

## New Health Care Options Ahead: What You Need to Know

Dear AT&T retiree,

In your annual enrollment materials for this year, we communicated that beginning in 2015 we will provide certain Medicare-eligible retirees and Medicare-eligible dependents of retirees with coverage through a private health exchange – a step that has already been taken by hundreds of employers nationwide. This does not impact retirees who are not Medicare-eligible. While this change is still nearly a year away, we are committed to providing you with ongoing communication throughout this transition process, starting with the details below.

### What's changing in 2015

Here is a quick snapshot of the changes you can expect in January 2015:

- You will be able to choose the health coverage that best fits your needs by purchasing individual health coverage for yourself and/or your Medicare-eligible dependents.
- AT&T has chosen Aon Hewitt's Retiree Health Exchange to provide a robust shopping experience and counselors that will help you select the plan that's right for you based on a number of factors – including quality and price.
- For those who currently receive subsidized health care from AT&T, we will continue to provide financial support in the form of a Health Reimbursement Account (HRA) to assist you with health care costs. An HRA is a tax-free account that you can use to pay premiums and other eligible health care costs, including deductibles, co-pays, and coinsurance.
- We expect that most AT&T retirees will be able to get equal or better medical and prescription drug coverage for the same out-of-pocket cost.

Aon Hewitt is a trusted provider who has been serving AT&T retirees for more than 10 years. They are also a leader in the private exchange marketplace. We selected them based on their retiree-focused solution and deep knowledge of AT&T's people and health plans.

### What's NOT changing

It is important to understand that this does not impact your current health care coverage for 2014.

### What's next

No action is required from you at this time.

In April, we will provide you with details about:

- The Aon Retiree Health Exchange
- How the HRA account works
- The types of health plans that will be available through the exchange
- How the enrollment process will work

Following that, you will receive:

- An invitation to attend optional informational meetings (in-person or online)
- Access to one-on-one, personal Benefit Advisors from the Aon Retiree Health Exchange

**For more information on why we're making this change, please review the additional information included with this letter (see reverse).**

If you have questions about your current coverage you can call the AT&T Benefit Center at 877-722-2020.

Sincerely,

Marty R. Webb  
Vice President – Benefits  
AT&T

**Private Exchange:  
Different from a Public Exchange**  
The Affordable Care Act created *public health exchanges* run by either individual states or the Federal government. This announcement is not connected to the public exchanges.

**The Aon Retiree Health Exchange is different.** This *private* exchange has successfully enrolled retirees in health insurance since 2005.

## PRIVATE INSURANCE MARKETPLACE IN 2015

### 1. Why is AT&T doing this?

AT&T is proud to be one of only about 28 percent of large employers to provide retiree health care. Quality, affordable health care is one of the most valued benefits by our retirees and one of AT&T's largest investments in our people. We regularly evaluate all AT&T-provided benefits, and have found that this is a way to allow us to continue providing our Medicare-eligible retirees and Medicare-eligible spouses and dependents with subsidized health care.

The private insurance marketplace has emerged as a popular alternative to company-sponsored health care plans. It will provide more options, offered by more insurance companies, than our company-sponsored plan currently offers, giving Medicare-eligible retirees more say in selecting health coverage that is best for them.

The private exchange provides supplemental subsidized support from AT&T for eligible Medicare retirees on top of Medicare. This change does not impact retirees who are not Medicare-eligible.

### 2. How much is the support?

We're still working out the details and we'll share more information in mid-2014.

### 3. How will retiree costs change?

AT&T will continue to provide financial support in 2015 to eligible retirees and their families, and we expect the vast majority of retirees will benefit from more choices and the flexibility to choose an insurance plan with terms and costs that best meets their needs – including lower-cost plans. We expect that most AT&T retirees will be able to get equal or better medical and prescription drug coverage for the same out-of-pocket cost.

### 4. Does this impact dental and vision coverage?

Yes, dental and vision coverage will be offered through the Aon Retiree Health Exchange in 2015. The impacted population will be able to use the subsidy provided by AT&T to purchase medical, prescription drug, dental and/or vision coverage.

### 5. What's next?

While this change is still months away, we know it's important for our Medicare-eligible retirees, so we will work to ensure the transition is as smooth as possible.

In mid-2014 we'll be providing additional information regarding timing, options and resources that will be available to help retirees select the right plan for them and their families.

### 6. What about active employees who are Medicare-eligible?

This does not affect active employees.

### 7. What do you mean by a "Medicare-eligible retiree?"

Generally it means an AT&T retiree who is age 65 or older and eligible to enroll in Medicare. It also includes some retirees who are younger than 65 but have a disability and are eligible to enroll in Medicare.