

2015 REQUIRED NOTICE FOR ACTIVE NON-UNION EMPLOYEES

\*\*\*INFORMATION ONLY—NO ACTION REQUIRED\*\*\*



## New Health Insurance Marketplace Coverage Options and Your Health Coverage

### PART A: General Information

When key parts of the health care law took effect in 2014, there was an additional way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the Marketplace and health coverage offered by BorgWarner.

#### What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health (medical and prescription drug) insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins November 15, 2014 for coverage starting as early as January 1, 2015.

#### Can I Save Money on my Health Insurance Premiums in the Marketplace?

Some individuals may qualify for a tax credit that lowers their monthly premium for or reduces certain cost-sharing under a qualified health plan purchased through the Marketplace, but only if their employer does not offer coverage, or offers coverage that doesn't meet certain standards.

However, as a BorgWarner full-time eligible employee, you will not qualify for such premium or other reduction in cost-sharing because:

1. BorgWarner offers group health coverage to all full-time eligible employees;
2. BorgWarner's group health plan options meet the "minimum value" standard set by the Affordable Care Act because they pay for at least 60% of covered health care expenses; and
3. Your premium cost under the BorgWarner group health plan options that would cover you (and not any other members of your family) is less than 9.5% of your household income. In other words, BorgWarner pays a majority of the premium cost for your coverage under the BorgWarner group health plans. For that reason, you would have to make less than \$8,337 in a year to qualify for a tax credit which lowers your premiums or other cost-sharing for a qualified health plan purchased through the Marketplace.

#### Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. As a full-time eligible employee, BorgWarner offers you coverage under its group health plans which meet the standards set forth above. Consequently, you will not be eligible for tax credits that lower your monthly premium or reduce certain other cost-sharing for a qualified health plan that you choose to purchase through the Marketplace. Accordingly, you may wish to enroll during the annual enrollment or other special enrollment periods in one of BorgWarner's group health plan options.

Note: If you purchase a health plan through the Marketplace instead of accepting BorgWarner health coverage, then you may lose the employer contribution to the employer-offered coverage. Also, this employer contribution, as well as your employee contribution to employer-offered coverage, is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

#### How Can I Get More Information?

For more information about your coverage offered by your employer, please refer to the BorgWarner Benefits Reference Guide available on the BorgWarner Benefits website, [www.borgwarner.com/benefits](http://www.borgwarner.com/benefits).

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit [HealthCare.gov](http://HealthCare.gov) for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

## PART B: Information About Health Coverage Offered by BorgWarner

This section contains information about any health coverage offered by BorgWarner. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

3. Employer name <b>BorgWarner Inc.</b>		4. Employer Identification Number (EIN) <b>13-3404508</b>	
5. Employer address <b>3850 Hamlin Rd</b>		6. Employer phone number <b>248-754-9200</b>	
7. City <b>Auburn Hills</b>	8. State <b>Michigan</b>	9. ZIP code <b>48326</b>	
10. Who can we contact about employee health coverage at this job? <b>Corporate Benefits Department</b>			
11. Phone number (if different from above) <b>248-754-0866</b>		12. Email address <b>Marketplace@borgwarner.com</b>	

Here is some basic information about health coverage offered by BorgWarner:

Upon date of hire, all full-time eligible employees are offered coverage under the BorgWarner group health plan. BorgWarner classifies you as a full-time eligible employee if you are regularly scheduled to work at least 30 hours a week. You also may enroll your Eligible Dependents, who include your Spouse and Children (as those terms are defined under the plan documents).

BorgWarner offers two medical plan options: The Basic Plan and the Buy-Up Plan. Both plans work generally the same way, cover the same types of services and provide you with comprehensive coverage. However, they differ in the way you pay your portion of the costs – the balance between the amount you pay up front (through premiums) versus the amount you pay at the time of care (through deductibles and coinsurance).

The Basic Plan is BorgWarner's lowest cost plan. By enrolling in this Plan, you pay less up front through lower payroll deductions, but more at the time of care through higher member gaps deductible requirements and 20% coinsurance responsibility.

The Buy-Up Plan requires you to pay more up front through payroll deductions, but in return, you pay less out-of-pocket if and when you need care. It has a lower member deductible gap and 10% coinsurance.

The coverage for both BorgWarner plans meet the required minimum value standard, which means the company's share of the total allowed benefit costs covered by the plan is no less than 60% of the costs. In fact, the company share for both the BorgWarner plans is much greater than 60%. As you can see in the chart below, the Basic Plan is 81.3% while the Buy Up Plan is 85.2%. BorgWarner plan coverage percentages are comparable to the Platinum plan offered under the Health Care Marketplace.

Plan	% of costs covered
Bronze	60%
Silver	70%
Gold	80%
Platinum	90%
<b>BW Basic</b>	<b>81.3%*</b>
<b>BW Buy Up</b>	<b>85.2%*</b>

\* 2014 Towers Watson Actuarial Valuation

Even if BorgWarner intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace, **if you made less than \$8,337 during the year**. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week, if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, HealthCare.gov will guide you through the process. The above employer information is the information you'll need to enter when you visit HealthCare.gov to find out if you can get a tax credit to lower your monthly premiums or otherwise reduce cost-sharing for a qualified health plan purchased through the Marketplace.

**NOTE:** BorgWarner reserves the right to modify and/or discontinue the benefits it provides, the premium amounts it pays, eligibility rules and other provisions for its group health plans, for any reason at any time. In the event of a conflict in language or interpretation between this Notice, and the official plan documents, the terms of such official plan documents will control. Because these group health offerings may change or be amended from time to time, you should always check with Human Resources for current information.