



## What Is a Health Reimbursement Arrangement (HRA)?

BNSF Railway is continuing its financial commitment to you by providing benefit dollars to assist with purchasing health care coverage. However, the delivery method will now be through the commercial market using Extend Health. BNSF's benefit dollars will be provided through a Health Reimbursement Arrangement or HRA.

An HRA is an account funded by BNSF that you can use to pay for eligible health care expenses. When you enroll as a Medicare-eligible participant in a medical plan offered through Extend Health, BNSF will credit your HRA with tax-free benefit dollars around January 1 of each year. You can use the benefit dollars in your account to be reimbursed for:

- Your insurance premiums;
- Your premiums for Medicare Part B and Part D;
- Your premiums for Medigap or Medicare Advantage Plans (Part C);
- Your dental and vision plan premiums and eligible expenses; and
- Your out-of-pocket expenses such as deductibles, co-pays and your share of coinsurance.

The key to the HRA is that you decide how to use your BNSF-provided benefit dollars. Since these dollars are tax-free, your spending power is based on the entire amount credited to your HRA. **In addition, any benefit dollars remaining in your HRA at the end of the year will roll over for you to use in future years, as long as you remain eligible under the BNSF Medical Program and enrolled in a plan offered through Extend Health.** If you have an existing HRA under BNSF's Medical Program, any balance will be rolled into your new HRA, after a 90-day run-out period to allow for processing any pending claims from 2012.

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## How an HRA Works

Beginning in 2013, BNSF will credit tax-free benefit dollars to your HRA, in the amount of \$2,500 **each** per Medicare-eligible retiree and Medicare-eligible spouse (or surviving spouse). A single HRA will be set up for both spouses to use. You will choose and pay for your own health care coverage and can be reimbursed from your HRA to the extent that the benefit dollars are available in your HRA.

### Funding for Your HRA

1. You and Extend Health work together to evaluate the coverage options and select the health care plans that are right for you.
2. You enroll in a plan through Extend Health starting October 18 through December 31.
3. After you enroll, BNSF credits benefit dollars to your HRA around Jan. 1, 2013.

### Reimbursement from Your HRA

1. You pay your monthly premiums directly to your insurance provider.
2. You submit your claim to Extend Health.
3. Extend Health reimburses you each month from the BNSF benefit dollars that have been credited to your HRA.

## Direct Deposit to Your Bank Account

To receive reimbursement for your insurance premiums or out-of-pocket expenses as quickly as possible, and for your convenience, you can set up direct deposit from your HRA to your bank account. Otherwise, reimbursements will be made by check and mailed to you. Extend Health will provide details for setting up direct deposit when you enroll.

## More Information to Come

As outlined in the accompanying letter, Extend Health will mail additional information to you and personally assist you by phone. Information also will be available online at [www.extendhealth.com/bnsf](http://www.extendhealth.com/bnsf), as well as at [www.bnsf.com](http://www.bnsf.com) > Retirees > Exempt Retirees > 2013 Medicare-eligible Enrollment.