Eligibility and Requirements

Who is Eligible?

- Certain represented future retirees who are over the age of 65 and are eligible for retiree medical

Retiring BEFORE Age 65 and then Aging into Medicare

- Pre-65 retiree medical can be considered before age 65
  - LMC pre-65 retiree medical, spouse’s plan, exchanges, etc.
- Initial Enrollment Period (IEP) is available for the retiree and spouse when either one is turning age 65. Guaranteed Issue applies*
- To be eligible for the subsidy at age 65, the retiree and/or spouse must enroll through OneExchange. Enrollment through another employer plan or COBRA will not extend the subsidy enrollment deadline.

Retiring AFTER Age 65

- If retiree and spouse are enrolled in LMC active medical coverage immediately upon retirement and lose that coverage upon retirement, a Special Enrollment Period (SEP) is activated and Guaranteed Issue applies*
- If retiree and spouse are not enrolled in LMC active medical coverage immediately prior to retirement, retiree and spouse will NOT activate an SEP and will NOT have Guaranteed Issue*
- If a pre-65 actively-working LMC employee enrolls under their spouse’s plan, then retires at/after age 65, they can enroll at age 65 through OneExchange, however, could still be subject to proof of insurability. If they do not enroll in a plan at this time, they will forfeit their subsidy.

- Whether upon retirement or turning 65 (whichever is later), retiree must be enrolled in a LMC active medical plan immediately prior to retirement in order to be eligible for the Health Reimbursement Arrangement (HRA) company subsidy [one chance]
- Retiree or spouse may enroll in a OneExchange medical plan at a later date but will no longer be eligible for the Health Reimbursement Arrangement (HRA)

* Guaranteed Issue means the policy is offered without regard to health status
OneExchange

- Who We Are
- Medicare Education
- Your Future Coverage
- OneExchange – For Your Benefit
- A Deeper Dive – Benefit Advisors, Private Exchange, Optimize Savings
- Health Reimbursement for You
- Questions and Answers
# OneExchange Medicare Marketplace

**9 out of 10**
Retirees reported they would work with OneExchange again

**Towers Watson**
OVER
**1.7 million**
Retirees served across

**No fees for Our service**

This will be our **12th annual enrollment season**

**Founded in 2004**

**Licensed advisor** provides guidance and ongoing advocacy

Personalized options with plans from a nationwide network of carriers

**More Choice, More Flexibility**
– Better Value

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OneExchange Service Centers

Operating hours:
Monday – Friday, 7:00 a.m. until 8:00 p.m. Central Time

Salt Lake City, UT
Phoenix, AZ
Dallas, TX

100% Domestic Workforce
No Outsourcing!
Plans and Insurers*

Medicare Advantage

Medicare Supplement (Medigap)

Prescription Drug (Part D)

Dental and Vision Plans Available

* Kaiser enrollment is allowed as a qualification exception – not currently offered at OneExchange
Let’s First Learn About Medicare
CMS – Centers for Medicare & Medicaid Services

Health and Human Services (HHS) agency that governs everything Medicare

1-800-MEDICARE
Medicare – Parts A and B
Medicare Education

What is Medicare and Who is Eligible

• Medicare was signed into law in 1965

• Medicare is health insurance for individuals 65 years and older, some pre-65 with disabilities, and those with ESRD End Stage Renal Disease, and ALS (Lou Gehrig’s Disease)

• Medicare is administered by a federal agency within the Department of Health and Human Services, the Centers for Medicare & Medicaid Services (CMS). CMS also administers Medicaid and the State Children’s Health Insurance Program (SCHIP)

• These three national health care programs benefit over 80-million Americans
Medicare Education

• Medicare Part A = Hospital coverage
• Medicare Part B = Medical coverage
Medicare Part A

Known as Hospital Insurance

- Eligibility for Part A is earned though working in the U.S. and paying Medicare Taxes (FICA) for at least 10 years or 40 quarters. A qualifying person turning age 65 is automatically enrolled in premium-free Part A.

- If a beneficiary does not have enough work credits to qualify for Part A, they purchase this coverage through the Social Security Administration
  - 30-39 quarters is one premium
  - 0-29 quarters is a higher premium
Medicare Part B

Known as Medical Insurance

• Enrollment into Medicare Part B is optional for all beneficiaries. If an individual is still actively employed and has coverage under a group plan or other coverage, they may opt to defer enrollment into Part B until that employment or coverage ends.

• A beneficiary is automatically enrolled in Part B when they are enrolled in Medicare Part A. If they do not want Part B, they must opt out of that coverage.
Costs Associated with Medicare Part B

Medical 2017 Amounts:

- Annual Deductible - $183
- Part B Standard Premium - $134
- 20% Coinsurance After Deductible

Medicare usually pays 80% of the “allowed amount” and the Medicare recipient has the responsibility to pay the coinsurance amount.
Paying for Medicare Part B

The premium for Medicare Part B is tied to the Cost of Living Adjustment (COLA) received for Social Security.

Most Medicare beneficiaries will pay the base rate of $134 per month (2017 amount - this figure typically changes every year). The premium for Part B is usually deducted automatically from a beneficiary’s Social Security check by the SSA.

There is a provision for high income Medicare beneficiaries with reporting incomes over $85K for an individual tax return, or $170K for a joint tax return, to be charged a premium surcharge for both Medicare Part B and for their prescription drug plan (Part D).

There are 4 Income-Related Monthly Adjustment Amount (IRMAA) surcharge tiers, depending on how much income over the $85K/$170K you are.

The Part B and Part D IRMAA surcharges are deducted from the beneficiary’s Social Security check automatically.
Medicare Part D – Prescription Drug Plan
Eligibility For Part D Coverage

In order to be eligible for a Prescription Drug Plan (PDP), the beneficiary:

• Must have Medicare Part A or Part B
  • They do not need both to enroll in a PDP

• Must live in the plans service area
  • If a person moves out of the plan’s service area, they must enroll in a new plan.

Costs of a PDP will range based on participant location.
Part D Plans – 5 Tiers of Co-Pays

A prescription drug plan will typically break the formulary into “tiers.” The tiers correspond to the copayment or coinsurance the beneficiary will pay.

Cost-sharing increases with the tier number. Tier 1 is the least expensive, tier 4 or 5 is the most expensive.

Tier descriptions:

- Tier 1 - preferred generic
- Tier 2 - non-preferred generic
- Tier 3 - preferred brand
- Tier 4 - non-preferred brand
- Tier 5 - specialty drugs or injectable medicine
Medicare Prescription Drug Coverage 2018

**Deductible**
You Pay Full Retail Until Deductible is Met
2018 - $0 to $405

**Initial Coverage**
Payments made by insurance carriers count towards Coverage Gap
You pay copays for your plan coverage for the first $3750 in actual costs of Medications

**Coverage Gap**
Only 25% reach Coverage Gap (also known as Donut Hole)

**Catastrophic Coverage**
Only 4% reach Catastrophic
You Pay $3.35 for Generics and $8.35 for Brand Name or 5% - whichever is greater

*TrOOP = True Out-Of-Pocket Costs

**You’ll be reimbursed through LMC’s catastrophic coverage once you meet catastrophic level**

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Things Start Happening When You Turn 64
Age-In Communications – Your 64th Year *

12 months from 65th B-Day – 64th B-Day Intro Letter
9 months from 65th B-Day – Refresher Letter
6 months from 65th B-Day – Reminder Letter
120 days from 65th B-Day – Enrollment Guide
90 days from 65th B-Day – Enrollment begins
60 days from 65th B-Day – Outbound ‘NRLB’ Calls
2 weeks prior to effective date – HRA Funding Guide

*Note, the communications you will receive will depend on when you have submitted your completed retirement package to LMC
Your Future Coverage
How Medicare Coverage Works

Primary Coverage
Medicare A and B

Additional Coverage (your choice)
* Medicare Advantage with Prescription Drug (MAPD) or
* Medigap + Prescription Drug

Optional Coverage (your choice)
- Dental Plans
- Vision Plans
Participant’s Needs and Preferences

Drive Product Suggestions

Medicare Advantage
- Prefers low or no monthly premium
- Comfortable with copays
- Familiar with network plans
- Preferred physicians are participating providers
- Special Needs Plans (SNP) candidate

Medigap (Medicare Supplement)
- Prefers monthly premium as opposed to paying at point of care
- Preferred physicians do not participate in a network
- Travels outside the Medicare Advantage service area
- Does not want a network-based plan

NEEDS ASSESSMENT

Retirees Needs and Preferences Drive Plan Suggestions
Medicare Option 1

Medicare Advantage with Prescription Drug coverage (MAPD)

* Note that Medicare Advantage plans are generally network based plans.
Medicare Option 2

Medicare Supplement Insurance (Medigap) + Part D Prescription Drug plan

Note: You may need to pay your first premium when you enroll in coverage.
# Medicare Supplement Insurance (Medigap) – Lettered Policies*

<table>
<thead>
<tr>
<th>Benefits</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>F</th>
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<th>L</th>
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<td>Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)</td>
<td>100%</td>
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<td>Medicare Part B coinsurance or copayment</td>
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<td>75%</td>
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<td>Blood (first 3 pints)</td>
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<td>50%</td>
<td>75%</td>
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<td>Part A hospice care coinsurance or copayment</td>
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<td>Skilled nursing facility care coinsurance</td>
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<td>Part A deductible</td>
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<td>Part B deductible</td>
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<td>Part B excess charges</td>
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<td>Foreign travel emergency (up to plan limits)</td>
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</tbody>
</table>

**Source:** CMS

* Does not include prescription drug coverage – elect Part D separately

**Out-of-Pocket limit in 2017**

$5,120 | $2,560
An Initial Look at Our Process
The OneExchange process*

Consultative Process
Simplified Selection
Assisted Enrollment
Ongoing Advocacy

Our process provides plenty of time to learn, decide, and enroll; you will typically have at least 3 months to complete the process.

*Process starts after you have submitted your completed retirement package – can request retirement package as early as 3 months before retirement – submit early to ensure maximum time to review and enroll in coverage with OneExchange.
Education

Enrollment Guide

Once you reach age 65 or over, and officially submit your notice of retirement, you may make an appointment to enroll.
Benefit Advisors

- Licensed / Certified / Appointed
- OneExchange University™
- Average age 43
- Objective & unbiased
- 100% domestic workforce

Benefit advisors are available:
Monday – Friday, 7:00 AM. until 8:00 PM Central Time
Decision Support Tools

Prescription Profiler

Medicare.OneExchange.com/lockheedmartin
24/7 access to your information

Create an account - Load in your prescriptions – Shorten your time on the phone with us!
Decision Support Tools

Help Me Choose comparison tool
Personal Guidance

- Enrollment
- Prescription changes
- Affordability concerns
- Reimbursement issues
- Late enrollment
- Website navigation
- Annual plan review

Going forward, you now have an ongoing healthcare advocate!
Company Subsidy - Health Reimbursement Arrangement (HRA)
Health Reimbursement Arrangement

**Tax-free account** used to reimburse you for eligible health care expenses — you pay first and then get reimbursed.

If you are eligible, Lockheed Martin will make an **annual contribution** to a Health Reimbursement Account (HRA).

You may use HRA funding to reimburse yourself for eligible medical, prescription drug, dental, and vision premiums, as well as eligible out-of-pocket healthcare expenses.

**Your HRA funding (aka company subsidy) will be available**

1st of the month that you transition

Unused funds DO roll over
Qualify for your Health Reimbursement Arrangement

- Enroll in a medical plan through OneExchange before your group plan ends, to have access to your HRA on the 1\textsuperscript{st} of the next month.

- Must remain enrolled through OneExchange each year to continue to have access to your HRA or forever forfeit rights to your HRA.

Once you reach age 65 or over, and officially submit your completed retirement package to LMC, we recommend you schedule a call to enroll. [You may also go online to investigate your options]
Thank you!

Once you officially submit your completed retirement package to LMC, please call us. We’ll be ready to serve you.