



TEAMSTERS

United Parcel Service National Negotiating Committee

25 Louisiana Avenue, NW, Washington, DC 20001

September 4, 2013

Dear UPS Teamster:

On June 26, UPS members across the nation ratified the National Master UPS Agreement. The five-year contract includes increases in wages, health care and pension contributions and many other improvements. Unfortunately, the improvements cannot go into effect until all regional supplements are ratified.

Your local supplement or rider was voted down, at least in part because members currently in the UPS Company health plan had concerns about changing health care providers.

When negotiations began, UPS demanded major concessions in health care. The company announced they would terminate the existing company health plan and replace it with a plan that would cost you thousands of dollars a year for insurance, including a monthly premium for family care that would be deducted out of your check. The company also intended to cut retiree coverage and other benefits. UPS recently severely cut the health insurance plan it offers its own management and was looking for similar savings in its Teamster contract.

UPS Teamsters have fought for years to maintain excellent health insurance benefits without paying a monthly premium. Your negotiating team rejected UPS's proposal and we came out of negotiations with an alternative health care plan – TeamCare. Moving to TeamCare allowed us to make sure that you could continue to receive excellent health benefits with **no monthly premium payments**. In 2013, UPS will spend \$2.7 billion on health insurance for Teamsters and their families. That will rise to \$3 billion in 2014 and by the end of the new contract, UPS will pay nearly \$4 billion for health insurance.

A change in health care plans is understandably a big concern. TeamCare has provided health insurance benefits to 80,000 UPS Teamsters and their dependents for 45 years. It also has one of the largest provider networks in the country. In fact, TeamCare's network is larger than the one you had with the UPS insurance, so it is likely that your current doctor is already a participant of the network.

Many people also raised concerns about some of the specific benefits offered by TeamCare. We heard your concerns and shared them with the TeamCare trustees. On January 1, 2014, you and your family will become part of 330,000 Teamsters that receive health insurance through TeamCare. Because TeamCare will have such a large number of participants, its bargaining leverage in the marketplace increased. This has allowed the trustees to make some improvements to the plan beyond what was already approved in the National Agreement.

Enclosed in this packet is a DVD that will explain the excellent benefits that TeamCare provides, including the improvements that have been made since the ratification of the National Agreement. The improvements include:

- **Deductibles:** No deductibles during the first four years of the agreement. A small deductible of \$100 for single coverage and \$200 for family coverage will be in effect for the last year of the contract. This means the most you can pay in deductibles is \$100 or \$200 for the entire life of this contract. This is a change from the original plan which included small deductibles beginning in 2014 which would have topped out at \$200 for an individual and \$400 for a family by the end of the contract.

- **Prescriptions:** There will be a flat fee of \$5 for prescriptions that you pick up at the pharmacy, regardless of whether it is generic or brand name. A 90-day supply of maintenance drugs ordered by mail will be free if they are generic, or brand name if no generic is available. This is a change from the original plan which covered prescriptions at 10% with a maximum of \$50 per prescription. With TeamCare, you do not have to use only CVS to fill prescriptions. You can fill prescriptions at practically any major pharmacy in the country.

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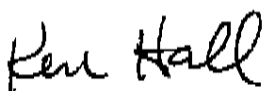
• **Retiree insurance:** Your children can remain on your retiree insurance until the age of 19, or 25 if they are a student – which is the exact same benefit the UPS plan provided. In addition, if you reach the age of 65 before your spouse, he or she can continue coverage until reaching the age of 65 – which is again the exact same benefit the UPS plan provided.

Over the next few weeks, you will receive additional materials regarding your new health insurance. TeamCare representatives will also be conducting educational meetings at many local unions. If you are unable to attend the meetings, there will be information available on the TeamCare website at www.MyTeamCare.org. Click on the UPS link. We are confident that after reviewing this information, you will find that TeamCare is an excellent plan that will provide a seamless continuation of quality health care for you and your family.

Soon you will have a chance to re-vote your local supplement or rider. It is very important that you take the time to vote again. Your ballot will arrive sometime in mid to late September. Please be on the lookout for it and vote so that you can begin receiving the wage increases and other benefits contained in the National Agreement and in your supplement or rider.

At a time when the vast majority of American workers are struggling with rising health care bills and the uncertainty of ObamaCare, TeamCare provides UPS Teamsters with one of the country's highest quality and lowest cost health benefits plans. We encourage you to vote "yes" on your supplement and/or rider.

Fraternally,



Ken Hall, Co-Chairman,
National UPS Negotiating Committee

Guide to Health Care Terms



or U.S. workers who get health care through their workplace (like Teamsters do at UPS), there are three main ways that they (and their dependants) are asked to "share costs":

PREMIUM SHARING refers to the share of the overall health insurance premium charge that a company requires its employees to contribute toward their health coverage. U.S. employers paid an average of \$15,745 in 2012 to provide an employee with family health coverage. Of this amount, employers required employees to contribute an average of \$4,316 (or 27% of the total).¹ Typically, premium shares are deducted from paychecks. **Under TeamCare, UPS Teamsters will not pay any premiums.**

DEDUCTIBLE refers to a yearly amount that must be paid out-of-pocket by an enrollee before some or all services are covered by their health plan. Health plans may impose deductibles on specific services, such as outpatient surgery or pharmaceutical drugs, or require a general annual deductible that is applied to all services. Once a participant has paid the annual deductible for that year, the health plan typically pays for all subsequent charges.

In recent years, deductibles have become more common, and in 2012, three-quarters of all U.S. employer plans included a deductible that averaged \$1,097 for single coverage.¹

Under TeamCare, UPS Teamsters will pay no annual deductible for the first four years of the contract, and a modest deductible of \$100 (individual) / \$200 (family) in the final year.

CO-PAYMENTS refer to the out-of-pocket expenses that a health plan requires the participant to pay at the time of service. These can be either flat dollar amounts or a percentage of total costs. For example, one plan may require a \$30 co-payment when a participant visits the doctor or picks up a prescription while another may require the participant to pay a percentage of the total office visit or prescription drug charge (i.e., a plan may pick up 80% of the charge and require the participant to pay the remaining 20%). **Under TeamCare, UPS Teamsters will pay smaller co-pays for doctor visits (\$10) and prescription drugs (\$5 or \$0 if by mail order) than the vast majority of American workers who are covered by a health plan.**

¹ "2012 Employer Health Benefits Survey," The Henry J. Kaiser Family Foundation, November 2012. <http://kff.org/pr/wta-insurance/report/employer-health-benefits-2012-annual-survey/>

Your Questions Answered



At the start of negotiations last year, UPS made it clear that it was getting out of the health insurance business. UPS was already moving forward with replacing the current company health care plan with one that cut benefits, slashed retiree health care and required UPS members to contribute thousands of dollars every year in premiums, deductibles and co-pays.

The National Negotiating Committee stood firm and rejected those benefit cuts, premiums and out-of-pocket costs that UPS demanded. Instead, the committee proposed that TeamCare provide benefits for the 140,000 UPS Teamsters and their families who had been covered under the company plan.

TeamCare was chosen because 80,000 UPS Teamsters and family members are long-term participants and they know what a great plan it is. With more than 250,000 total participants, TeamCare provides excellent benefits at very little cost to members.

Unfortunately, not enough information was provided about TeamCare's benefits during the contract ratification process, which has caused a lot of confusion, concern and misinformation. The following are answers to frequently asked questions so you can get the facts about TeamCare.

Q: Some people said that the union made concessions on UPS's health care contribution. Is this true?

A: No. UPS currently is paying \$2.7 billion for health care benefits for Teamsters and their families under the current contract. Under the first year of the new contract, that rises to \$3 billion. By the fifth year, UPS will be paying nearly \$4 billion.

Q: I heard that under TeamCare, you can only fill prescriptions at CVS pharmacies. Is this true?

A: That is absolutely false. Your prescription coverage under TeamCare is almost identical to your current plan. Both offer access to tens of thousands of pharmacies throughout the country and both give the option of mail order for filling long-term maintenance prescriptions. Besides CVS, you can fill your prescriptions at stores such as Target, Rite Aid, Kroger, Costco, Albertson's, Publix, many local pharmacies and more. One place your coverage won't work is Wal-Mart.

Q: Will my family and I have to switch doctors to be covered under TeamCare?

A: TeamCare's network of health providers is larger than the network you had under the company plan. In fact, TeamCare has one of the largest preferred-provider networks in the country. Nearly all doctors, hospitals and pharmacies that are a part of the company plan's network are in the TeamCare network. To find your provider, go to www.MyTeamCare.org and choose the "Find A Provider" link, and then follow the prompts.

Q: Why can't we just stay in the company plan? I don't want a new plan.

A: That wasn't an option. UPS notified us that it was making drastic changes to the company plan, just as it has done to management's health care plan. Under the new company plan, members would get greatly reduced benefits at a hefty price. Families were going to be charged \$4,680 a year in premiums in the first year of the contract, and the cost would rise by 10% each year. By the fifth year, families would have to pay \$6,800 for health care. That doesn't even include deductibles, increased co-pays and higher prescription costs that were being instituted.

Q: We don't have to pay for our health care now. We shouldn't have to pay under TeamCare.

A: There's no monthly premium for single or family coverage under TeamCare. That's almost unheard of today. Just ask your friends and neighbors what premium they pay per month for health insurance. And, as we mentioned, UPS announced it was instituting monthly premiums in the company plan.

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- Q: But what about the annual deductibles under TeamCare? In the contract's fifth year, they rise to \$200 for individual coverage and \$400 for families. That's still money out of my pocket before services are covered.**
- A:** We heard your concerns. TeamCare trustees were able to go back and eliminate the deductible in the first four years of the contract. In year five, there is a modest deductible of \$100 for single coverage and \$200 for families. There is no deductible for doctor visits, prescriptions, well child care, in-network lab benefits, in-network imaging, dental and vision benefits. Nationwide, 75 percent of all U.S. employer plans had a deductible that averaged \$1,097 for single coverage.
- Q: What about the costs for prescriptions? Those costs will add up.**
- A:** TeamCare's trustees were able to go back and make improvements to the original plan. Now, each prescription is \$5 regardless of whether it is generic or name brand, if a generic is not available. A 90-day supply of maintenance drugs by mail is free.
- Q: What about new TeamCare improvements for retirees?**
- A:** Retirees will now be able to keep their children on their insurance until age 19 or, if they are a qualified student, until age 25. That is the same benefit that the company plan offered. Also, retirees who reach age 65 will be able to keep their younger spouses on their retiree insurance until the spouse reaches age 65.
- Q: But I heard we will get reduced benefits under TeamCare.**
- A:** Not so. Benefits are nearly identical to those offered under the current company plan. TeamCare's co-pays for medical office visits, routine physicals and other services are the same as under the current company plan – and less than UPS was going to charge under the new company plan. With TeamCare, out-of-pocket emergency co-pays will go down. Dental and vision benefits also remain unchanged with full coverage of all preventative and basic services and no cap on what is covered in a single year. Short-term disability and life insurance remain the same.
- Q: I heard TeamCare is having financial problems.**
- A:** Absolutely not. TeamCare is one of the country's largest and most financially secure health plans. TeamCare already is a long-term provider of excellent benefits to 80,000 UPS Teamsters and their families. Net asset reserves are \$1.9 billion, which means TeamCare could provide benefits for 19 months without receiving any additional funds.
- Q: Are our benefits secure, especially with ObamaCare?**
- A:** Definitely. TeamCare participants should have the peace of mind of knowing their benefits are safe and secure. TeamCare is jointly administered by union and company trustees, which means your interests are more protected than under a company health insurance plan.
- Q: I voted down my local supplement because I didn't want TeamCare. Doesn't that mean TeamCare is off the table?**
- A:** No. TeamCare was included in the National Master Agreement, which was ratified by the membership. TeamCare is not contained in the supplements. But it was clear that members were concerned about changes to their health insurance, which is why negotiators were able to work with TeamCare trustees to make additional improvements to TeamCare benefits.
- Q: What happens to my family if something happens to me?**
- A:** TeamCare offers an exceptional family protection plan. If a member dies, his or her family gets continued health coverage for five years. Under the company plan, the family would receive six months of coverage and then receive COBRA benefits for 30 months.