

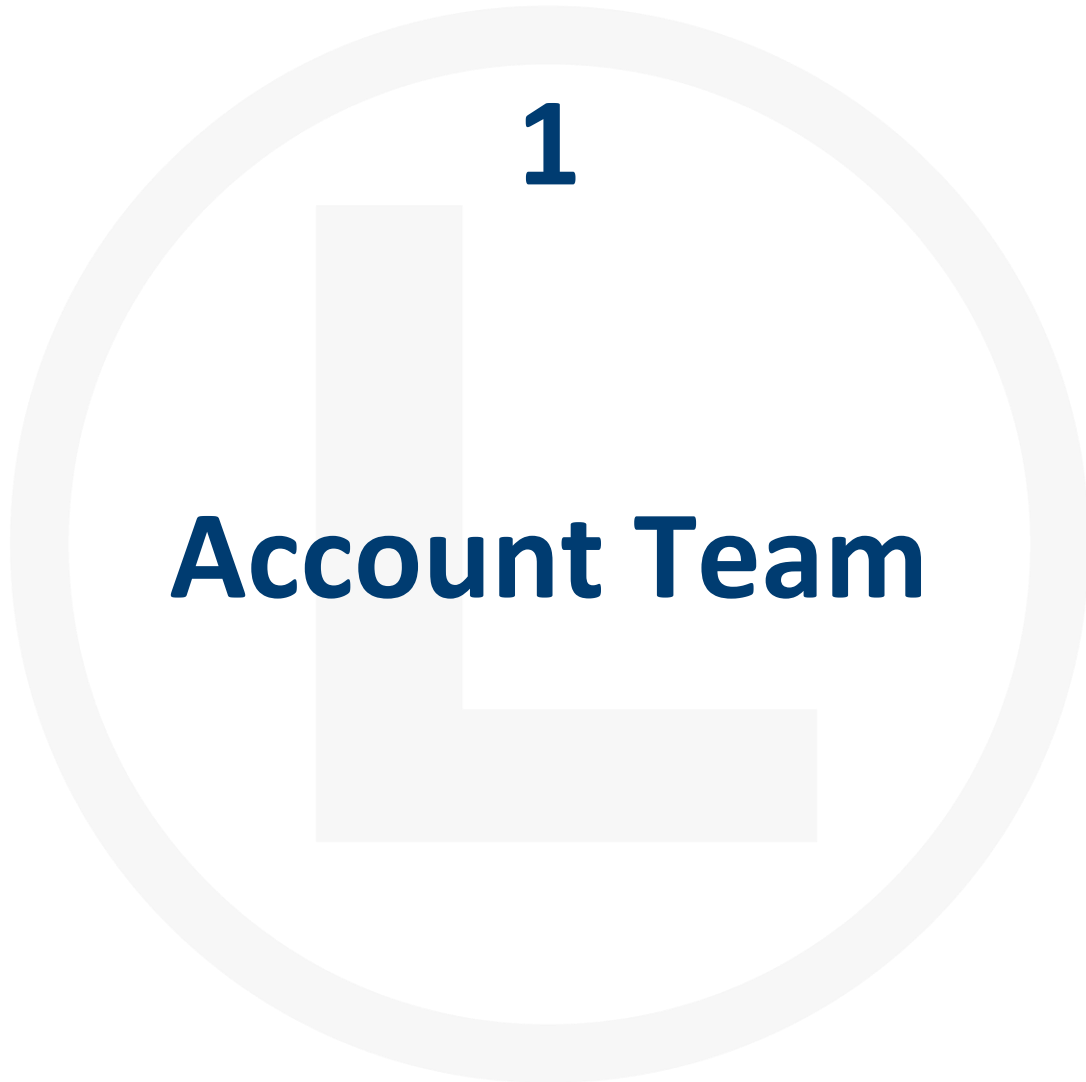


Lawley

EMPLOYEE BENEFITS



TABLE OF CONTENTS



2

Stewardship Summary

2019

MEDICAL INSURANCE

- ABC Company initially received a 13.9% increase (due to second year rate cap) from BCBS on the prospectively rated medical plan. The plan was marketed with IHA and Univera and Lawley was able to negotiate the increase down to 9.91% over current. This was a savings of 4% or approximately \$75,000.
- ABC Company chose to stay with BCBS effective May 1, 2019 due to Lawley negotiating them to an increase of only 6.02% which resulted in an annual savings of approximately \$71,783.

GROUP INSURANCE

- Group products renewed with Guardian
- Basic Life received a 15% reduction in rates with a 2 year rate guarantee.
- Critical Illness, Accident and Dental plans renewed at a rate retain
- Vision received a 3.8% increase, STD 3.96%, LTD 3.84% and Voluntary Life 5.5%
- All group lines were marketed with Met Life
- The decision was made to renew with Guardian because there was not enough savings to justify moving carriers.

2018

MEDICAL INSURANCE

- ABC Company initially received the 13.9% second year rate cap from BCBS on their prospectively rated medical renewal
- BCBS calculated the renewal at a 17.22% increase, showing the group benefited 3.32%, or about \$54,000 in savings
- BCBS used 56.5% of the group's claims experience when calculating the renewal, with all of this based on the most recent 12 months of data. The remaining 43.5% of the renewal was based on BCBS community rates, which are adjusted by demographics and industry code
- After negotiations with Lawley, BCBS reduced the renewal increase to 10.5% with a slightly increased pooling level of \$110,000 from \$100,000
- ABC Company increased their employer contribution for Family coverage from \$850 to \$900. Single contribution amount remained at \$430

GROUP INSURANCE

- Group products renewed with Guardian (Critical Illness, Accident, Voluntary STD, Voluntary Life and AD&D plans renewed at a rate retain)

2017

MEDICAL INSURANCE

- ABC Company received an initial 17% renewal increase from BCBS on their prospectively rated renewal for May of 2017. Due to the previously agreed upon rate cap, the initial renewal was released at 12.9%
- BCBS advised that there were multiple ABC Company members with claims dollars between \$30,000 and \$50,000, and these individuals are referred to as mid-range claimants and projected to continue to drive costs
- Lawley negotiated with BCBS and the final renewal came in at 8.02%
- In addition, a rate cap for the May 2018 renewal was determined at 13.9% inclusive of taxes and fees

GROUP INSURANCE

- Group products renewed with Guardian (Critical Illness, Accident, Voluntary STD, Voluntary Life and AD&D plans renewed at a rate retain)
- Dental received a 15% increase, Vision 6%

2016

MEDICAL INSURANCE

- ABC Company received an 11.9% increase from BCBS on their prospectively rated renewal for May of 2016. This was due to a previously agreed upon rate cap. Without the cap, the renewal would have been about a 37.6% over current
- About 79% of the renewal was based on the group's actual claims experience and the remaining 21% was based on the manual rates. The manual rates were substantially lower than the groups claims, and thus helped the renewal
- Lawley negotiated with BCBS and the final renewal came in at 8.02%

GROUP INSURANCE

- Group products renewed with Guardian
- Critical Illness, Accident, Voluntary STD, Voluntary Life and AD&D plans renewed at a rate retain

3

Strategic Initiatives

ABC Company 2020 Strategic Initiatives

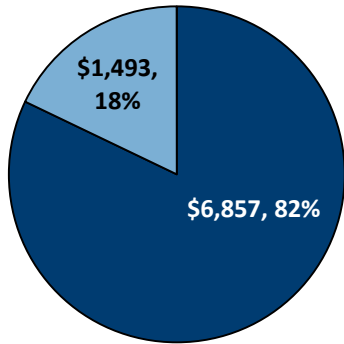
| Action | Responsible Party | Comments | Expected Completion | Open/Closed |
|-----------------------------------|-------------------------|---|--|-------------|
| Technology Assessment | ALL | Continue to evaluate for 2020 | October 3, 2019 | Closed |
| Mid-Year Meeting | ALL | Strategize for upcoming 5/1/2020 medical renewal | December 5, 2019 | Closed |
| Clinical Review | BCBS/Lawley/ABC Company | Annual review of medical and pharmacy claims and high cost claimants | Not available until BCBS has a full year of claims | Closed |
| Request Medical Census | ALL | Updated census needed to prepare for 5/1/2020 medical renewal & market if necessary | December 1, 2019 | Closed |
| Request Medical Renewal | Lawley | Send BCBS of WNY a request for renewal and alternative options | December 22, 2019 | Closed |
| Receive Medical Renewal | ALL | | January 23, 2020 | Closed |
| Renewal Meeting | ALL | | January 28, 2020 | Closed |
| Final Plan/Contribution Decisions | ABC Company | Plan Design/Contribution | February 28, 2020 | Open |
| Open Enrollment | ALL | | Mid March 2020 | Open |
| Paperwork Due to Carriers | ABC Company | | Early April 2020 | Open |
| Medical Insurance Renewals | ALL | | May 1, 2020 | Open |
| Claims Analysis | Lawley | | August/September 2020 | Open |
| Health Care Reform | ALL | | Ongoing | Open |
| Wellness Campaign | ALL | | Ongoing | Open |

4

Trends and Underwriting Considerations

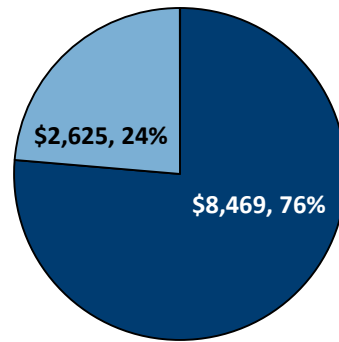
Current

ABC Company Employee / Employer Health Care Cost: \$8,350



■ Employer Paid ■ Employee Paid

National Employee / Employer Health Care Cost: \$11,094

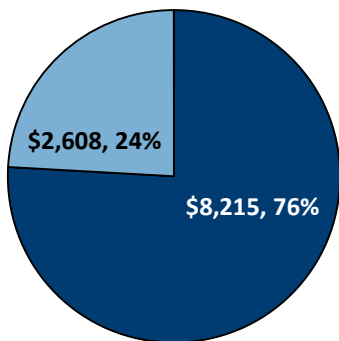


■ Employer Paid ■ Employee Paid

Source: The Kaiser Family Foundation and Health Research & Educational Trust Employer Health Benefits Annual Survey

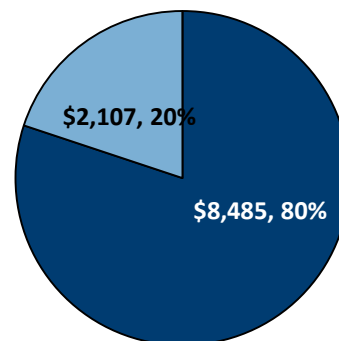
Lawley Book of Business

Lawley Book of Business Employee / Employer Health Care Cost: \$10,824



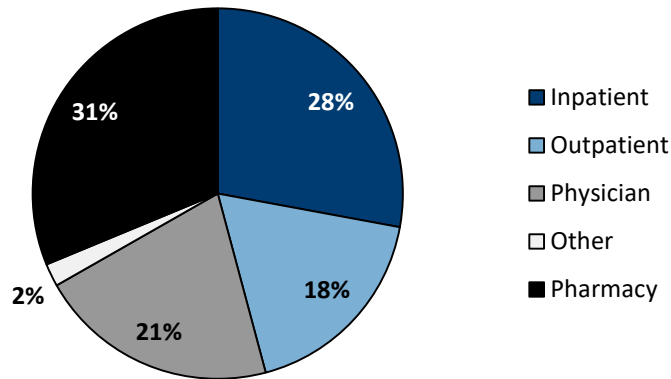
■ Employer Paid ■ Employee Paid

Health Care Specific Employee / Employer Health Care Cost: \$10,591

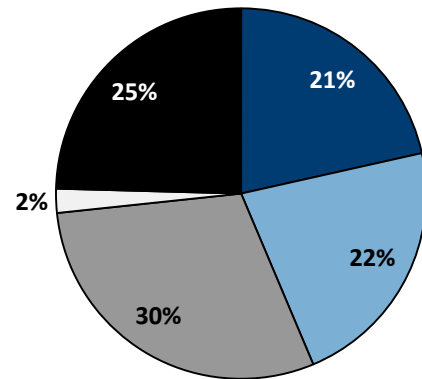


■ Employer Paid ■ Employee Paid

ABC Company 2019 - 2020

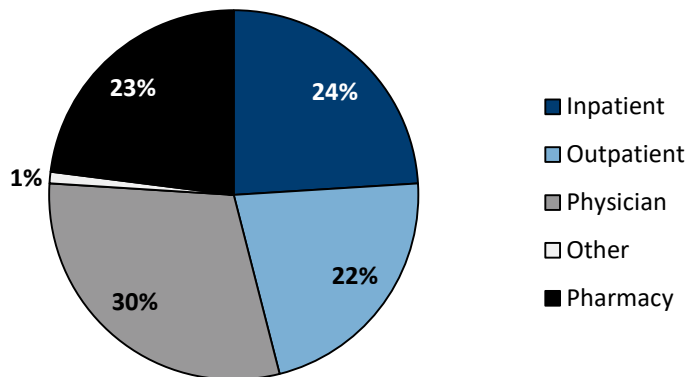


Lawley Book of Business

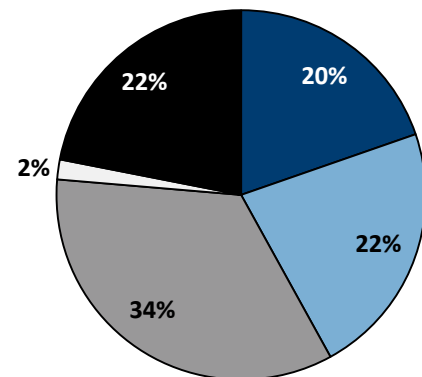


National and Local

National Components of Cost



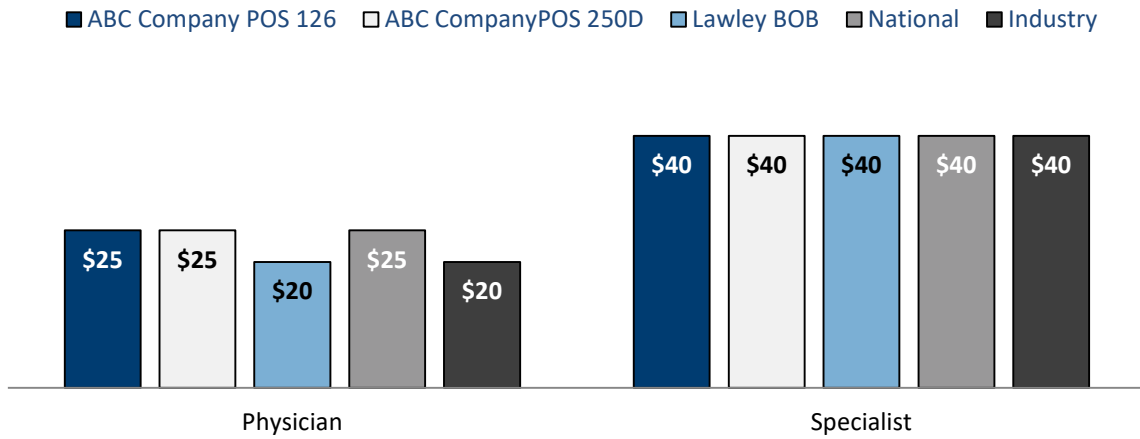
BCBS of WNY Components of Cost



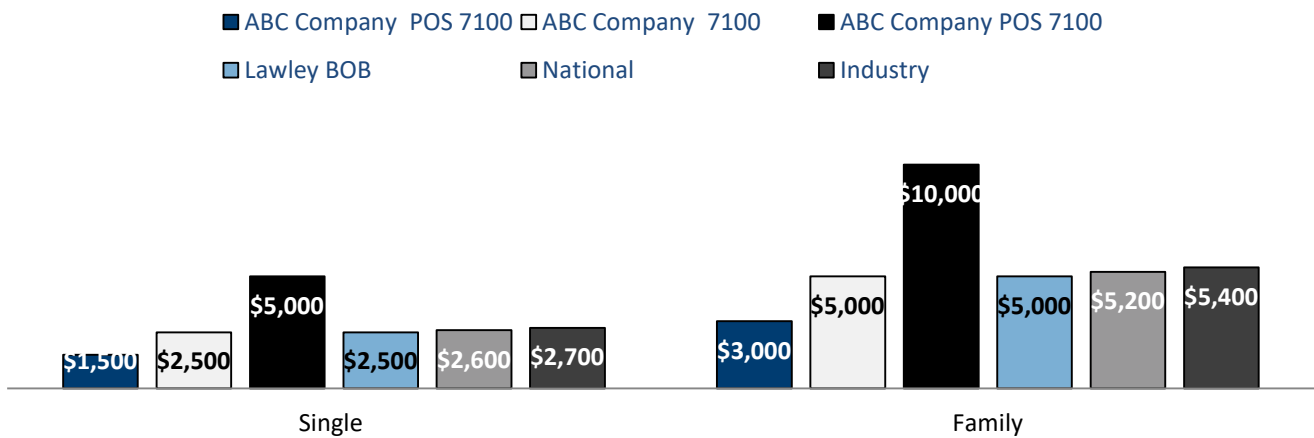
Source: The Kaiser Family Foundation and Health Research & Educational Trust
Employer Health Benefits Annual Survey

'Other' costs refer to management costs and the Graduate Medical Education tax used to fund teaching hospitals.

Plan Copay Benchmarks



Plan Deductible Benchmarks



National benchmarks are supplied by Lewis & Ellis.

ABC Company

RATE PROJECTION

>> BCBS WNY delivered an initial renewal increase of 41.8% over current for the upcoming May 2020 plan year. This was lowered to a 10.8% final rate change.

>> The renewal is based on ABC Company being 64% credible. The remaining 36% is based on the manual rates, which are helping the group's renewal.

>> Currently BCBS is using a medical trend of 7.2% and drug trend of 6.3%. This means that it's expected that the exact same medical service one year from today would cost 7.2% more and a prescription would cost 6.3% more. BCBS applies these trends to your claims experience to project future claims.

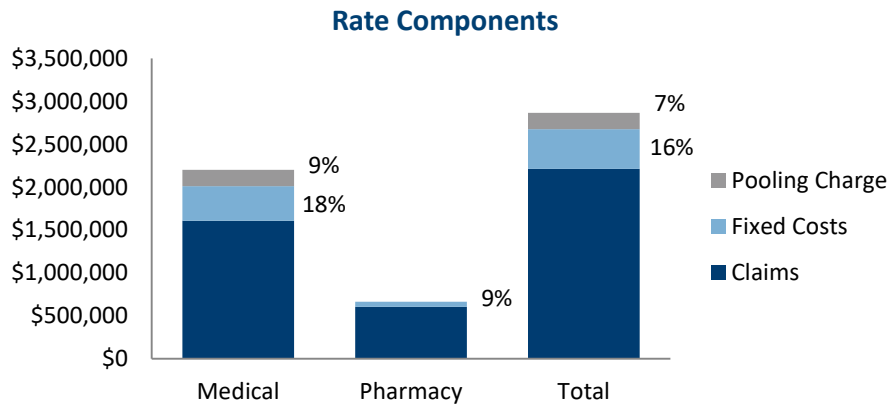
>> Taxes and Mandates are built into the 2020 rates: The Premium Tax has an impact of approximately 1.5% overall, as the Tax is repealed effective 1/1/2021 and not applied for the months that fall in 2021. In addition, the IVF Mandate and Mental Health/Substance Usage Disorder Mandate add about 1% to the premium.

CLAIMS EXPERIENCE & BENCHMARKS

>> High cost claimant activity is about average.

>> Typically it's expected that high claimants are 3.2% of total membership, and represent about 46% of total claims. For a group of similar size to ABC Company, we would expect 13.3 high cost claimants.

>> ABC Company in the most recent period is running a loss ratio of 96%, which is a measurement of claims versus premium. The target loss ratio is about 80%, which would allow BCBS to use the remaining 20% of premium for their fixed costs such as admin, commission and taxes/fees.



Disclaimer: In performing our analysis, we relied on data provided to us by the client and current carrier. If the underlying data is either inaccurate or incomplete, the results of our analysis may also be inaccurate or incomplete. Due to the nature of any medical block of business, results are highly variable, and as such, actual results may vary from the results described in this report.

5

Renewal and Alternative Plans

Renewal Plans

ABC Company

Experience Rated - Lawley Marketplace - May 1, 2020 to March 31, 2021

| | PLATINUM PLANS | | | | GOLD PLAN | | SILVER PLAN | | BRONZE PLAN | |
|--|--|-----------------------|--|---------------------|--|-----------------------|--|-----------------------|--|-----------------------|
| | BCBS of WNY POS 126 Current/Renewal | | BCBS of WNY POS 250D Current/Renewal | | BCBS of WNY POS 7100 - \$1500 Current/Renewal | | BCBS of WNY POS 7100 - \$2500 Current/Renewal | | BCBS of WNY POS 7100 - \$5000 Current/Renewal | |
| Physician Copay | \$25 | | \$25 | | \$25 after Deductible | | \$30 after Deductible | | Covered in Full after Deductible | |
| Specialist Copay | \$45 | | \$40 | | \$25 after Deductible | | \$30 after Deductible | | Covered in Full after Deductible | |
| Hospital Copay | \$500 | | 20% after Deductible | | \$250 after Deductible | | \$500 after Deductible | | Covered in Full after Deductible | |
| Outpatient Surgery Copay | \$150 | | 20% Coinsurance | | \$75 after Deductible | | \$75 after Deductible | | Covered in Full after Deductible | |
| Emergency Room | \$150 | | 20% after Deductible | | \$50 after Deductible | | \$50 after Deductible | | Covered in Full after Deductible | |
| Urgent Care | \$40 | | 20% after Deductible | | \$35 after Deductible | | \$35 after Deductible | | Covered in Full after Deductible | |
| Prescription Drug | \$10/\$30/\$50 2.5 Copays / 90 Day Supply | | \$10/\$30/\$75 2.5 Copays / 90 Day Supply | | \$10/\$50/\$100 after Deductible 2.5 Copays / 90 Day Supply | | \$10/\$50/\$100 after Deductible 2.5 Copays / 90 Day Supply | | Covered in Full after Deductible 2.5 Copays / 90 Day Supply | |
| Dependent Rider | 26 / 26 | | 26 / 26 | | 26 / 26 | | 26 / 26 | | 26 / 26 | |
| In-Network | | | | | | | | | | |
| Deductible | N/A | | \$1,000 / \$2,000 (Embedded) | | \$1,500 / \$3,000 (Combined - True Family) | | \$2,500 / \$5,000 (Combined - True Family) | | \$5,000 / \$10,000 (Combined - Embedded) | |
| Coinsurance | N/A | | 80% / 20% | | N/A | | N/A | | N/A | |
| Out-of-Pocket Maximum | \$6,350 / \$12,700 | | \$5,000 / \$10,000 | | \$5,000 / \$10,000 | | \$5,000 / \$10,000 | | \$5,000 / \$10,000 | |
| Out-of-Network | | | | | | | | | | |
| Deductible | \$1,500 / \$3,000 (Embedded) | | \$2,000 / \$4,000 (Embedded) | | \$1,500 / \$3,000 (Combined - True Family) | | \$2,500 / \$5,000 (Combined - True Family) | | \$5,000 / \$10,000 (Combined - Embedded) | |
| Coinsurance | 60% / 40% | | 50% / 50% | | 70% / 30% | | 70% / 30% | | 70% / 30% | |
| Out-of-Pocket Maximum | \$10,000 / \$20,000 | | \$10,000 / \$20,000 | | \$10,000 / \$20,000 | | \$10,000 / \$20,000 | | \$10,000 / \$20,000 | |
| Wellness Benefit | \$250 Wellness Card | | \$250 Wellness Card | | \$250 Wellness Card | | \$250 Wellness Card | | \$250 Wellness Card | |
| Pooling Limit | \$125,000 | | \$125,000 | | \$125,000 | | \$110,000 | | \$125,000 | |
| Actuarial Value > 60% | Yes | | Yes | | Yes | | Yes | | Yes | |
| Rates: | Current | Renewal | Current | Renewal | Current | Renewal | Current | Renewal | Current | Renewal |
| Single | \$826.62 | \$915.01 | \$694.34 | \$761.76 | \$587.93 | \$653.86 | \$476.13 | \$529.53 | \$353.90 | \$390.72 |
| Family | \$2,149.58 | \$2,379.35 | \$1,805.27 | \$1,980.58 | \$1,528.61 | \$1,700.00 | \$1,237.94 | \$1,376.78 | \$920.15 | \$1,015.89 |
| # of Enrollees: | | | | | | | | | | |
| Single | 11 | | 4 | | 20 | | 45 | | 82 | |
| Family | 3 | | 2 | | 12 | | 25 | | 38 | |
| Total Monthly Premium | \$15,541.56 | \$17,203.16 | \$6,387.90 | \$7,008.20 | \$30,101.92 | \$33,477.20 | \$52,374.35 | \$58,248.35 | \$63,985.50 | \$70,642.86 |
| Total Annual Premium | \$186,498.72 | \$206,437.92 | \$76,654.80 | \$84,098.40 | \$361,223.04 | \$401,726.40 | \$628,492.20 | \$698,980.20 | \$767,826.00 | \$847,714.32 |
| Percentage of Increase (Calculated off current rates) | | \$19,939.20 10.69% | | \$7,443.60 9.71% | | \$40,503.36 11.21% | | \$70,488.00 11.22% | | \$79,888.32 10.40% |
| Current Premium | \$2,020,694.76 | | | | | | | | | |
| Renewal Premium | \$2,238,957.24 | \$218,262.48 | 10.80% | | | | | | | |
| Total Contracts | 242 | | | | | | | | | |

Proposed Plans

ABC Company

Experience Rated - Lawley Marketplace - May 1, 2019 to March 31, 2020

| | BCBS Package #2 | | |
|--|---|---|---|
| | PLATINUM PLAN BCBS of WNY POS 126 Plan ID: 169796 Proposed | GOLD PLAN BCBS of WNY POS 7100 - \$1500 Plan ID: 148634 Proposed | SILVER PLAN BCBS of WNY POS 8100 - \$3000 Plan ID: 148659 Proposed |
| Physician Copay | \$25 | \$25 after Deductible | 20% after Deductible |
| Specialist Copay | \$40 | \$25 after Deductible | 20% after Deductible |
| Hospital Copay | \$500 | \$250 after Deductible | 20% after Deductible |
| Outpatient Surgery Copay | \$150 | \$75 after Deductible | 20% after Deductible |
| Emergency Room | \$150 | \$50 after Deductible | 20% after Deductible |
| Urgent Care | \$40 | \$35 after Deductible | 20% after Deductible |
| Prescription Drug | \$10/\$30/\$50 2.5 Copays / 90 Day Supply | \$10/\$50/\$100 after Deductible 2.5 Copays / 90 Day Supply | \$10/\$50/\$100 after Deductible 2.5 Copays / 90 Day Supply |
| Dependent Rider | 26 / 26 | 26 / 26 | 26 / 26 |
| In-Network | | | |
| Deductible | N/A | \$1,500 / \$3,000 (Combined - True Family) | \$3,000 / \$6,000 (Combined - True Family) |
| Coinsurance | N/A | N/A | 80% / 20% |
| Out-of-Pocket Maximum | \$5,000 / \$10,000 | \$5,000 / \$10,000 | \$6,000 / \$12,000 |
| Out-of-Network | | | |
| Deductible | \$1,500 / \$3,000 (Embedded) | \$1,500 / \$3,000 (Combined - True Family) | \$3,000 / \$6,000 (Combined - True Family) |
| Coinsurance | 60% / 40% | 70% / 30% | 60% / 40% |
| Out-of-Pocket Maximum | \$10,000 / \$20,000 | \$10,000 / \$20,000 | \$10,000 / \$20,000 |
| Wellness Benefit | \$250 Wellness Card | \$250 Wellness Card | \$250 Wellness Card |
| Pooling Limit | \$125,000 | \$125,000 | \$125,000 |
| Actuarial Value > 60% | Yes | Yes | Yes |
| Rates: | Proposed | Proposed | Proposed |
| Single | \$842.56 | \$598.96 | \$433.57 |
| Family | \$2,190.96 | \$1,557.30 | \$1,127.31 |
| # of Enrollees: | | | |
| Single | 14 | 29 | 116 |
| Family | 5 | 18 | 47 |
| Total Monthly Premium | \$22,750.64 | \$45,401.24 | \$103,277.69 |
| Total Annual Premium | \$273,007.68 | \$544,814.88 | \$1,239,332.28 |
| Percentage of Increase (Calculated off current rates) | \$78,800.40 40.58% | \$114,645.60 26.65% | -\$156,985.92 -11.24% |

Proposed Premium \$2,057,154.84 \$36,460.08 1.80%
Total Contracts 229

Contract Counts updated on 12/26/2018.

Notes:

- 1.) The In and Out-of-Network OOP Maximums are Embedded.
- 2.) Domestic Partner is not included.

Financial Analysis

ABC Company

Total Annual Premium (2019 - 2020): \$2,020,694.76

Experience Rated - Lawley Marketplace - May 1, 2020 - March 31, 2021

| BCBS of WNY - Renewal | |
|---|-----------------------|
| Plan | Monthly Premium |
| POS 126 | \$17,203.16 |
| POS 250D | \$7,008.20 |
| POS 7100 - \$1500 | \$33,477.20 |
| POS 7100 - \$2500 | \$58,248.35 |
| POS 7100 - \$5000 | \$70,642.86 |
| Total Monthly Premium | \$186,579.77 |
| Total Annual Premium | \$2,238,957.24 |
| Total Add'l Annual Cost (Calculated off current premium) | \$218,262.48 |
| Percentage Variance | 10.80% |

| BCBS Package 2 - Proposed | |
|---|-----------------------|
| Plan | Monthly Premium |
| POS 126 | \$22,750.64 |
| POS 7100 - \$1500 | \$45,401.24 |
| POS 8100 - \$3000 | \$103,277.69 |
| Total Monthly Premium | \$171,429.57 |
| Total Annual Premium | \$2,057,154.84 |
| Total Add'l Annual Cost (Calculated off current premium) | \$36,460.08 |
| Percentage Variance | 1.80% |

ABC Company
 May 1, 2019 - March 31, 2020
 Plan Name: POS 7100
 Plan Class ID(s): 0003

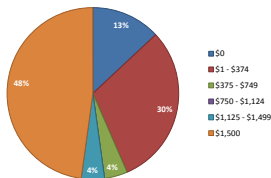
Single Plan Deductible: \$1,500

TOTAL SINGLE CONTRACTS: 23

COUNT OF CONTRACTS

| Band | Total | Percentage |
|--------------------|-----------|-------------|
| \$0 | 3 | 13% |
| \$1 - \$374 | 7 | 30% |
| \$375 - \$749 | 1 | 4% |
| \$750 - \$1,124 | 0 | 0% |
| \$1,125 - \$1,499 | 1 | 4% |
| \$1,500 | 11 | 48% |
| Grand Total | 23 | 100% |

SINGLE DEDUCTIBLE UTILIZATION



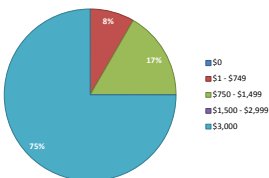
Family Plan Deductible: \$3,000

TOTAL FAMILY CONTRACTS: 12

COUNT OF CONTRACTS

| Band | Total | Percentage |
|--------------------|-----------|-------------|
| \$0 | 0 | 0% |
| \$1 - \$749 | 1 | 8% |
| \$750 - \$1,499 | 2 | 17% |
| \$1,500 - \$2,999 | 0 | 0% |
| \$3,000 | 9 | 75% |
| Grand Total | 12 | 100% |

FAMILY DEDUCTIBLE UTILIZATION



ABC Company
May 1, 2019 - March 31, 2020
Plan Name: POS 7100
Plan Class ID(s): 0004

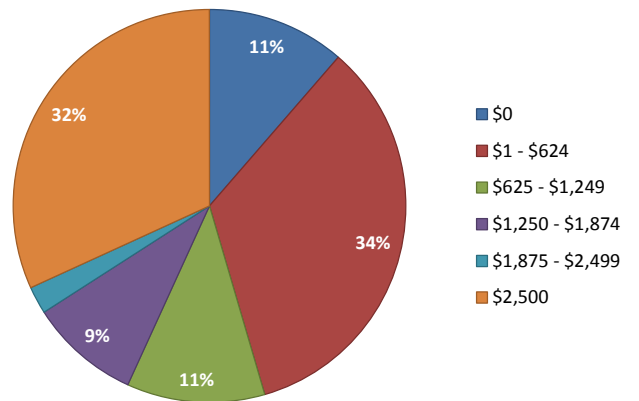
Single Plan Deductible: \$2,500

TOTAL SINGLE CONTRACTS: 44

COUNT OF CONTRACTS

| Band | Total | Percentage |
|--------------------|-----------|-------------|
| \$0 | 5 | 11% |
| \$1 - \$624 | 15 | 34% |
| \$625 - \$1,249 | 5 | 11% |
| \$1,250 - \$1,874 | 4 | 9% |
| \$1,875 - \$2,499 | 1 | 2% |
| \$2,500 | 14 | 32% |
| Grand Total | 44 | 100% |

SINGLE DEDUCTIBLE UTILIZATION



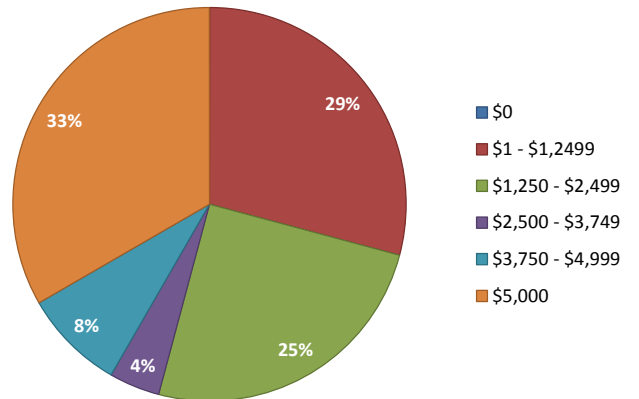
Family Plan Deductible: \$5,000

TOTAL FAMILY CONTRACTS: 24

COUNT OF CONTRACTS

| Band | Total | Percentage |
|--------------------|-----------|-------------|
| \$0 | 0 | 0% |
| \$1 - \$1,249 | 7 | 29% |
| \$1,250 - \$2,499 | 6 | 25% |
| \$2,500 - \$3,749 | 1 | 4% |
| \$3,750 - \$4,999 | 2 | 8% |
| \$5,000 | 8 | 33% |
| Grand Total | 24 | 100% |

FAMILY DEDUCTIBLE UTILIZATION



ABC Company
May 1, 2019 - March 31, 2020
Plan Name: POS 7100
Plan Class ID(s): 0005

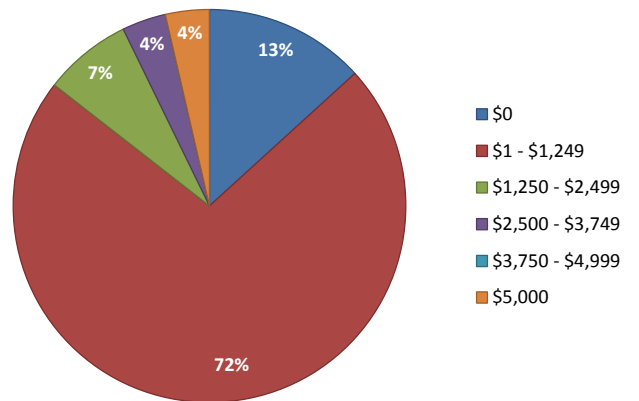
Single Plan Deductible: \$5,000

TOTAL SINGLE CONTRACTS: 83

COUNT OF CONTRACTS

| Band | Total | Percentage |
|--------------------|-----------|-------------|
| \$0 | 11 | 13% |
| \$1 - \$1,249 | 60 | 72% |
| \$1,250 - \$2,499 | 6 | 7% |
| \$2,500 - \$3,749 | 3 | 4% |
| \$3,750 - \$4,999 | 0 | 0% |
| \$5,000 | 3 | 4% |
| Grand Total | 83 | 100% |

SINGLE DEDUCTIBLE UTILIZATION



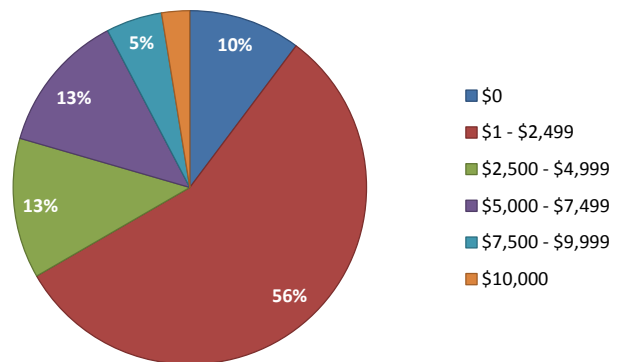
Family Plan Deductible: \$10,000

TOTAL FAMILY CONTRACTS: 39

COUNT OF CONTRACTS

| Band | Total | Percentage |
|--------------------|-----------|-------------|
| \$0 | 4 | 10% |
| \$1 - \$2,499 | 22 | 56% |
| \$2,500 - \$4,999 | 5 | 13% |
| \$5,000 - \$7,499 | 5 | 13% |
| \$7,500 - \$9,999 | 2 | 5% |
| \$10,000 | 1 | 3% |
| Grand Total | 39 | 100% |

FAMILY DEDUCTIBLE UTILIZATION



6

Contribution Analysis

Contribution Analysis

ABC Company

Employer & Employee Cost Sharing

Current ; 05/01/2019 through 04/30/2020

BCBS

Current Contributions of \$430/\$950

| |
|-----------------|
| Monthly Premium |
|-----------------|

of Pay Periods (PP): 26

POS 126

| Coverage Tier | Current Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP |
|---------------|--------------|----------|------------|------------|------------|-----------|-----------------|-----------|
| Single | \$826.65 | \$430.00 | 52% | \$396.65 | 48% | 11 | \$109,118 | \$183.07 |
| Family | \$2,149.58 | \$950.00 | 44% | \$1,199.58 | 56% | 3 | \$77,385 | \$553.65 |

POS 250D Select

| Coverage Tier | Current Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP |
|---------------|--------------|----------|------------|----------|------------|-----------|-----------------|-----------|
| Single | \$694.34 | \$430.00 | 62% | \$264.34 | 38% | 4 | \$33,328 | \$122.00 |
| Family | \$1,805.27 | \$950.00 | 53% | \$855.27 | 47% | 2 | \$43,326 | \$394.74 |

POS 7100 - \$1500

| Coverage Tier | Current Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP |
|---------------|--------------|----------|------------|----------|------------|-----------|-----------------|-----------|
| Single | \$587.93 | \$430.00 | 73% | \$157.93 | 27% | 20 | \$141,103 | \$72.89 |
| Family | \$1,528.61 | \$950.00 | 62% | \$578.61 | 38% | 12 | \$220,120 | \$267.05 |

POS 7100 - \$2500

| Coverage Tier | Current Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP |
|---------------|--------------|----------|------------|----------|------------|-----------|-----------------|-----------|
| Single | \$476.13 | \$430.00 | 90% | \$46.13 | 10% | 45 | \$257,110 | \$21.29 |
| Family | \$1,237.94 | \$950.00 | 77% | \$287.94 | 23% | 25 | \$371,382 | \$132.90 |

POS 7100 - \$5000

| Coverage Tier | Current Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | Affordability Income Threshold |
|---------------|--------------|----------|------------|----------|------------|-----------|-----------------|-----------|--------------------------------|
| Single | \$353.90 | \$353.90 | 100% | \$0.00 | 0% | 82 | \$348,238 | \$0.00 | \$0.00 |
| Family | \$920.15 | \$920.15 | 100% | \$0.00 | 0% | 38 | \$419,588 | \$0.00 | |

Total Annual Premium Expense \$1,659,426 \$361,273 \$2,020,699

| |
|-------------------|
| Annual Deductible |
|-------------------|

POS 7100 - \$5000, HSA - Deductible

| Coverage Tier | Deductible | Employer | Employer % | Potential EE Cost | Employee % | Contracts | Max Total Cost |
|---------------------------------|-------------|-------------|------------|-------------------|------------|-----------|----------------|
| Single | \$5,000.00 | \$913.20 | 18% | \$4,086.80 | 82% | 82 | \$410,000 |
| Family | \$10,000.00 | \$358.20 | 4% | \$9,641.80 | 96% | 38 | \$380,000 |
| Total Annual Deductible Expense | | \$88,494 | | | | | \$88,494 |
| Total Current Expense | | \$1,747,920 | | \$361,273 | | | \$2,109,193 |
| Current Cost Sharing % | | 82.9% | | 17.1% | | | |

*The Affordability Income Threshold represents the minimum income of an employee to meet the 9.86% contribution requirement, based on W-2 Box 1 (wages minus pre-tax deductions) or monthly wages.

**All contract counts are based upon current enrollment and are subject to change. Any movement between plans or additional enrollment may affect the expected employer and employee expense.

***NOTE: The Potential Annual Total Employee Cost of Deductible, \$701,506, is not included in the Total Current Expense.

Contribution Analysis

ABC Company

Employer & Employee Cost Sharing

Renewal ; 05/01/2020 through 04/30/2021

BCBS

Renewal; Defined Contribution at \$430/\$950

Monthly Premium

of Pay Periods (PP): 26

POS 126

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|----------|------------|------------|------------|-----------|-----------------|-----------|------------------|
| Single | \$915.01 | \$430.00 | 47% | \$485.01 | 53% | 11 | \$120,781 | \$223.85 | \$40.78 |
| Family | \$2,379.35 | \$950.00 | 40% | \$1,429.35 | 60% | 3 | \$85,657 | \$659.70 | \$106.05 |

POS 250D Select

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|----------|------------|------------|------------|-----------|-----------------|-----------|------------------|
| Single | \$761.76 | \$430.00 | 56% | \$331.76 | 44% | 4 | \$36,564 | \$153.12 | \$31.12 |
| Family | \$1,980.58 | \$950.00 | 48% | \$1,030.58 | 52% | 2 | \$47,534 | \$475.65 | \$80.91 |

POS 7100 - \$1500

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|----------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$653.86 | \$430.00 | 66% | \$223.86 | 34% | 20 | \$156,926 | \$103.32 | \$30.43 |
| Family | \$1,700.00 | \$950.00 | 56% | \$750.00 | 44% | 12 | \$244,800 | \$346.15 | \$79.10 |

POS 7100 - \$2500

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|----------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$529.53 | \$430.00 | 81% | \$99.53 | 19% | 45 | \$285,946 | \$45.94 | \$24.65 |
| Family | \$1,376.78 | \$950.00 | 69% | \$426.78 | 31% | 25 | \$413,034 | \$196.98 | \$64.08 |

POS 7100 - \$5000

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference | Affordability Threshold |
|-------------------------------------|--------------|-------------|------------|-----------|------------|-----------|-----------------|-----------|------------------|-------------------------|
| Single | \$390.72 | \$390.72 | 100% | \$0.00 | 0% | 82 | \$384,468 | \$0.00 | \$0.00 | \$0.00 |
| Family | \$1,015.89 | \$950.00 | 94% | \$65.89 | 6% | 38 | \$463,246 | \$30.41 | \$30.41 | |
| Total Annual Premium Expense | | \$1,709,268 | | \$529,689 | | | \$2,238,957 | | | |
| % Difference in Premium | | 3.0% | | 46.6% | | | 10.8% | | | |

Annual Deductible

POS 7100 - \$5000, HSA - Deductible

| Coverage Tier | Deductible | Employer | Employer % | Potential EE Cost | Employee % | Contracts | Max Total Cost |
|--|-------------|-------------|------------|-------------------|------------|-----------|----------------|
| Single | \$5,000.00 | \$471.36 | 9% | \$4,528.64 | 91% | 82 | \$410,000 |
| Family | \$10,000.00 | \$0.00 | 0% | \$10,000.00 | 100% | 38 | \$380,000 |
| Total Annual Deductible Expense | | \$38,652 | | | | | \$38,652 |
| Total Renewal Expense | | \$1,747,920 | | \$529,689 | | | \$2,277,609 |
| Total Current Expense | | \$1,747,920 | | \$361,273 | | | \$2,109,193 |
| Difference | | \$0 | | \$168,416 | | | \$168,416 |
| % Difference | | 0.0% | | 46.6% | | | 8.0% |
| Renewal Cost Sharing % | | 76.7% | | 23.3% | | | |

*The Affordability Income Threshold represents the minimum income of an employee to meet the 9.78% contribution requirement, based on W-2 Box 1 (wages minus pre-tax deductions) or monthly wages.

**All contract counts are based upon current enrollment and are subject to change. Any movement between plans or additional enrollment may affect the expected employer and employee expense.

***NOTE: The Potential Annual Total Employee Cost of Deductible, \$751,348, is not included in the Total Renewal Expense.

Contribution Analysis

ABC Company

Employer & Employee Cost Sharing

Renewal ; 05/01/2020 through 04/30/2021

BCBS

Renewal; Defined Contribution at \$430/\$1015.89

Monthly Premium

of Pay Periods (PP): 26

POS 126

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|------------|------------|-----------|-----------------|-----------|------------------|
| Single | \$915.01 | \$430.00 | 47% | \$485.01 | 53% | 11 | \$120,781 | \$223.85 | \$40.78 |
| Family | \$2,379.35 | \$1,015.89 | 43% | \$1,363.46 | 57% | 3 | \$85,657 | \$629.29 | \$75.64 |

POS 250D Select

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$761.76 | \$430.00 | 56% | \$331.76 | 44% | 4 | \$36,564 | \$153.12 | \$31.12 |
| Family | \$1,980.58 | \$1,015.89 | 51% | \$964.69 | 49% | 2 | \$47,534 | \$445.24 | \$50.50 |

POS 7100 - \$1500

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$653.86 | \$430.00 | 66% | \$223.86 | 34% | 20 | \$156,926 | \$103.32 | \$30.43 |
| Family | \$1,700.00 | \$1,015.89 | 60% | \$684.11 | 40% | 12 | \$244,800 | \$315.74 | \$48.69 |

POS 7100 - \$2500

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$529.53 | \$430.00 | 81% | \$99.53 | 19% | 45 | \$285,946 | \$45.94 | \$24.65 |
| Family | \$1,376.78 | \$1,015.89 | 74% | \$360.89 | 26% | 25 | \$413,034 | \$166.56 | \$33.67 |

POS 7100 - \$5000

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference | Affordability Threshold |
|-------------------------------------|--------------|-------------|------------|-----------|------------|-----------|-----------------|-----------|------------------|-------------------------|
| Single | \$390.72 | \$390.72 | 100% | \$0.00 | 0% | 82 | \$384,468 | \$0.00 | \$0.00 | \$0.00 |
| Family | \$1,015.89 | \$1,015.89 | 100% | \$0.00 | 0% | 38 | \$463,246 | \$0.00 | \$0.00 | |
| Total Annual Premium Expense | | \$1,772,523 | | \$466,434 | | | \$2,238,957 | | | |
| % Difference in Premium | | 6.8% | | 29.1% | | | 10.8% | | | |

Annual Deductible

POS 7100 - \$5000, HSA - Deductible

| Coverage Tier | Deductible | Employer | Employer % | Potential EE Cost | Employee % | Contracts | Max Total Cost |
|--|-------------|-------------|------------|-------------------|------------|-----------|----------------|
| Single | \$5,000.00 | \$471.36 | 9% | \$4,528.64 | 91% | 82 | \$410,000 |
| Family | \$10,000.00 | \$0.00 | 0% | \$10,000.00 | 100% | 38 | \$380,000 |
| Total Annual Deductible Expense | | \$38,652 | | | | | \$38,652 |
| Total Renewal Expense | | \$1,811,174 | | \$466,434 | | | \$2,277,609 |
| Total Current Expense | | \$1,747,920 | | \$361,273 | | | \$2,109,193 |
| Difference | | \$63,254 | | \$105,162 | | | \$168,416 |
| % Difference | | 3.6% | | 29.1% | | | 8.0% |
| Renewal Cost Sharing % | | 79.5% | | 20.5% | | | |

*The Affordability Income Threshold represents the minimum income of an employee to meet the 9.78% contribution requirement, based on W-2 Box 1 (wages minus pre-tax deductions) or monthly wages.

**All contract counts are based upon current enrollment and are subject to change. Any movement between plans or additional enrollment may affect the expected employer and employee expense.

***NOTE: The Potential Annual Total Employee Cost of Deductible, \$751,348, is not included in the Total Renewal Expense.

Contribution Analysis

ABC Company

Employer & Employee Cost Sharing

Renewal ; 05/01/2020 through 04/30/2021

BCBS

Renewal; Defined Contribution at \$420/\$1050

Monthly Premium

of Pay Periods (PP): 26

POS 126

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|------------|------------|-----------|-----------------|-----------|------------------|
| Single | \$915.01 | \$420.00 | 46% | \$495.01 | 54% | 11 | \$120,781 | \$228.47 | \$45.40 |
| Family | \$2,379.35 | \$1,050.00 | 44% | \$1,329.35 | 56% | 3 | \$85,657 | \$613.55 | \$59.89 |

POS 250D Select

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$761.76 | \$420.00 | 55% | \$341.76 | 45% | 4 | \$36,564 | \$157.74 | \$35.73 |
| Family | \$1,980.58 | \$1,050.00 | 53% | \$930.58 | 47% | 2 | \$47,534 | \$429.50 | \$34.76 |

POS 7100 - \$1500

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$653.86 | \$420.00 | 64% | \$233.86 | 36% | 20 | \$156,926 | \$107.94 | \$35.04 |
| Family | \$1,700.00 | \$1,050.00 | 62% | \$650.00 | 38% | 12 | \$244,800 | \$300.00 | \$32.95 |

POS 7100 - \$2500

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$529.53 | \$420.00 | 79% | \$109.53 | 21% | 45 | \$285,946 | \$50.55 | \$29.26 |
| Family | \$1,376.78 | \$1,050.00 | 76% | \$326.78 | 24% | 25 | \$413,034 | \$150.82 | \$17.93 |

POS 7100 - \$5000

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference | Affordability Threshold |
|-------------------------------------|--------------|-------------|------------|-----------|------------|-----------|-----------------|-----------|------------------|-------------------------|
| Single | \$390.72 | \$390.72 | 100% | \$0.00 | 0% | 82 | \$384,468 | \$0.00 | \$0.00 | \$0.00 |
| Family | \$1,015.89 | \$1,015.89 | 100% | \$0.00 | 0% | 38 | \$463,246 | \$0.00 | \$0.00 | |
| Total Annual Premium Expense | | \$1,780,114 | | \$458,843 | | | \$2,238,957 | | | |
| % Difference in Premium | | 7.3% | | 27.0% | | | 10.8% | | | |

Annual Deductible

POS 7100 - \$5000, HSA - Deductible

| Coverage Tier | Deductible | Employer | Employer % | Potential EE Cost | Employee % | Contracts | Max Total Cost |
|--|-------------|-------------|------------|-------------------|------------|-----------|----------------|
| Single | \$5,000.00 | \$351.36 | 7% | \$4,648.64 | 93% | 82 | \$410,000 |
| Family | \$10,000.00 | \$409.32 | 4% | \$9,590.68 | 96% | 38 | \$380,000 |
| Total Annual Deductible Expense | | \$44,366 | | | | | \$44,366 |
| Total Renewal Expense | | \$1,824,480 | | \$458,843 | | | \$2,283,323 |
| Total Current Expense | | \$1,747,920 | | \$361,273 | | | \$2,109,193 |
| Difference | | \$76,560 | | \$97,570 | | | \$174,130 |
| % Difference | | 4.4% | | 27.0% | | | 8.3% |
| Renewal Cost Sharing % | | 79.9% | | 20.1% | | | |

*The Affordability Income Threshold represents the minimum income of an employee to meet the 9.78% contribution requirement, based on W-2 Box 1 (wages minus pre-tax deductions) or monthly wages.

**All contract counts are based upon current enrollment and are subject to change. Any movement between plans or additional enrollment may affect the expected employer and employee expense.

***NOTE: The Potential Annual Total Employee Cost of Deductible, \$745,634, is not included in the Total Renewal Expense.

Contribution Analysis

ABC Company

Employer & Employee Cost Sharing

Renewal ; 05/01/2020 through 04/30/2021

BCBS

Renewal; Defined Contribution at \$425/\$1025

Monthly Premium

of Pay Periods (PP): 26

POS 126

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|------------|------------|-----------|-----------------|-----------|------------------|
| Single | \$915.01 | \$425.00 | 46% | \$490.01 | 54% | 11 | \$120,781 | \$226.16 | \$43.09 |
| Family | \$2,379.35 | \$1,025.00 | 43% | \$1,354.35 | 57% | 3 | \$85,657 | \$625.08 | \$71.43 |

POS 250D Select

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$761.76 | \$425.00 | 56% | \$336.76 | 44% | 4 | \$36,564 | \$155.43 | \$33.42 |
| Family | \$1,980.58 | \$1,025.00 | 52% | \$955.58 | 48% | 2 | \$47,534 | \$441.04 | \$46.30 |

POS 7100 - \$1500

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$653.86 | \$425.00 | 65% | \$228.86 | 35% | 20 | \$156,926 | \$105.63 | \$32.74 |
| Family | \$1,700.00 | \$1,025.00 | 60% | \$675.00 | 40% | 12 | \$244,800 | \$311.54 | \$44.49 |

POS 7100 - \$2500

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference |
|---------------|--------------|------------|------------|----------|------------|-----------|-----------------|-----------|------------------|
| Single | \$529.53 | \$425.00 | 80% | \$104.53 | 20% | 45 | \$285,946 | \$48.24 | \$26.95 |
| Family | \$1,376.78 | \$1,025.00 | 74% | \$351.78 | 26% | 25 | \$413,034 | \$162.36 | \$29.46 |

POS 7100 - \$5000

| Coverage Tier | Renewal Rate | Employer | Employer % | Employee | Employee % | Contracts | Annualized Cost | EE per PP | EE PP Difference | Affordability Threshold |
|-------------------------------------|--------------|-------------|------------|-----------|------------|-----------|-----------------|-----------|------------------|-------------------------|
| Single | \$390.72 | \$390.72 | 100% | \$0.00 | 0% | 82 | \$384,468 | \$0.00 | \$0.00 | \$0.00 |
| Family | \$1,015.89 | \$1,015.89 | 100% | \$0.00 | 0% | 38 | \$463,246 | \$0.00 | \$0.00 | |
| Total Annual Premium Expense | | \$1,772,314 | | \$466,643 | | | \$2,238,957 | | | |
| % Difference in Premium | | 6.8% | | 29.2% | | | 10.8% | | | |

Annual Deductible

POS 7100 - \$5000, HSA - Deductible

| Coverage Tier | Deductible | Employer | Employer % | Potential EE Cost | Employee % | Contracts | Max Total Cost |
|--|-------------|-------------|------------|-------------------|------------|-----------|----------------|
| Single | \$5,000.00 | \$411.36 | 8% | \$4,588.64 | 92% | 82 | \$410,000 |
| Family | \$10,000.00 | \$109.32 | 1% | \$9,890.68 | 99% | 38 | \$380,000 |
| Total Annual Deductible Expense | | \$37,886 | | | | | \$37,886 |
| Total Renewal Expense | | \$1,810,200 | | \$466,643 | | | \$2,276,843 |
| Total Current Expense | | \$1,747,920 | | \$361,273 | | | \$2,109,193 |
| Difference | | \$62,280 | | \$105,370 | | | \$167,650 |
| % Difference | | 3.6% | | 29.2% | | | 7.9% |
| Renewal Cost Sharing % | | 79.5% | | 20.5% | | | |

*The Affordability Income Threshold represents the minimum income of an employee to meet the 9.78% contribution requirement, based on W-2 Box 1 (wages minus pre-tax deductions) or monthly wages.

**All contract counts are based upon current enrollment and are subject to change. Any movement between plans or additional enrollment may affect the expected employer and employee expense.

***NOTE: The Potential Annual Total Employee Cost of Deductible, \$752,114, is not included in the Total Renewal Expense.



**ABC Company
2020 Benefit Matrix**

Group Insurance Information

| Benefit | Premium Paid By: | Current Carrier Information | Enrollment | Waiting Period |
|---|---------------------------------------|---|---|--|
| LIFE/AD&D-Off LMP Class: All Active Full-Time Employees Earnings Definition: Annual Salary Excluding Commissions, Expense Accounts, Overtime Pay and Any Other Extra Compensation Benefit: 1X Salary to a Maximum of \$50,000 Guarantee Issue: \$50,000 Reduction: 35% at Age 65; 60% at Age 70; 75% at Age 75; 85% at Age 80 Waiver of Premium: Included Accelerated Benefit: Included Conversion: Included | Employer (Non-Contributory) | Carrier: Guardian 512020 Anniversary Date: May 1 Rates Effective: 5/1/2015 - 5/1/2020 Rates: Life \$0.09/\$1,000 AD&D \$0.02/\$1,000 | 399 | First of month following date of hire |
| SUPPLEMENTAL LIFE/AD&D Class: All Active Full-Time Employees Employee: \$25,000, \$50,000, \$75,000 or \$100,000 Spouse: \$25,000 or \$50,000 Child(ren): 14 Days - 23/25 Years: \$5,000 or \$10,000 Guarantee Issue: Employee <65: \$100,000; Spouse <65: \$25,000; Child: \$10,000 Reduction: 35% at Age 65; 60% at Age 70; 75% at Age 75; 85% at Age 80 Waiver of Premium: Included Accelerated Benefit: Included Conversion: Included | Employee (Voluntary) | Carrier: Guardian 512407 Anniversary Date: May 1 Rates Effective: 5/1/2018 - 5/1/2020 Rates: Under 25 \$0.07 50 - 54 \$0.38 25 - 29 \$0.07 55 - 59 \$0.62 30 - 34 \$0.09 60 - 64 \$1.04 35 - 39 \$0.10 65 - 69 \$1.67 40 - 44 \$0.17 70 - 74 \$2.76 45 - 49 \$0.26 75+ \$4.85 Child(ren) \$0.62 AD&D \$0.03 | EE: 104 SP: 31 CH: 32 Total: 167 | First of month following date of hire |
| SHORT TERM DISABILITY Class: All Active Full-Time Employees Benefit: 60% to a Maximum Weekly Benefit of \$100, \$200, \$300, \$400, \$500, \$600, \$700, \$800, \$900 or \$1,000 Benefit Duration: 26 Weeks Elimination Period: 7 Days Accident / Sickness Pre-Existing Limitation: 3/12 with 2 Week Limitation | Employee (Voluntary) | Carrier: Guardian 512407 Anniversary Date: May 1 Rates Effective: 5/1/2018 - 5/1/2020 Rates: Under 30 \$1.29 55 - 59 \$1.46 30 - 34 \$1.75 60+ \$1.73 35 - 39 \$1.29 40 - 44 \$1.01 45 - 49 \$1.04 50 - 54 \$1.25 | 98 Enrolled | First of month following date of hire |

**ABC Company
2020 Benefit Matrix**

Group Insurance Information

| Benefit | | Premium Paid By: | Current Carrier Information | | | Enrollment | Waiting Period |
|-------------------------------------|---|--------------------------------|-----------------------------|---------------------|----------------|--------------------------------|---------------------------------------|
| LONG TERM DISABILITY | Option 1 | Employee (Voluntary) | Carrier: | Guardian | 512407 | 1 Enrolled | First of month following date of hire |
| Class: | All Active Full-Time Employees | | Anniversary Date: | May 1 | | | |
| Benefit: | 60% to a Maximum Monthly Benefit of \$6,000 | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | |
| Elimination Period: | 180 Days | | Rates: | | | | |
| Disability Definition: | 2 Year Own Occupation, then Any Occupation | | Under 30 | \$0.42 | 55 - 59 \$2.70 | | |
| Benefit Duration: | SSNRA | | 30 - 34 | \$0.59 | 60+ \$2.05 | | |
| Social Security Integration: | Family | | 35 - 39 | \$0.95 | | | |
| Pre-Ex: | 3/12 | | 40 - 44 | \$1.41 | | | |
| Survivor Benefit: | Not Included | | 45 - 49 | \$2.00 | | | |
| | | | 50 - 54 | \$2.46 | | | |
| LONG TERM DISABILITY | Option 4 | Employee (Voluntary) | Carrier: | Guardian | 512407 | 52 Enrolled | First of month following date of hire |
| Class: | All Active Full-Time Employees | | Anniversary Date: | May 1 | | | |
| Benefit: | 50% to a Maximum Monthly Benefit of \$6,000 | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | |
| Elimination Period: | 180 Days | | Rates: | | | | |
| Disability Definition: | 2 Year Own Occupation, then ADL Definition Required | | Under 30 | \$0.32 | 55 - 59 \$2.12 | | |
| Benefit Duration: | SSNRA | | 30 - 34 | \$0.48 | 60+ \$1.61 | | |
| Social Security Integration: | Family | | 35 - 39 | \$0.75 | | | |
| Pre-Ex: | 3/12 | | 40 - 44 | \$1.10 | | | |
| Survivor Benefit: | Not Included | | 45 - 49 | \$1.57 | | | |
| | | | 50 - 54 | \$1.93 | | | |
| DENTAL | DHMO Plan | Employee (Voluntary) | Carrier: | Guardian | 512407 | 13 1 1 2 Total: 17 | First of month following date of hire |
| Class: | All Active Full-Time Employees | | Anniversary Date: | May 1 | | | |
| Network: | In-Network Out-Network | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | |
| Preventative Services: | Fee Schedule Fee Schedule | | Rates: | Single \$19.22 | | | |
| Basic Services: | Fee Schedule Fee Schedule | | 2-Person \$56.18 | | | | |
| Major Services: | Fee Schedule Fee Schedule | | EE/Child(ren) \$56.18 | | | | |
| Orthodontia Services: | N/A N/A | | Family \$56.18 | | | | |
| Annual Maximum: | N/A | | | | | | |
| Deductible: | \$5 OV Member Copay | | | | | | |
| Dependent Coverage: | 26/26 Out of Network R&C/UCR: Fee Schedule | | | | | | |
| Rollover: | Not Included | | | | | | |

**ABC Company
2020 Benefit Matrix**

Group Insurance Information

| Benefit | | Premium Paid By: | Current Carrier Information | | | Enrollment | Waiting Period |
|-------------------------------|--|------------------|-----------------------------|-----------------------------|--------|------------|------------------------|
| DENTAL | Value Plan | Employee | Carrier: | Guardian | 512407 | | |
| Class: | All Active Full-Time Employees | (Voluntary) | Anniversary Date: | May 1 | | | First of month |
| Network: | In-Network Out-Network | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | following date of hire |
| Preventative Services: | 100% 100% | | Rates: | Single \$22.21 | | 57 | |
| Basic Services: | 80% 50% | | | 2-Person \$63.23 | | 4 | |
| Major Services: | N/A N/A | | | EE/Child(ren) \$63.23 | | 4 | |
| Orthodontia Services: | N/A N/A | | | Family \$63.23 | | 15 | |
| Annual Maximum: | \$750 In-Network / \$500 Out-of-Network | | | | | Total: 80 | |
| Deductible: | \$0 In-Network / \$50/\$150 Out-of-Network (Waived for Preventive) | | | | | | |
| Dependent Coverage: | 26/26 Out of Network R&C/UCR: Fee Schedule | | | | | | |
| Rollover: | Not Included | | | | | | |
| DENTAL | Basic Plan | Employee | Carrier: | Guardian | 512407 | | |
| Class: | All Active Full-Time Employees | (Voluntary) | Anniversary Date: | May 1 | | | First of month |
| Network: | In-Network Out-Network | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | following date of hire |
| Preventative Services: | 100% 100% | | Rates: | Single \$35.91 | | 38 | |
| Basic Services: | 80% 50% | | | 2-Person \$93.41 | | 4 | |
| Major Services: | 50% 25% | | | EE/Child(ren) \$93.41 | | 2 | |
| Orthodontia Services: | 50% 50% | | | Family \$93.41 | | 21 | |
| Annual Maximum: | \$1,000 In-Network / \$750 Out-of-Network Ortho Lifetime Maximum: \$750 | | | | | Total: 65 | |
| Deductible: | \$0 In-Network / \$50/\$150 Out-of-Network (Waived for Preventive) | | | | | | |
| Dependent Coverage: | 26/26 Out of Network R&C/UCR: 80th Percentile | | | | | | |
| Rollover: | Included | | | | | | |
| DENTAL | Enhanced Plan | Employee | Carrier: | Guardian | 512407 | | |
| Class: | All Active Full-Time Employees | (Voluntary) | Anniversary Date: | May 1 | | | First of month |
| Network: | In-Network Out-Network | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | following date of hire |
| Preventative Services: | 100% 100% | | Rates: | Single \$49.64 | | 33 | |
| Basic Services: | 90% 80% | | | 2-Person \$143.70 | | 4 | |
| Major Services: | 50% 25% | | | EE/Child(ren) \$143.70 | | 2 | |
| Orthodontia Services: | 50% 50% | | | Family \$143.70 | | 17 | |
| Annual Maximum: | \$1,250 In-Network / \$750 Out-of-Network Ortho Lifetime Maximum: \$1,500 | | | | | Total: 56 | |
| Deductible: | \$0 In-Network / \$50/\$150 Out-of-Network (Waived for Preventive) | | | | | | |
| Dependent Coverage: | 26/26 Out of Network R&C/UCR: 80th Percentile | | | | | | |
| Rollover: | Included | | | | | | |

**ABC Company
2020 Benefit Matrix**

Group Insurance Information

| Benefit | | Premium Paid By: | Current Carrier Information | | | Enrollment | Waiting Period |
|----------------------------|---|------------------|-----------------------------|---------------------|---------|------------|---------------------------------------|
| VISION | Davis Designer Option 1 | Employee | Carrier: | Guardian | 512407 | | |
| Class: | All Active Full-Time Employees | (Voluntary) | Anniversary Date: | May 1 | | | First of month following date of hire |
| Eye Exam: | \$10 Copay | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | |
| Contacts: | \$130 Retail Allowance; 15% Discount off Balance after \$25 Copay | | Rates: | Single | \$7.13 | 23 | |
| Frames: | \$130 Retail Allowance; 20% Discount off Balance after \$25 Copay | | | 2-Person | \$15.35 | 3 | |
| Lenses: | \$25 Copay | | | EE/Child(ren) | \$15.35 | 3 | |
| Dependent Coverage: | 26/26 | | | Family | \$15.35 | 7 | |
| Frequency: | | | | | | Total: 36 | |
| Exam | 12 Months | | | | | | |
| Frames | 24 Months | | | | | | |
| Lenses | 12 Months | | | | | | |
| VISION | Davis Designer Option 2 | Employee | Carrier: | Guardian | 512407 | | |
| Class: | All Active Full-Time Employees | (Voluntary) | Anniversary Date: | May 1 | | | First of month following date of hire |
| Eye Exam: | \$10 Copay | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | |
| Contacts: | \$120 Retail Allowance; 15% Discount off Balance after \$25 Copay | | Rates: | Single | \$5.63 | 26 | |
| Frames: | \$120 Retail Allowance; 20% Discount off Balance after \$25 Copay | | | 2-Person | \$11.81 | 2 | |
| Lenses: | \$25 Copay | | | EE/Child(ren) | \$11.81 | 2 | |
| Dependent Coverage: | 26/26 | | | Family | \$11.81 | 8 | |
| Frequency: | | | | | | Total: 38 | |
| Exam | 12 Months | | | | | | |
| Frames | 24 Months | | | | | | |
| Lenses | 24 Months | | | | | | |
| VISION | VSP Signature Option 3 | Employee | Carrier: | Guardian | 512407 | | |
| Class: | All Active Full-Time Employees | (Voluntary) | Anniversary Date: | May 1 | | | First of month following date of hire |
| Eye Exam: | \$10 Copay | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | |
| Contacts: | \$130 Allowance | | Rates: | Single | \$9.91 | 31 | |
| Frames: | \$130 Retail Allowance; 20% Discount off Balance after \$25 Copay | | | 2-Person | \$21.26 | 4 | |
| Lenses: | \$25 Copay | | | EE/Child(ren) | \$21.26 | 1 | |
| Dependent Coverage: | 26/26 | | | Family | \$21.26 | 11 | |
| Frequency: | | | | | | Total: 47 | |
| Exam | 12 Months | | | | | | |
| Frames | 24 Months | | | | | | |
| Lenses | 12 Months | | | | | | |
| VISION | VSP Signature Option 4 | Employee | Carrier: | Guardian | 512407 | | |
| Class: | All Active Full-Time Employees | (Voluntary) | Anniversary Date: | May 1 | | | First of month following date of hire |
| Eye Exam: | \$10 Copay | | Rates Effective: | 5/1/2018 - 5/1/2020 | | | |
| Contacts: | \$120 Allowance | | Rates: | Single | \$7.95 | 14 | |
| Frames: | \$120 Retail Allowance; 20% Discount off Balance after \$25 Copay | | | 2-Person | \$16.54 | 4 | |
| Lenses: | \$25 Copay | | | EE/Child(ren) | \$16.54 | 0 | |
| Dependent Coverage: | 26/26 | | | Family | \$16.54 | 7 | |
| Frequency: | | | | | | Total: 25 | |
| Exam | 12 Months | | | | | | |
| Frames | 24 Months | | | | | | |
| Lenses | 24 Months | | | | | | |

**ABC Company
2020 Benefit Matrix**

Group Insurance Information

| Benefit | Premium Paid By: | Current Carrier Information | Enrollment | Waiting Period |
|--------------------------------------|---|--|------------|------------------------|
| CRITICAL ILLNESS | H.S.A. Compliant Plan | Carrier: Guardian 512407 | | |
| Class: | All Active Full-Time Employees 30 Hrs | Anniversary Date: May 1 | | First of month |
| Employee Age 15-69: | \$2,500, \$5,000 or \$10,000 | Rates Effective: 5/1/2018 - 5/1/2020 | | following date of hire |
| Spouse Age 15-69: | 50% of Employee's Lump Sum Benefit or \$1,250, \$2,500 or \$5,000 | Rates: | | |
| Child(ren): | 25% of Employee's Lump Sum Benefit | \$2,500 \$1,250 \$5,000 \$2,500 \$10,000 \$5,000 | | |
| Guarantee Issue: | Employee: \$10,000; Spouse: \$5,000 Child: Full Benefit | EE Spouse EE Spouse EE Spouse | | |
| Pre-Existing Limitation: | 6/6 | <20 \$1.13 \$0.60 \$2.19 \$1.13 \$4.30 \$2.19 | EE: 50 | |
| Conditions: | 1st Occurance 2nd Occurance | 20-24 \$1.13 \$0.60 \$2.19 \$1.13 \$4.30 \$2.19 | SP:15 | |
| Cancer (Invasive) | 100% 50% | 25-29 \$1.13 \$0.60 \$2.19 \$1.13 \$4.30 \$2.19 | CH: 8 | |
| Heart Attack | 100% 50% | 30-34 \$1.68 \$0.89 \$3.24 \$1.68 \$6.37 \$3.24 | Total: 73 | |
| Kidney Failure | 100% 50% | 35-39 \$1.68 \$0.89 \$3.24 \$1.68 \$6.37 \$3.24 | | |
| Organ Transplant | 100% 50% | 40-44 \$3.16 \$1.68 \$6.12 3.16 \$12.05 \$6.12 | | |
| Stroke | 100% 50% | 45-49 \$3.16 \$1.68 \$6.12 \$3.16 \$12.05 \$6.12 | | |
| Cancer (Non-Invasive) | 30% 0% | 50-54 \$5.74 \$3.06 \$11.10 \$5.74 \$21.82 \$11.10 | | |
| Coronary Artery Bypass Graft | 0% 0% | 55-59 \$5.74 \$3.06 \$11.10 \$5.74 \$21.82 \$11.10 | | |
| Non-Melanoma Skin Cancer | 1 Time Benefit of \$250 | 60-69 \$8.73 \$4.65 \$16.88 \$8.73 \$33.19 \$16.88 | | |
| ACCIDENT - Premier | | 70+ \$16.08 \$8.49 \$31.26 \$16.08 \$61.62 \$31.26 | | |
| Class: | All Active Full-Time Employees | Carrier: Guardian 504725 | | |
| AD&D Benefit: | Employee: \$50,000 Spouse: \$25,000 Child: \$5,000 | Anniversary Date: May 1 | | First of month |
| Accident Emergency Treatment: | \$200 | Rates Effective: 5/1/2018 - 5/1/2020 | | following date of hire |
| Accident F/Up Visit Doctor: | \$75 up to 6 treatments | Rates: | | |
| Air Ambulance: | \$1,500 | Employee \$18.98 | 9 | |
| Ambulance: | \$200 | Employee + Spouse \$30.93 | 4 | |
| Hospital Admission: | \$1,250 | Employee + Child \$30.60 | 1 | |
| Dependent Coverage: | 26 / 26 Portability: Yes | Family \$42.55 | 6 | |
| | | | Total: 20 | |

**ABC Company
2020 Benefit Matrix**

Group Insurance Information

| Benefit | Premium Paid By: | Current Carrier Information | Enrollment | Waiting Period | | | | | | | | | | | | | | | | | | |
|---|--------------------------------|--|----------------|----------------------------|-------------------|---------|-------------------------|---------|--------|----------------------|--------------------------------|--|----------------------------|---------|--|-------------------------|---------|--|----------------------|---------|-----------------------------|--|
| ACCIDENT - Advantage Class: All Active Full-Time Employees AD&D Benefit: Employee: \$25,000 Spouse: \$12,500 Child: \$5,000 Accident Emergency Treatment: \$175 Accident F/Up Visit Doctor: \$50 up to 6 treatments Air Ambulance: \$1,000 Ambulance: \$150 Hospital Admission: \$1,000 Dependent Coverage: 26 / 26 Portability: Yes | Employee (Voluntary) | Carrier: Guardian 504725 Anniversary Date: May 1 Rates Effective: 5/1/2018 - 5/1/2020 Rates: <table border="0"> <tr><td>Employee</td><td>\$14.87</td></tr> <tr><td>Employee + Spouse</td><td>\$24.32</td></tr> <tr><td>Employee + Child</td><td>\$24.51</td></tr> <tr><td>Family</td><td>\$33.96</td></tr> </table> | Employee | \$14.87 | Employee + Spouse | \$24.32 | Employee + Child | \$24.51 | Family | \$33.96 | 6 1 1 1 Total: 9 | First of month following date of hire | | | | | | | | | | |
| Employee | \$14.87 | | | | | | | | | | | | | | | | | | | | | |
| Employee + Spouse | \$24.32 | | | | | | | | | | | | | | | | | | | | | |
| Employee + Child | \$24.51 | | | | | | | | | | | | | | | | | | | | | |
| Family | \$33.96 | | | | | | | | | | | | | | | | | | | | | |
| ACCIDENT - Value Class: All Active Full-Time Employees AD&D Benefit: Employee: \$10,000 Spouse: \$5,000 Child: \$5,000 Accident Emergency Treatment: \$150 Accident F/Up Visit Doctor: \$25 up to 6 treatments Air Ambulance: \$500 Ambulance: \$100 Hospital Admission: \$750 Dependent Coverage: 26 / 26 Portability: Yes | Employee (Voluntary) | Carrier: Guardian 504725 Anniversary Date: May 1 Rates Effective: 5/1/2018- 5/1/2020 Rates: <table border="0"> <tr><td>Employee</td><td>\$10.86</td></tr> <tr><td>Employee + Spouse</td><td>\$17.81</td></tr> <tr><td>Employee + Child</td><td>\$18.25</td></tr> <tr><td>Family</td><td>\$25.20</td></tr> </table> | Employee | \$10.86 | Employee + Spouse | \$17.81 | Employee + Child | \$18.25 | Family | \$25.20 | 16 4 0 4 Total: 24 | First of month following date of hire | | | | | | | | | | |
| Employee | \$10.86 | | | | | | | | | | | | | | | | | | | | | |
| Employee + Spouse | \$17.81 | | | | | | | | | | | | | | | | | | | | | |
| Employee + Child | \$18.25 | | | | | | | | | | | | | | | | | | | | | |
| Family | \$25.20 | | | | | | | | | | | | | | | | | | | | | |
| LegalShield Class: All Active Full-Time Employees LegalShield: Legal Advice, Letters/Calls, Traffic Ticket Representation, Contracts & Documents, Will Prep, Living Will, Healthcare Power of Attorney, 24/7 Emergency Access, Online Legal Forms Identity Theft: Credit Report, Personal Credit Score/Analysis, Continuous Credit Monitoring, Identity Restoration Services Coverage includes employee, spouse and up to 8 children under age 18 | Employee (Voluntary) | Carrier: LegalShield Anniversary Date: May 1 Rates Effective: 5/1/2018 - 5/1/2020 Rates: <table border="0"> <tr><td>Single:</td><td>LegalShield/ID Theft Combo</td><td>\$24.90</td></tr> <tr><td></td><td>LegalShield Stand Alone</td><td>\$15.95</td></tr> <tr><td></td><td>ID Theft Stand Alone</td><td>\$8.95</td></tr> <tr><td>Family:</td><td>LegalShield/ID Theft Combo</td><td>\$30.90</td></tr> <tr><td></td><td>LegalShield Stand Alone</td><td>\$15.95</td></tr> <tr><td></td><td>ID Theft Stand Alone</td><td>\$18.95</td></tr> </table> | Single: | LegalShield/ID Theft Combo | \$24.90 | | LegalShield Stand Alone | \$15.95 | | ID Theft Stand Alone | \$8.95 | Family: | LegalShield/ID Theft Combo | \$30.90 | | LegalShield Stand Alone | \$15.95 | | ID Theft Stand Alone | \$18.95 | 3 1 15 5 4 3 | First of month following date of hire |
| Single: | LegalShield/ID Theft Combo | \$24.90 | | | | | | | | | | | | | | | | | | | | |
| | LegalShield Stand Alone | \$15.95 | | | | | | | | | | | | | | | | | | | | |
| | ID Theft Stand Alone | \$8.95 | | | | | | | | | | | | | | | | | | | | |
| Family: | LegalShield/ID Theft Combo | \$30.90 | | | | | | | | | | | | | | | | | | | | |
| | LegalShield Stand Alone | \$15.95 | | | | | | | | | | | | | | | | | | | | |
| | ID Theft Stand Alone | \$18.95 | | | | | | | | | | | | | | | | | | | | |

Updated contract counts 1/23/2020



8

Exhibits

OVERVIEW OF CONTENTS

- *Overview of Individual & Senior Health Insurance*
- *Paid Family Leave (PFL) Premium Rate Information 2020*
- *Open Enrollment Checklist 2020*
- *Compliance Checklist 2020*

Lawley

INDIVIDUAL & SENIOR HEALTH INSURANCE



Getting the Individual Benefit or Medicare Plan You Need at the Cost that Works for You & Your Family

Health care can be complicated. We want to make it easier for you. At Lawley, we have a team of professionals to help you find and enroll in the Medicare plans in New York State that are best for you and your family.

Our team of our Individual & Senior Health Insurance specialists can help guide you with the following:

To learn more about how we can help you with your individual & senior health insurance needs, please visit or call:

go.lawleyinsurance.com/individual
1.844.4LAWLEY

Medicare Plan Assistance

Basic Medicare Education

Personal Situation Review

Prescription Plan Analysis

Understanding ALL Plans & Insurance Carriers

Enabling YOU to Choose YOUR Solution

Electronic Enrollment

One-On-One or Group Meetings

Plan Needs Married with Budget Requirements

No Obligation or Fee Review Process

Understanding Your Situation

We have access to several carriers and are licensed and certified to offer all major medical plans available in New York State and the NYS Individual Exchange.

We can determine and obtain the tax credits that you are eligible to receive. If eligible, these credits begin immediately with your major medical plan and are applied to your monthly premium.

All of our compensation is derived directly from the carriers, not from you. So there is never a fee for a consultation.

2020 NY PAID FAMILY LEAVE PREMIUM RATE INFORMATION

Effective January 1, 2018 New York State enacted New York Paid Family Leave (PFL) - one of the most comprehensive family leave programs in the nation. PFL benefits are available to employees of private sector employers with one or more employees and will be phased in over a four-year period.

The PFL Law requires employers to provide employees with job-protected time off to bond or care for a new child (birth, adoption, foster), to care for a family member with a serious health condition, or to handle qualifying military exigencies for a family member. Except for employers who self-insure, PFL benefits will be provided as a rider through the employer’s NYS disability benefits policy.

Beginning January 1, 2020, the PFL benefits will be 60% of the employee’s average weekly wage (AWW). The maximum duration will be 10 weeks – not to exceed a total of 26 weeks combined with NY Disability.

The New York State Department of Financial Services recently announced that the 2020 premium rate and the maximum weekly employee contribution for coverage will be \$.27/\$100 of an employee’s weekly wage, up to the statewide AWW.

According to the New York State Department of Labor, the NY average weekly wage will be \$1,401.17.

| NEW YORK PAID FAMILY LEAVE – 2019 vs. 2020 | |
|---|---|
| 2019 | 2020 |
| Duration – maximum 10 weeks | Duration – maximum 10 weeks |
| Weekly Benefit – 55% of AWW (max AWW \$746.71) | Weekly Benefit –60% of AWW (max AWW \$840.70) |
| \$70,569.72 annual wage cap* | \$72,860.84 annual wage cap* |
| \$1,357.11 average weekly wage** | \$1,401.17 average weekly wage ** |
| Premium rate: \$.153/\$100 of total weekly payroll | Premium rate: \$.27/\$100 of total weekly payroll |
| Max annual employee premium deduction - \$107.97 | Max annual employee premium deduction - \$196.72 |

*The annual wage cap represents the wages reported per employee, not to exceed this amount per calendar year. Once the employee hits the annual wage cap, deductions should stop.

**The average weekly wage represents the annualized wage cap divided by 52 weeks.

Example: 2020 - \$72,860.84 divided by 52 weeks = \$1,401.17.

Please feel free to contact your Account Executive or the Lawley Disability Unit at disabilitydb120@lawleyinsurance.com with questions.

Additionally, you may refer to the State of New York calculator function on their website: www.ny.gov/paid-family-leave-calculator

2020 OPEN ENROLLMENT CHECKLIST

AUGUST 2019



2020 Open Enrollment Checklist

To prepare for open enrollment, group health plan sponsors should be aware of the legal changes affecting the design and administration of their plans for plan years beginning on or after Jan. 1, 2020. Employers should review their plan documents to confirm that they include these required changes.

Health plan sponsors should also confirm that their open enrollment materials contain certain required participant notices, when applicable—for example, the summary of benefits and coverage (SBC). There are also some participant notices that must be provided annually or upon initial enrollment. To minimize costs and streamline administration, employers should consider including these notices in their open enrollment materials.

Below is a compliance checklist for employers for the 2020 open enrollment, including some administrative items to prepare for in 2020.

PLAN DESIGN CHANGES

-Out-of-pocket Maximum

Non-grandfathered health plans are subject to limits on cost sharing for essential health benefits (EHB). The annual limit on total enrollee cost sharing for EHB for plan years beginning on or after Jan. 1, 2020, is **\$8,150** for self-only coverage and **\$16,300** for family coverage.

- Review your plan's out-of-pocket maximum to make sure it complies with the ACA's limits for the 2020 plan year (\$8,150 for self-only coverage and \$16,300 for family coverage).
- If you have a high deductible health plan (HDHP) that is compatible with a health savings account (HSA), keep in mind that your plan's out-of-pocket maximum must be lower than the ACA's limit. For 2020 plan years, the out-of-pocket maximum limit for HDHPs is \$6,900 for self-only coverage and \$13,800 for family coverage.

This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

- If your plan uses multiple service providers to administer benefits, confirm that the plan coordinates all claims for EHB across the plan's service providers or divides the out-of-pocket maximum across the categories of benefits, with a combined limit that does not exceed the maximum for 2020.

- Group health plans with a family out-of-pocket maximum that is higher than the ACA's self-only out-of-pocket maximum limit must embed an individual out-of-pocket maximum in family coverage so that no individual's out-of-pocket expenses exceed \$8,150 for the 2020 plan year.

-Preventive Care Benefits

The ACA requires non-grandfathered health plans to cover certain preventive health services without imposing cost-sharing requirements (that is, deductibles, copayments or coinsurance) for the services. Health plans are required to adjust their first-dollar coverage of preventive care services based on the latest preventive care recommendations. If you have a non-grandfathered plan, you should confirm that your plan covers the latest recommended preventive care services without imposing any cost sharing.

More information on the recommended preventive care services is available through the [U.S. Preventive Services Task Force](#) and www.HealthCare.gov.

-Health FSA Contributions

The ACA imposes a dollar limit on employees' salary reduction contributions to a health flexible spending account (FSA) offered under a cafeteria plan. An employer may impose its own dollar limit on employees' salary reduction contributions to a health FSA, as long as the employer's limit does not exceed the ACA's maximum limit in effect for the plan year.

The ACA set the health FSA contribution limit at \$2,500. For years after 2013, the dollar limit is indexed for cost-of-living adjustments. For 2019 plan years, the health FSA limit is \$2,700. The IRS has **not yet announced the health FSA limit for 2020 plan years**.

- Watch for IRS guidance on the health FSA limit for 2020 plan years.
- Once the 2020 health FSA limit is announced, confirm that your health FSA will not allow employees to make pre-tax contributions in excess of that limit.
- Communicate the health FSA limit to employees as part of the open enrollment process.

-HDHP and HSA Limits for 2019

If you offer an HDHP to your employees that is compatible with an HSA, you should confirm that the HDHP's minimum deductible and out-of-pocket maximum comply with the 2020 limits. The IRS limits for HSA contributions and HDHP cost-sharing increase for 2020. The HSA contribution limits will increase effective Jan. 1, 2020, while the HDHP limits will increase effective for plan years beginning on or after Jan. 1, 2020.

- Check whether your HDHP's cost-sharing limits need to be adjusted for the 2020 limits.

This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice.

Readers should contact legal counsel for legal advice.

- If you communicate the HSA contribution limits to employees as part of the enrollment process, these enrollment materials should be updated to reflect the increased limits that apply for 2020.

The following table contains the HDHP and HSA limits for 2020 as compared to 2019. It also includes the catch-up contribution limit that applies to HSA-eligible individuals who are age 55 or older, which is not adjusted for inflation and stays the same from year to year.

| Type of Limit | | 2019 | 2020 | Change |
|---|-----------------|----------|----------|-----------------|
| HSA Contribution Limit | Self-only | \$3,500 | \$3,550 | Up \$50 |
| | Family | \$7,000 | \$7,100 | Up \$100 |
| HSA Catch-up Contributions <i>(not subject to adjustment for inflation)</i> | Age 55 or older | \$1,000 | \$1,000 | No change |
| HDHP Minimum Deductible | Self-only | \$1,350 | \$1,400 | Up \$50 |
| | Family | \$2,700 | \$2,800 | Up \$100 |
| HDHP Maximum Out-of-pocket Expense Limit <i>(deductibles, copayments and other amounts, but not premiums)</i> | Self-only | \$6,750 | \$6,900 | Up \$150 |
| | Family | \$13,500 | \$13,800 | Up \$300 |

ACA EMPLOYER MANDATE AND OTHER REQUIREMENTS

-Applicable Large Employer Status (ALE)

Under the ACA's employer penalty rules, applicable large employers (ALEs) that do not offer health coverage to their full-time employees (and dependent children) that is affordable and provides minimum value will be subject to penalties if any full-time employee receives a government subsidy for health coverage through an Exchange.

To qualify as an ALE, an employer must employ, on average, **at least 50 full-time employees, including full-time equivalent employees (FTEs)**, on business days during the preceding calendar year. All

This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice.

Readers should contact legal counsel for legal advice.

employers that employ at least 50 full-time employees, including FTEs, are subject to the ACA's pay or play rules.

- Determine your ALE status for 2020
- Calculate the number of full-time employees for all 12 calendar months of 2019. A full-time employee is an employee who is employed on average for at least 30 hours of service per week.
- Calculate the number of FTEs for all 12 calendar months of 2019 by calculating the aggregate number of hours of service (but not more than 120 hours of service for any employee) for all employees who were not full-time employees for that month and dividing the total hours of service by 120.
- Add the number of full-time employees and FTEs (including fractions) calculated above for all 12 calendar months of 2019.
- Add up the monthly numbers from the preceding step and divide the sum by 12. Disregard fractions.
- If your result is 50 or more, you are likely an ALE for 2020.

-Identify Full-time Employees

All full-time employees must be offered affordable minimum value coverage. A full-time employee is an employee who was employed on average at least 30 hours of service per week. The final regulations generally treat 130 hours of service in a calendar month as the monthly equivalent of 30 hours of service per week. The IRS has provided two methods for determining full-time employee status—the **monthly measurement method** and the **look-back measurement method**.

- Determine which method you are going to use to determine full-time status
- Monthly measurement method involves a month-to-month analysis where full-time employees are identified based on their hours of service for each month. This method is not based on averaging hours of service over a prior measurement method. Month-to-month measuring may cause practical difficulties for employers, particularly if there are employees with varying hours or employment schedules, and could result in employees moving in and out of employer coverage on a monthly basis.
- Look-back measurement method allows an employer to determine full-time status based on average hours worked by an employee in a prior period. This method involves a measurement

This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice.

Readers should contact legal counsel for legal advice.

period for counting/averaging hours of service, an administrative period that allows time for enrollment and disenrollment, and a stability period when coverage may need to be provided, depending on an employee's average hours of service during the measurement period.

-Offer of Coverage

An ALE may be liable for a penalty under the pay or play rules if it does not offer coverage to “substantially all” **(95%)** full-time employees (and dependents) and any one of its full-time employees receives a premium tax credit or cost-sharing reduction for coverage purchased through an Exchange. Employees who are offered health coverage that is **affordable** and provides **minimum value** are generally not eligible for these Exchange subsidies.

- Offer minimum essential coverage to all full-time employees
- Ensure that at least one of those plans provides minimum value (**60%** actuarial value)
- Ensure that the minimum value plan offered is affordable to all full-time employees by ensuring that the employee contribution for the lowest cost single minimum value plan does not exceed **9.78%** of an employee's earnings based on the employee's W-2 wages, the employee's rate of pay, or the federal poverty level for a single individual.

-Reporting of Coverage

The ACA requires ALEs to report information to the IRS and to employees regarding the employer-sponsored health coverage on Form 1095-C. The IRS will use the information that ALEs report to verify employer-sponsored coverage and to administer the employer shared responsibility provisions (**Code Section 6056**).

In addition, the ACA requires every health insurance issuer, *sponsor of a self-insured health plan*, government agency that administers government-sponsored health insurance programs and any other entity that provides minimum essential coverage (MEC) to file an annual return with the IRS and individuals reporting information for each individual who is provided with this coverage (**Code Section 6055**).

- Determine which reporting requirements apply to you and your health plans
- Determine the information you will need for reporting and coordinate internal and external resources to help compile the required data for the 1094-C and 1095-C
- Complete the appropriate forms for the 2019 reporting year. Furnish statements to individuals on or before January 31, 2020, and file returns with the IRS on or before February 28, 2020 (March 31, 2020, if filing electronically).

This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice.

Readers should contact legal counsel for legal advice.

-Comparative Effectiveness Research Fee (PCORI)

Sponsors of self-funded plans and health insurance issuers of fully insured plans are required to pay a fee each year, by July 31st, to fund comparative effectiveness research. Fees will increase to \$2.45 per covered life in 2020 and are next due July 31, 2020.

-W-2 Reporting

Healthcare Reform requires employers to report the aggregate cost of employer-sponsored group health plan coverage on their employees' Forms W-2. This reporting requirement was originally effective for the 2011 tax year. However, the IRS later made reporting optional for 2011 for all employers.

The IRS further delayed the reporting requirement for small employers (those that file fewer than 250 Forms W-2) by making it optional for these employers until further guidance is issued. For the larger employers, the reporting requirement was mandatory for the 2012 Forms W-2 and continues.

ACA DISCLOSURE REQUIREMENTS

-Summary of Benefits and Coverage

The ACA requires health plans and health insurance issuers to provide an SBC to applicants and enrollees to help them understand their coverage and make coverage decisions. Plans and issuers must provide the SBC to participants and beneficiaries who enroll or re-enroll during an open enrollment period. The SBC also must be provided to participants and beneficiaries who enroll other than through an open enrollment period (including those who are newly eligible for coverage and special enrollees).

The [SBC template and related materials](#) are available from the Department of Labor (DOL).

- In connection with a plan's 2020 open enrollment period, the SBC should be included with the plan's application materials. If coverage automatically renews for current participants, the SBC must generally be provided no later than 30 days before the beginning of the new plan year.
- For self-funded plans, the plan administrator is responsible for providing the SBC. For insured plans, both the plan and the issuer are obligated to provide the SBC, although this obligation is satisfied for both parties if either one provides the SBC. Thus, if you have an insured plan, you should confirm that your health insurance issuer will assume responsibility for providing the SBCs.

-Grandfathered Plan Notice

If you have a grandfathered plan, make sure to include **information about the plan's grandfathered status** in plan materials describing the coverage under the plan, such as SPDs and open enrollment materials. [Model language](#) is available from the DOL.

This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice.

Readers should contact legal counsel for legal advice.

-Notice of Patient Protections

Under the ACA, non-grandfathered group health plans and issuers that require designation of a participating primary care provider must permit each participant, beneficiary and enrollee to designate any available participating primary care provider (including a pediatrician for children). Also, plans and issuers that provide obstetrical/gynecological care and require a designation of a participating primary care provider may not require preauthorization or referral for obstetrical/gynecological care.

If a non-grandfathered plan requires participants to designate a participating primary care provider, the plan or issuer must provide a notice of these patient protections whenever the SPD or similar description of benefits is provided to a participant. If your plan is subject to this notice requirement, you should confirm that it is included in the plan's open enrollment materials. [Model language](#) is available from the DOL.

OTHER NOTICES

Group health plan sponsors should consider including the following enrollment and annual notices with the plan's open enrollment materials.

Initial COBRA Notice

The Consolidated Omnibus Budget Reconciliation Act (COBRA) applies to employers with 20 or more employees that sponsor group health plans. Plan administrators must provide an initial COBRA notice **to new participants and certain dependents within 90 days after plan coverage begins**. The initial COBRA notice may be incorporated into the plan's SPD. A [model initial COBRA notice](#) is available from the DOL.

Notice of HIPAA Special Enrollment Rights

At or prior to the time of enrollment, a group health plan must provide each eligible employee with a notice of his or her special enrollment rights under HIPAA. This notice may be included in the plan's SPD. Model language for this disclosure is available on the DOL's [website](#).

Annual CHIPRA Notice

Group health plans covering residents in a state that provides a premium subsidy to low-income children and their families to help pay for employer-sponsored coverage must send an **annual notice** about the available assistance to **all** employees residing in that state. The DOL has provided a [model notice](#).

WHCRA Notice

Plans and issuers must provide notice of participants' rights to mastectomy-related benefits under the Women's Health and Cancer Rights Act (WHCRA) **at the time of enrollment and on an annual basis**. Model language for this disclosure is available on the DOL's [website](#).

This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice.

Readers should contact legal counsel for legal advice.

NMHPA Notice

Plan administrators must include a statement **within the Summary Plan Description (SPD) timeframe** describing requirements relating to any hospital length of stay in connection with childbirth for a mother or newborn child under the Newborns' and Mothers' Health Protections Act. Model language for this disclosure is available on the DOL's [website](#).

Medicare Part D Notices

Group health plan sponsors must provide a notice of creditable or non-creditable prescription drug coverage to Medicare Part D eligible individuals who are covered by, or who apply for, prescription drug coverage under the health plan. This creditable coverage notice alerts the individuals as to whether or not their prescription drug coverage is at least as good as the Medicare Part D coverage. The notice generally must be provided at various times, including when an individual enrolls in the plan and each year before **Oct. 15th** (when the Medicare annual open enrollment period begins). Model notices are available on the Centers for Medicare and Medicaid Services' [website](#).

HIPAA Privacy Notice

The HIPAA Privacy Rule requires covered entities (including group health plans and issuers) to provide a Notice of Privacy Practices (or Privacy Notice) to each individual who is the subject of protected health information (PHI). Health plans are required to send the Privacy Notice at certain times, including to **new enrollees at the time of enrollment**. Also, at least once every three years, health plans must either redistribute the Privacy Notice or notify participants that the Privacy Notice is available and explain how to obtain a copy.

Self-insured health plans are required to maintain and provide their own Privacy Notices. Special rules, however, apply for fully insured plans. Under these rules, the health insurance issuer, and not the health plan itself, is primarily responsible for the Privacy Notice.

[Model Privacy Notices](#) are available through the Department of Health and Human Services

Summary Plan Description (SPD)

Plan administrators must provide an SPD **to new participants within 90 days after plan coverage begins**. Any changes that are made to the plan should be reflected in an updated SPD booklet or described to participants through a summary of material modifications (SMM).

Also, an updated SPD must be furnished every five years if changes are made to SPD information or the plan is amended. Otherwise, a new SPD must be provided every 10 years.

Summary Annual Report

Plan administrators that are required to file a Form 5500 (> 100 participants in plan) must provide participants with a narrative summary of the information in the Form 5500, called a summary annual report (SAR). The plan administrator generally must provide the SAR within nine months of the close of the plan year. If an extension of time to file the Form 5500 is obtained, the plan administrator must

This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice.

Readers should contact legal counsel for legal advice.

furnish the SAR within two months after the close of the extension period. A [model notice](#) is available from the DOL.

Wellness Program Notices

Group health plans that include wellness programs may be required to provide certain notices regarding the program's design. As a general rule, these notices should be provided when the wellness program is communicated to employees and before employees provide any health-related information or undergo medical examinations.

- HIPAA Wellness Program Notice**—HIPAA imposes a notice requirement on health-contingent wellness programs that are offered under group health plans. Health-contingent wellness plans require individuals to satisfy standards related to health factors (for example, not smoking) in order to obtain rewards. The notice must disclose the availability of a reasonable alternative standard to qualify for the reward (and, if applicable, the possibility of waiver of the otherwise applicable standard) in all plan materials describing the terms of a health-contingent wellness program. The DOL's [compliance assistance guide](#) includes a model notice that can be used to satisfy this requirement.
- ADA Wellness Program Notice**—Employers with 15 or more employees are subject to the ADA. Wellness programs that include health-related questions or medical exams must comply with the ADA's requirements, including an employee notice requirement. Employers must give participating employees a notice that tells them what information will be collected as part of the wellness program, with whom it will be shared and for what purpose, the limits on disclosure and the way information will be kept confidential. The EEOC has provided a [sample notice](#) to help employers comply with this ADA requirement.

COMPLIANCE CHECKLIST

| CATEGORY | TIMING/LOCATION | TO WHOM |
|---|--|--|
| General | | |
| Summary Plan Description (SPD) | Within 90 days of becoming covered by the plan/generally every 5 years thereafter | Participants |
| Summary of Material Modification (SMM) | 210 days after end of plan year in which change was adopted | Participants |
| Form 5500 (> 100 participants) | 7th month after plan year end | DOL |
| Summary Annual Report (SAR) (> 100 participants) | 9 months after plan year end (if extension, 2 months after extension) | Participants |
| Consolidated Omnibus Budget Reconciliation Act (COBRA) | | |
| Initial COBRA Notice | Within 90 days of being covered/can be included in SPD | Covered employees and covered spouses |
| COBRA Election Notice | Within 14 days after being notified of qualifying event | Covered employees, spouses, dependents |
| Notice of Unavailability of COBRA | Within 14 days after being notified of qualifying event | Covered employees, spouses, dependents |
| Notice of Early Termination of COBRA | As soon as practicable after determining coverage will terminate | Qualified Beneficiaries |
| Notice of insufficient payment | Reasonable period to repay before terminating for insufficient payment | Qualified Beneficiaries |
| Health Insurance Portability and Accountability Act (HIPAA) | | |
| Portability | | |
| Notice of Special Enrollment Rights | At or before the time employee initially offered opportunity to enroll | Employees eligible to enroll |
| Wellness | | |
| -Notice of alternative standard (if reward based on health factor) | In wellness program materials | Participants in the wellness program |
| -Notice of Information to be Collected (ADA) | Before health information collected | Participants in the wellness program |
| Privacy and Security | | |
| Notice of Privacy Rights | Upon enrollment | Participant |
| Newborns and Mothers Health Protection Act (NMHPA) | | |
| Notice of required hospital length of stay for childbirth | Must be in SPD | Participants |
| Women's Health and Cancer Rights Act (WHCRA) | | |
| Notice of mastectomy-related benefits | Upon Enrollment and annually | Participants |
| Children's Health Insurance Program Reauthorization Act (CHIPRA) | | |
| Notice of premium assistance and Special Enrollment Rights | Annually | All employees in assistance eligible states |
| Medicare Part D | | |
| Creditable Coverage Notice | Annual before Medicare D election period (October 15th) | Medicare D eligible covered individuals/spouses/dependents |
| Disclosure to CMS | Within 60 days after beginning of plan year via CMS website | Group health plan sponsor to CMS |
| Healthcare Reform | | |
| Summary of Benefits and Coverage (SBC) | As part of any written application materials for enrollment-if none, first date eligible to enroll | Employees eligible to enroll |
| Notice of Exchange | By October 1, 2013 for current employees, at the time of hire for new hires thereafter | All employees |
| Statement of Grandfathered Plan Status (if applicable) | With participant materials describing plan benefits, until GF status lost | Participants |
| Notice of Patient Protections (if PCP designation required) | When SPD or similar description of benefits is provided | Participants |