



# Transportation Communications International Union

An affiliate of the International Association of Machinists and Aerospace Workers



God Bless America

**SOCIAL SERVICES DEPARTMENT**  
**Robert A. Scardelletti, International President**  
**Daniel Biggs, International Secretary-Treasurer**

December 3, 2007

To: All International Representatives and  
Assistant International Representatives  
All Local Chairpersons With Members Covered by the National Agreement

Dear Brothers and Sisters:

This will advise that the 2008 employee health and welfare cost-sharing contribution amount under the National Agreement covering the freight railroads will remain unchanged at \$166.25. That amount is well below the \$177 we projected in the National Agreement ratification packet.

Under the 2007 National Agreement, employee cost-sharing is based on 15% of the payment rates for Medical, Life and Accidental Death and Dismemberment, Dental, and Vision. Those rates for **2007** are as follows:

|               |                 |
|---------------|-----------------|
| Medical       | \$1,036.01      |
| Life and AD&D | \$ 15.11        |
| Dental        | \$ 46.72        |
| Vision        | <u>\$ 10.50</u> |
| Total         | \$1,108.34      |

15% of the Total Payment Rate for **2007** was \$166.25

Payment rates for **2008** are as follows:

|               |                 |
|---------------|-----------------|
| Medical       | \$1,039.28      |
| Life and AD&D | \$ 13.67        |
| Dental        | \$ 45.39        |
| Vision        | <u>\$ 10.00</u> |
| Total         | \$1,108.34      |

15% of the Total Payment Rate for **2008** is \$166.25

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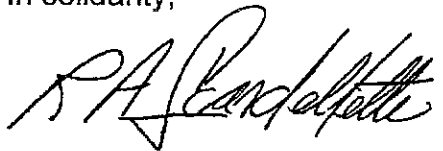
The above rates reflect a slight increase in the Medical payment rate from 2007 to 2008, while the payment rates for Life and AD&D, Dental and Vision declined, leaving the combined total for 2008 identical to the combined amount for 2007.

In the current health and welfare environment of often double digit increases from year to year, the very slight increase in the Medical payment rate is an extremely significant accomplishment. Specifically, the minuscule increase is a direct reflection of the cost-saving measures provided for in the new National Agreement, as well as new programs implemented in late 2006 and 2007, such as Disease Management, Custom Care Coordination, and Integrated Behavioral Health.

As information, under the previous National Agreement, health and welfare cost-sharing was based on the lesser of one-half of the increase in the payment rate and one-half of the Cost of Living Adjustment (COLA). Due to a carryover provision, any portion of the payment rate increase that could not be applied due to the COLA cap could be carried over and applied against future COLAs. Under that formula, because of the carryover provision, you would have received a COLA on January 1, 2008, of 16 cents per hour, and your cost-sharing would have been increased to \$162.69. By July 1, 2008, under the former agreement the cost-sharing amount would very likely have exceeded \$166.25, with no end in sight.

The fact that there will be no increase in cost-sharing payments for 2008 is an extremely positive development that comes as a result of the cost-sharing changes ratified by our members. In addition, our efforts to implement new programs that will improve the health and well being of all Plan participants have significantly reduced costs *without* reducing benefits.

In solidarity,



Robert A. Scardelletti  
International President

cc: Executive Council  
Carmen Division Officers  
All Other Local Chairpersons as Information