Health Reimbursement Arrangement [HRA]

How it works
What Is An HRA?

• **Tax-advantaged** account used to reimburse you for eligible health care expenses that you first pay – this is why you pay first and then get reimbursed

• If you are eligible, IBM will make an annual contribution to a Health Reimbursement Account (HRA).

• For retirees with a Future Health Account (FHA), your balance will be transferred into a new HRA. You can check NetBenefits.com for your current balance through the end of the year

• You can use HRA funds to reimburse yourself for eligible medical expenses, which include premiums that you pay for coverage (including Medicare Part B) and certain out-of-pocket expenses such as copays and coinsurance for yourself and your eligible dependents

• Your HRA funds will be available January 1, 2014
View Your Account Online

• To access or create your account, go to www.extendhealth.com/IBM

• Next, select the *My Account* link on the website. If you’re a first-time visitor, you will need to enter your social security number in order to create your account. If you’re a returning visitor, enter your username and password.

• Once you have logged in or created your account, visit the *Funds & Claims* section.

Note: the HRA amount that shows on the Extend Health website is subject to change based on survivor coverage election. This does not apply to FHA retirees.
View Your Account Online: FHA-Eligible Retirees

• Up-to-date FHA account balance can be found on NetBenefits.com under the Health & Insurance Tab, scroll down to More Benefit Resources, click on Future Health Account Details
  • Current balance available on NetBenefits through end of the year (balance will not reflect December 2013 IBM health care premium deduction until end of January)
• FHA account balance can also be found on the Extend Health Web site, but may change until all 2013 premiums for your (and your dependents, if applicable) coverage under the IBM plan have been processed
  • As of January 1, you can calculate your HRA amount by deducting your December 2013 IBM health care premiums from the balance reflected on Extend Health’s Web site.
  • Actual HRA amount should be reflected on the site in early February
Health Reimbursement Arrangement (HRA)

1. **IBM** allocates benefit dollars to each eligible retiree’s HRA account. FHA accounts will transition to an HRA account through Extend.

2. **Participant** works through Extend Health to enroll in individual coverage.

3. **Participants** are reimbursed for eligible health care expenses using HRA benefit dollars.

Further information regarding the HRA will be provided in your HRA Welcome Kit sent to you in December (or early January if you enroll mid-late December).
Health Reimbursement Arrangement (HRA) – Eligible Expenses

**Premiums**

- The funds provided in your HRA can be applied toward Medical, Prescription Drug, Dental, Vision, Medicare Part B, and Long Term Care premium expenses incurred while you are eligible for an HRA.

**Out of Pocket Expenses**

- Eligible out-of-pocket expenses include copayments, deductibles and coinsurance payments. See next slide for a detailed listing of some common eligible expenses.
- Other eligible expenses are defined as those incurred while paying for Medical, Pharmacy, Dental and Vision services as described in Section 213 (d) of the Internal Revenue code. For more information see the IRS publication 502 (available at www.irs.gov/pub/irs-pdf/p502.pdf), or call Extend Health.
## Common Out of Pocket Expenses Eligible for HRA Reimbursement

**MEDICAL**
- Acupuncture
- Alcoholism treatment
- Ambulance
- Anesthetist
- Arch supports
- Artificial limbs
- Blood tests
- Blood transfusions
- Cardiographs
- Chiropractor
- Crutches
- Dermatologist
- Diagnostic fees
- Guide dog
- Gynecologist
- Hearing aids and batteries
- Hospital bills
- Hydrotherapy
- Insulin treatment
- Lab tests
- Metabolism tests
- Neurologist
- Operating room costs
- Oral surgery
- Organ transplant
  - (including donor’s expenses)
- Orthopedic shoes
- Orthopedist
- Osteopath
- Oxygen and oxygen equipment
- Physician
- Physiotherapist
- Podiatrist
- Psychiatrist
- Psychoanalyst
- Psychologist
- Psychotherapy
- Radium Therapy
- Registered nurse
- Therapy equipment
- Vaccines
- Wheelchair
- X-rays

**PHARMACY**
- Prescription medicines

**VISION**
- Contact Lenses
- Eyeglasses
- Ophthalmologist
- Optician
- Optometrist

**DENTAL**
- Dental Treatment
- Dental X-rays
- Dentures Fluoridation unit
- Gum treatment
Reimbursement options

1. Manual Claims
   - One time or recurring claims forms
   - Fill out manual form
   - Attach required documentation
   - Submit via Mail, Fax, or Web
   - Available for all expense types (Medical, Rx, Dental and Vision premiums and out-of-pocket expenses)

2. Automatic Reimbursement
   - Enroll in a participating plan
   - Ask to select Auto Reimbursement option
   - Pay premiums as required
   - Available for plan premiums only

With both reimbursement options, you can have the reimbursements from your HRA go directly into your checking or savings account.
How to File a Manual Claim

1. Participant pays plan premium or co-pays.
2. Participant fills out claim form, attaches required information.
3. Extend Health verifies receipt of payment and eligibility.
4. Extend Health reimburses participant from HRA.
HRA Manual Claim Form

Here’s what the manual claim form looks like. You will receive these in your Welcome Kit.

This form can be used for all eligible expenses including medical, prescription drug, dental and vision premiums and out of pocket expenses.

To be reimbursed you must complete this form and attach all required information as stated on the form (name of participant, provider name, date of service, description of service and receipt of payment)
HRA Recurring Claim Form

Also included in your HRA Welcome Kit will be a recurring claim form.

We recommend you enroll in auto reimbursement for any medical plans through Extend Health (if available). However, if desired, you can use this recurring claim form for your Part B premiums or for plans where auto reimbursement is not available.

To be reimbursed, you will need to complete this form and return with a copy of your premium statement.
How Auto-Reimbursement Works

1. Participant pays plan premium to insurance company.
2. Extend Health reimburses participant from HRA.
3. Extend Health verifies receipt of payment and eligibility.
4. Insurance company forwards receipt of payment to Extend Health.
Auto-Reimbursement (AR)

- Service offered by Extend Health
- Available on most plans
- Works for Premium reimbursement only
- No claim form is required
- Can take 2-3 months to set up initially
- If you need your reimbursement sooner, simply file a paper claim. The form and instructions will be provided in your HRA Welcome Kit sent to you in December (or early January if you enroll mid-late December)
Your HRA at the End of the Year

- The HRA does not roll over year to year
- Any balance remaining in your HRA after the claims filing deadline will be zeroed out
- On the first of the year, IBM will replenish your HRA account
- For retirees with a Future Health Account (FHA) your balance will be transferred into a new HRA which rolls over until depleted
  - Your account balance will earn interest compounded monthly. However, interest will be added to your HRA once per year, in January for the prior year

Legal Notice
The Health Reimbursement Arrangement (HRA) is part of the IBM Benefits Plan for Retired Employees. Complete details of the HRA can be found in the formal Plan documents, which are the complete and exclusive statement of the company’s obligations under the Plan. The official Plan documents shall govern in the event of a conflict between information contained in these or other documents and statements. The Plan Administrator retains exclusive authority and discretion to interpret the terms of the Plan. The company reserves the right, in its sole discretion, to amend, change, suspend, or terminate any benefit or other plan, program, practice or policy of the company, at any time. The company does not have any obligation to, and nothing contained in these materials shall be construed as creating an express or implied obligation or promise on the part of the company to, maintain, continue to offer, or make available such plans, programs, practices or policies. Eligibility to participate in a plan or program or receipt of benefits does not constitute a promise or right of continued employment or render any person an employee of IBM or constitute any commitment by IBM to continue any plan or benefit. Third party trademarks and service marks are the property of their respective owners.

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