Understanding Your Retiree Medical Benefits 2017

Health coverage is one of the top-valued benefits of employees and retirees alike. Understanding what you need to know about medical benefits when you retire — and what questions you should ask — is important...regardless of when your actual retirement date may be. Refer to the information in the pages of this guide to better understand how your medical benefits work when you retire from Lilly.

What's Inside

RETIREE MEDICAL — GENERAL OVERVIEW

Eli Lilly and Company offers high quality, competitive health benefits for retirees and their eligible family members. Lilly retirees obtain health care coverage in one of two ways — depending if the person is eligible for Medicare or not yet Medicare-eligible.

Non-Medicare Retiree Coverage

Non-Medicare-eligible retirees, and their non-Medicare-eligible-dependents, can elect one of Lilly's high-deductible medical plan options paired with either a health savings account (HSA) or a health reimbursement account (HRA). Retiree prescription drug coverage and vision coverage are included with the medical plan options. Non-Medicare-eligible retirees also are eligible for dental coverage. The non-Medicare plan options generally function in the same way as the active plans; however, the retiree versions of the HRA and HSA plan options have different out-of-pocket maximums and higher premiums — and some covered services may vary.

Medicare Retiree Coverage

When a retiree and eligible dependents become eligible for Medicare (typically upon reaching age 65), they will choose from a range of medical, prescription drug, dental, and vision plans from leading national and regional insurance companies through a private Medicare supplement marketplace. Instead of participating in Lilly's group health options, Medicare-eligible retirees will receive personalized support in selecting and enrolling in a plan(s) through Towers Watson's OneExchange, with financial support from Lilly.

Only 12 percent of employers offer a benefits package to new hires that includes subsidized retiree medical coverage for both Medicare and non-Medicare retirees.

– Source: Aon Hewitt. 2016 Survey

First Steps

Once you've made the decision to retire, you'll work directly with the Lilly Benefits Center to make your retirement elections and complete all necessary paperwork. You are encouraged to start the retirement process 90 days before you want to retire. This will give you enough time to get everything in place for a smooth transition.

- Visit the **Retirement Hub** on the Lilly Benefits Center for important information to initiate the retirement process. You can find the hub on the Everything Retirement tile under the myMoney tab of the Lilly Benefits Center.
- Review the information in the **"Checklist and Important Information for Retiring Lilly Employees"** document which contains a checklist to assist you in tracking key items that are part of the retirement process. It also provides information on pension pay, taxes, life insurance and flexible spending account options.
- Attend a **"Ready for Retirement"** workshop or webinar to learn about the decisions you'll need to make when you retire. Topics include pension payment and retiree medical options, an explanation of how your pension benefit and retiree medical premiums are calculated, distribution options for your 401(k) account balance, and how to enter your decisions using the Lilly Benefits Center website. A Retirement Workshop schedule can be accessed on the Lilly Benefits Center, myMoney tab, and then clicking on the myMoney Education Series tile.

Important Information about Retiree Medical Eligibility

- Medical coverage is based upon the Medicare-eligible status of each person as an individual. Non-Medicare-eligible individuals will get coverage through Lilly, while Medicare-eligible individuals will obtain coverage through OneExchange.
- The Lilly retiree or survivor must remain on medical coverage (either through OneExchange if Medicare-eligible; or, through Lilly's group coverage if non-Medicare eligible) for any dependent to be eligible for coverage.
- If you are Medicare-eligible or have Medicare-eligible dependents you wish to cover, you and all eligible dependents must be enrolled in coverage (either through Lilly group coverage or OneExchange, depending on your Medicare status) in order to maintain eligibility for coverage or financial support from Lilly.
- Retirees and covered dependent(s) must be enrolled in Lilly group coverage prior to any covered individual in the household becoming Medicare-eligible. For example: If you are a non-Medicare-eligible Lilly retiree, but your covered dependent will be turning age 65 and becoming Medicare-eligible, both you and your covered dependent(s) must be enrolled under Lilly coverage prior to the dependent's 65th birthday. This would require enrolling in Lilly health coverage during the Annual Enrollment period in the year before your dependent's Medicare-eligible date. If your dependent's Medicare eligibility effective date is January 1, then you need to be enrolled in Lilly coverage in the year *prior to* your Medicare eligibility.
- Note: If you are a former Novartis Animal Health employee and are eligible for retiree medical, please call the Lilly Benefits Center (LBC) at 1-800-472-4720 as soon as you have made the decision to leave the company, and LBC will provide information about the steps you need to complete.

Some Key Differences Between Non-Medicare and Medicare Retiree Coverage

	Non-Medicare	Medicare
Type of health coverage	Group health coverage sponsored by Lilly, with two high-deductible medical plan options – one paired with a Health Reimbursement Account (HRA) and one paired with a Health Savings Account (HSA). Both options include prescription drug and vision benefits. Dental coverage also is available as a separate election.	A broad range of Medicare Advantage, Medigap, Part D prescription drug, dental, and vision plans from leading national and regional insurance companies through the private Medicare supplement marketplace.
How coverage works	All non-Medicare-eligible family members are covered by the selected medical plan option.	Each Medicare-eligible individual will select his/her own coverage option(s) through the private Medicare exchange.
Enrolling in a plan	Enroll at retirement, then make changes during Lilly's Annual Enrollment period.	Once Medicare-eligible, select and enroll in medical and prescription drug plan(s) through OneExchange; then, may make changes during the Medicare open enrollment period.
How Lilly contributes to the cost of coverage	Lilly provides a subsidy to offset a sizable portion of the total group health plan premiums. *See page 6 for details.*	Lilly contributes tax-free dollars into an account each year that eligible individuals can use to help pay for their plan(s) selected through OneExchange. The account is called a Medicare Health Reimbursement Arrangement (HRA). *See page 6 for details.*
How premiums are paid	Premiums are typically deducted from the retiree's monthly pension payment.	Premiums and any other eligible out-of-pocket medical expenses are paid by you directly to the insurer or provider. Those expenses can then be reimbursed from your HRA.
Who to contact for questions and support	The Lilly Benefits Center for eligibility questions; and, Anthem and CVS/Caremark for questions about coverage. *See page 7 for contact information.*	The Lilly Benefits Center for eligibility questions; once enrolled in a plan, OneExchange will provide support and advocacy, or your selected insurance company can answers questions about coverage. *See page 7 for contact information.*

Examples for families with both Medicare and non-Medicare family members

Families will get medical coverage based on the Medicare-eligibility of the retiree as well as the family members...take a look at these examples: families will get medical coverage depends upon the Medicare-eligibility of the retiree as well as the family members. This can result in the following scenarios:

- **The Lilly retiree is Medicare-eligible; the covered dependent(s) are not Medicare-eligible** The retiree is eligible to enroll in coverage through OneExchange, while the non-Medicare-eligible dependent remains covered through Lilly non-Medicare-eligible options.
- **The Lilly retiree is not Medicare-eligible; the covered dependent(s) is Medicare-eligible** The retiree is eligible for coverage through the Lilly non-Medicare-eligible option, while the Medicare-eligible dependent will enroll in coverage through OneExchange.
- **The Lilly retiree and covered dependent(s) are Medicare-eligible** The retiree and each Medicare-eligible dependent(s) will enroll in coverage through OneExchange. Each person will enroll in his or her own plan(s) through OneExchange.

Lilly Subsidization of Retiree Medical

New retirees have a defined dollar benefit (DDB) cost-sharing structure. With this structure, Lilly pays a fixed amount toward the cost of your total medical or dental premiums and you pay the rest.

The DDB amount is calculated by multiplying your credited years of service after age 40 (up to a maximum of 25 years) by the defined dollar credit established each year by Lilly and listed below for 2017.*

The amount of the defined dollar credit provided is different depending on whether the covered individual is Medicare-eligible or not and the credit amounts are pro-rated based upon the timing of the beginning of your coverage.

Example: John is a Medicare-eligible retiree (age 66) and his wife (Mary – age 60) and daughter (Cathy – age 25) are eligible for medical coverage through John. John worked for Lilly for 25 years after age 40. John will select a Medicare supplement plan through OneExchange while Mary and Cathy will enroll together in the Lilly non-Medicare HRA or HSA plan option. Please see the following example:

Medicare-Eligible Individuals (John)

Lilly Defined Dollar Credit per life for 2017:*
Amount: $95.80 x years of service after age 40

Medicare-Eligible Plan Cost per Life (premiums) paid by you to the insurance company you select via OneExchange:
Typical annual cost per life: $0 - $4,000
(Medigap, Medicare Advantage, Part D, Dental)

Lilly DDB Subsidy: 25 x $95.80 x 1 life = $2,395
(amount credited to your Medicare HRA account)

Your out of pocket costs for plan premiums after HRA reimbursement:
($0 - $4,000) - $2,395 = $0 to $1,605 annually
or $0 - $133.75/month

Non-Medicare-Eligible Individuals (Mary and Cathy)

Lilly Defined Dollar Credit per life for 2017:*
Medical: $358.00 x years of service after age 40
Dental: $13.00 x year of service after age 40
Both: $371.00 x years of service after age 40

Non-Medicare Eligible Plan Cost Per Life:
HRA + Dental: $11,280 + $474 = $11,754
(Total for 2 lives: $23,508)

HSA + Dental: $11,050 + $474 = $11,524
(Total for two lives = $23,048)

Lilly DDB Subsidy:
25 x $371.00 x 2 lives = $18,550

Your Monthly Premium paid to Lilly**
(HRA + Dental): $23,508 - $18,550 = $4,958 annually
$4,958 ÷ 12 = $413.17/month
for Mary and Cathy

* Special rules may apply for some individuals with 50 or more points as of December 31, 2009.

** Premiums and related subsidies are limited to four non-Medicare lives; there is no charge for additional family members.

Note: The annual DDB defined dollar amounts are reviewed annually and may increase or decrease. Any increase is limited to 3% annually.

Contact Information

Throughout this guide, you will see references to vendors that help provide retiree benefits. Please reference the contact information below.

For All Eligibility Questions:

Contact the Lilly Benefits Center (LBC) at (800) 472-4720 for general eligibility questions and non-Medicare eligible enrollment questions. You also can access the LBC website at http://benefitscenter.lilly.com. You can call the Lilly Benefits Center Monday through Friday, 9 a.m. to 5 p.m. Eastern Time.

Information Resources for Medicare-Eligible:

OneExchange, www.medicare.oneexchange.com/lilly, (844) 300-2806 Medicare-eligible individuals can review information and find estimated plan costs on the OneExchange website. Once you have submitted an "intent to retire" with the Lilly Benefits Center and are ready to enroll in a Medicare supplemental plan, a OneExchange representative will help you with your plan selection and enrollment.

For individuals considering retirement and seeking general information about coverage, you also may reference these resources:

- **Medicare, www.medicare.gov, (800) 633-4227** for general information about Medicare costs and plans
- **Lilly Benefits Center (LBC), http://benefitscenter.lilly.com (800) 472-4720** for your estimated Medicare HRA contribution from Lilly.

Note: Enrollment in a supplemental Medicare plan requires enrollment first in Medicare Part A and Part B. See page 13 of this guide for more details.

Information Resources for Non-Medicare-Eligible:

Anthem medical plans, www.anthem.com, (866) 814-3739 Find answers about coverage, HRA and HSA account balances, progress toward your deductible, and out-of-pocket maximums.

Anthem Dental Complete, www.anthem.com, (855) 648-1412 Find answers about dental coverage.

Anthem Blue View Vision, www.anthem.com, (866) 723-0515 Find answers about vision plan coverage.

CVS/Caremark, www.caremark.com, (800) 900-5326 Find answers about prescription drug coverage, including updated drug lists for maintenance, preventive and specialty medicines, drugs that require preauthorization, mail-order pharmacy orders, and locations of in-network pharmacies.

Prime Fitness, (866) 336-0498 Find a list of gyms you can access through the Prime Fitness network.

Health Coverage Overview

New retirees have a choice between two high-deductible healthcare options: one is paired with an HRA and one is paired with an HSA.

Here's How the Options Work

- **Premium:** You pay a monthly premium for your coverage.
- **Annual deductible:** You are responsible for the full cost of all non-preventive health care expenses, including prescription drugs, until you satisfy your deductible.
- **Lilly's contribution:** To help you meet your deductible for the HRA and HSA options, Lilly makes an annual contribution to your HRA or HSA account. This amount varies based on the option you choose (HRA or HSA) and how many dependents you cover.
- **Your contribution:** If you choose the HSA option, you can make tax-deductible contributions to your health savings account up to a federal limit. You can use the money in your HSA account to pay current and future eligible medical expenses, including deductibles and coinsurance payments. If you choose the HRA option, you cannot make contributions to your account.
- **Coinsurance:** After you meet your deductible, you pay a fixed percentage of your eligible expenses, called coinsurance, until you reach your annual out-of-pocket maximum.
- **Out-of-pocket maximum:** Your out-of-pocket maximum is the amount of money you must pay annually before all eligible expenses are covered at 100 percent.

HRA and HSA options

Details	HRA	HSA*
Contributions to your account:	Lilly contributes money each year based on the coverage you select; unused amounts roll over each year as long as you are enrolled in the Lilly Retiree Health Plan and are not Medicare-eligible.	Lilly contributes money each year based on the coverage you select; you can contribute pre-tax money to your account up to IRS limits.
Managing your account:	Money in your HRA is automatically applied to eligible medical and prescription drug expenses.	You manage your Benefit Wallet account through Bank of New York Mellon, **www.mybenefitwallet.com**. You decide whether to use money in your HSA to pay your eligible medical and prescription drug expenses.
If you waive coverage or become Medicare-eligible:	You will not have access to the remaining HRA dollars in your account.	• You keep HSA funds in your account. • Once you have enrolled in Medicare, you can no longer make contributions to your HSA — BUT, you can use your HSA tax-free funds as you always have plus these additional expenses: - Medicare Part A deductible and premiums - Medicare Part B premiums and co-insurance - Medicare Part D prescription drug premiums - Medicare out-of-pocket expenses - Note: you cannot use your HSA to pay premiums for a Medicare supplemental policy

*You cannot choose the HSA option if you:

- are covered by a non-high-deductible health plan such as a plan through your spouse or partner.
- turn age 65 or are enrolled in Medicare or TRICARE.
- have received medical benefits from the Veterans Administration any time in the past three months.

Health Plan Option Details

Details	HRA	HSA
Annual deductible You pay most expenses at 100%, except eligible preventive care expenses, until you meet your deductible.	1 life . . . . . $1,500 2 lives. . . . . $2,250 3 or more lives $3,000	1 life . . . . . $1,300 2 or more lives $2,600
Lilly's contribution (for HRA and HSA)	1 life . . . . . $1,000 2 lives. . . . . $1,500 3 or more lives $2,000	1 life . . . . . $800 2 or more lives $1,600
Your contribution	You may not contribute to your HRA account.	1 life . . . . . up to $2,550 2 or more lives. . . . . up to $5,150 Total contribution from you and Lilly cannot exceed $3,400 for 1-life coverage and $6,750 for 2-lives-or-more coverage. If you are age 55 or older, you can contribute an additional $1,000.
Your annual deductible minus Lilly's contribution	1 life . . . . . $500 2 lives. . . . . $750 3 or more lives $1,000	1 life . . . . . $500 2 or more lives $1,000
Coinsurance The percentage you pay for eligible expenses after you meet your deductible. This includes in-network prescription drug expenses.	Generally, you pay: • 10% of eligible, in-network expenses • 30% of eligible, out-of-network expenses, subject to maximum allowable costs.	Generally, you pay: • 20% of eligible, in-network expenses • 40% of eligible, out-of-network expenses, subject to maximum allowable costs.
Coinsurance: preventive medical care services	Eligible in-network preventive care is covered at 100 percent. You pay no coinsurance.	Eligible in-network preventive care is covered at 100 percent. You pay no coinsurance.
Coinsurance: preventive medicines	Eligible medicines are covered at 90 percent before you meet your deductible; the 10 percent coinsurance you pay does not count toward your deductible but does count toward your out-of-pocket maximum.	Eligible medicines are covered at 80 percent before you meet your deductible; the 20 percent coinsurance you pay does not count toward your deductible but does count toward your out-of-pocket maximum.
Out-of-pocket maximum 100 percent of your eligible expenses are paid after you reach your annual out-of-pocket maximum amount.*	The out-of-pocket maximum is calculated based on the greater of: • $2,500 (single participant) or $5,000 (2 lives or more) plus the value of your Lilly HRA contribution, or • Approximately 3% of your final annualized base salary plus the value of your Lilly HRA contribution.	The out-of-pocket maximum is calculated based on the greater of: • $2,500 (single participant) or $5,000 (2 lives or more) plus the value of your Lilly HSA contribution, or • Approximately 3% of your final annualized base salary plus the value of your Lilly HSA contribution, up to a limit of $6,550 for single participant and $13,100 for family coverage.

** HRA/HSA dollars used for eligible expenses count toward your out-of-pocket maximum.*

Prescription Drug Benefits

If you elect medical coverage, you automatically receive prescription drug coverage through CVS/Caremark. Here's what you need to know about filling maintenance prescriptions and non-maintenance prescriptions:

Type of prescription	How to fill
Maintenance – prescriptions you need on an ongoing basis (e.g., medicines to treat conditions such as diabetes or high blood pressure)	Through the Maintenance Choice program, you can choose to have an 84- to 90-day supply of medicine mailed to your home or filled at a CVS Pharmacy retail store. You pay the reduced mail-order cost, based on your coinsurance percentage and whether you have met your deductible.
Non-maintenance – prescriptions (e.g., antibiotics to treat an infection)	You can choose any in-network pharmacy from among 65,000 U.S. pharmacies including national chains such as CVS, Walgreens, Walmart, and regional options. If you use an out-of-network pharmacy, you are responsible for the difference in cost, and your coinsurance is applied based on the in-network cost.

Prior authorization, step therapy, and quantity limits apply to certain medications. In addition, you will pay the full difference between the cost of a brand drug and the generic drug, in addition to normal coinsurance, if your doctor prescribes a brand name medication when a generic equivalent is available.

Dental Benefits

You can choose dental benefits in addition to medical benefits. Dental coverage is provided through Anthem's Dental Complete Program. The premium for dental coverage is separate, giving you flexibility to choose medical benefits, dental benefits, or both. There is a $2,000-per-person annual maximum, excluding eligible orthodontic services. Eligible orthodontic services are subject to a $2,000-per-person lifetime maximum.

Covered Services Include:

Service	Coverage
Eligible diagnostic and preventive care services	100 percent for in-network providers 2 oral exams and cleanings covered each year Some maximums apply to oral exams, X-rays, and cleanings.
Eligible minor restorative care (e.g., cavity)	80 percent for in-network providers
Eligible major restorative care (e.g., crown)	50 percent for in-network providers
Eligible orthodontic services	50 percent (includes a separate $2,000-per-person lifetime maximum)

- If your dentist is out of network, the coverage level for services is the same as for in-network providers - with payment subject to usual and customary limits.
- You may carry over $250 into the next year, up to a maximum of $1,000, if your claims do not exceed $500 for the year and you have at least one claim during the year.

Vision Benefits

If you elect medical coverage, you automatically receive vision benefits through Anthem's Blue View Vision. The benefits described below are available only through in-network providers. To view a list of in-network providers, access **www.anthem.com**.

Standard eye exam	Once every 12 months; zero co-payment
Complete eyeglasses	35 percent off retail prices
Contact lenses (conventional)	15 percent off retail prices; no discount on disposable lenses
Eyeglass frames (only)	20 percent off retail prices
Lenses only, fixed price	Standard plastic lenses; $50/$70/$105 for standard/bifocal/trifocal lenses, respectively
Options for eyeglass lenses	Fixed price based on individual service: UV coating, tint, scratch resistance, polycarbonate, progressive, anti-reflective coating. Other add-ons: 20 percent off retail prices

Lilly Prime Fitness Benefit for Non-Medicare-Eligible Individuals

The Prime Fitness benefit is available to non-Medicare-eligible individuals who elect Lilly medical coverage – including retirees, spouses, domestic partners, and their dependent(s) ages 18-25.

The benefit includes access to thousands of fitness centers nationwide. You can access a gym near your home and when you are traveling. Prime Fitness is available to you at no additional out-of-pocket cost if you enroll in the Lilly Health Plan.

Health Coverage Overview

Instead of participating in Lilly's group health option offered through Anthem and CVS/Caremark, when individuals become eligible for Medicare*, they choose from a range of medical, prescription drug, dental, and vision plans from leading national and regional insurance companies through Towers Watson's OneExchange.

OneExchange provides Medicare-eligible individuals with personalized support in selecting and enrolling in a plan. Lilly continues to share in the cost of coverage by contributing tax-free dollars into an account each year that Medicare-eligible individuals can use to help pay for the plan(s) that works best for them.

Through OneExchange, Medicare-eligible individuals will have access to:

- Information mailed to your home to help you prepare for and complete enrollment for coverage in the months before you become eligible for Medicare
- Education and support about the types and costs of plans available to you
- Objective advice and decision-making support, based on your current coverage and expected future medical needs
- Assistance with enrolling in the health care coverage you choose
- Ongoing support after your enrollment, including help with coverage and claims questions

More About OneExchange

OneExchange is the nation's largest and longest-standing private Medicare exchange and represents a wide variety of plans from more than 90 national and regional health insurance companies.

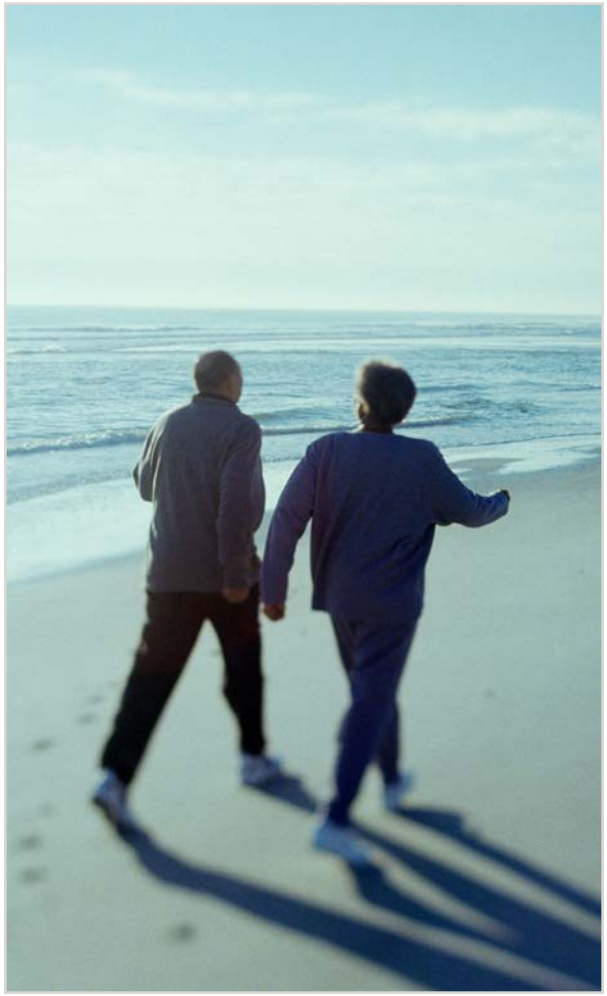
OneExchange®
from Towers Watson

This logo will appear on mailings to Medicare-eligible individuals — it means that those mailings include important information about your medical coverage.

If you are an **active employee who is Medicare-eligible, or who has Medicare-eligible dependents, you and your dependents will still have coverage under the Lilly HRA or HSA options.*

Today, more than 40 million retirees get their health care coverage through the Medicare supplement marketplace
-Source: Towers Watson, 2015.

Important Information About Medicare Enrollment



Medicare Part A and B Enrollment

If you and/or your covered dependent(s) are Medicare-eligible or age 65 when you retire, you/your covered dependent(s) should be enrolled in Medicare Part A and Part B coverage when you start your retirement.

Examples:

- If you retire on March 31, any Medicare-eligible individuals should be enrolled in Part A and Part B with an effective date no later than April 1. Lilly active coverage ends on the last day of the month of your retirement (in this example, March 31).
- If you retire on April 15, any Medicare-eligible individuals should be enrolled in Part A and Part B with an effective date no later than May 1. Lilly active coverage ends on the last day of the month of your retirement (in this example, April 30).

Since coverage under Medicare always begins on the first day of the month after enrollment, the retiring employee and/or any eligible dependent(s) must have finalized enrollment in advance of retirement. If your coverage begins after the month following your date of retirement, you will have a gap in coverage.

What You Need To Do

When preparing to retire, you and/or any covered dependent(s) who is Medicare-eligible (or becomes Medicare-eligible), should contact Medicare to enroll in Medicare Part B. Enrollment in Medicare Part A is generally automatic unless the individual withdraws.

If you or your covered dependent who is Medicare-eligible, due to age or disability, did not enroll in Medicare Part B upon becoming Medicare-eligible (typically at age 65) due to continuing active Lilly employment, you may be asked by Medicare to complete a form titled "Request for Employment Information" to validate coverage while still employed to avoid a Part B premium penalty. This form should be forwarded to the Lilly Health Plan (drop code 1610) for completion.

If you are a non-Medicare-eligible retiree or dependent of a retiree, Medicare will send a packet to you with enrollment information as you approach your Medicare-eligibility date. You should complete the enrollment for Part B (and Part A, if applicable) and return it to Medicare.

Note: If you or a covered dependent becomes eligible for Medicare prior to turning age 65 due to disability, you/your covered dependent (whoever is Medicare-eligible) also needs to enroll in Medicare Part A and Part B.

The Private Medicare Supplement Marketplace

You can get medical plans to supplement Medicare Parts A and B from the private Medicare supplement marketplace. The Medicare supplement marketplace is a well-established and cost-effective alternative to company-sponsored group medical coverage, and millions of retirees obtain coverage this way. When selecting a Medicare supplement plan, the choices include the following:

OPTION 1

Medicare Supplemental Plan (sometimes called Medigap): helps pay some or all of the medical costs not covered by Medicare Parts A and B. These plans are accepted by any doctor or hospital that accepts Medicare.

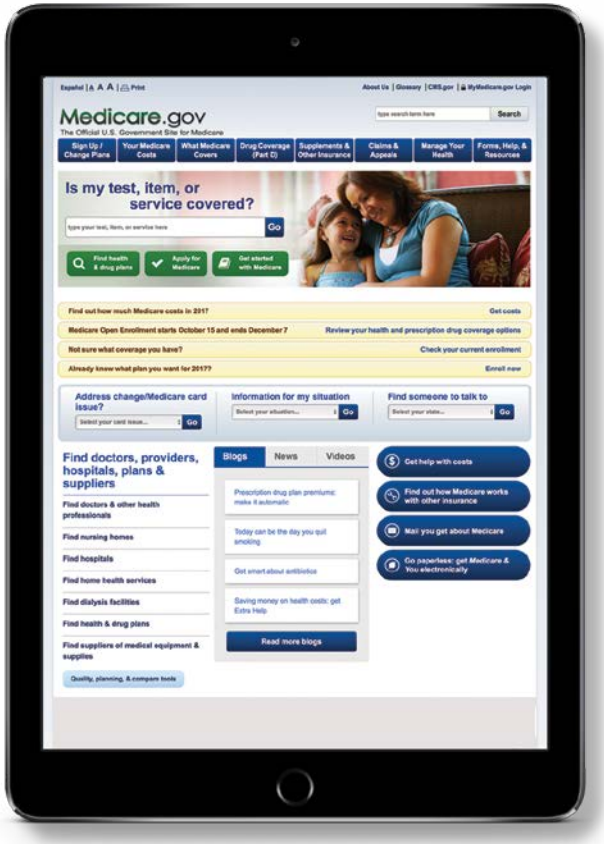
+

Medicare Part D Plan: helps pay for your prescription drugs.

— OR —

OPTION 2

Medicare Advantage Plan (also referred to as Medicare Part C): covers both eligible medical and prescription drug expenses through a single insurance carrier. Plan options generally require use of a defined network of providers.



You can visit www.medicare.gov for more information.

Information Retirees will Get in the Year Prior to Turning Age 65

Most people become eligible for Medicare at age 65. As you get closer to your 65th birthday, OneExchange will send information to you so you can prepare to enroll in your Medicare supplement coverage.

Around your 64th birthday, you'll receive a letter outlining actions you'll need to take in the coming months. Later, you'll also receive:

- A postcard with the enrollment timeline
- A letter explaining how to schedule your enrollment appointment with OneExchange
- An enrollment guide and personal HRA subsidy amount from Lilly

Around your 65th birthday, your Medicare coverage and your new Medicare supplemental coverage will take effect. Generally this occurs on the first day of the month in which you turn 65. If your birthday is the first of the month, your effective date is the first day of the previous month.

Understanding the Medicare Health Reimbursement Arrangement (HRA)

When you or a family member enrolls in a Medicare supplement plan through OneExchange, Lilly will make tax-free contributions into an account to help you pay for your coverage. You can use money in the account to pay for premiums of Medicare supplement plans purchased through OneExchange, premiums for your Medicare Part B coverage or qualified health care expenses, such as medical, dental, vision and prescription drug costs.

A few things to know:

- To qualify for the Lilly contribution into your health reimbursement arrangement, you must enroll in a Medicare supplement plan (Medigap, Medicare Advantage, or Medicare Part D) through OneExchange when you become eligible for Medicare. If you enroll in only a dental or vision plan, you will not receive a contribution from Lilly.
- If your family members who are eligible for Medicare do not enroll in coverage through OneExchange, they will not qualify for a contribution from Lilly now or in the future.
- You'll receive this contribution from Lilly each year as long as you continue to enroll in a Medicare supplement plan through OneExchange.
- The contribution amount is determined by your age and years of service to Lilly. Lilly may increase or decrease the HRA amount each year.

Important: As a retiree, if you drop coverage or do not enroll in a Medicare supplement plan through OneExchange, no one in your family will be eligible for the HRA contribution from Lilly.

More things to know:

- If you and your spouse are both eligible for Medicare, you each will receive a contribution from Lilly in the same amount. You'll share one account unless you and your spouse both retired from Lilly and currently have individual coverage.
- The contribution from Lilly is pro-rated based on your Medicare eligibility date.
- Any unused funds in your HRA at the end of the year will roll over to the next year as long as you remain eligible.

Please note: if you receive third-party payment for prescription drug costs, including reimbursements from the HRA, you are responsible for reporting your true out-of-pocket costs (TrOOP), according to Part D. It is important that you make sure to report both what you spend and what others pay for your drugs so that your insurer knows when you reach the catastrophic threshold.

Catastrophic Supplemental Prescription Drug Benefit

Lilly will provide special coverage for covered, Medicare-eligible individuals with high-cost prescription expenses. When eligible prescription drug expenses are $500 over the annual Part D catastrophic threshold, which is $4,950 for 2017, eligible drug costs can be reimbursed 100 percent for the balance of the year. This is an additional reimbursement beyond the annual Medicare HRA contribution.

Eight million retirees are expected to transition to the Medicare supplement marketplace during the next two decades.
-Source: Towers Watson, 2015.

The information provided in this brochure is intended to give a general overview of important benefit information. While every effort has been made to make the information as complete and accurate as possible, Lilly's benefit plans are fully detailed in separate legal documents. In the event of any inconsistencies between these materials and the plan documents, the terms of the plan documents will control. The company reserves the right to amend, modify, or terminate its benefit plans or services at any time at its discretion.

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