



**INTERNATIONAL
BROTHERHOOD
OF ELECTRICAL
WORKERS®**

900 Seventh Street, NW
Washington, DC 20001
202.833.7000
<http://www.ibew.org>

EDWIN D. HILL
International President

LINDELL K. LEE
International
Secretary-Treasurer

November 13, 2009

TO: All IBEW Local Unions Representing Members Covered Under the Railroad
National Health and Welfare Plan

Dear Sisters and Brothers:

The annual rate renewal meeting for the Railroad Employees National Health and Welfare Plan (the "Plan") was held on October 27, 2009, at which time payment rates for 2010 were established. Rail Labor, as a Joint Policyholder, participates in the annual rate-setting meeting on an equal footing with the railroads.

Employee cost-sharing amounts were set by the 2007 National Agreements at 15% of the payment rates for the following four components of your insurance coverage: medical, life, dental and vision, with an established cap of \$200 per month effective January 1, 2010, and, thereafter, until a new National Agreement is negotiated. This is to advise that the total amount of the four components for 2010 is \$1,340.62, which is an increase of \$200.88 over the 2009 rate. Accordingly, the 2009 **monthly cost-sharing** amount that **each employee** covered by the Plan must contribute is **\$200.00**. This means that your share of the \$200.88 monthly cost increase is \$29.04, or 14.5%, while the Carrier bears the brunt of the increase, \$171.84 or 85.5%. As a result of the cap, the employee monthly payment cost share is now slightly below the 15% as established in the last agreement. A breakdown of the monthly payments for the components of the Plan is enclosed for your review and file.

Several factors contributed to the increase in the monthly cost with the major effect coming from the 18.8% increase in medical coverage. While the medical trend increase itself was only 8%, which is within the normal range for 2009 to 2010, other factors were responsible for the additional 10.8% increase. First, due to the difficult economic conditions, approximately 14,000 to 15,000 railroad employees were furloughed during 2009, a number which is abnormally high for the rail industry. These furloughed employees and their dependents continue to receive benefits for four months following furlough, however, no payments to the plan are made on their behalf. So while the plan continues to expend money for the coverage of furloughed employees and their dependents, no money is being paid into the plan. Another factor attributing to the additional 10.8% increase was a result of the 2008 Dependent Eligibility Audit. Many dependents removed from the health and welfare rolls in 2008 were reinstated in 2009 following eligibility proof, with benefits being paid retroactively. And lastly, contributing to almost half of the medical rate increase was the fact that the Plan Trust had exhausted surplus funds, funds normally used to offset monthly medical payments. The 2009 monthly payment rate is presently reduced by \$88.12 from the surplus funds, \$88.12 per employee per month that is no longer available. While the 8% increase in actual medical costs was predictable, the other factors contributing to the additional 10.8% increase were not.



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In our continuous efforts to control health care costs, we will continue to promote the progressive programs instituted over the past couple of years, such as: Nurse Line, Disease Management, and Weight Loss and Smoking Cessation Wellness programs. Additionally, we will continue to explore other ways of keeping costs down without affecting your level of benefits.

With best wishes, I am

Fraternally yours,

Edwin D. Hill
International President

EDH:plj

Enclosure

Copy to All International Vice Presidents

All General Chairmen

January 1, 2010 Monthly Employee Contributions

Prepared October 29, 2009

	2009 Monthly Payment Rates	2010 Monthly Payment Rates	Increase '10 over '09	
			\$	%
NHR FO Medical	\$1,061.46	\$1,261.11	\$199.65	18.8%
Life/AD&D Insurance	\$12.30	\$12.30	\$0.00	0.0%
Dental	\$55.98	\$56.96	\$0.98	1.8%
Vision	\$10.00	\$10.25	\$0.25	2.5%
Total Payment Rate	\$1,139.74	\$1,340.62	\$200.88	17.6%
Employee Contribution % (15%)	15%	15%	NA	NA
Employee Contribution \$ before cap	\$170.96	\$201.09	\$30.13	17.6%
Employee Contribution \$ after cap	\$170.96	\$200.00	\$29.04	17.0%

Payment Rates above exclude the NRLC admin. Fee