Town Hall

Your Health, Our Commitment

November 2025

LAKESIDE INDUSTRIES

Welcome!

- We deeply value our employees—not just for the work you do, but for who you are
- Why are we holding this Town Hall?
  - Open Enrollment is more than paperwork
  - Update on current trends in the insurance marketplace and explain how they influence our health plan
  - Understand the plan's role in supporting your health
  - Empower you to make informed choices
  - Reinforce our commitment to your health and well-being
- We're here to listen and answer questions

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Presented by: Kari

Agenda

- Marketplace trends
- Our self-funded health plan
- Health ownership & cost control
- Break
- Open enrollment
- Resources
- Q&A Discussion

Leadership

- Mike Lee, Chair & CEO
- Jaime Lee, President
- Dax Woolston, CFO
- Kari Lamberson, CHRO

Consultant

- Annik Johnson, Director of Employee Benefits – AssuredPartners

Vendor partner

- HMA

Marketplace Trends

Rising medical costs

- Higher healthcare utilization
  - More doctor visits, ER usage, and mental health claims post-pandemic
  - Conditions like diabetes, cardiovascular disease, and musculoskeletal pain are escalating costs due to unmanaged care and delayed treatment
- Medical inflation
  - Hospitals and providers are raising prices due to labor and supply costs
  - Routine care and procedures are becoming more expensive – the same procedure can cost 2-3x more depending on where its delivered
- Expiration of Affordable Care Act (ACA) subsidies
  - Enhanced premium tax credits may end in late 2025
  - Could lead to sharp increases in marketplace premiums and ripple effects on employer plans
- Hospital and primary care consolidation
  - Mergers among hospitals and physician groups reduce competition, allowing dominant systems to set higher prices for routine services, diagnostics, and specialist referrals

Rising prescription drug costs

Specialty and injectable drugs are revolutionizing treatment – but their high costs and growing usage are pushing insurance premiums upward across all plan types.

- High price tags
  - Specialty drugs often treat complex, chronic, or rare conditions (e.g., cancer, autoimmune diseases, MS)
  - Many cost $5,000 to $20,000+ per month, with some exceeding $100,000 per year
- Increased utilization
  - More people are being prescribed specialty medications—especially for conditions like diabetes and obesity
  - New drugs entering the market are more targeted but also more costly, and often require long-term use
- Limited alternatives
  - Many specialty drugs have no generic equivalent, giving manufacturers pricing power
- Administration costs
  - Injectable drugs often require clinical administration (e.g., infusion centers, hospital outpatient settings) which adds facility fees, staffing costs, and equipment charges on top of the drug price
- Limited competition among Pharmacy Benefit Managers (PMBs)
  - Top 4 PBMs control majority of market, leading to limited price competition and negotiating leverage

Impact on employer-sponsored plans

- Rising medical and pharmacy costs are making employer-sponsored health plans harder to sustain.
- Employers are facing steepest increase in health benefit costs in 15 years
  - Average premium hikes of 6.5% or more for employer-sponsored plans (9% if not making changes to their plans)
- Pharmacy spend now accounts for over half of total healthcare costs in many plans.
- High-cost claims are becoming more frequent – on average, just 5% of members account for 56% of total spending.
- Many companies are shifting expenses to employees – higher deductibles, co-pays, and out-of-pocket costs, even if base premiums remain stable.
- Lakeside is working hard to avoid that
  - No increase to deductibles and out-of-pocket maximums since 2017
  - No employee contributions for medical, dental, and vision coverage for all family members

Our commitment

- Despite industry pressures, our goal remains the same – providing robust, accessible care without passing costs on to you.

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Our Self-Funded Health Plan

What is a self-funded plan?

- Lakeside Industries has a self-funded health plan
- Instead of buying insurance from a carrier, we fund your medical and prescription drug claims ourselves
  - When you visit a doctor or fill a prescription, you pay your portion – and Lakeside covers the rest directly, not an outside insurance company
- HMA is our vendor partner to handle logistics
  - Process claims, track deductibles and out-of-pocket maximums
  - Manage provider network
  - Provide ID cards, member portal/app, customer service
- Lakeside purchases stop loss insurance to protect the organization by capping how much Lakeside must pay when claims get extremely high (e.g. over $180,000 per person)

Why we chose this model

More flexibility

- Tailor benefits to meet the unique needs of our workforce – no one-size-fits-all packages from insurers
  - Can customize plan design and benefits
- Because Lakeside manages costs directly, we can avoid sudden premium hikes or benefit cuts
- Self-funded plans often include targeted wellness programs and incentives
- Lakeside can select expert vendors for each service – medical TPA, pharmacy benefit managers (PBMs), care management, virtual care, advocacy support, etc.

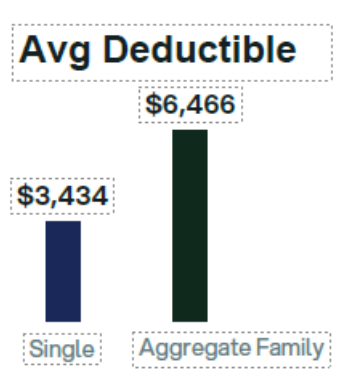
More control

- No premiums paid to insurers
  - Avoids insurer profit margins
  - Saves money that goes back into your care
- Costs reflect actual usage – our plan's expenses depend on how employees and family members use healthcare, not on fixed premiums
- Direct investment in employee care
  - Funds are used to cover actual employee healthcare costs

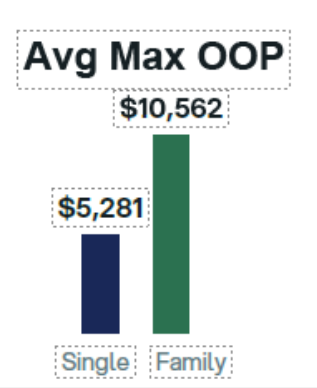
Our self-funded plan

vs. benchmark for construction companies in the PNW with 100 – 499 employees

Deductible is $2,000 Single / $4,000 Family

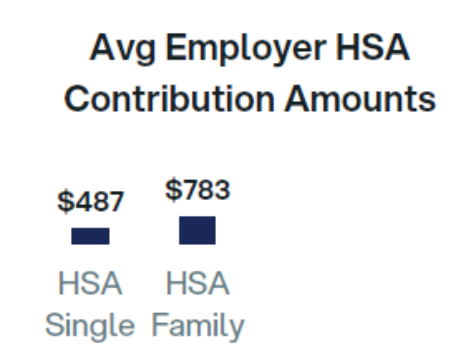


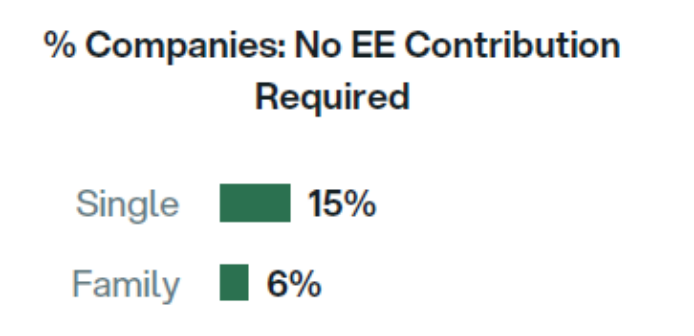
OOPM is $5,000 Single / $10,000 Family



$0 monthly premium paid by employees for single & family coverage

Employer HSA contribution is $1,000 Single / $1,500 Family





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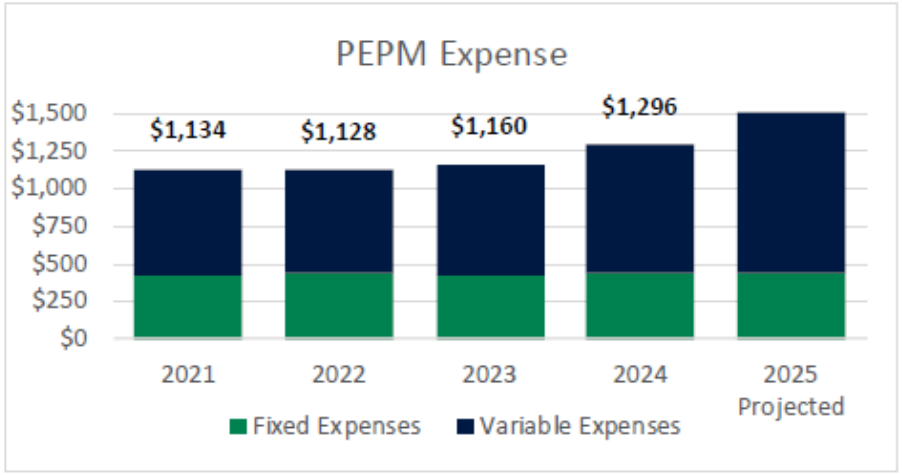
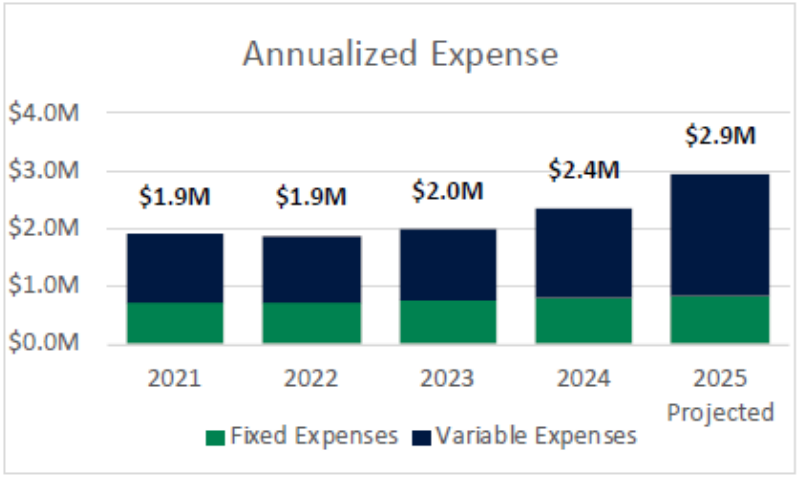
Presented by: Annik

Our historical and projected health plan costs





	2021	2022	2023	2024	2025 Projected
PEPM					
Fixed Expenses	$426	$441	$429	$438	$435
Variable Expenses	$708	$687	$731	$858	$1,081
Total	$1,134	$1,128	$1,160	$1,296	$1,515
% Change from Prior	-	-0.5%	2.9%	11.7%	16.9%
Annualized					
Fixed Expenses	$715,300	$740,400	$742,100	$798,500	$844,700
Variable Expenses	$1,189,100	$1,154,600	$1,262,800	$1,564,500	$2,100,700
Total	$1,904,400	$1,895,000	$2,004,900	$2,363,000	$2,945,400
$ Change from Prior	-	-$9,400	$109,900	$358,100	$582,400

Our commitment

- We’ve chosen a self-funded model because it allows us to invest directly in your care – not in insurance company profits.

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Health Ownership & Cost Control

Your well-being comes first

- **Better health and awareness of your health = better quality of life**
  - Taking care of your health matters – for you (and your family), first and foremost
  - Staying healthy means more energy, fewer sick days, and a better quality of life for you and your loved ones
  - Being proactive and aware of your health risks helps you seek the necessary care proactively
- **We're in this together**
  - Lakeside is committed to supporting your health
  - Providing meaningful and accessible health insurance to our employees and their families at no cost has been a core Lakeside value for years
  - To continue providing this level of coverage, we're asking for your partnership: making smart healthcare choices and staying proactive about your health helps us protect and sustain these benefits for everyone
  - To help you do that, we are committed to providing comprehensive coverage, wellness incentives, and advocacy resources
- **Healthy and health aware employees = a stronger plan**
  - When we all make thoughtful healthcare decisions it helps control costs and keeps our benefits sustainable for everyone

Smart health habits help control costs
For you & the plan

- **Choose in-network providers**
  → Reduces out-of-pocket costs and keeps claims within negotiated rates
- **Build a consistent relationship with your primary care doctor to foster trust and continuity in care**
  → Ask questions and voice your concerns – especially when it comes to the cost and necessity of tests or treatments – so you understand your options
- **Use preventive care**
  → Early detection through annual checkups, screenings and vaccinations protects your health, can help catch issues early, and avoid costly treatments down the line
- **Price shopping for services**
  → Comparing costs for labs, imaging, and prescriptions can lead to big savings (especially on an HDHP)
  → Consider using facilities not affiliated with primary care/hospital

Smart health habits help control costs
For you & the plan

- **Avoid unnecessary ER visits**
  → Using urgent care and telehealth for non-emergencies is far most cost-effective (and will save you time)
- **Manage chronic conditions proactively**
  → Better control leads to fewer complications and lower long-term costs
- **Engage with wellness program**
  → Lakeside's wellness program helps ensure early detection through biometric screening and provides a $1,000 to $1,500 HSA incentive to participants
- **Maximize your HSA's tax advantages**
  → Contribute and use funds as needed
  → Unused funds carry over year-to-year, tax free, and can be a powerful tool for retirement

Our commitment

- When you prioritize your health, you're helping yourself – and helping us keep this plan strong and cost-free for everyone.

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Resources

Resources

Health Advocate℠

- Health Advocate makes accessing care and navigating insurance more convenient
- EAP

HMA

- Member portal & mobile app
- Preventive care & immunizations covered at 100%, deductible waived

MDLIVE®

We're making virtual care more convenient and comprehensive with MDLive

- More services
- Better benefit

hsabank™

- Triple tax advantages
- Lakeside HSA contribution
- Funds roll over year after year

Our commitment

- We offer these resources because we believe care should be convenient, compassionate, and comprehensive.

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Break

Open Enrollment

What is open enrollment?

- Open enrollment period: November 10 – 14
- Annual opportunity to make changes to your benefit elections, or enroll for the first time
- Enrollment changes are effective January 1, 2026
- If you sign up for benefits, you may not drop or change them during the year, unless you experience a life status change, such as:
  - Birth or adoption of a new child
  - Marriage, divorce, or legal separation
  - Loss of child eligibility because of age
  - Loss of other health care coverage

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Presented by: Annik

Who is eligible for benefits?

Employees

- Non-union
- Salaried or hourly
- Regularly scheduled to work at least 20 hours per week (30 hours for life and disability insurance)

Your legal spouse

Your domestic partner

- Must meet the definition of domestic partners in Lakeside's Domestic Partner Coverage Overview
- Must sign the Lakeside Declaration of Domestic Partnership

Children

- Up to age 26
- Age 26 and up if unmarried, totally disabled, incapable or self-sustaining employment by reason of mental and physical handicap, and primarily dependent upon you for support and maintenance

What's changing on January 1, 2026?

- New virtual care – MDLive
- New pharmacy benefit manager – MedImpact
- Dental plan enhancements
- HSA and FSA limit increases
- New life and disability insurance carrier – The Standard

2026 new virtual care

- MDLive will be our new virtual care provider on January 1, 2026, replacing MeMD
- Expanded services, seamless integration with our medical plan through HMA, and easier access to care – anytime, anywhere
- MDLive provides virtual services for:
  - Urgent care
  - Primary care
  - Mental health and psychiatry
  - Dermatology
- Due to new regulations, virtual care through MDLive will be covered with the deductible waived – you'll only pay 20% coinsurance for eligible services.
- Activate your MDLive account and start using your virtual care benefits on January 1

MDLIVE®

We're making care more convenient and comprehensive

- More services
- Better benefit

2026 new pharmacy benefit manager

- MedImpact will administer our prescription drug benefits starting January 1, 2026, replacing Express Scripts
- **Pharmacy network:** MedImpact has an extensive network with over 62,000 pharmacies across the U.S. including popular chains like CVS, Walgreens, Safeway, Target and many independent community pharmacies.
- **Drug formulary:** MedImpact has its own drug formulary – differences from Express Scripts are minimal, and we anticipate limited disruption.
- **Mail order / home delivery:** MedImpact Direct will be the new mail order / home delivery pharmacy provider.
- **Specialty medications:** MedImpact Direct Specialty will be the new specialty drug provider.

MedImpact

- New HMA ID cards with MedImpact
- New MedImpact member portal and mobile app

2026 dental plan enhancements

- Several enhancements that will help you get even more value from your coverage:
  - **Class 1 dental services** – such as routine exams, cleanings, and X-rays – will no longer count toward your annual benefit maximum
    - This means you can receive these preventive services without reducing the total amount available for other dental treatments throughout the year.
  - Our plan will use the **Delta Dental PPO Plus Premier Network**, which combines the existing PPO and Premier networks into one larger, blended network
    - No changes to provider options or coverage.
  - Our plan will cover **composite fillings on posterior teeth** (molars and premolars)
    - Composite fillings are an alternative to traditional amalgam (silver) fillings, made from a tooth-colored resin that blends in with your natural teeth

2026 Health Savings Account (HSA) increases

- Maximum HSA contribution limits set by the IRS will increase in 2026
- Lakeside's contribution to your HSA counts towards these limits

	2025		2026
Annual HSA maximum contribution*	$4,300 for self-only coverage $8,550 for employee + one or more dependents coverage	→	**$4,400** for self-only coverage **$8,750** for employee + one or more dependents coverage

* Individuals age 55 and older who are not enrolled in Medicare may contribute an additional $1,000 per year.

Check hsastore.com

2026 Flexible Spending Account (FSA) increases

- Maximum FSA contribution limits set by the IRS will increase in 2026

	2025		2026
Health care FSA General purpose & limited purpose	$3,300 maximum contribution $660 maximum carryover	→	**$3,400** maximum contribution **$680** maximum carryover
Dependent care FSA	$5,000 maximum contribution No carryover allowed	→	**$7,500** maximum contribution No carryover allowed

Check fsastore.com

2026 new life & disability insurance provider

- Insurance carrier for Basic Life/AD&D and Long-Term Disability (LTD) coverage will change from The Hartford to The Standard
- No changes to plan design
- No action required from employees
- Enrollment is automatic and Lakeside pays the full cost of your coverage

Basic Life/AD&D

Benefit: 2x base annual earnings, up to $750,000

Benefit starts reducing at age 70

LTD

Benefit: 60% of monthly earnings, up to maximum monthly benefit of $5,000

Benefit begins after 90 days from date of disability

Medical plan overview

- Lakeside offers a high deductible health plan (HDHP) and a company contribution to a health savings account (HSA)
  - HMA – medical plan administrator
  - MedImpact – pharmacy plan administrator
  - HSA Bank – HSA custodian
- The HSA works in conjunction with the health plan to help you fund your deductible, coinsurance, and other qualified health expenses

Highlights	In-network
Annual deductible	$2,000 individual / $4,000 family
Annual out-of-pocket maximum	$5,000 individual / $10,000 family
Preventive care	Deductible waived, the plan pays 100%
Preventive prescription drugs	
MDLive virtual care	Deductible waived, the plan pays 80% and you pay 20%
Primary & specialist care	Deductible applies, then the plan pays 80% and you pay 20%
Urgent care & ER	
Physical therapy (45 visits/year)	
Mental health services	
Outpatient surgery	
Inpatient hospital	
Prescription drugs	

What is an HSA?

- A tax-advantaged savings account to pay for qualified health care expenses for you, your spouse or dependents
- Must be paired with an HSA-qualified high deductible health plan
- It is your personal bank account. You own it.
- Any money deposited into your HSA is yours to keep – no “use it or lose it” rule!
- Use the money in your HSA, free from federal income tax, to pay for qualified health expenses

Can I contribute to an HSA?

You must be HSA eligible to make and receive HSA contributions

- To be eligible, you must have no other disqualifying health coverage, and you cannot be claimed as a dependent on another person's tax return.
- Examples of disqualifying coverage include:

Other non-High Deductible Health Plan coverage

(e.g. traditional PPO with copays, HMO, etc.)

Spouse's or parent's general purpose health FSA or HRA

Medicare

(including Part A)

TRICARE or Veteran's Administration (VA) health benefits received in the last 3 months

(except preventive care)

How much can I contribute to my HSA?

Employee-only coverage: $4,400

Employee + 1 or more dependent coverage: $8,750

- Lakeside's contribution to your HSA counts towards these limits.
- Individuals age 55 and older who are not enrolled in Medicare may contribute an additional $1,000 per year, beginning the year they turn 55.
- If you and your spouse are both eligible to contribute to an HSA, your total contribution as a family is limited to $8,750 (not $8,750 each)
- You may change your HSA contribution at any time during the year, for whatever reason – change take effect prospectively.

Lakeside's HSA contribution

- Depends on your medical plan election, when you were hired, and your participation in the wellness program
- **Employee only coverage:$1,000** (contributed $38.46 / pay period)
- **Employee + 1 or more dependents: $1,500,** (contributed $57.69 / pay period)

What expenses are HSA eligible?

- HSA distributions are tax-free (and not subject to additional penalties) if used to pay for qualified health expenses that were incurred after the date you became HSA-eligible
- Examples:
  - Deductibles and coinsurance
  - Dental treatments (x-rays, braces, dentures, filings, oral surgery)
  - Vision care (eyeglasses, contact lenses, Lasik surgery)
  - Prescriptions
  - COBRA premiums
  - Medicare premiums, if 65+ (except for Medicare supplemental coverage)
- For a complete list refer to **IRS Publication 502**

How do I use my HDHP and HSA?

At the doctor's office:

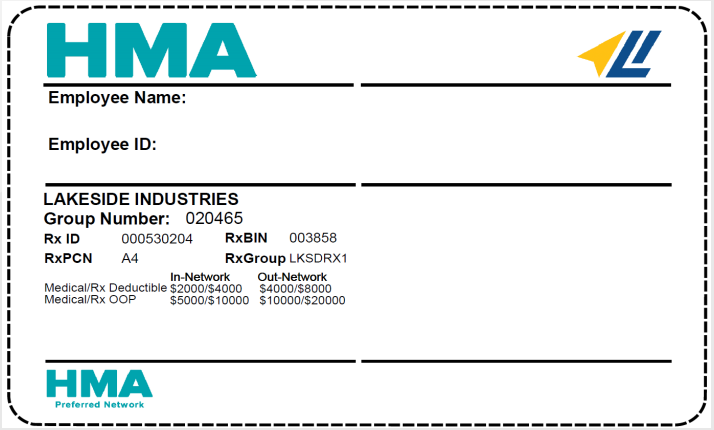
- Show your HMA/MedImpact ID card
- Most providers will send you a bill after your visit/service
- Make sure it matches your EOB before you pay it

At the pharmacy:

- Show your HMA/MedImpact ID card
- You will be asked to pay upfront for the cost of your prescriptions, until you meet the out-of-pocket maximum

Note:

- You don't have to use the money in your HSA. But if you want to, use your HSA debit card to pay bills (swipe as a credit card at the pharmacy).
- You don't need to submit receipts to substantiate HSA distributions; however, you should retain documentation for tax purposes



Dental & vision plans overview

Dental Highlights	PPO Premier Plus Dentist
Annual maximum	$2,000 / person Can increase by $100 each year, up to $2,500, by getting one Class 1 service/visit each year
Annual deductible	$50 / person $150 / family
Class 1 services Cleanings, exams, x-rays, sealants, fluoride	Deductible waived, plan pays 100%
Class 2 services Fillings, root canal, periodontics, oral surgery	Deductible applies, then plan pays 80% and you pay 20%
Class 3 services Crowns, bridges, dentures, implants	Deductible applies, then plan pays 50% and you pay 50%

Out of network dentists are covered, but you may be balance billed.

Vision Highlights	Any Licensed Provider
Annual maximum	$200 / person
Frequency	Once every calendar year, resets on January 1
Eligible expenses	Annual eye exam, prescription glasses, and/or prescription contacts
Claim submission deadline	Pay the provider directly and submit for reimbursement within 90 days of the date of service

What you need to do

Open enrollment: November 10 – 14, 2025

Complete open enrollment online in UKG:

- Required for all admin employees
- Even if you don't want to enroll or make changes
- Due Friday, November 14

Changes take effect: January 1, 2026

ID and HSA/FSA cards

HMA / MedImpact	Delta Dental	HSA Bank
If you enroll in the medical/Rx plan for 2026, you will get a new ID card.	Delta Dental provides digital-only ID cards, which you can access on your MySmile portal.	If you open an HSA or Health Care FSA for the first time you will receive a debit card from HSA Bank. If you currently have an HSA Bank debit card you can continue to use it until it expires.

- New HMA ID cards will be mailed to your home address in late December
- Please start using your new card(s) on Jan. 1, 2026 – show it to your doctor, hospital, pharmacy, dentist, etc. and let them know you have new insurance
- You can view + print a medical and dental ID card at anytime by going to your HMA and Delta Dental member portal or mobile app

Resources

Health Advocate

- Your 24/7, one-stop access point for all benefit questions, regardless of the plan or vendor
- Call Health Advocate – you don't need to remember any other benefit contact information!
- Health Advocate can:
  - Help you understand your benefits
  - Explain your share of the costs
  - Confirm your doctor's network status
  - Clarify health conditions
  - Coordinate care and services
  - Arrange second opinions
  - Resolve claim and billing issues

Health Advocate℠

The Health Advocate team makes accessing care and navigating insurance more convenient.

HMA member portal / mobile app

- **Create and manage your account:** Register with your HMA member ID and personal details to access your benefits.
- **View plan benefits and eligibility:** Check what services are covered and confirm your eligibility status.
- **Access claims and spending details:** Track your claims history, deductibles, and out-of-pocket spending for yourself and your dependents.
- **Download ID card:** Retrieve digital copies of your insurance ID card for easy access.
- **Find in-network providers:** Search for doctors, hospitals, and specialists within your plan's network.
- **Compare procedure costs:** Shop and compare prices for medical procedures to make informed decisions.

HMA

Download the HMA app

Preventive care

Getting regular preventive care reduces the risk for diseases and disabilities – it can help you stay healthier. Our health plans cover preventive care at 100% when you see an in-network provider.

- **Annual checkup –** preventive care is covered at 100%, deductible waived – including a preventive colonoscopy, mammogram, and gynecological exam.
- **Immunizations and flu shots –** Immunizations for children, teens, and adults are covered at 100%, deductible waived.
- **Dental cleaning –** exams, cleanings, x-rays, fluoride, and sealants are covered at 100% twice a year.
- **Preventive prescription drugs –** our pharmacy/prescription drug plan covers many preventive medications at 100%, deductible waived – including medications for conditions like asthma, diabetes, high cholesterol, high blood pressure, and more.

2026 new virtual care

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MDLIVE®

We're making care more convenient and comprehensive

- More services
- Better benefit

Mental health support

- **Employee Assistance Program (EAP) - Health Advocate**
  - For all Lakeside employees and family members
  - 5 in-person sessions with a counselor, per issue, per year – at no cost
  - Includes confidential video counseling with a mental health counselor with Tava Health (HealthAdvocate partnership)
  - Digital Cognitive Behavioral Therapy (dCBT)
    - dCBT is a self-paced online program you can access anytime, at no cost
    - Anger management, depression, phobias, sleep management, social anxiety, stress, etc.

- **Virtual mental health support, anywhere – Health Advocate + Tava**
  - Log on to Health Advocate member portal/mobile app
  - Complete virtual assessment
  - Review and choose a provider based in your specific needs from a national therapy network
  - Schedule your appointment

Wellness program

- We are simplifying the wellness program for 2025-26 PY!
- Employees hired by 2/28/2026, and their spouses/domestic partners, must complete **two** activities to earn Lakeside's 2027 HSA contribution:
  1. Biometric screening
  2. Preventive care exam (1 exam of your choosing)
- Removed the Personal Health Profile and tobacco-free attestation or cessation pathway requirements

We're making the wellness program more convenient

Q&A Discussion

More information

Contact Rhianna Argudo in HR

- (425) 313-2625
- Rhianna.Argudo@LakesideIndustries.com

Contact Health Advocate at 1-866-799-2691

- A Personal Health Advocate will be able to assist you with any healthcare and insurance-related issues or will route you directly to the appropriate vendor

Go to our benefit website: LakesideBenefits.com

- 2026 open enrollment announcements & Benefit Guide
- Benefit summaries on all plans (medical, dental, vision, life insurance, etc.)
- Informational flyers
- Links to vendor sites and provider search

Closing

- Self-funded plan = more control
- Your health choices matter
- Resources are here – use them!

We’re proud to offer a plan that reflects how much we care about you. Your health matters – to you, to your family, and to us.

LAKESIDE INDUSTRIES

Presented by: Dax & Kari

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