

## **Script for Manager's Tutorial – 2017 Annual Enrollment**

### **Introduction**

Welcome to the 2017 Annual Enrollment Manager's Tutorial. Annual enrollment for eligible full-time and part-time employees is from October 17 through November 4, with a benefit effective date of January 1, 2017.

This tutorial is designed to help you learn key points about the Lowe's benefits program for full-time and part-time employees and upcoming changes for 2017. At the bottom of the HR Managers page of the My Benefits site, you will be able to download a PDF of this presentation, FAQ sheets, and What's New documents about full-time and part-time benefits for 2017. You will be able to use these tools in group meetings to help communicate what you've learned in this training.

Let's get started!

### **2017 Annual Enrollment**

Again this year, full-time and part-time employees will be enrolling in benefits at the same time. The 2017 Annual Enrollment benefit information can be accessed by going through the My Lowe's Benefits website, which is available on the My Lowe's Life dropdown by clicking My Benefits, as well as on an external website, [www.mylowesbenefits.com](http://www.mylowesbenefits.com).

As a reminder, employees and families can access the website on a computer, tablet, or smart phone.

Before we get started, let's spend a few minutes discussing the reasoning behind how we reached decisions for 2017's benefit offerings.

### **2017 "The Why"**

Lowe's invests over 1 billion dollars each year on healthcare benefits that cover our Lowe's employees and their families. It is because we care about our employees and their families that we have implemented programs such as the Health Screening Units, Quit for Life, the navigator programs through Accolade, Quantum Health, Optum, and the new wellness program through MyEvive. In addition, we have many other exciting programs to help our associates be proactive in improving, or maintaining, their health.

We truly value our employees and are dedicated to this initiative. However, despite many of these programs, preventable health issues remain a significant issue for the Lowe's family. Many employees, and their families, are unaware of these potential conditions, which is part of why we implemented the Health Screening program in 2014 and still offer no-cost screenings today. These screenings have helped a significant portion of our Lowe's family become aware of medical conditions that they otherwise may not have known about. While the screening is no longer required, you can still learn your health numbers by getting a screening through existing Lowe's programs, our mobile Health Screening Units (HSUs) on-site health centers or through a healthcare provider or doctor.

Our hope is that employees will take the information they receive and act on it to improve their health where needed. We've implemented healthcare navigator programs through Accolade, Quantum Health, and Optum to better help our employees understand their situations, with the hope that they will take action. Our most important asset is our employees and with that, we need a proactive workforce that will be engaged in their healthcare. This will result in employees being their best and helping Lowe's maintain valuable benefit programs.

## **2017 Full-Time Benefits Information Overview**

Employees are not required to re-enroll unless they would like to make a change. However, full-time employees are required to re-enroll in the healthcare flexible spending account (FSA), dependent care FSA (DCFSA), and health savings account (HSA). Those annual pledges from 2016 will not carry over to 2017.

## **2017 Medical Benefits**

As we strive to enhance our benefit plans and provide the best coverage for employees and their families, there will be an additional medical plan offered in 2017. Lowe's reviewed all medical vendors and plans for 2017, and we chose the vendors that provided the best value for our employees and most robust network of quality physicians and facilities. Our medical plans will continue to be offered through Blue Cross Blue Shield, United Healthcare, and Kaiser.

The current High Deductible Health Plan (HDHP) will be renamed Choice Account for 2017. There will be no plan design changes for this existing plan. Our new Consumer Driven Health Plan offering for 2017 is called the Choice Account Plus. This plan offers you the same preventive care covered at 100%, just like our current HDHP, but with a lower deductible, better coinsurance, and improved HSA. Additional education about the Choice Account plans will be communicated to employees during Annual Enrollment and throughout 2017. Our goal is to continue to offer competitive benefit choices to our employees so they can be their best at work and at home.

Enrolling in the Choice Accounts gives our employees the chance to be more engaged in their own health and save money for themselves. Employees who enroll in these plans can take responsibility for budgeting for their own needs by taking advantage of lower premiums and putting the extra money they would've spent into a Health Savings Account (HSA). The added benefit of the Choice Account Plus is the HSA will include an employer contribution up to \$260 for employee only coverage or up to \$520 for family coverage.

While we will continue to have our current HDHP plan (renamed Choice Account) and are adding a new plan (Choice Account Plus) the current Option 1 and Option 2 plans are available as well with no plan design changes.

For 2017, Lowe's will continue to provide a 50% reduction in the copay for retail clinics such as those operated at Walgreens or Walmart locations for employees and covered dependents enrolled in the Option 1 plan or Option 2 plan. If you visit a CVS Minute Clinic, there is no copay for the visit under the Option 1 and Option 2 plans. We also offer Teladoc, a benefit where employees can speak with a doctor remotely through their phone or computer instead of having to go to a physical office. The copay is \$15 for

employees in the Option 1 plan and \$20 for employees in the Option 2 plan, but the first visit is free for new patients under these plans. Employees enrolled in the Choice Account or Choice Account Plus plans will pay \$40 for their copay until their deductible is met, then the copay will be \$20, half of the regular copay.

Employees can still receive a discount per month off their medical rates by pledging to be tobacco-free in 2017. The discount is \$100 per month. In that pledge, employees state that in 2017, they and their covered dependents will not use tobacco products, including cigarettes, cigars, pipes, e-cigarettes and forms of smokeless tobacco. If employees do not re-enroll in coverage, they will keep the same tobacco status they pledged last year.

As a reminder, all employees should visit the medical page on the My Benefits site to see who will provide coverage in their area for 2017. They can also view the 2017 rates on the My Lowe's Benefits site.

All Lowe's full-time employees have the option to enroll in the state or federal marketplace for healthcare coverage. However, full-time employees are not eligible for government subsidies since Lowe's offers health coverage that meets federal requirements. Employees should visit [www.healthcare.gov](http://www.healthcare.gov) for more information about the coverage available to them through the marketplace.

### **2017 Prescription Drug Benefits**

CVS Caremark will continue to be the pharmacy benefit manager for full-time employees and their families enrolled in the Lowe's medical plans, except for those enrolled in a Kaiser HMO or Kaiser Point of Service (POS) plan (Kaiser administers their own prescription drug plan).

Lowe's will continue using the Maintenance Choice program for prescription drugs. In this program, employees must fill their maintenance prescriptions through mail order or at a CVS pharmacy, and will receive a 90-day supply at a discounted price. This program is mandatory.

### **2017 Dental and Vision Plans**

The plan design for the full-time Dental and Vision plans will remain the same in 2017. Employees currently enrolled in Dental or Vision will remain in the same plan they had in 2016, unless they make a change during annual enrollment.

### **Dependent Verification Audit (DEVA)**

Our Dependent Verification Audit (DEVA) will continue to operate on a quarterly basis in 2017. This program will continue to be administered by Mercer and will audit any newly added dependents on our full-time medical, dental, or vision plans. Employees subject to the audit will receive an instruction packet from Mercer with additional information and must provide the required documentation in order for their dependents to remain on our plans. Employees adding new dependents during Annual Enrollment should receive their packet in February 2017; those adding dependents mid-year will receive a packet based on a pre-established timeline for the program.

## **2017 Voluntary Benefits**

In 2017, Accidental Death & Dismemberment (AD&D), full-time life insurance, including basic life, employee term life, and supplemental life will be administered by MetLife instead of CIGNA. Employee's current enrollments will carry over to the new vendor if they do not make any changes in the system. CIGNA will continue to administer the full-time short-term and long-term disability plans.

Full-time employees at Lowe's will continue to have several other voluntary benefits that they can enroll in during annual enrollment. Those benefits, all administered through Allstate, include, Critical Illness, Fixed Indemnity, and Accident insurance. The Accident plan will remain unchanged from 2016.

The Fixed Indemnity plan is changing for 2017! If you enroll in either the Choice Account or Choice Account Plus medical plans, you are now eligible to enroll in the Fixed Indemnity Plan. The Fixed Indemnity Plan provides protection by giving cash benefits to help you and your family cover the cost of hospital admission, confinement, and intensive care unit (ICU). The Fixed Indemnity Plan will offer:

- First day hospital confinement: \$500 (as a one-time) benefit amount
- Daily hospital confinement (Days 2-10): \$350/day
- Daily hospital Intensive Care Benefit (Days 1-10): \$350/day

The Critical Illness plan pays a lump-sum benefit that can be used to help cover out-of-pocket expenses related to eligible critical illnesses or diseases. Coverage amounts are available in increments of \$10,000 up to a maximum of \$50,000.

The Critical Illness plan will have a few plan enhancements for 2017.

- All pre-existing conditions will be waived
- The recurrence benefit will increase from 50% of elected benefit to 100%
- The lifetime maximum is removed
- The National Cancer Institute benefit is amended to align with Lowe's Centers of Excellence
- A new PTSD (post-traumatic stress disorder) benefit will be added that pays \$100/day for up to 6 days for someone receiving counseling for PTSD

More details are available on the My Benefits site for all of those voluntary benefits.

## **Spending Accounts: Changes and Limits**

We encourage employees to research the benefits of a pre-tax Flexible Spending Account (FSA) and calculate their medical needs for the coming year. Employees should carefully select their pledge for 2017 since those funds will not include a rollover. In previous years up to \$500 would roll over, but this will not continue into 2018. The 2016 FSA will continue to roll into 2017 for the last year. The annual pledge maximum for the FSA will remain at \$2,500, and the annual maximum for the Dependent Care FSA will remain at \$5,000. Employees can learn more about the FSA and carryover rule changes under the Spending Accounts section on the Benefits tab on the My Lowe's Benefits site.

The Health Savings Account (HSA) maximum will increase to \$3,400 for individuals, and will remain at \$6,750 for families. As described earlier, the newly added HSA with the Choice Account Plus will include a \$10 or \$20 biweekly employer contribution for participants up to \$260 for employee only coverage or up to \$520 for family coverage. We encourage employees to take advantage of the triple-tax advantages of the HSA by educating themselves on how this account can benefit them now as well as into the future.

An HSA allows employees to pay for current health care expenses and save for those in the future. Its first advantage is that contributions made through a payroll deduction are pretax. Second, the interest earned is tax-free. Third, account owners may make tax-free withdrawals for qualified medical expenses. Unlike health care flexible spending accounts (FSA), which are “use it or lose it,” the HSAs have no limit on carry-overs or when the funds may be used. All money in an HSA belongs to the employee, even if they leave Lowe’s. By letting this account grow over time, the HSA is an excellent way to save for medical expenses in the future.

Employees enrolled in the Commuter Benefit can change their elections on a month-to-month basis.

## **MyEvide**

We are proud to announce the launch of MyEvide, a new wellness platform that will help engage and educate Lowe’s employees on all our benefits programs including health, wealth and wellness. MyEvide will replace the current MyLifeTrack as our new wellness platform on January 1, 2017. The MyEvide site has both online and mobile capabilities to provide more detailed communications to our employees about their Lowe’s benefits and specific needs. Both Full-Time and Part-Time employees will have access to the MyEvide platform.

## **2017 Part-Time Benefits Information Overview**

Benefits for Lowe’s part-time employees will have several important changes from 2016. Part-time employees will continue to enroll with full-time employees during Lowe’s Annual Enrollment in the fall with a benefit effective date of January 1, 2017.

## **2017 Part-Time Medical Plans and Options**

Lowe’s will continue to offer the Preventive Plus plan provided through United Healthcare. The Preventive plan and Preventive Plus plan will be combined into one plan in 2017, so you will get the richer plan design, the Preventive Plus plan, at the same rate as the previous Preventive plan. Everyone currently enrolled in the Preventive plan will be moved into the Preventive Plus plan unless they make a change during annual enrollment. This plan will also be paid with pre-tax dollars for the 2017 plan year. These plans only cover certain services and do not provide out-of-network coverage. There is also no monetary benefit for events such as hospitalization or critical illness. Since these plans will now be pre-tax benefits, employees can no longer cancel at any time.

The Preventive Plus plan includes four physician visits to in-network doctors each year. Additionally, for the Preventive Plus plan, there is an “All Generics Covered” plan with 50% coinsurance for prescription medication.

Employees should visit the My Benefits site for more information about the Preventive Plus plan.

Part-time employees may also want to consider other options available through the state or federal healthcare marketplace, because they may be eligible for a subsidy.

### **GoHealth: Helping Part-Time Employees**

Lowe’s has partnered with GoHealth to assist part-time employees as they determine which medical option is the best choice for them. GoHealth can answer employee questions and also help determine:

- What plans are available through the marketplace
- Whether employees are eligible for federal subsidies
- How to enroll for coverage through a state or federal marketplace

If a part-time employee does not enroll in coverage through Lowe’s before the November 4 deadline, they would need a qualified status change to be eligible for Lowe’s coverage after Annual Enrollment ends.

Part-time employees will also be able take advantage of the Fixed Indemnity Plan. This plan provides protection by giving cash benefits to help you and your family cover the cost of hospital admission, confinement, and intensive care unit (ICU). The Fixed Indemnity Plan will offer:

- First day hospital confinement: \$500 (as a one-time) benefit amount
- Daily hospital confinement (Days 2-10): \$350/day
- Daily hospital Intensive Care Benefit (Days 1-10): \$350/day

Additionally, part time employees can enroll in the Critical Illness plan. This plan plays a lump-sum benefit that can be used to help cover out-of-pocket expenses related to eligible critical illnesses or diseases. Coverage amounts are available in increments of \$10,000 up to a maximum of \$50,000. There are some great plan enhancements being made to this plan in 2017. Be sure to read about the additional coverage available.

### **2017 Benefit Changes: A Review**

#### **Full-Time**

- Enrollment is “passive,” meaning employees are not required to re-enroll unless they would like to make a change.
- Re-enrollment is required for flexible spending accounts and health savings accounts for those employees wanting to participate in 2017.
- There will be an additional full-time medical plan called Choice Account Plus as well as a name change for the current HDHP, now called Choice Account.

- The Choice Account Plus works in conjunction with a new HSA that includes bi-weekly employer contributions of \$10 or \$20 for participants up to \$260 for employee only coverage or up to \$520 for family coverage.
- The \$500 carryover rule will be discontinued for the 2017 Healthcare FSA.
- Dependent Verification Audit (DEVA) will continue to operate on a quarterly basis in 2017 for any newly added dependents on our full-time medical, dental, or vision plans.
- Life insurance and Accidental Death and Dismemberment plans will be administered by MetLife
- CIGNA will continue to administer Short and Long Term Disability.
- MyEvoke will replace MyLifeTrack as our new wellness platform.

#### Part-Time

- Part-time employees can enroll in the Preventive Plus medical plan through Lowe's, but may also want to consider options available through the state or federal marketplace.
- Part-time medical will now be deducted on a pre-tax basis and employees will not be able to cancel throughout the year outside of a qualified life event.
- GoHealth can assist part-time employees with enrollment through the marketplace.
- MyEvoke will replace MyLifeTrack as our new wellness platform.

If employees need information about any of Lowe's benefits, they should visit the My Benefits site. The site has a wealth of information about Lowe's benefits plans. The site contains benefit rates, plan designs, vendor contact information, interactive tools, and tutorials for Lowe's employees and their families.

Plan now to conduct Annual Enrollment meetings with your employees in the weeks ahead. We want you to feel well-equipped to lead meetings on Annual Enrollment and answer questions employees may have.

Remember to download a PDF of this presentation, FAQ sheets, and What's New documents about full-time and part-time benefits for 2017. You will be able to use these tools in group meetings, and it will highlight much of what you've learned in this training.

Thanks for watching this tutorial. Annual Enrollment is October 17 through November 4. If you have questions regarding annual enrollment, please contact Lowe's HR Shared Services at 1-888-HRINFO5 or 1-336-658-3535.