

August 17, 2009

To: All Local Presidents, Legacy SBC Bargaining Units

From: Kristie Darling, CWA Representative

Subject: CORRECTED MATERIALS & Statements

I wanted to bring to your attention (in case you might have missed it) that you were carbon copied a REVISED Retiree Benefit Explanation Sheet on Thursday, August 13, 2009.

Since Bargaining; As I continued to walk thru what was originally explained to us by the Company as the benefit package retirees could expect; I found several mistakes or clarifications that I felt are serious enough for a second attempt to get your attention and explain the corrections. Mostly these corrections were a result of Dallas using terms or language different from what we use here in the MW.

1. Current Pre Medicare, Post 1993 Retirees: will really have the choice of three options; not two. While the Chart given out at the Presidents Explanation Meeting is not necessarily wrong; it leads you to believe that "only" the PPO/Non PPO is offered as the current regional medical plan and that IS NOT TRUE.

To be clear; this group of Retirees will have the choice (like they do today) of both the PPO/Non PPO (currently administered by Blue Cross) and the Healthcare Network Option (currently administered by United) along with the New Alternative that we talked about with higher Deductibles, Out of Pocket & Coinsurance, but with No Premium.

If Retirees stay with one of the current regional (PPO or HCN) plans; I am told there WILL BE Premiums beginning with the first year which we were initially lead to believe might not happen. Unofficially the monthly premiums appear to be:
(S) \$13.46 (S+1) \$24.86 and (F) \$34.36.

2. Current Post 93 - Medicare Retirees: Will actually have the choice of two options; not one as the chart implied. They can stay in the Non PPO with United that they currently have or they can choose to go with the higher Deductible, Out of Pocket and Coinsurance Plan. Neither have Premiums or so I am told.

CC: Seth Rosen, VP
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Communications

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STEVE TISZA, *President*



LOCAL 4250

Workers of America

(AFFILIATED WITH AFL-CIO)

3055 Glenwood-Dyer Road

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August 11, 2009

Dear CWA Local 4250 **AT&T Midwest** Retiree:

As you know, CWA Local 4250 AT&T Midwest members **REJECTED** the July 15, 2009 CWA D4 AT&T Midwest Contract Agreement by and overwhelming vote of 93% **NO**. However, on August 7, 2009, CWA D4 released the total D4 vote count and the results were:

66% **YES**

33% **No**

1% Void/Spoiled Ballots

Therefore, the **AT&T Midwest** contract has been ratified and is retroactive to April 4, 2009.

The following documents pertain to **AT&T MIDWEST RETIREE BENEFITS** effective January 1, 2010. I hope you find them helpful in determining the best choices for you. In the event you need assistance you may contact the current CWA Local 4250 Vice President, Liz VanDerWoude. You may leave a message for her at the union office (708) 757-4065 and she will get back to you as soon as possible.

There are **NO CHANGES** in retiree benefits if you retired **BEFORE 01/01/1993**.

In Unity-Strength & Solidarity:

Steve Tisza, President
CWA Local 4250

CC: CWA Local 4250 Executive Board
Gene Condren, CWA Local 4250 RMC President

*District 4 Retiree Definitions
Midwest Retirees Only
8/17/09*

Definitions Used For Purposes Of This Discussion:

Future Retirees:

Are those who retire during the life of this contract and are Pre-65/pre-Medicare eligible.

Current Retirees:

Are those who retired on or after 1/1/93 and are pre-65/pre-Medicare eligible.

Medicare Retirees:

Are those who are age 65 or otherwise already on Medicare.

New Hire Retirees:

Are those who hired/rehired or are reclassified from RLT to Regular Full Time after Ratification 8/8/09.

DDB Cap:

Defined Dollar Benefit/a capped amount allowable prior to requiring a premium. [\$12,500] In the past was called RMAP (Retiree Medical Assurance Plan) and began 1/1/93.

Short Summary/Retiree Benefits
Includes Core & Blue Datacomm Contracts [not COS]
Effective 1/1/2010

Medical Plan

1. Current and Future Retirees are considered the same group for this discussion (except for the Vision & Group Life Insurance Plan); And will have the choice of two different Medical Plans (See Attachment B).
2. Medicare Retirees remain with the Non PPO Plan/same plan they currently have today. (See Attachment B).
3. Retirees who retired prior to 1/1/93 will have no change.
4. Surviving Spouses are treated like current/future retirees.

CHCP Plan	2004 Benefits	Midwest Retirees Only 2010 Changes in Benefits
<u>Rx Deductible:</u>	\$50/per person/year: Retail Only	See Attachment B
<u>Rx OOP Max:</u>	(S) \$1,500 (F) \$3,000 Non Formulary not counted	See Attachment B Same
<u>Rx Specialty:</u>	Has one for special high cost Rx	See Attachment B
<u>Rx Personal Choice: Diet/Fertility/ED</u>	Rx covered	Not covered/Can Receive Discount thru Caremark
<u>Health Reimbursement Accounts (HRAs):</u>	\$0	2010: (S) \$850 (F) \$1,700 2011: (S) \$150 (F) \$300
HMO Subscribers excluded Must be enrolled in Medical Plan Non Medicare Only Post 1/1/93 Retirees Only Follows 502 IRS Publication Rules Rolls over year to year New Hire Retirees excluded Discontinued upon death of retiree		Is Company deposited \$ Put into an account. Medical/Dental/Vision Bills can be Reimbursed From this account.
<u>Medicare Part B Reimbursement:</u>	\$27.90	Same
Sign up still mandatory or NO Benefit is paid Reimbursement N/a for New Hire Retirees		
+ (National Alternative \$250 PPO Choice still available)		

Other Plans	2004 Benefits	Midwest Retirees Only 2010 Changes in Benefits
<u>Dental Expense Plan:</u>		Same
<u>Vision Care Plan:</u>	N/a	(S)\$4.12 (S+1)\$7.51 (F)\$10.87
<u>Vision Plus Plan:</u>	N/a	(S)\$11.93 (S+1)\$21.47 (F)\$33.40 Futures Only/Current Retirees excluded
<u>Care Plus:</u>	(S) \$1 (F) \$2 Subj to Annual Increases	Same

<u>Other Plans</u>	<u>2004 Benefits</u>	Midwest Retirees Only <u>2010 Changes in Benefits</u>
<u>Group Life:</u>	1 x Annual Basic Pay	Current Retirees Same Future Retirees level of benefit Will be frozen to the pay level on 12/31/09. New Hire Retirees will be \$15,000
<u>Long Term Care:</u>	Nursing Home Ins	Converting/can keep or change To new plan(s).
<u>Marsh Plans:</u>	N/a	New Voluntary Insurance Options Retiree Paid (Cancer, Homeowner, Auto, Identity, Legal, Pet)

New Hire Retirees:

Pre 65 will have the same Medical/Dental but at the 50% shared cost level. Post 65/Medicare eligible will not be eligible for Medical or Dental at all through the Company Plans (including Part B reimbursement). New Hire Retirees will have the new ATT Savings Plan and New Cash Balance Pension Plan. New Hires Group Life will be \$15,000.

Plan Designs for Eligible Retired Employees

	Pre Medicare Eligibility		Post Medicare		
	Legacy MW PPO w/ Blended Cap	Regional Medical Plan (as amended)	Legacy MW Non-PPO		
<u>Medical Components</u>					
Monthly Contributions	See Note	None	None		
Deductibles (Network)	No Change	\$400/\$800	No Change		
Coinsurance (Network/Non-Network)	No Change	10%/50%	No Change		
OOP Max (Network)	No Change	\$1000/\$3000	No Change		
OOP Max Type	No Change	Individual Basis	No Change		
Copays			No Change		
Office Visits	No Change	None	No Change		
Hospital ER	No Change	None	No Change		
Hospital Admission	No Change	None	No Change		
<u>Rx Components</u>					
Contributions	None	None	None		
Deductibles	\$50 (retail) per Ind.	2010 - \$75 2011 - \$125 2012 - \$175	2010 - \$75 2011 - \$125 2012 - \$175		
Coinsurance	None	None	None		
OOP Max (Network)	\$1,500/\$3,000 (applies to Generic and Formulary)	\$1,500/\$3,000 (applies to Generic and Formulary)	\$1,500/\$3000 (applies to Generic and Formulary)		
OOP Max Type	Individual Basis	Individual Basis	Individual Basis		
Copays	2010 Actual (Max)	2010 2011 2012	2010 2011 2012		
Retail Generic	\$8 (\$14)	\$10 \$10 \$11	\$10 \$10 \$11		
Retail Formulary	\$26 (\$28)	\$30 \$30 \$33	\$30 \$30 \$33		
Retail Non-Formulary	\$50 (\$56)	\$50 \$50 \$55	\$50 \$50 \$55		
Mail Generic	\$17 (\$28)	\$20 \$20 \$28	\$20 \$20 \$28		
Mail Formulary	\$54 (\$56)	\$75 \$75 \$83	\$75 \$75 \$83		
Mail Non-Formulary	\$108 (\$112)	\$125 \$125 \$138	\$125 \$125 \$138		

Notes:

Retirees are subject to a Defined Dollar Benefit Cap established at \$12,500 per retiree annually through December 31, 2012.
 Plan costs above the cap shall be calculated annually based on plan performance for non-Medicare eligible retirees subject to the cap.
 Per Retiree Costs will be done on a blended basis and only includes those that are subject to the cap.
 The amount of the monthly contribution for each upcoming year will be announced before the annual open enrollment.

Medical components will be consistent with the current Regional Medical Plan with the provisions noted in the chart and including:
 Non-Network deductibles and Out of Pocket Maximums = 3x Network amounts;
 Deductibles and out Of Pocket Maximums are integrated for all medical services, including mental health/substance abuse services;
 Once the deductibles are met, coinsurance applies to all medical services including mental health/substance abuse services;
 MW Medicare Eligible must be in Non-PPO plan option.

Current Plan Designs Will Apply Subject to the Modifications Summarized in This Chart

Benefit Definitions

July 17, 2009

Annuity: Refers to a monthly (annual) pension benefit.

Banded Plan: Refers to our traditional defined pension plan. Each title/wage has an associated pension band which is then translated into a fixed dollar amount. Pension bands are generally listed in the wage tables and the band amounts are listed in the Benefits Appendix. Multiply your band dollar amount by your years of seniority to get a general estimate of your monthly pension benefit.

Benefit Commencement Date (BCD): For the Midwest is the date commonly used as your last day on payroll. Is Very Important when retiring at year end (12/31).

Carrier/Vendor: Is the insurance company that administers our benefit plans. Currently the carrier for the Health Care Network (HCN) is United Healthcare and the carrier for the PPO/Non plan is Blue Cross Blue Shield of Illinois. The enrollment and eligibility vendor is Hewitt. And Cigna/Dental, EyeMed/Vision, Fidelity/Pension & Savings Plans.

Cash Balance Account (BCB2): A pension plan available to newly hired employees and certain other current employees that allow participants to plan for future retirement. Requires 1 year of service to participate. Unlike a defined pension plan; a cash balance plan specifies the amount of the contribution by the employer on a more consistent, steadily escalating curve basis rather than the amount of a future benefit or a step curve basis that is used in defined pension plans. Monies can be paid out in a lump sum in a more unrestricted way if employees move from company to company prior to retirement.

CHCP: Comprehensive Health Care Plan. The Midwest Medical Plan that has two distinct insurance options; a Health Care Network (HCN) and Preferred Provider Organization (PPO/Non PPO). CHCP is considered a traditional Point of Service Plan; meaning you choose an In-Network/PPO provider [or not] at the time you need services.

Co-Insurance: This is the amount you are responsible for once you have met your deductible. It is expressed as a percentage. For example: If your co-insurance is 10%; you are responsible for 10% of the Reasonable & Customary cost (or Network Negotiated Fee) for your health care. If you went to your family doctor and the reasonable fee for the office visit was \$100; you would be responsible for \$10.00 and your insurance would pay \$90. You are responsible for any amounts over the reasonable and customary (or Network Negotiated Fee) if the Provider you use does not waive them. The charges you are responsible for are determined by your Co-insurance level (10% when you use an In-Network/PPO provider or 40% when using a Non-Network/Non PPO provider).

Co-Pays: Co-pays are set dollar amounts usually paid at the time services are rendered. (Example: \$20 per Dr Office Visit or \$75 per ER Visit). Co-pays have been deleted from the Medical/Surgical portions of the CHCP, but will still apply for Prescription drugs.

Deductible: The deductible is an amount of money that must be paid “up front” before the Plan pays anything toward your coverage. Like the premium; the amount can be different based on the number of covered individuals, either single or family (two or more individuals). The deductible is also substantially higher if you receive care at a Non-Network/Non-PPO providers or facilities. Dollars that apply to the In-Network/PPO and Non-Network/Non PPO providers are never mixed. The deductible is waived for some medical services, such as In-Network/PPO Preventative Care. Once you meet the appropriate medical deductible; all you pay is Co-Insurance (described below) and your insurance pays the remainder for all covered services.

Eligible Employees (EE): An employee that is eligible to participate in the Plan.

Eligible Expenses: Expenses for services that are covered under the insurance plan. Services must be medically necessary. (Example: cosmetic surgery or air purifiers are not generally eligible expenses/not covered as they are not considered medically necessary) Contact the number listed on the back of your insurance card if you have questions as to what are covered expenses/procedures.

Flexible Spending Account (FSA): An account that you can set up using pre-tax dollars deducted from your paycheck. Healthcare and Dependent care expenses are eligible to be paid out of this fund. You must enroll annually for this account. While the account has definite tax advantages; you should note the any money unused at the end of the year is forfeited. This is a good option for individuals that have predictable eligible expenses such as child care or insurance premiums. Many of the same expenses payable out of an FSA are the same as those eligible for reimbursement through a Healthcare Reimbursement Account (HRA).

Future Retiree: An employee that is in Regular Full Time status on the date of Contract Ratification and retires during the term of this Contract.

GATT Rate: The 30 Year Treasury Bond Interest Rate (fixed in the month of Nov for the following year) used to change (calculate) the monthly pension amount into a lump sum. The higher the interest rate; less money is produced in the lump sum.

Health Reimbursement Account (HRA's): An account, funded by the employer that provides dollars to pay for eligible health care expenses such as premiums, deductibles, or co-insurance. Any amounts not used in the current year carry-over to the next year.

HMO's: A completely separate medical plan offered as an alternative to the traditional medical plan(s) and sometimes require a monthly premium. Each HMO have their own plan designs. It is the responsibility of each employee to review and compare plan details, providers and costs before choosing an HMO medical option.

Life Insurances.

Basic Life: Term Life insurance provided and paid for by the employer.

Dependent Life: Additional Term life insurance that the employee may elect/pay for. It is available in increments up to 6 times the annual pay. Is discounted for non-smokers.

Supplemental Life: Term life insurance for spouse and/or children that an employee may elect to purchase in varying amounts.

Modified Rule of 75: Is a pension rule that defines when an employee may retire with a service pension (without reduced pension benefits) and with retirement benefits. Other than a DB pension; you must meet the following grid in order to qualify for a service pension with associated benefits (any age + service = 75 DOES NOT qualify):

<u>Service</u>	<u>Age</u>
30+ years	Any age
25 years	Age 50
20 years	Age 55
10 years	Age 65

Mortality Table: Tables used to determine life expectancy for lump sum calculations.

Network Negotiated Fees (NNF): Fees like Reasonable and Customary fees that are normally charged in a geographical area for specific services, but that are negotiated downward by the insurance industry to reflect a much deeper discount (used by United)

New Hire: An employee who is hired or rehired after the ratification date of the 2009 Collective Bargaining Agreement. This includes current Regular Limited Term (RLT's) employees that are reclassified to regular Full Time (RFT) status after the ratification date. Recalled employees are considered current employees and not new hires.

New Hire Retiree: An employee who is hired, rehired or reclassified from RLT to RFT after the ratification of the 2009 Contract and continues employment until they reach retirement eligibility.

Non PPO/HCN Non-Network: Providers, hospitals and facilities that have not agreed to a discounted rate and who do not belong to the network or PPO. You may still use these providers, but at a much higher out of pocket cost to yourself. Deductibles, Co-insurance and Out of Pocket Maximums are much higher when out of Network. **It is your responsibility each and every time you seek services to verify that the provider you use is in the Network or PPO. Providers and facilities sometimes join or leave networks during the course of the year.**

Other Post Employment Benefits (OPEB's): These are benefits that an employee is eligible to receive (or purchase) upon reaching retirement eligibility. (example: Medical, Care Plus, Dental, Vision, Life Insurances). The options available to employee's vary and is dependent on their retirement company and date.

Out of Pocket Maximums (OOP): A fixed amount depending on whether you are using In-Network/PPO or Non-Network/Non PPO services. Once you have paid this amount (generally through Co-insurance payments) all additional covered services are paid by the insurance at 100% (of R&C or NNF). Premiums, Deductibles or amounts over the R&C/NNF are not applied to the OOP Maximum.

Pension Protection Act (PPA): A newly enacted law to provide more stability for employer provided pension plans. The law (when implemented) requires certain corporate bond rates be blended over-time and would eventually totally replace the current Gatt method of lump sum calculation.

PPO/HCN Network: A network of participating health care providers, hospitals, and facilities that have agreed to reduced rates for their services. By utilizing participating providers; you will be eligible for lower Deductibles, Co-insurance and OOP Maximums. **It is your responsibility each and every time you seek services to verify that providers are still In-Network or PPO. Providers and facilities sometimes join or leave networks during the course of the year.** (RETIREE PPO ALTERNATIVE: An alternative Nation-wide PPO offering that is not associated with the above PPO)

Premium: This refers to a monthly payment required to participate in a benefit plan. The amount of the premium is dependent on the number of covered individuals covered. The fee is less for an individual than for a family (two or more). The payment is made via payroll deduction (if still employed) and is in most cases considered pre-tax income. Failure to pay any part of your premium(s) will result in in cancellation of ALL insurance coverage and will require a period of time before you can re-enroll. This could be a result of inadequate money in the pay cycle to cover the deduction. Effective 1/1/10 the Medical Plan/CHCP, Care Plus, Vision One/Plus, Supplementary & Dependent Life Insurances have premiums. HMO plans may also have premiums.

Reasonable & Customary Fees (R&C): R&C fees are fees that are normally charged by medical providers in a certain geographical area (used by BC/BS).

Self Insured: A situation where the Company pays a vendor to administer the benefit plan and only pays the actual claim rather than pay monthly insurance premiums for each employee.

Summary Plan Descriptions (SPD's) & Summary Material

Modifications (SMM's) & Plan Documents: SPD's are booklets provided by the Company or their vendor that generally described benefit levels and eligibility. SMM's are modifications to those already published SPD's. Plan Documents (along with our Contracts) are the legal and governing authority for the Plan(s).

Support Rate: The rate the Company would have paid for you or your family "if" they made monthly insurance payments.

Vacation Year: Dec 31 – Dec 30 and found under Art 2/Definitions in the Contract.

General Legal Notice: This information is provided for training discussion and is informational only. It only attempts to summarize the listed components of the benefit plans or programs for easier understanding. Individual situations and plans may vary. Full details, including eligibility are described in your Summary Plan Descriptions, Summary material Modifications and Plan Documents which are subject to the Collective Bargaining Agreement. In all cases; the Collective Bargaining Agreement and/or Plan Documents shall govern and are the final authority on the terms of the Plans.