

Railroad National Health and Welfare Plan

IBEW Members Employee Monthly Cost Share Rate Set

Reduced to \$198 Through June 2016

The annual rate renewal meeting for the Railroad Employees National Health and Welfare Plan (the “Plan”) was held on March 29, 2012. These meetings are normally held in October of each year to set the payment rates for the upcoming year. However due to the ongoing contract dispute in October 2011 and the unions and railroads preparing for a Presidential Emergency Board which was going to address future pay increases and benefits, it was agreed to put off the rate setting meeting until such time that all rail labor unions had agreements with the railroads. With all Rail Labor unions having contracts with the railroads by March 2012, the rate renewal meeting was set for the end of the month. For your information, Rail Labor, as a Joint Policyholder of the Plan, participates in the annual rate-setting meetings on an equal footing with the railroads.

As you are aware, the agreements reached provided for employee monthly cost-sharing on Health Insurance of 15% of the monthly rate per employee, not to exceed \$200 per employee per month. The current employee cost-share is \$200 per month. Following much discussion about the interpretation of the new Health Care Cost-Sharing provisions and the application thereof, the Rail Labor unions and the railroads reached agreement on a fixed rate for the “Employee Monthly Cost-Share” at \$198 per month. Presently the railroads pay approximately \$1,318 per employee per month for your health care coverage only. This figure does not include the monthly rates for dental insurance, life insurance, and vision insurance – rates that are also used in the total cost-share calculation. The new \$198 amount is a \$2.00 per month reduction from the current contribution amount, and will remain in effect through June 2016. At that point, and in accordance with the new agreement, the employee monthly cost-share will revert back to 15% of the total contribution amount, not to exceed \$230 per month.

“With the cost of health care increasing steadily year after year, I am pleased to see that the Rail Labor unions were able to reduce and freeze the employee monthly cost-share for next 48 months,” stated IBEW President Hill. “Our solidarity in this effort has paid off.”

It is estimated that the \$2 per month reduction will result in a total savings to all rail union employees covered under the National Agreements of approximately \$14 million over the next 4 years.