MY BENEFITS Journal
2016 Alaska Railroad Corporation Benefits
for employees represented by
ATDA, IBT and UTU
welcome to My Benefits Journal

As an Alaska Railroad Corporation employee, you make an important contribution to Alaska’s transportation system and the lives of all Alaskans every day. Your dedication makes the Alaska Railroad Corporation a great place to work.

It’s our goal to provide you with affordable, meaningful benefits. We hope you’ll explore all of ARRC’s offerings, including the health plan, retirement plan and life insurance options.

We make a significant investment in your benefits, and believe it’s important to help you understand them. To that end, this guide provides easy-to-understand information about ARRC’s benefits that will help you choose what’s best for you and your family.

After you’ve reviewed My Benefits Journal, hold on to it so you can refer to it later if you need to.

Thank you for your service to ARRC and for helping to keep Alaska moving.

In good health,

Bill O’Leary
ARRC President & CEO
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Enrollment

Before you start your journey, make sure you have your ticket, luggage, camera, money, itinerary and everything else you need for your adventure.

When you travel, you have many decisions to make, before and during your trip. The same level of planning and care goes into managing your benefits, too. This guide is your map through the benefits available to you; it will help you navigate all of the plans’ features.

How to Enroll

If you’re enrolling in benefits with Alaska Railroad Corporation for the first time, you will receive your enrollment materials at the new employee orientation. You may then submit your Benefits Enrollment Information/Election Form and separate FSA form to Human Resources one of four ways (see the back page of My Benefits Journal for contact information):

1. Mail — interoffice or U.S. mail
2. Fax
3. Email
4. Hand deliver

OPEN WINDOW FOR BENEFITS ENROLLMENT

Once a year during Open Window, which is typically in the fall, you can review your benefits and coverage, and make changes for the coming year.

Qualified Life Event

You can make certain benefit changes throughout the year when something significant happens in your life. Examples of qualified life events include:

- Marriage
- Divorce
- Birth or adoption of a child
- Death of legal spouse or dependent
- Employment change for legal spouse or dependent

If you experience a qualified life event, you must submit a new Benefits/FSA enrollment form and proof of the event to HR within 31 days from the date of the event. If you don’t, you must wait until the next Open Window period to change your benefits.
SAVE MONEY WITH THE PRETAX PREMIUM ONLY PLAN (POP)

If you’d like to have more take-home pay, there is a way: You may have your share of some insurance premiums deducted from your paycheck before income tax is calculated. That means taxes are calculated on a smaller chunk of your income so you pay fewer taxes and have more pay to take home.

Plan premiums that qualify for POP:

- Health Plan
- National Dental plan
- Basic Life and AD&D

You may enroll or make changes:

- within 31 days from your benefits eligibility date;
- during annual Open Window; or
- within 31 days from a qualified life event (see page 2).
All the Benefits Available to You

Before you begin your adventure, you not only pick a destination, you decide what you need to take with you, and what you want to see and do while you’re exploring. If you’re traveling overseas, you might even learn a few words in another language to make it easier to get around.
Planning is important when you’re considering your benefits adventure, too. When you start your journey, your needs are different from what they are at the end — and they may change a few times along the way. That’s why it’s important to review your benefits every year, even if you don’t make any changes.

ARRC’s benefits include:

- **Health Plan** — Medical, prescription drug, dental, vision, hearing coverage
- **Flexible Spending Accounts** — Health Care FSA, Dependent Care FSA
- **Life Insurance** — Basic Life & AD&D, Optional, Standard and Dependent Life
- **Employee Assistance Program**
- **Retirement Plans** — ARRC Pension, 401(k) Savings Plan
- **Retiree Medical Plan**
- **Paid time off** — Annual leave, sick leave, holidays
- **Free travel on Alaska Railroad**

*Summary Plan Descriptions* (SPDs), which provide more information and detail, are available on ARRC’s InsideTrack for:

- Health Plan (also see your Summary of Benefits and Coverage)
- Life Insurance Plan
- Pension Plan
- 401(k) Savings Plan
- Flexible Spending Accounts

You can access SPDs on the ARRC InsideTrack/Benefits/Insurance. The Pension Plan is available at myatessa.com; the Tax Deferred Savings Plan is available at vanguard.com, and the Health Plan, at Premera.com.

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**Have you checked your beneficiaries lately?**

Deciding who should receive your Life Insurance and Pension or Savings Plan benefits ensures your benefits go to the person — or people — you intend.

We encourage you to check your beneficiaries once a year. When life changes course, it’s easy to forget this small but important detail. You may change your beneficiary any time during the year.

You can update your ARRC Pension Plan beneficiaries by downloading, printing and filling out the Beneficiary Designation for Pre-Retirement Death Benefits form at myatessa.com. Or, you can get the form from HR. Mail the form to Atéssa Benefits (see address on page 23).

For your 401(k) plan, update your beneficiaries at vanguard.com.

To change your life insurance or unpaid compensation beneficiaries, download, fill out and submit the Beneficiary Designation forms from InsideTrack/Benefits/Insurance, or contact HR.
Health Plan

A comprehensive rail system comprises main lines, spurs and branch lines, whistle stops, large rail yards — everything trains need to run at peak performance so they can move people and freight.

ARRC’s Health Plan also is comprehensive. Coverage includes:

- Medical
- Prescription drug
- Dental
- Vision
- Hearing

Our health plan is “self-funded.” This means ARRC is financially responsible for paying medical claims. We contract with Premera Blue Cross Blue Shield of Alaska to administer the plan. This arrangement provides ARRC flexibility in the kinds of benefits we can offer you without the limitations of state mandates or insured products. It also means that we all play an important role in controlling overall costs.

In addition, ARRC pays the largest part of your premiums every pay period — 90 percent; you pay just 10 percent.

We encourage you to engage in your health and wellness. An easy way to do that is to take advantage of the preventive care that’s covered at 100 percent. You won’t pay any out-of-pocket fees for services such as annual checkups, mammograms and dental exams.
WHO’S ELIGIBLE?

Employees
You are eligible for benefits after you complete 90 days of cumulative service. You must enroll within 31 days from your eligibility date.

Dependents
Eligible dependents are your:

- Legal spouse (must provide marriage certificate)
- Adult children up to age 26 (must provide birth certificate)
- Dependent children (must provide birth certificate or adoption certificate):
  - Biological children
  - Stepchildren
  - Adopted children and children placed with you for adoption
  - A child for whom you have court-appointed guardianship or custody

KEY TERMS

Knowing the vocabulary and your medical care options before you need help are important steps to becoming a wise health care consumer.

We'll define some common terms, and then take you on a tour of your health plan benefits.

Coinsurance — Your share of a health care provider's fees that you may be required to pay after you've met the deductible. You pay coinsurance plus any deductibles until you meet your out-of-pocket maximum.

For example, if the plan's allowed amount for an office visit is $100, your coinsurance payment of 20 percent is $20, if you've met your deductible. Your health care plan then pays the rest.

Copay — A fixed amount that you pay for a covered health care service — or prescriptions — usually at the time of service.

Deductible — A fixed amount of money you must spend for health care before ARRC’s medical plan starts paying.

You must meet a new deductible each year. Once you meet it, you’re only responsible for paying copays and coinsurance.

Out-of-pocket maximum — The yearly out-of-pocket maximum is the most your ARRC medical plan requires you to pay toward the cost of your health care.

In ARRC’s health plan, out-of-pocket expenses include the annual deductible plus coinsurance you pay for doctor visits and other services.

Once you reach this maximum, the plan will pay 100 percent of covered services for the rest of the calendar year.

IMPORTANT TAX FORM

In January 2016, ARRC will send you Form 1095-C, which will show ARRC provided Affordable Care Act-compliant medical insurance. The IRS doesn’t require you to submit documentation of health coverage with your tax return; however, you must keep the form in case you’re audited.
### 2016 Health Plan, At A Glance

<table>
<thead>
<tr>
<th>Coverage Tier</th>
<th>Biweekly Employee Cost</th>
<th>Biweekly ARRC Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>You</td>
<td>$37.80</td>
<td>$340.16</td>
</tr>
<tr>
<td>You + 1 dependent</td>
<td>$90.25</td>
<td>$812.24</td>
</tr>
<tr>
<td>You + 2 or more dependents</td>
<td>$118.63</td>
<td>$1,067.72</td>
</tr>
</tbody>
</table>

#### Out-of-Pocket Costs

<table>
<thead>
<tr>
<th></th>
<th>Maximum Yearly Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong></td>
<td></td>
</tr>
<tr>
<td>Calendar-year deductible</td>
<td>$500 per person</td>
</tr>
<tr>
<td>Out-of-pocket limit (deductible and coinsurance)</td>
<td>$2,000 per year</td>
</tr>
<tr>
<td><strong>Family</strong></td>
<td></td>
</tr>
<tr>
<td>Calendar-year deductible</td>
<td>$1,500 per year</td>
</tr>
<tr>
<td>Out-of-pocket limit (deductible and coinsurance)</td>
<td>$6,000 per year</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td>Hospitalization deductible</td>
<td>$250 per hospital stay</td>
</tr>
</tbody>
</table>

### Health Care Reform

**Affordable Care Act**

President Barack Obama signed the Affordable Care Act (sometimes called the ACA or health care reform) into law in March 2010. Since then, we’ve spent a lot of time learning how it affects the health care coverage we offer. We’ve changed parts of our plan to comply with the ACA. Some of the changes we’ve made include providing coverage of adult children up to age 26 and eliminating pre-existing condition limitations.

Beginning January 1, 2015, most U.S. residents must have health insurance or pay the government a tax penalty. This is called the individual mandate. The health care coverage ARRC offers complies with the ACA. If you’re enrolled in our plan all year, you meet the individual mandate so the government won’t impose a tax penalty on you.

You participate in a “grandfathered” health plan because the terms of your labor agreement specify a certain plan design. This means that we are not required to implement some of the changes brought by health care reform, and, at the same time, we cannot make major changes to the plan design, deductibles or employee contributions without losing grandfathered status.

Because the ACA is the biggest change in health care law in decades, we encourage you to learn more about it. You can find out more at [www.HealthCare.gov](http://www.HealthCare.gov).
Medical Plan

Just as the main line is a railway system’s primary channel between stations, the medical plan is your main line to staying healthy. It provides solid, affordable benefits that keep you and your family on track.

You must meet a calendar-year deductible for most covered medical expenses. After you do, in most cases, the plan pays 80 percent until you meet the out-of-pocket maximum. After you meet the maximum, the plan pays 100 percent for the rest of the calendar year.

The plan pays 100 percent on preventive care and outpatient surgical facility expenses, and there is no deductible.

Some examples of preventive care are:

- Annual checkups
- Screenings:
  - Mammograms
  - Colonoscopies
  - Prostate exams
  - Skin cancer
  - Pap test

Selecting a provider

Hospital-based services and inpatient care you receive must be at a Premera network facility. Otherwise, your coinsurance will be 40 percent.

Other services — You may use any provider you want, but we encourage you to use network providers to help keep medical care costs down.
CHOOSING CARE WISELY

When you need to see a health care provider, you usually have at least three options:

- Primary care physician
- An urgent care center
- Hospital emergency room

What’s My Best Option?

Use this list to help you decide the best care options for your situation.

<table>
<thead>
<tr>
<th>PRIMARY CARE</th>
<th>URGENT CARE CLINIC</th>
<th>EMERGENCY ROOM</th>
<th>NURSELINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preventive care</td>
<td>Bladder/urinary tract infections</td>
<td>Chest pain</td>
<td></td>
</tr>
<tr>
<td>Management of existing conditions:</td>
<td>Ear infection, cough, sore throat,</td>
<td>Children under 3 months old who</td>
<td></td>
</tr>
<tr>
<td>asthma, diabetes, hypertension, etc.</td>
<td>congestion, sinus problems</td>
<td>need immediate care</td>
<td></td>
</tr>
<tr>
<td>Follow-up care</td>
<td>Insect bites</td>
<td>Broken bones</td>
<td>If you’re not sure which option is the</td>
</tr>
<tr>
<td>Referrals to specialists</td>
<td>Mild fever</td>
<td>Difficult or rapid breathing</td>
<td>best for you, call NurseLine, 24/7,</td>
</tr>
<tr>
<td>Undiagnosed problems</td>
<td>Minor burns</td>
<td>Extreme pain</td>
<td>to help you decide — 800-841-8343.</td>
</tr>
<tr>
<td>Wellness care</td>
<td>Pink eye, skin rashes</td>
<td>Loss of consciousness</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sprains, minor injuries</td>
<td>Severe burns</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Severe head pain or injury</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sudden vision loss</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suspected drug or alcohol overdose</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suspected poisoning</td>
<td></td>
</tr>
</tbody>
</table>

Average Cost Per Visit

| $176 | $176 | $2,135 | Free |

NurseLine

Real emergencies do happen. When they do, call 911; however, if it’s not an emergency, going to a hospital emergency room usually isn’t your best option. A visit to your primary care provider or an urgent care clinic costs much less.

If you’re not sure what to do or where to go for help, and you need some advice, call NurseLine, Premera’s 24/7 service for assistance.

Voluntary Medical Travel

If you need to have surgery\(^1\) and decide to have it done somewhere else because it costs less than having it done locally, the plan will pay your travel and lodging costs up to the IRS limits. In addition, ARRC will waive the deductible and coinsurance for the surgery.

For a list of approved procedures and providers, call Premera for more information.

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1 Current qualifying procedures are: ACL, or shoulder arthroscopy, cardiac angioplasty, hysterectomy, laminectomy, lithotripsy (kidney stones), lap band surgery, coronary bypass, laparoscopic gall bladder removal, thyroid or prostate gland removal, spinal fusion, breast lumpectomy, hip or knee replacement, heart catheterization.
Prior Authorization

It’s a good idea to have Premera review and approve many medical services and procedures before you have them done. This is called “prior authorization.” It can help you avoid extra costs and unnecessary treatment, and help you determine what your costs will be.

If your health care provider recommends a service or procedure — such as an inpatient facility admission, elective surgery, or diagnostic procedures and imaging — he or she should contact Premera on your behalf. To be on the safe side, always ask your health care provider about requesting prior authorization.

Prior authorization isn’t required by our plan and you won’t be penalized if it’s not obtained, but it will help you understand your treatment and costs, and avoid expensive surprises.

Premera Online

Premera Mobile App — With Premera Mobile, you can find a doctor, have a one-touch connection to the NurseLine and customer service, and email proof of coverage to your provider. The app is available for iPhones, Windows phones and Androids.

Premera Website — You may register on Premera’s website — premera.com — as soon as you have your member ID card. Some of the things you can do online are:

- Check your benefits and eligibility
- Check your claims activity
- Find a doctor and pharmacy
- Order and refill prescriptions
- Read about treatment options
- Review your personal health record
- Take quizzes to test your health and wellness IQ
- Look through a medical library that includes videos, photos and information about common health issues
- Go paperless: Get your explanations of benefits and other documents electronically. This also helps reduce ARRC plan administrative expenses.

ALL ABOARD PREMERA.COM

Getting started on Premera.com starts with creating an account so that you can access all the great tools the website offers.

1. Go to www.Premera.com
2. Click Create Account
3. Create a user ID and password, provide your email address and set up security questions
4. Sign on using your new sign-on credentials
5. Fill in the member ID information, which is on your Premera ID card

After you create your account, you can access claims and prescription drug information, and find network providers.

You also can access Premera’s robust wellness program. There are links to member discounts on products and services, and wellness tools and support.

Premera.com has many other user-friendly features that make staying up on your health and wellness easier than ever.
CARE COMPASS 360°

To help you be “the little engine that could,” Premera’s CareCompass360° provides holistic support if you have complex or chronic medical conditions. Your participation in the program is voluntary. There is no cost to you.

If you have a health condition that requires coordinated care from more than one provider, CareCompass360° will set you on the right track with its “whole person” approach to health support, including:

• Disease management
• Substance abuse management
• Case management services
• Care transition management services

Whole Care

In addition to the services listed above, CareCompass360°’s program provides pain management, oncology resources and behavioral support to serve you and your family, no matter what kind of care you need.

The goal is to help you improve the quality of your life while reducing the amount you spend on health care.

What you can expect from CareCompass360°:

• Single point of contact for all of your care
• Easy-to-use and accessible resources, including telephonic coaching
• Help you need when you need it
• More active support to make improving your health easier
• Outreach and care that’s personalized just for you

To find out if CareCompass360° is right for you, visit Premera.com.
choosing your ride

Prescription Drug Plan

One of the best things about traveling by train is choosing which car to ride in. Do you sit in the dome car for the views or find your way to the club car to have a snack?

You often have choices with prescription drugs, too. It’s important to consider them all so you can choose the right drug option before visiting your pharmacist.

Here are some ways to save money on your prescriptions:

• Ask for generics first (see box).
• If your doctor prescribes a brand name drug, ask him or her to make sure it’s on Premera’s “formulary.”

– A formulary is a list of prescription drugs that are effective, safe and less expensive than brand name drugs not on the list.

• Use Express Scripts mail order service to order 90-day supplies of the medications you take regularly.

The Plan has three copay tiers:

<table>
<thead>
<tr>
<th>COPAY TIER</th>
<th>YOUR COPAY AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1: Formulary generic</td>
<td>$10 for 30-day supply</td>
</tr>
<tr>
<td></td>
<td>($20 mail order for 90-day supply)</td>
</tr>
<tr>
<td>Tier 2: Formulary brand name</td>
<td>20% ($75 maximum)</td>
</tr>
<tr>
<td>Tier 3: Non-formulary brand name</td>
<td>50% ($75 maximum)</td>
</tr>
<tr>
<td>Out-of-network</td>
<td>Reimbursed at 60% after copay</td>
</tr>
</tbody>
</table>

Generic vs. brand name drugs

Did you know the FDA requires generic drugs to be identical in strength, safety, quality and effectiveness to the brand name drug?

What’s not identical is the price. In fact, generics are, on average, 80 percent cheaper than brand name drugs.

And, here’s another way to save money with generic medications: You pay a smaller copay. When you buy a 30-day supply of a generic drug from a retail pharmacy, your copay is only $10 compared with up to $75 for brand name drugs.
Dental, Vision, Hearing

Main lines are essential to move people and goods from place to place. Branch lines play an important role by connecting to major routes, so keeping them in working order is important.

It’s like that with your dental, vision and hearing, too. Maintaining those systems supports your overall health, which helps everything run smoothly.

DENTAL

Dental coverage is part of the ARRC Health Plan. Represented employees are required by their unions to participate in the Railroad Employees’ National Dental Plan, a stand-alone plan offered to railroads throughout the U.S. and administered by Aetna.

Represented employees who enroll in the ARRC Health Plan have coverage under two dental plans once National Dental Plan benefits begin.

Dental Eligibility Timeline

- **Day 1**: Enrolled in the National Dental Plan. Premiums deducted from day one.
- **Day 90**: Eligible to participate in the ARRC Health Plan, including dental coverage through the health plan.
- **Day 91**: Premiums for National Dental Plan convert to pretax deductions if you choose pretax coverage in the POP Plan.
- **12 months**: National Dental benefits start. If you enroll in ARRC Health Plan, you will have dental coverage under both plans. National Dental is primary.
**Railroad Employees’ National Dental Plan**

Represented employees and their families are eligible for benefits. Premium payments begin on your date of hire; benefits begin after 12 months of cumulative service. Once National Dental coverage goes into effect, it is the primary dental plan for a union employee.

At press time, we had not received 2016 National Dental Plan information. Human Resources will notify you as soon as the information is available. Below is the 2015 rate for reference.

**2015 National Dental Plan rate**

<table>
<thead>
<tr>
<th>BIWEEKLY EMPLOYEE COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>You; you + dependents</td>
</tr>
</tbody>
</table>

The benefits of both plans are summarized in this table:

<table>
<thead>
<tr>
<th>REPRESENTED EMPLOYEES’ RAILROAD EMPLOYEES’ NATIONAL DENTAL PLAN</th>
<th>ARRC HEALTH PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual deductible</td>
<td>None</td>
</tr>
<tr>
<td>$50 per person</td>
<td>$100 per family</td>
</tr>
<tr>
<td>Annual maximum benefit</td>
<td>$1,500 per person</td>
</tr>
<tr>
<td>Preventive care</td>
<td>100% of UCR</td>
</tr>
<tr>
<td>Routine services</td>
<td>80% of UCR</td>
</tr>
<tr>
<td>Major services</td>
<td>50% of UCR</td>
</tr>
<tr>
<td>Orthodontia (children only)</td>
<td>$1,000 lifetime max, no deductible</td>
</tr>
</tbody>
</table>

**VISION AND HEARING**

Vision and hearing coverage is part of ARRC’s Health Plan. You don’t pay a deductible, and you receive an allowance for prescription glasses or contact lenses, and for hearing aids. Details of the benefits are as shown in this table:

<table>
<thead>
<tr>
<th>VISION AND HEARING COVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Vision</td>
</tr>
<tr>
<td>Hearing</td>
</tr>
</tbody>
</table>

¹ Usual, customary and reasonable charges.  
² Vision hardware includes eyeglass frames and lenses, and contact lenses. Hearing hardware includes hearing aids and hearing aid maintenance.
Flexible Spending Accounts

To make sure rail lines can support tons of moving steel, the foundation and support — subgrade, ballast and ties — must be sturdy and reliable.

Flexible Spending Accounts (FSAs) keep your financial foundation strong by allowing you to set aside pretax money every paycheck to pay for expected out-of-pocket medical and dependent care costs. Then, when you incur unreimbursed medical costs or dependent care expenses, you can use the money tax-free.

There are two types of FSAs:

- Health Care FSA
- Dependent Care FSA (DCAP)

Just as laying rail lines properly is an important investment in the safety of train travel, carefully calculating how much to put into your FSAs is an important investment in your financial security. FSAs are “use it or lose it”: Any money remaining in your account at the end of the year goes away; however, you may use the previous year’s FSA funds for eligible expenses you incur through March 15, 2017. You must file claims for reimbursement by April 30, 2017.

Because FSA money doesn’t roll over, you must re-enroll every year you want to participate. Consider your needs carefully before choosing how much to contribute so you don’t lose any unused funds.

<table>
<thead>
<tr>
<th>FLEXIBLE SPENDING ACCOUNT BIWEEKLY ADMINISTRATIVE FEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>One account (Health Care FSA or DCAP)</td>
</tr>
<tr>
<td>Both accounts — Health Care FSA and DCAP</td>
</tr>
</tbody>
</table>
HEALTH CARE FSA
You can use your Health Care FSA to pay out-of-pocket medical, dental, vision and hearing expenses. Some examples include:

- Your health plan deductibles and coinsurance
- Laser eye surgery
- Hearing aids
- Adult orthodontia

You cannot use your Health Care FSA to pay for over-the-counter medication.

DEPENDENT CARE FSA
You can use the money you put into this account to pay eligible dependent care costs so you and your spouse can work, look for work or attend school full time. The maximum Dependent Care FSA contribution is $5,000 per year (married filing jointly).

Generally, an eligible dependent is:

- Your child under 13 years old
- A disabled spouse or dependent of any age who lives with you

Eligible expenses include:

- Private child care
- Child care at a day camp or preschool
- After-school care
- Elder care for an incapacitated adult who lives with you

The two kinds of FSAs are separate accounts. You may contribute to both but you can’t use Health Care FSAs to pay for dependent care costs, and vice versa.
Life Insurance

Trestles have enabled trains to traverse steep canyons, rapid rivers and placid lakes for two centuries. Without this framework, trains could not have touched so many lives.

Life insurance can be your family’s “trestle” if you die, or suffer loss of a limb or eyesight; it can help carry your loved ones through difficult times. Your Life Insurance needs may change over time, so check your benefits every year to make sure they are still appropriate.

New employees may enroll within 31 days from their eligibility date. If you wish to enroll or increase coverage later, you must submit Evidence of Insurability to the insurance company. The insurance company may approve or deny your request, or approve a lower benefit.

WHO’S ELIGIBLE?

There are four life insurance plan options; however, you must enroll in Basic Life and Accidental Death and Dismemberment (AD&D) if you want to enroll in any of the others.

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility dates</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
### 2016 Life Insurance Options, At A Glance

<table>
<thead>
<tr>
<th>Type of Insurance</th>
<th>Who's Covered</th>
<th>Benefit</th>
</tr>
</thead>
</table>
| Basic Life¹       | Employee      | - Under age 35: 2 x basic annual pay rounded to next $1,000 + $2,000  
|                   |               | - Age 35 & up: as above, with 10% per year reduction  
|                   |               | - Will not reduce below 1 x basic annual pay  
|                   |               | Max: $75,000 / Min: $10,000  
|                   |               | Accidental death: Basic Life amount  
|                   |               | Dismemberment: Benefits vary |
| Optional Life: 1–5x salary options² | Employee | 1x salary: $50,000 max  
|                   |               | 2x salary: $100,000 max  
|                   |               | 3x salary: $150,000 max  
|                   |               | 4x salary: $200,000 max  
|                   |               | 5x salary: $250,000 max  
|                   |               | (no AD&D)  
| Standard Life²    | Employee      | $10,000 (no AD&D)  
| Dependent Life²   | Legal spouse  | $5,000  
|                   | Dependent children | $100 – $2,500 (depending on age)  

1 Employee and ARRC share the premium cost. Employee’s cost is approximately 2/3 of the total; qualifies for POP pretax payment.  
2 Employee pays full cost of premium; payment is after tax.

### Basic Life and AD&D

**Employee’s Biweekly Cost (Per $1,000 of Coverage)**

<table>
<thead>
<tr>
<th>Non-tobacco user rate</th>
<th>Tobacco user rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$.095</td>
<td>$.125</td>
</tr>
</tbody>
</table>

### Optional Life

**Employee’s Biweekly Cost (Per $1,000 of Coverage)**

<table>
<thead>
<tr>
<th>Non-tobacco user rate</th>
<th>Tobacco user rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 35</td>
<td>$.027</td>
</tr>
<tr>
<td>35 – 39</td>
<td>$.036</td>
</tr>
<tr>
<td>40 – 44</td>
<td>$.059</td>
</tr>
<tr>
<td>45 – 49</td>
<td>$.091</td>
</tr>
<tr>
<td>50 – 54</td>
<td>$.141</td>
</tr>
<tr>
<td>55 – 59</td>
<td>$.264</td>
</tr>
<tr>
<td>60 &amp; over</td>
<td>$.410</td>
</tr>
</tbody>
</table>

### Standard Life

**Employee’s Biweekly Cost (Flat Rate)**

<table>
<thead>
<tr>
<th>Non-tobacco user rate</th>
<th>Tobacco user rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.12</td>
<td>$1.52</td>
</tr>
</tbody>
</table>

### Dependent Life

**Employee’s Biweekly Cost (Flat Rate)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$.52</td>
</tr>
</tbody>
</table>
Track ties, train cars, signals, knuckles, switches, brakes — they all need maintenance and repair to stay in working order.

Sometimes, we may need to do a little repair in our lives to stay on track. ARRC’s Employee Assistance Program (EAP) can help with life’s “derailments” — big and small.

Magellan Behavioral Health provides ARRC’s EAP services. The EAP is a free, confidential counseling and referral service that can help you deal with life’s challenges such as:

- Changes in your financial situation
- Family or relationship problems
- Over-work or conflicts at work
- Depression or anxiety
- Quitting tobacco
- Substance abuse
- Caring for children or aging parents

You, your spouse, and dependent children up to age 26 are covered as of your hire date. Each person is eligible for up to eight face-to-face counseling visits per issue each year. The EAP also provides support and guidance to supervisors and managers who need help dealing with workplace issues.

Through Magellan, all employees and covered family members have access to free legal and financial services consultations.

Magellan Behavioral Health provides licensed, experienced counselors in Anchorage, Fairbanks, Eagle River and the Mat-Su Valley. EAP counselors also are available by phone 24 hours a day, seven days a week (see back cover for contact information).

For more information and tools, such as self-assessments, depression screening, wellness tips and community resources, visit magellanassist.com.
Retirement Plans

When you travel by airplane, you don’t get to see much. If you drive, your focus is on traffic and the road. But, when you take a train, the experience is all yours; you can relax, contemplate the landscape — and enjoy the moment.

When you have financial peace of mind, you can truly appreciate the view from your retirement. Saving early can help you reach your retirement goals so you can maintain your current lifestyle, live your dreams — and enjoy the moment.

ARRC provides two retirement plans to all employees. Experts say you will probably need a combination of plans to be truly prepared for retirement.

ARRC’s plans are:

- **Alaska Railroad Corporation Pension Plan** – Administered by Atéssa Benefits
- **401(k) Tax Deferred Savings Plan** – Administered by The Vanguard Group

No Social Security is deducted from your pay; however, the Medicare tax (currently 1.45 percent) is withheld.

**WHO’S ELIGIBLE?**

<table>
<thead>
<tr>
<th>PLAN</th>
<th>ATDA</th>
<th>IBT</th>
<th>UTU</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARRRC Pension Plan</td>
<td>Hire Date</td>
<td>Hire Date</td>
<td>Hire Date</td>
</tr>
<tr>
<td>401(k) Tax Deferred Savings Plan</td>
<td>After 90 cumulative calendar days of service</td>
<td>Hire Date</td>
<td>After 520 STR(^1) hours</td>
</tr>
</tbody>
</table>

\(^1\) Subject-to-retirement hours.
## Retirement Plan Contributions

<table>
<thead>
<tr>
<th>PLAN</th>
<th>ATDA</th>
<th>IBT</th>
<th>UTU</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARRC Pension Plan</td>
<td>Pretax 9% of base annual earnings</td>
<td>Pretax 9% of base annual earnings</td>
<td>Pretax 9% of base annual earnings</td>
</tr>
<tr>
<td></td>
<td>• Pretax or Roth after tax</td>
<td>• Pretax or Roth after tax</td>
<td>• Pretax or Roth after tax</td>
</tr>
<tr>
<td></td>
<td>• 1-50% of base annual earnings</td>
<td>• 1-50% of base annual earnings</td>
<td>• 1-50% of all eligible annual earnings</td>
</tr>
<tr>
<td></td>
<td>• ARRC match: 66% up to the first 9% of participant pay period compensation</td>
<td>• ARRC match: 30% up to the first 10% of participant pay compensation</td>
<td>• No ARRC match</td>
</tr>
<tr>
<td></td>
<td>• Vest in employer match at 10,400 STR1 hours</td>
<td>• Vest in employer match at 10,400 STR1 hours</td>
<td></td>
</tr>
</tbody>
</table>

1 Subject-to-retirement hours.

---

### Alaska Railroad Corporation Pension Plan (All Employees)

You must participate in and contribute to this plan. The table above shows the different requirements for represented employees.

The Plan is a defined benefit plan that provides you with the basis for financial security in your retirement. If vested, participants may receive a pension benefit at retirement age. Normal retirement age is 62; however, you may retire at age 58 with early unreduced benefits. You may retire as early as age 55 and receive reduced early retirement benefits.

Participants vest with five years of eligible vesting service. Survivor and disability benefits are available after you’re vested.

---

#### The difference between vested service and credited service

**Vested service** — You are vested in the Alaska Railroad Corporation Pension Plan after you earn five years of eligible vesting service. This means once you are vested, if you leave your job for any reason, you are guaranteed to receive a future ‘benefit for the years and months of service earned before you ended your employment, unless you withdraw your contributions. No vesting service is earned while in layoff status.

**Credited service** — This is used to calculate the amount of your actual pension benefit. It includes your years of service during which you participated in the Plan and contributed. You cannot earn credited service while on leave of absence, workers’ compensation or layoff.
The formula

The formula for a monthly normal retirement benefit is the sum of:

- 2 percent x final average earnings x credited service

PLUS

- 0.5 percent x final average earnings x credited service that is earned after 2005 and after completing 10 years of credited service.

Final average earnings are figured from the three highest consecutive years of earnings as defined by the Plan.

Termination of Employment

If you’re vested, you have three options:

1. You may start receiving the monthly pension benefit if you’re at early, early unreduced or normal retirement age.

2. You may leave your contributions in the Plan if you’re not at a retirement age, then request benefits when you reach early, early unreduced or normal retirement age.

3. You may withdraw your contributions plus 4.5 percent interest. If you choose this option, you will not receive a monthly pension benefit.

If you aren’t vested, you have two options:

1. You may withdraw your contributions plus 4.5 percent interest.

2. You may delay withdrawing your contribution account (no later than age 70½) if your account balance is more than $1,000.

ATÉSSA BENEFITS

Participants are also encouraged to register to use Atéssà’s website, myatessa.com for access to their Corporation Pension Plan information.

See your contribution account balance, confirm beneficiaries, request retirement estimates and retirement paperwork.

Contact Atéssà online, by phone or in writing:

Atéssà Benefits, Inc.
ATTN: ARRC Pension Plan Administration
10815 Rancho Bernardo Road, Suite 110
San Diego, CA 92127-2187

myatessa.com

Phone: 888-309-0041
7:00 a.m. to 4:30 p.m. PT
Fax: 858-673-4120
401(K) SAVINGS PLAN

To sweeten your retirement, ARRC offers another way to save — and will even chip in. Once you’re eligible for this tax-deferred plan, you may enroll at any time. The Vanguard Group administers this plan.

Cost
Fees depend on your investment fund choices.

Features
You may save for retirement on a pretax or Roth after-tax basis. Saving is easy because your contributions are made directly from your paycheck. The plan offers more than 20 investment options.

You choose the amount you want to save — from 1 to 50 percent of your annual regular earnings, up to the 2016 annual dollar limit of $18,000.1 Participants age 50 and older can make “catch-up” contributions of up to an extra $6,000.1

In addition, ARRC provides match contributions for employees of each bargaining unit, except UTU. There is a vesting period for the company match of 10,400 subject-to-retirement hours for represented employees.

If you need investment assistance, Vanguard provides these services:

1. Financial Engines (free service)
2. Age 50+ Advice (free service)
3. Managed Accounts (fee charged)

1 Limit is unchanged from 2015.

VANGUARD ONLINE AND VOICE NETWORK

Participants are encouraged to register to use Vanguard’s website, vanguard.com, to access their 401(k) savings plan.

You can enjoy immediate access to your account information and conduct most transactions 24 hours a day, seven days a week. You also can take advantage of these other convenient features:

401(k) account changes and requests – Change your 401(k) deferral percentage, and sign up for automatic deferral increases. You also can change your investment options or allocation, and request loans and hardship distributions from your 401(k) Plan.

Extensive portfolio analysis – Find easy-to-read graphs and charts showing your portfolio’s asset allocation, industry weightings, investment styles and many other factors that may affect your retirement.

Comprehensive performance reports – View your personal rate of return and other up-to-date performance data.

Convenient e-delivery – View fund reports, prospectuses, trade confirmations, proxy materials and most types of account statements online.

Managed Account Program (MAP) – If you want to delegate ongoing discretionary investment management to a professional investment advisor, you can take advantage of Vanguard’s portfolio management services.

Vanguard Online Institutional Communications Exchange (VOICE) Network – Enables you to monitor the activity in your plan account, and obtain fund price and yield information. You can obtain your account balance, confirm your investment allocations for future contributions or request a transaction.
Retiree Medical Plan

Tracks, cars and locomotives can last a long time with routine maintenance to catch small problems before they get too big.

Continuing your medical coverage when you retire can help keep you rolling along, too. Retiree medical coverage is available to employees and their eligible family members who are enrolled in the ARRC Health Plan at the time of the employee’s retirement or at the beginning of Corporate Pension disability benefits. You have 60 days from the date of retirement, or the date disability benefits start, to enroll in the plan.

The plan includes the same benefits provided to active employees except dental, vision and hearing coverage.

ARRC pays 40 percent of a represented retiree’s premium cost, starting at age 62. Pension participants receiving disability benefits receive the 40 percent cost share at any age. Early retirees can participate in the plan by paying 100 percent of the premium until they reach the age threshold for premium cost sharing.

The benefits are coordinated with Medicare; at age 65, the cost of the premium decreases as Medicare becomes the primary plan for most enrollees.
Other Benefits

Whether you’re a passenger on a day-long tour or riding cross-country in a berth, it’s the “extras” that make traveling by train so much fun.

The bells and whistles of our benefits include:

- Leave and holidays
- Rail Travel Program

<table>
<thead>
<tr>
<th>YEARS OF SERVICE</th>
<th>BIWEEKLY ACCRUAL RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Leave</td>
<td></td>
</tr>
<tr>
<td>0-3 years of service</td>
<td>4 hours</td>
</tr>
<tr>
<td>3-15 years of service</td>
<td>6 hours (10 hours in 25th pay period)</td>
</tr>
<tr>
<td>15 years +</td>
<td>8 hours</td>
</tr>
<tr>
<td>Maximum annual leave carryover from year to year</td>
<td>240 hours (ATDA, IBT)</td>
</tr>
<tr>
<td></td>
<td>256 hours (UTU)</td>
</tr>
<tr>
<td>Sick Leave</td>
<td></td>
</tr>
<tr>
<td>No accrual limit</td>
<td>4 hours</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PAID HOLIDAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Year’s Day</td>
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<tr>
<td>Presidents Day</td>
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<tr>
<td>Memorial Day</td>
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<tr>
<td>4th of July</td>
</tr>
<tr>
<td>Labor Day</td>
</tr>
<tr>
<td>Columbus Day</td>
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<tr>
<td>Veterans Day</td>
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<tr>
<td>Thanksgiving</td>
</tr>
<tr>
<td>Thanksgiving Friday</td>
</tr>
<tr>
<td>Christmas Day</td>
</tr>
</tbody>
</table>

**LEAVE AND HOLIDAYS**

All employees start accruing leave starting on their hire date.

**RAIL TRAVEL PROGRAM**

All employees, their spouses, dependent children, parents and parents-in-law may ride the Alaska Railroad free on a space-available basis.

You’re eligible for free travel as of your hire date. Retirees and their spouses also are eligible for free travel.

To take advantage of this great program and get your rail pass, just fill out the Rail Pass Request Form from HR.
LEGAL NOTICES

Alaska Railroad is required by federal law to provide benefit plan participants with certain legal notices each year. This document fulfills that obligation and does not require you to act, unless you wish to exercise one or more of the rights explained in this document.

Please read this notice carefully and keep it where you can find it. If you have any questions regarding these legal notices, please contact Human Resources at 907-265-2220.

HIPAA SPECIAL ENROLLMENT RIGHTS

If you decline enrollment for yourself or your dependents (including your spouse) because of other health insurance or group health plan coverage, you may be able to enroll yourself and your dependents in the Alaska Railroad medical plan if you or your dependents lose eligibility for that other coverage (or if the employer stops contributing toward your or your dependents’ other coverage). You must request enrollment within 31 days after your or your dependents’ other coverage ends (or after the employer stops contributing toward the other coverage).

The plan will also allow a special enrollment opportunity if you or your eligible dependents either:

- Lose Medicaid or Children’s Health Insurance Program (CHIP) coverage because you are no longer eligible, or
- Become eligible for a state’s premium assistance program under Medicaid or CHIP.

For these enrollment opportunities, you will have 60 days — instead of 31 — from the date of the Medicaid/CHIP eligibility change to request enrollment in the plan. Note that this new 60-day extension doesn’t apply to enrollment opportunities other than the Medicaid/CHIP eligibility change.

Also, if you have a new dependent as a result of marriage, birth, adoption or placement for adoption, you may be able to enroll yourself, your spouse and/or your new dependent in the Alaska Railroad plan. You must request enrollment within 31 days from the marriage, birth, adoption or placement for adoption. To request special enrollment or to learn more, contact Human Resources at 907-265-2220.

WOMEN’S HEALTH AND CANCER RIGHTS ACT OF 1998 NOTICE

As specified in the Women’s Health and Cancer Rights Act of 1998, each medical plan sponsored by the Alaska Railroad provides coverage for the following breast reconstruction procedures in connection with mastectomies:

- Reconstruction of the breast that was operated on;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- Prostheses and treatment of physical complications at all stages of the mastectomy, including lymphedemas.

Of course, coverage is provided in a manner determined in consultation with the attending physician and the patient. The deductible and the copayment requirements that apply to other covered services also apply to these post-mastectomy reconstructive and treatment services.

DISCLOSURE OF ALASKA RAILROAD CORPORATION HEALTH PLAN’S GRANDFATHER STATUS

This group health plan believes this plan is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plan must comply with certain other consumer protections in the Affordable Care Act, for example the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the Plan Administrator at Alaska Railroad Corporation, Human Resources Department, 327 W. Ship Creek Avenue, PO Box 107500, Anchorage, AK 99510-7500. Phone: 907-265-2537. You may also contact the U.S. Department of Health and Human Services at www.healthcare.gov. This website has a table summarizing which protections do and do not apply to grandfathered health plans.
IMPORTANT NOTICE FROM ALASKA RAILROAD CORPORATION ABOUT YOUR PRESCRIPTION DRUG COVERAGE AND MEDICARE

If you (and/or your dependents) have Medicare or will become eligible for Medicare in the next 12 months, a federal law gives you more choices about your prescription drug coverage. It is your responsibility to share this notice with any dependents who may qualify for Medicare.

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Alaska Railroad Corporation and about your options under Medicare’s prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare’s prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.

2. Alaska Railroad Corporation has determined that the prescription drug coverage offered by the Alaska Railroad Corporation Health Plan and Retiree Medical Plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

When Can You Join a Medicare Drug Plan?
You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15 to December 7.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

What Happens to Your Current Coverage if You Decide to Join a Medicare Drug Plan?
If you decide to join a Medicare drug plan, your current Alaska Railroad Corporation coverage will not be affected. You can keep this coverage if you elect part D and this plan will coordinate with Part D coverage. However, if you enroll in Part D coverage, the Alaska Railroad Corporation will not receive a subsidy toward the cost of your prescription drug costs.

If you do decide to join a Medicare drug plan and drop your current Alaska Railroad Corporation coverage, be aware that you and your dependents will not be able to get this coverage back. Note that you would have to drop your entire ARRC medical plan coverage, which pays for other health expenses, in order to drop ARRC prescription drug coverage.

When Will You Pay a Higher Premium (Penalty) to Join a Medicare Drug Plan?
You should also know that if you drop or lose your current coverage with Alaska Railroad Corporation and don’t join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1 percent of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19 percent higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

For More Information about Your Current Prescription Drug Coverage
Contact the person listed below for further information. NOTE: You’ll get this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if this coverage through Alaska Railroad Corporation changes. You also may request a copy of this notice at any time.

For More Information about Your Options under Medicare Prescription Drug Coverage
More detailed information about Medicare plans that offer prescription drug coverage is in the Medicare & You handbook. You’ll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:
• Visit www.medicare.gov
• Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the Medicare & You handbook for their telephone number) for personalized help
• Call 800-MEDICARE (800-633-4227). TTY users should call 877-486-2048

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 800-772-1213 (TTY 800-325-0778).
Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

Name of Entity/Sender: Alaska Railroad Corporation
Contact — Position: Michael Humphrey, Benefits & Records Manager
Address: 327 W. Ship Creek Avenue
PO Box 107500
Anchorage, AK 99510-7500
Phone Number: 907-265-2537
Email: humphreym@akrr.com
Alternative Contact — Position: Pamela Reil, Retirement Specialist
Address: 327 W. Ship Creek Avenue
PO Box 107500
Anchorage, AK 99510-7500
Phone Number: 907-265-2273
Email: reilp@akrr.com

NOTICE OF PRIVACY PRACTICES — GROUP HEALTH PLAN BENEFITS

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.

This notice applies to the Group Health Plan benefits provided under:
• The Alaska Railroad Corporation Welfare Benefits Plan
• The Alaska Railroad Corporation Retiree Benefits Plan

These Benefits currently include medical and prescription drug for active employees and retirees; dental, vision, employee assistance and health care flexible spending account benefits for active employees.

You are receiving this Notice from the Group Health Plan Benefits of the Plan described above, which is sponsored by Alaska Railroad Corporation.

The Health Insurance Portability & Accountability Act of 1996 (“HIPAA”) is a federal law that requires all medical records and other individually identifiable health information used or disclosed by us in any form, whether electronically, on paper, or orally, be kept properly confidential. HIPAA gives you significant rights to understand and control how your health information is used, and provides penalties for covered entities that misuse personal health information. As required by regulations under HIPAA (the “HIPAA Privacy Rule”), we have prepared this explanation of how we will maintain the privacy of your health information and how we may use and disclose your health information. This Notice pertains to you and your covered dependents. Please share it with them.

OUR PLEDGE REGARDING YOUR MEDICAL INFORMATION

We understand that medical information about you and your health is personal. We are committed to protecting medical information about you. The Group Health Plan protects and holds confidential information that relates (1) to your past, present, or future physical or mental health or condition; (2) the provision of health care to you; or (3) the past, present, or future payment for your health care. For example, we create a record of the health care claims reimbursed under the Group Health Plan for Plan administration purposes. This Notice applies to all of the medical records we create, maintain, receive, use, transmit, or disclose. Such information is PHI during your lifetime and remains PHI for a period of 50 years after your death. Your personal doctor or health care provider may have different policies or notices regarding the doctor’s use and disclosure of your medical information created in the doctor’s office or clinic.

The HIPAA Privacy Rule requires that we protect the privacy of medical information that identifies a participant, or where there is a reasonable basis to believe the information can be used to identify a participant. This information is called “protected health information” or “PHI.” This Notice describes
your rights as a Group Health Plan participant and our obligations regarding the use and disclosure of PHI. We are required by law to:

- maintain the privacy of your PHI;
- provide you with certain rights with respect to your PHI;
- provide you with a copy of this Notice of our legal duties and privacy practices with respect to your PHI; and
- follow the terms of the Notice that is in effect.

In some situations, federal and state laws provide special protections for specific kinds of PHI and require authorization from you before we can disclose specially protected PHI. In these situations, we will contact you for the necessary authorization.

We reserve the right to make changes to this Notice and to make such changes effective for all PHI we may already have about you as well as any information we receive in the future. If and when a significant change is made, we will provide you with the new Notice either (1) within 60 days from the change; or (2) by prominently posting the new Privacy Notice on the ARRC Intranet at http://web.akrr.com/divisions/executive/employee/inslist.htm, and then providing a hard copy of the new Privacy Notice in our next annual mailing to you.

HOW WE MAY USE AND DISCLOSE PROTECTED HEALTH INFORMATION ABOUT YOU

Under the law, we may use or disclose your PHI without your specific authorization for the purposes described below. All other uses and disclosures of PHI about you will only be made with your written permission (an “Authorization”). If you have given us written permission to use or disclose your PHI, you may take back (“revoke”) your written permission at any time, except to the extent that we have already acted based on your permission. The examples that may be included in each category do not list every type of use or disclosure that fall within that category.

USES AND DISCLOSURES NOT REQUIRING AN AUTHORIZATION FROM YOU:

For Payment. We may use or disclose your PHI for payment purposes, including to determine eligibility for Group Health Plan benefits, to facilitate payment for the treatment and services you receive from health care providers, to determine benefit responsibility under the Group Health Plan, or to coordinate Group Health Plan coverage. For example, we may tell your health care provider about your medical history to determine whether a particular treatment is experimental, investigational, or medically necessary or to determine whether the Group Health Plan will cover the treatment. We may also share medical information with a utilization review or pre-certification service provider. Likewise, we may share medical information with another entity to assist with the adjudication or subrogation of health claims or to another health plan to coordinate benefit payments.

For Health Care Operations. We may use and disclose your PHI for other Group Health Plan operations. These uses and disclosures are necessary to run the Group Health Plan. For example, we may use medical information in connection with:

- conducting quality assessment and improvement activities;
- underwriting, premium rating, and other activities relating to Group Health Plan coverage;
- submitting claims for stop-loss (or excess loss) coverage;
- conducting or arranging for medical review, legal services, audit services, and fraud and abuse detection programs;
- business planning and development such as cost management; and
- business management and general plan administrative activities, including customer service and the resolution of internal grievances.

However, the Group Health Plan will never use or disclose your genetic information for underwriting purposes.

To Business Associates. We may contract with third parties known as Business Associates to perform various functions on our behalf or to provide certain types of services. In order to perform these functions or to provide these services, Subcontractors of these third parties also may be our Business Associates in certain cases. Business Associates will receive, create, maintain, use and/or disclose your PHI, but only after they agree in writing with us to implement appropriate safeguards regarding your PHI. In addition, Business Associates are directly subject to many of the provisions of HIPAA which protect the privacy and security of protected health information.

As Required by Law. We will disclose your PHI when required to do so by federal, state, or local law. For example, we may disclose your protected health information when required by national security laws or public health disclosure laws.

To Avert a Serious Threat to Health or Safety. We may use and disclose your PHI when necessary to prevent a threat to your health and safety, or the health and safety of the public or another person. Any disclosure, however, would only be to someone able to help prevent the threat. For example, we may disclose your protected health information in a proceeding regarding the licensure of a physician.

Disclosure to the Plan Sponsor. For the purpose of administering the Plan, we may disclose your PHI to certain employees of Alaska Railroad Corporation. However, those employees will only use or disclose that information as necessary to perform plan administration functions or as otherwise required by HIPAA, unless you have authorized further disclosures. Your PHI cannot be used for employment purposes without your specific Authorization.

Organ and Tissue Donation. If you are an organ donor, we may use or disclose PHI to organizations that handle organ procurement or organ, eye, or tissue transplantation or to an organ donation bank, as necessary to facilitate an organ, eye, or tissue donation and transplantation.

Military and Veterans. If you are a member of the armed forces, we may disclose PHI about you as required by military command authorities.

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Workers’ Compensation. We may disclose PHI about you for workers’ compensation or similar programs. These programs provide benefits for work-related injuries or illnesses.

Public Health Risks. We may use and disclose PHI about you for public health activities. These activities generally include the following:

• to prevent or control disease, injury, or disability;
• to report births or deaths;
• to report child abuse or neglect;
• to report reactions to medications or problems with products or devices regulated by the federal Food and Drug Administration or other activities related to quality, safety, or effectiveness of FDA-regulated products or activities;
• to locate and notify persons of recalls of products they may be using;
• to notify a person who may have been exposed to a communicable disease in order to control whom may be at risk of contracting or spreading the disease; or
• to notify the appropriate government authority if we believe a patient has been the victim of abuse, neglect or domestic violence. We will only make this disclosure if you agree or when required or authorized by law.

Health Research. We are allowed to use or share your PHI in ways that contribute to the public good, such as health research.

Health Oversight Activities. We may disclose your PHI to a health oversight agency for activities authorized by law. These oversight activities include, for example, audits, investigations, inspections, and licensure. These activities are necessary for the government to monitor the health care system, government health care programs, and compliance with civil rights laws.

Lawsuits and Disputes. If you are involved in a lawsuit or a dispute, we may disclose your PHI in response to a court or administrative order. We may also disclose PHI about you in response to a subpoena, discovery request, or other lawful process by someone else involved in the dispute, but only if efforts have been made to tell you about the request or to obtain an order protecting the information requested.

Law Enforcement. We may use and disclose your PHI if asked to do so by a law enforcement official:

• in response to a court order, subpoena, warrant, summons, or similar process;
• to identify or locate a suspect, fugitive, material witness, or missing person;
• about the victim of a crime if, under certain limited circumstances, we are unable to obtain the victim’s agreement;
• about a death we believe may be the result of criminal conduct;
• about criminal conduct; and
• in emergency circumstances to report a crime, the location of a crime or victims, or the identity, description, or location of the person who committed the crime.

Coroners, Medical Examiners, and Funeral Directors. We may release PHI to a coroner or medical examiner. This may be necessary, for example, to identify a deceased person or determine the cause of death. We may also release medical information about patients to funeral directors as necessary to carry out their duties.

National Security and Intelligence Activities. We may release your PHI to authorized federal officials for intelligence, counterintelligence, and other national security activities authorized by law.

Inmates. If you are an inmate of a correctional institution or are under the custody of a law enforcement official, we may disclose your PHI to the correctional institution or law enforcement official if necessary (1) for the institution to provide you with health care; (2) to protect your health and safety or the health and safety of others; or (3) for the safety and security of the correctional institution.

Where Required by the HIPAA Privacy Rule. We are required to disclose PHI to the Secretary of the U.S. Department of Health and Human Services when requested by the Secretary to review our compliance with the HIPAA Privacy Rule.

Minimum Necessary Standard. To the extent possible, when using or disclosing your PHI or when requesting your PHI from another organization subject to HIPAA, we will not use, disclose, or request more than the minimum amount of your PHI necessary to accomplish the intended purpose of the use, disclosure, or request, taking into consideration practical and technological limitations.

However, the minimum necessary standard will not apply to:

• disclosures to or requests by a health care provider for treatment;
• uses by you or disclosures to you of your own protected health information;
• disclosures made to the Secretary of the Department of Health and Human Services;
• uses or disclosures that may be required by law;
• uses or disclosures that are required by the Plan’s compliance with legal regulations; and
• uses and disclosures for which the Plan has obtained your authorization.

Personal Representatives and Family Members

Personal Representatives. The Group Health Plan will disclose your PHI to individuals who are your personal representatives under state law. For example, the Group Health Plan will disclose PHI of minor children to the parents of such children. The Group Health Plan will also disclose your PHI to other persons authorized by you in writing to receive your PHI, such as your representative under a medical power of attorney, as long as we are provided with a written notice/authorization and any supporting documents (i.e., power of attorney). Note: Under the HIPAA Privacy Rule, we do not have to disclose information to a personal representative if we have a reasonable belief that:

• you have been, or may be, subjected to domestic violence, abuse, or neglect by such person;
• treating such person as your personal representative could endanger you; or
• in the exercise of professional...
YOUR RIGHTS REGARDING YOUR PHI

Under federal law, you have the following rights regarding PHI about you:

Right to Inspect and Copy. You have the right to inspect and copy certain PHI that may be used to make decisions about your health care benefits. To inspect and copy your PHI, you must submit your request in writing to the individual identified in the Contact Information section below. We will provide a copy or a summary of your health and claims records, usually within 30 days of your request. If you request a copy of your PHI, we may charge you a reasonable, cost-based fee for the copying, mailing, or other supplies associated with your request.

We may deny your request to inspect and copy your PHI in certain very limited circumstances. If you are denied access to your medical information, you may request that the denial be reviewed with us and any future disclosures of that information kept by or for the individual identified in the Contact Information section below.

If the information you request is maintained electronically, and you request an electronic copy, the Group Health Plan will provide a copy in the electronic form and format you request, if the information can be readily produced in that form and format. If the information cannot be readily produced in that electronic form and format, we will work with you to come to an agreement on another electronic form and format. If we cannot agree on an electronic form and format, the Group Health Plan will provide you with a paper copy.

Right to Amend. If you feel that the protected health information we have about you is incorrect or incomplete, you may ask us to amend the information. You have the right to request an amendment for as long as the information is kept by or for the Group Health Plan. To request an amendment, your request must be made in writing and submitted to the individual identified in the Contact Information section below. In addition, you must provide a reason that supports your request.

We may deny your request for an amendment, but we will provide a written explanation within 60 days. For example, we may deny your request if it is not in writing or does not include a reason to support the request. In addition, we may deny your request if you ask us to amend information that:

- is not part of the medical information kept by or for the Group Health Plan;
- was not created by us, unless the person or entity that created the information is no longer available to make the amendment;
- is not part of the information that you would be permitted to inspect and copy; or
- is already accurate and complete.

If we deny your request, you have the right to file a statement of disagreement with us and any future disclosures of the disputed information will include your statement.

Right to Receive an Accounting of Disclosures. You have the right to request an “accounting” of certain disclosures that we have made of your PHI. The accounting will not include (1) disclosures for purposes of treatment, payment, or health care operations; (2) disclosures made to you; (3) disclosures made pursuant to your Authorization; (4) disclosures made to friends or family in your presence or because of an emergency; (5) disclosures for national security purposes; and (6) disclosures incidental to otherwise permissible disclosures.

To request this list or accounting of disclosures, you must submit your request in writing to the individual identified in the Contact Information section below. Your request must state a time period which may not be longer than six years prior to the date of the request. Your request should indicate in what form you want the list (for example, paper or electronic). The first list you request within a 12 month period will be free. For additional lists, we may charge you for the costs of providing the list. We will notify you of the cost involved and you may choose to withdraw or modify your request at that time before any costs are incurred.

Right to Request Restrictions. You have the right to request a restriction or limitation on your PHI that we may use for payment and health care operations. You also have the right to request a limit on your PHI that we disclose to someone who is involved in your care or the payment for your care, like a family member or friend. For example, you could ask that we not use or disclose information about a surgery that you had.
We are not required to agree to your request except in limited circumstances. We will agree to your request if the PHI pertains solely to a health care item or service for which the health care provider has been paid out of pocket in full. In other instances, such as where your care would be affected, we are not required to agree to your request. If we do agree to your request, we are required to comply with our agreement, except in certain cases, including where the information is needed to treat you in the case of an emergency. To request restrictions, you must make your request in writing to the individual identified in the Contact Information section below. In your request, you must tell us (1) what information you want to limit; (2) whether you want to limit our use, disclosure or both; and (3) to whom you want the limits to apply, for example, disclosures to your spouse.

**Right to Receive Confidential Communications.** You have the right to request that we communicate with you about medical matters in a certain way or at a certain location. For example, you may ask that we only contact you at work or by mail.

To request confidential communications, you must make your request in writing to the individual identified in the Contact Information section below. We will not ask you the reason for your request. Your request must specify how or where you wish to be contacted. We will accommodate all reasonable requests if you clearly provide information that the disclosure of all or part of your PHI could endanger you.

**Right to Share Certain Health Information.** For certain health information, you can tell us your choices about what we share. If you have a clear preference for how we share your information in the following situations, tell us what you want us to do and we will follow your instructions:

- Share information with your family, close friends, or others involved in payment for your care;
- Share information in a disaster relief situation.

We will never share your PHI for marketing purposes or sell your PHI unless you give us written permission.

**Breach Notification.** If and when required by HIPAA, we will notify you of a breach of the HIPAA privacy rules which involves your PHI considered to be “unsecure” under applicable HIPAA regulations. If HIPAA requires us to send you a notice, the notice will contain:

- a description of the breach;
- the type of PHI that was breached;
- what steps you could take to protect yourself from potential harm;
- what steps we are taking to investigate the breach, mitigate harm, and protect from further breaches; and
- who to contact for additional information.

**Right to a Paper Copy of this Notice.** You have a right to receive a paper copy of this Notice. You may ask us to give you a copy of this Notice at any time. Even if you have agreed to receive this Notice electronically, you are still entitled to a paper copy of this Notice. You also may obtain a copy of this Notice on the ARR Intranet at http://web.akrr.com/divisions/executive/employee/inslist.htm. To obtain a paper copy of this Notice, contact the individual identified in the Contact Information section below.

**COMPLAINTS**

If you believe your privacy rights have been violated, or if you disagree with a decision we made about a request, you may file a written complaint with the Group Health Plan or with the Office for Civil Rights of the U.S. Department of Health and Human Services. To file a complaint with the Group Health Plan, please direct your complaint to the individual identified in the Contact Information section below. All complaints must be submitted in writing. Alternatively, you may file a complaint with the Office for Civil Rights, by sending a letter to 200 Independence Avenue, S.W., Washington, D.C., 20201, calling 1-877-696-6775, or visiting www.hhs.gov/ocr/privacy/hipaa/complaints/. You will not be penalized, or in any other way retaliated against, for filing a complaint.

**OTHER USES OF MEDICAL INFORMATION**

Other uses and disclosures of medical information not covered by this Notice or the laws that apply to us will be made only with your written permission. If you provide us permission to use or disclose medical information about you, you may revoke that permission, in writing, at any time. If you revoke your permission, we will no longer use or disclose medical information about you for the reasons covered by your written Authorization. However, we are unable to take back any disclosures we have already made with your permission.

**CONTACT INFORMATION**

If you have any questions about this Notice or wish to exercise the rights described in this Notice, please contact the Privacy Official at the address and telephone number listed below. The Privacy Official may require that any request be made in writing.

Michael Humphrey
Manager, Benefits & Records
Alaska Railroad Corporation
327 W. Ship Creek Avenue
Anchorage, AK 99510-7500
907-265-2537
How to Enroll

You may submit your Benefits Enrollment Information/Election Form and FSA Enrollment Form one of four ways:

1. Mail or interoffice mail:  
   Alaska Railroad Corporation  
   PO Box 107500  
   Anchorage, AK 99510-7500

2. Fax: 907-265-2542

3. Email: HRBenefits@akrr.com

4. Hand deliver: Human Resources/GOB

Benefits Directory

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<td>ARRC Health Plan, Group 1038789 (Medical; prescription drug, including mail order; dental; vision; and hearing)</td>
<td>Premera Blue Cross Blue Shield of Alaska</td>
<td>Premera.com</td>
<td>Customer Service 8 a.m. – 5 p.m. Monday – Friday 800-508-4722 24-hour NurseLine 800-841-8343</td>
</tr>
<tr>
<td>RR Employees’ National Dental Plan Group 12000 (represented employees)</td>
<td>Aetna for National Railway Labor Conference</td>
<td>Aetnanavigator.com</td>
<td>877-277-3368</td>
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<td>EAP</td>
<td>Magellan Behavioral Health</td>
<td>Magellanassist.com</td>
<td>800-478-2812</td>
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<td>Flexible Spending Accounts</td>
<td>Premera/CYC</td>
<td>Premera.com</td>
<td>800-941-6121</td>
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<td>Life insurance</td>
<td>Aetna Life Insurance Co.</td>
<td><a href="mailto:HRBenefits@akrr.com">HRBenefits@akrr.com</a></td>
<td>907-265-2220</td>
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<td>Corporate Pension Plan</td>
<td>Atéssa Benefits</td>
<td>Myatessa.com</td>
<td>888-309-0041</td>
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<tr>
<td>401(k) Savings Plan 090587</td>
<td>The Vanguard Group</td>
<td>Vanguard.com</td>
<td>800-523-1188</td>
</tr>
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<td>Customer service for ARRC employees</td>
<td>ARRC Human Resources</td>
<td><a href="mailto:HRBenefits@akrr.com">HRBenefits@akrr.com</a></td>
<td>907-265-2220</td>
</tr>
<tr>
<td>Any benefit plan enrollment</td>
<td>ARRC Human Resources</td>
<td><a href="mailto:HRBenefits@akrr.com">HRBenefits@akrr.com</a></td>
<td>907-265-2220</td>
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