New Approach to Retiree Health Care Coverage

IBM selects Extend Health
What We’ll Cover Today

• Who We Are

• Transitions Can Be A Good Thing!

• IBM chose Extend Health – For Your Benefit

• A Deeper Dive – Benefit Advisors, Medicare Exchange, Optimize Savings, Health Reimbursement For You

• Next Steps

• Questions & Answers
Who We Are

Towers Watson – parent company

- Fortune 300 global professional services company
- World’s largest employee benefits company; $3-billion revenues
- HQ - New York City; TW stock symbol; 14,000 employees
- Great at providing corporate clients clarity in the areas of people, risk, and financial management

Extend Health – acquired May 2012

- Nation’s largest private Medicare exchange
- #94 on Inc. Magazine’s 2010 America’s Fastest Growing Companies
- Over 650,000 retirees served with excellence
- Great at providing retirees with clarity on selecting the most effective individual Medicare health insurance
Transitions Can Be a Great Thing!

- TW acquired EH back in May 2012
- We’ve been operating as ‘Extend Health, a Towers Watson company’ for over a year
- Come January 2014 we’re just going to transition to just using ‘Towers Watson’
- From now until the end of the year you will hear ‘Thank you for call ‘Extend Health, a Towers Watson company’
- Starting Jan. 2nd you will simply hear ‘Thank you for calling Towers Watson’
- *Just a marketing streamline* –
  - SAME Benefit Advisors
  - SAME Medicare exchange platform
  - SAME infrastructure
Effective January 1, 2014, IBM is transitioning the way it provides access to retiree health care for Medicare-eligible retirees and their Medicare-eligible spouses

- IBM has chosen Extend Health, a Towers Watson company, after an extensive evaluation of choices – we’re proud to have been selected!
- We will provide you with total care in transitioning over to more-effective individual Medicare health insurance
- The individual Medicare exchange offers greater choice and flexibility
- Many affordable choices exist—and in many cases, provide more value at a lower cost than the IBM group plan
- Right-sized individual plan selection
- Lifetime advocacy – at no cost to you
Some Testimonials

Jan B. >> “Last year when I set up my telephone appointment with Extend Health, I was unsure what to expect….The representative explained the new partnership between Extend Health and the company from which I had retired. He also explained what options were available for both myself and my husband….He knew the coverage we currently had and pointed out several changes we might want to consider that would save money and simplify paperwork. He did not push one plan over the other. He simply answered my questions clearly and concisely. With the one telephone call, we were able to save $90 monthly with no loss of benefits and with no additional co-pays. We have now been in the plans we selected for almost a year. We understand the plans better and we handled less paperwork ourselves this year.”
Some Testimonials

Elizabeth L.  

“Working with Annette L. was so easy. She took the confusion out of the process. As my enrollment period approached I was so bombarded with info from insurance companies, the government, Social Security and other organizations that I dreaded even getting into the process. Annette explained and guided me with professionalism, courtesy, and patience. Her manner was always helpful. I am much relieved to have made my selections and on the road to becoming a Medicare recipient thanks to her guidance.”
Some Testimonials

Lavonne A.  >>  “Your representative was knowledgeable and helped us to enroll in the plan we had selected. She answered a lot of questions we had been wrestling with, and made the enrollment less stressful. It is such a relief to know Extend Health is in our corner and we can depend on your help in this VERY confusing health care decision. Our thanks.”
Robert F. >> “Extend Health employees’ knowledge of the Medicare supplement and Medicare part D prescription drug choices. Also, their professional and friendly way of dealing with the customers. In addition, Extend Health obviously must have a good computer system set up to efficiently and quickly come up with the best plan for each customer. I also like the fact that my chosen plan can be submitted immediately with no additional wait or paper work, or extra phone calls. I think this is my third year using Extend Health and I am very pleased!”
Transitioning to a New Approach in More Effective Retiree Health Care Coverage

A Deeper Dive
What Does Extend Health Offer?

We Are Ready To Be Your Partner, Advisor, & Advocate

- 8 years of expertise as the leader in Medicare coordination and transition services
- World-class, US-based Benefit Advisors who are licensed by the State Dept. of Insurance, Certified & Appointed by every Health Insurance Carrier they represent, and compliant with the federal Centers for Medicare & Medicaid Services (CMS)
- The only Medicare Exchange with a benchmark training program for Benefit Advisors that is accredited by the State Department of Insurance [both TX & UT]
- Plan choices from over 85 national/regional insurance carriers
- Objective information about the individual plans available including the costs and features of all plan options available
- Support during enrollment and lifetime advocacy – we are always just a call away
Market-Leading Private Sector Clients
250 Employers – 45 Fortune 500 Companies

Over 500,000 Retirees Enrolled in New Coverage
How Our Exchange Works

Technology + personal touch + carrier relationships

Retiree
Benefit Advisor
Customer Service Rep
App Data Processor
One Exchange™
Individual Carriers
Licensed Benefit Advisors

Someone You Can Trust

- 100% domestic workforce
- Objective advocacy
- Neutral compensation
- Extend University – 6 weeks
- Licensed, certified, appointed
- Average age 43
- Senior sensitivity

Hours of Operation
Monday – Friday   8 am – 9 pm   Eastern Time Zone
Plans & Partners

All Medicare Plan Types

- Medicare Advantage
- Medicare Supplement (aka MediGap)
- Prescription Drug (Part D)

Dental / Vision

[if applicable]

Over 85 National/Regional Carriers
The Main Issue – Why You Need Insurance

Original Medicare
Part A          Part B

Exposures

MediGap
+ Part D

Medicare Advantage
Medigap Plan + Part D Plan

Medigap Plan

Medigap (Medicare Supplement)

A Medigap plan fills the “gaps” in Original Medicare Part A and Part B coverage, i.e., helps pay the difference between your costs and the amount Original Medicare pays. These plans provide additional coverage for your doctor visits and hospital stays as well as other expenses not covered by original Medicare.

Part D Plan

A Part D plan supplements your Medigap to provide prescription drug coverage. These plans help pay for your prescription drug expenses.

Note: You will need to pay your first premium when you enroll in coverage.
OPTION 2: Medicare Advantage Plan with Prescription Drug Coverage (MAPD)*

MAPD PLAN

An MAPD plan provides an all-in-one plan which bundles your Part A, Part B and Part D (prescription drug) coverage together with additional benefits. These plans provide coverage for your doctor visits, hospital stays, and prescription drug expenses.

* Note that Medicare Advantage plans are generally network based plans
## Medicare Plan Types

<table>
<thead>
<tr>
<th>Option 1</th>
<th>Option 2</th>
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</thead>
<tbody>
<tr>
<td><strong>MediGap + Part D Rx</strong></td>
<td><strong>Medicare Advantage</strong></td>
</tr>
<tr>
<td><strong>PLAN NAME</strong></td>
<td>Plan F, N, C, etc</td>
</tr>
<tr>
<td><strong>MEDICARE</strong></td>
<td>Supplement to Original Medicare</td>
</tr>
<tr>
<td><strong>COSTS</strong></td>
<td>Pay Up Front</td>
</tr>
<tr>
<td><strong>PREMIUMS</strong></td>
<td>Higher Monthly Premium</td>
</tr>
<tr>
<td><strong>CO-PAYS</strong></td>
<td>$0 Co-pays (Plan F)</td>
</tr>
<tr>
<td><strong>DOCTORS</strong></td>
<td>Any Doctor that Accepts Original Medicare</td>
</tr>
<tr>
<td><strong>PORTABILITY</strong></td>
<td>Benefits Travel with You</td>
</tr>
</tbody>
</table>
2014 Medicare Part D
Prescription Drug Coverage

**Initial Coverage**
You pay
Deductible and co-pays for your plan
Coverage for the first $2,850 in actual cost of meds

**Coverage Gap – Donut Hole**
You pay
47.5% of brand drugs and 72% of generics
until out of pocket costs reach $4,550

**Catastrophic Coverage**
You pay
$2.55 for generics and $6.35 for brand
or 5% whichever is greater
# How This Affects You

## What you pay
- Depends on the plan you choose
- Individual Medicare options give you the ability to choose the right level of coverage for you and your spouse individually

## How you enroll
- You will have more plan options to choose from
- You enroll directly through Extend Health
- You and your Medicare-eligible spouse enroll in separate plans

## Your support
- Extend Health will be your partner as you make this decision and enroll in plans
- Extend Health will provide you with information about the plans available and provide tools, resources and support
What is Changing: Paying for Coverage

- You will pay premiums directly to your new insurance carrier
  
  - If you are currently covered under an IBM plan, your contributions toward the cost of coverage (the premium) must continue to be made, either through pension deduction or direct billing, through January 2014. You may recall that for IBM coverage you pay one month in arrears; e.g., what is paid in January 2014 is for December 2013 coverage. In order to maintain continuous coverage, with no lapse, your January 2014 payment must be made and made timely.
  
  - For your new coverage, under the Extend Health Medicare Exchange, you will also need to pay your premium, beginning January 1, 2014; you will pay your premiums directly to the individual insurance carriers
What is Changing: Paying for Coverage

You will receive an annual contribution to a Health Reimbursement Arrangement (HRA) if IBM currently contributions support for your premiums

- The amount of your HRA contribution is based on your status at retirement, when you retired, and in some cases, your years of service
- You may use this money to reimburse yourself for eligible medical expenses which include premiums (including Medicare Part B) and certain out-of-pocket expenses such as copays and coinsurance
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)

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

• Your HRA funds will be available **January 1, 2014**
Health Reimbursement Arrangement: How It Works

IBM allocates benefit dollars to HRA account of eligible participant

Participant HRA Account
Administered by Extend Health

Participant works through Extend Health to enroll in individual coverage

Participant files manual claim or activates auto-reimbursement

Participant is reimbursed for already-paid healthcare expenses using HRA benefit dollars

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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 Claim Form

Remember,
You can be reimbursed for Part B by sending in your statement

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What is Auto-Reimbursement?

- Auto-Reimbursement (AR) is a service offered by Extend Health exclusively for our customers.
- Auto-Reimbursement only applies to premiums paid, not expenses.
- Auto-Reimbursement is NOT available on all plans.
- Forms and instructions provided in the HRA Welcome Kit after enrolling.
How Auto-Reimbursement Works

Participant pays plan premium to insurance company

Extend Health reimburses participant from HRA

Insurance company forwards receipt of payment to Extend Health

Extend Health verifies receipt of payment and eligibility
Auto-Reimbursement Process

• Initial AR reimbursement may take up to 2-3 months from the start date of the plan
• All premiums paid prior to activation of AR will be reimbursed at the same time
• If you need your reimbursement sooner, simply file a manual claim
• Forms and instructions provided in your HRA Welcome Kit
• Once AR is activated, you can expect to receive your reimbursement around the same time each month
AR or Manual Claims for Premiums?

• If you can wait to be reimbursed, AR is automatic, convenient, hassle-free, always the same time monthly

• If you need fast reimbursement, Manual Claims are more labor-intensive but ad hoc and always at your disposal

• Some retirees submit manual claims for the first few months in addition to turning on AR and then stop submitting manual claims when the AR cycle kicks in

• It’s up to you – you are in control
Next Steps
What You Need To Do: Action Required!

- **You MUST enroll in Medicare Part B if not already enrolled – contact SSA**

- **Contact Extend Health at 1 855-359-7380** [exclusive line for IBM retirees]
  
  - Make a First Contact call now and schedule an enrollment appointment with a U.S.-based Benefit Advisor to learn more about the individual plan options available to you
  
  - Benefit Advisors are available Monday through Friday from 8 am to 9 pm Eastern Time, or at www.extendhealth.com/ibm [available 24/7]

- **Enroll in your new coverage**
  
  - Choose new individual Medicare plan for you and your Medicare-eligible spouse
  
  - Enroll through Extend Health between **October 1 and December 31, 2013** [90-day period]
Everything starts with having this – Original Medicare Part A & B
The Process

- Educate
- Evaluate/Enroll
- Manage
Education
Getting Started Guide

Gather information
• Prescriptions, Medicare card, doctors info, hospitals
• Pre-existing conditions will not limit your plan selection*
• Make your First Contact call TOLL FREE 1-855-359-7380

www.ExtendHealth.com/ibm

* except end-stage renal disease
Education
Enrollment Guide

Prepare for your enrollment consultation

• Review Medicare basics
• Appointment confirmation letter
Decision Support Tools

- Help Me Choose
- Prescription Profiler

www.extendhealth.com/ibm

24/7 access to your information
Evaluate and Enroll – You Decide

Licensed Benefit Advisors
• Detailed Consultation
• Thorough Needs Analysis
• Most Effective Plan Recommendation

Application Data Processors
• 100% Paperless Enrollment

Hours of Operation
Monday – Friday  8 am – 9 pm  Eastern Time Zone
Enrollment Process

• Benefit Advisors can discuss coverage options with anyone – need to speak to the participant (or durable POA) to complete the enrollment

• Once you have made a coverage selection, enrollment is conducted via telephone

• 100% of calls are recorded
Post Enrollment Customer Service

Lifetime Advocacy and support services

• Toll Free number 1-855-359-7380 to contact an Extend Health representative

• Direct support for claims issues, appeals and network questions [no IBM involvement]

• Renewal process – ability to pick new coverage for future years – not locked into this year’s choice

• Ongoing enrollment services
Your First Contact Call – We’re Ready!

Review Getting Started Guide

Gather Medicare card, Prescriptions and Doctors/Hospital information

Call Extend Health
1-855-359-7380
Thank You!

We Are Ready For Your Call!

1-855-359-7380
M – F 8am-9pm Eastern