

April 23, 2012

Dear State Farm Retiree,

Last fall, due to the challenges many of you faced during enrollment, State Farm provided supplemental medical and prescription drug coverage through a temporary extension of the State Farm Group Medical PPO Plan for those who were not able to enroll in an individual plan. It was a difficult time, and we're sorry for that experience.

We have worked with Aon Hewitt Navigators to set expectations for the enrollment process, including the technology and service improvements needed to correct past issues. However, we will not restart the enrollment process through Aon Hewitt Navigators this year as there is additional work required to ensure you have a positive enrollment experience.

For those of you who obtained individual Medicare supplemental coverage, you will continue with that coverage through the remainder of the year. Aon Hewitt will continue to administer our Health Reimbursement Accounts (HRAs) and process reimbursements for paid premiums. We are aware of the issues related to the automatic reimbursement process and are working with Aon Hewitt to resolve them.

For those of you who did not enroll in individual Medicare supplemental insurance coverage for 2012, your supplemental medical and prescription drug coverage under the State Farm Group Medical PPO Plan will continue for the rest of 2012 with the rates and billing process currently in place. We will continue to review the options available for you to obtain individual Medicare supplemental coverage, as our ultimate intent is to give you access to Medicare supplemental coverage through the individual market.

In the fall, we will provide more information regarding your 2013 coverage options. If you have questions, we encourage you to refer to the Question and Answer document with this letter. In addition, there is a chart enclosed to assist you in knowing who to call with additional questions.

We appreciate your continued patience as we work to make certain the future enrollment process is customer focused and aligned with your needs.

Sincerely,



Mary Schmidt, Vice President – Human Resources

## Questions and Answers

### **Does State Farm expect to restart the enrollment process next year? And if the process restarts, will it restart with Aon Hewitt Navigators or another company?**

At this time, decisions have not been reached. We will communicate additional details as soon as we have them.

### **Will the Group Medical PPO Plan extension continue into next year?**

A decision on this has not yet been reached. We will communicate details about coverage options for 2013 during Annual Enrollment in the fall of 2012.

### **I'm on the Group Medical PPO Plan extension, but I'd rather obtain individual coverage. Can I do that?**

Yes, you may purchase individual Medicare supplemental insurance coverage on your own directly, through Aon Hewitt Navigators or through any agent or broker who sells individual Medicare supplemental products. However, please be aware that:

- Once you leave the State Farm Group Medical PPO Plan you will be unable to re-enter the Plan, as our ultimate intent is still to give you access to Medicare supplemental coverage through the individual market.
- Individual plans may require underwriting (this varies and is determined by the carrier)
- Once your individual coverage is in place, you will need to contact the State Farm Benefits Center at 1-866-935-4015, so your HRA can be funded. The Benefits Center also will stop your coverage under the State Farm Group Medical PPO Plan.

### **If I remain on the Group Medical PPO Plan extension, how much is my premium going to be for the remainder of 2012?**

Rates for the Group Medical PPO Plan extension will remain the same for the rest of 2012. They currently are:

- \$75 for single coverage
- \$150 for two-person coverage
- \$187.50 for three-or-more-person coverage

### **Why doesn't State Farm allow Medicare-eligible retirees back into the Group Medical PPO Plan?**

Our ultimate intent is still to give you access to Medicare supplemental coverage through the individual market. State Farm only offered supplemental medical and prescription drug coverage through a temporary extension of the State Farm Group Medical PPO Plan due to the challenges many of you faced during enrollment.

### **I obtained individual Medicare supplemental insurance coverage through Aon Hewitt Navigators. Can I keep that coverage? What should I do for 2013 coverage?**

Retirees who secured individual Medicare supplemental insurance coverage through Aon Hewitt Navigators can continue with that coverage for 2012. For coverage in 2013, you will be contacted in preparation for the annual enrollment period in fall 2012.

### **Is State Farm going to continue to work with Aon Hewitt for HRA reimbursements?**

Yes. Aon Hewitt will continue to administer our Health Reimbursement Accounts (HRAs) and process reimbursements for eligible, paid premiums. We are aware of the issues related to the automatic reimbursement process and are working with Aon Hewitt to resolve them.

### **For those retirees becoming Medicare-eligible in 2012, what coverage options will they have?**

Retirees becoming Medicare-eligible in 2012 will have two coverage options.

- The first option is to choose supplemental coverage through the temporary extension of the State Farm Group Medical PPO Plan.

## Questions and Answers

- The second option is to choose to secure individual Medicare supplemental insurance coverage, through Aon Hewitt Navigators, directly from a carrier, or through another source. If the individual coverage/HRA option is taken, the retiree needs to notify the State Farm Benefits Center at 1-866-935-4015 so that the HRA can be established and funded.

**Does this decision impact the relationship State Farm currently has with Aon Hewitt for the administration of the active employee and agent Health & Welfare benefits, or the 401(k)/Savings & Thrift plans for the U.S. and Canada?**

No. Aon Hewitt will continue to administer these other benefits.

**Who should I call if I have questions?**

Please use the following chart to assist you in knowing who to contact.

Reasons to Contact	Contact Name	Phone Number
<ul style="list-style-type: none"> <li>Group Medical Coverage Information</li> <li>Group Life Insurance Questions</li> <li>401K Savings Plan</li> </ul>	State Farm Benefits Center	Aon Hewitt: 1-866-935-4015 <a href="http://www.resources.hewitt.com/statefarm">www.resources.hewitt.com/statefarm</a>
<ul style="list-style-type: none"> <li>Questions about your Employee Pension Check or related 1099</li> <li>Change your Federal or State Tax withholdings</li> </ul>	Human Resources Services Center (Retired Employees)	State Farm: 1-877-272-1999
<ul style="list-style-type: none"> <li>Questions about your Term Pay</li> <li>Change your Federal or State Tax withholdings</li> </ul>	Agency Sales Resources (Retired Agents)	State Farm: 1-877-277-9698

Contacts for those on the Group Medical PPO Plan Extension		
<ul style="list-style-type: none"> <li>Request BCBSIL ID cards</li> <li>Claim questions</li> <li>Request copies of EOBs</li> <li>Find PPO provider</li> </ul>	Group Medical Customer Service	Blue Cross Blue Shield: 1-888-652-4013 <a href="http://www.bcbsil.com/statefarm">www.bcbsil.com/statefarm</a>
<ul style="list-style-type: none"> <li>Request CVS Caremark prescription drug cards Questions about your prescription drug coverage</li> <li>Obtain a copy of the approved drug list</li> <li>Request forms</li> </ul>	Prescription Drug Plan Customer Service	CVS Caremark: 1-800-388-2058 <a href="http://www.caremark.com/statefarm">www.caremark.com/statefarm</a>

Contacts for those Enrolled in Individual Medicare Supplemental Coverage		
<ul style="list-style-type: none"> <li>Questions about HRA reimbursement – select option 3</li> <li>Speak with a benefits advisor to discuss options for individual Medicare supplemental coverage and/or to change plans</li> <li>Advocacy services – assistance with Medicare claims/denials, carrier questions</li> </ul>	Aon Hewitt Navigators	Aon Hewitt Navigators: 1-888-628-2397