



Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters

Freddie N. Simpson
President

Perry K. Geller, Sr.
Secretary-Treasurer

November 2, 2009

All General Chairmen

Dear Sirs and Brothers:

Re: **Monthly Employee Cost-sharing Contribution for the 2010 Calendar Year**

On October 27, 2009, representatives of the Cooperating Railway Labor Organizations (CRLO) and National Carriers' Conference Committee (NCCC) met with representatives of United Healthcare to set the rates for the 2010 renewal of coverage under the Railroad Employees National Health and Welfare Plan ("the Plan"). As a result of that meeting, the monthly employee cost-sharing contribution for the 2010 calendar year will be **\$200.00¹**; an increase of \$29.04 over the 2009 contribution rate of \$170.96.

Article IV, Part B, Section 1(a) of the BMWED/NCCC July 1, 2007 National Agreement reads thus:

Effective January 1, 2007, each employee covered by this Agreement shall contribute to the Plan, for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents, a monthly cost-sharing contribution in an amount equal to 15% of the Carriers' Monthly Payment Rate for 2007.

Subsection (b) of that Section provides that the cost-sharing contribution be adjusted to an amount that is 15% of the Carriers' Monthly Payment Rate for 2010. The term "Monthly Payment Rate" is defined in Article IV, Part B, Section 1(d) as the sum for each calendar year of the monthly payments for non-hospital association road employees to:

- (1) the Plan for foreign-to-occupation employee and dependent health benefits, employee life insurance benefits and employee accidental death and dismemberment insurance benefits,*
- (2) the Dental Plan for employee and dependent dental benefits, and*
- (3) the Vision Plan for employee and dependent vision benefits.*

¹ The actual cost-sharing amount would have been \$201.09; however the employee cost-sharing amount is capped at a \$200 monthly maximum under Article IV, Part B, Sec. 1(c)(2) of the July 1, 2007 National Agreement.


Applying that formula to the rates for 2010 results in the \$200.00 monthly employee cost-sharing contribution.

Insurance Type	Monthly Premium	Pct. increase/(decrease) from 2009
Foreign-to-occupation employee and dependent health insurance	\$1,261.11	18.8%
Life and accidental death and dismemberment insurance	\$12.30	0.00%
Dental Plan	\$56.96	1.8%
Vision Plan	\$10.25	2.5%
Total	\$1,340.62	17.6%
employee cost sharing amount ($\$1340.62 \times 0.15$)($\200 maximum)	\$200.00	

The steep increase in the foreign-to-occupation insurance premium was caused by a substantial drop in the number of employees actively employed in the industry. As you know, furloughed employees receive extended coverage after furlough, although no premium payments are made on their behalf while furloughed. Put simply, the number of claimants did not drop significantly; however, the contributions into the fund did because of the furloughs.

The other increases for insurance premiums were quite modest. As many of you know, most of the furloughed employees who collected extended benefits were participants in the NRC/UTU plan and not GA-23000. I raised the issue of blending the NRC/UTU and GA-23000 experiences at the rate renewal meeting and will continue to press this matter before the Plan's fiduciaries. It is my opinion that employee cost-sharing amounts for 2010 would have been lower had the rates been set solely on the basis of the experience of the GA-23000 employee and dependent group.

Fraternally yours,



President

cc: Mr. Perry K. Geller, Sr.
National Division Vice Presidents
and Appointees