Retiree Reimbursement Arrangement (RRA) Specific Questions & Answers For Post-Age 65 Eligible Retirees

Oak Ridge Reservation Cleanup Contract (ORRCC) Retiree Medical Benefit Plan is sponsored by United Cleanup Oak Ridge LLC (UCOR) through a Multiple Employer Welfare Arrangement (MEWA)

January 1, 2023

Q1: What is a Retiree Reimbursement Arrangement (RRA)?
Through UnitedHealthcare (UHC), and its financial services arm, Optum, UCOR, as Plan Administrator, will establish individual notional Retiree Reimbursement Arrangements (RRA's) into which UCOR and participating employers will pay a stipend for insurance purchased by the retiree through the ORRCC Retiree Healthcare Exchange Program. Eligible Post-Age 65 retirees **must purchase medical insurance coverage through the ORRCC Retiree Healthcare Exchange in order to be eligible for the stipend.** All participating employers (i.e., Prime Contractors for their employees and for their eligible subcontractor employees) will contribute to this non-taxable account for their eligible retirees and spouses. Retirees may not contribute to their own funds. Stipend amounts may be used to reimburse eligible retirees for elected medical, dental, vision, prescription, and other eligible out-of-pocket healthcare expenses as outlined in IRS Publication 502, Section 213(d). Stipends may also be referred to as "RRA Benefit Dollars."

Q2: Who is eligible for the RRA contribution (stipend) under the ORRCC Retiree Healthcare Exchange Program?
Post-Age 65 eligible retirees (and eligible Post-Age 65 spouses) that enroll in the ORRCC Retiree Healthcare Exchange Program (and elect medical plan coverage) through UHC will be eligible for the stipend. Surviving spouses of eligible retirees are also eligible to receive a stipend upon enrollment into the ORRCC Retiree Healthcare Program and elect medical coverage.

Q3: Why doesn't my employer simply give me the contribution (stipend) to use to purchase coverage?
If your employer did, you would be taxed on their contribution. The RRA 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 provide assistance for other eligible expenses that can be reimbursed by the RRA.

Q4: How does the RRA stipend work under the ORRCC Retiree Medical Plan?
After you purchase a medical plan through UHC (either on the Health Insurance Marketplace or through their private exchange) under the ORRCC Retiree Healthcare Exchange, your former employer will make a contribution to your new RRA. Although Optum will manage your RRA, it will be set up in your name. You and your eligible Post-Age 65 spouse (through separate RRA accounts) will be able to use it to be reimbursed for qualified healthcare expenses on a tax-free basis. RRA accounts are individualized by the eligible retiree and spouse participant. Any unused amounts will carry forward year to year, which means you will be able to use them to get reimbursed for future medical premiums or IRS Publication 502, Section 213(d) eligible medical expenses.

Q5: How often will my former employer credit my account?
Your former employer will provide the credit to the RRA with an annual contribution. If at any time, you elect to **decline or terminate retiree medical coverage** through the ORRCC Retiree Healthcare Exchange, **no additional amounts will be credited to the RRA (as of the effective date that medical coverage was terminated).**

Q6: How often will my former employer evaluate the annual RRA contribution?
UCOR, as Plan Administrator, will review the annual contribution each year.

Q7: How will the annual RRA contribution be prorated?
Annual stipend amounts will be prorated for off-cycle and qualifying ORRCC Exchange enrollments for medical insurance based on the effective month you enroll. It is important for all enrolled participants to remember that you must submit claims during the current Plan Year, along with a 90-day runout period from end of calendar year for reimbursement under the ORRCC Retiree Exchange Program.

Q8: Will my RRA contribution be forfeited if I leave the plan or will the RRA dollars roll over to the following plan year in the event I re-enroll?
No, if you terminate your coverage voluntarily, your RRA dollars may only be used to reimburse expenses or premiums incurred prior to the loss of coverage date and reimbursement claims must be submitted within the current Plan Year, along with a 90-day runout period from end of calendar year.

Q9: If I turn 65 in the middle of the month, how will the RRA contribution amount be determined?
Your new coverage as a Post-Age 65 participant and RRA amount will be effective the first of the following month.

Q10: Why do I have to enroll in medical coverage on the exchange administered by UHC in order to receive the stipend? As a former Grandfathered Employee, am I not entitled to the stipend benefit for my many years of company service? Can the stipend be paid directly to me?
Certain former employees (i.e., Post-Age 65 retirees and their eligible Post-Age 65 spouses as defined by the Plan documents) are eligible for benefits under the ORRCC Health and Welfare Benefit Plan and the ORRCC Retiree Medical Benefit Plan. Previously, the provided benefits were offered under cost share arrangements for enrolled participants and the cost of the benefits were paid by your former employer to the insurance carriers under group plans to avoid taxation of the benefit. To comply with Plan provisions, eligible retirees and eligible Post-Age 65 spouses must enroll in medical coverage on the exchanges under the ORRCC Retiree Healthcare Exchange through UHC in order to receive the stipend through individual Retiree Reimbursement Arrangements (RRAs). RRA reimbursements for eligible medical and other health care expenses will be paid to participants as incurred and claimed. The employer-provided stipend cannot be paid directly to eligible participants with the ability to maintain a tax-free status.

Q11: Will unused RRA balances carry forward (roll-over) from year to year?
Effective January 1, 2023, UCOR has implemented additional changes to the RRA process by transitioning from the full rollover RRA balance to a different rollover method using a $5,000 fixed-amount approach, along with a 90-day runout period from end of calendar year. Example: A participant has a $6,000 balance at the end of 2022. UCOR will allow a maximum of $5,000 to roll year over year. On January 1, 2023, $5,000 will roll forward, plus the retiree will receive the 2023 subsidy of $2,688. Their available balance for 2023 spending would be $7,688. The remaining $1,000 from 2022 must be spent down during the 2022 run out period against the 2022 plan or it will be forfeited.

Q12: What will happen to any stipend or RRA balance if I terminate coverage in any given year and decided to re-enroll in the retiree exchanges in a subsequent year through annual enrollment or by a qualifying life event?
If you terminate your coverage, your RRA benefit dollars may only be used to reimburse valid expenses or premiums incurred prior to the loss of coverage within the plan year, along with a 90-day runout period from end of calendar year. (See Question 20 for additional information regarding RRA reimbursement timeframes.) No additional amounts will be credited to your RRA. If you re-enroll in a subsequent year at annual enrollment, your new RRA benefit dollars (including any prior year unused RRA amounts) will be established on January 1st of that given year. If you re-enroll in a subsequent year as a qualifying event, new annual RRA benefit dollars will be pro-rated for off-cycle and qualifying event enrollments based on the effective month you enroll in addition to any prior balances.

Q13: As an eligible retiree, I choose not to participate in the ORRCC retiree exchanges, but my eligible Post-Age 65 spouse does, can they participate and receive a stipend?
No, your eligible Post-Age 65 spouse's coverage is contingent upon the eligible retiree being enrolled in medical coverage under the ORRCC Retiree Healthcare Exchange or under the ORRCC Health & Welfare Benefit Program as applicable.

Q14: What is a stipend, how does the process work?
Stipends are notional (budget) amounts that will be provided to eligible retirees and their eligible Post-Age 65 spouses enrolled in medical coverage under the Plan through individual Retiree Reimbursement Arrangements (RRAs) administered by UHC and its financial services arm, Optum. Stipends may also be referred to as "RRA Benefit Dollars." The stipends will be paid by your former employer as a tax-free benefit. However, the RRA fund outlays (payables) to you will only occur as eligible medical and/or health care expenses, per IRS Publication 502, Section 213(d), are incurred and claimed. Participants must incur the allowable expense and submit a claim through Optum in order to be reimbursed. Certain health care expenses through UHC can be established at the beginning of the Plan year (during annual enrollment) on an automatic payment plan. Details will be provided in the annual enrollment materials and information.

Q15: How often should I submit for reimbursement from the RRA?
If you're an enrolled participant, it is your option to submit daily, weekly, or monthly, but valid health care expenses (claims) for reimbursement from the RRA need to be submitted within the current Plan Year, along with a 90-day runout period from end of calendar year. Normally claims should be at least $25.

Q16: Can I receive a partial reimbursement towards my premium amount?
Yes, when you setup your RRA, you will just request that amount (i.e., $100/month).

Q17: Regarding the RRA, can I have a Medicare Advantage Plan come out of my Social Security check?
You can continue having that amount come out of your Social Security check but will have to pay the premiums and show proof of payment to get reimbursed from your RRA.

Q18: Can you use the RRA to get reimbursements for plan premiums as recurring reimbursement?
Yes, instructions will be provided upon enrollment through the RRA information kit that will be mailed to you from UHC.

Q19: Are there any Internal Revenue Service (IRS) tax penalties I should be aware of?
Any expense for which you have received reimbursement through your RRA cannot be used as a medical expense deduction on your federal income tax return and cannot be used to reimburse any other plan covering health benefits, including a spouse's plan.

No medical expense will be reimbursed under the RRA to the extent that either the expense is covered by any other health or accident plan or insurance policy that covers you or your eligible spouse, or if you will be reimbursed for the expense from another source.

Note that medical expenses paid from Benefit Dollars in your RRA are subject to audit by the IRS as well as tax penalties for misused Benefit Dollars.

Q20: What are the RRA Claim Reimbursement Timeframes?

- **Unused RRA Balances (Benefit Dollars) will carry forward from year-to-year ($5,000 limit) and will be available for use, as long as the eligible retiree or eligible Post-Age 65 spouse (if enrolled) meets the Plan eligibility requirements and remains enrolled in medical coverage in the ORRCC Retiree Healthcare Exchange Program.**
- **Enrolled Retiree RRA Claim Submission**
  - Date of Service: Retiree must submit claims within the current Plan Year, along with a 90-day runout period from end of calendar year
  - RRA Claims submitted after the 90-day runout period from end of calendar year will not be reimbursed
- **Loss of Coverage RRA Claim Submission**
  - **Due to Death:** Executor has 180 calendar days to submit a valid claim, but the expense must have a date of service prior to the date of death or be the same as the date of death.
  - **Due to Termination (through cancelation):** your RRA Benefit Dollars may only be used to reimburse expenses or premiums incurred prior to the loss of coverage date. Claim reimbursements must be received 180 days following the last date of active status.
- **Upon Death (after 180 days) - unused RRA Benefit Dollars (balance) will be forfeited**

- **Forfeitures can only occur upon death of the participant**

Q21: What if my spouse and I divorce? Will my former spouse still be eligible to receive the RRA?

Because the ORRCC Retiree Medical Benefit Plan (Plan) RRA is a retiree-only arrangement, not all of the COBRA qualifying events will apply to the RRA. Because the RRA is only offered to retirees and their eligible spouses, the only COBRA qualifying event that would cause a loss of RRA coverage is the divorce or legal separation of the spouse from the covered retiree.

In accordance with the terms of the Plan, once a divorce is reported, the former Spouse will not be eligible to participate in the RRA and will have 6 months after the date of divorce to submit expenses that were incurred prior to the date of divorce. In such an instance, COBRA requires that continuation of RRA coverage extend from the date of the qualifying event for a limited period of 36 months. Divorce among the RRA population must be self-reported and is anticipated to be a very infrequent occurrence.

COBRA dictates that the amount charged to a Qualified Beneficiary (QB) cannot exceed 102% of the cost to the Plan for similarly situated individuals covered under the Plan who have not incurred a qualifying event. Since the entire COBRA RRA employer contribution amount is credited at the beginning of the calendar year, an individual may want to participate in COBRA RRA so that they can access the RRA account balance. COBRA RRA premiums would be direct billed to the QB on a monthly basis.

For detailed information, questions may be directed to the UCOR Health & Welfare Group Lead Manager or the UCOR Benefits Manager.

Q22: What are the 2023 RRA amounts?

For 2023	Annual Employer-Paid Stipend Amount	
	Retiree Only	Retiree Plus Eligible Spouse
Post-Age 65 Retiree	$2,688	$5,376

Q23: I still have questions about the RRA. Who can I call?

If you have questions about the RRA or eligibility, you can contact the Optum Customer Service Center by calling 877-298-2305. Representatives are available Monday through Friday from 8:00 a.m. to 8:00 p.m. EST.