2009 BENEFITS EXPLANATION - Definitions

Category : Bargaining Updates

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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. Other carriers are 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 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 th 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/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 above) 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 that 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 November for the following year) used to change (calculate) the monthly pension amount into a lump sum. The higher the interest rate, the less money is produced in the lump sum.

Health Reimbursement Account (HRA): 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: 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):

ServiceÂ Â Age
30+yearsÂ Â Any age
25 yearsÂ Â Age 50
20 yearsÂ Â Age 55
10 yearsÂ Â 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 an 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) employees that are reclassified to Regular Full Time (RFT) status after the ratification date. Recalled employees are considered current employees and not new hirres.

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 tare 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): 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 employees 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 to the Nationwide 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 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 Insurance 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) & Summary Material Modifications (SMM) & 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” the 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.