

Employed-Spouse Premium (ESP) Top-10 Frequently Asked Questions (FAQ)

1. [What is the employed-spouse premium \(ESP\)?](#)
2. [Who has to pay the ESP?](#)
3. [Who does not have to pay the ESP?](#)
4. [Why is the company implementing the ESP for 2012?](#)
5. [My spouse works full-time and does not receive an incentive from his or her employer to waive his or her employer-sponsored medical insurance. Will I pay the ESP?](#)
6. [If the ESP applies to me, should I enroll my spouse in the LG&E and KU medical plan for 2012 and pay the \\$200 ESP, or should my spouse enroll in his or her employer-sponsored medical insurance?](#)
7. [My spouse's open enrollment period isn't happening right now, so we can't make a change to his or her election for insurance yet. Will I pay the ESP?](#)
8. [If my spouse enrolls in his or her employer's medical insurance, will I pay the ESP?](#)
9. [If my spouse enrolls in both his or her employer's medical insurance and in the LG&E and KU medical plan for 2012, will I pay the ESP?](#)
10. [Does the ESP apply to dental coverage?](#)

QUESTION	ANSWER
<p>1. What is the employed-spouse premium (ESP)?</p>	<p>The ESP is an additional \$200 per month (\$100 per pay period based on 24 pays) you will have to pay for your 2012 monthly medical premium if you meet certain conditions. Please see question #2 "<i>Who <u>has</u> to pay the ESP?</i>"</p>
<p>2. Who <u>has</u> to pay the ESP?</p>	<p>The ESP <u>applies</u> if you meet <u>all</u> of the following conditions:</p> <ul style="list-style-type: none"> • your spouse is employed full-time (as defined by your spouse's employer), or your spouse works on average 30 hours or more per week; and • your spouse's employer provides your spouse with access to employer-sponsored medical insurance; and • your spouse does not enroll in medical insurance with his or her own employer for 2012 and instead enrolls in the LG&E and KU medical plan for 2012.

QUESTION	ANSWER
<p>3. Who does <u>not</u> have to pay the ESP?</p>	<p>The ESP does <u>not</u> apply if:</p> <ul style="list-style-type: none"> • Your spouse is not employed; or • Your spouse is not employed full-time (as defined by his or her employer), or your spouse works on average fewer than 30 hours per week; or • Your spouse’s employer does not provide your spouse with access to employer-sponsored medical insurance; or • Your spouse does not enroll in the LG&E and KU medical plan for 2012; or • Your spouse enrolls in his or her own employer’s medical insurance for 2012 and also chooses to enroll in the LG&E and KU medical plan for 2012.
<p>4. Why is the company implementing the ESP for 2012?</p>	<p>The purpose of the ESP is to financially incent all employees’ spouses to enroll in their own employer’s medical insurance regardless of whether or not they receive an incentive from their employers to not enroll. When an employed spouse enrolls in his or her own employer’s medical insurance, the spouse’s medical costs are appropriately shifted to his or her own employer rather than paid by LGE and KU. This results in a reduction in the medical claim costs for our medical plan. Accordingly, the ESP reduces the extent to which our company and our employees subsidize the healthcare expenses of other employers.</p> <p>Had we not implemented the ESP, 2012 medical premiums were projected to increase 23.6 percent on average for all employees (e.g., 2012 Family Coverage monthly rates would have increased in the range of \$46 - \$110 depending on the medical option chosen).</p> <p>With the implementation of the ESP, we are able to keep our 2012 medical premium increases to a minimum, allowing our premiums to remain affordable for all of our employees (e.g., 2012 Family Coverage without ESP monthly rates will increase in the range of \$0-\$16 per month depending on the medical option chosen).</p>
<p>5. My spouse works full-time and does not receive an incentive from his or her employer to waive his or her employer-sponsored medical insurance. Will I pay the ESP?</p>	<p>Yes. The ESP will apply. If your spouse is employed full-time or works on average 30 hours or more per week and declines to enroll in his/ or her company’s employer-sponsored medical insurance, the ESP will apply to your spouse if he or she chooses to enroll in the LGE and KU medical plan regardless of whether or not your spouse receives an incentive to waive his or her employer-sponsored medical insurance.</p>
<p>6. If the ESP applies to me, should I enroll my spouse in the LG&E and KU medical plan for 2012 and pay the \$200 ESP, or should my spouse enroll in his or her employer-sponsored medical insurance?</p>	<p>If the ESP will apply to you, it is recommend that you “do the math” during this year’s Open Enrollment to compare rates and the benefit plan provisions. By comparing the rates and benefit provisions, you and your spouse will be able to decide if it’s best to enroll your spouse in the LG&E and KU medical plan and pay the ESP or if your spouse should enroll in his or her own employer’s medical insurance. Comparing the rates and coverage will help you see which option is better.</p>

QUESTION	ANSWER
<p>7. My spouse's open enrollment period isn't happening right now, so we can't make a change to his or her election for insurance yet. Will I pay the ESP?</p>	<p>If your spouse's employer considers the LG&E and KU open enrollment as a "qualifying event," your spouse's employer may allow your spouse to make a mid-year election to its medical insurance. If your spouse chooses to enroll in his or her company's employer-sponsored medical insurance effective Jan. 1, 2012, you would not have to pay the ESP.</p> <p>If your spouse's employer will not allow your spouse to enroll in its medical insurance until that company's next open enrollment period, you can keep your spouse enrolled in the LG&E and KU medical plan until your spouse's employer allows him or her to enroll in his or her employer's medical insurance. However, you would have to pay the ESP in 2012 until your spouse enrolls in his or her employer-sponsored medical insurance. Once your spouse enrolls in his or her own employer's medical insurance, you can complete the "Change in Family Status" form and return the form to the LG&E and KU Benefits Dept. within 30 days of your spouse's open enrollment period. Once the Benefits Dept. processes your change, you will no longer pay the ESP.</p>
<p>8. If my spouse enrolls in his or her employer's medical insurance, will I pay the ESP?</p>	<p>No. You do not pay the ESP if your spouse enrolls in his or her company's employer-sponsored medical insurance.</p>
<p>9. If my spouse enrolls in both his or her employer's medical insurance and in the LG&E and KU medical plan for 2012, will I pay the ESP?</p>	<p>No. For your spouse's medical claims, his or her employer's medical plan is "primary" medical insurance, and the LG&E and KU medical plan is "secondary" medical insurance. Because the LG&E and KU medical plan is your spouse's secondary insurance, you do not have to pay the ESP.</p> <p>Definitions:</p> <p>"<u>Primary</u>" medical insurance pays eligible medical claims first for a covered individual. If you are employed, your employer's medical insurance is automatically your primary insurance.</p> <p>"<u>Secondary</u>" medical insurance pays medical claims second for a covered individual. The secondary insurance pays its portion of the eligible claim expenses after the primary insurance pays its share. If you are enrolled in both your employer's medical plan and enrolled in your spouse's medical plan, your spouse's medical plan is automatically your secondary insurance. Anthem administers primary and secondary insurance claims through its Coordination of Benefits (COB) service.</p> <p>"<u>Birthday Rule</u>" applies if you have children enrolled in both parents' medical insurance plans. Whichever parent's birthday occurs first during a calendar year, that parent's insurance plan is the children's primary plan, and the other parent's insurance plan is the children's secondary plan. For example, the mother's birthday is May 15, and the father's birthday is Oct. 3. The mother's medical insurance is the children's primary plan, and the father's medical insurance is the children's secondary plan because May comes before October.</p>
<p>10. Does the ESP apply to dental coverage?</p>	<p>No. The ESP does not apply to dental coverage. The ESP only applies to LG&E and KU medical coverage.</p>

This FAQ is prepared to help you make decisions about the employed-spouse premium (ESP). The FAQ is intended to be an easy-to-read guide. If you have any questions about this FAQ, please email your question to open.enrollment@lge-ku.com