

RETIREE BENEFITS

Health Reimbursement Arrangement (HRA).

Benefits for Union Pacific's Medicare-eligible retirees and their Medicare-eligible spouses and/or dependents.



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OneExchange™

from Towers Watson

This guide provides information to help you make sound, timely choices regarding your healthcare.

Union Pacific's retiree medical coverage for Medicare-eligible retirees, and their Medicare-eligible spouses and/or dependents, consists of an expense reimbursement account called a Health Reimbursement Arrangement (HRA). The Health Reimbursement Arrangement (HRA) account is funded by Union Pacific and administered by Towers Watson's OneExchange. The HRA account will be set up in your name, and you will be able to use it to reimburse yourself for insurance premiums and/or other healthcare expenses. You will no longer pay a medical premium to Union Pacific but rather use the funds Union Pacific contributes to your HRA to help pay the cost of your new coverage.

A wide variety of supplemental healthcare plans are available in the individual Medicare market. You have the flexibility to select a Medicare supplemental plan that is right for you, and OneExchange provides services to help you make your decision.

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Why an HRA?

Providing retirees choices

In the past few years, the number of healthcare plans available within the individual Medicare market has sufficiently grown. Retirees now have a wide selection of Medicare supplemental plans to choose from and can customize coverage to meet their individual needs.

To leverage the many choices available, Union Pacific does not provide group health plan coverage to Medicare-eligible retirees, and instead, contributes funds to a Health Reimbursement Arrangement (HRA) account that you can use to offset the cost of the Medicare plan you choose.

An HRA is a tax-free account, set up by Union Pacific for you to reimburse yourself the cost of eligible healthcare expenses, including health insurance premiums.

The Medicare supplemental plan that you select is your own individual plan and is not part of Union Pacific's Retiree Medical Program.

Who is eligible for an HRA?

The information in this guide pertains to Medicare-eligible retirees, Medicare-eligible spouses of retirees, and any non-spouse dependents of retirees who are Medicare-eligible (e.g., due to disability).

Covered family members who are not Medicare-eligible, will be covered by Union Pacific's Retiree High Deductible Health Plan (HDHP) coverage. The materials in this guide apply only to Medicare-eligible members.

Please note if you waived coverage at the time you retired from Union Pacific, the information in this guide does not apply to you. If you were eligible to elect Retiree Medical Program coverage and waived your right to do so, you may only later enroll yourself if all of the following conditions are met:

1. You were covered under a group health plan or health insurance coverage at the time coverage under this Plan was previously offered to you;
2. Your coverage was terminated as a result of loss of eligibility for coverage, the employer's contributions were terminated, your coverage under COBRA was exhausted, or you lost eligibility for coverage due to a relocation; and
3. You request enrollment of yourself in this Plan not later than 30 days after the date of the loss of coverage event.

How does an HRA work?

A Health Reimbursement Arrangement (HRA) is an account set up in the retiree's or surviving spouse's name that can be used to reimburse the cost of eligible healthcare expenses on a tax-free basis. OneExchange is the administrator for Union Pacific's HRA. This means you will submit HRA claims to OneExchange for reimbursement. Following are some HRA-qualified healthcare expenses that can be reimbursed:

- Premiums for individual Medicare insurance such as Part B, Medicare Advantage, Medigap and Part D Prescription Drug plans.
- Out-of-pocket medical expenses like deductibles and co-pays or coinsurance incurred by you or your eligible dependents.
- Dental and vision plan premiums and out-of-pocket expenses.

How do I get reimbursed from my HRA?



*Many insurance carriers automatically will submit HRA claims on your behalf for premiums paid if you elect that option. Be sure to ask your OneExchange adviser if the plan you select includes the auto-reimbursement feature.

HRA REIMBURSEMENTS

OneExchange will mail you an HRA Guide with instructions on how to access your HRA account and file claims for reimbursement. The HRA Guide also will provide a complete list of HRA-reimbursable expenses. Under existing IRS regulations, HRA reimbursements for eligible healthcare expenses are NOT taxable.

Your reimbursements will be made by check and mailed to your address on file with OneExchange, or you will have the option to receive your reimbursements by direct deposit. We encourage you to establish direct deposit, as you will receive your reimbursements more promptly. OneExchange will provide additional instructions in your *HRA Guide*.



What is my HRA amount?

UNION PACIFIC HEALTH REIMBURSEMENT ARRANGEMENT (HRA) FUNDING

Number of Medicare-eligible currently covered by the UP Retiree Medical Program	Annual amount (\$)*
One person	\$1,200
Two or more persons	\$1,860

*The above HRA amounts are annual Union Pacific contributions. Funding for new enrollments in the HRA during the calendar year are prorated by the number of months enrolled in the HRA. Union Pacific reserves the right to amend its annual funding at any time.

What happens next?

OneExchange's Advisory Services

Choices can be overwhelming. That's why OneExchange's voluntary services are available to offer assistance. If you take advantage of these services, here's what to expect:

When?	What happens?
30-60 DAYS PRIOR TO BECOMING MEDICARE ELIGIBLE	<p>Getting Started</p> <p>You will soon receive a <i>Getting Started Guide</i> from OneExchange with things to think about regarding your Medicare plan coverage.</p> <p>Your Initial Call With OneExchange</p> <p>If you haven't reached out to OneExchange, a OneExchange licensed benefit adviser will contact you to discuss your unique medical and prescription drug needs, verify some basic information and, if you wish, set up an appointment call to help you evaluate and enroll in a Medicare plan with OneExchange's assistance.</p>
FALL	<p>Follow-Up From OneExchange</p> <p>Periodically, you will be contacted by and receive information from OneExchange regarding its services and alerting you to deadlines for enrolling in Medicare plan coverage for the following year. A OneExchange benefit adviser will compare your coverage options and costs based on where you live, and help you enroll in the coverage that is right for you. OneExchange will provide you with your enrollment dates.</p>

UNION PACIFIC
CHOOSE WELL USE WELL

This document highlights the Health Reimbursement Arrangement (HRA) under Union Pacific's Retiree Medical Plan for certain retirees. Union Pacific reserves the right, at its discretion, to amend, change or terminate any of its benefit plans, programs, practices or policies at any time for any reason. Nothing in this document shall be construed as creating an expressed or implied obligation on the part of the Company to establish or maintain such benefit plans, programs, practices or policies.

This booklet contains information regarding Medicare plan coverage options. If you need more information regarding Medicare, you should contact the Centers for Medicare & Medicaid Services (CMS). Rules and plan coverage terms for Medicare are governed by Medicare or the insurance carrier that offers a Medicare plan. A Medicare plan is not a benefit plan established or maintained by Union Pacific, nor is it part of any benefit plan established or maintained by Union Pacific.

