

2022 Annual Enrollment Employee Briefing Slides and Transcript: Inc. HQ, COE, ESS, ES, P&S



Annual Enrollment: Inc. HQ, COE, ESS, ES & P&S Employees

Make your benefit choices October 13 – 27

- Hello, and thank you for taking some time today to hear about this year's Annual Enrollment process, and more importantly, to learn about the new medical plans we're offering for 2022.
- We have a lot of information to share, and feel free to take notes; however, the majority of this material is included in the Annual Enrollment Guide you should have already received in the mail at home, and it's also posted to our public Benefits website at **benefits.baesystems.com**.

Welcome and Briefing Objectives

- Welcome and thank you for joining us for this recorded presentation
- Briefing objectives
 - Introduce you to the new medical plans for 2022
 - Highlight new tools and resources to help you navigate the changes and make informed choices
 - Outline Annual Enrollment required actions and key dates

This briefing generally applies to employees of:

- Inc. HQ, COE and Enterprise Shared Services
- Electronic Systems
- Platforms & Services

Within these groups, the material does **NOT** apply to employees located in Hawaii, those who participate in a Cigna Global Plan, or employees whose CBA provides non-standard medical benefits

We're excited about offering new medical plans for 2022!

- Our top priority today is to provide an overview of your new plan options and their key features. We'll also highlight some new tools and resources that can help you assess your options and make an informed choice about your benefits for next year.
- We want to make the most of your valuable time, so we won't be covering material about benefits that aren't changing, but keep in mind that Annual Enrollment is your once-a-year opportunity to elect a range of benefits for you and your family.
- One additional note ... our benefits do vary among our sectors, business areas, and employee groups. The material included in this presentation has been designed specifically for employees at Inc. Headquarters, the COEs, Enterprise Shared Services, as well as employees in the Electronic Systems and Platforms & Services sectors. This includes employees represented by Collective Bargaining Agreements that provide our standard Cigna medical benefits. The exception across these groups is our employees who live and work in Hawaii, which has its own set of plans and network options.
- And now that we've set some groundwork, let's turn to what we're really excited to tell you about – our new medical plans!

All new 2022 Medical Plans: It's good to have options

- Provide **more meaningful choice** for employees
- Better **meet diverse needs** of employees and families
- Address coverage **needs for different life stages** for individual employees and types of families
- Offer **more flexibility in how employees pay** for coverage and care (e.g., higher paycheck costs for more predictable expenses when care is needed)
- **Some things remain the same:**
 - New plans all use the same Cigna network
 - All plans offer comprehensive coverage, with preventive care covered at 100%
 - Prescription coverage continues from CVS Caremark



- Not only are we offering all new medical plans for next year, we're pleased to share that our new medical plans have been designed to provide more meaningful choices that can help our employees and their families address their diverse needs.
- The new plans offer coverage that can meet the individual needs of our employees, and the needs of those with families in different life stages as they evolve over time.
- Another important element of our expanded plan choices is added flexibility, so employees can choose how they pay their share of the cost for coverage. For example, we've introduced new medical plans that have higher per paycheck premiums in exchange for paying less out of pocket costs when care is needed, and vice versa.
- We also think it's important to maintain some plan features we have today. For example,
 - all of the new plans use the Cigna network of providers and facilities – though please keep in mind that doctors and hospitals can change their network affiliations from time to time.
 - In addition, all of our BAE Systems medical plans offer comprehensive coverage and they cover the same procedures,
 - all of our plans continue to cover all preventive care services at 100%, and
 - as you see in the last bullet here, CVS Caremark will continue to be the pharmacy provider for all of our new Cigna plans.
- We believe this represents a lot of positive news for our employees and their families who enroll in our benefit plans.

Did you know?

Medical insurance works like car insurance

- **For car insurance:** setting a higher deductible means you pay less in insurance premiums each month/year, but you owe up to the deductible if you have a claim
- **For medical insurance:** choosing a higher deductible health plan means you pay less each paycheck in exchange for paying more (up to the deductible) when care is needed



Similar to car insurance, many employees may find their total annual costs are lower with one of the high-deductible HSA plans due to their lower per paycheck premium costs.

- We recognize that figuring out how medical plans work can be a bit daunting, so we thought it might be helpful to offer an analogy that most of us can relate to – car insurance.
- When you obtain car insurance, if you set a higher deductible on your policy, you will pay less in insurance premiums throughout the year. Many of us take this route to lower our premiums with the understanding that if we have an accident or need to file a claim, we will owe an amount up to the deductible we elected for repairs.
- Medical insurance works in a similar way: if we elect a medical plan with a higher deductible, we will pay less in insurance premiums out of each paycheck, and then we'll need to pay for our health care costs up to our plan's deductible whenever we need care other than the preventive care services that are always covered at 100%.
- You will hear us use the term 'high-deductible' as we explain a couple of our new plans – but don't let that term intimidate you. Just as with car insurance, you may find that your total annual costs are lower with a high-deductible plan due to their lower per paycheck premiums and other plan design features. For example, high deductible health plans offer the opportunity to save for health care costs using an HSA – or a Health Savings Account.
- With this car insurance analogy in mind, let's turn to a high level overview of our new medical plans.

Medical plan overview of four new plans

	<i>New!</i>	Similar to Core Plus	Similar to Health Plus	Similar to Traditional Health
New Medical Plans for 2022				
Plan feature	HSA Standard	HSA Select	Network Choice	Copay
HSA company contributions	Yes		No	
Provider network flexibility	In-network and out-of-network coverage			In-network coverage only
Premium cost per paycheck	\$	\$\$	\$\$\$	\$\$\$\$
Deductible and Out-of-pocket maximums	\$\$\$\$	\$\$\$	\$\$	\$
Prescription drugs	After meeting plan's deductible, coinsurance cost is paid up to a maximum per prescription		No plan deductible applies, a copay is paid per prescription	

- With all NEW plans, **the plan you are enrolled in today will not be available next year.**
- To help you orient to the new plans, we've offered a general reference point across the top of this chart that indicates which NEW plan is most similar to your current plan, whether it's Core Plus, Health Plus or Traditional Health. Please note that these new plans are SIMILAR, but they are not the same as our current plans, and one is completely new.
- We just talked about the concept of high-deductible plans, which are paired with HSA savings accounts. Starting next year, we are offering two plans of this type, and they are shown in the left two columns – the new HSA Standard and HSA Select plans. You will also see here that the HSA plans include company contributions next year ... we'll talk more about this a little later.
- In the next column to the right, we have the Network Choice option, and in the last column, we have the Copay plan. Please notice that the Copay plan has some limitations for in-network coverage only, compared to both in and out-of-network coverage for the other three plans.
- Since we just spoke about the relationship between deductibles and premiums, I'd like to draw your attention to the two rows of dollar signs. What you'll see here is that the HSA Standard, which is the highest deductible plan, is shown with four dollar signs in the deductible row, and then it also has the lowest per paycheck premiums as indicated with one dollar sign in the row above.
- As you move to the right in the chart, you'll see that as your deductible and out-of-pocket costs go down, you will pay more per paycheck in premiums. These are important considerations to keep in mind as you think about which plan is the best fit for you and your family based on how you use your healthcare coverage.
- On the last row, we've highlighted the prescription drug coverage in the plans. A new feature this year is the introduction of prescription cost limits (with some set after meeting HSA plan deductibles). These limits can help our employees and their families manage their prescription drug costs.
- Now that we've taken a look at this high level view of how our new plans compare, let's take a closer look at each of the new plans individually. On the next four slides, we'll layer in some additional details about each of your plan options.
- We'll get started with the high deductible health plans, and the first up is HSA Standard.

HSA Standard: High Deductible Health Plan

- High deductible health plan with lowest per paycheck costs
- Automatic annual employer contributions to Health Savings Account (HSA)
 - \$750 for employee coverage only
 - \$1,500 for employee plus dependent(s) coverage
- Flexibility to use in-network and out-of-network providers
- All preventive care services covered 100%
- Non-preventive care services carry 20% coinsurance cost after plan deductible is met
- Prescriptions have maximum costs after meeting the deductible

Plan feature	HSA Standard
Deductible (ind/fam)	\$3,000 / \$6,000
Annual HSA company contribution	\$750 / \$1,500
Preventive Care Services	Covered 100%
Coinsurance	20%
Out-of-Pocket Limit (ind/fam)	\$6,000 / \$12,000
Office Visits	20%
PCP/Specialist	20%
Urgent Care	20%
Emergency Room	20%
Inpatient Care	20%
Outpatient Care	20%
Prescription coverage	
After deductible is met:	20% coinsurance, with a max of:
Retail (up to 30-day supply)	
Generic	\$15
Formulary Brand	\$50
Non-Formulary Brand	\$100
Specialty	\$75
Mail Order (up to 90-day supply)	2.5x retail

- The HSA Standard High Deductible Health Plan is completely new, and it's been introduced to offer employees a comprehensive care option at the lowest per paycheck premium cost across the four plans.
- Remember, this lowest premium cost plan has the highest deductible and out of pocket maximum, but it may still result in the lowest total annual costs for many of our employees.
- A key benefit of the HSA plan options is the opportunity to save pre-tax funds to help pay for health care costs both next year and in the future.
- On top of your own HSA contributions, an exciting new feature for our HSA plans is automatic company contributions. You can see here that if you elect the HSA Standard plan and cover only yourself, BAE Systems will contribute \$750 to your HSA, and if you include coverage for dependents, the company will contribute \$1,500.
- Some other key features include the flexibility to use in and out-of-network providers; preventive care services remain covered at 100%; and in the event you need non-preventive care, you pay up to your deductible amount and then 20% of the cost.
- We just mentioned the changes to introduce some maximum prescription drug cost limits for all of our 2022 plans. For HSA Standard, you can see that this change means the amount you'll pay for a prescription medication will depend on the type of drug, and once you have met your plan deductible, you will pay 20% of the drug cost up to the cost caps shown here. This new feature can provide more predictability in the cost of needed prescriptions.
- Now that we've reviewed the HSA Standard plan, let's turn to the second high deductible plan option: HSA Select.

HSA Select: High Deductible Health Plan

<ul style="list-style-type: none"> High deductible health plan with low per paycheck costs Automatic annual employer contributions to Health Savings Account (HSA) <ul style="list-style-type: none"> \$750 for employee coverage only \$1,500 for employee plus dependent(s) coverage Flexibility to use in-network and out-of-network providers All preventive care services covered 100% Non-preventive care services carry 20% coinsurance cost after plan deductible is met Prescriptions have maximum costs after meeting the deductible 	Plan feature	HSA Select
	Deductible (ind/fam)	\$2,000 / \$4,000
	Annual HSA company contribution	\$750 / \$1,500
	Preventive Care Services	Covered 100%
	Coinsurance	20%
	Out-of-Pocket Limit (ind/fam)	\$4,000 / \$8,000
	Office Visits	20%
	PCP/Specialist	20%
	Urgent Care	20%
	Emergency Room	20%
	Inpatient Care	20%
	Outpatient Care	20%
	Prescription coverage	
	After deductible is met:	20% coinsurance, with a max of:
	Retail (up to 30-day supply)	
	Generic	\$15
	Formulary Brand	\$50
	Non-Formulary Brand	\$100
	Specialty	\$75
	Mail Order (up to 90-day supply)	2.5x retail

- The only difference between this HSA Select and the HSA Standard plan we just reviewed is this plan has a lower deductible and lower out of pocket maximum cost, but keep in mind that your per paycheck premium cost will be higher for this plan – although it still remains fairly low.
- In all other ways, this HSA Select plan is the same ... it still features automatic company contributions to employees' HSA accounts, the same in and out-of-network flexibility, 100% coverage for preventive care, and a 20% coinsurance cost for other services after the deductible is met.
- And the prescription drug benefit under HSA Select works the same as it does for HSA Standard – each prescription drug type has a maximum per-fill cost after the deductible is met.
- So, the bottom line here is that the two HSA plans offer the same coverage features, the difference is in how much you pay in premiums, and then how much your deductible and out-of-pocket maximums are when you pay for non-preventive care and prescription medications if you need them.
- Next, let's turn to a different type of plan ... Network Choice.

Network Choice

- Lower deductibles and out-of-pocket maximums come with higher per paycheck costs
- Flexibility to use in and out of network providers
- All preventive care services covered 100%
- Lower coinsurance if you use Cigna's network of Tier 1 high performing providers (10% vs. 20%) *
- Prescription coverage with set maximum costs without having to meet deductible
- \$0 cost CVS specialty drugs for those who enroll in the Prudent Rx CVS savings program ***

Plan feature	Network Choice
Deductible (ind/fam)	\$1,000 / \$2,000
Annual HSA company contribution	None
Preventive Care Services	Covered 100%
Coinsurance	20%
Out-of-Pocket Limit (ind/fam)	\$3,000 / \$6,000
Office Visits PCP/Specialist	10% / 20% *
Urgent Care	20%
Emergency Room	20%
Inpatient Care	20%
Outpatient Care	20%
Prescription coverage	
Deductible does not apply. Retail copays (up to 30-day supply)	Up to \$15 \$50 \$100 30% / Net \$0 ***
Generic	
Formulary Brand	
Non-Formulary Brand	
Specialty	
Mail Order (up to 90-day supply)	2.5x retail

- Remember from our overview chart, we're stepping through the plans from left to right. In this instance we've added a dollar sign to the per-paycheck premium costs, but we've removed a dollar sign in the deductible and out-of-pocket maximums row. So you can see here, Network Choice has a lower deductible and out-of-pocket maximum to meet.
- The Network Choice plan is what many call a traditional PPO or preferred provider plan. This means it offers flexibility to choose in and out-of-network providers (or basically, you can go to the provider you prefer), while preventive care still remains 100% covered.
- This plan has a few key features that distinguish it from others, in particular for care you obtain from a primary care provider or specialist. Typically, your coinsurance cost is set at 20%, but you'll see the introduction of a 10% coinsurance cost on this chart, where you'll pay the lower 10% cost portion if you use a Tier 1 designated provider in the Cigna network.
 - This Tier 1 designation can be found on the Cigna website, and it's given to high performing physicians based on clinical outcomes and patient quality measures. If you think the Network Choice plan might be of interest to you, visit the Cigna website to review available doctors with this special designation and see if your doctor is included.
- Another distinguishing feature of Network Choice is the fact that the deductible does not apply to prescription medications. Instead, the plan has set copays for retail and mail order medications, and a new benefit is included for those employees and their family members who need specialty drugs that are dispensed by CVS Caremark. Under Network Choice, these certain specialty drugs will be free to members once they enroll in the Prudent Rx program with CVS. We will go into a bit more detail about this program a few minutes.
- Now let's turn to our fourth and final new plan for 2022.

Copay Plan

- Lower deductibles and out-of-pocket maximums come with higher per paycheck costs
- In-network coverage **only**, limited out-of-network emergency services
- All preventive care services covered 100%
- Predictable copays set for almost all doctor visits and services
- Prescription coverage with set maximum costs without having to meet deductible
- \$0 cost CVS specialty drugs for those who enroll in the Prudent Rx CVS savings program ***

Plan feature	Copay
Deductible (ind/fam)	\$500 / \$1,000
Annual HSA company contribution	None
Preventive Care Services	Covered 100%
Coinsurance	N/A
Out-of-Pocket Limit (ind/fam)	\$2,500 / \$5,000
Office Visits PCP/Specialist	\$25 / \$50
Urgent Care	\$50 copay after deductible
Emergency Room	\$250 copay after deductible
Inpatient Care	\$300 copay per admission after deductible
Outpatient Care	\$150 copay per procedure after deductible
Prescription coverage	
Deductible does not apply. Retail copays (up to 30-day supply)	Up to \$15 \$50 \$100 30% / Net \$0 ***
Generic	
Formulary Brand	
Non-Formulary Brand	
Specialty	
Mail Order (up to 90-day supply)	2.5x retail

- The new Copay plan was shown in the last column to the right in our initial overview chart – so this plan has the lowest deductible and out-of-pocket maximums, but it also has the highest per paycheck premiums.
- The low deductible and out-of-pocket costs come with some added limitations – to include in-network, Cigna coverage **only**, with limited exceptions for when you're away from home or experience an emergency.
- The Copay plan offers the most predictable cost structure with preventive care services still covered 100% and with set copays for almost all non-preventive care services, such as when you go to the doctor when you're sick, or a family member needs an outpatient procedure.
- Like Network Choice, the Copay plan also has set copay costs for prescription medications, and the plan offers the new specialty drug, Prudent Rx program through CVS.
- The most distinguishing feature of the Copay plan is **it only covers in-network services**. Out-of-network services are NOT covered, so keep this in mind if you want or NEED the flexibility to use out-of-network providers.

More choices for employees

Plan feature	HSA Standard	HSA Select	Network Choice	Copay
Deductible (ind/fam)	\$3,000 / \$6,000	\$2,000 / \$4,000	\$1,000 / \$2,000	\$500 / \$1,000
Annual HSA company contribution	\$750 / \$1,500	\$750 / \$1,500	None	None
Preventive Care Services	Covered 100%	Covered 100%	Covered 100%	Covered 100%
Coinsurance	20%	20%	20%	N/A
Out-of-Pocket Limit (ind/fam)	\$6,000 / \$12,000	\$4,000 / \$8,000	\$3,000 / \$6,000	\$2,500 / \$5,000
Office Visits PCP/Specialist	20%	20%	10% / 20% depending on provider	\$25 / \$50
Urgent Care	20%	20%	20%	\$50 copay after deductible
Emergency Room	20%	20%	20%	\$250 copay after deductible
Inpatient Care	20%	20%	20%	\$300 copay per admission after deductible
Outpatient Care	20%	20%	20%	\$150 copay per procedure after deductible
Prescription coverage				
Retail (up to 30-day supply)	After meeting deductible, 20% coinsurance, with a max of:	After meeting deductible, 20% coinsurance, with a max of:	Deductible does NOT apply, you pay a copay of:	Deductible does NOT apply, you pay a copay of:
Generic	\$15	\$15	Up to \$15	Up to \$15
Formulary Brand	\$50	\$50	\$50	\$50
Non-Formulary Brand	\$100	\$100	\$100	\$100
Specialty	\$75	\$75	30% / Net \$0 (Prudent Rx)	30% / Net \$0 (Prudent Rx)
Mail Order (up to 90-day supply)	2.5x retail	2.5x retail	2.5x retail	2.5x retail

- Now that we have reviewed each of the plans individually, we thought it would be helpful to see them side-by-side. This chart is a summary view of all four new medical plan options that will be available to you in 2022 – and similar comparison charts are also provided in the Annual Enrollment Guide that was mailed to your home and online at **benefits.baesystems.com**.
- Using this view, you can see the deductibles and out-of-pocket maximums decrease as you move left to right. Remember, this is in exchange for the premiums you pay out of your paycheck moving in the opposite direction.
- The good news is that among the four options, there are distinct differences in how you pay your share of your medical costs, and with four new plans, our employees have more choices to find the best fit for their unique needs.
- During our plan reviews, we introduced some new and exciting benefit features that could make a difference for employees as they weigh their plan choices for next year. Let's spend a few more minutes on a couple of these – starting with automatic HSA contributions from the company that are offered with the two high deductible HSA plans.

New for 2022: Company HSA contributions

- Introducing annual company contributions to employee HSAs
 - \$750 for employee only coverage
 - \$1,500 for employee plus dependent(s) coverage
- No action required to receive HSA contributions
 - You must be eligible to contribute to an HSA
 - Account will be opened if you don't have one
- Maximum employee contributions will be adjusted by company contribution to keep total under IRS limits
- Full amount of company contribution is deposited in January
- No adjustments for qualified changes, transfers, etc.



- Beginning next year, for those employees who enroll in either the HSA Standard or HSA Select plan, BAE Systems will contribute to their HSA – or Health Savings Account.
- This company contribution will lower your total annual costs by the amounts shown here. We discussed these amounts earlier, but let's cover a few more key details.
- Most importantly, you do not need to take any action to receive your HSA company contribution – BAE Systems will automatically make the contribution to your account in January – and there are no adjustments during the year if you experience a qualified plan change or transfer within BAE Systems.
- And while we encourage you to take advantage of saving for your healthcare using an HSA account, you don't have to contribute in order to receive the company contribution. When you do contribute, be sure to remember the company contribution amount so you remain below the annual IRS limits for HSAs.
- There are some other IRS limitations set for HSAs, and we've mentioned an important one here. In order to receive the company contribution, you must be **eligible** to contribute to an HSA.
- Several factors could mean you are **not** eligible to contribute, even though you can still enroll in the HSA Standard or HSA Select plans to take advantage of those lower premiums.
- The most prevalent reason for our employees to **not** be eligible to contribute to an HSA is if they are covered by TRICARE or Medicare. A few other qualifications are included online on our Benefits pages, which can help you determine if you are eligible.
- If you are **not** eligible to contribute to an HSA, BAE Systems cannot provide you with the company contribution. But you can still choose one of the HSA plans and save pre-tax for your health care costs, but only up to annual Health Care Flexible Spending Account limits. These FSAs are different, however, since the funds you choose to contribute to an FSA must be used in the same calendar year.
- For more details about these HSA, FSA and HRA accounts, access the Savings and Spending Accounts pages on benefits.baesystems.com and view the chart that's downloadable there to see how these different types of accounts compare.
- Getting back to these HSA contributions, most of our employees are eligible, and this company contribution and your own HSA contributions could be a significant factor in considering the two HSA plan options.
- Now let's cover a few more details about next year's prescription drug coverage.

Prescription Drug Coverage

- **New for 2022:** all plan options will include cost limits to help employees manage prescription medication costs
- **Under HSA plans:** deductibles must be met before prescription cost limits become effective
- **Network Choice** and **Copay** plans include new feature for obtaining certain specialty medications at no cost by enrolling in CVS/Caremark PrudentRx program
 - Program only applies to specialty pharmacy medications for chronic, progressive conditions
 - If you or a family member take these medications, carefully consider how prescriptions are covered under the plan options
 - Consult the Prudent Rx specialty drug list on www.caremark.com/baesystems



- If you take prescription medications, you know that the costs and how you pay for these prescriptions can vary depending on your medical plan.
- Beginning next year, all of our plan options will include caps on the amounts you will pay on each type of drug to help you better manage your prescription costs.
- Now if you choose HSA Standard or HSA Select, which are high deductible plans, you'll need to meet the deductible before the plan starts to pay its portion of your prescription drug costs.
- If you choose the Network Choice or Copay plan, the deductible does not apply, and you will only pay a set copay based on the type of prescription you're filling.
- Details on these changes are explained in your Annual Enrollment Guide, and they are also featured on the benefits website.
- And for a few of our employees and family members who need certain specialty medications, we've introduced the Prudent Rx program. These medications are prescribed for chronic, progressive conditions, such as multiple sclerosis, or rheumatoid arthritis, and they're generally injections dispensed by the CVS pharmacy.
- While less than 1% of our population uses these specialty pharmacy medications, those who need them and enroll in the PrudentRx program under either the Network Choice or Copay plan may obtain them free of charge.
- For our colleagues and their family members who require these medications, we encourage you to check the website shown here for the current list of specialty medications included in the BAE Systems Prudent Rx program.
- If your medication is included on the list, be sure to carefully consider this new prescription drug program that's offered with the Network Choice and Copay plans to help you manage your medication costs.

If you do not enroll or waive coverage by October 27:

Currently enrolled in a Cigna medical plan	Not currently enrolled in a BAE Systems medical plan
<p>If you are enrolled in a BAE Systems Cigna medical plan today and don't enroll or waive coverage for 2022, you will be automatically enrolled in the HSA Standard plan, since it has the lowest paycheck deduction cost available for you and any family members covered today</p> <p>This may not be the best fitting plan for you.</p>	<p>If you are not currently enrolled in a BAE Systems plan and do not take action, you will continue not to have BAE Systems medical coverage for 2022</p>
<p>IMPORTANT: Actively participate in Annual Enrollment this year to review and select the 2022 medical plan option that best fits your needs.</p>	

- I would like to close our discussion of the new medical plans by encouraging you to actively participate in Annual Enrollment every year, and THIS year in particular.
- Since we will have all new medical plans next year, if you are enrolled in a BAE Systems Cigna medical plan today, your plan will not be offered in 2022.
- And if you are enrolled in a BAE Systems Cigna medical plan today and you do not enroll in one of our new plans or waive coverage for 2022, you will default automatically to enrollment in the HSA Standard plan, since it has the lowest paycheck deduction cost available for you and any family members you cover.
- We recognize this may not be the best plan for you. So if you are defaulted into coverage, you will be notified after Annual Enrollment closes on October 27. After this date, you will need to contact the BAE Systems Benefit Center to make any necessary changes.
- On the right-hand side of this slide, you'll see that if you're not enrolled in a BAE Systems medical plan today and you don't take any action to enroll, you will continue to have no medical plan coverage from BAE Systems for 2022. That said, with all new plans, we encourage you to take a fresh look at your options.

Last call for wellness incentives

- After significant declines in usage, **Wellness Incentive Program will be discontinued on December 31, 2021**
- Incentives may still be earned through year-end
 - **Through Nov. 30:** incentives processed by Cigna will be credited as usual to HRA or HSA accounts
 - **In December:** incentives earned will be paid directly to employees via payroll next March, reduced by applicable taxes
- Take action as soon as possible, as some incentives take more time than others to process
- **Going forward**, you can continue working with health coaches to understand and improve your health



- In your Annual Enrollment Guide, you may have noticed that our Wellness Incentive Program will be discontinued at the end of this year. The Program has seen significant declines in participation for several years now, and while employee wellness remains a top priority, the Program was no longer meeting its goals.
- If you still want to earn incentives this year, there's still time ... but it's running out! As we near the year-end transition, there are some important milestone dates to keep in mind.
- Any incentives earned and processed by Cigna through **November 30th** of this year will be credited to your HRA or HSA accounts in the usual way.
- Any incentives you **earn in December** will be paid directly to you via payroll next March, but they will be reduced by applicable taxes. Also, you must remain a BAE Systems employee in order to receive this March payout.
- In addition to the Wellness Incentive Program ending this year, you may have noticed that none of the new medical plan options offers a Health Reimbursement Account or HRA.
- If you're currently enrolled in the Health Plus or Traditional Health plans, you may have an HRA. So, let me explain what will happen with any wellness incentive funds you have earned or will earn in your HSA or HRA accounts.

Wellness Incentives, HSAs & HRAs

- Wellness incentives credited to HSAs and HRAs by November 30, 2021 will remain available, with no impact to HSA balances
- HRAs will transition to new process and eligible expenses will differ for two year run-out period

Health Reimbursement Account Changes	
Through the end of this year	Reimbursements may be requested or paid for medical and prescription expenses
January 1, 2022	HRA balances will be converted to Limited Purpose HRAs and remain available for participants who continue to enroll in a BAE Systems Cigna medical plan
During two-year sunset period: January 1, 2022 through December 31, 2023	Balances will remain available for up to two years subject to certain limitations: <ul style="list-style-type: none"> • Funds may only be used for dental and vision expenses • Medical expenses incurred in 2021 are eligible for reimbursement for up to one year from the date incurred • Cigna will manage HRA reimbursement process
December 31, 2023	Last day to incur eligible dental and vision expenses
March 31, 2024	Deadline for submitting 2023 expenses; any remaining HRA funds will be forfeited

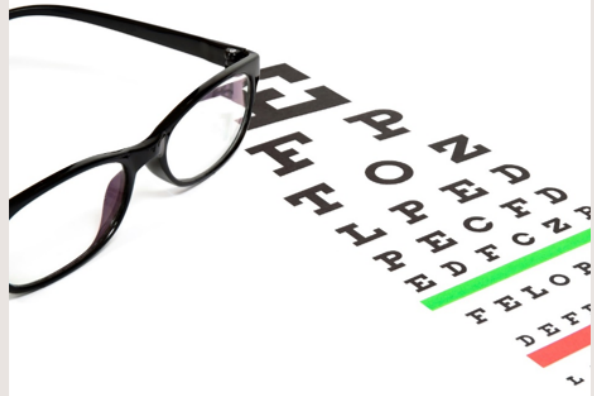
- If you earn wellness incentives in an HSA plan, the program will transition as we just discussed, and going forward, you may use any incentive funds in your HSA just like you do today. As you know, your HSA belongs to you, even if you leave BAE Systems.
- However, if you have previously earned or will earn wellness incentives in an HRA, any balances that remain at the end of this year will be converted to what is called a Limited Purpose HRA as of January 1, 2022.
- This Limited Purpose HRA balance will remain available to you for another two years as long as you continue to enroll in a BAE Systems Cigna medical plan. The biggest change due to this conversion to a Limited Purpose account will be that in 2022 and 2023, during the two-year sunset period, you may only use these funds for eligible **dental and vision expenses** – not medical or prescription costs.
- While we won't step through all of the details today, this chart lays out key dates that apply to how you can use your remaining HRA balances. If you have one of these accounts, you will also receive a letter this month explaining these changes. And if you still have an HRA balance at the end of this year, you'll receive information in January on how to submit your eligible expenses for reimbursement over the next two years.
- Now that we've discussed your new plan choices and other benefit program changes, let's take a few minutes to discuss some of the new tools and resources that can support your decision making during Annual Enrollment.



- Let's start with our new Medical Plan Evaluator.
- This new tool has been built to help you compare the new Cigna medical plans and determine the plan that best fits your needs.

New plans call for a new tool: Our Medical Plan Evaluator

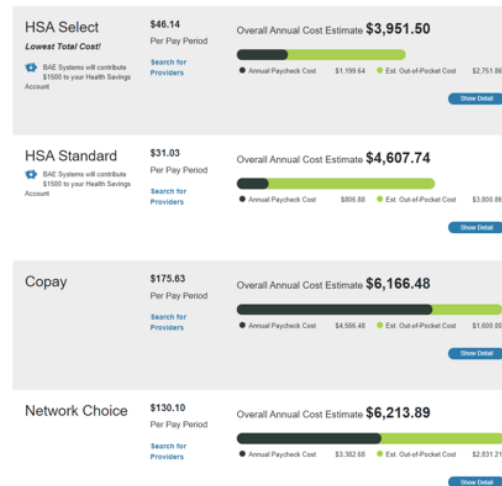
- New online decision support tool will help you understand how the new plans stack up for you, including your actual plan premium costs
- Pre-populated with 2020 data and new medical plans
 - Covered dependents listed, with ability to update
 - 2020 claims data can be updated to reflect anticipated 2022 needs
- Linked from BenefitsNavigator beginning Oct. 6 and available throughout Annual Enrollment for use as often as you like
- Remember to return to BenefitsNavigator to make your 2022 benefit elections



- Introducing all new plans for 2022 called for a new tool to help you choose the best option for you.
- The new Medical Plan Evaluator is NOT the same tool you may have used in the past.
- Instead, this new tool is tailored to our new BAE Systems plans so it can provide a more accurate forecast of your total annual costs under each plan option. It also includes your actual plan premiums for each plan, current Cigna procedure and CVS prescription costs, as well as other features related to our plans.
- As stated here, the Evaluator is also pre-populated with your individual 2020 medical plan claims data, so you don't need to remember which services you or your family members may have used in the past.
- If you have 2020 data, we suggest you run the Evaluator before changing any of your data, so you can see the ranking results based on your prior history.
- If you didn't work for BAE Systems throughout 2020, or you weren't enrolled in a BAE Systems Cigna medical plan last year, you won't see any pre-populated data when you access the Evaluator. But you can still use the tool and estimate your 2022 medical plan costs by entering your own anticipated medical care needs.
- The online tool is available now through the close of Annual Enrollment on October 27th, and you can use it as many times as you like to help you understand how the plan options stack up for you.
- So, even if you submit your benefit plan elections and later decide you want to do some additional modeling, you can use the Medical Plan Evaluator again, and, if necessary, select a different plan.
- To access the new tool, visit BenefitsNavigator, and then click on the Medical Plan Evaluator tile to get started on understanding which plan best fits your needs for 2022.

Medical Plan Evaluator: Results

- Results page will return listing of available plans with per pay period and overall annual cost estimate details
 - The **black** bar portion represents total paycheck costs (your premiums)
 - The **green** portion represents estimated out-of-pocket costs (deductible + other costs)
- The plan with the lowest total estimated cost will appear at the top
- You may choose any of the available plans – it's your choice to find the best fit



- When you first access the Evaluator, you will need to step through a few screens with some quick questions. In the interest of time, we're only going to focus on two important aspects of the Evaluator: the results, which are shown here, and how to update your expected medical needs. Let's take a look at this sample set of results to show you some of the powerful information included on the Medical Plan Evaluator's Results page.
- Based on either the 2020 pre-populated data, or on data you enter, the Medical Plan Evaluator will rank order the 2022 medical plan options available to you. The plan with the lowest total annual cost will appear at the top, the plan with the next highest will appear next, and so on.
- Within the results for each plan there is a total annual costs bar. The **black** portion of the bar represents your total paycheck costs, or your premiums. These are the costs you pay whether or not you need care. The **green** portion represents estimated out-of-pocket costs, which is the total of your deductible and any other costs forecast based on your anticipated medical care and prescription needs.
- Together these **black** and **green** costs represent the total estimated annual cost for you, and they are shown stacked for each plan.
- An interesting item to note on these modeling results is that the plan with the lowest per paycheck premiums represented by the smallest black bar – HSA Standard – did NOT rank at the top of the list. In addition, the Copay plan which has the highest premiums (or the longest black bar) of the four new plans did not rank LAST. Why?
- The total cost results are calculated based on your projected medical plan usage – which includes both the premiums AND your deductibles and out-of-pocket costs. The tool also asks you questions to determine your eligibility for an HSA, and if you are eligible, the BAE Systems HSA contributions will be incorporated as an offset to your total annual costs based on the comment shown under the HSA plan names.
- Your plan rankings may be different, and we encourage you to model different scenarios based on who you plan to cover in 2022 and their potential medical needs, even though, as we all know, claims are not always totally predictable!
- One final, important point to keep in mind here ... while the tool ranks your plan options in order from lowest to highest total annual costs, the choice about which plan to elect is always yours. The tool is not making a recommendation – it's just helping you understand how the plans stack up for you based on your personalized projections.

Medical Plan Evaluator: Making adjustments for 2022

- Customizing your data can improve the accuracy of your forecasted costs and rankings
- Adjust pre-populated data to better reflect your anticipated medical care needs for 2022
 - 2020 may not have been a typical year
 - Reflect changes in covered family members
 - Adjust for anticipated medical procedures
- **IMPORTANT NOTES:**
 - When you customize your 2022 data, be sure to customize ALL of the entries – no 2020 will be used
 - The 2020 data in the blue bars are only shown for reference when you make adjustments

How often will you need health care services? Your family's 2020 plan year usage is included below for reference purposes only. Use this information as a guide when estimating your health care needs for 2022. Only the numbers you enter in white boxes will be used to calculate your 2022 costs. You can change your estimates as many times as you like. Your answers will always be kept confidential.

Preventive Care

	Physician Visit	Adult Screenings	Child Immunizations
Your family's 2020 plan year usage	5	1	25
Yes	5	5	NA
NO/DO NOT KNOW	5	5	NA
NO/DO NOT KNOW	5	NA	5
NO/DO NOT KNOW	5	NA	5
NO/DO NOT KNOW	5	NA	5
NO/DO NOT KNOW	5	NA	5

Routine Care Visits

	Primary Doctor	Specialist	Laboratory	Therapy or Other Services
Your family's 2020 plan year usage	17	14	5	97
Yes	5	5	5	5
NO/DO NOT KNOW	5	5	5	5
NO/DO NOT KNOW	5	5	5	5
NO/DO NOT KNOW	5	5	5	5
NO/DO NOT KNOW	5	5	5	5
NO/DO NOT KNOW	5	5	5	5

Maintenance Prescriptions

	Generic	Brand (Preferred)	Brand (Non-Preferred)
Your family's 2020 plan year usage	1	5	5
Yes	5	5	5
NO/DO NOT KNOW	5	5	5
NO/DO NOT KNOW	5	5	5
NO/DO NOT KNOW	5	5	5
NO/DO NOT KNOW	5	5	5
NO/DO NOT KNOW	5	5	5

- After you run the Evaluator with your pre-populated 2020 data, you may want to customize your 2022 forecast.
- We realize 2020 may not have been a typical year for most of us – in fact, it probably wasn't typical in terms of medical plan usage. So use the 'start over' button and customize your 2022 forecast to see if you get a different result, and feel free to do this as often as you like.
- A few important notes to consider: when you customize your data, your 2020 data will remain visible on the blue bars for reference. But if you decide to customize your data, you will need to enter data into ALL of the white boxes that you want the tool to use in calculating a set of results – none of the original 2020 data will carry over or be used once you customize any element of your data to run a new forecast.
- Again, we strongly encourage you to begin using the new Medical Plan Evaluator early. This way you can become familiar with the new 2022 medical plan options, and start thinking about which plan may be the best fit for you well before you need to submit your enrollment elections.
- One last point: **You can't make your medical plan election in the Evaluator tool.** You will still need to go to BenefitsNavigator to make your actual plan and benefit elections, and you may do so beginning October 13th through October 27th.

Resources & Communications



- Given the level of change this year, we are introducing several new resources and providing more communications than in prior years to help you understand the new medical plans and tools.
- Let's take a brief look at some of these resources.

Annual Enrollment resources

- Annual Enrollment Guides mailed to your home in late September
- Benefits website materials, terms and definitions, and healthcare savings and spending account reference tables
- Email notifications and reminders throughout October
- Benefit Center representatives – longer wait times can be expected during Annual Enrollment

New tools for 2022:

- **Medical Plan Evaluator** available 24/7 beginning Oct. 6 and throughout Annual Enrollment
- **WebChat** on-demand support while in enrollment workflow; reduces need to call during Benefit Center hours
- **Align Benefits Guidance (ABG)** experienced benefits counselors available for 30-minute appointments to assist with special circumstances



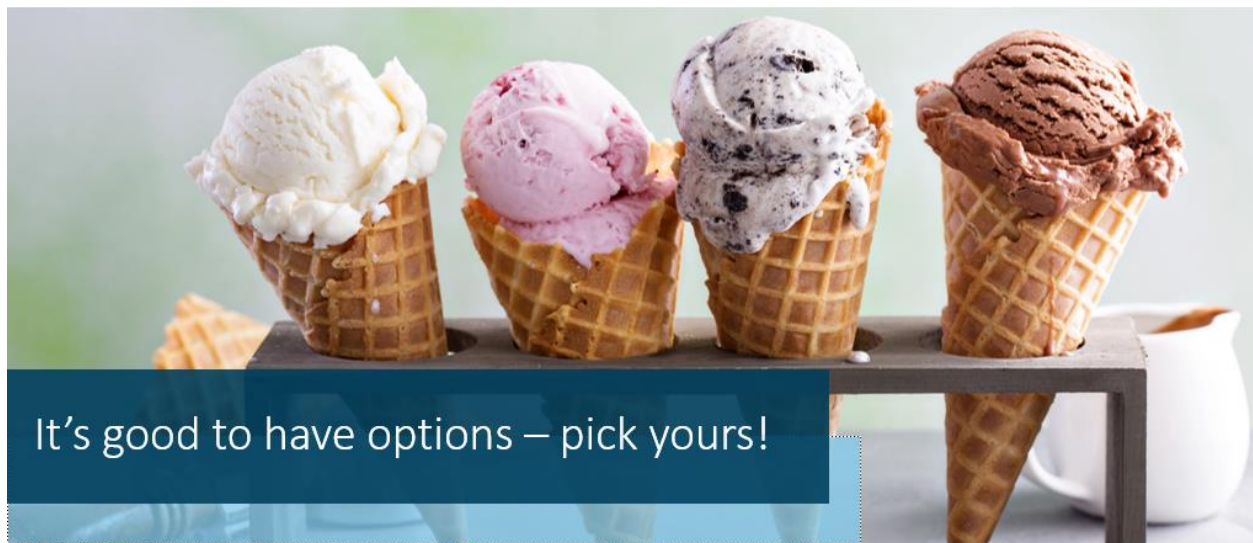
- We hope everyone has received their Annual Enrollment Guide in the mail. The Guide explains all of the changes for 2022, and it's a good reference for much of the information we've covered today.
- Additional overviews and further details about upcoming benefit changes are also available on our benefits website, which is a public website you may view with family members at **benefits.baesystems.com**.
- Email notifications and reminders are being issued during October at key points in the Annual Enrollment process.
- And Benefit Center representatives are available to help, but please keep in mind that longer wait times are likely during Annual Enrollment.
- In addition to these resources and communications, we have several new tools for 2022.
 - We already spent some time previewing the new Medical Plan Evaluator. We can't emphasize enough that this tool can be an excellent resource as you compare your options. It's easy to use, and available now and any time through October 27th.
 - For general questions and assistance while you're on BenefitsNavigator completing your enrollment, a new Web Chat feature is available. This new resource can help you in real-time and you won't have to wait to speak with a Benefit Center representative during their daytime hours.
 - And for those who have more complex benefit questions or concerns, we are offering access to Align Benefits Guidance counselors. These experienced counselors are available by appointment only to assist employees who need extra help. Perhaps you have no prior claims history, or you need to address special medical circumstances as you consider the new medical plans.
 - Appointments are 30-minutes long, and available times can be reserved by visiting BenefitsNavigator and clicking on the 'Need Help' tile to reach the appointment scheduling website.
 - Once you schedule an appointment, you will receive a confirmation and reminder emails. Please be available at your scheduled time to receive your call from the ABG counselor. And if you decide you no longer need your appointment, please cancel it in advance so one of our colleagues can take advantage of that appointment time.

Annual Enrollment Q&A

Date	Milestone
September 20	Annual Enrollment Guide mailed to home addresses
October 6 – 27	New Medical Plan Evaluator tool available for use
October 8 / 11	Enrollment Worksheets (with rates) are mailed / delivered electronically
October 13 – 27	Annual Enrollment Other support resources are available: <ul style="list-style-type: none"> • New! Web Chat service on BenefitsNavigator • New! Alight Benefits Guidance: benefits counselors available by appointment
December 30, 2021	Final date to contact the Benefit Center to address defaults or make plan changes
January 1, 2022	2022 Plan benefits become effective

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, as applicable. 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.

- As we begin to wrap up this presentation, here are some key Annual Enrollment dates and upcoming benefit election deadlines.
- One entry on this table is your Enrollment Worksheet. These worksheets with your individual plan rates are scheduled to be delivered for the start of the Annual Enrollment period, dropping in the mail on October 8th, or delivered electronically on BenefitsNavigator on October 11th if you've chosen electronic delivery for these types of notifications. Your personal medical plan premium costs for the new plans are also available on the Medical Plan Evaluator, which became available on October 6th.
- Annual Enrollment will run from October 13th through 11:59 pm Central time on October 27th. And remember, you need to complete your enrollment on BenefitsNavigator.
- December 30th, 2021 is the final day you can contact the Benefit Center to make any necessary changes to your 2022 benefit plan elections. **This is also the final day to contact the Benefit Center if you are defaulted into a 2022 medical plan because you did not select a new plan or decline coverage for next year. No changes may be made after this date.**
- And then on January 1st, 2022, your new benefit coverage will become effective.



It's good to have options – pick yours!

- Thank you again for taking the time today for this overview of the new 2022 medical plans, our new tools, and other Annual Enrollment resources.
- We hope this briefing has been helpful in understanding your new options.
- We encourage you to pick your new plan during Annual Enrollment, and start a smart habit to take a fresh look at your benefits every year.
- We're excited about our new 2022 plans ... but no single plan can be the right plan for everyone every year.
- Thank you again and have a good day. We wish you great health for the coming year!