Frequently Asked Questions (FAQs) for

AT&T Medicare-Eligible Retirees and Medicare-Eligible Dependents Transitioning to the Aon Retiree Health Exchange ("the Aon Exchange")

These questions and answers reflect topics that have been asked frequently during the Educational Meetings and Webinars and/or questions asked to the Aon Retiree Health Exchange Service Center.

Since these FAQs were last posted on September 16, 2014, the following three FAQs have been added and marked below as "NEW!": 6, 19 and 20.

These responses represent high-level, general answers. Please contact the Aon Retiree Health Exchange or your Benefits Advisor at 800-928-8027 (TTY use 711 Relay) with any additional questions not covered here.

IMPORTANT:

- These FAQS apply only for 2015 and assume that the individuals are eligible to transition to the Aon Retiree Health Exchange effective Jan. 2015.
- FAQs regarding the HRA also assume that the individual is or would be eligible for a subsidy toward AT&T retiree health coverage in 2014.
- HRA provisions will be governed by the terms of the AT&T Medicare-Eligible Health Reimbursement Account Program as they change from time to time. This program document is available to retirees in October.

ELIGIBILITY

1. What are the requirements for enrolling through the Aon Retiree Health Exchange?

In order to be eligible to transition to the Aon Retiree Health Exchange ("the Aon Exchange") to enroll in individual insurance coverage available through the Aon Exchange, you must be an AT&T retiree or dependent of an AT&T retiree who is at least 65 years old, and is eligible for Medicare Parts A and B as your primary coverage. For Medicare Advantage and Medigap plans, through the ARHE Exchange, you must be enrolled in both Medicare Part A and Medicare Part B. For Prescription Drug Plans (Medicare Part D) through the Aon Exchange, you must be enrolled in either Medicare Part A or Medicare Part B.

2. If I'm 65 or older and have coverage as an active employee or as a dependent of an active employee from another employer (not retiree coverage), can I enroll through the Aon Retiree Health Exchange?

No. Because you are employed or have coverage as an active employee or as a dependent of an active employee through another employer, Medicare is not your primary coverage. If you are not eligible for Medicare <u>as your primary coverage</u>, you will not be able to enroll in individual health insurance through the Aon Retiree Health Exchange. However, if you dis-enroll in your coverage from another employer and timely enroll in Medicare Parts A and B, you will be eligible to enroll in Medicare Advantage and Medigap plans through the Aon Retiree Health Exchange. In order to enroll in Prescription Drug Plans (Medicare Part D) through the Aon Exchange, you must be enrolled in either Medicare Part A or Medicare Part B.

3. If I am younger than 65 and Medicare eligible, will I be transitioning to coverage through the Aon Retiree Health Exchange for coverage effective January 1, 2015?

In order to be eligible to transition to the Aon Retiree Health Exchange to enroll in individual insurance coverage available through the Aon Exchange, you must be an AT&T retiree or dependent of an AT&T retiree who is at least 65 years old and eligible for Medicare Parts A and/or B as your primary coverage. If you are Medicare eligible but will not be 65 years old by February 1, 2015, you are not in scope to transition to the Aon Retiree Health Exchange and your eligibility to enroll in AT&T group health coverage will not be affected. For more information about enrollment in the AT&T group plan, please wait for more information that will be mailed to you before annual enrollment this fall, or contact the AT&T Benefits Center toll-free at 1-877-722-0020 from 7 a.m. to 7 p.m. Central time, Monday through Friday.

4. I am turning 65 between now and February 1, 2015. What do I need to do?

If you turn 65 on or before February 1, 2015, you will be eligible for transition to the Aon Retiree Health Exchange, and you will no longer be eligible for coverage under the AT&T sponsored group health plan.

You should receive information from Social Security well in advance of your 65th birthday. Take action as instructed to ensure you are enrolled in Medicare Parts A and Part B for the remainder of 2014. Enrollment in Medicare Parts A and B is important to maintain your current level of benefits under AT&T retiree group coverage. You can contact the AT&T Benefits Center toll-free at 1-877-722-0020 from 7 a.m. to 7 p.m. Central time, Monday through Friday to learn more.

You will then need to participate in all activities to enroll in an individual insurance policy through the Aon Retiree Health Exchange for 2015, including the Enrollment Appointment with your Benefits Advisor. Appointments begin on October 1 and end in December.

If you do not take action to enroll in coverage through the Aon Retiree Health Exchange, you will not have coverage through the coverage options on Aon Retiree Health Exchange in 2015, nor will you default into any coverage. In addition, your AT&T coverage will end effective December 31, 2014, and you will not default into AT&T group coverage.

5. My spouse and I are both AT&T former employees/retirees. How do we know if we will transition to the Aon Retiree Health Exchange or if we will receive an HRA?

For questions about coverage options for you and your spouse through the Aon Retiree Health Exchange, please contact your Benefits Advisor to discuss your specific situation.

For questions about your eligibility for the AT&T group coverage, and/or for questions about you or your dependents' eligibility for an HRA, please contact the AT&T Benefits Center toll-free at 1-877-722-0020 from 7 a.m. to 7 p.m. Central time, Monday through Friday.

6. **NEW!** If I retire under the current bargained agreement, when do I become eligible for coverage on the Aon Retiree Health Exchange?

Medicare-eligible (age 65+) retirees who terminate employment during a current bargained agreement, will become eligible to purchase coverage through the Aon Retiree Health Exchange as of January 1 of the year after the year in which that contract expires.

HEALTH REIMBURSEMENT ACCOUNT (HRA)

7. What are the requirements for receiving an HRA in 2015? What is the amount of the HRA?

The following are eligibility requirements in order to have an amount credited under the AT&T Medicare-Eligible Health Reimbursement Account Program in 2015:

- You must be a retiree or a dependent of a retiree who has enrolled in Medicare Parts A and/or B where Medicare is primary, and who is eligible to receive a subsidy from AT&T toward the cost of your 2014 retiree health coverage.
- You must enroll in medical and/or prescription drug coverage through the Aon Retiree Health Exchange.

If you currently pay 100% of the contribution cost of your AT&T retiree health coverage, you are NOT eligible to receive an HRA.

Choosing to only remain covered in AT&T's Care Plus plan or only enrolling in a dental and/or vision plan through the Aon Exchange will not meet the requirements for eligibility.

The HRA amount for your household will be communicated during the Education Appointments taking place with Benefits Advisors, which begin July 1 and continue through September and will depend on you and your eligible dependents actually enrolling in medical and/or prescription drug coverage through the Aon Retiree Health Exchange.

8. Can HRA credits be used to reimburse expenses incurred for plans that are not purchased through the Aon Exchange?

The HRA is established after an eligible individual enrolls in a medical and/or prescription drug plan through the Aon Exchange. Once the HRA is established, any eligible expenses that this individual submits for himself for reimbursement will be processed. For example, if the individual is enrolled in a prescription drug plan through the Aon Exchange and is enrolled in a Medigap plan outside of the Aon Exchange, eligible expenses incurred under either plan may be reimbursed through the HRA. Note, however, that the premium auto-reimbursement feature will not be available for non-Aon Exchange plans. Claims will need to be submitted manually.

9. Are dental and vision expenses eligible to be reimbursed through the HRA?

If you have an HRA account, you may use it to reimburse your dental and vision premiums as well as eligible out-of-pocket expenses.

10. If I decide not to enroll through the Aon Retiree Health Exchange, will I receive a cash allocation to enroll elsewhere?

No. An HRA from AT&T is provided in 2015 only to those who are eligible and who purchase medical or prescription drug coverage through the Aon Retiree Health Exchange. A cash payment is not available.

BENEFITS ADVISOR APPOINTMENTS

11. Do I need to attend the Benefits Advisor appointments? How long will my appointments with the Benefits Advisor last?

We recommend attending both of your Benefits Advisor appointments to walk you through the steps to prepare for, and enroll in, 2015 coverage. If you prefer to learn

and enroll online on your own, the final step (required by law) will be to call, answer a few questions and provide your voice signature. If you have access to other coverage through a new employer or spouse/partner and will not need to find additional coverage, you should call and cancel your prescheduled appointment. If you do not purchase either medical or prescription drug coverage through the Aon Retiree Health Exchange, you will not receive a 2015 HRA, even if you would be otherwise eligible.

Your Benefits Advisor is willing to take as much time as you need. Generally, your appointments will last 45 minutes to one hour. There are steps you can take before your appointments to shorten them, such as going online to the Aon Retiree Health Exchange website to enter the requested information. See the checklist in your Personalized Education Kit for details.

12. Do I have to go online, or can I just talk to a Benefits Advisor? Conversely, do I have to talk to a Benefits Advisor, or can I do everything online?

You don't have to go online if you don't want to. You can complete all the steps you need by reading the print materials sent to you and talking one-on-one with your dedicated Benefits Advisor.

Should you choose to, you can complete nearly all the steps you need online. However, to confirm your enrollment, you'll need to speak briefly by phone with a Benefits Advisor. The Centers for Medicare and Medicaid (CMS) govern the activities of the Aon Retiree Health Exchange. It is a requirement of CMS that each retiree who enrolls through the Aon Exchange (whether enrolling online or by calling the service center) listens to and confirms a series of questions related to the enrollment and provides their voice signature as the final step.

13. Can I meet with a Benefits Advisor face-to-face?

The Aon Retiree Health Exchange only offers over-the-phone appointments, providing you one-on-one support from a Benefits Advisor in an environment where you feel most comfortable, such as your home. Not only is this a practical approach to serving such a large, disperse retiree population, it also provides a more controlled environment in which to monitor appointments for quality and CMS compliance requirements to protect your interests. If you have a unique situation, please let us know when you confirm your appointment and we will do our best to accommodate.

INSURANCE COVERAGE OPTIONS

14. How many coverage options will I have? When will I know the carriers who will be on the Aon Exchange?

You will be able to view the 2015 options available to you on the Aon Retiree Health Exchange website beginning October 1, 2014. Before then, you can see current 2014 plans and prices online at retiree.aon.com/att. While they may not reflect 2015 plans and prices yet, this will give you a good idea of the number of options and range of prices you can expect to see this fall. If you have questions about the options available to you, please contact your Benefits Advisor.

15. Do I have access to AARP medical plans through the Aon Retiree Health Exchange?

Yes, the exchange represents United Health Care AARP plans. While AARP does not authorize their Medigap plans to be reviewed online, all AARP plans are available through your Aon Retiree Health Exchange Benefits Advisor. You must be an AARP member in order to enroll in an AARP plan. Your Benefits Advisor can help you obtain a membership if you don't already have one.

16. Why can't I see 2015 insurance plans and prices before October?

Insurance carriers must obtain approval from CMS (Centers for Medicare & Medicaid Services) and state DOIs (Department of Insurance) before they can publish 2015 plan details and rates – and they are not permitted to publish them until October 1.

Medicare plans and rates have historically been relatively stable, so 2014 rates and plans are a good proxy for 2015. Many retirees use the Aon Retiree Health Exchange website to review current information. If you cannot see any plans in your area when on-line, be sure you have requested a 2014 coverage effective date. If you enter a 1/1/2015 date before October 1, there will be no plans shown in your area.

17. Does AT&T choose the insurance coverage options that are offered through the Aon Exchange?

No. Individual insurance policies available for enrollment through the Aon Retiree Health Exchange, including their administration and claims processing, are not designed, selected, sponsored or endorsed by AT&T.

18. What happens to my other coverage, such as CarePlus and life insurance, when I begin participating in a policy offered through the Aon Retiree Health Exchange on January 1, 2015?

Your eligibility for CarePlus and life insurance benefits from AT&T is unaffected by the introduction of the Aon Retiree Health Exchange. Please contact the AT&T Benefits Center toll-free at 1-877-722-0020 from 7 a.m. to 7 p.m. Central time, Monday through Friday if you have any questions about your CarePlus eligibility or enrollment.

19. NEW! Once I have enrolled, can I change my plan each year?

Yes, you can change plans, but there may be some important limitations you need to consider.

Medigap Plans – If your coverage in the AT&T group health plan is ending, you are granted a Special Enrollment Period which allows you to enroll in many Medigap plans without having to answer medical questions on the application. You are "guaranteed issue". However, if later you wish to change to another Medigap plan, you may be subject to medical underwriting, where medical questions are asked. Because the rules can vary by carrier and state, you'll want to talk with a Benefits Advisor to consider your options.
Medicare Advantage Plans – As long as you do not have End Stage Renal Disease, you can enroll in a Medicare Advantage plan or change to a different Medicare Advantage plan each year during the Open Enrollment Period without having to answer any medical questions (guaranteed issue every year).
Prescription Drug Plans – During this initial enrollment Special Enrollment Period - and during future Medicare Annual Open Enrollment Periods, retirees are allowed to enroll in any prescription drug plan they like without having to answer any medical questions (guaranteed issue every year).

20. NEW! How does my age impact a premium I am quoted?

Age can be a factor in the pricing of some Medigap plans. In some states, Medigap premiums vary based on age, gender and tobacco use. In other states, Medigap premiums are based on community rates, where everyone in the same geography pays the same premium regardless of age, gender or tobacco use. Medicare Advantage and Prescription Drug Plans are priced at a county level. All retirees in a given area pay the same rate. Your Benefits Advisor can discuss this with you during your enrollment appointment, but you can also see details on how a carrier's premium is determined (age, county, etc.) by reviewing the plan documents available on-line at retiree.aon.com/att.

Premium rates can change annually. All insurance premium rates are approved each year by either Medicare or your state's Department of Insurance.

21. If my dependent and I are both Medicare-eligible, do we have to enroll in the same Medicare plan through the Aon Retiree Health Exchange, or can we enroll in separate Medicare plans?

You and your dependent can enroll in separate insurance policies through the Aon Retiree Health Exchange. During your Enrollment Appointment, your Benefits Advisor will review the health coverage needs of you and your dependents and recommend the coverage(s) that best meets the individual needs of each of you. If you decide to enroll in the same type of policy, you would each still need to complete separate applications.

SURVIVORSHIP

22.I am a surviving spouse of an AT&T retiree. Will I be transitioning to coverage through the Aon Retiree Health Exchange?

If you are a survivor who meets the criteria for transition to the Aon Exchange and if you would have been eligible under the terms of the AT&T group health plan, you will be eligible for transition to the Aon Exchange. Please contact your Benefits Advisor or the Aon Retiree Health Exchange at 800-928-8027 (TTY use 711 Relay) for further information.

23.I am an AT&T retiree and my spouse and I will be enrolling through the Aon Retiree Health Exchange for insurance coverage effective January 1, 2015. What happens to my spouse's coverage and/or subsidy (if eligible) when I am deceased?

Your spouse's coverage purchased through the Aon Exchange is individual insured coverage and will not be impacted by your death. The following will apply to eligibility for continued reimbursement of eligible medical expenses through an HRA under the AT&T Medicare-Eligible Health Reimbursement Account Program:

- If your spouse's health expenses were eligible for reimbursement through the HRA during your life, they will continue to be eligible for reimbursement after your death from any remaining available amounts
- Upon your death in 2015, the HRA will be credited with an additional amount equal to the full 2015 dependent credited amount the first of the month after notification of death.
- COBRA continuation rights will apply and your spouse will receive the applicable notices.

24. If the dependent (including a spouse) of a retiree dies, and there is a remaining balance in the dependent's qualifying HRA account, will the surviving retiree have access to that HRA balance?

If both the retiree and dependent were eligible for enrollment in the Exchange and an HRA, then the surviving retiree would have access to the full amount remaining in the HRA for reimbursement of eligible expenses of the deceased dependent and the retiree. Expenses incurred by the dependent prior to the dependent's death must be submitted by June 30th of the year following the death, unless a claim or appeal is filed that extends this period.

If only the dependent was eligible for enrollment in the Exchange and an HRA, then the surviving retiree has access to amounts remaining in the HRA for reimbursement of the deceased dependent's eligible expenses. Expenses incurred by the dependent prior to the dependent's death must be submitted by June 30th of the year following the death, unless a claim or appeal is filed that extends this period. Any funds remaining in the account will become available to the retiree for use when the retiree later enrolls in the Exchange.

25. What benefits will my survivor get if he/she is not Medicare-eligible at the time of my death?

To find out what benefits surviving spouses who are not Medicare-eligible receive, refer to your group health plan Summary Plan Description (SPD) for health coverage available to surviving spouses. This SPD can be found on the AT&T Benefits Center website through resources.hewitt.com/att. From the home page, choose Health and Insurance and then Summary Plan Description (SPD) from the drop down. To request a free printed copy of the SPD, you may call the AT&T Benefits Center toll-free at 1-877-722-0020 from 7 a.m. to 7 p.m. Central time, Monday through Friday.

MEDICARE PART B PREMIUMS

26. If I'm currently receiving a reimbursement from AT&T for the cost of my Medicare Part B premium, will I continue receiving that reimbursement after coverage under the AT&T group health plan ends on December 31, 2014?

You will no longer receive a direct reimbursement for all or part your Medicare Part B premium. However, in determining the amount to be credited to an HRA established under the AT&T Medicare-Eligible Health Reimbursement Account Program in 2015 for participants who are eligible to receive it, the company took into consideration the amounts paid toward the cost of retiree health benefits (including Medicare Part B premium reimbursements). Medicare Part B premiums are an eligible expense to be reimbursed under the HRA.

27. How do I provide proof of my Medicare Part B premium payment?

Each year, Social Security will provide you a statement in December indicating the monthly Medicare Part B premium that will be deducted from your Social Security check in the upcoming year. This statement, or your first bill for Medicare Part B if you do not receive a deduction from a Social Security check, can be submitted with one Premium Auto Reimbursement claim form, triggering you to receive this reimbursement every month for the remainder of the year. There is no need to submit it again until your monthly amount changes. You'll learn more about how to submit claims in the HRA Welcome Kit that will be mailed to your home in mid-December.

MISCELLANEOUS

28. Since my coverage under the group health plans is ending, what happens to the pension deduction or bill I receive today to pay for my benefits for the AT&T group health plans?

Any pension deductions or direct bills you receive for your medical, dental or vision coverage will end with the statements you receive for coverage through Dec. 31, 2014, with the exception of CarePlus premiums. Deductions or direct bills for medical, dental, and vision coverage for individuals not moving to the Aon Retiree Health Exchange as well as deductions or direct bills for CarePlus and life insurance for all individuals will not be affected.

29. Can I see a copy of the Education Appointment Summary online?

Yes. The appointment summary is produced following your education appointment. It highlights the key themes from the call with your Benefits Advisor, confirms your potential HRA amount (if applicable) and serves as a reminder about the type of Medicare plans (Medicare Advantage or Medigap) you are most interested in reviewing when you have your Enrollment Appointment.

If you have an e-mail address on file, you will receive a message with a link to the Appointment Summary, available through your on-line account. You will need to log into the site using your Username and Password, if you are not already logged in.

If you no longer have the message and link, you can find the Appointment Summary on your personal account:

- Log in to retiree.aon.com/att using your personal Username and Password
- Click on 'My Account'
- On the left hand side of your screen, a bar will appear. Please select "My Appointments"

• On the My Appointments page, click on the "Needs Assessment" link under the "Appointment Summaries" section

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