



Health+Savings FAQs

The following are frequently asked questions and answers regarding the Health+Savings option in the BP Medical Plan.

Note: Health Savings Account (HSA) tax laws vary by state. You might also seek the advice of a tax advisor regarding the features and tax savings provided by Health Savings Accounts. More information is also available on the IRS website.

The Health+Savings option

General HSA questions

Q. What is the Health+Savings option?

- A. The Health+Savings option is a high deductible health plan (HDHP) that offers comprehensive medical coverage when you need it. Enroll in this option and you will pay a lot less in monthly payroll contributions than you would in other medical options — about 60% less — in exchange for having a higher deductible amount. Plus, the Health+Savings option comes with a Health Savings Account (HSA) through PayFlex, which is a tax-preferred account that you will own and that will help you save for future health expenses.

You are not required to open this HSA, but you must do so if you want to receive bp's contributions for completing and returning the Physician Certification Form.

Q. Are preventive services covered?

- A. Yes. Routine preventive care services performed by network providers and certain generic preventive prescription medications are covered at 100% without your needing to meet the deductible first. For information about covered preventive services, go to bp.com/lifebenefits and access the BP Medical Program section in the Benefits Handbook.

Q. Does the deductible apply toward my out-of-pocket maximum?

- A. Yes.

Q. What is an HSA?

- A. The Health Savings Account (HSA) is a bank account. Offered and operated by PayFlex, a subsidiary of Aetna, it works like the Health Care Flexible Spending Account (HCFSA) in that you can contribute and use before-tax dollars to cover the cost of eligible healthcare expenses. But, unlike the HCFSA, bp makes contributions to the account as well if you complete the Physician Certification Form process. PayFlex also offers you an opportunity to invest those monies if your balance is over a certain amount, and any earnings you make on those investments are tax-free.

What's more, unlike the HCFSA, you never forfeit your contributions to the HSA. Unused money will carry over from one year to the next, enabling you to build a reserve for future expenses. And your HSA is portable — you get to keep all of the money year after year, even if you leave bp.

Remember, you can contribute to an HSA only if you participate in the Health+Savings option.

Q. How do I open an HSA?

- A. When you enroll in the Health+Savings option, PayFlex will automatically set up your account. After undergoing and passing a customer identification process (CIP) as required by the Patriot Act, you will receive a welcome letter and debit card from PayFlex as confirmation that your HSA has been established.

HSA eligibility

Q. Who is eligible for an HSA?

A. You are eligible for an HSA if you are:

- Covered by a high deductible health plan, such as the Health+Savings option;
- Not covered under a non-high deductible health plan (including a plan your spouse/domestic partner may have);
- Not enrolled in a Health Care Flexible Spending Account (including an account your spouse may have with bp or a separate employer);
- Not enrolled in Medicare; and
- Not eligible to be claimed as a dependent on another person's tax return.

Q. Can I contribute to an HSA if I am a non-U.S. citizen on international assignment in the United States?

A. No. You are not eligible to open an HSA or to receive bp's contributions to an HSA.

Q. Can my spouse/domestic partner have his or her own HSA?

A. Yes. If both you and your spouse/domestic partner have your own high deductible health plan coverage, you may each contribute to your own HSA, up to IRS limits, which are \$3,600 for individual coverage or \$7,200 for family coverage.

Q. Can my domestic partner have an HSA too?

A. Yes. If you both have a high deductible health plan, you can contribute up to the limit for individual coverage (\$3,600 each) or up to the family limit (\$7,200).

Note: The ability to contribute up to the family limit depends on whether you each have federal tax-qualified dependents. Contact your tax advisor if you have any questions.

Q. I am enrolled for Medicare. Can I open an HSA?

A. No. Federal regulations do not permit an individual enrolled in Medicare to open an HSA. If you are not enrolled in Medicare, but your spouse is, you can contribute to an HSA up to the family limit (assuming your spouse is covered under the medical plan), and then use your HSA contributions to pay for your and your spouse's qualified expenses.

Q. Can I combine an HSA from a former employer with my PayFlex HSA?

A. Yes. There is a Trustee Transfer form available through the PayFlex site, My Dashboard, at www.payflex.com.

HSAs and Health Care Flexible Spending Accounts

Q. Can I contribute to an HSA and participate in bp's Health Care Flexible Spending Account (HCFSA) or Dependent Care Spending Account?

A. No. Federal regulations do not allow you to contribute to both an HSA and bp's HCFSA. Federal regulations also do not allow you to contribute to an HSA if your spouse participates in a Health Care Flexible Spending Account that is not a Limited-Purpose HCFSA (a spending account that covers only dental and vision expenses). If your spouse participates in a Limited-Purpose HCFSA you are eligible to open an HSA.

Since Dependent Care Spending Accounts are for dependent day care expenses, not for medical care, you can have both an HSA and a Dependent Care Spending Account.

Q. If I enroll in Health+Savings and open an HSA this year but change to a different medical option sometime in the future, can I then enroll in a Health Care Flexible Spending Account even though I have an HSA?

A. Yes. You can keep the HSA for as long as you want and spend that money whenever you want. But you can contribute to the HSA only while you're enrolled in a high deductible health plan.

bp's contribution to your HSA

Q. How much will bp contribute to the HSA?

A. bp may contribute up to \$1,000 (\$2,000 potentially if you cover a spouse/domestic partner) to your PayFlex HSA. In order to be eligible for a \$1,000 bp contribution, your physician must complete the Physician Certification Form in full and your metabolic syndrome results must fall within the target range for at least three of the five measurements. If you do not meet this eligibility requirement, you may still receive the \$1,000 bp contribution if you complete the alternative option, which includes three calls with a StayWell health coach.

If your spouse/domestic partner also completes the Physician Certification Form process and meets three of five metabolic syndrome requirements, or completes the alternative option, he/she may earn another \$1,000, for a family total of \$2,000. Covered dependent children are not eligible for HSA contributions from bp.

The Physician Certification Form is unique to each individual and can be downloaded from the StayWell portal beginning April 1, 2021, by those participants enrolled in the Health+Savings option.

Your metabolic syndrome screening must be performed within the calendar year, on or after January 1, 2021.

Remember, you must send in the completed and signed Physician Certification Form to StayWell no later than December 15, 2021 to be eligible for this incentive. If you are pursuing the alternative option, it is recommended that you submit the Physician Certification Form no later than November 1, 2021, to allow adequate time for the coaching calls to be completed. It can take 6 – 12 weeks to complete the calls with StayWell.

Q. Are retirees eligible for the bp contributions to the HSA?

A. No. But if retirees are not enrolled in Medicare, they can make post-tax and catch-up contributions to the HSA, and they should check with their tax advisers to determine the tax deductibility of those contributions.

Q. What is metabolic syndrome?

A. When you have metabolic syndrome, you have several factors affecting your metabolism at the same time, increasing your risk of developing heart disease, stroke and diabetes. While having one of these factors doesn't mean you have metabolic syndrome, it does increase your chance of developing one of these conditions:

- Obesity.
- High blood pressure.
- High blood sugar level.
- High cholesterol.

The five measurements for metabolic syndrome testing are:

- Waist measurement.
- Blood pressure.
- HDL cholesterol.
- Fasting blood glucose.
- Triglycerides.

To be eligible for the bp contribution to your HSA your test results must fall within the target range for at least three of the five measurements listed on the Physician Certification Form, unless you complete the alternative option.

Q. Where do I access the Physician Certification Form?

- A. The Physician Certification Form can be accessed on the StayWell portal via LifeBenefits starting April 1, 2021. Print the form and take it to your physician to be completed. Return the completed form to StayWell, following the directions on the form, by December 15, 2021. Please allow 12 – 14 days for your information to be processed. It may take up to 30 days after StayWell receives your form to see the contribution in your HSA.

Your contribution to your HSA

Q. How much money can I put into my HSA?

- A. For 2021, the IRS allows up to \$3,600 to be contributed for employee-only coverage and up to \$7,200 for family coverage. These limits include any contributions from bp. If you're over age 55, you are also eligible to make an additional \$1,000 catch-up contribution each year to your HSA, and unlike the HCFSA, you can change your payroll contribution amount throughout the year.

During annual enrollment, you decide how much to contribute to your HSA on a before-tax basis, up to the IRS limits, which can change annually. Your contributions will be deducted from your paychecks throughout the year.

Q. What is the Last-month Rule?

- A. bp's benefits year is April 1 through March 31. Under current IRS tax rules, if you are covered under a High Deductible Health Plan ("HDHP") on December 1, then the Last-month Rule applies. This means that, if you're covered in the Health+Savings option on December 1, you can contribute to your HSA as if you were covered under the option all year. If you do make a full calendar-year contribution, you must remain covered under an HDHP for a total of 13 months. This means you must have the HDHP for the rest of December and all of the next calendar year. If you don't have HDHP coverage for the 13-month period, you'll be taxed on what you contribute for the months you weren't eligible. You may also have to pay a 10% tax penalty.

Example: If you enroll in coverage for the first time under the Health+Savings option starting on April 1, 2021, and you still have that coverage on December 1, 2021, you can contribute up to the contribution limit for 2021. However, if at some point in 2022 you are no longer covered under an HDHP, you will have to pay income taxes on the amount for those months in 2021 that you weren't actually eligible. In this example that would be for the months of January through March 2021. You would also have to pay a 10% tax penalty on that amount.

Rules such as these are very complicated, and you should consult a tax adviser for this and all other tax questions, as bp cannot provide you with tax advice. Please also refer to IRS publication 969.

Q. How do I make contributions to my HSA?

- A. You can contribute to your HSA through automatic payroll deductions at bp or by linking your personal bank account with your HSA. To link your bank account, use the PayFlex site, My Dashboard, at www.payflex.com. You can also mail a deposit coupon directly to PayFlex. You can choose to start, stop or change your contribution to your HSA account at any time and make one-time payments or schedule repeating payments, provided your total contribution does not exceed IRS annual limits. To make after-tax contributions, you must contact PayFlex.

Q. What if I contribute more to my HSA than the IRS allows?

- A. If you do not withdraw your excess funds before the tax-filing deadline (usually April 15 of the following year), you will have to pay income taxes on the excess amount as well as a penalty tax. Contact PayFlex for guidance on how to withdraw excess funds before the deadline and avoid tax penalties and, again, **consult with your tax adviser.**

Your investment options

Q. Do I have investment options for my HSA balance?

- A. Once you have a balance of \$1,000 in your HSA, PayFlex has arranged for you to have the option of investing any of your HSA funds with an investment account. To invest your funds, PayFlex requires that you must maintain a balance of at least \$1,000 in your HSA.

To preset allocations into your investment and/or interest-bearing accounts, log on to your PayFlex account via the PayFlex site, My Dashboard, at www.payflex.com and follow these steps:

- Select Health Savings Account.
- Click View My Investment Journey under Manage Investments.
- Click Open Investment Account.
- From here, you can input your preferred percentage values and then click Submit.

Note: Investments are not FDIC-insured. By transferring funds into an HSA investment account, you can potentially benefit from capital appreciation in the value of mutual fund holdings. However, you will be exposed to a number of risks, including the loss of principal. To familiarize yourself with these risks, you should always read the prospectus for the mutual funds you intend to purchase. All investment options are offered purely at the discretion of PayFlex, and neither bp nor the BP Medical Plan participates in selecting or overseeing any investment option offered to PayFlex account holders.

Q. Can I use funds from my investment account to pay for healthcare expenses?

- A. No. PayFlex does not permit you to use funds in your investment account to pay for healthcare expenses. You must use money in the interest-bearing account only. If you need money from your investment account to pay for an eligible expense, you must first transfer the money from your investment account into your interest-bearing account and then pay the expense.

Spending your HSA

Q. How do I use my HSA?

- A. PayFlex will send you an HSA debit card that makes it easy to access your HSA money. When you receive your new card in the mail, call the number on the back of the card to activate it and get your personal identification number (PIN). To pay for eligible healthcare expenses, simply swipe the card and the funds will be taken directly from your account. You can select either "credit" or "debit." **Note:** The merchants and providers must accept MasterCard® in order for your card to work.

If you aren't required to make a payment at the point you receive the service, you should wait for the claim to be processed through the claim system. The doctor's office will send you a bill requesting payment for the difference between the billed charges and the amount covered by your health plan. You can write your HSA debit card number on the doctor's bill and submit it as payment, or you can pay for the expense out of pocket and reimburse yourself later.

To pay for healthcare expenses directly from your HSA, log into your PayFlex account through the PayFlex site, My Dashboard, at www.payflex.com and sign up for "Make a Payment." You can also transfer funds from your HSA to your personal bank account. Make sure to keep your receipts for all expenses, in case you are audited.

Q. Can I request additional debit cards — one for me and one for my spouse?

- A. Yes. You can request additional debit cards by logging on to the PayFlex site, My Dashboard, at www.payflex.com.

Q. What is the earliest I can begin paying claims with my HSA?

- A. You can use your HSA for eligible expenses that you incur **after** the date your HSA has been established. This means that the date of service for the expense must be **on or after** your HSA becomes effective. Expenses that you incur before you open your HSA are not eligible expenses.

Q. Does my HSA have to have the money in it before I use it for eligible medical expenses?

- A. Yes. Your HSA is a personal account in your name and is administered by PayFlex, a subsidiary of Aetna. The funds must be in your account before you can pay for an expense. If you do not have enough money in your HSA to pay for an eligible medical expense, you will need to pay for the expense by some other means as the debit card will not work if the use creates an overdraft. Once the money is in your HSA, you can reimburse yourself for the amount you personally paid for the expense.

Q. What healthcare expenses are eligible?

- A. You can use your HSA for eligible healthcare expenses for you, your spouse or your dependents (even if they are not covered under the Health+Savings option), as defined by IRS Code Section 213(d).

The law states that the expense must be primarily to alleviate or prevent a physical or mental defect or illness. Examples include prescriptions, doctor office visits, and vision and dental care. You can also spend it on some healthcare expenses not covered by your health plan, such as glasses and contact lenses, but it will not count toward your deductible. For a complete list of eligible expenses, go to www.irs.gov or www.aetna.com.

Examples of expenses that do not qualify include most cosmetic surgery, health club dues, maternity clothing and toiletries.

Q. Can I spend my HSA on non-health care expenses?

- A. No. If you use your HSA for expenses other than eligible healthcare expenses, you automatically subject yourself to IRS penalties, which have increased to 20% of the total ineligible withdrawal. These expenses are considered taxable income (much like an early withdrawal from a 401(k)). You must report these withdrawals accordingly. Keep in mind that the inappropriate use of your HSA may leave you without available funds for future medical expenses.

The 20% penalty does not apply if the withdrawal is made after you:

- Turn age 65.
- Become completely and permanently disabled.
- Die.

Q. Can I use my HSA to pay insurance premiums?

- A. Generally, insurance premiums are not an eligible medical expense for your HSA. However, premiums for the following are eligible expenses:

- Long-term care coverage.
- Healthcare coverage while you receive unemployment benefits.
- Healthcare continuation coverage required under any federal law (e.g., COBRA).
- Retiree insurance premiums (other than premiums for a Medicare supplemental policy, such as Medigap) if you're age 65 or older.

Q. Who is responsible for ensuring that I am using my HSA for eligible medical expenses only?

A. How you use your HSA is strictly between you and the IRS. You should save all receipts, invoices and statements that provide evidence for how you used your HSA, in case you are audited. By law, neither bp nor PayFlex can ask you to substantiate your reason for withdrawing money from your account; therefore, you will be responsible for improper withdrawals. And remember, the current penalty for improper withdrawals is 20% of the amount withdrawn.

Q. What happens to my HSA when I reach age 65?

A. You can no longer contribute to your HSA if you enroll in Medicare, including Part A. However, you can continue to use your HSA for eligible healthcare expenses, including retiree Medicare premiums, deductibles, copays, coinsurance and any other retiree insurance premiums (other than premiums for a Medicare supplemental policy, such as Medigap). Once you turn age 65, you can also use your HSA to pay for things other than eligible healthcare expenses.

Maintaining your HSA

Q. How can I track my HSA balance?

A. You will have access to your PayFlex account online via the PayFlex site, My Dashboard, at www.payflex.com where you can track your expenses, claims and account balance.

Q. What happens if I have money left in my HSA at year-end?

A. Just like a bank account, any money left over at the end of the year will be yours to keep, no matter what. The funds you don't spend will remain in your HSA, earn interest and are available for withdrawal in a future year.

Q. What happens to my HSA if I don't enroll in a high deductible health plan next year?

A. If you are no longer covered by a high deductible health plan, such as the Health+Savings option, you cannot continue to contribute to your HSA. However, the account is still yours and you can use the money to pay for eligible healthcare expenses or save it for future medical expenses. Also, refer to the above Q&A regarding the Last-Month Rule.

Q. What happens to my HSA if I leave bp?

A. All funds contributed to your HSA, even the money contributed by bp, are yours to keep. In the event that you leave bp, you can:

- Keep your HSA with PayFlex (monthly maintenance fee will apply).
- Transfer your funds to an HSA with your new employer.
- Establish a new HSA and transfer your balance.
- Roll over your funds to another qualifying HSA within 60 days of distribution.

If you don't keep your funds with PayFlex and don't roll them over to another qualifying HSA within 60 days of distribution, the funds are taxable and likely subject to a penalty.

Q. Can my HSA money be rolled into an IRA?

A. Under current rules, not without incurring tax consequences, but you should consult your tax adviser.

Q. What happens to my HSA if I die?

- A. Like your other assets, your HSA will go to your legal beneficiaries. You need to complete a beneficiary designation form that states to whom your account should be transferred in the event of your death. **The beneficiary for your life insurance and retirement plans is NOT automatically the same for this, so you must complete a beneficiary designation form separately.**

You can select a beneficiary online or request a form when you log into your PayFlex account through the PayFlex site, My Dashboard, at www.payflex.com.

Q. What would cause my HSA to terminate?

- A. PayFlex will close your HSA only at your request.

Q. Is my HSA protected from fraud?

- A. Yes. Subject to the terms and conditions of the cardholder agreement, if your HSA debit card is stolen or you suspect fraudulent activity, PayFlex will immediately replace your funds and work to resolve the issue. In the event of fraud, your account will be treated just like your checking account.

Q. Do I have to pay maintenance fees on the HSA?

- A. As long as you are an active employee and enrolled in the Health+Savings option, bp will pay the maintenance fees on your behalf. However, once you are no longer actively enrolled in the Health+Savings option, you will be responsible for any fees required by PayFlex. Accounts for domestic partners and retirees will be charged a small monthly fee. For more information, go to the PayFlex site, My Dashboard, at www.payflex.com and select the link to access your HSA and click the fee schedule link on the left-hand side of the HSA page.

NOTICE REGARDING WELLBEING PROGRAM

bp's wellbeing program is a voluntary wellness program available to all participants in the BP Medical Plan. The program is administered according to federal rules governing wellness programs that seek to improve employee health or prevent disease, including the Americans with Disabilities Act of 1990, the Genetic Information Nondiscrimination Act of 2008, and the Health Insurance Portability and Accountability Act, as applicable, among others. If you choose to participate in the wellbeing program, you will have the opportunity to complete the Health Questionnaire. The HQ is a voluntary health risk assessment that asks a series of questions about your health-related activities and behaviors and whether you have or had certain medical conditions (e.g., cancer, diabetes, or heart disease). If you participate in the Health+Savings option, you will also have the opportunity to complete the physician certification form where you will complete a metabolic screening and measure your blood pressure, HDL cholesterol, triglycerides, fasting blood glucose and the size of your waist.

Both of these opportunities are voluntary, as is participation in the wellbeing program overall. However, participants who choose to participate in the wellbeing program earn points towards their eligibility for the HealthPlus and Health+Savings options. Also, if you are in the Health+Savings option, although you are not required to complete the physician certification form, only employees who do so will receive the bp contribution to their Health Savings Account.

Additional points-earning opportunities are available throughout the bp wellbeing program, some of which are health-related. Please refer to the Points snapshot or the StayWell portal for a complete description of each opportunity. If you are unable, due to a medical condition, to participate in any of the health-related activities or achieve any of the health outcomes required to earn an incentive, a reasonable accommodation or an alternative standard is available. You may request a reasonable accommodation or an alternative standard by contacting the bp Benefits Center at 1-800-890-4100.

The information from the Health Questionnaire and from your physician certification form will be used to provide you with information to help you understand your current health and potential risks, and may also be used in partnership with a StayWell health advisor to design wellbeing activities that suit you specifically. You also are encouraged to share your results or concerns with your own doctor.

Protections from Disclosure of Medical Information

As further described in the Plan's summary plan description, the BP Medical Plan is required by law to maintain the privacy and security of your personally identifiable health information. Although the wellbeing program coordinator and bp's Benefits team may use aggregate information it collects to design a program based on identified health risks, the BP Medical Plan will never disclose any of your personal information either publicly or to the employer, except as necessary to respond to a request from you for a reasonable accommodation needed to participate in the wellbeing program, or as expressly permitted by law. Medical information that personally identifies you that is provided in connection with the wellbeing program will not be provided to your supervisors or managers and may never be used to make decisions regarding your employment.

Your health information will not be sold, exchanged, transferred, or otherwise disclosed except to the extent permitted by law to carry out specific activities related to the wellbeing program, and you will not be asked or required to waive the confidentiality of your health information as a condition of participating in the wellbeing program or receiving an incentive. Anyone who receives your information for purposes of providing you services as part of the wellbeing program will abide by the same confidentiality requirements. The only individual(s) who will receive your personally identifiable health information from the bp wellbeing program are Alight, StayWell, Livongo, approved members of the bp Benefits department, Aetna and/or BCBS-IL, and all done in order to provide you with services under the wellbeing program.

In addition, all personally identifiable medical information obtained by bp Benefits through the wellbeing program will be maintained wholly separate from your personnel records, information stored electronically will be encrypted, and no information you provide as part of the wellbeing program will be used in making any employment decision. Appropriate precautions will be taken to avoid any data breach, and in the event a data breach occurs involving information you provide in connection with the wellbeing program, we will notify you in accordance with applicable law.

You may not be discriminated against in employment because of the medical information you provide as part of participating in the wellbeing program, nor may you be subjected to retaliation if you choose not to participate.

If you have questions or concerns regarding this notice, or about protections against discrimination and retaliation, please contact the bp Benefits Center at 1-800-890-4100.

This document is presented as a matter of information, and is not intended to constitute a promise or contractual commitment by the company. The company reserves the right to unilaterally change or terminate any or all of the programs discussed herein, as well as all of its benefit plans and programs, at any time and without prior notice. Also, modifications may be necessary to comply with applicable legal requirements. In the event of any inconsistency between a statement contained in this document and the relevant plan document or summary plan description, the plan document or summary plan description will control over this document. Employees covered by collective bargaining agreements will be subject to these benefit plan provisions to the extent consistent with the terms of bp's policy and benefit programs, the applicable collective bargaining agreement and any applicable legal guidelines.