

New coverage with new choices

Effective January 1, 2018, eligible retirees who retire(d) under the Central Labor Agreement on or after Jan. 10, 2005, their eligible spouses and surviving spouses who are age 65 or older will transition to the Caterpillar-sponsored Health Reimbursement Arrangement (HRA). Retirees who retired on or after Jan. 10, 2005, but prior to [March 27, 2017] may opt out of the HRA and instead remain in their current healthcare coverage by calling 309-675-1700 by October 6, 2017.



This guide explains the Caterpillar-sponsored HRA for eligible retirees, their eligible spouses and surviving spouses who are age 65 and older. Unless you opt out of this HRA coverage, you will receive a guide from OneExchange later this year that will contain enrollment information.

Caterpillar has selected OneExchange to administer the HRA and assist you with enrollment. OneExchange's licensed benefit advisors will help you find and enroll in coverage that best serves your medical needs and fits your budget.

After your guide arrives you must work with OneExchange to complete the enrollment process that will provide you access to your HRA dollars.



When you enroll in coverage through OneExchange, you will have access to several individual health coverage options such as Medicare Advantage and Medicare Supplement plans. Caterpillar provides benefit dollars to reimburse you for qualified healthcare expenses, including Medicare plan premiums. These benefit dollars will be available through an HRA.

Caterpillar has chosen OneExchange to assist you with enrollment in the Medicare marketplace. As professionals in the Medicare market, OneExchange's licensed benefit advisors will help you evaluate your options and enroll in coverage that best fits your budget and unique medical, dental, vision and prescription drug needs.

To learn more about this change, please review this booklet and plan to attend one of the education sessions that will be offered by Caterpillar and OneExchange.

If your spouse* is not currently age 65 or older, he or she will not be eligible for the HRA. The materials in this guide do not apply to those under age 65. Please see page 7 for more information.

*For purposes of this brochure, the term "spouse" also includes same-sex domestic partner.

Introducing OneExchange



BE ON THE LOOKOUT!

Later this year you will receive your guide from OneExchange. The guide will include information for you to complete before contacting OneExchange to begin the enrollment process.

If you have a spouse who is also eligible to enroll in individual coverage through OneExchange, both of you must enroll in coverage. Neither Medicare nor supplemental insurance coverage is two-party coverage—only individual coverage is available.

OneExchange is a leading provider of healthcare solutions. With OneExchange's assistance, retirees and their eligible spouses gain access to the Medicare marketplace, including a wide range of plan choices from leading national and regional insurance companies.

OneExchange will provide you and your eligible spouse with personalized assistance. An experienced OneExchange benefit advisor can provide individualized telephone support to help you make an informed Medicare enrollment decision. While OneExchange can assist you with enrollment in the Medicare marketplace, OneExchange is not able to assist retirees who retired on or after Jan. 10, 2005 but prior to [March 27, 2017] with deciding whether to opt out of HRA coverage.



Understanding the basics

Becoming more familiar with Medicare, Health Reimbursement Arrangements, benefit dollars and who is eligible for the HRA will lay the foundation for enrollment through OneExchange.



Become familiar with Medicare

How the parts combine to provide you with coverage

Before you enroll, it's good to become familiar with Medicare. Medicare benefits are broken into several components. To decide how to best meet your medical needs and budget, it helps to understand how these parts work together. Below is a simple outline to help familiarize you with the parts of Medicare and the decisions you must make.

WHAT YOU GET

Part A and Part B

Original Medicare consists of Part A and Part B. You automatically receive Part A from Medicare and become eligible for Part B when you become Medicare-eligible due to age or disability.

Part A

Provides you with inpatient care, and covers inpatient hospital stays, home healthcare, stays in skilled nursing facilities, and hospice care.

Part B

Provides you with outpatient care and covers physician fees and other medical services not requiring hospitalization.

You must choose to enroll in Part B.

WHAT YOU CHOOSE

You may choose between three different types of supplemental plans that add coverage where original Medicare may have none.

Medicare Advantage

Part C is coverage offered by a private insurance company to provide your Medicare Part A and Part B benefits plus additional benefits. There are two versions of Part C, also referred to as Medicare Advantage coverage. Within these two Medicare Advantage types there are three doctor networks: HMO, PPO, and Private Fee-for-Service Plans (PFFS).

Medigap is supplemental insurance sold by private insurance companies to fill "gaps" in original Medicare coverage.

Part D

Refers to optional prescription drug coverage, which is available to all people who are eligible for Medicare. Part D coverage is offered through private insurance companies.

HOW TO DECIDE

You may combine the supplemental coverage to get a package of plans that covers your needs. Choosing the best combination requires some education and some comparison of features and costs.





EXAMPLES OF HRA-ELIGIBLE EXPENSES

- Premiums for Medicare Part B and Part D
- Premiums for Medigap or Medicare Advantage coverage (Part C)
- Dental premiums
- Vision and dental expenses not covered by insurance
- Out-of-pocket expenses like deductibles, medical co-pays and your share of coinsurance
- For a complete list of HRA-eligible expenses, go to www.irs.gov/publications/p502/index.html or call the IRS at 800-829-3676 and request Publication 502 – Medical and Dental Expenses

How Health Reimbursement Arrangements work

A Health Reimbursement Arrangement (HRA) is an employer-provided health plan. An account is established for each plan participant and the account is credited with benefit dollars that can be used to pay for eligible healthcare expenses.

- When you enroll in individual insurance coverage through OneExchange, Caterpillar will create an HRA for you.
- You can use the funds in your account to be reimbursed for premiums and/or your share of eligible healthcare expenses during the year. You decide how to use the benefit dollars in your HRA account.
- If you have an eligible spouse, you and your spouse will have separate HRA accounts; however, both you and your spouse may claim eligible expenses from each other's account.
- An annual contribution will be made to the account. You will also be able to roll over unused benefit dollars from year-to-year, allowing you to accumulate dollars for future use.

CATERPILLAR'S CONTRIBUTION TO YOUR HRA

Once the eligible retiree/surviving spouse or spouse enrolls in individual coverage through OneExchange, an HRA account will be established for each eligible retiree/surviving spouse or spouse. Caterpillar credits each account with 3,000 benefit dollars if the retiree retired prior to January 2, 2019. At the beginning of each subsequent year Caterpillar credits each individual's HRA with additional benefit dollars.

HOW IT WORKS

You enroll in a participating plan with OneExchange and pay the premiums to the carrier. You can then be reimbursed from your HRA account. The *Enrollment Guide* you will receive will cover the reimbursement process. HRA funds used to reimburse your eligible expenses are not considered taxable income.



An explanation of the HRA process



Beginning in October 2017, you may enroll in individual healthcare coverage offered through OneExchange. In January 2018, after you have enrolled through OneExchange, Caterpillar will credit your HRA account with benefit dollars to use toward eligible healthcare expenses such as premiums, deductibles, medical co-pays, etc. You can then be reimbursed from your HRA account throughout the year to the extent benefit dollars are available in your HRA account.

CREATING YOUR HRA ACCOUNT

You and **OneExchange** work together to evaluate the options and select the coverage that is right for you.

You enroll in individual coverage through OneExchange in **October through December 2017**. Your specific enrollment period will be listed in the *Enrollment Guide* you receive from OneExchange. If you made an appointment to enroll during your pre-registration with OneExchange you will enroll on that date.

After you enroll, Caterpillar places benefit dollars in your HRA account **beginning January 1, 2018**.

GETTING REIMBURSED FROM YOUR HRA ACCOUNT

You pay your insurance premium directly to your insurance provider.

You submit your claim (premium, co-pay, coinsurance, etc.) to OneExchange.

OneExchange reimburses you from your HRA account.

ESTABLISHING DIRECT DEPOSIT FOR YOUR HRA REIMBURSEMENTS

To receive your reimbursement as quickly as possible, you have the option to establish direct deposit. OneExchange will send more information about HRAs this fall and will include additional directions for direct deposit. Unless you choose to set up direct deposit, all reimbursements will be made by check and mailed to the address on file with OneExchange.

Determining Eligibility



WHEN YOUR HRA COVERAGE BEGINS AND YOUR EXISTING COVERAGE ENDS UNDER THE CATERPILLAR-SPONSORED GROUP HEALTH PROGRAM

AGE 65 OR OLDER

Retiree/Surviving Spouse

- Unless you opt out of participating in the HRA, coverage under your current Caterpillar healthcare plan will end on December 31, 2017.
- Once you enroll in individual coverage through OneExchange, an HRA account will be established for you.
- Benefit dollars will be placed in the HRA account in January 2018.

Your Spouse

- Unless you opt out, if your spouse is under age 65, he/she will transition to the same healthcare benefit plan that management and executive retirees under age 65 participate in today (which is different from the HRA), effective January 1, 2018.
- Unless you opt out, if your spouse is age 65 or older, he/she will transition to the HRA through OneExchange, effective January 1, 2018.
- Once your spouse enrolls in a coverage through OneExchange, an HRA account will be established for him/her.
- Benefit dollars will be placed in the HRA account in January 2018.

Your Dependent(s)

- Unless you opt out, your dependent children will transition to the same healthcare benefit plan that management and executive retirees under age 65 participate in today (which is different from the HRA), effective January 1, 2018, as long as they meet established eligibility criteria.
- Disabled dependent children will transition to the same healthcare benefit plan as management and executive retirees under age 65 (which is different from the HRA), effective January 1, 2018, and can remain in that coverage until age 65. At age 65, they will become ineligible for existing coverage but will be eligible for services provided by OneExchange. An HRA account will not be established for the disabled dependent child.

Steps toward enrollment

Beginning in October, you can begin your enrollment with OneExchange. OneExchange has identified three steps to complete this process— Education, Evaluation and Enrollment. You will be fully supported through each of these steps by Benefit Advisors from OneExchange.



1 EDUCATION

Later this year, you will receive an *Enrollment Guide* from OneExchange with helpful information on eligibility, coverage options and the details you need to prepare you for the 2018 enrollment period. There will also be a Web site and phone number for you to contact OneExchange before the actual enrollment period begins so they can begin collecting information that will improve your enrollment experience.

2 EVALUATION

Using the *Enrollment Guide* and, if you have internet access, OneExchange's online tools, you can review the options available to you before speaking with a benefit advisor. If you do not have internet access, the *Enrollment Guide* and your benefit advisor will guide you. When you call, an OneExchange benefit advisor will spend time learning about your specific needs to assist you with your enrollment choices.

3 ENROLLMENT

A OneExchange benefit advisor will expedite the process of enrollment, assisting you with all applications, and helping you apply for and enroll in the individual coverage you choose. During your dedicated enrollment period and using OneExchange's customized tools for enrollment, a benefit advisor will help you to make informed enrollment decisions and support you throughout the entire process.

» NEED DENTAL OR VISION COVERAGE?

You'll also find a selection of dental and/or vision plans to choose from.

In the event that the content of this document or any representations made by any person regarding Caterpillar's employee benefit plans and programs conflict with or are inconsistent with the provisions of the governing plan documents, the provisions of the plan documents are controlling. You are neither vested in your retiree healthcare benefits nor does Caterpillar intend to vest you in your retiree healthcare benefits. To the fullest extent permitted by law, Caterpillar has reserved the right to amend, modify, suspend, replace or terminate any of its plans, policies or programs (including the HRA), in whole or in part, at any time and for any reason, by appropriate company action.