

# Tax Cut and Jobs Act

## Summary of LHC Group Benefits Enhancements



As a result of the recent piece of legislation known as the “Tax Cut and Jobs Act,” LHC Group’s effective 2018 tax rate has been reduced from roughly 41 percent to a projected range of 29-30 percent. With our reduced tax burden, we are able to make important investments in our company, including additional investments in our greatest asset – our people. But rather than making a small, short-term financial overture, we have decided to make meaningful investments in 2018 and beyond that will positively impact our employees – in a sustainable and long-term fashion.

We thank each and every one of you who continue to dedicate yourselves to LHC Group and our common purpose of providing exceptional care and support for the many patients, families, and communities we’re fortunate to serve. It’s only through your hard work and dedication that we’re able to continue to grow and succeed, and thus provide more options and investments.

Working together, we have positioned LHC Group as the employer of choice in our industry.

### SUMMARY OF ENHANCEMENTS:

#### Annual Merit Increase

- The annual merit increase maximum budgeted amount will be increased from 1.5 percent to 2 percent – effective April 15, 2018 and for a full 12-month period.
- All clinical field positions, office support personnel, executive director job positions, and Home Office support positions and director job positions, are eligible for the increase.
- Merit increases will continue to be based on performance and awarded on employment anniversary dates.
- The PAF will be adjusted to accommodate this change. Any merit increase entered at 2 percent or below on or after the effective date will be routed directly to HR for processing with no further approval needed.
- If a merit increase change is entered with a 2.01% increase or above, then the assigned workflow path will be followed for necessary additional approvals.
- Any PAF submitted with an effective date of April 15, 2018, or later can be adjusted – additional details for updating future-dated PAFs will be available soon.

#### Health Insurance

- Health insurance premiums have gone up every year – and that trend is expected to continue.
- With the addition of our Almost Family colleagues, LHC Group will cover more than 21,000 lives with an estimated total insurance plan cost expected to exceed \$115 million.
- Because of the tax cuts, LHC Group is now able to absorb more of the increased health insurance premiums than otherwise possible.
- LHC Group is currently working with external benefits consultants to design the 2018/2019 health insurance offerings, which will be effective October 2018.
- We expect to finalize details and make announcements to all employees in late July – prior to Open Enrollment.

## **Expansion of Benefits**

- LHC Group is working with our consultants to identify additional employee benefit offerings.
- This includes discounted coverage for identity theft protection, additional disability coverage, and a few others that are in the final stages of evaluation.
- We expect to finalize details and make announcements to all employees in late July – prior to Open Enrollment.

## **Enhanced 401(k)**

- We are expanding the investment lineup to include three additional low cost index options – Columbia Small Cap Index, Dreyfus Bond Market Index, and T. Rowe Price International Equity Index – bringing our total number of investment options to 18.
- With these three new options, plan participants can now choose to diversify across the major asset classes – Large Cap, Mid-Cap, Small Cap, International, and Fixed Income.
- Participants will still have the option to invest in managed funds, only the index funds, or a combination of both.
- The new options have lowered the average investment expense which translates to a lower total cost for plan participants.
- Effective June 2, 2018, the plan's vesting schedule will be reduced from a five-year graded schedule to a four-year graded schedule – reducing by a full year the time it takes for employees to become 100 percent vested in company matching contributions.
- No one will experience a decrease in their vested benefit.

If you have any questions, please direct them to your respective HR Business Partner or submit them to [Ask.HR@LHCgroup.com](mailto:Ask.HR@LHCgroup.com).

