

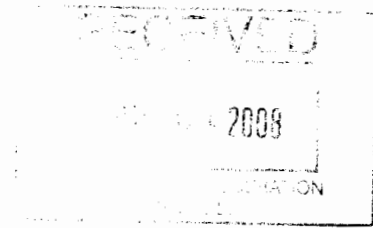


# Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters

Freddie N. Simpson  
President

Perry K. Geller, Sr.  
Secretary-Treasurer

October 30, 2008



General Chairman

**Re: Cost-sharing contribution for 2009**

Dear Sirs and Brothers:

On October 28, 2008, representatives of the Cooperating Railway Labor Organizations (CRLO) and the National Carriers' Conference Committee (NCCC) met with representatives of United Healthcare to set the rates for the 2009 renewal of coverage under Railroad Employees National Health and Plan ("the Plan"). As a result of that meeting, the monthly employee cost-sharing contribution for the 2009 calendar year will be **\$170.96**; an increase of \$4.71 over the 2008 contribution rate of \$166.25.

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 is adjusted to an amount that is 15% of the Carriers' Monthly Payment Rate for 2009. 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.*

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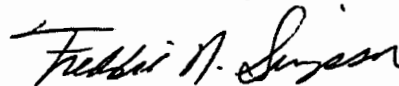
Applying that formula to the rates for 2009 results in the \$170.96 monthly employee cost-sharing contribution.

Insurance Type	Monthly Premium	Percent Increase/(Decrease) From 2008
foreign-to-occupation employee and dependent health insurance	\$1,061.46	2.10%
accidental death and dismemberment insurance	\$12.30	(10.00%)
Dental Plan	\$55.98	23.30%
Vision Plan	\$10.00	0.00%
Total	\$1,139.74	2.80%
employee cost sharing amount ( $\$1139.74 \times 0.15$ )	\$170.96	

The steep increase in the Dental Plan premium was caused by an exhaustion of reserve account funds used in prior years to "buy down" the monthly premium, which otherwise was quoted at a static rate compared to 2008. The modest increase in the foreign-to-occupation health insurance premiums was a result of the Dependent Audit removing 20,000 ineligible individuals from coverage resulting in an annual savings to the Plan of \$30 million and other cost saving initiatives such as the Nurse Line. In 2008, United Healthcare estimates that \$1.7 billion in benefits will be paid under GA-23000 with virtually every penny of those benefits being raised through the monthly premium.

For your information, the estimates used during the ratification process for employee cost-sharing contributions in 2008 and 2009 were \$179.55 and \$193.91, respectively.

Fraternally yours,



President

cc: Mr. Perry K. Geller, Sr.  
National Division Officers  
Mr. Leon R. Fenhaus  
Mr. Danny Gates  
Mr. Donald F. Griffin  
Mr. William J. Martinko  
Mr. Timothy McCall  
Mr. Steven V. Powers  
Mr. Rick B. Wehrli