

***NORTHROP GRUMMAN***



## **Summary Plan Description**

***Northrop Grumman Retiree Medical Plan  
Medicare Reimbursement and Stipend Program***

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January 2017

## **A Guide to Your Northrop Grumman Medicare Reimbursement and Stipend Program**

This guide provides information about the Northrop Grumman Medicare Reimbursement and Stipend Program component of the Northrop Grumman Retiree Medical Plan. This guide is the summary plan description (SPD) for the Northrop Grumman Medicare Reimbursement and Stipend Program (the “Program”), as in effect on January 1, 2017. If you have questions not answered in this guide, contact the Northrop Grumman Benefits Center (NGBC) at 1-800-894-4194. Benefits Center representatives are available to answer your questions Monday through Friday (except most New York Stock Exchange holidays), 8:30 a.m. to 8:30 p.m. Eastern time. If you are calling from overseas, dial the AT&T out-of-country access code, then dial 800-894-4194. TTY service is available at 1-888-343-0860.

Information provided to you by the NGBC is for informational purposes only and is not, and should not be considered, part of the Northrop Grumman Medicare Reimbursement and Stipend Program, and cannot modify the Northrop Grumman Retiree Medical Plan or this guide. Accordingly, the terms of the Northrop Grumman Retiree Medical Plan or this guide will govern, even if inconsistent with information provided by the NGBC.

The benefits described in this SPD are offered to certain retired employees of Northrop Grumman Corporation. Northrop Grumman reserves the right to amend, modify or terminate any and all parts of this plan at any time and for any reason.

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## Summary of Benefits

The Northrop Grumman Medicare Reimbursement and Stipend Program provides you with financial assistance to help you pay for your medical benefits. You can receive assistance in one of two ways, depending on your heritage company and eligibility:

- Medicare Part B Reimbursement
- Stipend.

You may be eligible for the Medicare Reimbursement and Stipend Program if you terminate from active employment with Northrop Grumman and your retiree medical heritage is from one of the following heritage companies:

- Litton
- Newport News
- TRW
- Interconnect Technologies
- Navigation Systems
- Rolling Meadows.

You must satisfy additional eligibility rules depending on your heritage group.

More information about the Medicare Part B reimbursement including special eligibility rules that apply to each heritage group may be found starting on page 4.

More information about the stipend including the special eligibility rules may be found starting on page 8.

### Multi-Heritage Eligibility

If you are eligible for Medicare Part B reimbursement, a stipend, or medical coverage under the Northrop Grumman Retiree Medical Plan under more than one heritage group, you must choose the heritage group that best suits your situation at retirement. Your heritage selection decision is irrevocable. You may not change to another heritage in the future. Heritage eligibility and subsidy are determined by the sector with which you were affiliated on June 30, 2003. If you were employed at different sectors or entities with different retiree Heritages prior to July 1, 2003, you will be considered multi-heritage when you terminate employment and you will be able to choose the heritage subsidy that best suits your situation upon retirement. Transfers on or after July 1, 2003 will not be counted for determination of heritage eligibility.

If you are eligible for a retiree medical benefit from more than one heritage but only one of the heritage groups has a stipend or Medicare Part B reimbursement, you must select that heritage group in order to qualify. If you choose the heritage group without the

stipend or Medicare Part B reimbursement, you will not be eligible for the Medicare Part B reimbursement or stipend.

Note: Effective as of March 31, 2011, Huntington Ingalls Industries, Inc. (referred to as "HII") was spun off from Northrop Grumman Corporation (referred to as the "HII Spin-off"). In connection with the HII Spin-off, HII and Northrop Grumman entered into an Employee Matters Agreement describing the treatment of employee benefits (referred to as the "Employee Matters Agreement"). Pursuant to the Employee Matters Agreement, the portion of the Plan covering eligible former employees of Northrop Grumman Corporation who were identified as "HII Retirees" under the Employee Matters Agreement was spun-off to the Huntington Ingalls Industries, Inc. Retiree Medical Plan (referred to as the "HII Retiree Medical Plan") and the HII Retiree Medical Plan and HII assumed liability for providing benefits to the HII Retirees and to individuals identified in the Employee Matters Agreement as "HII Employees" who subsequently terminate employment and qualify for coverage under the HII Retiree Medical Plan.

## Medicare Reimbursement Program

### General Information

The Medicare Part B Reimbursement provides eligible retirees of certain companies (“heritage companies”) acquired by Northrop Grumman and their eligible spouses or surviving spouses with a pre-determined dollar amount to be used toward the cost of Medicare Part B coverage.

The reimbursement is paid to you in your pension check. If you (or your survivor) are not currently receiving a pension check, you will receive a separate reimbursement check each month.

### Retiree Eligibility

Medicare Part B Reimbursement is offered to certain retirees of the following heritage retiree groups:

- Litton – multiple groups
- Newport News Salaried
- TRW – multiple groups

Your reimbursement amount is determined by your heritage group and whether spouse coverage is available. Information regarding the specific eligibility requirements for these heritage groups is set forth on the pages that follow.

To receive the reimbursement, you must be enrolled in Medicare Part B and provide proof that you have paid Medicare Part B premiums. If you are enrolled in Medicare Part B, but are not enrolled in a plan option under the Northrop Grumman Retiree Medical Plan, you are still eligible to receive the Medicare Part B Reimbursement.

### Reimbursement Information

You are eligible for reimbursement benefits as described in the following table. If both you and your spouse are eligible, each will receive the applicable amount.

If the premium that you and/or you spouse pay for Medicare Part B is less than the maximum reimbursement amount, you will be reimbursed the lesser of the actual premium you pay for Medicare Part B or the maximum reimbursement amount provided to your heritage group.

Reimbursements (including any amount due with respect to your eligible spouse) are paid to retirees in the monthly pension checks. If you do not receive a pension check, a separate check will be sent to you.

**Important Note:** The heritage company eligibility rules and reimbursement amounts described below are intended to be consistent with the eligibility and reimbursement provisions of the plans in effect at the heritage company at the time it was acquired by Northrop Grumman. However, the provisions set forth below are final and control in the event that there is any discrepancy with the provisions of a heritage company plan. The Northrop Grumman Benefit Plans Administrative Committee, in its sole discretion, may (but is not required to) refer to and interpret the terms of any heritage company plan in order to resolve any question regarding eligibility and reimbursement amount under the Northrop Grumman Medicare Reimbursement and Stipend Program. However, Northrop Grumman reserves the right to amend, modify or terminate any or all parts of the program at any time.

Heritage Group	Maximum Reimbursement	Eligibility (all rules must be satisfied unless otherwise noted)
Litton Lucas Machine	\$96.40 per month	Retired from Litton Lucas Machine prior to June 15 1990. Closed group <sup>1</sup>
Litton New Britain Machine	\$7.20 per month	Closed group <sup>1</sup>
Litton Precision Gear	\$96.40 per month	Ten years of service and retired from Litton Precision Gear between age 60 and 65 and after September 8, 1979. Closed group <sup>1</sup>
Newport News Salaried	\$20.00 per month	Must have been employed by Northrop Grumman and been in a Newport News heritage company before January 1, 2004. Newport News Salaried participants (active or retired) that were eligible for Medicare prior to January 1, 2002: If retiree was eligible prior to January 1, 2002, then both retiree and spouse may receive the reimbursement even if the spouse was not eligible at that time. If the retiree was not eligible as of January 1, 2002 but the spouse was, the spouse is eligible to receive the reimbursement but the retiree is not eligible. Newport News Salaried long-term disability participants are eligible at retirement as long as they were Medicare eligible as of January 1, 2002. Closed group
TRW Bearing (including Gainesville, Plainville, Colbrook & Jamestown)	100% of standard Medicare Part B premium <sup>2</sup>	Closed group <sup>1</sup>
TRW Physical Distribution	100% of standard Medicare Part B premium <sup>2</sup>	Closed group <sup>1</sup>
TRW Chicago Latrobe	\$5.60 per month	Closed group <sup>1</sup>
TRW Geometric Tool/New Haven	100% of standard Medicare Part B premium <sup>2</sup>	Closed group <sup>1</sup>

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<b>Heritage Group</b>	<b>Maximum Reimbursement</b>	<b>Eligibility (all rules must be satisfied unless otherwise noted)</b>
TRW Greenfield Tap & Die	100% of standard Medicare Part B premium <sup>2</sup>	Closed group <sup>1</sup>
TRW Whitman Barnes	\$7.20 per month	Closed group <sup>1</sup>
TRW Rogers	100% of standard Medicare Part B premium <sup>2</sup>	Closed group <sup>1</sup>
TRW Putnam	100% of standard Medicare Part B premium <sup>2</sup>	Closed group <sup>1</sup>
TRW Augusta	\$5.60 per month	Closed group <sup>1</sup>
TRW River Grove	100% of standard Medicare Part B premium <sup>2</sup>	Closed group <sup>1</sup>

<sup>1</sup>This closed group is limited to individuals who, according to Northrop Grumman records, had retired from the applicable Litton Industries, Inc. or TRW Inc. business and qualified for Part B reimbursement under the Litton or TRW heritage plan prior to the date that Northrop Grumman acquired Litton or TRW, as applicable. No new participants were eligible to enroll in the Program after the acquisition date on the basis of this heritage group

<sup>2</sup>Beginning January 1, 2007, TRW groups that receive 100% of the Part B premium will receive a flat dollar amount equal to the lowest premium a participant may have to pay. If you have to pay a higher amount due to your income level, you may submit proof to the NGBC in order to receive full reimbursement. This amount will change each year, as the Medicare Part B premium changes. The amount for those in higher income ranges will be reset each year and proof will be required before the NGBC updates the amount.

### Spouse and Survivor Coverage

Spouse and/or survivor coverage is offered as follows:

<b>Heritage Group</b>	<b>Spouse Coverage</b>	<b>Survivor Coverage (provided after Retiree's Death)</b>
Litton Lucas Machine		
Litton New Britain Machine		
Litton Precision Gear	✓	
Newport News Salaried	✓	✓
TRW Bearing (including Gainesville, Plainville, Colbrook & Jamestown)	✓	✓
TRW Physical Distribution	✓	✓
TRW Chicago Latrobe		
TRW Geometric Tool/New Haven	✓	✓
TRW Greenfield Tap & Die (Elected Single Life Annuity)		



<b>Heritage Group</b>	<b>Spouse Coverage</b>	<b>Survivor Coverage (provided after Retiree's Death)</b>
TRW Greenfield Tap & Die (Elected Lump Sum or Joint & Survivor)	✓	✓
TRW Whitman Barnes		
TRW Rogers		
TRW Putnam		
TRW Augusta		
TRW River Grove	✓	✓

Only your spouse at the time of your retirement is eligible for coverage. Your spouse includes your common-law spouse only if common-law status is recognized in your state of legal residency. You may be required to submit a Declaration of Informal Marriage, an affidavit, marriage certificate, or other documents as required by Northrop Grumman. This does not include your divorced spouse, even if the separation agreement or divorce decree states that you must continue coverage.

For all groups with spouse coverage, except for Litton Precision Gear, surviving spouses are eligible to continue to receive the reimbursement after the retiree's death, provided you were married to the spouse at the time of your retirement.

### **Domestic Partner Coverage**

Domestic partners are not eligible for this benefit.

### **Proof of Medicare Part B**

Proof of Medicare Part B coverage and payment is required to receive the reimbursement and must be submitted when you first become eligible as well as on an annual basis.

Each year, the Northrop Grumman Benefits Center (NGBC) will send you a letter requesting documentation of your and/or your spouse's (if applicable) Medicare Part B enrollment. The following forms of documentation are considered acceptable proof of coverage and payment:

- Copy of Medicare Part B Enrollment Card

AND

- Social Security check stub noting Medicare Part B payment, or
- Copy of Form SSA 1099 (Proof of Payment for Disabled Participants), or
- Year-end Medicare premium bill indicating all premiums in the prior year have been paid, or
- Any other document from Social Security Administration that proves coverage and payment.

## Stipend Program

### General Information

The Stipend Program offers eligible retirees financial assistance, in the form of a monthly stipend, to purchase retiree medical coverage that supplements Medicare benefits.

The stipend is paid to you through your pension check. If you (or your surviving spouse) are not currently receiving a pension check, you will receive a separate stipend check each month.

### Retiree Eligibility

The Stipend Program is available to certain Medicare eligible retirees in the following heritage retiree groups:

- Defense (Advanced) Systems
- Interconnect Technologies
- Litton Corporate Office
- Litton Discontinued Operations
- Navigation Systems
- Rolling Meadows.

Your stipend amount is determined by your heritage group, the premium you are paying for your supplemental coverage and whether dependent coverage is available. Information regarding the specific eligibility requirements for these heritage groups is set forth below.

To receive a stipend, you must not be actively employed by Northrop Grumman and be enrolled in one of the following:

- Medical coverage under the Northrop Grumman Retiree Medical Plan or another retiree medical plan offered through Northrop Grumman or COBRA coverage under the Northrop Grumman Health Plan
- Medical coverage under a plan that is not sponsored by Northrop Grumman
- Medicare Part D prescription drug plan
- Long-Term Care plan.

The Stipend Program applies to medical, prescription drug, and long-term care coverage only. Other health benefits such as dental and vision do not qualify for the stipend payment.

You will be required to provide proof of coverage and payment on an annual basis.

## Stipend Payment Information

You are eligible for a stipend as described in the following table. If both you and your spouse are eligible, you will each receive the applicable amount. Dependent children are not eligible for the stipend\*.

*\*For retirees who qualify for Defense (Advanced) Systems, Litton Discontinued Operations or Navigation Systems heritage treatment, a stipend is available for an eligible dependent child. However, only one stipend payment will be made, regardless of number of eligible children.*

Stipends (including any amount due with respect to your eligible dependent(s)) are paid to retirees in the monthly pension checks. If you do not receive a pension check, a separate check will be sent to you.

If your supplemental medical, prescription drug and/or long term care coverage premium(s) is less than the stipend amount, you will only receive a stipend up to the amount you are paying. If your premium amount changes during the year, you may submit proof of the adjustment to the NGBC to have your stipend payment adjusted accordingly.

**Important Note: The heritage company eligibility rules and stipend amounts described below are intended to be consistent with the eligibility and stipend provisions of the plans in effect at the heritage company at the time it was acquired by Northrop Grumman. However, the provisions set forth below are final and control in the event that there is any discrepancy with the provisions of a heritage company plan. The Northrop Grumman Benefit Plans Administrative Committee, in its sole discretion, may (but is not required to) refer to and interpret the terms of any heritage company plan in order to resolve any question regarding eligibility and stipend amount under the Northrop Grumman Medicare Reimbursement/Stipend Program. However, Northrop Grumman reserves the right to amend, modify or terminate any or all parts of the program at any time.**

Heritage Group	Maximum Stipend	Eligibility Rules (all rules must be satisfied unless otherwise noted)
Defense (Advanced) Systems	Based on Points as of April 1, 1991: <sup>1</sup> 80 or more: \$150.00 per month 70-79: \$125.00 per month 60-69: \$100.00 per month 50-59: \$75.00 per month Less than 50: \$0.00	Applies to Defense (Advanced) Systems retirees and/or spouses that are Medicare eligible.  Retiree must have been hired prior to January 9, 1987 and have points (defined as age plus years of service) equal to 50 or more as of April 1, 1991 and have at least 75 points at the time of retirement.
Interconnect Technologies	\$25.00 per month	Retiree and spouse must be age 65 to qualify for stipend.  Retiree must have been employed by Interconnect Technologies on January 1, 1986, and, as of that date, had 5 years of service and been between age 55 – 59; or  As of December 1, 1993, must have 10 years of service and/or 60 points (age plus years of service).

<b>Heritage Group</b>	<b>Maximum Stipend</b>	<b>Eligibility Rules (all rules must be satisfied unless otherwise noted)</b>
Litton Corporate Office	\$41.40 per month	Medicare eligible retirees who were hired on or after January 1, 1986 and retired by December 31, 2003 with attained age of at least 62 and 5 years of continuous service prior to retirement.
Litton Discontinued Operations	Based on Points as of April 1, 1991: <sup>1</sup> 80 or more: \$150.00 per month 70-79: \$125.00 per month 60-69: \$100.00 per month 50-59: \$75.00 per month Less than 50: \$0.00	Medicare eligible retirees that were hired prior to January 1, 1987, retired after July 1, 1991 and whose points (age plus years of service) were at least 50 as of April 1, 1991.  If retiree is eligible, spouses and children are eligible regardless of Medicare status as long as they qualify as a dependent under the Plan.
Navigation Systems	Based on Points as of April 1, 1991: <sup>1</sup> 80 or more: \$150.00 per month 70-79: \$125.00 per month 60-69: \$100.00 per month 50-59: \$75 per month Less than 50: \$0.00	Retiree must have been hired prior to January 1, 1987 and have points equal to 50 or more as of April 1, 1991.  If retiree is eligible, spouses and children are eligible regardless of Medicare status as long as they qualify as a dependent under the Plan.
Rolling Meadows	Based on Retiree and Spouse's Age as of December 31 of the plan year: Pre-65 but Medicare Eligible: \$40.00 per month Age 65-69: \$40.00 per month Age 70-74: \$45.00 per month Age 75-79: \$55.00 per month Age 80 & Up: \$65.00 per month	In Rolling Meadows heritage company on or before June 30, 2003.  Retire at age 55 or older with a minimum of 20 years of service or age 60 or older with a minimum of 5 years of service. Stipend begins when retiree or spouse becomes Medicare eligible.

<sup>1</sup> "Points" are defined as the sum of the participant's age and full years of service.

### **Spouse, Child(ren) and/or Survivor Coverage**

The following table highlights the heritage groups where a spouse, child(ren) and/or surviving spouse is eligible to receive a stipend:

<b>Heritage Group</b>	<b>Spouse Coverage</b>	<b>Child(ren) Coverage</b>	<b>Survivor Coverage (provided after Retiree's Death)</b>
Defense (Advanced) Systems	✓	✓	
Interconnect Technologies	✓		
Litton Corporate	✓		
Litton Discontinued Operations	✓	✓	
Navigation Systems	✓	✓	
Rolling Meadows	✓		✓

Only your spouse at the time of your retirement is eligible for coverage. Your spouse includes your common-law spouse only if common-law status is recognized in your state of residency. You may be required to submit a Declaration of Informal Marriage, an affidavit, marriage certificate, or other documents as required by Northrop Grumman. This does not include your divorced spouse, even if the separation agreement or divorce decree states that you must continue coverage.

Eligible surviving spouses may continue to receive the stipend as long as proof of coverage and payment is provided. Spouses who are not eligible for a benefit while the retiree is living will not receive the stipend as a surviving spouse.

Eligible dependent children (Defense (Advanced) Systems, Litton Discontinued Operations, and Navigation Systems only) include the following:

- Your biological child to the end of the month in which the child turns age 26
- Your adopted child to the end of the month in which the child turns age 26:
  - A person is treated as your child if:
    - you have legally adopted the person; OR
    - the person is lawfully placed with you for legal adoption.
- Your stepson or stepdaughter to the end of the month in which the child turns age 26, but only while you are married to the child's biological or adoptive parent.
  - A stepson or stepdaughter is the biological child or adopted child of your spouse but not of you.
- Your foster child to the end of the month in which the child turns age 26
  - A foster child is a person who is placed with you:
    - by an authorized placement agency; OR
    - by judgment, decree, or other order of a court of competent jurisdiction.
- Your unmarried and disabled biological child, adopted child, stepchild, or foster child who is age 26 or older and meets all of the following requirements:
  - The child became disabled before January 1, 2011,
  - The child became disabled while the child was at least age 19 but under 25,
  - The child became disabled while the child was a full-time student, and
  - You claim the child as a dependent on your federal tax return
- Your unmarried and disabled biological child, adopted child, stepchild, or foster child who is age 26 or older and meets all of the following requirements:
  - The child became disabled before January 1, 2011,
  - The child became disabled before the age of 19, and
  - You claim the child as a dependent on your federal tax return

- Your unmarried and disabled biological child, adopted child, stepchild, or foster child who is age 26 or older and meets all of the following requirements:
  - The child became disabled on or after January 1, 2011,
  - The child became disabled while the child was under 26, and
  - You claim the child as a dependent on your federal tax return

*There is no survivor benefit for dependent children.*

#### *Disability Definition*

**Note:** You will be required to submit an affidavit statement from the treating physician or other documents as required by Northrop Grumman to confirm a disability. The Program considers a person to be disabled only if all of the following are true:

- he or she is unable to earn a living because of a mental or physical handicap;
- such mental or physical handicap is expected to result in death or has lasted or can be expected to last for a continuous period of at least 12 months; AND
- he or she is dependent on you for financial support.

#### **Domestic Partner Coverage**

Domestic partners of retirees with Rolling Meadows heritage are eligible to receive the stipend, provided the person was a domestic partner of the retiree at the time the retiree retired. Domestic partners in other heritage groups are not eligible to receive the stipend.

A domestic partner is an individual of the same sex or opposite sex who is your life partner and not your legal spouse. You and your domestic partner must meet all of the following requirements:

- Each be at least 18 years of age and not related to each other by blood;
- Not be married to anyone else and not be the domestic partner of anyone else;
- Live with each other in the same permanent residence in an exclusive, emotionally committed, and financially responsible relationship similar to marriage for at least the last six months; and
- Be each other's sole domestic partner and intend to remain so indefinitely.

#### **Proof of Coverage**

Proof of medical coverage and payment is required to receive the stipend, and must be submitted when you first become eligible, as well as on an annual basis.

If you have coverage under the Northrop Grumman Retiree Medical Plan, or another medical plan offered through Northrop Grumman you do not need to provide proof of coverage or payment.

However, if you are covered under a medical plan not sponsored by Northrop Grumman (including coverage you may purchase on the individual market through OneExchange), a Medicare Part D plan or a Long-Term Care plan, you are required to provide proof of coverage and payment when you first become eligible and annually thereafter.

The following forms of documentation are considered acceptable proof of coverage and payment:

**Proof of Coverage and Payment**

- Premium notice indicating coverage period, type of insurance, and payment receipt, or
- Letter from insurance broker or carrier confirming dates, type of coverage and payment receipt.

OR, you may submit:

**Proof of Coverage:**

- Insurance Card, or
- Premium notice indicating coverage period and type of insurance

AND

**Proof of Payment:**

- Paid receipt from insurance carrier, or
- Copy of pension check stub showing deductions for medical coverage, or
- Cancelled check to insurance carrier.

## General Plan Administration

### Enrolling in the Medicare Reimbursement and Stipend Program

If you are Medicare eligible at the time of your retirement and eligible for the Medicare Reimbursement or Stipend, contact the Northrop Grumman Benefits Center (NGBC) for instructions on how to apply for your benefit.

If you attain Medicare eligibility after you retire and become eligible for the Medicare Reimbursement and Stipend Program, you must contact the NGBC to apply for the Medicare reimbursement or stipend and submit proof of coverage.

**It is important that you submit proof of coverage as soon as you are eligible. Retroactive payments are limited to a maximum of three months of coverage.**

### Requesting Reimbursement for Your Dependent

If your heritage group provides for benefits for a dependent, when you request reimbursement with respect to a dependent, you state, represent, and agree to all of the following:

- You understand the eligibility requirements set forth above
- The person meets the eligibility requirements set forth above
- If the person ceases to meet the eligibility requirements you will immediately notify Northrop Grumman by calling the Northrop Grumman Benefits Center (NGBC) at 1-800-894-4194
- You understand that Northrop Grumman reserves the right to require you, as a condition of eligibility and at any time, to submit proof of eligibility of any person for whom you seek reimbursement and you agree to provide the required proof within the time specified by Northrop Grumman
- You understand that meeting the eligibility requirements and providing required proof of eligibility are material conditions of obtaining reimbursement and continued coverage under the Northrop Grumman Medicare Reimbursement and Stipend Program
- You understand that seeking reimbursement for a person who does not meet the eligibility requirements, failing to notify Northrop Grumman immediately if a person ceases to meet the eligibility requirements, or refusing or failing to provide required proof of eligibility constitutes fraud or an intentional misrepresentation of material fact and is prohibited by the Northrop Grumman Medicare Reimbursement and Stipend Program
- If you seek reimbursement for a person who does not meet the eligibility requirements, or if you fail to notify Northrop Grumman immediately if a person ceases to meet the eligibility requirements, or if you refuse or fail to timely provide required proof of eligibility for a person, you may be financially and legally responsible for all reimbursements during the period of ineligibility and you may be subject to disciplinary action, including but not limited to termination of your and your dependents' coverage under the Plan, and criminal charges



## **Duplicate Coverage**

If both you and your spouse\* are retirees of Northrop Grumman and eligible for the Northrop Grumman Medicare Reimbursement and Stipend Program, you have two options for your reimbursement or stipend:

- Your spouse may be covered under your Northrop Grumman Medicare Reimbursement and Stipend Program, if spouse coverage is available for your heritage group, or vice versa, or
- You can be covered under your Northrop Grumman Medicare Reimbursement and Stipend Program and your spouse can be covered under his or her own Medicare Reimbursement and Stipend Program.

You cannot receive reimbursement and/or stipend payments as both a retiree and a spouse\*.

\*Same rules apply to Rolling Meadows heritage domestic partners eligible for stipend.

## **Termination of Coverage**

### ***For the Retiree***

Coverage will end on the earliest of the following dates:

- When the retiree dies. In this case, the reimbursement or stipend payment may continue for eligible dependents if they provide proof of coverage and payment at the retiree's death and annually thereafter. If proof is not provided, coverage will terminate. Coverage may be reinstated once adequate proof is provided. The reinstatement will not be retroactive for more than three months. Note that a 1099 Form may be issued for stipends paid for any period during which proof of coverage is not provided.
- When the retiree does not provide proof of coverage and/or payment. In this case, the reimbursement or stipend may continue for eligible dependents, if they submit proof of coverage. If required proof is not provided, coverage will terminate. Coverage may be reinstated once adequate proof is provided. The reinstatement will not be retroactive for more than three months
- If the retiree returns to active employment with Northrop Grumman
- The retiree drops coverage under the Northrop Grumman Retiree Medical Plan. The stipend may be reinstated in the event the retiree provides proof of other medical, prescription drug or long-term care coverage.
- The date the Plan is discontinued.

### ***For the Spouse and/or Eligible Dependents***

Coverage will end on the earliest of the following dates:

- The date your spouse is no longer your legal spouse due to divorce
- The day your eligible dependent children no longer meet the eligibility requirements
- When the spouse or eligible dependent does not provide proof of coverage and/or payment. Coverage can be reinstated once adequate proof is provided. The reinstatement will not be retroactive for more than three months
- The end of the month of the month in which the retiree dies unless your heritage group provides survivor spouse coverage

- If the retiree returns to active employment with Northrop Grumman Coverage for the spouse and/or dependent children under the Northrop Grumman Retiree Medical Plan is dropped. The stipend may be reinstated in the event the retiree provides proof of other medical, prescription drug or long-term care coverage.
- The date the Plan is discontinued.

## Claims Process

If your claim for benefits (a reimbursement or stipend payment) is denied (either in whole or in part), the Plan administrator will send you a written explanation of why the claim was denied.

This explanation will contain the following information:

- The specific reason for the denial.
- Specific references to plan provisions on which the denial is based.
- A description of additional material or information that you may need to revise the claim and an explanation of why such material or information is necessary.
- A description of the plan's review procedures and applicable time limits, including a statement of your rights to bring a lawsuit under ERISA following an adverse decision at the final level of appeal.

### Appealing a Denied Claim

If your claim for benefits is denied, you have the right to make an appeal. You must make your appeal within 180 days after your claim is denied.

- Call the plan administrator and ask why your claim was denied. You may discover that a simple error was made. If so, you may be able to correct the problem right over the telephone.
- If your claim is still denied, write directly to the plan administrator. Be sure to explain why you think your claim should be paid and provide all relevant details.
- Appeals should be sent to:

Benefit Plans Administrative Committee – Northrop Grumman Retiree Medical Plan  
Northrop Grumman Corporation  
P.O. Box 770003  
Cincinnati, OH 45277-1060

The Committee's decisions on appeals will be made within 60 days from the Committee's receipt of the appeal.

### Additional Information About the Appeals Process

In filing an appeal, you have the opportunity to:

- Submit written comments, documents, records and other information relating to your claim for benefits.
- Have reasonable access to and review, upon request and free of charge, copies of all documents, records and other information relevant to your claim.
- Have all relevant information considered on appeal, even if it wasn't submitted or considered in your initial claim.

If benefits are denied on appeal, the notice that you receive will provide:

- The specific reasons for the denial.
- Reference to the plan provisions on which the decision was based.
- A statement that you may receive, upon request and free of charge, reasonable access to, and copies of all documents, records, and other information relevant to your claim.
- A statement of your rights to bring suit under ERISA. (See “Employee Retirement Income Security Act of 1974” for details.)

At both the initial claim level, and on appeal, you may have an authorized representative submit your claim for you. In this case, the administrator may require you to certify that the representative has permission to act for you. However, even at the appeal level, neither you nor your representative has a right to appear in person before the claims administrator or the review panel.

### **Administrative Claims**

Claims that are not a claim for a specific benefit under the plan are called “Administrative Claims.” Because your claim is not for the payment of a specific benefit under the plan, your claim is treated as an Administrative Claim. Administrative Claims must be submitted to the plan administrator within 65 days from the date you know or should have known that there is an issue, dispute, problem or other claim with respect to the plan. If a claim involves a plan change or amendment, you are considered to know about your claim when the change or amendment is first communicated to participants in the plan, and the 65-day period for filing a claim begins on the date the change is first communicated, whether or not the change or amendment has become effective by that date.

If you do not file a Benefit Claim or an Administrative Claim by the applicable deadline and in the proper manner, your claim will expire and be automatically denied if it is subsequently filed. You will not be able to proceed with a lawsuit based on that claim.

### ***Timeframe for Benefit Determinations for Administrative Claims***

For Administrative Claims, the plan administrator must respond to your request within 90 days and may take one 90-day extension if circumstances warrant.

### ***Appeals of denied Administrative Claims***

The rules in the “Appealing a Denied Claim” section of this SPD also apply to administrative claims except you must file the appeal within 65 days after your initial claim for benefits is denied and your appeal must be considered within 60 days, with a 60-day extension permitted, if necessary.

### **Limits on Legal Actions**

If your claim for benefits is denied on the final level of appeal, you generally may file a lawsuit under ERISA regarding your claim, provided that you comply with the deadlines for filing a lawsuit described in this section. If you wish to file a lawsuit, you must do so by the earlier of the date that is 12 months after the date your claim was denied on appeal or the date that is 12 months from the date a cause of action accrued. A cause of action “accrues” when you know or

should know that the plan administrator or Northrop Grumman as plan sponsor has clearly denied or otherwise repudiated your claim.

**Burden of Proof of Eligibility**

Determination regarding your eligibility for benefits under the Plan is based on information contained in Northrop Grumman's records, which will be determinative. If you believe Northrop Grumman's records are incorrect or incomplete, the burden is on you to provide the plan administrator with evidence that establishes your eligibility.

## General Plan Facts

Employer/Plan Sponsor	Northrop Grumman Corporation 2980 Fairview Park Drive Falls Church, VA 22042
Employer Identification Number (EIN)	80-0640649
Type of Plan	Welfare benefit plan
Type of Administration	Self-insured
Plan Administrator	Benefit Plans Administrative Committee – Northrop Grumman Retiree Medical Plan Northrop Grumman Corporation 2890 Fairview Park Drive Falls Church, VA 22042
Agent for Service of Legal Process	Northrop Grumman Corporation c/o Corporate Secretary Northrop Grumman Corporation 2980 Fairview Park Drive Falls Church, VA 22042  Service of process may also be made to the plan trustee or the plan administrator.
Benefit Plan Year	January 1 through December 31
Plan Number	The Northrop Grumman Medicare Reimbursement and Stipend Program is part of the Northrop Grumman Retiree Medical Plan, which is a component plan of the Northrop Grumman Corporation Retiree Welfare Benefits Plan, plan number 750. This summary plan description is considered part of the written instrument for the Plan for purposes of section 402(a)(1) of ERISA.

## **Employee Retirement Income Security Act of 1974 (ERISA)**

### **What is ERISA?**

The Employee Retirement Income Security Act of 1974 (ERISA) is a federal law that governs employee benefit plans.

### **What ERISA Means to You**

ERISA sets standards that a plan sponsor must follow if it maintains a covered employee benefit plan. With some exceptions, covered employee benefit plans include plans sponsored by an employer to provide employees with certain pension, savings, and health and welfare benefits.

ERISA does not require any company to offer an employee benefit plan and generally does not specify the benefits you should receive. However, if a plan is offered, ERISA provides you with certain rights as a participant, and requires that employers who offer covered employee benefit plans follow certain standards related to the plan's operation.

### **What ERISA Does**

You and your beneficiaries have basic rights and protections under ERISA, which:

- Requires the plan administrator to provide you with information about the plans, including important information about the plans' features and how they are funded. In certain circumstances, the plan administrator may request a small fee to cover copying costs.
- Requires that fiduciaries of your benefit plans operate the plans prudently and in the interest of all plan participants.
- Gives you the right to sue for benefits or for breaches of fiduciary duty.

### **What is a Fiduciary?**

A fiduciary is a person or organization whose duty is to operate your benefit plans prudently and in the interest of all plan participants and beneficiaries. Fiduciaries may include employees who make certain discretionary decisions about the management or administration of a benefit plan, or employees who make decisions about funding plan benefits. They also may include outside investment advisors, trustees, and certain others.

### **Your ERISA Rights**

As a plan participant under ERISA, you have the right to:

- Examine all plan documents without charge at the plan administrator's office or at other specified locations. This includes plan documents, trust agreements, insurance contracts and collective bargaining agreements. Copies of all documents filed on behalf of the plan with the U.S. Department of Labor, such as annual reports and plan descriptions, are also available for you to review at the plan administrator's office.
- Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements,

and copies of the latest annual report and updated summary plan description. The plan administrator may charge a reasonable fee for the copies.

- Receive a summary of the plan's annual financial reports. You do not have to ask for your copy of the summary; the plan administrator sends you a Summary Annual Report (SAR) each year.
- Receive a reduction or elimination of the exclusionary periods of coverage for preexisting conditions under your group health plan, if you have creditable coverage from another plan. You should be provided a certificate of creditable coverage, free of charge, from your group health plan or health insurer when you lose coverage under the plan, when you become entitled to elect COBRA continuation coverage, when your COBRA continuation ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage. Without evidence of creditable coverage you may be subject to a preexisting condition exclusion for 12 months (18 months for late enrollees) after the date you enroll in your coverage.

In addition to creating rights for plan participants, ERISA imposes duties on the plan fiduciaries — the people responsible for operating the plan. At Northrop Grumman, plan fiduciaries may include employees who make certain discretionary decisions about the management or administration of the plan. Fiduciaries also may include outside investment advisors and trustees.

Fiduciaries have a duty to operate the plan prudently and in the sole interest of plan participants and beneficiaries. Fiduciaries who violate ERISA may be removed and/or required to reimburse the plan for losses that they have caused.

No one, including Northrop Grumman or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

## **Enforcing Your ERISA Rights**

Under ERISA, there are several steps you can take to enforce your rights. For instance, if you request plan materials and you do not receive them within 30 days, you may file suit in federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent for a reason beyond the control of the plan administrator or the plan administrator otherwise had a reasonable basis for not providing them.

If you have a claim for benefits that is denied or ignored — in whole or in part — and you have satisfied all of the plan's appeals procedures, then you may file suit in a state or federal court. If a fiduciary misuses the plan's assets, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court.

In addition to deciding what damages, if any, should be awarded, the court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you sued to pay them. If you lose, the court may order you to pay these costs and fees (for example, your claim is frivolous).



## **Questions**

If you have any questions about your rights under ERISA or about this statement outlining your rights, you should contact the nearest regional office of the Employee Benefits Security Administration (formerly known as the Pension and Welfare Benefits Administration), U.S. Department of Labor, listed in your telephone directory. You also may contact the Division of Technical Assistance and Inquiries, Employee Benefits Security Administrator (formerly known as the Pension and Welfare Benefits Administration), U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

## **Health Insurance Portability and Accountability Act (HIPAA)**

### **HIPAA Privacy Rights**

Title II of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) imposes numerous requirements on employer health plans concerning the use and disclosure of individual health information. This information, known as protected health information, includes virtually all individually identifiable health information held by the Plan — whether received in writing, in an electronic medium, or as an oral communication. The privacy rights under Title II of HIPAA are effective April 14, 2003.

### **Permitted Uses and Disclosures of Protected Health Information**

The HIPAA privacy rules generally allow the use and disclosure of your health information without your permission for purposes of health care treatment, payment activities, and health care operations. The amount of health information used or disclosed will be limited to the “minimum necessary” for these purposes, as defined under the HIPAA rules.

The Plan may disclose your health information without your written authorization to Northrop Grumman for plan administration purposes. Northrop Grumman may need your health information to administer benefits under the plan. Northrop Grumman agrees not to use or disclose your health information other than as permitted or required by the plan documents and by law. Personnel within the following areas of responsibility are the only Northrop Grumman employees who will have access to your health information for plan administration functions:

- HIPAA Privacy Official and HIPAA Security Official
- Directors, managers, supervisors, and similar leadership positions (or their designees) related to the Plan and/or other Northrop Grumman health and welfare benefit programs
- Benefits personnel addressing operations, administration, analytics, strategy, and design of the Plan and/or other Northrop Grumman health and welfare benefit programs
- Benefit services personnel
- Executive services personnel
- Employee Assistance Plan administrative personnel
- Payroll, Human Resources, and Accounting personnel
- Information Technology personnel
- Compliance managers and others who are responsible for legal compliance relating to the Plan
- General counsel, assistant general counsel, and other counsel acting on behalf of the Plan
- Such other persons designated by the Privacy Official (or his or her designee).

Here’s how additional information may be shared between the Plan and Northrop Grumman, as allowed under the HIPAA rules:

- The Plan may disclose “summary health information” to Northrop Grumman if requested, for purposes of obtaining premium bids to provide coverage under the plan, or for modifying, amending, or terminating the plan. Summary health information is information that

summarizes participants' claims information, but from which names and other identifying information has been removed.

- The Plan may disclose to Northrop Grumman information on whether an individual is participating in the plan, or has enrolled or disenrolled in an insurance option or HMO offered by the plan.

In addition, you should know that Northrop Grumman cannot and will not use health information obtained from the plan for any employment-related actions. However, health information collected by Northrop Grumman from other sources, for example under the Family and Medical Leave Act, Americans with Disabilities Act, disability income programs, or workers' compensation is *not* protected under HIPAA (although this type of information may be protected under other federal or state laws).

In certain cases, your health information can be disclosed without authorization to a family member, close friend, or other person you identify who is involved in your care or payment for your care.

Information describing your location, general condition, or death may be provided to a similar person (or to a public or private entity authorized to assist in disaster relief efforts). You'll generally be given the opportunity to agree or object to these disclosures (although exceptions may be made: for example if you're not present or if you're incapacitated). In addition, your health information may be disclosed without authorization to your legal representative.

Except as described in the Plan's Privacy Notice ("Privacy Notice") and plan document, other uses and disclosures will be made only with your written authorization. You may revoke your authorization as allowed under the HIPAA rules. However, you cannot revoke your authorization if the plan has taken action relying on it.

## **Your Rights Under HIPAA**

You have the following rights with respect to your health information the Plan maintains. These rights are subject to certain limitations, as discussed below.

- Right to request restrictions on certain uses and disclosures of your health information and the plan's right to refuse:
  - You have the right to ask the plan to restrict the use and disclosure of your health information for treatment, payment, or health care operations, except for uses or disclosures required by law. In addition, you have the right to ask the plan to restrict the use and disclosure of your health information to family members, close friends, or other persons you identify as being involved in your care or payment for your care. You also have the right to ask the plan to restrict use and disclosure of health information to notify those persons of your location, general condition, or death — or to coordinate those efforts with entities assisting in disaster relief efforts. If you want to exercise this right, your request to the plan must be in writing.
  - The plan is not required to agree to a requested restriction. However, if the plan does agree, a restriction may later be terminated by your written request, by agreement between you and the plan (including an oral agreement), or unilaterally by the plan for health information created or received after you're notified that the plan has removed the

restrictions. The plan may also disclose health information about you if you need emergency treatment, even if the plan has agreed to a restriction.

- Right to receive confidential communications of your health information:
  - If you think that disclosure of your health information by the usual means could endanger you in some way, the plan will accommodate reasonable requests to receive communications of health information from the plan by alternative means or at alternative locations.
  - If you want to exercise this right, your request to the plan must be in writing and you must include a statement that disclosure of all or part of the information could endanger you.
- Right to inspect and copy your health information:
  - With certain exceptions, you have the right to inspect or obtain a copy of your health information in a “Designated Record Set.” This may include medical and billing records maintained for a health care provider; enrollment, payment, claims adjudication, and case or medical management record systems maintained by a plan; or a group of records the plan uses to make decisions about individuals. However, you do not have a right to inspect or obtain copies of psychotherapy notes or information compiled for civil, criminal, or administrative proceedings. In addition, the plan may deny your right to access, although in certain circumstances you may request a review of the denial.
  - If you want to exercise this right, your request to the plan must be in writing.
- Right to amend your health information that is inaccurate or incomplete:
  - With certain exceptions, you have a right to request that the plan amend your health information in a designated record set. The plan may deny your request for a number of reasons. For example, your request may be denied if the health information is accurate and complete, was not created by the plan (unless the person or entity that created the information is no longer available), is not part of the designated record set, or is not available for inspection (e.g., psychotherapy notes or information compiled for civil, criminal, or administrative proceedings).
  - If you want to exercise this right, your request to the plan must be in writing, and you must include a statement to support the requested amendment.
- Right to receive an accounting of disclosures of your health information:
  - You have the right to a list of certain disclosures the plan has made of your health information. This is often referred to as an “accounting of disclosures.” You generally may receive an accounting of disclosures if the disclosure is required by law, in connection with public health activities, or in similar situations listed in the Privacy Notice.
  - If you want to exercise this right, your request to the plan must be in writing.

## Complaints

If you believe your privacy rights have been violated, you may file a complaint with the Secretary of Health and Human Services and/or with the plan. You will not be retaliated against if you file a complaint. To file a complaint with respect to a violation of your privacy rights, please contact the Privacy Official or its designee.