MidAmerican Energy Holdings Company

What We’ll Cover Today

- What is changing?
- Why change?
- Who is eligible?
- How this affects you
- Introducing Extend Health
- Medicare marketplace
- Going forward
- Questions and answers
What Is Changing?

• MidAmerican is changing the way it provides health care benefits to Medicare-eligible retirees and their dependents

• New approach emphasizes **flexibility, choice** and **personalized support**

• Instead of the company offering group retiree health care coverage, you will now have the opportunity to purchase medical, prescription drug, dental and vision coverage in the individual market

• Provides access to extensive coverage options that may be better suited to meet your individual needs

• Extend Health will work one-on-one with you by phone to provide personal guidance to help you select the best plan(s) for you
What Is Changing?

- For those retirees who are currently receiving a subsidy for medical coverage, MidAmerican is providing a Health Reimbursement Arrangement (HRA)
- HRA works like a bank account to help you pay your premiums for the individual plan(s) you choose
- HRA also allows you to be reimbursed for other eligible expenses associated with your coverage, including copays and deductibles
- Amount of your HRA was calculated based on the cost-sharing arrangement you currently have in place
- HRA statement was included in your packet from MidAmerican
Why Change?

• Health care reform legislation is causing many employers, including MidAmerican, to change their approach to retiree health care benefits
• With recent changes to Medicare, individual plans have become more widely available and affordable
• We have found that many individual plans will provide better value than what the company could provide through a group plan, particularly due to changes in Medicare
• Provides access to extensive coverage options that may be better suited to meet your individual needs
**Who Is Eligible?**

MidAmerican is offering this new arrangement to all Medicare-eligible retirees and dependents who currently have medical coverage through the company.

<table>
<thead>
<tr>
<th>If you are Medicare-eligible and your dependent is not</th>
<th>You will enroll with Extend Health</th>
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<td>Once your dependent becomes Medicare-eligible, he or she will have access to enrollment support through Extend Health</td>
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## How This Affects You

| What you pay |  
|---|---
| • Your premium cost will be based on the plan(s) you choose  
| • If you currently receive a subsidy for medical coverage, you will receive a Health Reimbursement Arrangement (HRA) |

| How you enroll |  
|---|---
| • You will work with Extend Health to enroll in the plan(s) that best meet your individual health care needs |

| Your support |  
|---|---
| • Extend Health benefit advisors will help you understand the plans available to you and the costs associated with your coverage – such as premiums, copays and deductibles |
Introducing Extend Health
The Industry’s Largest Private Medicare Exchange
Who is Extend Health?

- Independent company
- Partner with 70+ health plan carriers
- Objective and trusted U.S.-based benefit advisors
- Focused on helping each retiree make an informed and confident decision
Why Extend Health?

- Experienced in helping retirees just like you
- Enrolled over 350,000 participants
- Services are provided at no cost to you
Plans and Partners

- All Medicare plan types
  - Medicare Advantage
  - Medigap
  - Prescription drug (Part D)
- Dental
- Vision
The Process

1. Educate
2. Evaluate/Enroll
3. Manage
Education
Getting Started Guide

• Gather information
  • Medicare card
  • Prescriptions
  • Doctors
  • If you are currently enrolled in medical coverage through MidAmerican, pre-existing conditions will not limit your plan selection at this time*

• Contact Extend Health
  • 1-866-249-7791
  • www.ExtendHealth.com/MEHC

*Except end-stage renal disease
Education
Enrollment Guide

- Prepares you for enrollment discussion
- Reviews Medicare basics
- Appointment time confirmation in cover letter

- Help me choose
- Prescription Profiler
Evaluate and Enroll

Licensed benefit advisors

- Located in Salt Lake City, Utah, and Richardson, Texas
- Objective advocacy
- Neutral compensation
- Extensive training
- Licensed, certified, appointed
- Average age 43

Hours of Operation
Monday - Friday, 8 a.m. - 8 p.m. Central Time
Enrollment Process

• Benefit advisors can discuss coverage options with anyone; need to speak to the participant to complete the enrollment
• Once you have made a coverage selection, enrollment is conducted via telephone
• All calls are recorded
Your Future Coverage

Primary Coverage
- Medicare A and B

Additional Coverage (Your Choice)
- Medicare Advantage with Prescription Drug (MAPD)
- Medigap + Prescription Drug

Optional Coverage (Your Choice)
- Dental and Vision
If you enroll in a Medigap plan, you will need to pay your first premium at the time you enroll. This does not apply to enrollment in a Part D plan.

**OPTION 1:**
A Medigap plan & a Part D plan

**MEDIGAP**
A Medigap plan fills the “gaps” in original Medicare Part A and Part B coverage (i.e., helps pay the difference between your costs and the amount original Medicare pays). These plans provide additional coverage for your doctor visits and hospital stays as well as other expenses not covered by original Medicare.

**PART D PLAN**
A Part D plan supplements Medigap to provide prescription drug coverage. These plans help pay for your prescription drug expenses.
OPTION 2:
A Medicare Advantage plan with prescription drug coverage (*MAPD*)

**MAPD PLAN**
An MAPD plan provides an all-in-one plan that bundles your Part A, Part B and prescription drug coverage together with additional benefits. These plans provide coverage for your doctor visits, hospital stays, and prescription drug expenses.
Medicare Prescription Drug Coverage

Initial coverage: You pay
Deductible and copays for your plan
Coverage for the first $2,930 in actual cost of medications

Coverage gap (donut hole): You pay
50% of brand drugs and 86% of generics until out-of-pocket costs reach $4,700

Catastrophic coverage: You pay
$2.60 for generics and $6.50 for brand drugs or 5% whichever is greater
Location Specific Plans
## 2011 Average Plan Availability*

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Number of Plans Offered</th>
<th>2011 Monthly Premium</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Advantage</td>
<td>9</td>
<td>$0 - $147</td>
<td>Varied (e.g., AARP, Humana, Secure Horizons)</td>
</tr>
<tr>
<td>Medigap/Medicare Supplement</td>
<td>9</td>
<td>$77 - $176</td>
<td>Varied (e.g., AARP, BCBS)</td>
</tr>
<tr>
<td>Part D</td>
<td>15</td>
<td>$18 - $82</td>
<td>Varied (e.g., AARP, Humana, Cigna, Medco)</td>
</tr>
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*Actual plans are available to participants based on individual ZIP code and county. Plans will be discussed when on the phone with an Extend Health benefit advisor and also are available on the website at www.ExtendHealth.com/MEHC.
# 2011 Average Plan Availability*

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<tr>
<td>Vision</td>
<td>1</td>
<td>$14</td>
<td>Vision Service Plan (VSP)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Annual eye exam: $15</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coverage for eyeglasses, lenses and frames</td>
<td></td>
</tr>
<tr>
<td>Dental</td>
<td>2</td>
<td>$17 - $43</td>
<td>Varied (e.g., Delta Dental, Humana Dental)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$0 - $50 deductible</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,000 - $1,600 annual maximum benefit</td>
<td></td>
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What Are Popular Coverage Options and How Much Do They Cost?

Medicare Advantage Plan 70-year-old male

- Premium: $49 per month
- Network: PPO
- Deductible: $0
- Doctor copay: $10; specialist copay: $35
- Hospital: $250 copay per day for days 1-8
- Emergency room: $50 copay if not admitted
- Rx: $0 deductible and $6/$40/$80/33%
- Mail order: 90-day supply
What Are Popular Coverage Options and How Much Do They Cost

Medigap Plan F and PDP 70-year-old male

- Premium medical/Rx: $220 per month ($178 + $42)
- Network: Any doctor that accepts Medicare
- Deductible: $0
- Doctor copay: $0; specialist copay: $0
- Hospital: $0
- Emergency room: $0
- Rx: $0 deductible and $7/$45/$76/33%
- Mail order: 90-day supply
Health Reimbursement Arrangement
How the Process Works
What is a Health Reimbursement Arrangement (HRA)?

- Tax-advantaged account used to reimburse you for eligible health care expenses
- If you currently receive a subsidy for your retiree health care, you will receive an HRA
- The amount of your HRA was calculated based on the cost-sharing arrangement you currently have in place
- The HRA can be funded only by the company; you cannot contribute your own money to the account
What is a Health Reimbursement Arrangement (HRA)?

- You pay your plan premiums and other eligible expenses, then submit a claim to Extend Health for reimbursement from your HRA
- Many insurance carriers provide the option to set up automatic monthly payments deducted from your HRA to the carrier
- HRA funds will be available January 1, 2012
- The HRA is a joint account that can be used by you and your eligible dependent
- Any leftover HRA balance at the end of the year will remain in your account and may be used to pay future premiums or eligible out-of-pocket expenses in later years
If You Currently Have a Retiree Medical Account (RMA)

- Your RMA balance as of December 31, 2011, will transition into the new HRA
- With the new HRA, you no longer will make an RMA election through MidAmerican
- HRA may be used to reimburse both the retiree’s and the dependent’s eligible plan premiums and other eligible expenses
Health Reimbursement Arrangement: How It Works

The company allocates dollars to HRA accounts of eligible retirees

Retiree HRA Account
Administered by Extend Health

Retiree works through Extend Health to enroll in individual coverage

Retiree is reimbursed for health care expenses using HRA account
Health Reimbursement Arrangement

Accessing your HRA funds

1. **You**
   - Pay your premium directly to your insurance carrier

2. **You/CARRIER**
   - Submit your claim to Extend Health

3. **Extend Health**
   - Reimburses you from your HRA account

**Insurance Carrier**

**Extend Health**

**You receive reimbursement**
- Direct deposit
- Check
What is Auto-Reimbursement?

- Allows you to be automatically reimbursed for monthly medical, prescription drug, dental and vision premiums without submitting a claim form.
- Auto-reimbursement applies to premiums paid.
  - It does not apply to other out-of-pocket expenses, including copays, deductibles and coinsurance.
How Auto-Reimbursement Works

1. Retiree pays plan premium to insurance carrier.
2. Insurance carrier forwards receipt of payment to Extend Health.
3. Extend Health verifies receipt of payment and eligibility.
4. Extend Health reimburses retiree.
Next Steps
What You Need To Do

Action required!

- Review the materials you received from MidAmerican for additional information
- Choose new individual Medicare medical, prescription drug, dental and vision plans for 2012
  - Enroll through Extend Health between October 24 and December 31
- You and your Medicare-eligible dependent will each need to enroll for coverage

If you currently have medical coverage through MidAmerican, coverage elections are guaranteed and not subject to underwriting during this enrollment period
Before Calling Extend Health

Review the Getting Started Guide

Gather Medicare card, prescriptions and doctor information

Call Extend Health at 1-866-249-7791

www.ExtendHealth.com/MEHC
Questions and Answers