

**‘Exact Sciences
Family Formation Benefit
Frequently Asked Questions (FAQ)
Effective January 1, 2022**

Effective January 1, 2022, Exact Sciences offers a company-paid Family Formation benefit administered by Carrot that includes up to a \$20,000 lifetime benefit. This FAQ includes questions and summarized answers regarding this benefit plan. Please refer to the Family Formation plan document for further details.

What is the Family Formation benefit?

The Family Formation benefit is designed to support a variety of family building journeys. Carrot provides initial guidance as well as assistance throughout the Family Formation journey on how to best leverage the benefit.

Included is access to fertility and family-forming education, a robust network of providers, pregnancy support, virtual chats with physicians and other specialists, exclusive discounts and expedited appointments at clinics, free consultations at adoption agencies, an expert-authored resource library and a dedicated Care Team to help guide your journey.

These benefits include the following components: Fertility and Infertility Health Reimbursement Account (HRA) Program, Adoption Assistance Program, and Surrogacy Reimbursement Program.

Who is eligible?

All U.S. benefits-eligible employees (scheduled to work at least 30 hours per week) and their spouses/domestic partners are eligible. The Fertility and Infertility HRA component also requires enrollment in an employer-sponsored ACA-compliant medical plan either through Exact Sciences or your spouse/domestic partner’s ACA-compliant medical plan. After you enroll, Carrot will verify enrollment in an ACA-compliant medical plan. If your spouse is employed at Exact Sciences, you are both eligible for the \$20,000 lifetime benefit as well as all other services and components of the plan.

How do I contact Carrot for additional information before enrolling?

If you or a spouse/domestic partner have questions before enrolling, you can contact Carrot via email at support@get-carrot.com. You can also follow the steps below to enroll and utilize Carrot’s online content resources or set up an introductory meeting.

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How do I enroll?

Logon to Workday, select the “Change Benefits” action within your benefit tile. Choose “Reimbursement Plan Elections” in the drop down. Continue through the process to make your election. Make sure you enroll any spouse/domestic partner that will also be utilizing this benefit. Within the next week you’ll receive a registration email from Carrot with instructions on how to create a Carrot account on the Carrot website, which has many educational resources available and information about your benefits. To use the \$20,000 lifetime benefit, you must complete a Carrot plan on the website. This also allows you to schedule a meeting with a Carrot expert.

- Please note that enrollment in the Family Formation benefit precludes your ability to enroll in the Medical Reimbursement Account (MRA) within the same calendar year due to IRS requirements of such plans. The MRA allows eligible employees to receive reimbursement for eligible out-of-pocket Cologuard and related virtual visit costs and effective January 1, 2023, colonoscopy costs.
- Enrollment in the MRA precludes ability to enroll in the Family Formation benefit for that same calendar year.
- These enrollment restrictions are required to comply with regulations governing Health Reimbursement Arrangements.
- Your Family Formation enrollment will continue and carry over from year to year until you unenroll or cease to be eligible.

What do the components of this benefit include?

Below is a high-level summary of benefits. (You may enroll in the Family Formation plan to discuss further details of benefits included with Carrot.)

- Online education and resources and virtual chats with Carrot experts on a variety of topics including the components listed below and pregnancy support.
- Fertility and Infertility HRA: Various services are available to assist in promoting fertility. Eligible expenses include a variety of Fertility and Infertility treatments including IVF, fertility tests, and Qualified Medical Expenses (QME) for medical care as defined in ERISA Section 733(a)(2) and Internal Revenue Code Section 213(d). Please refer to the plan document for further details. HDHP members who also contribute to a Health Savings Account (HSA) may have a separate deductible applied for this component. Eligible expenses can be reimbursed or paid with the Carrot Card.

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- Adoption: Included is assistance with the adoption process including access to a network of attorneys and agencies. Reimbursable expenses include agency placement, home study, legal, immigration, and travel fees.
- Surrogacy: Included is assistance with the surrogacy process including access to a network of attorneys and agencies. Reimbursable expenses include donor materials, services, and interventions for intended parents, legal fees, and certain gestational carrier expenses.

What is the \$20,000 lifetime benefit?

Eligible employees and their spouse/domestic partner combined have a \$20,000 maximum lifetime benefit to use for eligible family-forming reimbursements for any of the components including Fertility and Infertility HRA, Adoption, and Surrogacy.

What is the cost to me?

There is no employee contribution for this benefit; it is 100% paid by Exact Sciences. HDHP members who also contribute to an HSA may need to meet a separate Family Formation deductible before services are paid at 100%, and employees may be responsible for taxes for some services. See below for additional details.

How do I use the \$20,000 lifetime Benefit?

For services that incur a cost, you may file a claim for reimbursement via the Carrot portal. To assist with paying for these services, once you are enrolled, you can request a Carrot Card, which is a debit card that can be used to pay for eligible expenses.

Is the \$20,000 lifetime benefit taxable to me and/or my spouse/domestic partner?

Any of the following reimbursements or Carrot Card Expenses (CCE) below are considered taxable income by the IRS and will be subject to tax withholding on your paycheck after the expense is incurred and reimbursed. Please be aware that this tax withholding may lower the net amount of your paycheck. Payroll may spread larger amounts of tax withholding over more than one paycheck. Keep in mind that if your reimbursement is received later in the calendar year, there are fewer paychecks left to spread the tax withholding. In some situations, there may not be enough paychecks left in the calendar year to withhold sufficient tax, and you will be responsible for paying any taxes due on your tax filing due in the following year. See the Taxability Chart at end of this document for additional details. You are advised to consult with a tax advisor.

1. Adoption reimbursements/CCE above the annual IRS limit (2023 limit is \$15,950).

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2. Surrogacy reimbursements/CCE
3. Fertility and Infertility HRA reimbursements /CCE for services incurred by a domestic partner who is also not a tax dependent
4. Certain Fertility and Infertility reimbursements/CCE that do not qualify for the Fertility and Infertility HRA may also be taxable, see the plan document for details on these types of expenses

How does the Family Formation benefit coordinate with my medical plan?

Adoption/Surrogacy: No integration with any medical plan.

Fertility and Infertility HRA: Depending on the type of service received, employees and/or dependent spouses/domestic partners who are enrolled in an HDHP and contribute to a Health Savings Account (HSA), (through Exact Sciences or another plan such as a spouse’s plan) may have to meet a separate deductible with Carrot, and/or their own medical plan deductible before they are eligible for reimbursement. If the individual who received services, (you or your dependent spouse/domestic partner) is enrolled in an HDHP and contributes to an HSA, any Fertility and Infertility HRA reimbursements are subject to the Carrot Managed Deductible and the HDHP deductibles as described below. If you or your spouse/DP change enrollment status in any medical plan and or HSA mid-year, it is your responsibility to inform Carrot for purposes of complying with IRS and tax- related requirements.

Carrot Managed Deductible: The Fertility and Infertility HRA is a post-deductible HRA that provides reimbursement for specific “Qualified Medical Expenses” (QMEs) including services that may require a diagnosis of Infertility. The Carrot Managed Deductible applies for QMEs. The Carrot Managed Deductible integrates with your HDHP deductible and is not embedded. This means if both employee and spouse/domestic partner are being treated and both are enrolled in a HDHP medical plan and contribute to an HSA, each only needs to satisfy the single deductible (\$1,500 for 2023) before benefits are paid to the individual. Note that the Carrot Managed Deductible may change each year, depending on IRS regulatory changes.

2023
Single \$1,500
Family \$3,000

- UHC HDHP/Kaiser HDHP or spouse/domestic partner HDHP members: Carrot applies any year-to-date HDHP deductible accumulation towards the Carrot Managed Deductible accumulation. If you meet your HDHP’s deductible prior to

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using Carrot benefits, you will already have met the Carrot Managed Deductible. However, your HDHP will not apply the Carrot Managed Deductible accumulation to your HDHP annual deductible. The Exact Sciences HDHP deductibles are as follows and apply for medical plan services outside of the Family Formation benefit.

Medical Plan	2023
UHC In-network	Single \$2,500 Family \$5,000
Kaiser	Single \$3,000 Family \$6,000

- UHC PPO/EPO and Kaiser HMO or spouse/domestic partner non-HDHP medical plan members: There is no impact to the deductibles if the employee/dependent spouse/domestic partner who received services is enrolled in any of these medical plan options.

Can I use my Health Savings Account (HSA) to meet the Carrot Managed Deductible? Yes, you may use your HSA for eligible expenses before you meet the Carrot Managed Deductible.

Can Carrot connect employees to BIPOC and LGBTQ+ providers, based on their preferences? As part of our efforts to guide Family Formation participants to culturally competent care, Carrot offers the ability for members to request to be matched with a BIPOC, LGBTQ+-affirming, or other provider at a Carrot in-network facility to help members feel even more empowered along their journey.

Does Carrot provide access to specialists?

Currently, Family Formation participants can speak with adoption experts, certified nurse-midwives, doulas, fertility nurses, legal experts, mental health professionals, naturopathic doctors, OB-GYNs, pharmacists, reproductive endocrinologists, and urologists. Carrot regularly seeks to expand its network of specialist providers.

Do I need an infertility diagnosis to use the Family Formation benefit?

You do not need an infertility diagnosis to use the Fertility and Infertility HRA, Adoption or Surrogacy components, but you may need an Infertility diagnosis for certain Infertility services to be deemed QME's. Please contact Carrot to discuss further details.

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Will Carrot keep information private?

Carrot complies with applicable privacy laws and will only use a participant's data if there is a proper legal basis for doing so. You can review the Carrot [privacy policy](#) for more details.

Does this benefit carry over year to year?

Although you may use the plan for multiple years, it is important to keep in mind that the \$20,000 is a lifetime maximum. You do not receive a new \$20,000 each year.

What happens if I leave Exact Sciences?

The Fertility and Infertility HRA component is COBRA-eligible, which means that if you end employment with Exact Sciences, you may elect to continue this component of the plan by paying a monthly COBRA premium. COBRA enrollment information will be sent to you and or your spouse/domestic partner if you lose coverage due to a COBRA qualifying event such as end of employment.

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Family Formation Taxability Table

The Family Formation benefit is 100% paid by Exact Sciences. The maximum lifetime benefit is \$20,000 total for all components. **Employees may be responsible for taxes for some services which could impact the net amount of their Exact Sciences paycheck and or their tax filing for the year in which reimbursements were received.** See the taxation question and answer above and the chart below for additional details.

Description	Taxability of Reimbursements and or Carrot Card Expenses (CCE)	Notes
Adoption Reimbursement	Reimbursements/CCE above the IRS limit (\$15,950 in 2023) are considered taxable income	Reimbursements below the annual limit are excluded from gross income but are subject to Medicare, Social Security, FUTA and other state taxes
Eligible Fertility and Infertility HRA reimbursements (Employee/Spouse)	Reimbursement/CCE are not considered taxable	N/A
Eligible Fertility and Infertility HRA reimbursements (Domestic Partner)	Reimbursements/CCE for any Fertility and Infertility HRA services incurred by any domestic partner who is not a tax dependent of the employee are considered taxable income.	N/A
Fertility reimbursements not eligible for Fertility and Infertility HRA	Reimbursements/CCE are considered taxable income.	Taxable expenses may include egg freezing over a year. Contact Carrot to determine reimbursement services included in this category.
Surrogacy Reimbursements	Reimbursements/CCE are considered taxable income	N/A

Taxable amounts will be included on your biweekly Exact Sciences paycheck after Carrot reports these amounts to Exact Sciences. These amounts will display on your pay stub with one of the following descriptions: “NonMedExp,” “SurrExp,” “AdopPartTaxable,” or “AdoptOffset.” (Note: The tax withholding will be applied as soon as administratively possible after receiving Carrot’s monthly report of the taxable amounts.) Please note that this additional tax withholding may result in a lower net amount of your paycheck.

Please note that if reimbursements/CCE occur at the end of the year and Exact Sciences is unable to withhold tax on any taxable benefit amount, you will be

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responsible for the taxation when filing your income taxes for that calendar year. Please contact Carrot if you have questions. It is recommended that you seek guidance from your personal tax advisor if you have specific tax questions.

These FAQs contain selected highlights of the Exact Sciences Family Formation Plan. If any statement herein or any other communication conflicts with the applicable plan document, the Family Formation plan document will govern. Exact Sciences reserves the right to amend, modify, or terminate its benefit plans in any respect and at any time, with or without notice, and neither its benefit plans, nor your plan participation, will be considered a contract for future employment.

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