

Health care cost shares to increase in 2010

CLEVELAND, November 13 — Rail worker cost-sharing contributions toward health and welfare coverage will increase about 17 percent in 2010.

The monthly contribution will increase from \$170.06 per month to \$200.00 per month beginning January 1, 2010.

Health care for all Rail Labor unions is negotiated jointly through the Cooperating Railway Labor Organizations (CRLO). CRLO is a joint policy holder with the carriers of the Railroad Employees National Health and Welfare Plan, and participates in annual rate-setting meetings on an equal footing with the carriers.

Most of the increase in the payment rate is attributable to the 18.8% increase in the cost of medical benefits. Also, there were a number of unexpected intervening factors that added significantly to the increase.

For example, due to the recession, between 14,000 and 15,000 railroad employees were furloughed in addition to normal seasonal furloughs during 2009. Plan funding is based on a monthly contribution for each active employee, so the furloughs had considerable negative effect on funding.

In addition, thousands of dependents who were previously dropped from coverage during the Dependent Eligibility Audit in 2008 were unexpectedly returned to coverage during 2009, with benefits being paid retroactively, upon presentation of proper documentation.

The monthly premium rate for the medical portion of the Plan increased 18.8% to \$1,261.11. The Dental Plan premium rate increased by 1.8% to \$56.96 and the Vision Plan rate increased 2.5% \$10.25. The Life and Accidental Death and Dismemberment premium remained the same at \$12.30.

Employee cost-sharing amounts were set by the 2007 National Agreements at 15% of the premium rates for the above four components of members' insurance coverage (Medical, Life, Dental and Vision). The total amount of the four components for 2010 is \$1,340.62, which is an increase of \$200.88, or 17.6%. The 2010 cost-sharing amount is 15% of \$1,340.62, which would have been \$201.09. However, the 2007 National Agreements capped the employee monthly cost-sharing amount at no more than \$200. Thus, the 2010 rate is \$200 per employee.

It is important to note that the \$200 cap will remain in effect in subsequent years until a new National Agreement is reached. As a result of the cap, employees will now be paying slightly less than 15% of the payment rate.