



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*

Russell Oathout, *International Secretary-Treasurer*

November 15, 2010

TO: Executive Council
Carmen Division Officers
International Representatives
Assistant International Representatives
All Local Chairpersons with Members Covered by
The National Health and Welfare Plan (GA-23000)

Dear Sisters and Brothers:

The annual rate renewal meeting for the Railroad Employees National Health and Welfare Plan (the "Plan") was held in Washington, D.C., on October 26, 2010, at which time payment rates for 2011 were established. Rail Labor (the Cooperating Railway Labor Organizations, or "CRLO"), as a Joint Policyholder, participated in the annual rate-setting meeting.

The payment rate for 2011 increased by a total of \$104.74 to \$1,445.36. Although the employee cost-sharing amount is set at 15% of the payment rate, the amount for 2011 is capped under the 2007 National Agreements at \$200. Without the \$200 cap, the 15% employee cost-sharing amount would have been \$216.80. The \$200 cap remains in effect until a new National Agreement is reached and can only be changed by the terms of the new agreement. As a result of the cap, employees will now be paying less than 15% of the payment rate and the railroads slightly more than 85%.

The primary reason for the increase is due to the medical trend rate of 7.5%, plus an additional 2.1% based on the provisions of the Patient Protection Affordability Care Act which require the Plan to implement coverage for certain dependent children until age 26 and remove the annual lifetime maximum effective January 1, 2011.

Below are the component parts of the payment rate upon which cost-sharing is based:

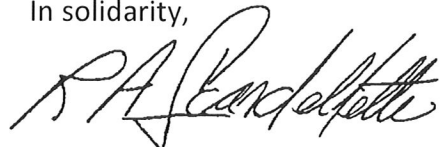
	2010	2011	Increase
Medical (Including Rx)	\$1,261.11	\$1,363.75	8.1%
Life and AD&D (MetLife)	\$12.30	\$12.30	0.0%
Dental (Aetna)	\$56.98	\$59.06	3.7%
Vision (VSP)	\$10.25	\$10.25	0.0%
Totals	\$1,340.62	\$1,445.36	\$104.74
Employee Contribution (@ 15%)	\$200.00 (Capped)	\$200.00 (Capped)	
Employee Contribution without the Cap	\$201.09	\$216.80	

While the above costs are used to calculate the 15% employee cost-sharing amount, the carriers are responsible for additional administrative fees and costs. With the additional costs, the total monthly costs are \$1,470.99 or an annual cost of \$17,651.88 per employee for medical, life and AD&D, dental and vision coverage. After subtracting the \$200 monthly employee cost-sharing amount, the carriers' responsibility per employee is \$1,270.99 per month for an annual per employee cost of \$15,251.88.

We continue to believe that the implementation of the Nurse Line, Custom Care Coordination, Disease Management, Integrated Behavioral Health, and Wellness Programs (Healthy Weight and Smoking Cessation) programs in 2007 and 2008 will help keep the medical trend at levels that are on par with or below similar plans going forward. And we will continue to explore new avenues of controlling Plan costs without sacrificing benefits.

But these initiatives do not produce the scale of savings that the railroads are seeking in national negotiations. They are demanding that employees pick up a much greater share of the cost, despite the industry's record setting economic health. I am proud of our excellent health plan, which has not impeded the carriers' profitability, and is exactly what rail workers need to cover the costs of the necessary medical benefits they receive. We achieved this plan through hard bargaining over many years, and I am determined to hold the line on cost shifting and benefits this round.

In solidarity,



Robert A. Scardelletti
International President

Attachment

cc: All Other Local Chairpersons, as info