

# Get ready to choose

With all new medical plans this year, it's even more important that you participate in Annual Enrollment. You'll need to actively enroll to choose the plan that best fits your needs for 2022.

**Annual Enrollment is October 13 – 27, 2021.**



**BAE SYSTEMS**



## Find your best fit with our 2022 medical plans



BAE Systems is committed to offering medical benefits that address *your* diverse needs. Because one size doesn't fit all, we are introducing **all new medical plan options** for 2022.

Most importantly, these new plans can help you get the care you need. All four plans provide you with the same comprehensive coverage through Cigna network providers and facilities.

At the same time, the new plans offer you more flexibility to choose between paying higher or lower paycheck costs, and paying higher or lower amounts out of pocket when you need care.

It's also important to note that **all of our BAE Systems medical plans cover preventive care services at 100%** to help you get and stay healthy.

### Why are we offering more choice now?



More than half of our employees who are enrolled in a BAE Systems medical plan **only** use it for preventive services and otherwise spend very little on health care.

This is good news and indicates that many of us are healthy and taking care of ourselves. It also means many of us could benefit from more plan choices that allow us to pay less for medical plan premiums and pay more on those occasions when we need care.

Recognizing that this isn't right for everyone, we are also offering plan options for those who prefer to pay more each paycheck in order to have more predictable copays for doctor visits.

## Did you know?

### Most people spend more time picking a Netflix movie than choosing a medical plan



Your life continues to evolve, so it makes sense that your benefit coverage needs may also change. No single medical plan can be the right one for everyone every year, so spend some time thinking about *how you and your family use your medical coverage*.

#### To help you prioritize what you need from a health care plan in 2022, consider the following:

- Do you typically need **more care from specialists** or take **specialty medications**?
- Do you prefer paying **lower premiums each paycheck**, knowing you will pay more out of pocket when you need non-preventive care services?
- Do you prefer paying higher premiums so you'll have **more predictable copays, or lower out-of-pocket costs** when you need medical care?
- Do you take advantage of **preventive care services** but not much else each year?
- Are you planning an **upcoming surgery**, like a knee replacement?

Answers to these questions can help you pick the plan that best fits your needs.

## Our new medical plan options offer something for everyone

Our new medical plans offer a variety of options with more flexibility in how to spend your health care dollars. All the plans are administered by Cigna, and prescription drugs will continue to be administered by CVS Caremark.

### The plans differ in costs and provider network flexibility

Plan Features	New 2022 Medical Plans			
	HSA Standard	HSA Select	Network Choice	Copay
HSA contribution from BAE Systems	Yes \$750 individual / \$1,500 family		No	
Provider network flexibility	In-network and out-of-network coverage			In-network coverage only
Deductible and out-of-pocket maximum	\$\$\$\$	\$\$\$	\$\$	\$
Your premium cost per paycheck	\$	\$\$	\$\$\$	\$\$\$\$
Prescription drugs	After meeting your plan's deductible, you pay a percentage of the cost (coinsurance), up to a maximum per prescription		The plan deductible does not apply; you pay a copay amount per prescription	



# Three tips for a successful 2022 enrollment



## 1 Don't let the right plan pass you by.

It's important to actively enroll in a medical plan during Annual Enrollment, because your current plan won't be available next year.

**If you are in a BAE Systems Cigna medical plan today and don't take action, you will automatically be enrolled in the medical plan with the lowest paycheck deduction for you and any family members you cover today.** This may not be the best fit for you. If you do not wish to be automatically enrolled, either elect a plan or waive coverage during the enrollment process.



## 2 Take a fresh look at high-deductible health plans.

With the HSA Standard and HSA Select plans, you'll pay less out of your paycheck in premiums but may pay more for health care services when you need them. At the same time, these plans are paired with a tax-advantaged Health Savings Account (HSA) you can use for health care expenses now, years from now, or after you retire.

**NEW for 2022!** BAE Systems will contribute to your HSA to help you pay for your health care expenses (\$750 for individual coverage / \$1,500 for family coverage). To receive this automatic funding, you must be eligible to contribute to an HSA.



## 3 Try your plan options on for size using the new Medical Plan Evaluator.

The Medical Plan Evaluator can help you determine the best plan for your needs in 2022 and ensure that you get the best fit for you and your family. The online tool will provide a comparison of your medical plan options, annual paycheck costs, and estimated out-of-pocket costs.

The tool will be available on BenefitsNavigator **October 6 and throughout Annual Enrollment.** See page 7 for more information.

### Did you know?

#### Medical insurance works like car insurance

If you set a low deductible on your car insurance, you pay higher premiums. If you increase your deductible, then your premiums are lower, but you will pay more for repairs if you have a claim. Medical insurance works the same way – a high-deductible medical plan comes with a lower premium through paycheck deductions, but you will pay more out of pocket until you meet your deductible.

# How your 2022 medical plans stack up

Our new medical plan options allow you to get the coverage you need and offer more flexibility in how you pay your share of the costs.



## The four new plans feature similar medical and prescription coverage

- ✓ Doctor and specialist visits, telemedicine, urgent care, and hospital stays are covered.
- ✓ Preventive care services, including yearly checkups and preventive screenings (like mammograms and colonoscopies), and immunizations are all covered at 100%.
- ✓ All use Cigna's national network of providers.
- ✓ Prescription drug coverage continues to be provided through CVS Caremark.

## A closer look at how the plans compare

Plan Features	HSA Standard	HSA Select	Network Choice	Copay
<b>Deductible</b> Amount you pay before the plan begins to cover costs	<b>Individual:</b> \$3,000 <b>Family:</b> \$6,000	<b>Individual:</b> \$2,000 <b>Family:</b> \$4,000	<b>Individual:</b> \$1,000 <b>Family:</b> \$2,000	<b>Individual:</b> \$500 <b>Family:</b> \$1,000
<b>Out-of-pocket maximum</b> The maximum you will pay annually toward medical care expenses	<b>Individual:</b> \$6,000 <b>Family:</b> \$12,000	<b>Individual:</b> \$4,000 <b>Family:</b> \$8,000	<b>Individual:</b> \$3,000 <b>Family:</b> \$6,000	<b>Individual:</b> \$2,500 <b>Family:</b> \$5,000
<b>Coinsurance for all non-preventive care</b> The portion of charges you pay after meeting your annual deductible	You pay 20% coinsurance after deductible	You pay 20% coinsurance after deductible	You pay 20% coinsurance after deductible	You pay a copay for almost all services after deductible You pay 20% coinsurance after deductible for certain costs (e.g., ambulance transport, wheelchairs, prosthetics, and other medical equipment)
<b>Office visit with primary care physician</b>	You pay 20% coinsurance after deductible	You pay 20% coinsurance after deductible	You pay 10% coinsurance for doctors with a Tier 1 or Cigna Care Designation; you pay 20% for other providers	You pay a \$25 copay (not subject to deductible)
<b>Office visit with specialist</b>	You pay 20% coinsurance after deductible	You pay 20% coinsurance after deductible	You pay 10% coinsurance for doctors with a Tier 1 or Cigna Care Designation; you pay 20% for other providers	You pay a \$50 copay (not subject to deductible)

# A quick comparison of the new prescription drug coverage

Plan Features	HSA Standard	HSA Select	Network Choice	Copay
<b>Retail</b> (up to 30-day supply)	<b>Under the HSA plans, after meeting your deductible, you pay 20% coinsurance, up to a maximum of:</b> <b>Generic:</b> \$15 per prescription <b>Formulary brand:</b> \$50 per prescription <b>Non-formulary brand:</b> \$100 per prescription <b>Specialty pharmacy:</b> \$75 per prescription		<b>Plan deductible does not apply, and you pay a copay amount of:</b> <b>Generic:</b> up to \$15 per prescription <b>Formulary brand:</b> \$50 per prescription <b>Non-formulary brand:</b> \$100 per prescription <b>Specialty pharmacy:</b> 30% coinsurance per prescription (\$0 if you enroll in the PrudentRx CVS savings program – see “An extra dose of details on Rx costs” below)	
<b>Mail order</b> (up to a 90-day supply)	Receive a 90-day supply for 2.5 times the 30-day retail cost			



Check out the “Terms to know” page on [benefits.baesystems.com](https://benefits.baesystems.com) to learn more about key terms that apply to your benefit options.

## An extra dose of details on Rx costs

**Medication cost limits will help you manage your drug costs.** All of our new plans include limits on prescription medication costs by setting a maximum amount you pay on each type of prescription.

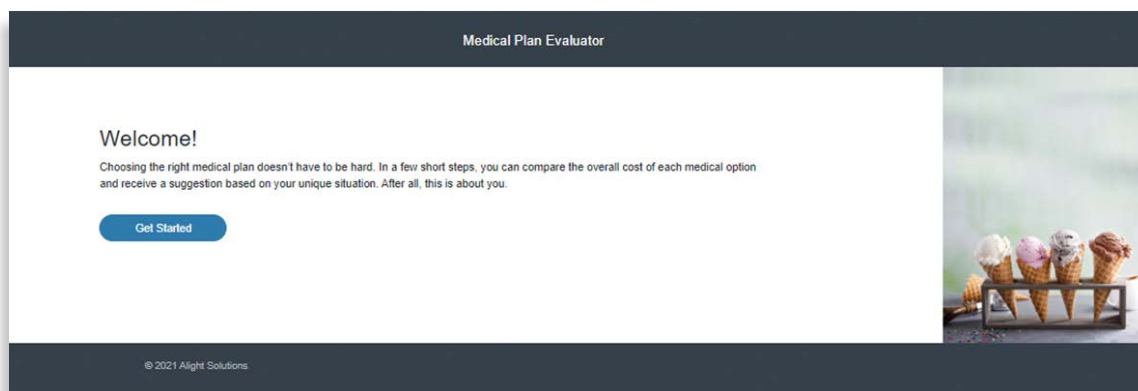
Taking this a step further, the Network Choice and Copay plans both include a new feature where you can obtain certain specialty medications at no cost by enrolling in the PrudentRx program. The program only applies to specialty medications for chronic, progressive conditions that are included on CVS Caremark’s Advanced Control Specialty Formulary® drug list. To see about your specialty medication, visit the Annual Enrollment pages on [benefits.baesystems.com](https://benefits.baesystems.com).

If you currently take these medications, be sure to consider how each plan option covers prescriptions. If you choose the Network Choice or Copay medical plans and currently take a specialty medication, you’ll receive a home mailing in December that explains the new PrudentRx program.



# Take a close look at our NEW Medical Plan Evaluator

While we can't predict the future, our **Medical Plan Evaluator** is a new interactive tool that can help you evaluate your new plan options based on information that applies just to you and your covered family members. Answer a few short questions to get started and personalize your plan evaluation.



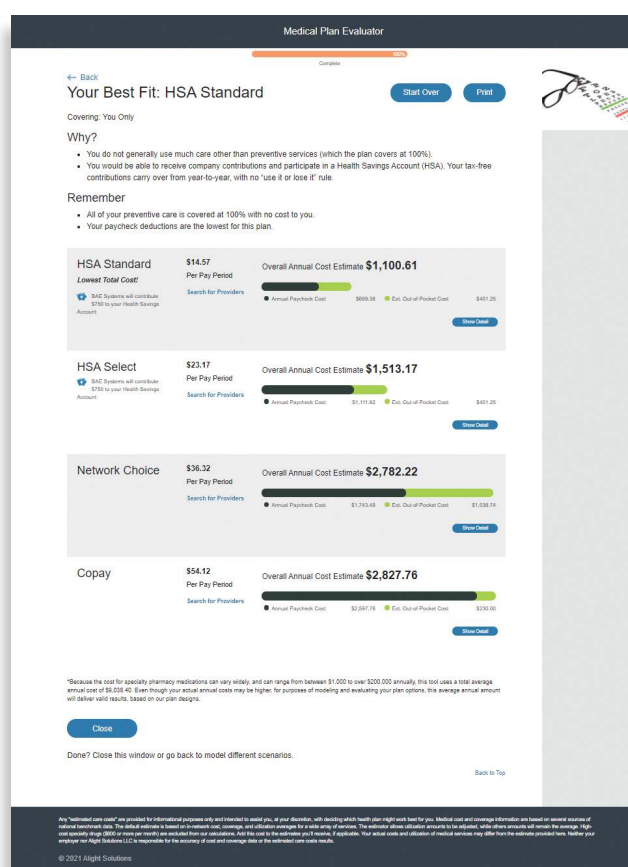
Run the tool based on your 2020 claims history that is already loaded into the new Medical Plan Evaluator, and see which plan is the best fit for you. Review how the tool has ranked your plan options.

Next, **look ahead and consider how your medical needs for 2022 may change.** Are you expecting a baby or planning elective surgery, such as a knee replacement? Reflect these differences in your projected 2022 expenses in the tool, and run it again to see if this affects your plan costs and rankings.

If you are a recent hire with limited or no 2020 medical claims history at BAE Systems, or you were not enrolled in a BAE Systems Cigna medical plan, customize your 2022 forecast by entering your anticipated health care needs.



**Get a head start on evaluating your plan choices.** You can begin using the Medical Plan Evaluator on October 6, so you'll be ready to make your plan elections when Annual Enrollment opens on October 13.





# Save money to help pay for your health care

Health savings and flexible spending accounts allow you to set aside pretax money to help pay for eligible health care expenses. Below is a summary of some differences among them. For more details about these savings and spending accounts, visit [benefits.baesystems.com](https://benefits.baesystems.com).

## HSA

**The Health Savings Account (HSA)** is offered only with the HSA Standard and HSA Select plans. Your HSA belongs to you, even if you leave BAE Systems. It gives you the option to spend on health expenses now or save and invest for health expenses in the future.

## FSA

**The Health Care Flexible Spending Account (FSA)** allows you to pay for eligible medical, dental, and vision expenses during a calendar year. Costs must be incurred by year-end, or the funds are forfeited. Generally, the FSA is offered with the Network Choice and Copay plans.

## Limited Purpose FSA

BAE Systems also offers a **Limited Purpose Flexible Spending Account (FSA)** if you enroll in the HSA Standard or HSA Select plan. This Limited Purpose FSA can help you pay for eligible dental and vision expenses only.



**An important change!** None of our new medical plans will offer a **Health Reimbursement Account (HRA)** option. See page 9 to learn how you can use your remaining HRA funds.





# Make the most of an HSA

A Health Savings Account (HSA) is available with the HSA Standard and HSA Select options, which are high-deductible health plans (HDHPs). However, don't let the words "high deductible" intimidate you. While HSA plans have higher deductibles and out-of-pocket limits, they may result in lower **total** costs for you. Remember, preventive care services are covered 100% by all our plans, and beginning in 2022, BAE Systems will contribute to your HSA.

## Five ways you can benefit from an HSA

- 1 NEW! BAE Systems will contribute to your HSA, even if you don't.** If you enroll in HSA Standard or HSA Select, and you are eligible to contribute to an HSA, BAE Systems will contribute to your HSA in 2022. The contributions are \$750 if you have individual medical coverage or \$1,500 if you have coverage for you and any dependents. The funds will be deposited to your HSA in January. No action is required to receive this funding, and an HSA will be opened for you if you don't already have one.
- 2 It's a tax-savings trifecta!** With an HSA, you save on taxes three ways:
  - ✓ The money you contribute to your HSA is made on a pretax basis, before federal and state\* taxes are calculated. For 2022, the maximum amount you can contribute to your HSA according to IRS limits is \$2,900 for individual coverage or \$5,800 for family coverage (in addition to the company contributions outlined above). Keep in mind that you can change your HSA contribution amounts throughout the year as long as you don't exceed the annual limits.
  - ✓ Your account can grow tax-free.
  - ✓ You don't pay taxes on the money you take out to pay for qualified health care expenses.
- 3 Your HSA belongs to you – always.** Your account balance is yours to keep and use. It remains yours even if you leave BAE Systems, and there's no use-it-or-lose-it rule like the one for FSAs. As a result, you can use the HSA to save for future health expenses, including those in retirement.
- 4 Catch up on savings!** If you are age 55 or over, you can save even more in your HSA. The IRS allows you to contribute an additional \$1,000 to your account in 2022.
- 5 Once your account balance reaches \$1,000, you can invest your money** in a variety of investment options to help your savings grow.

\* In California and New Jersey, HSA contributions are subject to state tax.

# Last call for Wellness Incentives

With significantly reduced usage of the Wellness Incentive Program in recent years, **this program will end on December 31, 2021.** If you've been planning to earn wellness incentives, take action before year-end.

While you may continue to **earn** 2021 wellness incentives through the end of the year, only incentives submitted and processed by Cigna through November 30, 2021, can be deposited in the standard way to either your Health Reimbursement Account (HRA) or Health Savings Account (HSA). Some incentives take more time to earn and process than others, so the earlier you complete and submit your wellness incentives the better.

Any incentives earned or processed by Cigna in December will be paid directly to you through payroll and be reduced by applicable taxes. These payroll payouts will be made in March 2022, as long as you are still a BAE Systems employee.

Look for more details to come from Cigna.

## What's happening with Health Reimbursement Accounts (HRAs)?



HRAs will **not** be offered with any of our 2022 medical plan options. Through the end of 2021, you may continue to submit any eligible medical and prescription drug claims for reimbursement from your HRA. After December 31, 2021, any HRA balances will remain available to you for two years (through December 31, 2023), as long as you and your covered dependents are enrolled in a BAE Systems Cigna medical plan.

Beginning next year, your HRA funds may only be used for reimbursement of eligible **dental and vision expenses incurred between January 1, 2022, and December 31, 2023.** In addition, you can submit any 2021 Cigna medical or prescription drug expense paid as an out-of-pocket cost. During the two-year sunset period, Cigna will manage the HRA reimbursement process for these eligible dental and vision expenses.

Since any remaining HRA funds will be forfeited after December 31, 2023, we are making you aware of these upcoming changes now so you can take advantage of the wellness incentives you've earned in your HRA. Further details will be provided later this year.

**Annual Enrollment will be open October 13 – 27. You can access the new Medical Plan Evaluator beginning October 6,** and other resources are available to help you select the medical plan that best fits the needs of you and your family in 2022.

## Your Annual Enrollment checklist



### Consider

- ☐ Use this guide to learn about your plan options and what's changing for next year.
- ☐ Visit [benefits.baesystems.com](https://benefits.baesystems.com) for more details about Annual Enrollment for 2022, including links and phone numbers you may need.
- ☐ Attend an Annual Enrollment webinar in October.

### Compare

- ☐ Use the Medical Plan Evaluator on BenefitsNavigator beginning October 6 to evaluate your plan options and determine the best fit for you and your family next year.

### Choose

- ☐ **October 13 – 27:** Go to [benefits.baesystems.com](https://benefits.baesystems.com) and link to BenefitsNavigator at the top of the page.
- ☐ Enroll in your medical plan for 2022.
- ☐ Consider your contribution amount to your HSA if you elect the HSA Standard or HSA Select plan.
  - If you are currently contributing to an HSA, your contribution election will carry over to 2022 unless you change it during Annual Enrollment or at another time during the year. Because BAE Systems will also contribute to your HSA, your existing election may be adjusted so that your total contributions will not exceed the IRS limits.
  - If you are new to an HSA plan for 2022, be sure to choose your contribution amount.
- ☐ Consider your contribution elections to Flexible Spending Accounts. **These contribution elections do not carry over from year to year.**
  - If you elect the HSA Standard or HSA Select plan, you may be eligible for a Limited Purpose FSA for dental and vision expenses. See [benefits.baesystems.com](https://benefits.baesystems.com) for more details.
- ☐ Review and, if necessary, update your optional insurance coverage and beneficiaries.
- ☐ Consider updating your 401(k) contribution rate and reviewing your investment strategy.
- ☐ Review and consider your needs for legal coverage, as Annual Enrollment is your only opportunity to elect or drop this coverage.
- ☐ Review your enrollment confirmation for accuracy, and keep a copy for your records.

# Mark your calendar!

## If you don't enroll by October 27:

If you are enrolled in a BAE Systems Cigna medical plan today and don't take action to either enroll or waive coverage for 2022, **you will automatically be enrolled in the medical plan with the lowest paycheck deduction cost available for you** and any family members you cover today. This may not be the best fit for your specific needs.

If you are not currently enrolled in a BAE Systems medical plan and do not want to enroll in one of the new plan options for 2022, no action is required.

Remember, if you want to participate in the Health Care and/or Dependent Care Flexible Spending Accounts, you must actively choose to contribute each year. Be sure to enroll during Annual Enrollment if you want to participate in these accounts in 2022.

**Enrollment ends at 11:59 p.m. Central time on Wednesday, October 27.**



## Have questions or need assistance?



1



**New!** A **web chat service** will be available October 13 – 27. If you need assistance, just click on the chat icon when it appears.

2



If you still have questions or need to enroll by phone during Annual Enrollment, call the **BAE Systems Benefit Center** at **1 888 900 4223**, 8 a.m. – 8 p.m. Eastern time, Monday through Friday.

3



For more complex questions, **experienced benefits counselors** will be available October 13 – 27 by appointment. Beginning October 6, you may schedule a 30-minute appointment by accessing the reservation site from BenefitsNavigator or by calling the Benefit Center for details.

**A final note:** This material provides general information about upcoming changes to BAE Systems medical plans. It is only a brief summary. Efforts have been made to ensure the accuracy of this information; however, if there is any inconsistency between this material and any benefit plan documents, the terms of the benefit plan documents will govern. If information in this summary is inconsistent with applicable laws, those laws shall govern. BAE Systems, Inc. reserves the right to amend, modify, or terminate any plan, in whole or in part, at any time at its sole discretion. Lastly, benefit provisions vary across BAE Systems; thus, if you transfer within the company, your benefits may change.



**BAE Systems Benefit Center**

Dept. 08853

P.O. Box 1590

Lincolnshire, IL 60059-1590

## Annual Enrollment is October 13 – 27

We're excited to offer all new medical plans for 2022 to help you better balance your costs with the care you need.



It's good to have options

**Our new medical plans offer something for everyone.** Start a smart habit to actively review your medical coverage each year during Annual Enrollment. It's your opportunity to choose the plan that best fits your needs, because no single plan can be the right one for everyone every year.