would be 5/12 of the full-year limit.

What if I exceed the annual maximum contribution to my HSA?

If contributions to your HSA exceed the annual maximum in any given year, IRS rules require you to pay regular income tax plus a 10% tax penalty on the excess amount you contributed. Lower IRS limits may apply if you leave the plan during the year and are no longer enrolled in a CDHP.

Lam's payroll system will not allow you to over-contribute through payroll deductions. However, if you contribute to you HSA outside of payroll, or if you had an HSA with another employer, it is your responsibility to ensure you do not over-contribute.

What if my spouse has an HSA, too?

If your spouse contributes to an HSA, your combined HSA contributions are limited to the annual IRS contribution maximum for family coverage.

What happens to my HSA during a leave of absence (LOA)?

Your payroll contributions and Lam's contributions to your HSA will stop while you are on leave, but you can submit claims for eligible expenses. Your scheduled contributions resume when you return to work, and Lam will make up any missed company contributions.

If I have health care expenses, am I required to use the funds in my HSA?

No. You can pay out of pocket with after-tax dollars and let your HSA balance grow federal tax-free, so you can use your balance in the future for other eligible health care expenses.

Are medical expenses of my adult child or my domestic partner eligible for reimbursement from my HSA?

No. Your children over age 19 (or over 24 if full-time students) or domestic partner are not considered to be tax dependents by the IRS, even if they are covered by your medical plan. Therefore, their medical expenses are not eligible for reimbursement from your HSA. Qualified expenses for your same-sex spouse are eligible.

USING YOUR HSA

Can I use my HSA for expenses incurred prior to the opening of my HSA?

No. You can only use the HSA funds to pay for eligible health care expenses incurred after the date your HSA was established.

How do I access the money in my HSA?

The best way to access your HSA for eligible expenses is to use your Optum Financial payment card at the time of service or purchase. When you use the card, you will not need to do anything else, except save your receipts with your tax records.

You can also request reimbursement from your HSA by logging in to the Optum Financial website or mobile app and selecting HSA from the list of accounts.

How do I find my HSA balance?

Log in to the Optum Financial website or mobile app, and select your HSA from the account list.

What if I use HSA funds to pay for nonqualified health care expenses?

Any amount you spend from your HSA on nonqualified expenses will be considered part of your taxable income. You will also owe a 20% penalty on that amount unless you reach age 65, become disabled, or are deceased.

What if I have money left in my HSA at the end of the year?

The HSA dollars you don't spend are yours to keep and save year after year. Your HSA can help you pay for future health care expenses. You can use your HSA to pay for eligible health care, or you can pay for those expenses out of your own pocket as they come up—saving the money in your HSA for future use.

Are there Optum Financial administrative or banking fees?

Yes. However, while you are actively employed, Lam Research pays the monthly service charge. Like a banking account, if you overdraw your account, you will be charged an overdraft fee of $20 per occurrence.

Is there a time restriction on when I can use the funds in the account?

No. There is no time restriction on when funds can be used. Once funds have been contributed to the HSA, they can be used at any time in the future for qualified health care expenses.

What are the federal tax benefits of an HSA?

There are three federal tax benefits:

- Contributions to the account come out of your paycheck before taxes, reducing your taxable income.
- Withdrawals from the account for qualified health care expenses are not taxed.
- Any investment and interest earnings in your account are not taxed when used for health care expenses.

Note: If you live in California or New Jersey, you will owe state tax on contributions to your HSA and on interest or investment earnings.

What should I do with my receipts?

You should keep your receipts for services you've received. You are responsible for providing documentation to the IRS, if needed, for expenses paid or reimbursed from your HSA. The money that goes into and out of your HSA—contributions, earnings, and disbursements—is reported to the IRS each year. It's important that you review this account with your tax advisor.

Are there any special instructions for filing my taxes?

Yes. You will receive a Form 1099 and a Form 5498 in the mail near tax time so you can file your taxes. You will have to complete a Form 8889 when you file your taxes. In addition, you need to keep track of your receipts for anything you pay for from your account, in the event you need to provide documentation to the IRS. Please consult a tax advisor. *Note: Since contributions are through a cafeteria plan, contributions—both yours and Lam's—should be reported on line 9 of Form 8889.*

If I enroll in a CDHP with HSA, can I switch back to one of the other medical plans in a following year? What happens to my HSA balance?

Yes. You can change medical plans, provided the medical plan is offered by Lam Research and you are eligible for it. You own the balance in your HSA and can continue to use those funds for qualified health care expenses, even in years when you are not enrolled in a CDHP. However, you will not be able to contribute to an HSA in any year that you are not enrolled in an HSA-compatible medical plan.

Where can I get more information about HSA regulations?

Visit the IRS website at irs.gov and type "Publication 969" in the search box. You may also want to read the HSA resources on the Optum Financial website.

HEALTH SAVINGS ACCOUNT VS. HEALTH CARE FLEXIBLE SPENDING ACCOUNT

What is a Health Care Flexible Spending Account (FSA)?

There are two types of Health Care FSAs:

- **General Purpose Health Care FSA:** An account that lets you set aside pretax dollars from your paycheck to pay for your eligible medical, dental, and vision expenses.
- **Limited Purpose FSA:** An account that lets you set aside pretax dollars from your paycheck to pay for eligible dental and vision expenses only.

If you are enrolled in a CDHP with an HSA receiving contributions from Lam, your FSA enrollment defaults to a Limited Purpose FSA. If neither you nor Lam is contributing to an HSA, you can have a General Purpose Health Care FSA.

How does an HSA compare to a Health Care FSA?

	FSA	HSA
Lam Research contributions	No	Yes
Funded with federal pretax dollars to pay health care expenses	Yes	Yes[1]
Tax advantaged—lowers your federal taxable income	Yes	Yes[1]
Balances can be invested to earn income	No	Yes
Balances at the end of the plan year roll over to the next year	Yes, up to $680 from 2026 to 2027	Yes
Balances at the end of each plan year are lost	Yes, any balance greater than $680 in 2026	No
Payments or reimbursements for qualified health care expenses are tax-free	Yes	Yes
Account is portable—you can take it with you if you leave Lam Research	No[2]	Yes
2027 IRS annual contribution limit	$3,400	$4,500 individual, $9,000 family[3]

[1] If you live in California or New Jersey, you are subject to state tax.

[2] You must elect COBRA to continue your participation with after-tax dollars. This allows you to exhaust your FSA balance.

[3] The IRS annual HSA contribution limits increase by $1,000 if you are at least age 55 any time during the year. These figures represent the combined employer and employee HSA contributions.

Can I have an HSA and an FSA?

If you are enrolled in a CDHP, you are eligible to have an HSA and a **Limited Purpose** FSA. You can only use the Limited Purpose FSA to pay for eligible dental and vision expenses, until you meet the minimum IRS high-deductible health plan (HDHP) annual deductible ($1,750 individual/$3,500 family in 2027).

You must provide proof to Optum Financial of having met the IRS minimum annual deductible before you can use your Health Care FSA for medical expenses (incurred after you've met the IRS deductible), in addition to dental and vision expenses.

How do I provide proof that I've satisfied the minimum IRS HDHP deductible?

Log in to the Optum Financial website and select your FSA tab on the left-hand side. Then, from the **More actions…** menu on the upper right, select **Certify I've Met My Medical Deductible**, and follow the prompts to provide the necessary information and documentation.

What happens if I'm currently enrolled in a PPO or HMO and will have a carryover balance in my General Purpose Health Care FSA on December 31, and I enroll in a CDHP with HSA plan?

Any carryover balance (maximum of $680) in your General Purpose Health Care FSA will be automatically converted into a Limited Purpose FSA.

TERMS TO KNOW

Annual deductible: The amount you must pay before the medical plan begins paying benefits. The amount depends on whether you have individual coverage or are covering one or more dependents, and whether you visit in-network or out-of-network providers. The annual deductible does *not* apply to eligible preventive care services, which are paid 100% by the plan when using in-network providers.

Consumer-directed health plan (CDHP): A consumer-directed health plan (CDHP) typically involves the combination of high-deductible health coverage with a Health Savings Account (HSA). To help you satisfy the deductible, you can make pretax contributions to a Health Savings Account (HSA) in addition to what the company contributes (up to IRS limits).

Copayment, or copay: A flat dollar amount that you pay out of your pocket when you receive health care services or prescriptions. The Anthem CDHP does not have any copayments; however, the Kaiser CDHP does (once the deductible has been satisfied).

Coinsurance: The cost for provider services, including prescriptions, that the plan shares with you after you meet your annual deductible. The plan pays a higher coinsurance amount when you use in-network providers.

Explanation of benefits (EOB): A statement provided by Anthem or Kaiser that summarizes your claims and the benefit amount paid by the plan. The EOB also details how much of your provider's charges are your responsibility.

General Purpose Health Care Flexible Spending Account (FSA): An account that lets you set aside pretax dollars from your paycheck to pay for your eligible medical, dental, and vision expenses, as defined by the Internal Revenue Service (visit irs.gov and type "Publication 502" in the search box).

Health Savings Account (HSA): A savings account funded by contributions from Lam Research and, if you choose, contributions from your regular paychecks. The account offers tax advantages, and you decide when and how your health care dollars are used.

High-deductible health plan (HDHP): A medical plan that meets the IRS requirements to be compatible with an HSA. The Anthem CDHP and Kaiser CDHP from Lam meet these IRS requirements for an HDHP.

In-network (Anthem enrollees only)**:** Providers (e.g., doctors and hospitals) that have contracted with Anthem and will accept its payments as payment in full for specific covered services. When you visit an in-network provider, the plan pays higher benefits, and you'll have lower costs based on the contracted rates.

IRS minimum deductible: Under a consumer-directed health plan (CDHP), the amount you must pay for medical expenses before a Limited Purpose Health Care FSA can be used for reimbursement of medical expenses. The minimum annual medical deductible is $1,700 for an individual and $3,400 for a family.

Limited Purpose Flexible Spending Account (FSA): An account that lets you set aside pretax dollars from your paycheck to reimburse yourself for eligible dental and vision expenses only. When you are enrolled in a CDHP with HSA, FSA enrollment defaults to a Limited Purpose FSA.

Out-of-network: Providers (e.g., doctors and hospitals) that do not belong to the network and, therefore, have not agreed to accept an insurance company's payments as payment in full for specific covered services. Out-of-network providers may charge more for services than what in-network providers have agreed to accept. If you choose an out-of-network provider, you will be responsible for any additional amount they may charge.

Out-of-pocket maximum: The maximum amount you could pay in a plan year before the plan pays the remaining eligible expenses.

IMPORTANT NOTE

This document provides an overview of certain health care plan provisions under the Lam Research U.S. Benefits Program. It is not intended to be a complete description of these benefits. Lam Research may terminate, withdraw, or modify any benefits described here, in whole or in part, at any time. The description of these benefits is not a guarantee of future employment or benefits. If there is any conflict between this guide and the official plan documents, the official plan documents and IRS regulations regarding HSAs will govern.