

New for 2012: Employed Spouse Premium

Beginning Jan. 1, 2012, the company will implement a monthly \$200 employed-spouse premium (ESP). The ESP is an additional \$200 per month added to your monthly medical premium if certain conditions apply to you — see details below.

Employed-spouse premium — To whom does it apply?

The employed-spouse premium is an additional \$200 per month added to your 2012 monthly medical premium if you meet **all** of the following conditions:

1. 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
2. Your spouse's employer provides your spouse with access to employer-sponsored medical insurance;
and
3. Your spouse does not enroll in medical insurance with his or her own employer for 2012 and chooses instead to enroll in the LG&E and KU medical plan for 2012.

If you meet all of the conditions above, the ESP applies to you and you will pay an additional \$200 per month for your 2012 medical coverage. Please refer to the 2012 Health Care options rate sheet that shows the monthly medical premium amounts.

Employed-spouse premium — To whom does it **not** apply?

The employed-spouse premium (ESP) does **not** apply to you and \$200 will not be added to your 2012 monthly medical premium if **any** of the following circumstances apply to you:

1. Your spouse is **not** employed;
or
2. Your spouse is not employed full-time (as defined by your spouse's employer) or your spouse works on average fewer than 30 hours per week;
or
3. Your spouse's employer does **not** provide your spouse with access to employer-sponsored medical insurance;
or
4. Your spouse does not enroll in the LG&E and KU medical plan for 2012;
or
5. Your employed 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;
or
6. You are a part-time LG&E and KU employee.

Do the math

Will the ESP apply to you? If the ESP applies to you, you're encouraged to "do the math" during this year's open enrollment. You can compare your monthly LG&E and KU medical premium rates (with the \$200 Employed Spouse Premium) to your spouse's employer's medical premium rates. Comparing the rates will help you decide which option is more economical for your family.

Will it be more reasonable for you to pay the \$200 monthly ESP and enroll your spouse into the LG&E and KU medical plan? Or, will it be more cost-effective for your spouse to enroll in his or her own employer's medical plan? If your spouse enrolls in his or her own employer's medical plan, you could change your coverage level to the less expensive "Employee Only" or "Employee plus Children" coverage on the LG&E and KU medical plan.

In addition to looking at your spouse's monthly medical premium costs, you'll also want to look at your spouse's medical plan provisions such as covered benefits, out of pocket expenses, co-pays and deductibles to help you make your decision. "Doing the math" can assist you in deciding which option is best for your family.



Online Open Enrollment

When you complete your online Open Enrollment this year, the Open Enrollment screens will ask you a series of questions to determine if the ESP applies to you. If the ESP applies to you, the \$200 ESP will automatically be added to your monthly medical premium. If the ESP does not apply to you, the additional \$200 will not be added to your monthly premium. After you complete your online Open Enrollment, you will receive an email confirmation showing your 2012 medical premium rate.

Audit of Spousal Health Care Coverage

After Open Enrollment ends, all employees that have a spouse enrolled in the LG&E and KU medical plan for 2012 will be sent a "Verification of Spousal Health Care Coverage" form. You will be required to complete the verification form and return it to the third party auditor by the due date. Your signed verification form will confirm whether or not the employed-spouse premium applies to you. If you fail to return the signed verification form to the third party auditor by the audit due date, your spouse will be dropped from coverage from the LG&E and KU medical plan for 2012.

For more information, please see the *Employed-Spouse Premium Frequently Asked Questions* exhibit.