

# **2023 BENEFIT PLAN CHANGES**

Costco Employee Benefits Program  
U.S. Mainland and Hawaii

November 2022

## **Summary of Material Modifications to the January 2022 Costco Employee Benefits Program Summary Plan Description (SPD)**

The January 2022 SPD is the official plan document of the Costco Employee Benefits Program. This 2023 Benefit Plan Changes Booklet supplements the information in the SPD.

November 1, 2022

Dear Costco employee,

Every November Costco offers Annual Enrollment, which is a time for employees to review their healthcare benefits. It's also a time when we inform our employees of upcoming changes and enhancements to the benefit programs offered to them.

The health and well-being of our employees is a top priority. That's why we commit to provide you and your dependents with affordable benefits that help you get the right care. To fulfill that commitment, we regularly review the benefit programs and suppliers, consider requests from employees as well as common industry practices, and make adjustments or enhancements as appropriate.

To make sure you get the most out of your benefits, I encourage you to read the enclosed Benefit Plan Changes Booklet, visit [Costcobenefits.com](https://www.costcobenefits.com) and participate in the 2023 We're in This Together pledge, which will be available in January.

Thank you for the important role you play in making Costco a great company. My best wishes to you and your family for a healthy 2023!

A handwritten signature in black ink, appearing to read "Craig".

Craig Jelinek

Here's an overview of the changes coming in 2023.

#### **New Tobacco Cessation Program**

- New smoking cessation program
- Provided by Costco Pharmacy

#### **New Adoption Assistance Plan**

- Reimburses up to \$5,000 per adoption
- Lifetime maximum \$10,000

#### **New Benefit Effective Date**

- 1st of the month following 60 days of continuous service, for most eligible hourly employees.

#### **Changes to Medical Plan Payroll Contributions**

- Employees hired on or after 1/1/23 will have higher payroll contributions.
- All employees will have an increase in payroll contributions for a non-Costco spouse or domestic partner.

#### **Changes to Dental Plans**

- Aetna plan participants will choose between 2 plans instead of the current 4 plans.
- New plans are the Network Dental Plan and the Choice Dental Plan.
- No changes to HMSA dental plans.

#### **Update for Rethink**

- Rethink is changing their name to RethinkCares

#### **Changes to Aetna Medical Plans**

- New coverage for infertility services.
- Additional coverage for children with developmental delays.
- Lab services at Quest will no longer be covered at 100%.

#### **Change to HMSA Medical Plans**

- New coverage for infertility services.
- Additional coverage for children with developmental delays.

#### **Changes to Voluntary Short-Term Disability (STD)**

- New eligibility rules
- Change in payroll contributions

#### **Supplemental Life Insurance**

- Reminder about payroll contributions

#### **Health Care Reimbursement Accounts (HCRA)**

- Information regarding 2023 maximums

#### **Out-of-Pocket Maximums**

- 2023 out-of-pocket maximum amounts

#### **Summary of Benefits and Coverage (SBC)**

- How to obtain the 2023 SBCs

#### **Summary Plan Description**

- How to obtain the SPD

#### **Various updates to the SPD**

## NEW TOBACCO CESSATION PROGRAM

The Resources for Living tobacco cessation program (Tobacco Quit Line) will be replaced with a program provided by Costco Pharmacy. More information will be posted on [Costcobenefits.com](http://Costcobenefits.com) before January 1.

## ADOPTION ASSISTANCE PLAN

Beginning January 1, 2023, Costco will reimburse qualified adoption expenses you pay or incur in 2023 or later in connection with a finalized adoption. Costco reimburses no more than \$5,000 per child adopted by you (and your spouse, if they are also a Costco employee), up to two adoptions, for a maximum reimbursement of \$10,000. Qualified adoption expenses include, for example, reasonable and necessary adoption fees, court costs, attorney fees, and other expenses to adopt an eligible child. An eligible child is an individual under 18 or who is physically or mentally incapable of caring for themselves. The Plan will be run in accordance with IRS rules, and so does not reimburse expenses related to a surrogate parenting arrangement or to adopt a stepchild.

Reimbursement will be available to all employees who have at least one year of continuous service and are eligible to enroll in a health plan under the Costco Employee Benefits Program. You must be an employee at the time the expenses are paid and incurred and when the adoption is finalized in order to be reimbursed for those expenses. Reimbursements will be reported on your W-2 and are subject to withholding for employment and certain required state taxes, but not federal income tax. Depending on your tax situation, you may be eligible to exclude reimbursements from your income taxes or may be eligible for a tax credit for adoption expenses. You should consult your own tax advisor about the tax consequences of Plan reimbursements.

The Plan document and additional information, such as how to submit a reimbursement request and the required supporting documents, will be available at [Costcobenefits.com](http://Costcobenefits.com) and from the Costco Benefits Department after November 2022.

## CHANGES TO HEALTHCARE BENEFIT EFFECTIVE DATE

Health care and most other coverage begins on your **benefit effective date**, which depends on your employee classification. Currently, the benefit effective date for eligible full-time or part-time hourly employees (other than full-time hourly pharmacists and full-time hourly senior hearing aid specialists) occurs after completing a number of **eligible paid hours**. Beginning on January 1, 2023, the benefit effective date for these employees will instead occur after completing a period of **continuous service** (as defined in the SPD). Changes are shown in the chart below.

Classification	Current Benefit Effective Date	New Benefit Effective Date
Full-Time Hourly Employees	1st day of the second month following completion of 250 eligible paid hours	1st day of the month following 60 days of continuous service
Part-Time Hourly Employees	1st day of the second month following completion of 450 eligible paid hours	1st day of the month following 60 days of continuous service

If you are one of these hourly employees and you have completed 60 days of continuous service as of December 31, 2022, you will be eligible on January 1, 2023. A Benefits Enrollment Notice will be mailed to you, with election options and deadlines for making changes. If you don't make any elections by your enrollment deadline, you will be enrolled in **default coverage**. Default coverage is explained in the SPD.

The benefit effective date for hourly employees in Hawaii is not changing. All hourly employees are eligible for benefits on the first day of the month following four weeks of service, during which they work a minimum of 20 hours a week.

## INCREASE TO MEDICAL PLAN PAYROLL CONTRIBUTIONS

Bi-weekly payroll contributions for Aetna and HMSA medical plan coverage will increase for employees hired on or after January 1, 2023. In addition, for all employees, there will be an increase to the payroll contribution for covering a spouse or domestic partner (who is not a Costco benefits-eligible employee). The following charts reflect the bi-weekly payroll contributions that will be in effect beginning on January 1, 2023.

AETNA SELECT PLANS		
	Employees Hired before 1/1/23	Employees hired on or after 1/1/23
Employee	\$20	\$25
Costco Spouse/Domestic Partner*	\$15	\$20
Non-Costco Spouse/Domestic Partner	\$35	\$35
Child	\$15 per child – max \$60	\$20 per child – max \$80

\*Spouse/domestic partner must be a Costco benefits-eligible employee.

<b>HMSA HMO and PPO (Hawaii)</b>		
	<b>Employees Hired before 1/1/23</b>	<b>Employees hired on or after 1/1/23</b>
<b>Employee</b>	<b>\$6</b>	<b>\$8</b>
<b>Costco Spouse/Domestic Partner*</b>	<b>\$5</b>	<b>\$7</b>
<b>Non-Costco Spouse/Domestic Partner</b>	<b>\$30</b>	<b>\$35</b>
<b>Child</b>	<b>\$15 per child - max \$60</b>	<b>\$20 per child – max \$80</b>

\*Spouse/domestic partner must be a Costco benefits-eligible employee.

## **CHANGES TO AETNA DENTAL PLANS**

Costco is reducing the number of dental plans available to Aetna plan participants. Beginning on January 1, 2023, Aetna plan participants will be offered the choice between two dental plans: the Network Dental Plan and the Choice Dental Plan.

If you are currently enrolled in dental coverage but you do not make an election during the upcoming Annual Enrollment period, you will be automatically enrolled in one of the new dental plans. Specifically, if you are currently enrolled in the Core or Premium Dental Plan, you will be automatically enrolled in the Choice Dental Plan effective January 1, 2023. And if you are currently enrolled in an EPP Plan, you will be automatically enrolled in the Network Dental Plan effective January 1, 2023. The same rules will apply to any family members currently enrolled in dental coverage, provided you verify their eligibility during Annual Enrollment. See pages 10-11 of the SPD for more information on verifying dependent eligibility.

Also, if you are enrolled in **default coverage** after 2022, your dental coverage will be under the Network Dental Plan. As a reminder, default coverage only applies to you, not to any family members. The SPD describes the other benefits included in default coverage.

The chart below shows the basic features of the two plans and your share of the cost of covered services.

	Choice Dental Plan		Network Dental Plan
	In-Network	Out-of-Network	In-Network Only
<b>Plan features</b>			
<b>Annual deductible</b>	\$50 individual \$150 family		\$50 individual \$150 family
<b>Annual maximum benefit</b>	\$2,000 for basic and major services combined		\$2,500 for basic and major services combined
<b>Covered services</b>	<b>Amount you pay</b>		
<b>Preventive care services</b>  Routine exams and cleanings, twice per year	\$0		\$0
<b>Basic services</b>  Fillings, extractions, root canals, periodontics (treatment of gums and soft tissues)	15% after deductible	20% after deductible	15% after deductible
<b>Major services</b>  Crowns, bridges, dentures, implants	45% after deductible	50% after deductible	45% after deductible
<b>Orthodontic services</b>	50%  Lifetime maximum benefit: \$1,500		50%  Lifetime maximum benefit: \$2,000

The Choice Dental Plan and the Network Dental Plan use the same national network of participating PPO dentists. To find a participating PPO dentist near you, click on “Find a Provider” at [Costcobenefits.com](http://Costcobenefits.com) or call Aetna’s dental line at 800-218-1458.

Please note, not all **locations** have enough in-network providers nearby to support the Network Dental Plan. The following locations **do not** offer the Network Dental Plan:

Alaska (all locations)	#1176 - Syracuse, NY
Montana (all locations)	#1073 – Roseburg, OR
#125 – Eureka, CA	#1059 – Warrenton, OR
#1297 – Ukiah, CA	#1159 -- Sioux Falls, SD
#637 – Gypsum, CO	#1184 – Charlottesville, VA
#1111 – Coralville, IA	#238 – Harrisonburg, VA
#1325 – Davenport, IA	#314 – Colchester, VT
#773 – Coeur D’Alene, ID	#103 – Clarkston, WA
#145 – Twin Falls, ID	#639 – Sequim, WA
#1191 – Kalamazoo, MI	#1013 – Union Gap, WA
#1279 – Traverse City, MI	#112 – Wenatchee, WA
#1125 – Rochester, MN	#1099 – Yakima, WA
#1119 – West Fargo, ND	

Also note that the Network Dental Plan **only** provides coverage for services and supplies provided by a participating PPO dentist (there is no out-of-network coverage). The Choice Dental Plan pays for covered dental care from most qualified dentists, but some out-of-network dental providers are never covered. Call Aetna to confirm that your dentist is approved for coverage before you receive care.

As before, the Costco dental plans only pay benefits for the covered dental expenses listed in the SPD, and only under the circumstances described in the SPD. For example, the plans’ orthodontic lifetime maximums still apply to all orthodontic benefits you receive for the entire time you’re covered by Costco dental plans (even if you switch plans or are rehired). The special rules for dental plan enrollment also remain in effect—for example, you still must be enrolled in a Costco medical plan to elect dental coverage.

There are no dental plan changes for HMSA participants. They will continue to be offered the Core Dental and Premium Dental plans.

## **NAME CHANGE FOR RETHINK**

On January 1, 2023, Rethink is changing their name to RethinkCare.

RethinkCare gives parents and caregivers 24/7 access to tools and resources to help you understand, teach and better communicate with your child. The program is available to Costco employees and their family members who are age 18 or older and enrolled in an Aetna or HMSA medical plan. The program is offered at no cost to you.

RethinkCare has expanded to help all families manage modern challenges at home and at school, not only families of children with behavioral challenges. Families with children



who have developmental challenges such as ADHD and autism will still benefit from the specialized “Foundational Skills” content.

The program includes:

- Six hours per year of virtual consultation with a dedicated Board Certified Behavior Analyst via video conference or telephone to address your specific challenges. Your Behavior Expert may provide tailored recommendations to address learning or behavior challenges, skill building, Individualized Education Program (IEP) or 504 Plan support, and more. They can also help you make the most of all the resources offered through this program.
- A comprehensive library of over 2,400 step-by-step how-to videos to help you teach your child skills in the areas of socialization, language, pre-academic, pre-vocational and more
- A Social and Emotional Learning (SEL) curriculum designed to support your child’s self-awareness, self-management, social skills, social awareness and self-care.
- Downloadable and printable at-home learning materials and templates
- Catalog of goal-based training focused on parental and family wellbeing. Train practical, repeatable skills through micro-learning

You can grant Care Team Member access to family members, providers, or teachers who may also interact with your child.

Employees already enrolled in Rethink can link their existing account to the new RethinkCare account. Log into [connect.rethinkcare.com/login](https://connect.rethinkcare.com/login) and enter the email and password you are currently using to access your account. You’ll be prompted to change your password. Once that is done your history will transfer to RethinkCare.

If you have any questions about these changes, contact Rethink at [support@rethinkcare.com](mailto:support@rethinkcare.com).

## **CHANGES TO AETNA MEDICAL PLANS**

### ***New Coverage for Infertility***

The Plan now covers services to diagnose the underlying medical cause of infertility. Beginning January 1, 2023, the Plan will also cover, for enrolled employees, spouses and domestic partners, up to 6 medicated cycles of “comprehensive” infertility services and, if warranted, up to 3 cycles of “advanced reproductive technology” (ART). The covered individual must have a diagnosis of “infertility” and meet **medical necessity** requirements.

There are several exclusions—for example, individuals who underwent voluntary sterilization are ineligible, and follicle-stimulating hormone products, ovarian stimulation, and treatment for poor ovarian reserve are excluded. Cryopreservation, storage, and

thawing are covered only to the extent they are part of an ART cycle. As before, the Plan does not cover your surrogate or gestational carrier, does not cover treatments or services performed on individuals not enrolled in the Costco health plan, and does not cover services for which you are being paid.

Details on covered procedures, exclusions, medical necessity, and definitions can be found in Aetna Clinical Policy Bulletin (CPB) 0327, available at [https://www.Aetna.com/cpb/medical/data/300\\_399/0327.html](https://www.Aetna.com/cpb/medical/data/300_399/0327.html). You can also contact an Aetna Fertility Advocate at 855-282-6344 (TTY:711).

In addition, drugs to treat infertility that will be covered through the Prescription Drug Program will be subject to a \$25,000 lifetime maximum. To see the Prescription Drug Program's formulary list of covered drugs, link to Costco Health Solutions from [costcobenefits.com](http://costcobenefits.com).

### ***Changes to Cost Sharing for Quest Lab Services***

Currently under the Aetna medical plans lab services received at Quest Labs are covered at 100%. Beginning on January 1, 2023, services received at Quest will be treated the same way as services received at other in-network labs. Your cost share for **covered expenses** will be 10% after the deductible (20% after the deductible for the Part-Time Select Plan).

### ***Coverage for Developmental Delay***

As described in the SPD, the Plan currently provides coverage to treat children with certain medical conditions, such as Autism Spectrum Disorder. Beginning on January 1, 2023, the Plan will cover speech, physical, occupational therapy and other services if **medically necessary** to treat children who have other developmental delays, such as:

- Cognitive delays
- Motor delays
- Social, emotional and behavior delays
- Speech delays

All services are subject to Plan limits/exclusions and applicable co-pays, co-insurance, and deductible. For more information, see Aetna Clinical Policy Bulletin applicable to your child's diagnosis and treatment, available at Aetna.com.

## **CHANGES TO HMSA MEDICAL PLANS**

### ***Coverage for Developmental Delay***

As described in the HMSA benefits booklet, the Plan currently provides coverage to treat children with certain medical conditions, such as Autism Spectrum Disorder. Beginning on January 1, 2023, the Plan will cover speech, physical, occupational therapy and other services if **medically necessary** to treat children who have other developmental delays, such as:

- Cognitive delays
- Motor delays
- Social, emotional and behavior delays
- Speech delays

All services are subject to Plan limits/exclusions and applicable co-pays, co-insurance and deductible. For more information, see HMSA's Guide to Benefits available on My Account at HMSA.com

### ***New Coverage for Infertility***

Beginning on January 1, 2023, the HMSA medical plans will include certain infertility benefits. For more information, see HMSA's Guide to Benefits available on My Account at HMSA.com

In addition, drugs to treat infertility that will be covered through the Prescription Drug Program will be subject to a \$25,000 lifetime maximum. To see the Prescription Drug Program's formulary list of covered drugs, link to Costco Health Solutions from [costcobenefits.com](https://www.costcobenefits.com).

## **CHANGES TO VOLUNTARY SHORT-TERM DISABILITY INSURANCE**

### ***New Benefit Effective Date***

Except in California, Hawaii, New Jersey and New York, the Voluntary Short Term Disability Insurance plan is automatic for eligible hourly employees. Now, coverage (and payroll deductions to pay for that coverage) begin automatically as of:

- The first day of the month after 90 days of continuous service (most hourly employees), or
- The first day of the month after 30 days of continuous service (fulltime hourly pharmacists and senior hearing aid specialists).

Beginning on January 1, 2023, 90 days for most hourly employees is changed to 60 days.

### ***Voluntary Short-Term Disability (except CA, CT, MA, NJ, NY and WA State)***

The current payroll deduction for Voluntary Short-Term Disability Insurance in all states *except CA, CT, MA, NJ, NY, and WA State* is 1.82% of eligible earnings. This will increase beginning on January 1 to 2.09% of eligible earnings.

### ***Voluntary Short-Term Disability – Oregon***

Beginning September 1, 2023, eligible Oregon employees will be able to begin filing claims with the State of Oregon for benefits under the Oregon State Paid Family and Medical Leave program. For information about that program, go to [paidleave.oregon.gov](http://paidleave.oregon.gov).

To ensure that you have income replacement should you exhaust your benefits under ORPFML, you will continue to be enrolled in Voluntary Short Term Disability. However, your payroll contribution will be reduced to 0.57% of eligible earnings instead of 2.09%. This reduction will be effective beginning with the first paycheck of September 2023.

## **SUPPLEMENTAL LIFE INSURANCE**

We would like to remind you that the payroll contributions for Supplemental Life Insurance increase with age in five-year bands. When you cross into a new age band your payroll contributions will increase. See the 2023 Rate Booklet for a full list of age bands and rates for Supplemental Life Insurance. The booklet is located on [Costcobenefits.com](http://Costcobenefits.com) under Tools & Resources > Benefit Documents & Forms.

## **HEALTH CARE REIMBURSEMENT ACCOUNT (HCRA) CHANGES**

Each fall, the IRS establishes the annual maximum you may contribute. The IRS has not announced the 2023 maximum by our publication date. If the IRS announces a

2023 increase you may be able to elect the increased amount during Annual Enrollment. Otherwise, the maximum contribution will be \$2,850.

Also effective January 1, 2023, the carryover amount will increase to \$570.

## 2023 OUT-OF-POCKET MAXIMUMS FOR MEDICAL AND PHARMACY

The Aetna medical plans have annual coinsurance and copay maximums. These amounts are the most you will have to pay in coinsurance and copays per year for most covered in-network expenses under your medical plan. In addition, the Prescription Drug Plan has an annual out-of-pocket maximum. This is the most you will have to pay in coinsurance and copays, combined, for most covered in-network expenses under the Prescription Drug Plan. If you reach these maximums, the plans will pay 100% of most covered in-network expenses for the rest of that calendar year.

The maximums are:

<b>Medical</b>	<b>Select Plan 2022</b>	<b>Select Plan 2023</b>	<b>Part-Time Select Plan 2022</b>	<b>Part-Time Select Plan 2023</b>
Annual coinsurance maximum	\$1,500/person \$3,000/family	\$1,500/person \$3,000/family	\$2,500/person \$5,000/family	\$2,500/person \$5,000/family
Annual copay maximum	\$4,800/person \$9,600/family	\$4,950/person \$9,900/family	\$3,500/person \$7,000/family	\$3,650/person \$7,300/family
<b>Prescription Drug</b>				
Annual out-of-pocket maximum	\$2,000/person \$4,000/family	\$2,000/person \$4,000/family	\$2,000/person \$4,000/family	\$2,000/person \$4,000/family

The maximums for the Select Plan (or Part-Time Select Plan, as applicable) also apply to those enrolled in the Aetna Out-of-Area Plan.

Hawaii Employees – The out-of-pocket maximum for prescription drugs noted above applies to your coverage. The HMSA medical plans also have out-of-pocket maximums for the medical portion of your coverage. Please contact HMSA for more information.

## SUMMARY OF BENEFITS AND COVERAGE

The Department of Health and Human Services (DHHS) requires employers to provide covered employees with a document that outlines benefits and certain cost-sharing requirements. This document is called a Summary of Benefits and Coverage (SBC). It's a standard format created by DHHS and is used by all employers.

To read the SBC or to print copies of these documents, log in to [Costcobenefits.com](https://www.costcobenefits.com). You'll find the SBCs under "Tools & Resources > Benefit Documents & Forms." If you would like Costco to mail you a paper copy, send a secure email request by clicking the envelope icon. You also can request a copy by calling the employee benefits department at 1-800-284-4882 or by contacting your location's payroll clerk.

## SUMMARY PLAN DESCRIPTION

The SPD is a booklet that explains who is eligible for the Costco Employee Benefits Program and when eligible employees and family members may enroll. It also provides details about each benefit offered under the Program. This booklet is updated periodically.

The SPD is available on [Costcobenefits.com](https://www.costcobenefits.com). The electronic format allows for easy searching and readability. You can also request a paper copy by:

- Contacting your location's payroll clerk
- Logging in to [Costcobenefits.com](https://www.costcobenefits.com) and clicking the envelope icon to send a secure email
- Calling the employee benefits department at 1-800-284-4882

## UPDATES MADE IN THE JANUARY 2022 SPD

A variety of changes or clarifications were made to the SPD when it was updated in January 2022. Examples are below, including some clarifications to the Program's duplicate coverage rules. For information about other updates, see the SPD.

### *Eligibility*

- **Intern eligibility.** You are not eligible for benefits if you are classified by Costco as an intern or working in connection with your training or education, except in the case of an otherwise-eligible Costco employee transferring to a temporary intern position in the Home Office.
- **Continued eligibility for Teamsters.** Like other non-Hawaii employees, in order to maintain eligibility and continue coverage for most benefit options, a Teamster

employee must average at least 23 **eligible paid hours** per week for each benefit **measurement period** ending after the employee becomes eligible.

- **COBRA eligibility.** Note that failure to pay your regular employee premiums while on a **Leave of Absence** is not a COBRA qualifying event.

### ***Duplicate coverage for health care***

As explained in the SPD on pages 9-10, an individual cannot be covered as both an employee and as a family member of another employee, or as a family member of two employees. If this occurs, Costco will notify affected employees regarding which coverage will be dropped if they do not respond or agree on coverage. And if your child is already enrolled as a dependent of one parent then the other parent will not be allowed to enroll the child, except as required by law.

In addition, if an employee loses healthcare coverage while on FMLA leave and is enrolled as the family member of another employee, Costco will re-enroll the employee in the lost coverage when they return to work from leave, to the extent required by law. If this results in duplicate coverage, Costco will notify affected employees and let them know which coverage will be dropped if they do not respond or agree on coverage.

### ***Declining coverage***

If you decline all coverage (decline option 3), you will not be able to participate in most benefits, including Long-Term Disability Insurance. However, you will be eligible for certain other benefits, including the Commuter Benefits Plan. For more information about the options to decline coverage, see pages 19-20 of the SPD.

### ***Aetna plan benefits***

- **Copay for TMJ treatment.** The office visit copay changed to \$25 (\$30 for the Part-time Select Plan). There were no changes to the coinsurance requirements or lifetime maximum for TMJ treatment (see page 31 of the SPD).
- **Taxation of travel, lodging & meals.** These benefits will be taxable to you to the extent they exceed IRS limits. Your W-2 will reflect the taxable amount. See pages 36-37 of the SPD for more information on these benefits.
- **Additional exclusions.** Vision therapy and orthoptic training/therapy are not **covered expenses**.
- **Subrogation violations.** If you violate the plan's subrogation and reimbursement rights (described on pages 144-147), plan coverage for you and your family members may be terminated.

### ***Disability benefits***

- **Timing of recurrent disabilities.** If you receive benefits from the Voluntary STD Insurance Plan, return to **active employment** and then become disabled again, your benefits will vary depending on whether your **recurrent disability** happens within 90 consecutive days of the last date paid under your prior disability. See page 68 of the SPD for details.
- **Disability earnings.** Unum will not pay disability benefits for any month during which your **disability earnings** exceed 80% of your **indexed monthly earnings**. See pages 65-75 of the SPD for more information on how earnings impact disability benefits.

### ***Life and accident insurance***

- **Benefit increases and decreases.** If your Basic Life or Basic AD&D Insurance benefits are based on your **annual earnings**, your benefit will increase or decrease on the date your earnings or your employee classification changes. The exception is if you are away from work due to **injury** or **sickness** or on a **Leave of Absence**. In that case, any increase in coverage will not go into effect until you return to **active employment**. Decreases are effective on the date your earnings decrease or your employee classification changes, even if you are on a **Leave of Absence**.
- **Dependent eligibility for Assist America.** If you are enrolled in the Assist America Inc. program, your spouse and dependent children under age 26 are also eligible to use the program, except when traveling on business for their own employer.
- **Costco pilots and aircraft crews.** These employees are eligible for AD&D benefits to the same extent as other employees.
- **Process for porting coverage.** As described on page 88 of the SPD, Life and AD&D Insurance is portable (that is, you can continue coverage on an individual basis after you lose eligibility under the Costco Employee Benefits Program). Here's a summary of the process to port coverage:
  1. For the first 31 days after eligibility ends, Costco will pay the cost to continue coverage.
  2. Unum will send a letter notifying you of the option to port coverage. If interested, you must call Unum to request an application. The personalized application will include information about coverage options and costs, and the date by which you must send forms and payments directly to Unum.
  3. To continue your insurance after the 31-day period, return the application along with the first premium payment to Unum by the stated deadline.

### ***Commuter Benefits Plan***

The maximum monthly payments under the Commuter Benefits Plan increased to \$280 per month for transit and \$280 per month for parking (the IRS limits).

### ***Policy statement on benefits fraud***



Knowingly defrauding the Plan can be a crime under § 1027 of Title 18 of the United States Code. Violations of this law may result in a fine of up to \$250,000, imprisonment for up to five years, or both.

**Claims administrators & claims fiduciaries**

The following items were added to the chart on pages 130-132 of the SPD:

Benefit	Claims administrator	Claims fiduciary
<b>Resources for Living</b>	Aetna Resources for Living 151 Farmington Avenue, RSAA Appeals - 1250 Hartford, CT 06156	Costco Benefits Committee 999 Lake Drive Issaquah, WA 98027
<b>2nd.MD</b>	2nd.MD 9655 Katy Freeway, Suite 300 Houston, TX 77024 833-549-2509	Costco Benefits Committee 999 Lake Drive Issaquah, WA 98027
<b>98point6</b>	Aetna Life Insurance Company P.O. Box 14079 Lexington, KY 40512-4079 800-814-3543	Aetna Life Insurance Company National Accounts Customer Resolution Team P.O. Box 14463 Lexington, KY 40512-4089 800-814-3543

**Clarifications of Glossary terms**

- The following was added to the definition of **eligible paid hours**: *Eligible paid hours are counted from your last date of hire – work and hours before an earlier termination of employment is not counted for any purpose under the Program.*
- The following was added to the definition of **negotiated rate**: *There may be instances in which a network provider may bill a participant for charges in excess of the negotiated rate (for example, certain third-party liability situations).*
- The definition of **default coverage** was updated to read as follows:

**Default coverage** means the benefit coverage that will automatically apply to you if you do not complete initial enrollment or re-enroll when you return to work within certain deadlines. This includes coverage for you only but not your family under the following plans:

- Medical – Aetna Select if you are a full-time employee; Aetna Select for Part-Time Employees if you are a part-time employee; HMSA HMO if you are a Hawaii employee
- Prescription Drug – Costco Health Solutions
- Dental – Core Exclusive Provider Plan (EPP)
- Vision – eye exams and hardware
- Basic Life and AD&D Insurance
- Long-Term Disability Insurance
- Business Travel Accident Insurance (salaried employees only)

The costs of your default coverage will be deducted from your paychecks and you will not be able to change your elections until the next Annual Enrollment or following certain mid-year changes in status. While in default, you cannot participate in the Supplemental Life Insurance, Supplemental AD&D Insurance, Health Care Reimbursement Account or Dependent Care Assistance plans. However, you may participate in Resources for Living and Voluntary Short-Term Disability Insurance Plan (if applicable to you).