

TAVORMINA & YOUNG, L.L.P.
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“RAILROAD MEDICAL & DISABILITY INSURANCE COVERAGE “

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The Health Care Reform Act creates a couple of new changes to the plan, which I describe below. In some cases a dependent child can now stay on the plan until age 26 and caps on the active plan will be eliminated. These changes are effective January 1, 2011. United Health Care has sent information regarding the changes to all active employees.

Those wishing to enroll a child under 26 must register by November 3, 2010.

Below is a summary in outline format of your medical insurance, dental insurance and disability policies of insurance. You have great insurance thanks to the hard work of your union. Because the plans are lengthy and complicated I have outlined the issues that are the most important. At the end I also summarize the disability policies and off track insurance vehicle coverage. I suggest you print this and keep it for a handy outline of how the coverage works.

1. TO INITIATE NRC-UTU/GA 23000 MEDICAL COVERAGE:

- a. New employee- coverage begins on the first day of the fourth month after the employee renders the required requisite service.
- b. After coverage begins an active employee must work seven calendar days in a calendar month to have coverage for the following month.
 - o Example – employee works at least seven days in March. He has coverage for April.

- c. An extra board employee must either work seven calendar days in a calendar month or be available for service for seven calendar days in a calendar month to have coverage.
 - Example – employee works 7 days in June 2008 and would then have coverage for July 2008.
 - A “calendar day” means the employee must work during a calendar day.
 - A 300 mile run that goes to work on Monday June 1, 2008 would qualify as one calendar day, not 3 days.
 - Vacation pay received in a month counts as calendar days.
 - Extra board guarantee pay counts as a calendar day.
- d. Opportunity Rule: If an employee returns to work from furlough, suspension, dismissal or disability (including pregnancy) or commences work as a new hire at a time during a month when there is not an opportunity to render compensated service at least seven calendar days during that month, the employee will be deemed to have satisfied the seven day rule, provided he/she is available to work, or actually works, every available work opportunity during that month.

2. FURLOUGH COVERAGE ISSUES:

- a. A furloughed employee has coverage for the month of furlough plus four additional months. This includes all dependents.
- b. Example: Furloughed February 18, 2010 – coverage extends through June 30, 2010 for the employee and all dependents. The employee pays no premium during this period of extended coverage.

- c. If a furloughed employee is recalled to work at least one day in the four-month period of furlough and then again furloughed, coverage is extended another four months.
 - Example – Employee is furloughed February 18, 2010 and thus has coverage through June 30, 2010. If he is recalled and works for one day in June and then again furloughed, he would have extended coverage for another four months through October 31, 2010.
- d. If a furloughed employee is recalled for one day and works one day after the extended coverage expires, he establishes another four-month period of extended coverage.
 - Example: Employee is furloughed February 18, 2010 and is recalled July 5, 2010 and works one day. There is no coverage for July, but the employee would again have coverage beginning August 1, 2010, which would end November 30, 2010.
- e. Vacation pay received by a furloughed employee after the four months of coverage expires does not create or extend coverage.
 - Example: Employee is furloughed February 2010 but not recalled. Employee receives vacation pay in July 2010 after the four months of extended coverage expires. The vacation pay does not extend coverage and coverage ends June 30, 2010.
- f. Vacation pay received while furloughed and still under coverage, does not extend medical coverage:

- Example: Employee is furloughed February 18, 2010 and has coverage through June 30, 2010. If the employee receives vacation in June 2010, the coverage is not extended.

3. RESIGNATION:

- a. All coverage ends the day one resigns.
 - Example – employee resigns on August 1, 2008. Coverage ends on August 1, 2008 for the employee and all dependents.

4. MARRIAGE:

- a. New spouse is eligible for coverage the first day of marriage.
 - d. Marriage license has to be sent to UHC as proof of marriage
- b. Ex-spouse loses coverage the day the divorce is final.

5. CHILDREN:

- a. Unmarried children are covered until age 19.
- b. EFFECTIVE JANUARY 1, 2011 children have extended coverage until their 26th birthday.
 - Under the Health Care Reform Act dependent children of active employees covered under the NRC/UTU – GA 23000 will now have coverage up to the first day of their 26th birthday. However, to be eligible the child must not have access to other coverage, such as from their own job or that of their spouse.
 - This does not apply to retired employees covered under GA 46000.
 - This provision does not apply to the dental and vision plans.
 - UHC is sending out forms to enroll those children who are not now on the plan, but who are eligible.
 - Open enrollment ends November 3, 2010.

- c. Unmarried children are covered up to age 25 if full time enrolled in college. Full time means 12 or more hours a semester.
- d. Unmarried children over the age of 19 who have a permanent physical or mental disability that began before age 19 will continue to have ongoing coverage.
- e. Stepchildren and adopted children are covered.
- f. Grandchildren are covered if they live with and depend upon the covered employee for support.

6. COVERAGE FOR SUSPENSION – DISCHARGE:

- a. Coverage for 4 months following the last month of compensated service for the employee and all dependents.
 - o Example - Employee is suspended on March 22, 2008. Employee and all dependents have full coverage for March, April, May, June and July 2008.
- b. Remember one can buy the insurance at the Carrier's cost (COBRA) for up to 18 months after the insurance ends. The cost is \$602.75 per month for the employee and \$602.75 for the spouse and \$374.24 (effective March 1, 2010) for all children.

7. LEAVE OF ABSENCE:

- a. Coverage for 1 month following the last month of compensated coverage.
 - o Example - Employee takes a leave of absence on March 22, 2008. Employee and dependents have coverage for March and April 2008.
- b. COBRA coverage is available thereafter.

8. FAMILY MEDICAL LEAVE COVERAGE:

- a. If an employee takes FMLA because of their spouse, children or parent has a serious health condition the employing railroad is required to provide coverage for up to 12 weeks. Thereafter, COBRA is available.
- b. If an employee takes FMLA because the employee has a serious health condition, the employee has coverage for the entire year when FMLA begins and 2 years thereafter. Dependents have coverage for 1 year less than the employee.
 - Example: Employee begins FMLA (because of his or her own serious health condition) March 1, 2008. Employee has coverage for 2008, 2009 and 2010. Dependents have coverage for 2008 and 2009.
- c. If the employee worked long enough during the year FMLA begins (for his or her own serious health condition) to earn a vacation for the following year, coverage is extended for the employee and the dependents for an additional year.
 - Example: Employee begins FMLA (because of his or her own serious health condition) September 1, 2008. Employee has coverage for 2008, 2009, 2010 and 2011, assuming vacation pay earned in 2008 is received in 2009. Dependents would have coverage for 2008, 2009 and 2010.

9. THE NEW MEDICAL PLANS GA 23111- Plans A, B, C

- a. Three new plans are now offered for those that might not otherwise have coverage. These plans are intended to provide coverage when an active employee loses coverage.

- b. These are medical insurance plans, but they do not have the prescription drug coverage. However the plans do automatically have a partnership with United Health Allies, including the major drug stores (Walgreens, CVS, Wal-Mart), which provides prescription drugs at discounted prices from 25% to 50% off retail prices.
- c. Plan A:
 - Cost is \$305.00 per month for the employee and an additional \$305.00 per month for all dependent. So an employee, wife and 2 children could purchase the policy for \$610.00 per month.
- d. Plan B:
 - Cost is \$415.00 per month for the employee and an additional \$415.00 per month for all dependent. So an employee, wife and 2 children could purchase the policy for \$830.00 per month.
 - There is \$750.00 per person deductible.
 - Thereafter the plan pays 60% of covered costs.
- e. Plan C:
 - Cost is \$530.00 per month for the employee and an additional \$530.00 per month for all dependent. So an employee, wife and 2 children could purchase the policy for \$1,060.00 per month.
 - There is \$500.00 per person deductible.
 - Thereafter the plan pays 70% of covered costs.
- f. All three plans have a lifetime maximum amount of coverage of \$500,000.00 per person.
- g. There is NO PRE-EXISTING EXCLUSION for any of Plan A, B or C.

- h. These plans are available to any railroad worker who otherwise does not have coverage and can be purchased until Medicare begins.
- i. All three plans pay 75% of inpatient drug abuse care.
- j. Once a plan is selected the insured cannot change the plan for 2 years, or until the next open enrollment.
- k. All three plans are available to any active railroad worker that loses coverage, but the worker must apply within 4 months of losing the active coverage.
- l. The next open enrollment is May 2011.

10. **WELLNESS PLAN:**

- a. Effective July 1, 2008 a FREE wellness program is available under GA 23000 to help active employees quit smoking and/or lose weight.
- b. A nurse is available to assist with a plan to lose weight or quit smoking.
- c. The plan will pay for “nicotine” patches.
- d. Nurse line phone number is 866 735 5685.

11. **CO-PAY:**

- a. Effective November 1, 2008 co-pays for physical therapy, chiropractic, physician’s assistant care and nurse practitioner care were reduced from \$35.00 per visit to \$20.00 per visit.

12. **REFERRALS:**

- a. It is no longer necessary to get a referral from a primary care physician to a specialist, so long as the specialist is within the contract plan.
 - o Example: Employee has a back injury and wants to see an orthopedic surgeon. The employee may see the surgeon without a

referral and the plan will pay the full contract price for all procedures, less the co-pays.

- b. A doctor or provider that is a part of the contract plan is not allowed to charge the covered employee or dependants more than the contract price for the service performed.
 - o Example: Doctor performs a procedure for which the contract price is \$250.00. The doctor must accept the contract price of \$250.00 for the procedure. Should the doctor send a bill for more than \$250.00 the patient is not required to pay any additional charges.

13. HEARING BENEFIT:

- a. There is an annual \$600.00 benefit of for hearing.
- b. This includes testing and hearing aides.

14. DENTAL BENEFIT:

- a. Active employees have a annual dental benefit of \$1,500.00 for the employee and \$1,500.00 for each dependent.
- b. There is also a maximum \$1,000.00 annual orthodontic benefit.
- c. The employee must have one year of service and qualified in the month prior by working at least seven days, to use.
- d. It ends one month after the month of retirement.
- e. If discharged, suspended or furloughed -coverage for that month plus four.

15. EARLY RETIREMENT HEALTH & WELFARE PLAN – GA 46000:

- a. This is a comprehensive plan for employees who retire at age 60 with 30 years of service.

- b. The plan pays 80% of covered charges.
 - The plan covers office visits and diagnostic testing.
- c. There is \$100.00 deductible.
- d. The prescription drug plan is the same as GA 23000.
 - GA 46000 uses the same Medico plan as GA 23000.
 - \$2.00 Co-pay for generic drugs.
 - \$6.00 Co-pay for brand name drugs.
 - \$5.00 Co-pay for up to 90 day supply at mail order home delivery.
- e. The plan also covers the qualifying employees' spouse and dependents until the employee reaches age 65.
 - Example: Employee retires at age 60 with 30 years of service on March 1, 2008. Employee's spouse is 59 on March 1, 2008. The spouse would begin coverage under GA 46000 on March 1, 2008 and would continue to be covered under GA 46000 until the employee was 65.
 - The spouse could buy the plan after the employee reaches age 65 for about \$702.00 per month for up to 36 months.
- f. If an employee is on a disability and is covered under GA 23000 on his or her 60th birthday, the employee qualifies for GA 46000 and so does the spouse and dependents.
 - Example: Employee is granted an occupational disability at age 57 and is covered under GA 23000 at age 60. The employee's spouse would begin coverage when the employee turns age 60 and would remain covered under GA 46000 until the employee turns 65.

- Note: This the same plan for those that take a normal retirement at age 60 with 30 years of service.
- g. Once the employee qualified for Medicare at age 65 the GA 46000 no longer covers the employee and he/she only has Medicare.
- Example: Employee last worked when he was 57, but remains on GA 23000 until 60 (coverage for year of injury plus 3 with vacation pay). When GA 23000 expires on December 31 (the year the employee turns 60) then Medicare starts and there is no GA 46000 for the employee, but the spouse would have coverage under GA 46000 for until the employee is 65.
- h. GA 46000 has a lifetime cap today of \$118,900.00 for the employee and \$118,900.00 for the spouse.
- i. There is a supplemental policy (GA 23111 Plan E) that can be bought to increase the lifetime cap by \$500,000.00 to \$618,900.00 for \$180.00 per month for the employee and \$180.00 for the spouse and all dependents. Thus, the employee with a spouse and dependent child would pay a total of \$360.00 per month for all three.
- This supplemental policy also pays 70% of the 20% the plan does not pay and it pays the \$100.00 deductible. Thus, the plan pays 94%.
 - The decision to buy Plan E must be made within 4 months of going onto GA 46000.
 - Note - The Health Care Reform Act eliminated caps for active employee policies such as GA 23000, but not for GA 46000 as it is an early retirement plan.

- j. GA 46000 ends for the employee and the spouse when the employee reaches age 65.
- k. If the covered employee dies while covered by GA 46000, the covered spouse will retain the coverage until the covered employees would have reached his/her 65th birthday, even though the covered employee died.
- l. An employee cannot be covered under GA 46000 and Medicare.
 - o If and when an employee gets Medicare coverage, GA 46000 ends for the employee.
 - o Example: Employee is on a total and permanent disability and is therefore on Medicare when reaching age 60. The employee would have Medicare, but not GA 46000. However, the spouse would still be covered under GA 46000 until the employee is 65.
- m. There is no vision and dental coverage under GA 46000.
 - o Thus, once GA 23000 ends (active employee plan) so does the dental and vision plan.
 - o Both dental & vision can be COBRA'ed for up to 18 months after the coverage ends.
 - o Dental is \$29.60 per month.
 - o Vision is \$5.17 per month.

16. **MEDICARE:**

a. Part A:

- o Part A is a major medical plan that pays 80% of major medical costs. This involves “medically necessary” inpatient services in a

hospital. It may pay for skilled nursing as a follow up to an inpatient hospital stay.

- Deductible for 2010 is \$1,100.00.
- Part A is completely paid for by Medicare.

b. Part B:

- Part B pays for non-inpatient services, such as doctor visits, care in a hospital when not admitted and diagnostic tests.
- Part B premium for new enrollees (2010) is \$110.50.
- Part B premium for those enrolled prior to 2010 is \$96.40.
- Part B annual deductible is \$155.00.

c. Plan F:

- Plan F pays the deductible and the 20% that Medicare does not pay for.
- Plan F also pays a percentage for emergency medical care when out of the country.
- Plan F is also available to an active employee's parents or in-laws.
- Plan F costs \$168.00 per month (effective June 1, 2010)
- Plan F does not have any prescription drug coverage.

d. Effective January 1, 2006 Medicare established mandatory participation in a prescription drug program. The plans vary greatly as to cost and benefits. You can change plans every year in November.

e. An individual must buy a Part D prescription drug plan. Those who do not buy a prescription drug plan when eligible are penalized. There are over 40 prescription drugs plans available at varying costs.

- PART D: This is insurance coverage that helps pay for the prescription drugs. Part D coverage is not automatic. All plans are not the same. They vary in cost and what is covered.
- Part D is provided by private insurance companies, such as UHC.
- f. Medicare does not cover vision, dental, chiropractic care, hearing tests, acupuncture and travel outside the country. There are other exclusions.
 - When an employee becomes eligible for Medicare, he/she should buy Plan F, which supplements Parts A&B.

17. ON DUTY INJURIES & COVERAGE:

- a. GA 23000 pays for all on duty injuries without approval from the railroad.
 - NOTE: The railroad does not pay for any medical care for an injured worker. All medical care is paid by the employee's insurance.
- b. Coverage period when off injured:
 - The year of the injury plus 2 years for the employee and the year of the injury plus 1 for all dependents.
 - Example: Employee is injured on March 1, 2009 and is not able to return to work. The employee has full medical coverage until December 31, 2011 and all dependents have coverage until December 31, 2010.
 - If at the time of injury the employee has worked enough to earn a vacation for the following year and then gets paid for vacation time

- in the following year, the employee and dependents get an extra year of coverage.
- Example: Employee is injured on June 1, 2009 and cannot return to work. He has worked enough in 2009 to earn a vacation for 2010 and subsequently receives vacation pay in 2010. The employee would have full medical coverage through December 31, 2012 and all dependents would have full coverage until December 31, 2011.
 - Note: Vision and dental insurance are not in effect for the last year of medical coverage under these scenarios.
- c. The employee must pay the co-pay for a contract provider, but the plan pays the rest for all on duty and any type injury or illness.
 - d. The injured employee should notify UHC of his or her intent to have the plan pay directly by sending a written request to the Kingston, New York office.
 - e. The employee is required to keep UHC notified of their condition while off, by having their doctor fill out a form provided by UHC about every 45 days or the coverage will be suspended until the form is completed.
 - f. When injured at work an employee has the right to select his or her own doctor and is not required to see a company doctor for the treatment and care of their injury.
 - The employee is not required to see a company doctor for a second opinion with regard to their on duty injury.

18. **GA 23000 2009 plan premiums:**

- a. Total costs:
 - \$1,305.91 medical care
 - \$12.30 life and accidental death & dismemberment plan
 - \$57.29 dental plan
 - 10.20 vision plan
- b. Total monthly \$1,385.81
- c. Employee pays approximately \$200.00 per month

19. LIFE INSURANCE:

- a. Active employees have \$20,000.00 in life insurance.
- b. If the death is accidental there is an additional \$16,000.00 in coverage.
 - Example: Active railroad worker dies in car accident, the total life insurance benefit is \$36,000.00.
 - Example: Active railroad worker dies of heart attack, the total life insurance benefit is \$20,000.00.
- c. Retirees:
 - The amount of life insurance coverage for retired railroad workers is \$2,000.00.
- d. Life insurance is through MET LIFE 800 310 7770.

20. BLET DISABILITY INSURANCE:

- a. Engineers on the Union Pacific & KCS and other carriers that participated in the Wage Rules portion of the National Agreement of December 16, 2003 (excludes BNSF engineers) are entitled to disability insurance from Met Life as follows:
 - b. PART A:
 - Part A covers non-occupational related disabilities.

- Part A is a paid up plan, whereby the railroad pays a \$40.00 monthly premium and the policy pays \$402.00 per week for an engineer who is off work due to non worked related injury or illness.
- A disability is defined as: “receiving appropriate care and treatment and comply with the requirements of such treatment and unable to perform the material duties of your own job.”
- Note - Part A also includes a \$50,000.00 accidental death and dismemberment policy.
- Part A has a 14 day waiting period and pays for up to 52 weeks.
- There is no subrogation to Part A, including RRB sickness benefits or disability benefits.

c. PART B:

- Part B covers work related (occupational) disabilities.
- Part B pays \$402.00 per week for up to 52 weeks with a 14 day waiting period.
- Part B costs the employee \$23.00 per month. This amount will be automatically deducted along with union dues, unless the person gives the union (BLET Division S&T) written notice to not withhold the premium.
- There is no subrogation for the payment. Thus, if a personal injury settlement is made, such as a FELA settlement, the disability money does not have to be paid back.
- No subrogation for RRB sickness benefits or disability benefits.
- Part B is not taxable income.

- Part B carries a \$50,000.00 accident death and dismemberment provision.
 - Note that the accidental death and dismemberment provisions of this policy would pay in addition to the UHC death benefits.
 - Note that UTU members working as engineers may purchase Part B coverage by making an annual payment of \$276.00 to the BLET trust fund.
- d. Part A & B benefits will be paid in addition to any applicable claim for RRB sickness benefits, vacation pay, personal leave day pay or another policy of disability insurance the individual has purchased.
- e. Eligibility:
- To be eligible for Part B, one must be eligible for Part A coverage. To be eligible for Part A, one must have seven starts in a month with one as an engineer.
 - If furloughed to train service and thus ineligible for Part A coverage, one must notify the Division S&T and then there are 3 options:
 - Continue with Part A by paying \$40.00 per month and continue deducting \$23.00 per month for Part B. This may be continued for only 6 months.
 - Discontinue coverage of Part B until able to return to engineer status and again become eligible for Part A.
 - Opt out of Part B completely by completing an Opt out form. This means one will only be eligible for Part A

coverage and would have to enroll for Part B coverage during a period of open enrollment.

- To make a claim call 800 858 6506.

21. ANTHEM (UTU) DISABILITY INSURANCE - RAIL:

- a. Effective January 1, 2010 UTU members have disability insurance in the amount of \$346.00 per week (about \$1,500.00 per month) for work and non worked related disabilities, through Anthem Life Insurance Company.
 - A member may opt out of the plan at any time by filing the required forms.
- b. Policy pays up to 52 weeks.
- c. UTU will automatically deduct \$31.00 per month along with union dues for each member, unless the member specifically requests the premium not be deducted.
- d. There is 30-day elimination period during which no benefits are paid.
- e. One can receive the disability policy and other purchased disability benefits (such as disability policy purchased through UTUIA) without an offset.
- f. One can receive the Anthem policy benefits AND RRB benefits, except that the most one can receive weekly from both is \$693.00.
 - RRB sickness benefits are \$66.00 per day or \$330.00 per week.
 - RRB sickness weekly benefits combined with the Anthem disability weekly benefit are \$676.00.
 - RRB sickness benefits typically pay for 26 weeks.

- g. Vacation pay may be received concurrently with Anthem disability benefits without any deduction.
- h. No taxes withheld from the Anthem disability benefit.
- i. The disability is subrogated to a personal injury settlement.
- j. To make a claim call 800 232 0113.
- k. One must complete an application and the LC must sign the application for disability benefits.

22. OFF TRACK VEHICLE ACCIDENT BENEFITS:

1. Under the national labor agreements an employee who is injured in an off track vehicle operated by a railroad employer or contracted by a railroad employer is entitled to benefits for up to 156 weeks (3 years) at 80% of the employee's earnings, not to exceed \$1000.00 per month.
 - Any monies paid under this plan are subrogated to a personal injury FELA settlement.
 - Any monies due under this plan are subrogated by RRB sickness benefits.
 - Any monies received any negligent party, such as the driver of another vehicle is subrogated.
2. This covers injuries received getting into or getting out of a vehicle.
 - Employee who trips over a seat belt exiting the van and is injured is covered by the plan.
3. The plan also pays \$300,000.00 in case of the death of an employee involved in an off track vehicle accident & \$150,000.00 in dismemberment cases.

4. The plan covers all off track vehicles owned, operated, leased or contracted by a carrier to haul crews.



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