

**(A) ACTIVE AND RETIRED EMPLOYEE – MEDICAL & DENTAL BENEFITS**

Effective January 1, 2007 (unless otherwise set forth below), medical and dental benefits under the AT&T Medical Expense Plan for Occupational Employees (the "Active Medical Plan") and the AT&T Corp. Postretirement Welfare Benefits Plan (the "Retiree Medical Plan"; plans together hereinafter referred to as the "Plans") will continue for the duration of this Agreement with such changes described below (all such changes applicable to both Plans unless otherwise indicated) for all participating individuals, including eligible retired occupational employees (including LTD beneficiaries) who have retired prior to or retire during the term of this Agreement:

**1 Retiree Medical/Dental Caps**

The retiree medical and dental benefit cap shall be \$9,000 for each retired employee covered by the Retiree Medical Plan. Notwithstanding the cap, no premiums shall be charged to any eligible retired occupational employee for the duration of this Agreement for coverage under the point of service and traditional indemnity provisions of the Retiree Medical Plan.

**2 Plan Deductibles**

No amount for medical or prescription drug expenses shall be payable under the Plans until the following deductibles (adjusted for years subsequent to 2009 as set forth below in paragraph 6 below) have been satisfied by a participant:

**Point-of-Service Plan**

	<u>In-Network</u>	<u>Non-Network</u>
Individual	N/A	\$ 470
Individual plus One	N/A	\$ 940
Individual plus Two or More	N/A	\$1,410

**Traditional Indemnity Plan**

Individual	\$200
Individual plus One	\$400
Individual plus Two or More	\$600

**3 Copayments and Coinsurance Amounts**

Participants shall be responsible for the following copayments and coinsurance amounts (adjusted for years subsequent to 2009 as set forth below in paragraph 6 and after satisfaction of applicable deductibles):

	<u>In-Network &amp; Indemnity</u>	<u>Non-Network</u>
Physician Office Visit	\$20	20%
Major Medical/Physician Services	0%	20%
Emergency Room (non-admit)	\$75	\$75
Per Hospital Admission	\$200	\$200

The Plans shall not pay any such amounts set forth above.

Notwithstanding any other provision of this Section of the Agreement, the Plans shall not recognize for any purpose and shall not reimburse any amount for any expense incurred by a participant that is not a covered expense or is for a service that is not covered by the Plans.

#### 4 Out-Of-Pocket Maximum Amounts

Maximum annual participant medical and prescription drug expenses under the Plans shall be limited to the following amounts (adjusted for years subsequent to 2009 as set forth below in paragraph 6):

	<u>In-Network Indemnity</u>	<u>Non-Network</u>
Individual	\$1,000/Ind	\$2,500
Family Maximum	\$3,000	\$5,000

There shall be no lifetime maximum limit under the plans for in-network expenses. The individual lifetime maximum for non-network expenses shall be \$500,000 for the retiree's lifetime.

#### 5 Prescription Drugs

Prescription drug expenses shall be reimbursed (after satisfaction of an annual prescription drug deductible of \$50 at retail per individual) subject to the following co-payments (adjusted for years subsequent to 2009 as set forth below in paragraph 6):

<u>Retail (30 Day Supply)</u>	
Generic	\$10
Formulary Brand	\$20
Non-Formulary Brand	\$40
<u>Mail Order (90 Day Supply)</u>	
Generic	\$20
Formulary Brand	\$40
Non-Formulary Brand	\$80

For non-network retail prescriptions, the participant shall pay the greater of the applicable network retail copayment or the balance remaining after the plan pays 75% of the network retail cost of the prescription drug.

Maximum annual out of pocket expenses for prescription drugs shall be \$1,000 per individual, with a \$3,000 family maximum.

##### (a) Mandatory Mail Order

Maintenance medications shall be limited to an initial 30 day supply with two 30 day refills at retail after which no reimbursement at retail shall be made. Mail order shall be limited to a 90 day supply for each prescription or refill.

##### (b) Generic Substitution-Member Pay the Difference:

Participants shall pay the generic co-payment and the difference in costs between a branded and generic drug when the brand is dispensed to the participant. This will fall under the current appeals process.

## Other Agreements

### (c) **Cost Differential Appeal Process**

The Company shall establish an appeal process for participants who purchase a prescription at non-network retail in an emergency situation when a network pharmacy is not available. The appeal process shall provide that a participant shall be reimbursed for the difference in costs between network and non-network retail if it is determined that the participant had no reasonably available alternative in purchasing such prescription and a true emergency existed.

### 6 **Inflation Adjustments**

Effective for each year after 2009, the amounts set forth in this section of the Agreement for medical and prescription drug deductibles, co-payments and out-of-pocket maximums shall be adjusted annually at the same rate and in a manner consistent with adjustments for core SBC bargained medical benefit provisions.