Retiree Medical Exchanges

Over Age 65 Retirees

- Administered by Via Benefits

- Rolled out to non-represented retiree population in 2015

- Negotiated for certain represented employees as set forth in respective Collective Bargaining Agreements
9 out of 10 Retirees reported they would work with Via Benefits again

Willis Towers Watson
OVER
1.7 million Retirees served across 560+ employers

No fees for our service

Founded in 2004

This will be our 14th Annual Enrollment Season

100 + Insurance Companies

Licensed advisor provides guidance and ongoing advocacy

Personalized options with plans from a nationwide network of insurers

More Choice, More Flexibility — Better Value
Service Centers

**Operating Hours:** M-F 8am-9pm ET  
*Open Saturdays during Annual Enrollment Period*

- **Salt Lake City, UT**
- **Phoenix, AZ**
- **Dallas, Texas**
Plans and partners
Via Benefits offers all plan types

* Kaiser & TRICARE For Life enrollment is allowed as a qualification exception – not currently offered through Via Benefits
Eligibility and Requirements

Who is Eligible?

- Non-represented and certain represented retirees and spouses who are over Age 65 and are eligible for retiree medical
- Opportunity to qualify for the Company subsidy/Health Reimbursement Arrangement (HRA) at time you/your spouse first become eligible for over Age 65 retiree medical or anytime you/your spouse enroll through Via Benefits

Retiring BEFORE Age 65

- **Under Age 65 options:** LMC Under Age 65 retiree medical, COBRA, spouse’s plan, etc.
- Do NOT need to be enrolled in a LMC Under Age 65 health plan to be eligible for coverage or HRA Subsidy through Via Benefits.
Eligibility and Requirements

Turning Age 65 after retirement:

• Medicare Initial Enrollment Period (IEP) is available for the retiree and spouse when turning Age 65. When turning Age 65 all plans are Guaranteed Issue*.

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*
• Retiree and spouse may enroll in different plans

✓ To be eligible for the subsidy at Age 65, the retiree and/or spouse must enroll through Via Benefits or through Kaiser or TRICARE For Life as an exception. If the retiree and/or spouse enroll through another employer plan or COBRA, they can not qualify for the HRA subsidy until they enroll through Via Benefits or Kaiser or TRICARE For Life. If enrolling or enrolled through Kaiser or TRICARE For Life, the retiree and/or spouse should call Via Benefits immediately to notify of their enrollment to qualify for funding.

✓ Retiree or spouse may enroll in a Via Benefits medical plan at a later date and still be eligible for the HRA subsidy.

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

What is Medicare and Who is Eligible

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

  - For LMC participation with Via Benefits only retirees and spouses over Age 65 are eligible

- 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)
Medicare – Parts A and B
Medicare Part A

Known as Hospital Insurance

- Eligibility for Part A is earned through 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.

• 2020 Annual Deductible - $198

• 2020 Part B Standard Premium - $144.60

• 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 $144.60 per month (2020 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 Social Security Administration (SSA).

There is a provision for high income Medicare beneficiaries with reporting incomes over $87K for an individual tax return, or $174K for a joint tax return, to be charged a premium surcharge for both Medicare Part B and for their prescription drug plan (Part D).

- Medicare uses the “modified adjusted gross income” reported on tax returns from 2 years ago which is the most recent tax return provided to Social Security by the Internal Revenue Service (IRS).
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 plan’s 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

<table>
<thead>
<tr>
<th>Tier 1</th>
<th>Preferred generic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 2</td>
<td>Non-preferred generic</td>
</tr>
<tr>
<td>Tier 3</td>
<td>Preferred brand</td>
</tr>
<tr>
<td>Tier 4</td>
<td>Non-preferred brand</td>
</tr>
<tr>
<td>Tier 5</td>
<td>Specialty drugs or injectable medicine</td>
</tr>
</tbody>
</table>
Medicare Prescription Drug Coverage 2020

You pay full retail until deductible is met
For 2020 — $0 to $435

You pay copays for your plan coverage for the first $4,020 in actual costs of medications
Payments made by insurance carriers count towards Coverage Gap

You pay 25% of Brand Name and 25% of Generics until your out of pocket costs reach $5,100
Pharmaceutical contributions will count towards the $6,350 TrOOP
Payments made by insurance carriers to discount drugs DO NOT count towards TrOOP

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

You pay $3.60 for Generics and $8.95 for Brand Name or 5% — whichever is greater

Only 4% reach Catastrophic

Special Lockheed Martin Catastrophic Coverage**

*TrOOP = True Out-Of-Pocket Costs

** You’ll be reimbursed through LMC’s catastrophic coverage once you meet catastrophic level
Catastrophic Coverage Special Payments

- Additional level of benefit for participants with high drug costs
- More information about this benefit will be included in your Funding and Reimbursement Kit
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
Medicare Options

Option 1

Medicare Advantage (HMO or PPO)
- Prefers low or no monthly premium
- May or may not include prescription drug coverage
- Comfortable with copays
- Familiar with network plans – limited or no availability in rural areas
- Preferred physicians are participating providers
- Not age-rated

Medicare Options

Option 2

Medigap (Medicare Supplement)
- Prefers monthly premium as opposed to paying at point of care
- Travels outside the Medicare Advantage service area
- Does not want a network-based plan
- Designed to cover gaps in Medicare A and B
- Premiums may vary based on Age, gender and smoker status
- No medical underwriting if elected when first available.

NEEDS ASSESSMENT

Prescription Drug Plan (PDP) - (Part D)
- Typically provides limited coverage in the Medicare Part D gap or “donut hole”
- Not age-rated

Prescription Drug Plan (PDP) - (Part D)
- Typically provides limited coverage in the Medicare Part D gap or “donut hole”
- Not age-rated
Your Medicare options
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>D</th>
<th>G</th>
<th>K</th>
<th>L</th>
<th>M</th>
<th>N</th>
<th>C</th>
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<td>100</td>
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<td>Part A deductible</td>
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<td>50</td>
<td>75</td>
<td>50</td>
<td>100</td>
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<tr>
<td>Part B deductible</td>
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<td>Part B excess charges</td>
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<td>80</td>
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</table>

### Source: CMS

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

### Out-of-Pocket limit in 2020

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>D</th>
<th>G</th>
<th>K</th>
<th>L</th>
<th>M</th>
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<tr>
<td></td>
<td>$5,880</td>
<td>$2,940</td>
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</table>

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Via Benefits Process
Core Enrollment Services

Pre-Enrollment

- Process starts after submitting 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 Via Benefits
- Cover letter and Enrollment Guide sent by Via Benefits
- Must be enrolled in Medicare Parts A and B to enroll through Via Benefits

Enrollment

- Conduct education and enrollment calls (1-3 calls of 15 to 75 minutes in duration)
- Separate enrollment for retiree and spouse

Application

- Perform application quality review
- Transmit applications to carriers on an ongoing basis (within 48 hours)
- Retiree typically pays first premium up front

Carrier Confirmation

- Confirm applications and enrollments on an ongoing basis
How We Can Help

Consultative Process

Simplified Selection

Effortless Enrollment

Ongoing Advocacy
Enrollment Guide

Understand your options

After you have completed your retirement paperwork, Call Toll Free to enroll:

1-844-596-0460

My.ViaBenefits.com/LockheedMartin

Explore Your 2019 Medicare Coverage Options
Benefit Advisors

Licensed/Certified/Appointed

Average age 43

Objective and unbiased (noncommissioned)

100% domestic workforce

Benefit advisors are available: Monday through Friday, 8:00 AM until 9:00 PM Eastern Time
Online Support Tools
Prescription Profiler

Load in your prescriptions — Shorten your time on the phone with us!
Online Support Tools
Help Me Choose comparison tool

My.ViaBenefits.com/LockheedMartin
24/7 access to your information
Two Step Process

1. **Benefit Advisors**
   - Benefit Advisors can discuss coverage options with anyone

2. **Application Data Processor**
   - Telephonic enrollment

100% of calls are recorded
Enrollment Process

Selection Confirmation
Your applications have been submitted for the plans listed below

Dear FirstName LastName,

This letter confirms that you have made your plan selection(s) for PlanYear, and that your applications have been submitted to the insurance companies listed below. Please review this statement carefully to ensure that it reflects the choices you have made. If the plans or premiums are not what you expected, please contact Via Benefits immediately at ClientPhoneNumber.

This letter does not confirm acceptance of your applications or that your plans have been issued, and it cannot be used as proof of coverage. This letter only confirms that your applications have been submitted. Once your applications are accepted, you will begin to receive information directly from your insurance company.

Please note: Due to final rate approvals and insurance company applied discounts, final premiums may vary from those shown below.

<table>
<thead>
<tr>
<th>Plan name</th>
<th>Premium</th>
<th>Requested coverage start date</th>
<th>Y/N</th>
<th>Automatic reimbursement status</th>
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<td>$1000.00 per month</td>
<td>Month/DD, YYYY</td>
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<td>&lt;Medical auto reimbursement status&gt;</td>
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<td>Confirmation #: App Confirmation ID</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>&lt;First carrier name, plan name that might be more than two lines&gt;</td>
<td>$1000.00 per month</td>
<td>Month/DD, YYYY</td>
<td>N</td>
<td>&lt;Mail auto reimbursement status&gt;</td>
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<td>Confirmation #: App Confirmation ID</td>
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<td>&lt;Dental carrier name, plan name that might be more than two lines&gt;</td>
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<td>Month/DD, YYYY</td>
<td>Y</td>
<td>&lt;Dental auto reimbursement status&gt;</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;Vision carrier name, plan name that might be more than two lines&gt;</td>
<td>$1000.00 per month</td>
<td>Month/DD, YYYY</td>
<td>Y</td>
<td>&lt;Vision auto reimbursement status&gt;</td>
</tr>
<tr>
<td>Confirmation #: App Confirmation ID</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Review the plan(s) that you selected
- The selection confirmation letter will be sent shortly after you enroll
- This letter confirms that your applications have been submitted
- Watch in the mail for communications from your carrier that you may need to sign and return to complete application
### Personal Guidance
**An Ongoing Advocate**

| Navigation |
| Enrollment |
| Prescription changes |
| Affordability concerns |
| Reimbursement issues |
| Late enrollment |
| Health Reimbursement Arrangement (HRA) |
| Annual plan review |

The plans you select continue on year-to-year. No need to re-enroll in the fall unless you want to make a plan change. It is recommended that you review plan and premium changes received from your carrier each year to confirm optimal plan selection.
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 Arrangement (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 will be available

1\(^{st}\) of the month that you transition or qualify for funding

Unused funds **DO** roll over
Qualify for your Health Reimbursement Arrangement

- Must be enrolled in Medicare Parts A and B to start enrollment through Via Benefits

- Enroll in a medical plan through Via Benefits or call in to notify Via Benefits of your enrollment in Kaiser or Tricare For Life as an exception before your enrollment period ends to have access to your HRA on the 1st of the next month

- There is no deadline for qualifying for the HRA, but you must enroll through Via Benefits or through Kaiser or Tricare For Life and remain enrolled to qualify for HRA funding

- You must remain enrolled through Via Benefits or Kaiser or Tricare For Life each year to continue to have access to your HRA

- Make sure to contact Via Benefits for changes in address or plan enrollment to ensure your HRA subsidy will continue

Once you reach Age 65 or over, and submit your completed retirement package to LMC, we recommend you schedule a call to enroll. [You may also go online to research your options]
Health Reimbursement Arrangement

YOU → $ → YOUR INSURANCE COMPANY → RECEIPT OF PAYMENT

AUTOMATIC PREMIUM REIMBURSEMENT

VIA BENEFITS™

You may be reimbursed for eligible expenses incurred up to the amount available in your HRA!
Health Reimbursement Arrangement
Options for Reimbursement

Automatic Reimbursement

Manual Reimbursement
(including recurring premiums)

You may be reimbursed for eligible expenses incurred up to the amount available in your HRA!
What You Need to Do
Schedule your enrollment call

- After you retire and are age 65 or approaching age 65, call to schedule an enrollment appointment

- You will need your:
  - Medicare card
  - Prescription list
  - Doctors’ information
  - Hospital information

Contact Via Benefits @ 1 844 596 0460
Post Retirement 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 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
Enrollment Process if you are under Age 65 when you retire

- Request/submit retirement package as early as 90 days prior to retirement commencement date
- The Lockheed Martin Employee Service Center (LMESC) will send you a notice reminding you of eligibility for Via Benefits as you approach Age 65
- Via Benefits will start sending you information/reminders if you are between ages 64 and 65. Enrollment information will be sent if you are at or over Age 65
- Enroll in Medicare Parts A and B prior to turning Age 65
- If you want your spouse to be eligible for the HRA Subsidy, contact the LMESC to ensure spouse information is up-to-date and ask them to ensure your spouse is on the file to Via Benefits
- Contact Via Benefits to start enrollment process prior to 65th birthday.
- Review plan offerings/make decisions on which plan(s) you want
  - Enroll in plans through Via Benefits
    - Enrollment process can take up to 90 minutes per person due to Medicare enrollment requirements
  - Set up reimbursement method (various)

After Enrollment:
- Make sure to keep address up-to-date with Via Benefits.
- Each Annual Enrollment remember to contact Via Benefits directly to review or change plans. Enrollment directly with the carrier can disqualify you for the HRA subsidy until you can re-enroll through Via Benefits
Enrollment Process if over Age 65 when you retire

- Request/submit retirement package as early as 90 days prior to retirement commencement date
- Enroll in Medicare Parts A and B prior to retirement commencement date
- If you want your spouse to be eligible for the HRA Subsidy, contact the LMESC to ensure spouse information is up-to-date and ask them to ensure your spouse is on the file to Via Benefits
- Contact Via Benefits to start enrollment process after you have submitted your completed retirement package.
  - Review plan offerings/make decisions on which plan(s) you want
  - Enroll in plans through Via Benefits
    - Enrollment process can take up to 90 minutes per person due to Medicare enrollment requirements
  - Set up reimbursement method (various)

After Enrollment:
- Make sure to keep address up to date with Via Benefits.
- Each Annual Enrollment remember to contact Via Benefits directly to review or change plans. Enrollment directly with the carrier can disqualify you for the HRA subsidy until you can re-enroll through Via Benefits
Call Now, We Are Ready!

1 844 596 0460

My.ViaBenefits.com/LockheedMartin