



Magellan Total Rewards

Your Presenters:



Christine Barnard
VP, Benefits



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Dir, Compensation

Good afternoon everyone and [CLICK](#) welcome to our Total Rewards webinar.

ALT #1: My name is [Kathy Resler](#) and I'm the SVP of Comp, Benefits & Workforce Analytics at Magellan - I'll be your presenter today. I'm also joined by my colleagues Christine Barnard who's the VP, Benefits for Magellan and Shaunna Philpott, Director of Compensation.

ALT #2: My name is [Christine Barnard](#) and I'm the VP of Benefits at Magellan – I'll be your presenter today. I'm also joined by my colleagues Kathy Resler who's the SVP of Comp, Benefits & Workforce Analytics and Shaunna Philpott, Director of Compensation.

We have a lot of material to cover so if you could hold your questions till the end of the webinar, that would be great. You'll be able to type them in the chatroom or ask them out loud.

Agenda

Purpose of webcast

Magellan's Total Rewards philosophy

- Compensation programs
- Benefit programs

Timeline of upcoming events

Additional resources & your role

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Today we'll be covering several items, including: [<CLICK>](#)

The Purpose of Today's Webcast [<CLICK>](#)

Magellan's Total Rewards philosophy [<CLICK>](#)

Specific information about our compensation and benefit programs [<CLICK>](#)

Important dates to keep in mind [<CLICK>](#)

Your role and additional resources

And finally, we'll have time to take your questions.

Purpose of Today's Webcast

- ✓ **Provide introductory information about our total rewards philosophy**
- ✓ **Share information about your Magellan compensation & benefits programs**
- ✓ **Provide timeline of upcoming important dates**
- ✓ **Provide information about additional resources**

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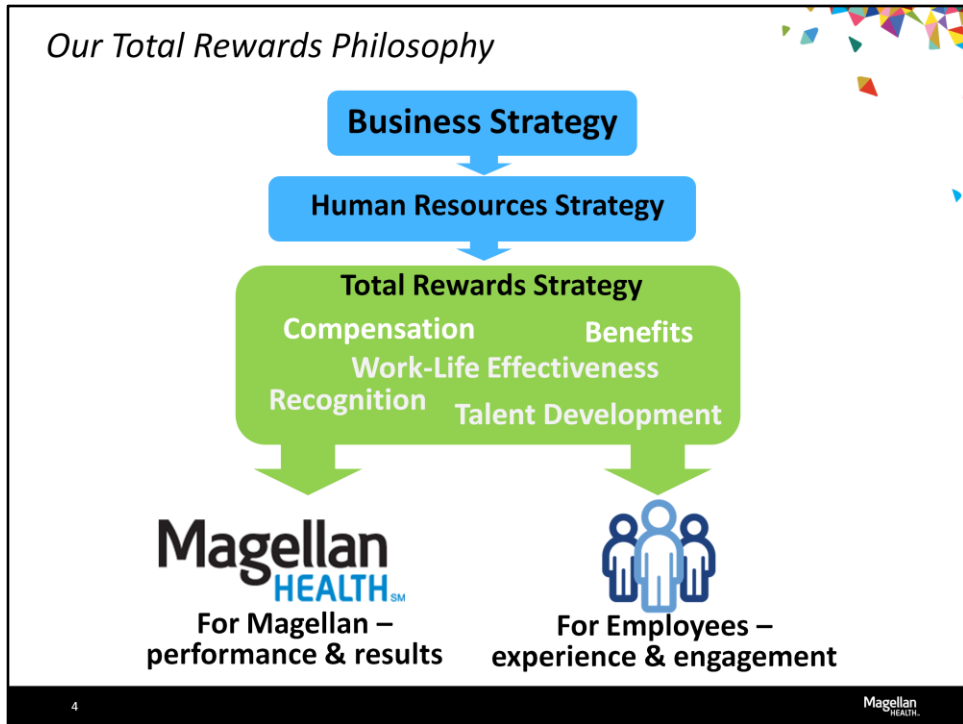
There are 4 main objectives of today's webcast:

<CLICK> First, we want to . . .

<CLICK>

<CLICK>

<CLICK> And finally, provide you with additional resources.



Our total rewards strategy is first <CLICK> driven by our Business Strategy which is focused on innovation and growth.

In turn, our business strategy drives our <CLICK> Human Resources Strategy which in turn drives our <CLICK> Total Rewards Strategy.

Total rewards is made up of several different programs and in total represents what <CLICK> Magellan provides to employees in exchange for their talent and experience.

We evaluate the competitiveness of our compensation and benefits programs based on their value in total.

Our Compensation Programs



First let's cover our compensation programs in more detail.

Compensation Philosophy & Components

Our compensation programs are designed to provide a comprehensive and competitive, market-based total compensation opportunity that is aligned with the interests of our shareholders and our growth strategy – they. . .

- Emphasize the external market
- Are aligned with our business strategy
- Are aligned with the interests of our shareholders



Our compensation programs are made up of 2 main components:

1

Base Salary

Income security
For doing a job
Fixed

Based on external market

2

Annual Incentive

At risk
For results achieved
Variable

Target based on external market

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<CLICK> It is our philosophy to offer competitive compensation, based on the external market, and aligned with our business strategy and the interests of our shareholders. Specifically, our compensation programs are designed with the following principles in mind:

<CLICK> We believe that our overall compensation package should be competitive as determined by external market-based compensation data. We use several surveys that provide total cash compensation data for similar roles in similar industries.

<CLICK> We believe that individual compensation should reflect individual performance that impacts the performance of the business unit and the performance of Magellan as a whole to ensure we execute on our business strategy.

<CLICK> We believe that our compensation program should be aligned with the interests of our shareholders and promote growth in long-term value.

<CLICK> Our compensation programs are made up of 2 main components

<CLICK> First, base salary which provides income security, is a fixed amount, and is payment in exchange for doing a job.

<CLICK> Second, we offer annual incentive programs which provide a variable component and reward based on results achieved – both individual and as an organization.

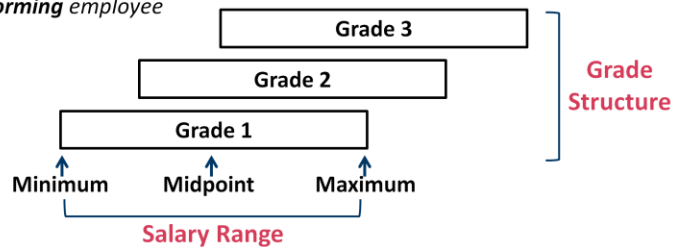
Base Salary

We conduct a base salary market review of all of our jobs annually

- Each job is assigned a grade based on its market value

We manage base salary in a grade structure

- Grade structures are made up of salary ranges, each with a . . .
 - **Minimum:** The lowest amount typically paid for a job in that grade
 - **Maximum:** The highest amount paid for a job for that grade level – employees at the max are not eligible for salary increases
 - **Midpoint:** Midway between Min and Max – 93% to 107% of midpoint represents a market rate or competitive pay rate for a **fully experienced, fully performing** employee



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<CLICK> To ensure that our base salaries remain competitive, we conduct a comprehensive market review of all of our jobs annually, which includes a market review of base salaries and alignment of salary ranges to each job.

<CLICK> Salary ranges and grade structures are key to managing base salary. Grade structures are made up of salary ranges. You can see in the example diagram below that we have a grade structure with 3 salary ranges or grades.

Each salary range has a . . .

<CLICK> Minimum which is typically the lowest amount paid for a job in that grade.

Each salary range has a <CLICK> Maximum which is the highest amount paid for a job at that grade level. Employees at the max of their salary range are not eligible for a salary increase since we are already paying well above market for their services.

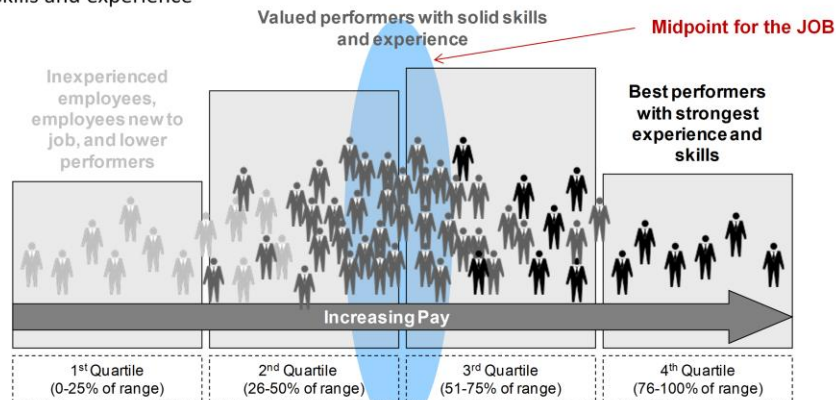
Finally, <CLICK> each salary range has a Midpoint which is midway between Min and Max. It's what we refer to as the "market rate" for a job. We consider a range around midpoint, + or – 7% to be market for a job for a fully experienced, fully performing employee.

Salary Ranges

Midpoint is tied *to the job* –based on market for the jobs assigned to that grade

Where individuals are paid in the range is related *to the individual* – including experience, special skills and historical pay

- A wider range spread for higher paid positions acknowledges a more diverse range of skills and experience



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To understand how base salary is managed in salary ranges in grade structures, an important concept to keep in mind is that. . . .

<CLICK> Midpoint is tied to the job – it's based on market for fully experienced, fully performing employees in that job.

<CLICK> Where an individual employee is paid in the range is based on the individual – what skills, experience and even historical pay does the employee bring to the job. Higher paid positions have wider range spreads in order to acknowledge a more diverse range of skills and experience.

<CLICK> The graph shows that employees below midpoint are typically newer to the job or lower performers. It also shows that employees paid high in the range have additional skills, are higher performers, or have much more experience.

<CLICK> We expect to pay the majority of employees in a range of +/- 7% of midpoint – which is considered market for the job for a fully experienced, fully performing employee.

Management Levels

In addition to a salary grade, every job is also assigned a management level

Management levels reflect.

- Education and experience requirements for the job
- Level of authority and decision making
- Level of direct reports and level of direct manager
- Size of function job is responsible for
- Responsibility for more than one function
- Responsibility for developing strategy or executing on strategy
- Responsibility for large or complex projects vs. small or straightforward projects

Management levels determine incentive plan eligibility and targets

Management levels are assigned to jobs separately from the grade

- We can accommodate jobs that have high base pay in the market, but aren't necessarily at a high level, for example, many IT roles
- Even though separate, grade and level are highly correlated

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<CLICK> In addition to a salary grade, each job is also assigned a Management Level. Management levels are defined based on several factors including. . . <CLICK>

Education and experience requirements,

The level of direct reports and the level of the direct manager,

Whether the role responsible for developing strategy or executing on strategy,

Whether the role is responsible for large or complex projects or small, straightforward projects.

<CLICK > Management levels are used to determine eligibility for incentive programs and bonus targets.

<CLICK> Management levels are assigned to the job separately from the grade. This allows us to accommodate jobs that have high base salary in the market but aren't necessarily at a high management level. For example, many IT or technology roles require us to pay a high base salary because the job skills are in demand or are scarce. But that doesn't mean they are equivalent to a higher management level. Keep in mind though, that they are still highly correlated, that is, higher management levels tend to have a higher base salary and be in higher grades.

Short-Term Incentive Programs



SERP

(Service Excellence Reward Program)

- Discretionary plan to reward employees for superior performance in meeting objectives that are defined by their leader
- Can be paid quarterly, semi-annually or annually

ICP

(Incentive Compensation Plan)

- Funded based on company performance
- Individual awards based on individual achievements
- Paid annually
- Intended to align individual goals and payouts with our growth and innovation strategy

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Our bonus programs are designed to reward employees for company and individual results. We have two annual incentive programs.

<CLICK> SERP, or Service Excellence Reward Program, is awarded quarterly or semi-annually or annually, to eligible employees based on individual performance results tied to specific objectives defined by managers. Managers have discretion to determine what pre-defined objectives will be measured.

<CLICK> ICP, or Incentive Compensation Plan, rewards eligible employees for achievement of individual performance objectives that directly contribute to the overall growth and financial results of Magellan. ICP is funded based on strategic business unit segment profit and growth in adjusted net income results for the year. Awards are then allocated based on individual results.

Which program you participate in is determined by your management level. SERP eligibility is typically reserved for Supervisors and individual contributors. ICP eligibility is generally made up of managers, directors, VPs and executives, and some high-level individual contributors. You will receive a statement in late October which indicates which incentive program you will be eligible to participate in.

Our Benefit Programs



We're going to switch topics now and provide you with information about our benefit programs.

Our Benefits Philosophy

- ✓ The **well-being** of our employees is **key to our success** as a business and the ability to innovate and create growth opportunities
- ✓ Our employees' well-being is **multi-faceted** and includes their physical, emotional and financial well-being
- ✓ Our employees are **individually responsible** for the state of their well-being
- ✓ Our health & wellness programs should **provide the tools** every employee needs to improve, optimize and maintain his or her physical well-being

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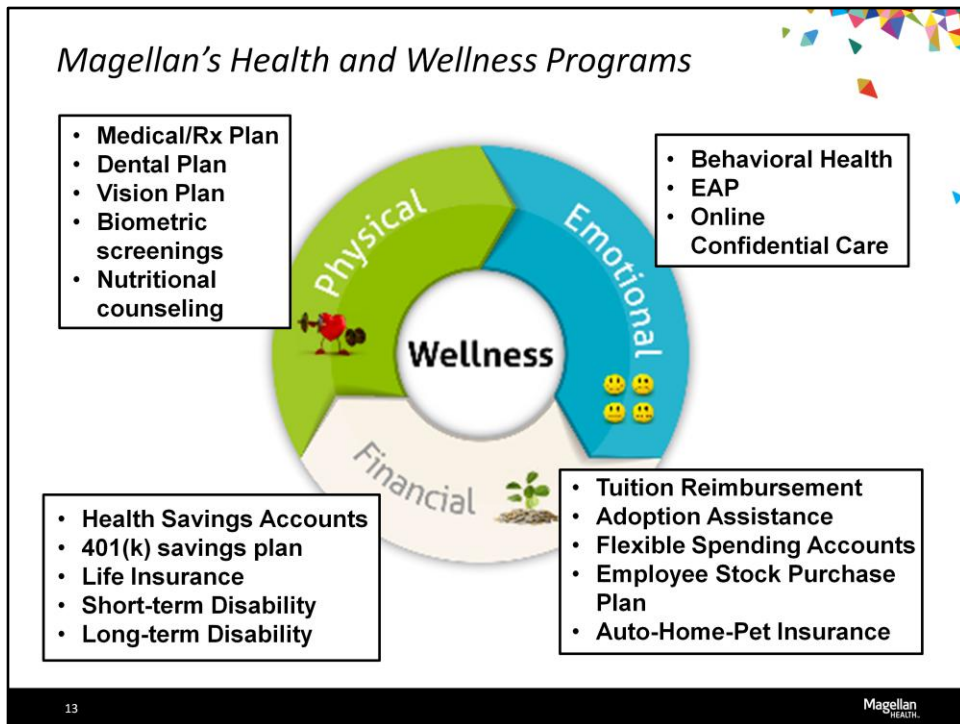
At Magellan, our benefits philosophy guides the decisions we make about benefits design.

We Believe <CLICK> The well-being. . .

We Believe <CLICK> Our employees' well-being. . . .

We Believe <CLICK> Our employees are individually responsible. . .

We believe <CLICK> Our health & wellness programs should. . .



As previously mentioned, we believe employees' well-being is multi-faceted. Our comprehensive health & wellness programs support 3 main components of employees' well-being.

First **<CLICK>** we offer several programs that support our employees' physical well-being including medical/Rx benefits, dental, vision and wellness programs.

<CLICK> We also offer programs that support our employees' emotional well-being, including our behavioral health benefits, EAP and a unique tool called Online Confidential Care where you can receive online, confidential support for common issues such as depression, insomnia and anxiety.

<CLICK> Many of our programs are designed to support our employees' financial well-being including our 401(k) retirement savings plan, tuition reimbursement, a stock purchase program, and life insurance and disability programs.

Medical Plan

Two Consumer-Driven Health Plan (CDHP) options to choose from:



Networks for medical, Rx and behavioral health:



Supplemented by your Health Savings Account (HSA)



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<CLICK> At Magellan, we believe the only way to change healthcare in a meaningful way is to make it consumer driven. We only offer consumer-driven medical plans or CDHPs. We have 2 CDHP options to choose from, <CLICK> Premium and Basic.

<CLICK> The premium option has lower out-of-pocket costs and higher payroll contributions.

<CLICK> The basic option has lower payroll contributions and higher out-of-pocket costs.

<CLICK> Benefits are provided through CareFirst/Blue Cross Blue Shield's nationwide PPO network for medical benefits, Magellan Rx Management provides our PBM services and Magellan Healthcare provides behavioral health and EAP benefits to employees. To find out whether your provider is included in the BCBS network, go to MyHealthToolkitCF.com. Select Find a Doctor and you'll be able to look up your provider.

<CLICK> If you are enrolled in a CDHP medical plan, you will also be able to supplement it with a health savings account provided through HSA Bank.

What's a CDHP, really?

How is a CDHP the same as traditional HMOs and PPOs?

- Uses a provider network
- Preventive care is covered at 100% without a deductible
- Generally covers most of the same services

How is a CDHP different from traditional HMOs and PPOs?

- Generally, LOWER payroll deductions
- Higher deductibles/out-of-pocket maxes
- Supplemented by a Health Savings Account (HSA) that has lots of tax advantages!

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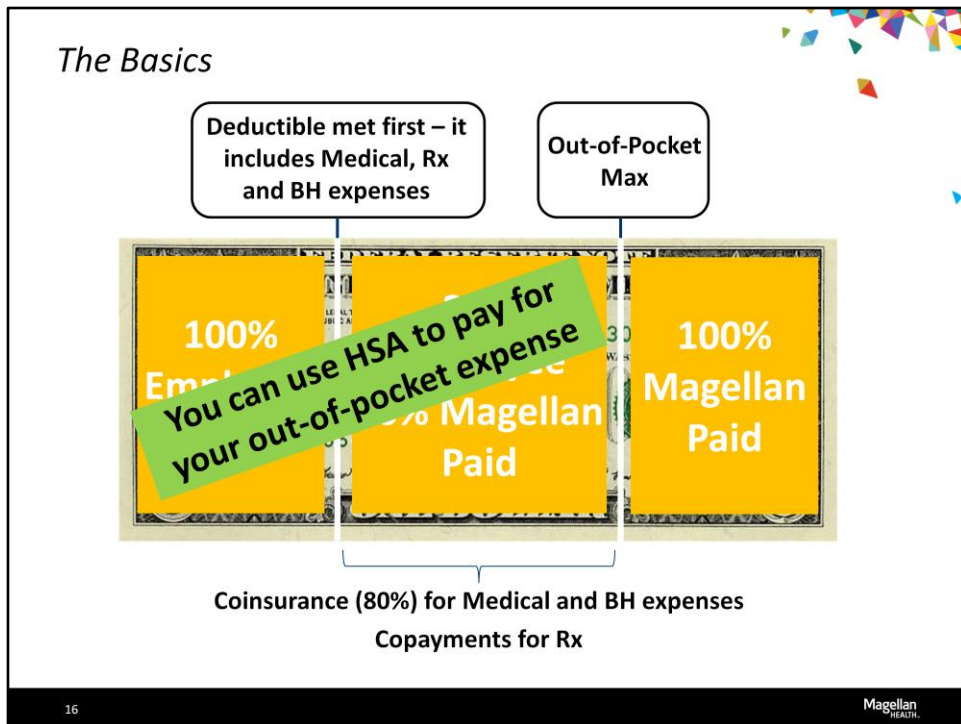
So, let's dig into the details a bit more and start with a threshold question, What's a CDHP, really?

<CLICK> How are CDHPs the same as traditional plans?

<CLICK> Well, first, they use a nationwide BCBS PPO provider network – that means that the rates charged are discounted. Second, preventive care is covered at 100% without having to pay or meet a deductible, and Finally, benefits coverage is generally the same.

<CLICK> How are CDHPs different?

<CLICK> Generally, they have lower payroll deductions, and they also tend to have higher deductibles and out-of-pocket maximums. One important and unique thing about CDHPs is that they can be supplemented with a Health Savings Account with lots of tax advantages. Keep in mind though, you can only contribute to an HSA if you participate in a CDHP.



Here's how CDHPs work:

<CLICK> You have to meet your deductible first before the Plan pays anything – AND the deductible includes medical, prescription drugs and behavioral health expenses.

<CLICK> This amount is 100% employee paid.

<CLICK> Once you meet your deductible, the coinsurance of 80% Magellan paid kicks in for medical and behavioral health expenses and copayments for prescription drugs.

<CLICK> That means any expenses above the deductible are paid 80% by Magellan for medical and copayments for prescription drugs.

<CLICK> If your out-of-pocket expenses reach the out-of-pocket maximum for the plan, <CLICK> all additional expenses will be paid 100% by Magellan for the rest of the plan year.

<CLICK> Keep in mind, you can use your HSA to pay for your out-of-pocket expenses.

What's so Great About a CDHP?

CDHPs place control and responsibility for healthcare spending in your hands which means they can also offer a significant savings opportunity for you

If you've been sick all day at work coughing and sneezing, do you. . .

- Go to the emergency room at a cost of \$600?
- Visit an urgent care center for \$150?
- See your doctor when his office opens or go to an all-night clinic for \$75?
- Take over-the-counter medicine, get rest and see how you feel the next day?



There is no right or wrong answer – it's up to you!

CDHPs (and ONLY CDHPs) also let you take advantage of Health Savings Accounts

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What advantages do CDHP plans offer?

<CLICK> CDHPs put the responsibility and control for healthcare spending in your hands – this also means they can offer significant savings opportunities.

Remember, Magellan's medical plan is self-funded. This means that your medical benefits are provided based on the cost of all employees' claims and prescription drug costs. Under traditional plans like PPOs and HMOs, those costs are averaged across all participants and everyone pays the same out-of-pocket costs regardless of how much they use the plan.


With a CDHP plan, costs are averaged across all participants, but employees that use the plan more have higher out-of-pocket costs which keeps the payroll deductions lower for everyone.

<CLICK> Here's an example of how CDHPs put you in control, let's say you've been sick all day at work coughing and sneezing, you could. . . .(read slide) <CLICK> <CLICK> <CLICK> <CLICK>

<CLICK> None of these answers is right or wrong – it's your choice.

<CLICK> Another major advantage of CDHPs is that they allow you to take advantage of a Health Savings Account.

What is an HSA?




An HSA is like an individual retirement account for health care expenses – it accumulates interest, earns investment returns and has an annual contribution limit


The savings account is yours – you decide whether to spend or add funds to your account

You are 100% vested in your HSA from day one – you aren't required to spend it, it's up to you

It has triple tax advantages

- Contributions are pre-tax
- Earnings are tax-free
- Spending is tax-free



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So What is an HSA?

<CLICK> HSA's are like individual retirement accounts for health care expenses – they accumulate interest, can earn investment returns and have an annual contribution limit.

<CLICK> You can also take them with you when you leave Magellan – the savings account is yours. And you can also decide to contribute the maximum or nothing.

<CLICK> You are 100% vested in your HSA from day one.

<CLICK> And finally, HSA's have triple tax advantages. <CLICK> Your contributions are tax free. <CLICK> Your earnings are tax free and <CLICK> Spending is tax free.

An important concept to keep in mind, is that you have to be enrolled in a CDHP to contribute to an HSA. If you do not enroll in a Magellan plan or if you're covered under another plan that is not a CDHP (like Medicare or Tricare), you CANNOT contribute to an HSA. However, you can still use funds in your HSA to pay for qualified medical expenses.

It's also important to understand that HSAs are not the same as FSAs. They are not use it or lose it – you keep your HSA like your 401(k) account.

How can I Spend my HSA?

IRS rules determine whether your spending is tax free – for a complete list of qualified medical expenses, go to www.irs.gov/pub/irs-pdf/p969.pdf

- Doctor and hospital visits
- Medical equipment
- Dental care, braces, dentures
- Vision care, glasses, contact lenses
- Prescription medications (OTC when prescribed)
- Premiums for long-term care
- Premiums for COBRA
- Premiums for individuals over age 65

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The IRS has a complete list of qualified medical expenses that you can use your HSA funds for. Some common ones are:

<CLICK> Read through the list. <CLICK> <CLICK> <CLICK> <CLICK>

Even though insurance premiums aren't typically covered there are certain types of premiums that are, for example,

<CLICK> Premiums for long-term care,

<CLICK> Premiums for COBRA, and

<CLICK> Premiums for individuals over age 65, as long as it's for a retiree medical program and not a Medicare supplemental program.

Who is Eligible to Contribute to an HSA?

If you enroll in a Magellan plan option in 2017 (CDHP), you may contribute to the HSA if you are **NOT**

- ✓ Covered by any other non HSA-compatible (non CDHP) health plan such as traditional health plans, FSA, HRA, Tricare and/or VA benefits
- ✓ Enrolled in Medicare
- ✓ Claimed as a dependent on another person's tax return (does not include spouses), for example, if your parents claim you as a dependent

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You can contribute to the HSA as long as you are,

<CLICK> Not covered by a non HSA-compatible – or non-CDHP health plan. This includes traditional health plans, FSA's, Health Reimbursement Accounts, Tricare and Veterans Affairs benefits.

<CLICK> It also includes Medicare as it's a health plan that's not a high-deductible plan.

<CLICK> You also can't contribute if you are claimed as a dependent on someone else's tax return.

Remember you can always enroll in the CDHP regardless of whether you have other coverage like Medicare – you just cannot contribute to your HSA. The CDHP and your HSA account are separate.

Other Things to Know About an HSA

If you and your spouse are BOTH enrolled in separate CDHPs, you cannot exceed the Family maximum in a given year

Neither Magellan or HSA Bank will monitor what you use your \$'s for

You must be enrolled in a CDHP and no other non-CDHP plan

You cannot enroll in an FSA, only a Limited Purpose FSA

Health Savings Account

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Here's some more things to keep in mind about HSA's:

<CLICK> Even though you and your spouse are enrolled in 2 different CDHPs, you cannot contribute more than the family maximum of \$6,750 in a given year.

<CLICK> You cannot enroll in an FSA and an HSA at the same time, only a Limited Purpose FSA for dental and vision expenses. However, keep in mind, you can still enroll in a dependent care FSA.

<CLICK> Neither Magellan or HSA Bank will monitor what you use your \$'s for – it's up to you. Keep in mind, you should always save your receipts because you can actually use your HSA funds for medical expenses you paid for in previous plan years – not just expenses in 2017.

<CLICK> You can't contribute to an HSA unless you're enrolled in a CDHP plan. You can however spend the funds in your HSA regardless of whether you're enrolled in a CDHP plan, as long as you use them for qualified medical expenses.

And, you can actually use them at any time for any purpose, but if it's not for a qualified medical expense, you will owe income taxes and penalties on the amounts that are not qualified.

REMEMBER. . .

The CDHP is the **MEDICAL PLAN** that you choose,

AND.....

The HSA is the **BANK ACCOUNT** that you contribute pre-tax dollars to for out-of-pocket expenses

During enrollment, you will select both the CDHP plan option and HSA contribution amount separately

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As a reminder,

<CLICK> The CDHP is the medical plan that you choose, and the HSA is the savings account that you can contribute pre-tax dollars to for qualified medical expenses.

That means that <CLICK> During open enrollment, you'll select the CDHP plan option you want to participate in and the HSA contribution you want to make through payroll. Keep in mind, you (and even other folks) can always contribute funds to your HSA with after-tax dollars (of course only up to the maximum allowed). You can then recoup the tax savings when you file your income taxes.

Your Medical Plan Choices in 2017

Plan Option	Basic Option	Premium Option
Payroll deductions	Lower	Higher
Deductible	Employee Only: \$3,000 Employee + 1 or more: \$6,000	Employee Only: \$1,500 Employee + 1 or more: \$3,000
Out-of-Pocket Maximum	Employee: \$6,200 Employee + 1 or more: \$12,400	Employee: \$4,000 Employee + 1 or more: \$8,000
You may contribute this amount to your HSA	Employee Only Coverage: \$3,350 Employee + 1 or more: \$6,750 If you are 55+, you can add \$1,000 for catch-up	
Coinsurance AFTER YOU MEET DEDUCTIBLE	You pay 20% for medical and behavioral health expenses	
Pharmacy copayments AFTER YOU MEET DEDUCTIBLE (30 days supply)	Generic: \$15 copay Preferred Brand: \$35 copay Non Preferred Brand: 15%, min \$55, max \$175	

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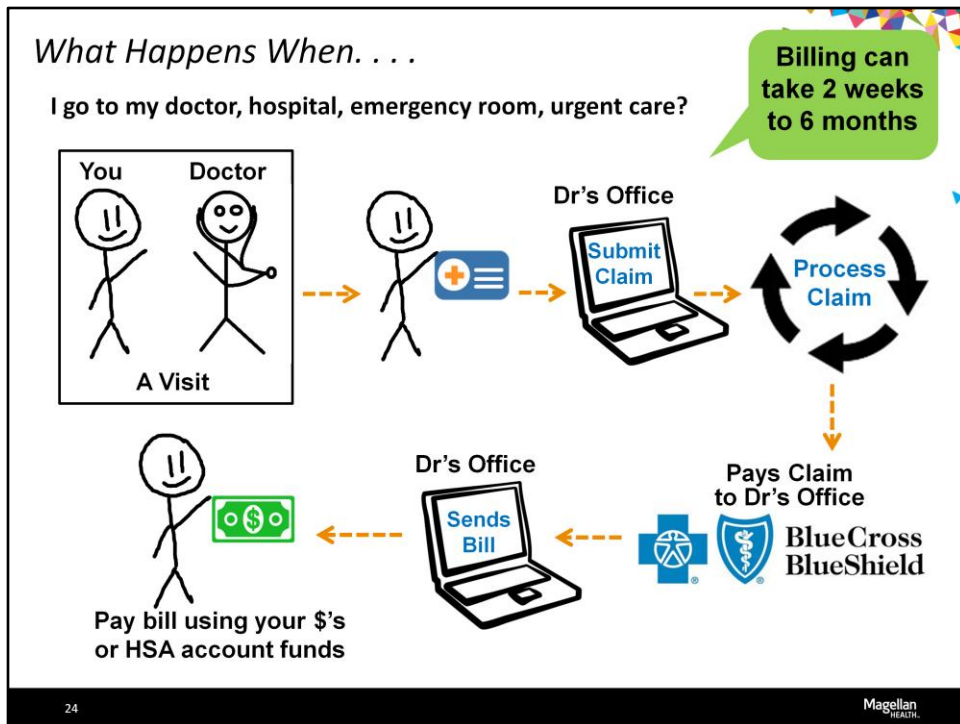
<CLICK> This table shows you the 2 CDHP plan options. Keep in mind, all amounts in the table are in-network benefits – out-of-network deductibles, coinsurance and out-of-pocket maximums are significantly higher.

The Basic Plan option has lower payroll deductions while the Premium option has higher deductions. You can also see the differences in Deductibles, Out-of-Pocket Maximums and Funding. You will receive specific information about payroll deductions in late Oct/early Nov when all Magellan employees will be notified of 2017 rates.

Regardless of which plan option you are enrolled in, for coverage tiers with Employee +1 or more, the Deductible is known as a True Family deductible, meaning it doesn't matter how the deductible is met – whether it's through one member or a combination of members. Once the deductible is met, the plan pays at 80%.

The Out-of-Pocket Max is an embedded amount meaning that the Employee Only out-of-pocket max is "embedded" so that if an individual family member hits the Employee only out-of-pocket max, the plan pay 100% for that individual member. Here's an example – you are enrolled with 2 dependents in the Premium option. Your medical/Rx claims total \$4,000. Your dependents claims total \$2,000. The plan pays 100% for any of your add'l medical/Rx claims, but not for your 2 dependents until their claims total \$4,000.

Both plans have the same HSA contribution maximums, coinsurance and pharmacy copayments.



So, what happens when you go to your doctor?

<CLICK> You will present your member ID card when you go to the doctor.

<CLICK> Your doctor's office will submit a claim to BCBS based on the services provided.

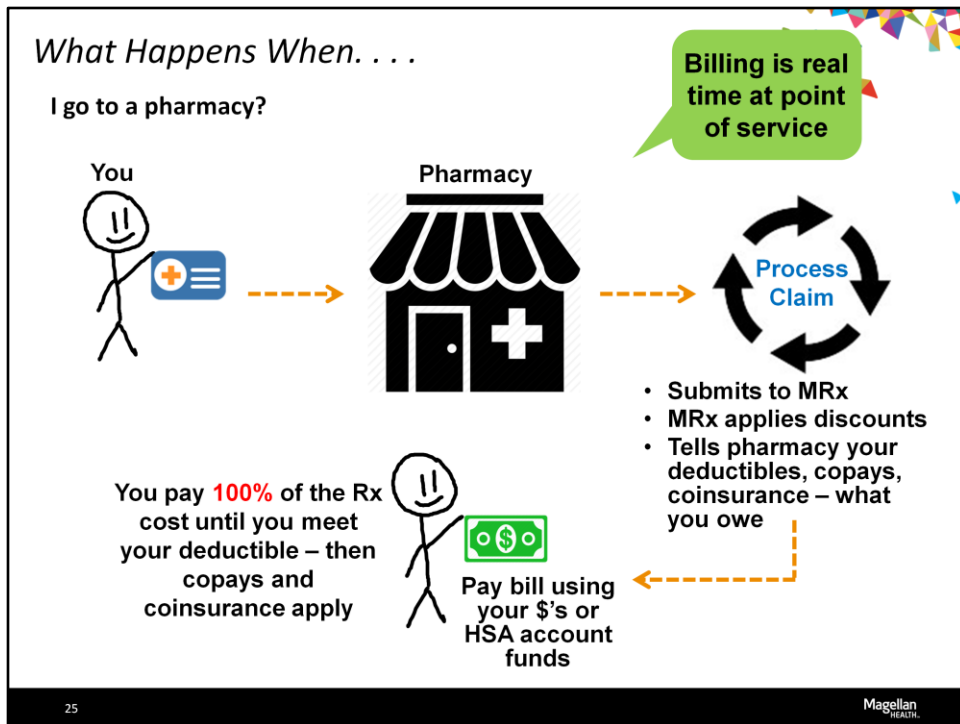
<CLICK> BCBS will process the claim and apply discounts and how much of your deductible has been met to date.

<CLICK> BCBS then pays your doctor's office for the claim, who in turn.

<CLICK> Sends you a bill based on the portion you are responsible for.

<CLICK> You then pay your bill, either with your own funds or with your HSA funds. You will pay 100% of the cost until you have met your deductible.

Keep in mind, <CLICK> it can take from 2 weeks up to 6 months to adjudicate a claim.



One thing that is different about CDHPs that many employees do not realize is what happens when they go to a pharmacy to have a prescription filled.

<CLICK> You will take your script to the Pharmacy <CLICK>

The pharmacy will <CLICK> submit your claim to MRx while you are at the pharmacy, MRx will apply discounts and determine how much of your deductible you have met and tell the pharmacy what you owe.

<CLICK> You will pay the bill using your own money or money in your HSA account.

Just like your medical claims, <CLICK> you pay 100% of the cost of your prescriptions until you meet your deductible. Medical and pharmacy claims are aggregated. Once you meet your deductible, copays and coinsurance rates will apply.

Keep in mind, <CLICK> pharmacy claims are billed at time of service.

2017 Wellness Credit & HSA Funding

Wellness Credit

- If you enroll in the medical plan, you have the opportunity to earn a wellness credit of \$62.50 per month that is applied against your monthly medical plan payroll deductions
- To be eligible for this credit, you must initially complete a biometric screening and get a flu shot
- Some ways to complete these requirements include the following:
 - Sep – Dec 2016: Submit documentation and results of a biometric screening or flu shot from your doctor or pharmacy when you enroll in the plan in December
 - Jan – Feb 2017: We will offer onsite clinics in Madison and Milwaukee; you can also visit a pharmacy, your physician or LabCorp to complete the requirements

Biometrics

- Blood pressure
- Cholesterol level
- Blood Glucose (sugar) level
- Body Mass Index (BMI)



HSA Funding

- If you were enrolled in the TMG medical plan in 2016, and enroll in the Magellan medical plan, you will be eligible for a one-time funding of your HSA account
 - Employee Only: \$750
 - Employee +: \$1,500

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Magellan believes strongly that preventive screenings are key to ensuring your physical well-being. [<CLICK>](#) If you enroll in the medical plan, you have the opportunity to earn a wellness credit which is \$62.50 per month and offsets the cost of your payroll contributions.

[<CLICK>](#) In order to initially be eligible for the wellness credit, you will need to complete a biometric screening and receive a flu shot. [<CLICK>](#) Biometric screenings measure several important categories including blood pressure and cholesterol levels.

[<CLICK>](#) There are different ways for you to complete these requirements. If you receive a biometric screening or flu shot between September and the end of the year, you can receive credit – you just need to submit documentation when you enroll in the plan. We will offer onsite clinics in Madison and Milwaukee, and you can also visit a pharmacy or LabCorp to complete the requirements. You'll receive additional instructions as we get closer to enrollment.

[<CLICK>](#) If you were enrolled in the TMG medical plan in 2016 and you enroll in the Magellan plan in 2017, you will be eligible for a one-time funding of your HSA account. Employee Only at \$750 and Employee plus one or more dependents will be funded at \$1,500. [<CLICK>](#) These amounts will be deposited in your HSA bank account after your first paycheck in January.

We Know. . . .

Change is hard

CDHP plans and HSAs can be difficult to understand

We have resources to help you like Health Advocate

- When you call, you will be assigned a Personal Health Advocate who can help you. . . .
 - *Understand your CDHP/HSA Plan design*
 - *Find providers anywhere in the country*
 - *Expedite appointments*
 - *Help resolve insurance claims*
 - *Negotiate billing and payment arrangements*
 - *Assist with eldercare*
 - *Explain benefits and help facilitate access to appropriate care*
 - *Secure second opinions*
 - *Find community services and government programs when needed*
 - *Answer questions about the health exchanges*

HealthAdvocate™
Always at your side

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We know that

<CLICK> Change is hard. We also know that

<CLICK> High-deductible plans and HSAs can be difficult to understand.

<CLICK> We have an important resource to help you, Health Advocate. Health Advocate is your personal health advocate. They can provide assistance in understanding your CDHP plan or HSA bank account, they can help you find providers, they can help you negotiate your payment arrangements and even secure second opinions.

You'll have access to Health Advocate in October so you can start planning for 2017.

Other Benefits

MetLife Dental Plans

- PPO Plan – up to \$2,000 per person per year
- Copay Plan – expenses are based on a set dollar amount and providers must be in-network





VSP Vision Plan

EAP and Online Confidential Care

- Work-life services, legal and financial services, Magellan Autism Assist and CafeWell

Liberty Mutual Life Insurance and Disability Plans

- **Basic Life** Paid by Magellan – 1x your annual base salary up to \$200,000
- **Optional Life** Paid by You – 1 to 5x your annual base salary up to a maximum of \$1M
- **STD** replaces 60% of your earnings up to a maximum of 26 weeks
- **LTD** replaces 50% of your earnings up to a maximum of \$3,000 per month – also offer 2 buy up options at 60% and 66 2/3% of monthly earnings, up to a maximum of \$7,500 and \$10,000 per month

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Magellan HEALTH

Magellan offers a comprehensive suite of benefits including:

<CLICK> Metlife dental plans – there are 2 options, a PPO plan and copay plan.

<CLICK> A vision plan provided through VSP that offers discounts on eyewear, eye exams and contacts.

<CLICK> EAP and online confidential care through our own internal Magellan LifeResources team. EAP services include legal and financial services, Autism Assist and access to our wellness platform, CafeWell.

<CLICK> We provide life insurance and disability plans through Liberty Mutual. We also have optional life and supplemental AD&D coverage. Our long-term disability coverage includes 2 buy-up options – one pays up to a maximum of \$7,500 per month and the other up to \$10,000 per month depending on your earnings level.

Other Benefits

Your Spending Account

Flexible Spending Accounts

- **Limited Purpose Health Care FSA** up to \$2,550 available to you if you are enrolled in a Magellan medical plan option – can cover dental and vision out-of-pocket costs; once you meet your deductible it can be used for eligible medical expenses
- **Health Care FSA** up to \$2,550 available if you are not enrolled in a Magellan medical plan
- **Dependent Care FSA** up to \$5,000 available

401(k) savings plan with Prudential

- TMG and Magellan plans will merge, effective as of the beginning of the year
- Your current contributions and account balances will be transferred over to the Magellan plan
- If you are not currently contributing to the 401(k) plan, you will be automatically enrolled in the Magellan plan at 3% of your compensation
- Magellan matches 50% of the first 6% of compensation contributed



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Magellan
HEALTH

<CLICK> We provide flexible spending accounts which include a limited purpose Health FSA for those enrolled in the CDHP medical plans, a regular health FSA for those not enrolled in a Magellan medical plan, and a dependent care FSA.

<CLICK> Magellan also offers a 401(k) retirement savings plan through Prudential. If you currently participate in the TMG 401(k) plan, you will automatically be enrolled in the Magellan plan and your accounts will be transferred. Your current investment elections will be mapped to the same asset classes in Magellan's plan.

If you are not currently enrolled in the 401(k) plan, you will auto-enrolled in Magellan's plan with a 3% of compensation contribution amount per paycheck. You can opt-out at any time.

Magellan provides an employer match at 50% of the first 6% of compensation contributed, for a total of 3%. Additionally, we true-up the match based on your contributions at the end of the year so that you receive the maximum employer match you are entitled to without having to contribute each pay period.

Other Benefits

Educational Assistance

- Undergraduate: \$3,000 annual maximum reimbursement per calendar year
- Graduate: \$4,000 annual maximum reimbursement per calendar year

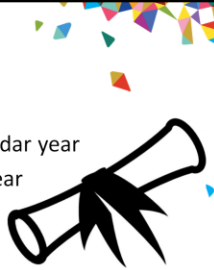
Adoption Assistance up to \$2,500 per child

Employee Stock Purchase Plan


- You can purchase MGLN common stock through payroll deductions at a 15% discount
- 2 offering periods per year
- Next enrollment window is Dec 2016 for the Jan 2017 through June 2017 offering period

Paid Time Off –vacation and sick leave

Yrs of Service	Standard	Management
0 through 4	18 days	23 days
5 through 9	23 days	26 days
10+	28 days	28 days



- Your YOS with TMG will be counted
- Magellan’s PTO program is a “use it or lose it” program
- You can carry over 3 days per year up to a max of 5 for Emergency Sick time
- If you currently have days in your sick bank or unused vacation at the end of the year, you will be allowed to keep up to 5 days for Emergency Sick time

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Magellan also provides [CLICK](#) Educational assistance in the amount of \$3,000 annually for undergraduate degrees and up to \$4,000 per year for graduate degrees.

[CLICK](#) Adoption assistance up to \$2,500 per child.

[CLICK](#) An Employees Stock Purchase Plan that allows you to purchase Magellan common stock at a discount. We have 2 offering periods per year, generally Jan to June and July to Dec. You make payroll contributions based on your election. At the end of the offering period, we will look at the stock price at the beginning of the period and compare to the stock price at the end of the period. Whichever amount is less, we will apply a 15% discount to it and that’s the price you will pay to purchase stock.

You will be eligible to participate in the next enrollment period which will be in December.

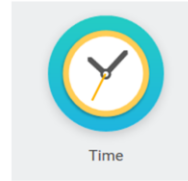
[CLICK](#) Magellan offers a paid-time off program which combines vacation and sick time into one allotment. The chart shows the PTO you will be eligible for depending on your years of service and management level. [CLICK](#) Keep in mind, your years of service with TMG will be counted. Our program is a use it or lose it program meaning you cannot carry over days that you have not used. You can carry over 3 days per year up to a maximum of 5 days for emergency sick time.

If you currently have days in your sick bank or unused vacation time, we will automatically credit you with Emergency Sick Time up to 5 days. Any days in your sick bank or unused vacation greater than 5 will be forfeited.

Other Benefits

Requesting PTO

- Once you have access to Workday (our HCM system), you will be able to request time off using the “Time” worklet
- Then you will follow the menu prompts to request time off
- Your complete annual PTO will be available for you to use at anytime during the fiscal year with your manager’s approval – PTO may be taken before it is earned



2017 Holidays

- Magellan observes 8 holidays plus 2 personal days
 - *New Year’s Day*
 - *Memorial Day*
 - *Independence Day*
 - *Labor Day*
 - *Thanksgiving*
 - *Friday after Thanksgiving*
 - *Christmas Eve*
 - *Christmas Day*

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Magellan
HEALTH

<CLICK> Once you have access to our HCM system Workday, you will be able to request time off using the Time worklet. You should not request PTO in Workday until January when your benefits become effective.

After you select the Time worklet, you will see a menu item, “Request Time Off.” Just follow the menu prompts and select your time off. Your request will automatically be forwarded to your manager for approval.

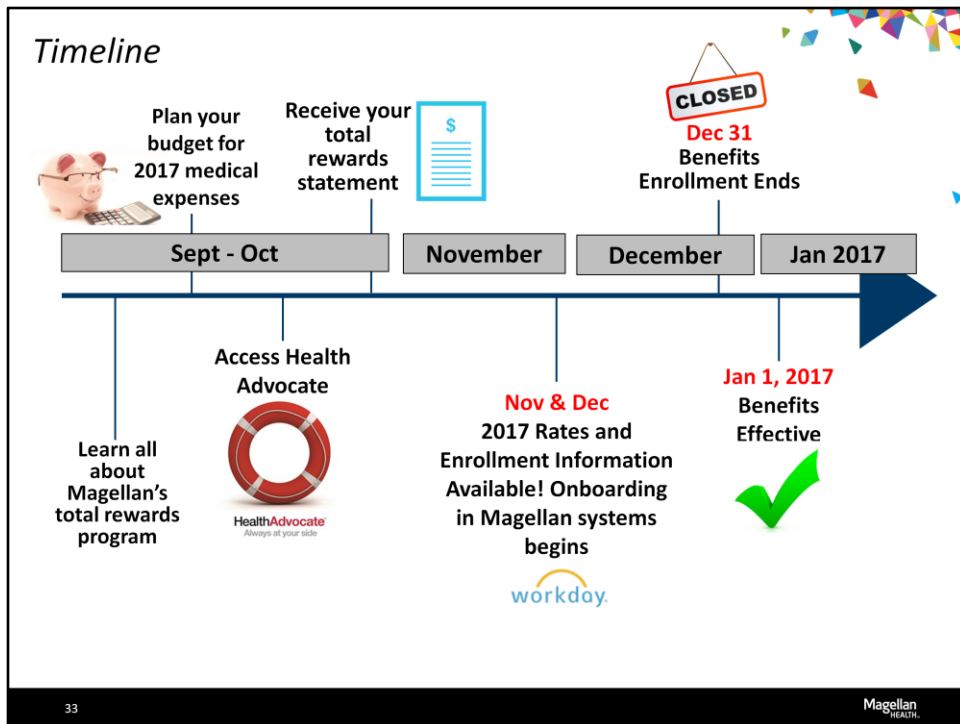
At Magellan, we allow you to take time off before it is accrued. This means that you may have a negative balance at times and if your employment was terminated, you would have the negative balance deducted from your final paycheck.

<CLICK> At Magellan we observe 8 holidays and 2 personal holidays that you can use whenever you like, with your manager’s approval. Unlike earned and unused PTO, the 2 personal holidays are not paid out at termination if they’re not used, so generally, you will want to take those days off before using your PTO allocation.

Timeline of Upcoming Events Additional Resources



Let's review some important dates to keep in mind and additional resources you'll soon have access to.



<CLICK> Through these webinars, you have the opportunity to learn about Magellan’s total rewards program. We will record a session that will be available for playback at the end of Sept. We’ll also provide the PowerPoint with speaker notes.

<CLICK> You should start planning your budget for 2017 medical/Rx expenses. Since you will need to pay your deductible before the plan pays, start anticipating what you think your out-of-pocket costs will be and start saving.

<CLICK> You will have access to Health Advocate in October.

<CLICK> At the end of October your manager will be provided with a total rewards statement that indicates the benefits you are eligible for and your compensation package.

<CLICK> In early November, 2017 rates and enrollment information will be available and you will be able to access Workday and “onboard.” You will also be able to receive updates through our intranet MagNet and lots of additional information on MyMagellan. As part of your onboarding, you will receive a benefits enrollment event in your inbox called, “Change Benefits for Life Event.” You may go ahead and enroll in benefits at this time – you will have up until Dec. 31st to complete your benefits enrollment.

No matter when you enroll, once you hit “Submit,” you will receive an “Open/Annual Enrollment” event as well. You should ignore the open enrollment event, and instead enroll through the Change Benefits for Life Event task.

<CLICK> After Dec. 31st, you will no longer be able to enroll in benefits with Magellan.

<CLICK> Your benefits will be effective January 1, 2017.

Additional Resources & Your Role

Review the information that's provided to you through email and on the TMG Welcome site, including:

- ICP and SERP program FAQs and program descriptions
- HSA Bank YouTube channel
- Educational Videos on CDHPs, HSAs, Wellness Credit
- 2016 Benefits Guidebook (2017 when available)
- 2016 Plan Summaries
- BCBS Website – verify network status of your provider(s)

In October, review your total rewards statement

In December, watch for MagNet articles, access to virtual benefits fair and emails about your benefits – use modeling tools to plan for your medical/Rx expenses and decide which plan is right for you

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Magellan
HEALTH

<CLICK> You will have access to lots of resources on the Welcome site including FAQs, videos and plan summaries.

<CLICK> In October you will receive your total rewards statement. Review it for changes to your total compensation, including eligibility for incentive programs and your target award level.

Call Health Advocate if you have questions about your benefits or want additional information.

<CLICK> In December, watch for even more information about your benefits.

Be sure to complete your biometric screening and get a flu shot to take advantage of Magellan's wellness credit.

And finally, Take Action and enroll during Open Enrollment.



***I Have a
Question***

So let's open it up for your questions.

Q&A SESSION

Thanks for taking the time to attend our webinar. We know these are big changes and we want you to have as much information as possible and make an informed decision. We will provide a recorded version of the webinar if you want to re-review the presentation.

Thank You.