

## Are you eligible for retirement? Taking an early out could give you up to \$150,000 for eligible medical expenses

American's voluntary early out program (VEOP) includes a retiree health reimbursement arrangement (RHRA) for eligible U.S.-based represented frontline team members.

Similar to health reimbursement accounts (HRAs) provided through American, this RHRA will help cover the costs of eligible medical expenses. If you're eligible for this VEOP option, American could reimburse up to a total of \$150,000 of these costs.

### How the RHRA works

Your RHRA is a notional account. This means that American will pay directly or reimburse you for the costs of the qualified medical expenses as they are incurred. Your account will show a balance of the funds available to you.

There are two ways to access your funds for eligible medical expenses:

**1. Debit card.** You will be issued an Alight Smart-Choice Accounts debit card (if you don't already have one). When you go to pay for eligible medical expenses at participating retailers and medical providers, you can swipe your card as you would any other debit card.

**2. Reimbursement.** You may pay for these eligible expenses out of pocket and then submit a claim for reimbursement from American.

American will continue to cover eligible medical expenses up to the maximum you're eligible for (more on that below). Reimbursements are tax-free, and there is no annual limit.

Your RHRA also covers expenses for your spouse and eligible dependents. Your spouse may continue to use any remaining balance upon your death.

Should you be rehired by American at any point, you will forfeit the remaining balance in your RHRA.

### How much American will cover

The amount set aside for your RHRA is based on the number of years until you're eligible for Medicare. The chart below shows how much you would qualify for:

Number of years until Medicare-eligible (as of retirement date)	RHRA value
More than 4 years	\$150,000
More than 3 years but less than or equal to 4 years	\$140,000
More than 2 years but less than or equal to 3 years	\$130,000
More than 1 year but less than or equal to 2 years	\$120,000
Less than or equal to 1 year	\$110,000
Eligible for Medicare as of retirement date	\$100,000

07-18-20

## **How we've got you covered**

The list of eligible expenses is determined by the IRS, and American will continue to follow those guidelines for what qualifies as eligible medical expenses. The latest list of covered expenses is available on the [American Airlines Benefits Service Center](#).

In general, your RHRA covers eligible medical, dental, vision and prescription benefits. You may also use it to cover COBRA or premiums for health plans purchased on the healthcare exchange or the individual market.

If you are Medicare-eligible, you may use your RHRA for Medicare Part A expenses and premiums for Medicare Part B, Medicare Part D and supplemental plans. You may also use it to reimburse out-of-pocket medical expenses not covered by Medicare.

## **Accessing your RHRA**

As with other health spending accounts through American, you'll be able to access your RHRA through the [Benefits Service Center](#) or the [Retiree Jetnet site](#). There you'll select Reimbursement Accounts, then the RHRA tile.

For your convenience, you can also manage your account and expenses through the Smart-Choice Mobile app, available from the Apple App Store and on Google Play.

For more information, call the American Airlines Benefits Service Center at 888-860-6178. Representatives are available to help Monday through Friday, 9 a.m. to 6 p.m. CT.

## American Airlines Retiree Health Reimbursement Arrangement (RHRA) Voluntary Early Out Program for VEOP Eligible Frontline Team Members with 65-Points

### Frequently Asked Questions

#### **What is a retiree health reimbursement arrangement (RHRA)?**

A RHRA is a notional account that eligible retirees can use for eligible health care expenses and premiums in retirement for self, spouse, and eligible dependents. These funds can be used for medical, dental, vision and prescription expenses as well as post-tax health care premiums.

#### **How much will go into my RHRA?**

The amount of your RHRA is based on the number of years until you're eligible for Medicare. The chart below shows how much you would qualify for:

<b>Number of years until Medicare-eligible (as of retirement date)</b>	<b>RHRA value</b>
More than 4 years	\$150,000
More than 3 years but less than or equal to 4 years	\$140,000
More than 2 years but less than or equal to 3 years	\$130,000
More than 1 year but less than or equal to 2 years	\$120,000
Less than or equal to 1 year	\$110,000
Eligible for Medicare as of retirement date	\$100,000

#### **Do I have to be enrolled in an American Airlines medical plan or enroll in COBRA in order to be eligible for a RHRA?**

No, you do not have to be enrolled in any AA medical plan

#### **Can I use my RHRA after I become Medicare eligible?**

Yes, you will have access to your RHRA for life until the funds are depleted. Your spouse may continue to use any remaining balance upon your death.

#### **If I am already eligible for an RHRA because I'm a TWU-IAM member, am I also eligible for the VEOP RHRA?**

Yes, team members represented by the TWU-IAM are eligible for both the RHRA provided as part of the TWU-IAM collective bargaining agreement ("CBA RHRA") and the RHRA offered as part of the VEOP ("VEOP RHRA") as long as the team members meet all the eligibility requirements of the

VEOP and have 65 points under the 65-point plan as of the date of their retirement from the Company. It is important to note that TWU-IAM team members must complete the necessary forms to open the CBA RHRA at retirement within 10 days of electing the VEOP.

### **How do I access my account?**

Within two to three weeks of your retirement, you can access your RHRA and view your balance by visiting the American Airlines Benefits Service Center via [Retiree Jetnet](#) or [access the link directly](#). If you access the [American Airlines Benefits Service Center](#) link outside of Retiree Jetnet, you'll have to create a username and password the first time you access the site. Once on the site, select Reimbursement Accounts at the top of the screen and you will see your RHRA. Simply click the RHRA tile and you will be connected to your Alight Smart-Choice Accounts account with all the information about your RHRA and how to get reimbursed. You can also access your account using the Smart-Choice Mobile app, available for download to your mobile device from the [Apple App Store](#) or on [Google Play](#).

### **What expenses are eligible for a RHRA?**

Most medical, prescription, dental and vision expenses and even health care insurance premiums are eligible for reimbursement. This means you can submit claims for reimbursement of medical insurance premiums you have paid, including those for Medicare Part B and Part D, as well as COBRA premiums. A complete list of eligible expenses can be found at the [American Airlines Benefits Service Center](#) under Learn About > Eligible Expenses.

Your RHRA also covers expenses for your spouse and eligible dependents. Your spouse may continue to use any remaining balance upon your death.

### **What expenses are not eligible for reimbursement from a RHRA?**

Excluded expenses include but are not limited to:

- Pre-tax health premiums (e.g., coverage with another employer).
- Other insurance premiums (e.g., life insurance, disability, auto, short- or long-term disability).
- Health club and social activity fees and memberships.
- Long-term care facility fees (long-term care *insurance premiums* are eligible).
- Vacation and travel for health reasons.
- Certain health care items and services, such as cosmetic procedures, personal use toiletries, cosmetics, vitamins and nutrition supplements.

A complete list of eligible expenses can be found at the [American Airlines Benefits Service Center](#) under Learn About > Eligible Expenses.

### How can I access my funds?

- **Debit card** – You will be issued a Smart-Choice Accounts debit card, which can be swiped at participating retailers or health care providers to pay for eligible expenses for yourself or your spouse. *If you already have a Smart-Choice debit card at the time of your retirement, you can use this same card to access your RHRA funds.*
  - **Note:** *You may not use this card to pay for after-tax medical premiums. You can receive reimbursement for medical premiums by submitting a claim for reimbursement.*
- **Submit claims for reimbursement** – Visit the [American Airlines Benefits Service Center](#), click Take Action at the top of the screen and then select Submit Claim. Complete the claim form, attach your documentation and submit. You can also submit claims through the Smart-Choice Mobile app. You can expect your reimbursement within one to two weeks or sooner if direct deposit is set up.

### What kind of documentation will I need to submit to receive reimbursement for my claimed expenses?

For medical, dental, vision and prescription expenses, your documentation must include:

- Patient name.
- Date of service.
- Itemized description of services rendered or items purchased.
- Total patient responsibility.
- Provider name.

**Note:** *An explanation of benefits (EOB) from your insurance carrier will generally provide all the above information.*

For health care premiums, you can submit one of the following documents:

- Bank statement showing withdrawal for premium.
- Receipt of payment showing premium paid.
- Credit card statement showing charge for premium.
- Statement from insurance company showing premium paid.
- Social Security statement showing premiums paid for Medicare.

For more information on how to submit claims and what kind of documentation is needed, visit the [American Airlines Benefits Service Center](#) and go to Learn About > Receipts and Documentation.

### How will I be reimbursed?

- If you need to request reimbursement for an expense, like a medical premium, you can elect to be reimbursed by check or direct deposit.

- If you had a Smart-Choice health spending or savings account while you were an active team member and had an existing bank account on file, you will not need to re-enter that account information.
- If you have not had a health spending or savings account with Smart-Choice in the past, you will be defaulted to check reimbursement for any claims submitted.
  - To change to direct deposit, go to the [American Airlines Benefits Service Center](#), and click on the tile for your RHRA. This link will take you to the Alight Smart-Choice Accounts website. Here, click your name in the top-right corner to access your profile. Here you can edit your profile, including confirm your address and phone number, select your reimbursement method and add a bank account for direct deposit.

**Will the other spending accounts I had as an active team member be combined with this account?**

No, your RHRA will not be combined with any account you held as an active team member.

**What happens if I don't use all the money by the end of the year?**

Your RHRA is available to use until your funds are depleted. If you have money leftover at the end of the year, it will still be available the following year.

**Is there anything else I need to know?**

As an eligible recipient of this RHRA, you should be aware that retirees with a post-employment RHRA with a positive balance may not be eligible for the federal subsidies for health insurance marketplace (exchange) coverage. Generally, participation in a RHRA is one factor which could cause ineligibility to receive a federal exchange subsidy. If you have any questions regarding your qualification for marketplace (exchange) coverage, check with your personal financial or tax adviser.

**Whom can I contact with additional questions?**

Please call the American Airlines Benefits Service Center at 888-860-6178, 9 a.m. to 6 p.m. CT, Monday through Friday, excluding holidays.