



Understanding the IBM subsidy

Each year, IBM contributes to (or subsidizes) the cost of benefits and administrative expenses under the IBM retiree medical plan. For Medicare-eligible retirees, there are two types of Retirees eligible for an IBM subsidy. The first type are those who receive their IBM subsidy annually (Annual HRA), and others who have a Future Health Account (FHA) that accumulated during their IBM service and was converted to an HRA.

The way the IBM subsidy works for these two population segments is outlined below for 2023.

Annual HRA participants, IBM's subsidy will be either a premium subsidy or HRA credit, depending on which Group Medicare Advantage plan option you enroll in.

FHA participants whose balance converted to an HRA, you will be able to access your entire balance to pay for eligible 213(d) expenses and your balance will accrue monthly interest.

To access your IBM subsidy or HRA you need to be enrolled in an IBM-sponsored Group Medicare Advantage Plan Option administered by UnitedHealthcare.

Note that special rules apply to those currently enrolled in Medicaid, TRICARE, VA Benefits, those living abroad, or you have transitioned from the pre-65 retiree medical plan as a Kaiser participant. Call the IBM Retiree Call Center for details at 877-852-0641.

If you are eligible for coverage, but do not receive an HRA today, you will have access to enroll in these new IBM-sponsored Group Medicare Advantage plan options by enrolling and paying any premium cost – **Access Only**.

Important reminders:

- If you are eligible for a subsidy today, but do not enroll in one of the IBM-sponsored Group Medicare Advantage plan options this year, you are able to enroll in future years, and when you enroll, you will be eligible for the IBM-subsidy at that time.
- The administration of your HRA is with Optum Financial. The IBM Dedicated Optum Call Center can be reached at 866-882-0397 or <https://IBM.Optum.com>

2023 IBM Subsidy by Population Segment

| Population Segment | Population Segment Cohort | Enhanced Plan Option | | Essential Plan Option ² | |
|------------------------|---|----------------------|---------------|------------------------------------|----------------------------|
| | | Monthly Premium | Annual HRA | Monthly Premium | Annual HRA + Part B Credit |
| Annual HRA | Retirees without survivor benefit, LTD and MDIP | \$0 | N/A | \$0 | \$1,300 + \$300 |
| | Retirees with survivor benefit | \$27 | N/A | \$0 | \$1,000 + \$300 |
| | Surviving Spouse of Retiree with survivor benefit | \$82 | N/A | \$0 | \$500 + \$300 |
| FHA/HRA | FHA converted to HRA | \$131.50 | Access to HRA | \$0 | Access to HRA + \$300 |
| Access Only or Spouses | Eligible for coverage, no IBM subsidy (Access only) | \$131.50 | N/A | \$0 | \$0 + \$300 |

Yellow shading indicates where the IBM subsidy by population segment is being applied

Spouses are not subsidized by IBM and eligible spouses pay the full cost of coverage. For Annual HRA participants who elect Surviving Spouse benefits those benefits begin on the passing of the IBMer. Survivor benefits are irrevocable, including if the spouse were to pre-decease the IBMer. FHA/HRA participants spouses can access the balance upon the passing of the IBMer.

LTD participants subsidy is aligned to their LTD leave status, once the LTD leave status is terminated the IBM subsidy will end, even if the participant is still receiving LTD benefits. Eligibility for an IBM subsidy for these individuals following the end of their LTD leave status will be based on their retiree status.