Q1. Why is IBM transitioning Medicare-eligible retirees to Extend Health?
The Extend Health Medicare Exchange will offer you many benefits (such as increased choice and flexibility in plan options) that are not available in the group plan options that IBM offers today. This is one of the many reasons that hundreds of companies have already transitioned their Medicare-eligible retirees to individual insurance plans offered through a Medicare Exchange. IBM selected Extend Health because of its deep expertise and proven record of supporting more than 500,000 Medicare-eligible retirees in transitioning from group to individual coverage.

Another reason IBM is making a Medicare Exchange available to you is because cost increases under IBM’s current retiree group health care plan options are no longer sustainable for you. In fact, IBM projects that health care costs under IBM’s current plans for Medicare-eligible retirees will nearly triple by 2020, significantly impacting your premiums and out-of-pocket costs.

Medicare Exchanges are able to provide better value than group plans because each year millions of Medicare-eligible people enroll in these individual plans. This means the insurance companies can spread the risk across more people and, as a result, offer individual plans that provide benefits comparable to or better than group plans, but at a lower cost.

Q2. How will this affect my health care costs? Will I see an increase in my out-of-pocket expenses?
For the vast majority of IBM retirees, transitioning to the Extend Health Medicare Exchange will mean more plan options to choose from at affordable premiums. In fact, based on IBM’s analysis, nearly all our retirees will be able to enroll in medical and prescription drug plans that are of equal or better value than the plan options IBM currently offers.

In addition, to help with your premium and out-of-pocket costs, IBM will contribute annually to a new Health Reimbursement Arrangement (HRA) for those retirees who are currently eligible for subsidized IBM group coverage. The HRA is a new, tax-free account that you can use to pay eligible premiums and out-of-pocket health care costs each year, including deductibles, co-pays and co-insurance.

All in all, this new approach will help your dollars go further when you purchase health care.

Q3. Is IBM contributing to my Health Reimbursement Arrangement?
IBM will contribute annually to an HRA for those retirees who are currently eligible for subsidized IBM group coverage and who enroll in a medical plan through Extend Health (certain exceptions apply). The HRA is a new, tax-free account that you can use to be
reimbursed for eligible premiums and out-of-pocket health care costs each year, including deductibles, co-pays and co-insurance.

IBM will communicate your personal HRA contribution amount starting in early October, based on your enrollment appointment with Extend Health.

**Q4. What is IBM’s role with retirees during and after the transition to Extend Health?**
IBM is working closely with Extend Health to ensure you have the support you need during and after enrollment. Extend Health will become your primary contact throughout the transition for information and enrollment, and will provide ongoing support not only for the transition, but for 2014 and beyond. IBM will no longer provide this support through the IBM Employee Services Center, as we have in the past.

**Q5. What happens if my Medicare-eligible dependents and I do not enroll in coverage by December 31, 2013?**
Post-65 retiree health care coverage under the IBM group plans will end after December 31, 2013. You are not required to enroll in individual coverage through Extend Health, but if you do not make an enrollment election through Extend Health by December 31, 2013, you will **not** have medical, prescription drug, dental and/or vision coverage through Extend Health or receive an HRA contribution from IBM.

Depending on the option you choose, you may be able to enroll in individual coverage on or after January 1, 2014, but you may experience a gap in coverage between January 1 and the date on which you later enroll. You may also be subject to late enrollment penalties in the form of higher premiums and/or a reduced number of options.

In addition, if you do not enroll in coverage that takes effect on January 1, 2014, and later decide to enroll in individual Medigap coverage, you may be subject to pre-existing condition limits or exclusions. Medicare Advantage and Medicare Part D plans cannot apply pre-existing condition limits or exclusions.

If you currently participate in an IBM plan through Access-Only, and you do not enroll in coverage through Extend Health for 2014, you will not be able to enroll in future years.

**Extend Health**

**Q1. What’s changing?**
Effective January 1, 2014, IBM is changing the way it provides health care coverage for Medicare-eligible retirees (and Medicare-eligible employees receiving benefits under IBM’s Long-Term Disability Plan) and their Medicare-eligible dependents.

Instead of electing IBM-sponsored group retiree medical and prescription drug options, retirees will have the opportunity to select individual insurance coverage with the support of Extend Health, a leader in Medicare coordination and transition services.
Extend Health offers access to a wide variety of individual insurance plans that supplement Medicare. This new approach will provide you with access to a broad range of individual health care insurance options, as well as more flexibility and greater levels of choice and cost, depending upon individual circumstances. Coverage choices will include plans that provide coverage that supplements Medicare. You also will have access to dental and vision plans.

Note: To have medical and prescription drug coverage as of January 1, 2014 (to supplement Medicare Parts A and B), you must be enrolled in individual medical and prescription drug coverage no later than December 31, 2013. To ensure timely processing of enrollment, and receipt of 2014 ID cards, you are encouraged to enroll as early as you can.

Q2. What do I need to do?
Retiree health care benefits are changing to offer more flexibility and choice. As a result, you must choose new medical or prescription drug coverage for 2014 and enroll no later December 31, 2013. Your current coverage – and IBM dental and vision coverage -- through IBM ends December 31, 2013. Individual dental and vision plans are available through Extend Health. Extend Health benefit advisors can provide information about the options offered in your local area.

Here are some steps for you and each of your Medicare-eligible dependents to follow:
Watch for additional communications from Extend Health.
• Become familiar with Original Medicare (Parts A and B) as well as the supplemental Medicare coverage options offered through Extend Health. For information on Medicare, call 1-800-MEDICARE or visit the Website at www.medicare.gov.
• Gather personal Medicare and health care information – for example, your Medicare ID card as well as a list of your prescriptions, doctors, hospitals and other providers.
• Contact an Extend Health benefit advisor at 1-855-359-7380 to discuss any questions you may have – and learn about the plan options available to you.
• Consider the medical and prescription drug coverage options (dental and vision as well) that best meet your health care needs.
• Select medical and prescription drug coverage and enroll by December 31, 2013.
• If desired, choose dental and vision coverage
• Complete any necessary paperwork related to your new coverage and payment of premiums.

Q3. Who is eligible for an HRA?
If you’re currently eligible to receive a premium subsidy from IBM today, you’ll continue to receive financial assistance— only now it will be through a Health Reimbursement Arrangement (HRA) – as long as you enroll in a medical plan through Extend Health (certain exceptions apply). This account will be set up in the retiree’s or surviving
spouse's name (when eligible for a subsidy under the plan) and managed by Extend Health. The money in the HRA is tax-free and can be used to reimburse your and your Medicare eligible dependents’ health care premiums and eligible out-of-pocket expenses, including deductibles, coinsurance and co-pays. IBM will communicate personal HRA contribution amounts in early October, when enrollment begins.

Q4. How many other companies have changed from self-funded health coverage to a Medicare Exchange?
More than 250 companies have made a similar change to individual health care coverage through the Extend Health Medicare Exchange. This includes employers such as Agilent Technologies, Bayer, DuPont and Honeywell.

Q5. Why should I trust an Extend Health benefits advisor?
Extend Health’s licensed benefit advisors have helped more than 500,000 retirees evaluate and enroll in medical coverage. Benefit advisors are not compensated based on an individual’s health plan decisions—they are personal advocates through the entire process and will help you find and enroll in the plan that best meets personal medical needs and budget. An advisor will provide:
- Individualized telephone support to help you make an informed and confident enrollment decision
- Information about the plans that best meet your personal health and financial needs, and the costs of each of those plans
- Assistance with enrolling in medical, prescription drug, dental and vision plans
- Post enrollment support for questions and issues with new coverage

Q6. What can I expect next?
- IBM and Extend Health are committed to ensuring you receive the information you need to help you manage your health care benefits. You will receive in the coming weeks:
  - An enrollment package from Extend Health.
  - HRA value?

Remember, to ensure that you have supplemental coverage for 2014, you have to be enrolled in Medicare Parts A and B – and you must actively enroll in individual medical and prescription drug coverage (and dental and vision coverage if you want those plans) by December 31, 2013.

Please share this information with your family members. In the meantime, if you need assistance, please call Extend Health at 1-855-359-7380, TTY 711, 8 a.m. to 9 p.m. Eastern Time, Monday through Friday.

Q7. Do these changes affect pre-65 retirees?
No. Pre-65 retirees and their dependents will continue to be eligible for IBM’s non-Medicare group retiree medical coverage option(s). Pre-65 retirees and any Medicare eligible dependents will become eligible for the new individual post-65 program once you turn 65, or become disabled, and have enrolled in Medicare Parts A and B.

Note: You must enroll in Medicare prior to your Medicare eligibility date to ensure that your Medicare coverage is effective at the same time you are ready to retire and select your new coverage through the Extend Health Medicare Exchange. If you do not, you may experience a gap in coverage, be subject to a penalty assessed by Medicare, and may lose the opportunity to gain Medicare supplemental coverage that is guaranteed issue.

Guaranteed issue is a term used in health insurance to describe a situation where a policy is offered to any eligible applicable without regard to health status.

Q8. Is the Extend Health Medicare Exchange one of the exchanges being set up by the government as a result of health care reform?
No. Extend Health is a private Medicare exchange, which has been available since 2006. It is not affiliated in any way with the public exchanges being run by the government.

Individual Medicare coverage
Q1. How has the individual health care market for Medicare-eligible retirees changed?
Over the past few years, the Medicare marketplace has expanded. As a result, individual plans have become more widely available and affordable, and they offer an array of coverage opportunities, including medical, prescription drug, dental and vision coverage. Extend Health offers a wide variety of individual Medicare plans, allowing retirees to make coverage decisions based on individual health and financial needs.

Q2. Do I have to choose new coverage for 2014?
If you don’t elect coverage by December 31, 2013, for 2014 you will only have coverage through Medicare Parts A and B. You may lose the opportunity to obtain this coverage on a guaranteed issue basis, and may be subject to underwriting requirements and/or penalties in the future.

Q3. Do I have to choose insurance from a specific insurance carrier?
No, you’re free to select from any of the plans offered by Extend Health. Extend Health offers access to a wide range of plans from more than 70 carriers, including leading national and regional insurance companies, including Aetna, United Healthcare, Anthem Blue Cross and Blue Shield, and many others.

Q4. Will I have to make changes to my doctor or prescriptions?
This depends on individual circumstances and the plan you choose. In most cases, there will be plans available that will include many of the doctors you are currently seeing.
Part of enrolling in the right plan is ensuring that the doctors you want to see are included. Before you make a final decision, you should work with a licensed benefit advisor from Extend Health to help you evaluate your choices and see if current providers participate in any of the health plan networks available to you.

Similarly, to find out if current prescription medications will be covered in the new Part D prescription plan, you should review the list of current medications with the Extend Health benefit advisor to determine which Part D plan is the best fit for individual prescription needs.

Paying for coverage: Health Reimbursement Arrangement

Q1. How does IBM contribute to the cost of my individual medical and prescription drug coverage?
If you currently receive a premium subsidy from IBM today, you’ll continue to receive financial assistance — only now it will be through a Health Reimbursement Arrangement (HRA). This account will be set up in the retiree’s or surviving spouse’s name (when eligible for a subsidy under the plan) and managed by Extend Health. The amount in your HRA is tax-free and can be used to reimburse health care premiums and eligible out-of-pocket expenses for the retiree and eligible dependents. Please note: You must enroll in a medical plan through Extend Health to receive the HRA.

Retirees eligible for the Future Health Account will receive the balance of their FHA in their HRA.

As is currently the case, there will be no subsidy (HRA) provided for retirees eligible for Access Only or the Special Retiree Medical Option (SRMO).

Q2. What is an HRA?
An HRA is an account that’s available for reimbursement of eligible health care expenses. Extend Health will open an HRA for you (if you are eligible) — IBM will provide the HRA amount into this account. The HRA can only be funded by IBM — you cannot contribute personally to the account. The amount in the HRA can be used to reimburse yourself for premiums you pay for individual Medicare plan(s), Medicare Part B premium, Part D prescription drug premium, eligible medical and prescription drug out-of-pocket expenses, dental or vision premiums, for you as well as any Medicare-eligible dependents enrolled in an individual plan through Extend Health.

Q3. When will I be told the amount of IBM’s contribution to my HRA account?
IBM will communicate personal HRA contribution amounts in early October, when enrollment begins. If you receive a premium subsidy from IBM today, you will receive an annual contribution to an HRA from IBM, if you enroll in a medical plan through Extend Health.
Q4. **Why can’t IBM share the amount of my HRA contribution now?**
IBM will communicate personal HRA contribution amounts in early October, when enrollment begins and plan rates/premiums are available. Then you can will then be able to review individual plan options and premiums with a benefit advisor to help you understand what the HRA can buy. There is no context to the size of the amount of the HRA contribution until you see the Medicare Exchange options and premiums. **The Centers for Medicare and Medicaid services do not approve, and make available to the public, the health plan premiums until early October. [needs careful review]**

Q5. **Why is the HRA value less than my current subsidy?**
**Alt 1 for Retirees:** The aggregate amount of IBM’s contribution to benefits is consistent with previous years, but will come to you in the form of an HRA contribution for you to spend, rather than a premium subsidy as IBM does today.

**Alt 2 For LTDers:** This new approach will help stretch health care dollars further than they do currently.

Q6. **How does the HRA work?**
Beginning in January 2014, an annual subsidy will be available through an individual tax-free HRA set up in each retiree or surviving spouse’s name. You can apply the account balance toward the cost of coverage for any individual Medicare plan(s), Medicare Part B premium, Part D (prescription drug) premium, and eligible medical and prescription drug out-of-pocket expenses, dental and/or vision premiums.

You will be responsible for paying premiums and out-of-pocket expenses such as deductibles, coinsurance and copays, and applying for reimbursement for those costs from the HRA. Any unused amounts will not roll over to the next year (except for those retirees currently with an FHA. In this case, their HRA amounts will roll over year-to-year until the funds have been depleted).

Most retirees will have several individual health plan options from which to choose, including Medicare Advantage, Medicare Prescription Drug and Medicare Supplement Insurance Plans (also known as Medigap Plans). You will want to compare personal needs with the options that are available. Exact costs will depend on the type of plan you select and where you live. To show how the HRA works, the following example looks at two different kinds of Medicare Supplement plans.

Q7. **Do I need to enroll in a particular plan in order to receive the subsidy?**
Yes. You must enroll in a medical plan through Extend Health to receive the HRA contribution. If you only enroll in a dental or vision plan, you will not be eligible to receive the subsidy (certain exceptions apply for Medicare-eligible retirees who are: currently enrolled in prescription coverage only, living outside of the U.S., or currently enrolled in a Kaiser plan). Talk to an Extend Health benefit advisor if you fall into one of these categories.
Q8. Will I (the retiree) share an HRA with my eligible spouse/domestic partner?
Yes, post-65 and their Medicare-eligible retirees and spouses/domestic partners will share the HRA set up by IBM, which will be established in the retiree’s name. Surviving spouses/domestic partners who are eligible for a subsidy will have an HRA established in their own name.

Q9. How can I use the HRA?
Once you have enrolled in a medical plan through Extend Health (a few exceptions apply), you will have access to the HRA. You can then use the amounts in the HRA to reimburse personal costs for:

- All (or a portion of) the monthly premiums for individual Medicare supplemental insurance, such as Medicare Advantage, Medigap and prescription drug plans that you (and your dependent) enroll in through Extend Health
- Medicare Part B premiums
- Eligible medical out-of-pocket expenses such as co-insurance, co-payments and deductibles
- Dental and/or vision premiums
- COBRA?
- Spouse/dependent non-Extend premiums?

Some premiums and out-of-pocket expenses may not be eligible for reimbursement through the HRA. Please consult a benefit advisor to inquire regarding specific expenses. If the subsidy exceeds premium and/or other eligible expenses, any unused amounts will not roll over to the next year (except for those retirees currently with an FHA. In this case, your HRA amounts will roll over year-to-year until the funds have been depleted).

Note that expenses for a pre-65 dependent covered under the IBM plan or Medicare-eligible dependents, not enrolled through Extend are not eligible for reimbursement through the HRA.

Q10. What happens if there’s not enough money in my HRA to cover a claim?
You can only be reimbursed to the maximum amount of funds in the HRA. For example, if you submit a claim for a $400 medical expense, but only have a balance of $250 in the HRA, you will be reimbursed only $250. You are responsible for paying any costs you incur that exceed the amounts in the HRA.

Q11. What if I don’t use all of my HRA?
The HRA represents IBM’s annual contribution to your health care costs, and will not roll over year to year. Any balance at the end of the calendar year will be forfeited.
Q12. I receive retiree benefits through the Future Health Account. What happens to my HRA if I don’t use all the money?
The balance of the FHA at the time of transition (December 31, 2013) will be transferred in its entirety to the HRA and will roll over year-to-year until it is depleted. Once the amounts are depleted, you can continue to purchase coverage through Extend Health, but with no IBM subsidy.

Q13. Why doesn’t IBM simply give me the contribution to use to purchase coverage?
If IBM did, you would be taxed on IBM’s contribution. The HRA is tax-free, while giving you the flexibility for financial assistance to help with the premiums for the plan options that best match your individual needs, as well as providing assistance for other eligible expenses that can be reimbursed by the HRA.

Q14. I’m eligible for FHA. Will interest be credited to the FHA balance in my HRA as it is today?
No, this process will change slightly. Once your FHA balance is transferred to your new HRA, the account balance will be credited twice a year, on March 31 and September 30,

Note: Once your FHA balance is transferred to Extend Health, you will no longer be able to reference that information on NetBenefits.

Q15. Will eligible same-gender domestic partners receive a separate HRA?
No, partners and spouses will be treated the same; however, you can use the HRA to reimburse for the same expenses incurred by a Medicare-eligible same gender domestic partner as long as he or she enrolls in a medical plan through Extend Health.

Q16. If I do not agree with the amount IBM deposits into my HRA, can I appeal to IBM?
No. The IBM subsidy amount is a design component of the HRA and as such, cannot be appealed.

Q17. If I do not agree with IBM’s determination of my eligibility for an HRA, can I appeal to IBM?
If you do not agree with the determination of your eligibility for an HRA, you have the right to appeal your eligibility. The appeals process is a two-step process. The first step is to file an appeal with the IBM Employee Services Center [Is this correct?]. If the original determination is upheld and you still disagree, you have the right to submit a second level appeal to the IBM Plan Administrator.

Q18. If I do not agree with a denial of an HRA claim, can I appeal?
Yes. Your first level of appeal is to Extend Health. If the appeal is denied, you can file a second-level appeal with the IBM Plan Administrator.
Choosing coverage

Q1. Which medical plan available through Extend Health is most like the IBM plan options that Medicare-eligible retirees have now?
While it is not possible to make an apples-to-apples comparison of the IBM group medical plans options with individual medical plans, an Extend Health benefit advisor can explain the coverage options available to you based on your individual needs. Extend Health will offer a wide range of affordable plan options from which you can choose the plan that best fits your medical and financial needs.

Q2. How will a pre-existing medical condition impact my ability to obtain medical coverage and the cost?
If you are over age 65 and eligible for Medicare, and currently enrolled in IBM group Medicare retiree coverage a pre-existing medical condition will not impact the ability to obtain coverage and will not impact the cost of coverage as long as you enroll by December 31, 2013. The initial 2014 enrollment for current Medicare-eligible retirees is a special enrollment period during which the insurance carriers will provide policies to IBM retirees and dependents on a guaranteed issue basis.

If you do not enroll in a plan during this special enrollment period, and wish to enroll at a later time, you may be subject to underwriting by the insurance companies which may affect the plan choices available to you and the prices.

Q3. I have opted out of IBM coverage. Will this affect my ability to obtain medical coverage and the cost?
If you are over age 65, eligible for Medicare, and are currently not enrolled in IBM group Medicare retiree coverage, you may not be eligible for coverage through the Extend Health Medicare Exchange on a guaranteed issue basis. This means that you may be subject to underwriting by the insurance companies, which may affect the plan choices available to you and the prices. Your Extend Health benefit advisor will be able to assist you with questions about plan options available to you.

Q4. Does IBM decide what plans are offered through Extend Health?
No. Extend Health determines which health insurance companies and plans are offered. IBM is not involved in any way, nor does IBM have the ability to influence Extend Health’s decisions. These individual plans are wholly administered by the health insurance companies through which they are offered. However, based on IBM’s analysis in choosing Extend Health, we believe that the vast majority of our retirees will have more choice and flexibility and find plans that offer similar coverage for the same or lower cost than you are paying today.

Q5. Do any of the medical plans provide catastrophic coverage (also called “stop loss”)?
Yes. Most plans will have out-of-pocket limits for medical services. This means once you pay a certain amount out-of-pocket, the plan will cover certain eligible expenses in full. Additionally, once you hit the Part D prescription drug catastrophic limit, you will pay the greater of 5% of the cost of the drug or a flat co-pay (in 2014, $2.55 for generic or preferred drugs, $6.35 for all other drugs).

Details vary by plan. Please ask Extend Health for details during the benefit enrollment session.

**Q6. The IBM retiree prescription benefits didn’t have a “donut hole”. Will we have one now?**
Yes. However, the Medicare Part D prescription benefit “donut hole” is gradually being filled in over the next few years, due to actions taken by the federal government. Many Part D plans (which are available through Extend Health) offer generic drug coverage during the “donut hole”, and the drug manufacturers may subsidize more than 50% of the brand name prescriptions for those who are in the “donut hole”. You should discuss plan options with the benefit advisor during your enrollment call.

**Q7. What should I consider as I make my coverage decisions?**
To understand what type of individual health plan(s) make the most sense for personal health and financial needs, it helps to think about personal health experiences over the past year, including:

- Recent illnesses or procedures, including any chronic conditions you may have
- Health care services that are important to have covered
- Prescription drugs you use
- Doctors, specialists, hospitals and other providers you use, including those you see regularly, and those you see on occasion

You should also consider your personal financial situation and individual preferences—plans differ in the level of coverage they provide and how they share with you the cost of services. Be sure to consider options carefully and choose the plan that’s best for you, since the ability to make changes in the future may be limited.

Here’s an example of how two different people choose their health plan by considering their personal health needs and how they currently use health care services.

**Q8. How can I get help?**
Extend Health will support you through the decision-making process and during the year if you have questions which cannot be answered satisfactorily with your chosen health plan. You can access their services in two convenient ways:
Project Rex Master Q&A

- Toll-free at 1-855-359-7380, TTY 711, 8 a.m. to 9 p.m. Eastern Time, Monday through Friday.
- Get an online individual needs assessment by visiting www.extendhealth.com/ibm

If you have general questions about Medicare, you can call 800-MEDICARE (800-633-4227, TTY 800-325-0778) 24 hours a day, seven days a week or visit Medicare’s website at www.medicare.gov.

Q9. Once I choose a medical and/or prescription drug plan, who do I call if I have an issue with my coverage or claim?

All questions and concerns related to the coverage provided by the health or prescription drug plan must be directed to the health plan. The member services phone number will be included on the ID card(s) you receive after you enroll.

Q10. I’m fairly healthy and am eligible for IBM-subsidized medical coverage. Can I choose not to select additional coverage through the Extend Health Medicare Exchange this year and wait for a few years to enroll?

Yes. However, because you have been provided with a special enrollment period, if you enroll now for 2014, the insurance plans will be available to you on a guaranteed issue basis. If you do not enroll now, but wish to enroll later, you may be subject to the insurance companies’ underwriting requirements, which may limit the number of plans available to you and/or result in increased pricing.

Q11. I’m not currently enrolled in Medicare. How does that impact my enrollment in a plan through Extend Health?

You must be enrolled in Medicare before you can enroll in a plan through Extend Health. The Medicare open enrollment period is October 15 – December 7 to elect coverage for the following January.

Q12. Can I cover my Medicare-eligible spouse as a dependent under the same individual plan I choose?

No. While you and your spouse may both choose to enroll in the same individual medical and prescription drug plan, the coverage elections are not linked. Each Medicare-eligible person must choose his or her own plan separately. Coverage elections follow Medicare requirements which treat each Medicare beneficiary separately.

Q13. My spouse is under age 65 and I (the retiree) am over age 65. Do we need different coverage?

Yes. Every individual who is post-65 will need to choose a new plan for coverage in the Extend Health Medicare Exchange (in addition to Medicare Parts A and B). Eligible dependents under age 65, who are not Medicare-eligible, are not affected by this change. Eligible dependents under age 65 will continue to be eligible for coverage through IBM’s non-Medicare group retiree medical options. During IBM’s benefits
enrollment, pre-65 dependents will have an opportunity to enroll in IBM’s pre-65 plan options for 2014. If they do not make an enrollment choice, they will default into “no coverage”.

Q14. My spouse is over age 65 and I (the retiree) am under age 65. Do we need different coverage?
Since you are not yet eligible for Medicare, both you and your spouse will continue to be eligible for coverage through IBM’s non-Medicare group retiree medical options. Information about this coverage and cost will be provided during IBM’s benefits enrollment.

Q15. Will my eligible dependent children (who are not Medicare-eligible) still have coverage sponsored by IBM?
Yes. Eligible dependents currently enrolled in an IBM-sponsored plan who are under age 65 and not eligible for Medicare will continue to have access to coverage under the pre-65 IBM group retiree medical coverage. During IBM’s benefits enrollment, pre-65 dependents will have an opportunity to enroll in IBM’s pre-65 plan options for 2014. If they do not make an enrollment choice, they will default into “no coverage”.

Q16. What if I (or any of my eligible dependents) am under 65 and Medicare-eligible due to disability?
If you are under age 65 and Medicare-eligible due to disability, you must enroll in a plan through the Extend Health Medicare Exchange. If you have an eligible dependent who is also Medicare-eligible due to disability, the dependent must also enroll for coverage through the Extend Health Medicare Exchange. If the eligible dependent is not Medicare-eligible, they will be eligible for coverage under the IBM non-Medicare group retiree medical coverage. During IBM’s benefits enrollment, pre-65 dependents will have an opportunity to enroll in IBM’s pre-65 plan options for 2014. If they do not make an enrollment choice, they will default into “no coverage”.

Action steps: Enrollment
Q1. When do I have to choose new coverage in order to be covered for 2014?
You must enroll in new coverage by December 31, 2013. You will receive information from Extend Health over the next few weeks to help you decide which coverage is best for you. Here is a calendar of what to expect:

| By August 31 | IBM announcement materials mailed to your home (including Extend Health’s Getting Started Guide [about Medicare and next steps]). |

IBM Confidential Page 13 8/22/2013 8/13/2013
**Q2. How can I get more information about my plan choices?**

The table below details the action steps you’ll need to take between now and December 1, 2013, and the support and resources available to help you learn about plan choices and prepare for the changes and decisions ahead.

If you have questions or concerns, Extend Health’s licensed benefit advisors are available to talk by telephone at 1-855-359-7380, TTY 711, from 8 a.m. to 9 p.m. Eastern Time, Monday through Friday.

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<th>Support/Resources</th>
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<td><strong>1. Learn More</strong></td>
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<tr>
<td><strong>Read:</strong> Extend Health <strong>Getting Started Guide.</strong></td>
<td>Learn about the steps to take and what to think about to help prepare for enrollment</td>
<td>Extend Health mails the guide week of [INSERT DATE]</td>
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<td><strong>Call:</strong> Extend Health benefit advisors at 1-855-359-7380 (TTY: 711), 8 a.m. to 9 p.m Eastern Time, Monday through Friday</td>
<td>Call for information and answers to questions about Medicare, prescription drug options, dental and vision coverage, and to schedule an appointment with a benefit advisor</td>
<td>Available now</td>
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<tr>
<td><strong>Go to:</strong> Extend Health website: <a href="http://www.extendhealth.com/ibm">www.extendhealth.com/ibm</a></td>
<td>Go online for additional information, to take an individual needs assessment and to</td>
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Q3. I’m retired from IBM and about to turn 65, becoming Medicare-eligible before the end of 2013. What rules apply to me?

It's very important that you follow the necessary steps to enroll in Medicare (Part A and Part B) as soon as possible to avoid any delay in coverage once you retire. You must be enrolled in Medicare on the effective date of any coverage you enroll in through Extend Health. Any delay in Medicare enrollment will have a negative impact in your ability to enroll in coverage through Extend Health with the earliest possible effective date and could result in a gap in coverage.

You must make an enrollment election in order to have medical coverage in 2014 through this new plan; you will not be automatically enrolled in any plan offered.
through Extend Health. While your retirement and eligibility information will be sent to Extend Health after your actual retirement date, you may call Extend Health to discuss your health plan options at any time prior to your retirement. In order to ensure that your coverage as elected through Extend Health is effective as of January 1, 2014, you will need to make your enrollment election prior to your retirement and your elections will be recorded with a future effective date of January 1, 2014.

To learn more about the steps required to enroll in Medicare Part A and B, and Medicare effective dates, please visit http://www.medicare.gov/sign-up-change-plans/index.html or call 1-800-Medicare.

Q4. I have already turned 65, but I am still working. How do these changes affect me?
As an IBM active employee, you remain eligible for the IBM active employee group medical coverage option(s) under the IBM active employee medical plan.

It's very important that if you are planning to retire you follow the necessary steps to enroll in Medicare (Part A and Part B) as soon as possible (even if you are still actively employed and covered under the IBM Group Plan) to avoid any delay in coverage once you retire. You should not wait until your retirement date to enroll in Medicare. You must be enrolled in Medicare on the effective date of any coverage you enroll in through Extend Health. Any delay regarding enrollment in Medicare will have a negative impact in your ability to enroll in coverage through Extend Health with the earliest possible effective date and could result in a gap in coverage.

You must make an enrollment election in order to have medical coverage in 2014 through this new plan; you will not be automatically enrolled in any plan offered through Extend Health. While your retirement and eligibility information will be sent to Extend Health after your actual retirement date, you may call Extend Health to discuss your health plan options at any time prior to your retirement. In order to ensure that your coverage as elected through Extend Health is effective upon your retirement, you will need to make your enrollment election prior to your retirement and your elections will be recorded with a future effective date.

To learn more about the steps required to enroll in Medicare Part A and B, and Medicare effective dates please visit http://www.medicare.gov/sign-up-change-plans/index.html or call 1-800-Medicare.

Please also note that as a new retiree, you are also eligible for COBRA at the full COBRA rate. Please keep in mind however, that because you are eligible for Medicare, COBRA coverage will be secondary to Medicare.

Q5. I’m planning to retire in 2014 when I turn age 65. Will I be able to call Extend Health to find out what my plan options will be and the cost so I can start planning before my retirement?
Yes.

Q6. I live in the U.S. Virgin Islands, a U.S. Territory, or outside the U.S. Can I select a plan through Extend Health? Will I receive an HRA?
If you are eligible for an HRA, you must contact Extend Health before December 31, 2013 to "activate" the HRA. Extend Health does not offer international plans, but you will be able to use the HRA for reimbursement of the premiums for an individual international plan you buy, or to reimburse eligible out-of-pocket medical expenses.

If I do not enroll in a plan through Extend Health by January 1, 2014, what happens to my HRA?

Extend is investigating referral services that it can provide.

Q7. I live in Puerto Rico. Can I select a plan through Extend Health? Will I receive an HRA?
Contact Extend Health. They can refer you to the plans available in Puerto Rico. If you enroll in one of these plans, call Extend Health to inform them before December 31, 2013. If you are eligible for an HRA, it will then be “activated” and you will be able to use it for reimbursement of the premiums, and to reimburse eligible out-of-pocket medical expenses.

If I do not enroll in a plan and inform through Extend Health by January-December 31, 2014, what happens to my HRA? Your 2014 HRA will be forfeited. You will be eligible for your annual HRA amount in the following year. If you are FHA-eligible, your HRA balance will roll over to the following year.

Q8. I live a portion of the year inside the U.S. and the other portion outside the U.S., and currently receive coverage through the IBM Medical Supplement Plan Option, which pays for my treatment outside the U.S. How will this affect my medical coverage?
If you are U.S.-based and currently pay for Medicare Parts A and B, then, you will be able to elect Medicare supplemental coverage. Medigap plans may cover some services outside of the U.S. Your personal situation should be discussed with the Extend Health benefit advisor.

Q7. I’m currently enrolled in the Kaiser-Permanente plan and wish to remain with Kaiser. How do I enroll for 2014 coverage?
Contact Extend Health first. They will refer you to a Kaiser number for information on how to enroll. Once you have completed enrollment, you must call Extend Health and tell them you have enrolled with Kaiser in order to receive the HRA contribution (if eligible).

Comment [JB7]: I’m sure that Kaiser will be mailing to the participant directly for instructions on how to enroll in an individual Kaiser plan. We should indicate that’s where they’ll obtain Kaiser info from. The second part of the answer is correct in that they do need to contact Extend to access their HRA.
Q8. I am Medicare-eligible but my dependent is not. Can I enroll them in an IBM Medical Plan option and not enroll myself in one of the plans through Extend Health?
No, you must enroll in a medical plan option through Extend Health in order for a dependent to be eligible for IBM’s non-Medicare plan options.
Note: need design team determination if this is the way pre-65 eligibility will be determined.

Q9. My spouse and I are both retired-IBMers eligible for the Extend Health Medicare Exchange. Can I enroll as a Medicare dependent under my spouse’s coverage? Will each of us receive an HRA?
If you and your spouse are both Medicare-eligible, you must each enroll in individual coverage. Each of you will receive an HRA.

Q11. If I deplete my FHA, do I then receive the HRA moving forward?
No. Once you deplete the FHA, in accordance with the rules of the FHA, you become eligible for Access Only for which there is no IBM subsidy.

Q12. I am an IBM post-65 retiree eligible for a subsidy. My spouse also is an IBM post-65 retiree eligible for a subsidy. Can we use each of our HRA amounts to be reimbursed for the other’s eligible expenses?
Yes.

ESC

Q1. Will I be able to pay for the coverage I obtain via the Extend Health Medicare Exchange through deductions from my pension?
No, you will no longer be able to pay for coverage through pension deduction because IBM will no longer be administering health plans for Medicare-eligible retirees. Instead, for retirees eligible for an IBM subsidy, IBM will contribute to a Health Reimbursement Arrangement, from which you will be able to get reimbursed for health care premiums as well as other expenses previously described.

Q2. I have not received the mailing. Who do I call?
If you have not received the announcement package by September 6, call Extend Health at 1-855-359-7380 (TTY: 711), 8 a.m. to 9 p.m Eastern Time, Monday through Friday.

Q3. What is IBM’s role with retirees after the transition to Extend Health?
IBM will no longer provide this support as it has through the IBM Employee Services Center. Extend Health will become the primary contact throughout the transition for information and enrollment, and will provide ongoing support not only for the transition, but for 2014 and beyond.
**Q4.** I currently pay for my health plan coverage through a pension deduction, one month in arrears. With Extend Health, I need to pay my first contribution (for January 2014) in 2013. Will this mean that I will need to make dual payments?

Yes. At the time you enroll, you will be required to make the first monthly premium payment for 2014 coverage through Extend Health. In addition, payment for your current 2013 IBM coverage will continue to be deducted from your pension through January 2014. Your January pension deduction will be for payment of your December 2013 IBM coverage.

In addition, when you begin regular payments for 2014 coverage starting in January 2014, there will be a second payment due for the coverage you had in December 2013. Additionally, because the Extend Health plans bill in advance, you will need to pay for February 2014 invoice in January 2014.

**Note:** Based on discussion, it’s probable that most retirees will see two months of double payments – IBM plans and Extend Health.

**Q5.** I’m planning to retire in 2014 when I turn age 65. Will I be able to call Extend Health to find out what my plan options will be and the cost so I can start planning before my retirement?

Yes.

**Q6.** I’m currently enrolled in the Kaiser-Permanente plan and wish to remain with Kaiser. How do I enroll for 2014 coverage?

Contact Extend Health first. They will refer you to a Kaiser number for information on how to enroll. Once you have completed enrollment, you must call Extend Health and tell them you have enrolled with Kaiser in order to receive the HRA contribution (if eligible).

**Note from JB:** I’m sure that Kaiser will be mailing to the participant directly for instructions on how to enroll in an individual Kaiser plan. We should indicate that’s where they’ll obtain Kaiser information from. The second part of the answer is correct in that they do need to contact Extend to access their HRA.

**Q8.** I currently receive a reimbursement of $24.80 in my monthly pension for Part B premium reimbursement. Will this continue?

Yes.

**Q9.** I currently receive my Medicare Part B premium reimbursed through the Special Health Assistance Provision (SHAP). Will this program continue?

Yes. You can continue to submit claims for reimbursement of the Medicare Part B premium through SHAP as you do today.
Q10. Do I need to take any action to disenroll from my current plan?
No. The group plan options under the IBM retiree medical plan for Medicare-eligible retirees will end after December 31, 2013, regardless of whether you enroll through Extend Health.

Q11. I received a mailing from the administrator of my current health plan. What should I do with it?
Health plans may be required by the Centers for Medicare & Medicaid Services to provide certain notices when group health plan coverage ends. Call your health plan to determine if there are specific actions you should take.

Q12. Who do I need to contact when I have a change of address, divorce, etc.?
You should separately contact the IBM Employee Services Center, Extend Health and your health plan.

Q13. How will my non-Medicare eligible dependent be billed for the IBM plans they are enrolled in?
The same billing options will continue to apply going forward: pension deduction, automatic bank withdrawal (ABW) or direct bill invoicing. HRA claims cannot be submitted for reimbursement for any cost associated with coverage for non-Medicare dependents.

Q14. Will my non-Medicare dependents be able to make enrollments themselves during enrollment or do I have to log in to NetBenefits or call to make those elections and call Extend Health separately?
The retiree is the recordholder of the dependent’s coverage, so will need to log in under their account to enroll their pre-65 dependents, or alternatively, call the Employee Services Center to enroll their pre-65 dependent.

Q15. I’m not eligible for Medicare but my dependent is. Do I have to call Extend Health or does my dependent?
Neither of you need to call Extend Health, because you and the Medicare-eligible dependent will continue to be eligible for IBM’s pre-65 retiree plan options. As such, you will continue to call the Employee Services Center. When you turn 65, coverage under the IBM group plan options will end. Both the Employee Services Center and Extend Health will send you information related to your turning age 65 and becoming Medicare-eligible approximately three months prior to your 65th birthday.

Q16. Who made the decision to make this change? Can I file an appeal to IBM (or) who can I speak to at IBM about this?
IBM made the decision. There is no appeals process.

Q17. As a result of this transition, will I be able to enroll in COBRA so I (my dependents) can keep my (our) current IBM benefits?
No. The transition to Extend Health is not a COBRA-qualifying event. **Note:** If you are 65 years of age or older when you retire, you can choose to enroll in COBRA, which would be secondary to Medicare.

**Q18. I became Medicare-eligible due to disability six months ago, but did not enroll in Medicare. Will this change be retroactive?**

Coverage through Extend Health will not be retroactive. A delay in enrolling in Medicare could result in your inability to enroll in coverage through Extend Health. You should contact Medicare or Extend Health to discuss specifics.

**Q19. I’m an active employee 65 (or over), but will be leaving IBM. Will my Retirement Benefits Counselor at the ESC help me with my health benefits and if not, when do I need to contact Extend Health to enroll?**

Your Retirement Benefits Counselor will not be able to assist with your 2014 health benefits decision.

It's very important that you follow the necessary steps to enroll in Medicare (Part A and Part B) as soon as possible (even if you are still actively employed and covered under the IBM Group Plan) to avoid any delay in coverage once you retire. You should not wait until you retiree on December 31, 2013 to enroll in Medicare. You must be enrolled in Medicare on the effective date of any coverage you enroll in through Extend Health. Any delay regarding enrollment in Medicare will have a negative impact in your ability to enroll in coverage through Extend Health with the earliest possible effective date and could result in a gap in coverage.

You must make an enrollment election in order to have medical coverage in 2014 through this new plan; you will not be automatically enrolled in any plan offered through Extend Health. While your retirement and eligibility information will be sent to Extend Health after your actual retirement date, you may call Extend Health to discuss your health plan options at any time prior to your retirement. In order to ensure that your coverage as elected through Extend Health is effective as of January 1, 2014 you will need to make your enrollment election prior to your retirement and your elections will be recorded with a future effective date of January 1, 2014.

To learn more about the steps required to enroll in Medicare Part A and B, and Medicare effective dates please visit [http://www.medicare.gov/sign-up-change-plans/index.html](http://www.medicare.gov/sign-up-change-plans/index.html) or call 1-800-Medicare.

Please also note that as a new retiree, you are also eligible for COBRA at the full COBRA rate. Please keep in mind however, that because you are eligible for Medicare, COBRA coverage will be secondary to Medicare.

**Q22. Are there any other benefits changing for post-65 retirees?**
With the termination of the IBM group Medicare plan options, the Managed Mental Health Care Program and the Employee Assistance program (EAP) will also end for post-65 retirees. There are no other changes to benefits.

**Aetna MA**

**Q1. What do I need to do?**
Current participants in the Aetna Medicare Plan (PPO) and Aetna Medicare Plan (HMO) have a choice to make: you can remain in your current plan for 2014, or elect to enroll in coverage through the Extend Health Medicare Exchange. Call an Extend Health benefit advisor to understand your options. If you decide to continue your Aetna plan for 2014, you do not need to take any action. You will simply maintain your current coverage.

**Q2. Will I receive a Health Reimbursement Arrangement if I stay with my current Aetna plan?**
If you choose to remain in the Aetna PPO or HMO plan, you will not receive an HRA for 2014. If you enroll with Extend Health you will. Details on how an HRA works is in the accompanying newsletter.

**Q3. Who do I contact for more information?**
Beginning October 1, you can call Extend Health [number] to speak with a benefit advisor who can help you decide the best plan for you. You can call the IBM Employee Services Center at 1-800-796-9876 with questions about your current Aetna plan.

**Q4. What changes will I see in my Aetna coverage if I remain in the PPO or HMO plan?**
The most important change is the formulary for prescription drugs, which means some drugs will cost more unless you choose the generic equivalent. Speak to a benefit advisor to learn more about these changes.

**Q5. Which medical plan available through Extend Health is most like the Aetna plan I have?**
Call an Extend Health benefits advisor to understand both the plans offered through Aetna and the Extend Health Medicare Exchange.

**Pharmacy**

**Q1. Will CVS Caremark be transferring my open refills to my new Rx vendor or will I have to get all new prescriptions?**
When you enroll in the new plan for 2014, you will need to contact your doctor(s) to obtain new prescriptions for any medications you will continue to use in 2014. You will need to contact the new health plan for information on how to fill a new prescription.
You can also work with the Extend Health benefit advisor to obtain information on participating pharmacies and the refill process.

Q2. I currently take a medication that requires a prior authorization. Will that transfer to my new provider?
No. When you enroll in the new plan for 2014, you will need to contact the new health or prescription drug plan for help in identifying those medications that require prior authorization. In fact, you should discuss personal circumstances with the Extend Health benefit advisor who may be able to assist in obtaining this information for you.

Q3. Will the same medications that are covered today be covered under the new plan?
The prescription drug plans available on the Extend Health Medicare Exchange must cover the same medications approved by Centers for Medicare & Medicaid Services for Medicare Part D plans. Coverage may vary for prescription medications that are not required by the CMS to be covered, or for brand medications. You will need to provide a list of medications to the Extend Health benefit advisor who will help you determine which prescription plan is best for you.

Q4. Can I still go to my local CVS retail pharmacy to get 90 days of medication?
You will need to find out from the new health plan providing prescription coverage for 2014 whether they use CVS Caremark as their pharmacy benefit manager and whether this option is offered. If this is important to you, be sure to inform the Extend Health benefit advisor.

Q5. I have a spouse in a nursing home whose medications are covered under the plan today. Will that be true in the new plan?
You will need to find out from the new health plan providing prescription coverage for 2014 whether they use CVS Caremark as their pharmacy benefit manager and whether this option is offered. If this is important to you, be sure to inform the Extend Health benefit advisor.

Briefings

Q1. Why can’t you tell us how much IBM will contribute to the HRA for me?
IBM will communicate personal HRA contribution amounts in early October, when enrollment begins and plan rates are available, and when you can review individual plan options and premiums with a benefit advisor to help you understand what the HRA can buy. There is no context to the size of the contribution until you see the Medicare Exchange options and premiums. [needs careful review]

Alt 1 for Retirees: The aggregate amount of IBM's contribution is consistent with previous years, but will come to you in the form of an HRA contribution for you to spend, versus through a premium subsidy as we do today.
Alt 2 For LTders: This new approach will help stretch healthcare dollars further than they do currently.

Q4. Is there a commitment from IBM to continue to make contributions to the HRA each year? Will the HRA contribution change from year-to-year (adjust for inflation or increases in the premiums I have to pay for individual coverage)?
IBM will contribute to the HRA annually. The aggregate amount that IBM subsidizes will not change. It is not our intention to change the HRA amount from year to year. However, IBM reserves the right to increase or decrease the HRA amount in the future. [needs careful review]

Q5. Can you honestly tell me that IBM will not be saving money by making this change?
Yes, the aggregate amount that IBM subsidizes is not changing. [needs careful review]

Q6. What’s going to happen if health care reform is repealed?
The Affordable Care Act does not directly affect Medicare-eligible retirees. Medicare is not part of the state Health Insurance Marketplace established by ACA, so there would be no impact.

Q7. Is IBM moving all retirees to exchanges? What about employees?
IBM is transitioning retirees who are Medicare-eligible. There are no changes in health plan options for pre-65 retirees or active employees for 2014.

H&W vendors (may receive calls to be redirected to EH)

Q1. I received information from IBM that my plan has to change for 2014 and I will no longer have coverage through [vendor name]. Can you help me?
IBM’s group coverage for Medicare-eligible retirees will be ending after December 31, 2013. [Vendor name] will continue to process, and help you with questions related to, any claims you have for services received in 2013.

Extend Health will be providing coverage options through their Medicare Exchange for IBM’s Medicare eligible retirees effective January 1, 2014. If you have questions related to this change, please contact Extend Health, 1-855-359-7380 (TTY: x-xxx-xxx-xxxx), 8 a.m. to 9 p.m. Eastern Time, Monday through Friday.

The plans should also make sure that they tell participants that in order to receive their HRA from IBM that they need to enroll in a medical plan with Extend (other than Kaiser).

Q2. My non-Medicare-eligible dependent has a health condition. If they have to change plan administrators, will there be a transition of care period where they can continue to use the same provider?
Please discuss with the new health plan administrator whether your dependent is eligible for transition of care.