Introducing a New Way to Receive Retiree Medical and Prescription Drug Coverage
FOR MEDICARE-ELIGIBLE PARTICIPANTS AGE 65 AND OLDER

IMPORTANT BENEFITS INFORMATION. DO NOT DISCARD.
Beginning Jan. 1, 2017, Merck will provide a new way to supplement your Medicare coverage. Instead of the current Merck-sponsored group health coverage, Merck will provide you with the opportunity to choose from a wide variety of medical and prescription drug plans available through a well-established private health exchange—a step that has already been taken by hundreds of employers nationwide.

There is **no action** you need to take at this time. However, we understand that your medical coverage is important, and we are committed to providing you with information and support to navigate this change. Here are some of the advantages you can expect.

- **Improved Choice.** You will have access to the Aon Retiree Health Exchange, a private insurance marketplace that lets you choose from a variety of Medicare Supplement, Medicare Part D, and Medicare Advantage Plans. You can compare coverage, carriers, and prices through the exchange. On average, a typical retiree will have more than a dozen options.

- **Financial Control.** You will benefit from the flexibility to choose an insurance plan with terms and costs that best meet your financial needs. Most Merck retirees will be able to purchase similar or better coverage at comparable or lower out-of-pocket costs, giving you more control over your total health care expenses.

- **One-on-One Support.** You will have help reviewing and comparing your choices and costs with the personal support of a licensed Aon Benefits Advisor.

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**ELIGIBILITY FOR THE AON RETIREE HEALTH EXCHANGE**

You will be eligible to purchase individual health insurance through the Aon Retiree Health Exchange if you are eligible for subsidized retiree medical coverage from Merck and are:

- A Merck retiree who is both Medicare-eligible and age 65 or older; or
- An eligible dependent who is both Medicare-eligible and age 65 or older.

**Note:** Retirees or eligible dependents who do not meet these eligibility requirements will continue to enroll in the current Merck group health plan until they reach age 65 and become Medicare-eligible.
Merck Will Continue to Share Your Health Care Costs

Although Merck will provide a new way to supplement your Medicare coverage, we will continue to share the cost of your health care.

We will provide financial support in three ways:

1. **Contributions to a Health Reimbursement Account (HRA).** Merck will contribute annually to an HRA to help you pay for health insurance premiums and other eligible health care expenses, including deductibles, copays, and coinsurance. The amount contributed to your HRA is determined by Merck and will be communicated in September.

2. **Reimbursement for Merck-Brand Drugs Without Generic Equivalents.** You will continue to be eligible for Merck-brand drugs at no cost to you when a generic equivalent is not available.

3. **Reimbursement for Catastrophic Prescription Drug Expenses.** Merck will provide you with a layer of protection for Medicare Part D (prescription drug) catastrophic claims.

**IMPORTANT NOTE**

Merck’s financial support is available only if you enroll in medical and prescription drug coverage through the Aon Retiree Health Exchange.
Why the Aon Retiree Health Exchange?

We know that changing medical insurance is not something you do every day. That’s why Merck has partnered with the Aon Retiree Health Exchange to help you explore your coverage options and costs, and to help you choose the coverage that’s right for you.

We selected the Aon Retiree Health Exchange for the following reasons:

• **A Private Retiree Health Exchange Leader.** Helping retirees like you is all the Aon Retiree Health Exchange does. They have been helping Medicare-eligible retirees enroll in coverage since 2005. They have carefully selected a wide range of high-quality plans and provide a high-touch support approach.

• **Expert Benefits Advisors.** The Aon Retiree Health Exchange employs Benefits Advisors, who are specially trained, certified, and experienced. Benefits Advisors are licensed insurance agents who are experts on the Medicare options available in each of the U.S. markets they serve.

• **Unbiased Guidance.** Aon Benefits Advisors offer objective support and are not financially incented to recommend one policy over another.

Your Personal Benefits Advisor: Helping You Learn, Prepare, and Enroll

To support you through this transition and beyond, a Benefits Advisor will be assigned to you this fall. Your personal Benefits Advisor will work with you to explore your health coverage options and help you enroll in the insurance that best meets your health and financial needs. You will continue to have support from your Benefits Advisor after enrollment in the event your needs change.

Private Exchange: Different from a Public Exchange

**Public Exchanges:** The Affordable Care Act created public health exchanges which are run by either individual states or the federal government. Public exchanges do **not** offer coverage to Medicare-eligible individuals.

**Private Exchanges:** Private exchanges offer insurance plans and are administered by third parties. Private retiree Medicare exchanges offer insurance plans that are approved by the Centers for Medicare & Medicaid Services (CMS). The Aon Retiree Health Exchange is a private retiree Medicare exchange.
FREQUENTLY ASKED QUESTIONS

Why is Merck making this change?
With the changing health insurance landscape, there are more options than ever for Medicare-eligible retirees. Merck carefully researched options and determined that a private health exchange could provide greater choice, flexibility, and value for retirees—with better support and advocacy.

Is there a financial benefit to Merck with this change?
Yes—and it also provides retirees an opportunity to save money. After extensive research and analysis, we found that offering individual coverage through an exchange provides Merck with a more sustainable way to offer Medicare-eligible retirees a way to supplement their Medicare coverage. Exchanges provide an opportunity for retirees to save money and enables companies to reduce costs. This cost savings is due to the larger pool of retirees that participate in the individual marketplace and the increased number of plan choices, which creates greater competition among insurers.

Will I be able to keep my current doctors and medical facilities?
In most cases we expect you will be able to keep your current providers. We recommend that you discuss this with your Benefits Advisor when deciding on a medical plan in the fall.

If I am eligible for the Aon Retiree Health Exchange, can I continue to participate in the Merck group plan?
No. Your eligibility to participate in the Merck group plan will end on Dec. 31, 2016.

Do I need to be enrolled in both Medicare Parts A and B before enrolling in an individual insurance plan to supplement my Medicare benefits?
Yes. The Aon Retiree Health Exchange cannot enroll you in a plan unless you are enrolled in both Medicare Parts A and B.

Can I continue my current dental coverage through the voluntary MetLife Retiree Dental Program?
Yes. Any dental coverage you receive through the voluntary MetLife Retiree Dental Program is not impacted by this change.
**KEY DATES AND RESOURCES IN 2016**

While no action is required at this time, you will need to make an active election in the fall to enroll in a medical and prescription drug plan through the Aon Retiree Health Exchange to receive coverage and Merck’s financial support. The timeline on this page highlights when you will receive additional information and access to resources to help you choose your coverage. You may want to share this information with those who help you make your health care decisions—and invite them to join you in any of the activities below.

<table>
<thead>
<tr>
<th>JUNE</th>
<th>AUGUST–SEPTEMBER</th>
<th>SEPTEMBER</th>
<th>OCTOBER 17–DECEMBER 31</th>
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<tbody>
<tr>
<td><strong>Receive and Review Transition Guide</strong></td>
<td><strong>Attend Retiree Educational Meetings</strong></td>
<td><strong>Receive and Review Medicare Insurance Guide</strong></td>
<td><strong>Enroll in Coverage</strong></td>
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<td>This comprehensive guide will include general information about your HRA and action items to help you get organized. In addition, a schedule of in-person and online meetings will be provided.</td>
<td>You will be invited to meet with representatives from Merck and the Aon Retiree Health Exchange to learn more. In-person meetings will be held at select locations depending on the number of retirees in a particular area. If you can’t attend in person, you can join an online meeting.</td>
<td>You will receive a Medicare Insurance Guide, along with a personalized letter that includes the date and time of your prescheduled telephone appointment with your Benefits Advisor. This package will also include your personalized HRA contribution amount from Merck.</td>
<td>Generally, this is the time frame for selecting supplemental health insurance through the Aon Retiree Health Exchange. If you do not enroll during this time, you will not receive coverage through the Aon Retiree Health Exchange.</td>
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**WANT MORE INFORMATION?**

You won’t have to make any decisions about your 2017 coverage until the fall; however, if you want to learn more, visit the following website or call the Aon Retiree Health Exchange hotline.

[www.myhealthexchange4retirees.com/merck](http://www.myhealthexchange4retirees.com/merck)  
844-868-6229 (TTY use 711 Relay)  
9:00 a.m.–9:00 p.m. ET  
Monday through Friday

You are responsible for keeping Merck informed of any change in your address to ensure you receive important benefits and other information. To report an address change, contact the Benefits Service Center at 800-66-MERCK (800-666-3725) or [www.netbenefits.com/merck](http://www.netbenefits.com/merck).