



140 West Street  
Room 09-114  
New York, NY 10007

Patrick Prindeville  
AVP - Labor Relations

July 22, 2025

Mr. William Gallagher  
Assistant to the Vice President  
Communications Workers of America  
AFL-CIO, District One  
80 Pine Street, 37<sup>th</sup> Floor  
New York, New York 10005

Re: 2026 Pre Medicare HRA

Dear Mr. Gallagher:

## **1. RETIREE HEALTH AND WELFARE BENEFITS CHANGES**

- A. Health Reimbursement Account (HRA) Option for Covered Retirees Who Are Not Medicare Eligible.** The Company will amend the Verizon New York and New England Associate Retiree-Only Health Reimbursement Arrangement Plan ("New York and New England Retiree Only HRA Plan") to provide an HRA in 2026 for each Covered Retiree with a Net Credited Service Date on or after August 3, 2008 ("Post-2008 Covered Retiree") or Covered Retiree with a Net Credited Service Date before August 3, 2008 ("Pre-2008 Covered Retiree") who is not Medicare eligible on the following terms:
- 1) **Retiree-Only HRA.** The HRA will be established within the meaning of IRS Notices 2002-45, 2013-54, 2015-87 and related guidance.
  - 2) **Eligibility and Enrollment Requirements.** The HRA is only available to a Covered Retiree who opts out of all other Company-sponsored medical options for such pre-Medicare Covered Retiree and pre-Medicare dependents and opts into the HRA.
    - a. To access coverage under the HRA, the Covered Retiree must obtain coverage through a non-Company sponsored medical plan that is either: (a) an individual market medical plan through the exchange identified by the Company; (b) other group health benefit plan coverage that meets the Affordable Care Act's definition of minimum essential coverage provided the Covered Retiree is eligible for coverage as the primary coverage holder (not a dependent) (e.g., VA health benefits); or (c) a group health benefit plan that meets the Affordable Care Act's definition of minimum essential coverage, and for which the Covered Retiree is eligible for coverage as a covered dependent (e.g., a spouse's medical plan). This type of coverage will be referred to herein as "Non-Company Medical Plan."

- b. Dependent eligibility for the HRA is limited to pre-Medicare IRS tax dependents who meet the definition of eligible dependents under the VMEP (subject to IRS eligibility). The Covered Retiree will be required to provide evidence of enrollment in a qualifying Non-Company Medical Plan for the Covered Retiree and dependents.
- c. Enrollment out of other Company-sponsored medical options and into the HRA is permitted during annual enrollment for the 2026 plan year effective as of January 1, 2026, or following an eligible status change within the requisite number of days as defined by the VMEP effective as of the first of the month following such election; the anytime enrollment provisions of the VMEP do not apply.
- d. To enroll in the HRA, the Pre-2008 Covered Retiree must have been enrolled in a Company-sponsored medical plan at some point on or after January 1, 2023. If a Covered Retiree was not enrolled in a Verizon-sponsored group medical plan at some point on or after January 1, 2023, the Covered Retiree can enroll in the HRA only following an eligible status change, as defined by the VMEP. This requirement does not apply to Post-2008 Covered Retirees.
- e. In order for an eligible dependent's expenses to be eligible for reimbursement, the Covered Retiree and eligible dependent must be enrolled in the same Non-Company Medical Plan. However, "split coverage" is permitted in accordance with the chart set forth in Attachment A for Post-2008 Covered Retirees or Attachment B for Pre-2008 Covered Retirees in certain situations where a Covered Retiree becomes Medicare eligible during a plan year, but a dependent is not yet Medicare eligible. In such cases, the HRA funding and eligibility for expense reimbursement for the Covered Retiree and dependent will be as set forth in Attachment A or Attachment B, as applicable.
- f. Company couples are not permitted to jointly utilize the HRA with a Covered Retiree and also jointly maintain Company-sponsored medical coverage. However, a Covered Retiree may elect the HRA and a Covered Retiree's spouse may separately elect Company-sponsored medical coverage provided no duplicate coverage is elected or utilized.

### 3) Allocation of Notional Credits to Retiree-Only HRA.

- a. **Amount of 2026 Credit.**
  - i. **Post-2008 Covered Retirees.** The amount to be credited to the HRA for Post-2008 Covered Retirees in 2026 will be based on the fixed dollar times service subsidy as defined in the 2022 Common Issues Memorandum of Understanding ("2022 MOU") and will not vary by coverage tier.
  - ii. **Pre-2008 Covered Retirees.** The amount to be credited to the HRA for Pre-2008 Covered Retirees will be based on the coverage category (tier) selected (e.g., single, single + 1, and family) and equal to the 2016 Company Contribution Cap as defined in the 2012 MOU for pre-Medicare Covered Retirees.
- b. **Allocation Date.** All credits to the HRA shall be made on January 1, 2026 (for Covered Retirees who enroll during annual enrollment) or the first of the month following the effective date of mid-year enrollment following an eligible status change as defined in the VMEP.
- c. **Proration of Credits.**
  - i. **Post-2008 Covered Retirees.** The amount of the HRA credit for non-Medicare eligible Post-2008 Covered Retirees, shall be set based on the years of service and number of complete months the Covered Retiree is enrolled in Non-Company Medical Plan

coverage divided by 12 and will not change with dependent coverage changes. Proration will also apply to an individual who newly retires and meets the requirements of a Covered Retiree, a Covered Retiree who incurs a mid-year eligible status change as defined by the VMEP (e.g., newly eligible dependent or qualifying life event), an individual who becomes a Covered Retiree following the expiration of Company-subsidized medical coverage under an IPP or EIPP, or a Covered Retiree or eligible dependent who becomes Medicare-eligible mid-year as explained in Attachment A.

- ii. **Pre-2008 Covered Retirees.** The amount of the HRA credit for non-Medicare eligible Pre-2008 Covered Retirees shall be set based on the coverage category (tier) selected and equal to the 2016 Company Contribution Cap as defined in the 2012 MOU for pre-Medicare Covered Retirees and the number of complete months the Covered Retiree is enrolled in the applicable coverage category (tier) in the Non-Company Medical Plan coverage divided by 12. Proration will also apply to an individual who newly retires and meets the requirements of a Covered Retiree, a Covered Retiree who incurs a mid-year eligible status change as defined by the VMEP (e.g., newly eligible dependent or qualifying life event), an individual who becomes a Covered Retiree following the expiration of Company-subsidized medical coverage under an IPP or EIPP, or a Covered Retiree or eligible dependent who becomes Medicare-eligible mid-year as explained in Attachment B.

4) **Expenses Eligible for Reimbursement.** For the 2026 HRA, the amount credited to the HRA can only be used to reimburse otherwise unreimbursed medical, prescription drug, dental, or vision expenses (as defined in IRC Section 213(d)) for the non-Medicare Covered Retiree and eligible pre-Medicare dependents subject to coverage in the Non-Company Medical Plan for medical and prescription drug expenses and/or the Company-sponsored dental plan for dental expenses and the following requirements. The HRA:

- a. Can be used to reimburse post-tax premiums or contributions required to enroll in Non-Company Medical Plan (except for a group health benefit plan for which a Covered Retiree is eligible for coverage as a covered dependent).
- b. Can be used to reimburse IRC Section 213(d) eligible medical and prescription drug out-of-pocket costs generated by the operation of the cost sharing features in the Non-Company Medical Plan. This includes deductibles, copays, coinsurance, and prescription drug cost sharing. This also includes any balance billing generated by out-of-network usage for an otherwise covered expense under the Non-Company Medical Plan by a Covered Retiree or their eligible dependents.
- c. Can be used to reimburse IRC Section 213(d) eligible dental out-of-pocket costs generated by the operation of the cost sharing features of a Company-sponsored dental plan in which the Covered Retiree is enrolled during the 2026 plan year. This includes deductibles, copays, and coinsurance. This also includes any balance billing generated by out-of-network usage for an otherwise covered expense under the Company-sponsored dental plan by a Covered Retiree or their eligible dependents.
- d. Can be used to reimburse IRC Section 213(d) eligible out-of-pocket vision expenses up to \$1,000 per each individual eligible for HRA reimbursement (i.e., Covered Retiree or eligible dependent).
- e. Cannot be used to reimburse expenses not covered by Non-Company Medical Plan or Company-sponsored dental plan (for example, over-the-counter products or other products that would not otherwise be covered by the Non-Company Medical Plan even if such amounts satisfy IRC Section 213(d), except as noted above.) Whether or not an expense may be reimbursed will be

dependent on the explanation of benefits produced by the Non-Company Medical Plan, Verizon-sponsored dental plan, or documentation of vision care.

- f. Cannot be used to reimburse expenses for a Covered Retiree or dependents once that person is eligible for Medicare. If a Covered Retiree attains Medicare eligibility mid-year, the HRA will only reimburse expenses for the Covered Retiree if they were incurred prior to attainment of Medicare eligibility.
- g. For eligible dependents, the HRA can only be used to reimburse expenses incurred either (1) while the dependent is not Medicare eligible and is enrolled in the same Non-Company Medical Plan as the pre-Medicare Covered Retiree or (2) after a Covered Retiree becomes eligible for Medicare, if the dependent is not Medicare eligible and is enrolled in the same Non-Company Medical Plan as the Covered Retiree's other non-Medicare eligible dependents.

5) **Unused HRA Amounts.** Starting with the 2026 plan year, amounts credited to the HRA during the plan year that are unused at the end of the year will be eligible to be rolled over to be used for reimbursement of eligible expenses in subsequent plan years subject to the following:

- a. For Post-2008 Covered Retirees, there is no limit on the amount that may be rolled over. However, to the extent the Post-2008 Covered Retiree and any covered dependents are no longer eligible for claims reimbursements as a result of Medicare eligibility attainment, the remaining amount shall be forfeited subject to a runout period for claim submission.
- b. For Pre-2008 Covered Retirees, the amount eligible for rollover shall be subject to an annual limit of three times the annual amount of the HRA credit the Pre-2008 Covered Retiree is eligible for based on their elected coverage tier as of January 1 for the year in which the rollover is received. This limit will be applied at January 1 of any plan year in which the Pre-2008 Covered Retiree is eligible for a credit. To the extent an annual rollover when paired with the credit for the upcoming year would result in a balance in excess of three times the annual amount of the HRA credit for such plan year, the rollover shall instead be forfeited and the retiree will be eligible for an HRA credit for the plan year equal to three times the applicable annual amount. This limit will be evaluated annually on January 1 and will not be adjusted mid-year to account for tier changes.

After a runout period that will allow claims that were incurred during an applicable plan year to be submitted, such amounts will be forfeited; for claims incurred in 2026, the runout period will end as of June 30, 2027.


- 6) **Impact of HRA Balance.** For any year in which a Covered Retiree maintains an HRA, the Covered Retiree will not be eligible for an IRC Section 36B premium tax credit under the Affordable Care Act Health Insurance Marketplace as explained in IRS Notice 2013-54 and 2015-87.
- 7) **Termination of Coverage other than Death.** Upon loss of eligibility, including attainment of Medicare eligibility or any other loss of coverage applicable under the Verizon Medical Expense Plan for New York and New England Associates, claims incurred after the date of termination will not be eligible for reimbursement. Claims incurred before termination but not paid shall be eligible for reimbursement for six months following the date of termination.
- 8) **Termination Upon Death.** Upon the death of the Covered Retiree, dependents will be eligible to receive reimbursement for up to twelve months with no additional contributions as well as elect COBRA which shall run concurrently with the 12-month period (i.e., the dependent(s) will need to contribute to receive reimbursement for the 24 months following the 12 months reimbursement period that does not require a COBRA contribution).

- 9) **Administration and Compliance.** The Company will have the sole and exclusive right to determine and implement applicable administrative details with respect to the HRAs, which include, without limitation claims processing procedures, communications, and establishment of applicable COBRA rates. The HRAs will be established and operated in accordance with IRS guidelines and applicable law.

Very truly yours,

  
Patrick J. Prindeville  
Associate Vice President - Labor Relations

Agreed for the Union:

  
William Gallagher – Assistant to the Vice President  
Communications Workers of America

7-24-25  
Date:

Pre-08 Retiree Scenarios				
	Retiree Status	Dependent Status	HRA Funding	Eligible for Reimbursement
	Full year pre-Medicare	Full year pre-Medicare (and enrolled in same plan as retiree)	Full Crediting for retiree and dependent	For <u>retiree and dependent</u> , plan covered expenses
1	Full year pre-Medicare	Part year pre-Medicare (and enrolled in same plan as retiree) and gaining Medicare eligibility mid-year	<ul style="list-style-type: none"> <li>• Full Crediting for retiree</li> <li>• Pro-rated Crediting for dependent</li> </ul>	<ul style="list-style-type: none"> <li>• For <u>retiree</u>, plan covered expenses</li> <li>• For <u>dependent</u>: <ul style="list-style-type: none"> <li>○ Plan covered expenses incurred before Medicare-eligibility</li> </ul> </li> </ul>
2	Full year pre-Medicare	Full year Medicare eligible	<ul style="list-style-type: none"> <li>• Full Crediting for retiree</li> <li>• No Crediting for dependent</li> </ul>	<ul style="list-style-type: none"> <li>• For <u>retiree</u>, plan covered expenses</li> <li>• For <u>dependent</u>, no coverage</li> </ul>
3	Part year pre-Medicare and gaining Medicare eligibility mid-year	Full year pre-Medicare (and starts year enrolled in same plan as retiree)	<ul style="list-style-type: none"> <li>• Pro-rated Crediting for retiree</li> <li>• Full Crediting for dependent</li> </ul>	<ul style="list-style-type: none"> <li>• For <u>retiree</u>: <ul style="list-style-type: none"> <li>○ Plan covered expenses incurred before Medicare-eligibility</li> </ul> </li> <li>• For <u>dependent</u>, plan covered expenses</li> </ul>
4	Part year pre-Medicare and gaining Medicare eligibility mid-year	Part year pre-Medicare (and enrolled in same plan as retiree) and gaining Medicare eligibility mid-year	<ul style="list-style-type: none"> <li>• Pro-rated Crediting for retiree</li> <li>• Pro-rated Crediting for dependent</li> </ul>	<ul style="list-style-type: none"> <li>• For both <u>retiree and dependent</u>: <ul style="list-style-type: none"> <li>○ Plan covered expenses incurred before Medicare-eligibility</li> </ul> </li> </ul>
5	Part year pre-Medicare and gaining Medicare eligibility mid-year	Full year Medicare eligible	<ul style="list-style-type: none"> <li>• Pro-rated Crediting for retiree</li> <li>• No Crediting for dependent</li> </ul>	<ul style="list-style-type: none"> <li>• For <u>retiree</u>: <ul style="list-style-type: none"> <li>○ Plan covered expenses incurred before Medicare-eligibility</li> </ul> </li> <li>• For <u>dependent</u>, no coverage</li> </ul>
6	Full year Medicare eligible	Full year pre-Medicare	<ul style="list-style-type: none"> <li>• No Crediting for retiree</li> <li>• Full Crediting for dependent</li> </ul>	<ul style="list-style-type: none"> <li>• For <u>retiree</u>, no coverage</li> <li>• For <u>dependent</u>, plan covered expenses</li> </ul>
7	Full year Medicare eligible	Part year pre-Medicare and gaining Medicare eligibility mid-year	<ul style="list-style-type: none"> <li>• No Crediting for retiree</li> <li>• Pro-rated Crediting for dependent</li> </ul>	<ul style="list-style-type: none"> <li>• For <u>retiree</u>, no coverage</li> <li>• For <u>dependent</u>: <ul style="list-style-type: none"> <li>○ Plan covered expenses incurred before Medicare-eligibility</li> </ul> </li> </ul>



### Post-08 Retiree Scenarios

	Retiree Status	Dependent Status	HRA Crediting	Eligible for Reimbursement
	Full year pre-Medicare	Full year pre-Medicare (and enrolled in same plan as retiree)	Full Crediting for retiree	<ul style="list-style-type: none"> <li>For <u>retiree</u>, plan covered expenses</li> <li>For <u>dependents</u>, plan covered expenses (while enrolled in same plan as retiree)</li> </ul>
1	Full year pre-Medicare	Part year pre-Medicare (and enrolled in same plan as retiree) and gaining Medicare eligibility mid-year	<ul style="list-style-type: none"> <li>Full Crediting for retiree</li> </ul>	<ul style="list-style-type: none"> <li>For <u>retiree</u>, plan covered expenses</li> <li>For <u>dependents</u>, plan covered expenses incurred before Medicare-eligibility (and while enrolled in same plan as retiree)</li> </ul>
2	Full year pre-Medicare	Full year Medicare eligible	<ul style="list-style-type: none"> <li>Full Crediting for retiree</li> </ul>	<ul style="list-style-type: none"> <li>For <u>retiree</u>, covered expenses</li> <li>For <u>dependents</u>, no coverage</li> </ul>
3	Part year pre-Medicare and gaining Medicare eligibility mid-year	Full year pre-Medicare (and starts year enrolled in same plan as retiree)	<ul style="list-style-type: none"> <li>Pro-rated Crediting for retiree</li> </ul>	<ul style="list-style-type: none"> <li>For <u>retiree</u>, plan covered expenses incurred before Medicare-eligibility</li> <li>For <u>dependents</u>, plan covered expenses (provided remain enrolled in same plan as retiree while retiree is pre-Medicare and thereafter all pre-Medicare dependents are in one eligible plan)</li> </ul>
4	Part year pre-Medicare and gaining Medicare eligibility mid-year	Part year pre-Medicare (and enrolled in same plan as retiree) and gaining Medicare eligibility mid-year	<ul style="list-style-type: none"> <li>Pro-rated Crediting for retiree</li> </ul>	<ul style="list-style-type: none"> <li>For <u>retiree</u>, plan covered expenses incurred before Medicare-eligibility</li> <li>For <u>dependents</u>, plan covered expenses incurred before Medicare-eligibility (provided remain enrolled in same plan as retiree while retiree is pre-Medicare and thereafter all pre-Medicare dependents are in one eligible plan)</li> </ul>
5	Part year pre-Medicare and gaining Medicare eligibility mid-year	Full year Medicare eligible	<ul style="list-style-type: none"> <li>Pro-rated Crediting for retiree</li> </ul>	<ul style="list-style-type: none"> <li>For <u>retiree</u>, plan covered expenses incurred before Medicare-eligibility</li> <li>For <u>dependents</u>, no coverage</li> </ul>
6	Full year Medicare eligible	Full year pre-Medicare	<ul style="list-style-type: none"> <li>No Crediting</li> </ul>	<ul style="list-style-type: none"> <li>No HRA crediting</li> </ul>
7	Full year Medicare eligible	Part year pre-Medicare and gaining Medicare eligibility mid-year	<ul style="list-style-type: none"> <li>No Crediting</li> </ul>	<ul style="list-style-type: none"> <li>No HRA crediting</li> </ul>