

RENHWP CHANGES

Changes to the Railroad Employees'
National Health and Welfare Plans from the
2012 BLET National Agreement

2012 SWCM

ACRONYMS

- CHCB = Comprehensive Health Care Benefit
- COE = Centers of Excellence Resource Services
- ERMA = Early Retirement Major Benefit Plan (GA-46000)
- FSA = Flexible Spending Account
- MMCP = Managed Medical Care Plan
- NA = January 5, 2012 National Agreement
- OOP = Out-of-Pocket

2012 NA PROVISIONS

- Article III, Part A — Plan Changes
- Article III, Part B — Employee Cost Sharing
- Article III, Part C — Flexible Spending Accounts
- Side Letter No. 5 — New Prescription Drug Management Rules
- Exhibit B — Clinical Support Services
- Exhibit C — Drug Management Rules

ARTICLE III.A.2(A)(1)

- Effective July 1, 2012, new **Annual Deductible** (single / family) for MMCP In-Network Services for which a fixed-dollar copayment does not apply, phased in as follows:
 - \$100 / \$200 for 07/01/12 thru 12/31/12;
 - \$150 / \$300 for 2013; and
 - \$200 / \$400 per year beginning 01/01/14.
- Examples/application coming later ...

ARTICLE III.A.2(A)(2)

- Effective July 1, 2012, new **coinsurance payment of 5%** for MMCP In-Network Services for which a fixed-dollar copayment does not apply (as defined by procedure code) — and applicable after **Annual Deductible** is satisfied — phased in as follows:
 - \$500 / \$1,000 for 07/01/12 thru 12/31/12;
 - \$750 / \$1,500 for 2013; and
 - \$1,000 / \$2,000 per year beginning 01/01/14.

OTHER MMCP CHANGES

- Effective July 1, 2012, MMCP In-Network Emergency Room co-pay for in-network services is increased from \$25 to \$75, but waived if patient is admitted to hospital. See Article III.A.2(a)(3).
- Effective July 1, 2012, MMCP Urgent Care co-pay for in-network services is reduced from \$25 to \$20. See Article III.A.2(a)(4).

OTHER MMCP CHANGES (CONT'D)

- Effective July 1, 2012, current \$20 MMCP fixed dollar co-pay is reduced to \$10 if services are rendered at a “convenient care clinic.” However, there is no plan coverage for radiological services performed at a convenient care clinic. The \$20 MMCP fixed dollar co-pay continues to apply only to the following services: general practice, obstetrics / gynecology, family practice or internal medicine.

ARTICLE III.A.2(B)

- Effective July 1, 2012, changes to both CHCB and MMCP:
 - Radiology Notification Program**, mandating that network providers must provide *notification*, but are not required to obtain *authorization*, for certain advanced outpatient imaging services.
 - Voluntary participation, without any copayment or coinsurance, in **Centers of Excellence** programs for bariatric, cancer and kidney treatment.
 - Voluntary participation, without any copayment or coinsurance, in **Treatment Decision Support Program** for certain procedures.

EXHIBIT B

- ***Radiology Notification Program (RNS)*** – This program is a prior notification requirement only, not a precertification, preauthorization or medical necessity determination program. Covered procedures (CT, MRI, PET, and Nuclear Medicine) that take place in an emergency room, observation unit, urgent care center, or during an inpatient stay do not require notification. The final decision authority for performing the procedure rests with the ordering physician. This program is invisible to the patient – non-compliance (i.e., non-notification) will result in an administrative denial of the claim with no balance billing to the patient.

EXHIBIT B (CONT'D)

- **Centers of Excellence (COE) Resource Services** – these voluntary services are based on the foundation that certain facilities treat patients who consistently achieve favorable clinical outcomes, as demonstrated by reduced hospital lengths of stay and readmission rates, lower infection rates, etc. Programs are typically designed around specific disease states or conditions in which COEs can be clearly identified. The following programs develop national COE networks and specialty nurse resources that provide specific case management interventions:

EXHIBIT B (CONT'D)

- ***Bariatric Resource Services (BRS)*** – BRS provides a national Center of Excellence network of bariatric surgery centers and hospitals with an upfront case management component.
- ***Cancer Resource Services (CRS) / Cancer Support Program (CSP)*** – This clinical consulting with cancer specialists, combined with an extensive nationwide COE network will deliver clinical and financial value.

EXHIBIT B (CONT'D)

- ***Kidney Resource Services (KRS)*** – KRS provides a large network of dialysis facilities meeting strict quality outcomes with kidney nurse specialists assisting patients.
- ***Treatment Decision Support (TDS)*** – These services include enhanced one-to-one coaching for individuals facing potential procedures that have been carefully identified as having varied treatment practices and inconsistent patient outcomes. TDS normally targets back pain, knee/hip replacement, benign prostate disease, prostate cancer, benign uterine conditions, hysterectomy, breast cancer, coronary artery disease and bariatric surgery.

ARTICLE III.A.2(c)–(E)

- Active Plan Rx changes (eff. 07/01/12):
 - Retail co-pays (generic/formulary/non-formulary) changed from \$10 / \$20 / \$30 to \$5 / \$25 / \$45.
 - Mail order co-pays changed from \$20 / \$30 / \$60 to \$5 / \$50 / \$90.
 - Prior authorization required for certain classes of drugs. See Exhibit C.
 - Step Therapy and Quantity/Duration Limits for certain classes of drugs. See Exhibit C.
 - Voluntary participation in Personalized Medicine and/or Generic Rx Advantage Programs.

ARTICLE III.A.3

- ERMA plan design changes (eff. 07/01/12):
 - Prior authorization required for certain classes of drugs. See Exhibit C.
 - Step Therapy and Quantity/Duration Limits for certain classes of drugs. See Exhibit C.
 - Voluntary participation in Personalized Medicine and/or Generic Rx Advantage Programs.
- Changes apply only to individuals who become eligible for ERMA coverage on or after 07/01/12.

ARTICLE III.B

● Employee cost-sharing:

- Monthly premium contribution frozen at a maximum of \$200 through June 30, 2016.
- As of July 1, 2012, monthly premium contribution was set at \$198, which is where it will remain until at least June 30, 2016.
- Effective July 1, 2016, the premium contribution will be the lesser of
 - 15% of the Carrier's Monthly Payment Rate for 2016, or
 - \$230.

ARTICLE III.C — FSA

- Carriers will establish a FSA effective 01/01/13:
 - Employee may contribute up to \$2,500 per year.
 - 30-day grace period after end of year during which unused FSA benefits or contributions may be reimbursed to employees for qualified medical expenses incurred during the grace period.
 - Employee may not recover excess balance.

ARTICLE III.C — FSA (CONT'D)

- FSA may be terminated if either (A) participation is less than (i) 5% in Plan Year 2014, or (ii) 7.5% in subsequent plan years, or (B) “Cadillac Tax” applies in a given year.
- Also may be terminated “[i]f any change in the law or regulations or any other development or circumstance materially impacts the financial consequences of the FSA to the Carriers.”
- Current on-property BNSF FSA is preserved intact.

SIDE LETTER No. 5

- “The parties intend that new prescription drug management rules for which there are no existing therapeutic drug categories listed in Exhibit C shall not apply to the Plan unless such application has been (a) recommended by an independent committee of experts generally relied upon by the Plan’s pharmacy benefit manager, (b) such recommendation is also made by the pharmacy benefit manager itself, and (c) the recommendation is accepted and approved by the Plan’s Joint Committee.”

COVERAGE AUTHORIZATION TABLE

| Therapeutic Drug Category | Drugs |
|-----------------------------|--|
| Specialty Drugs | |
| Gout Therapy | Uloric® Krystexxa™ |
| Rheumatological (RA Agents) | Actemra® Arava® Cimzia® Enbrel® Humira® Kineret® Orencia® Remicade® Rituxan® Simponi™ |
| Misc Agents | Benlysta® Savella® |
| Erythroid Stimulants | Aranesp® Epogen® Procrit® |
| Growth Hormones | Egrifta™ Genotropin® Geref® Humatrope® Increlex™ IPlex™ Norditropin® Nutropin® Omnitrope® Saizen® Serostim® Tev-Tropin,® Zorbtive® |
| Interferons | Actimmune® Alferon-N® Infergen® Intron-A® Pegasys® Peg-Intron® Roferon® |
| Interleukins | Arcalyst™ Ilaris® |
| Multiple Sclerosis Therapy | Amypra™ Avonex® Betaseron® Copaxone® Extavia® Gilenya™ Novantrone® Rebif® Tysabri® |

COVERAGE AUTHORIZATION TABLE

| Therapeutic Drug Category | Drugs |
|---|--|
| Specialty Drugs (cont'd) | |
| Myeloid Stimulants and Hemostatics | Leukine® Neulasta® Neumega® Neupogen® Nplate™ Promacta® |
| Myeloid Stimulants and Hemostatics | Leukine® Neulasta® Neumega® Neupogen® Nplate™ Promacta® |
| Vaccines & Misc Immunologicals | Botox® Dysport™ Myobloc™ Xeomin® |
| Vaccines & Misc Immunologicals (Immune Globulins) | Carimune NF® Flebogamma DIF® Gammagard® Gammagard S-D® Gammaplex® Gamimune-N® Gamunex® Gamunex-C® Hizentra™ Privigen™ Vivaglobin® |
| Dermatologicals – Psoriasis | Amevive® Stelara® |
| Cancer Therapy | Afinitor® Avastin® Dacogen™ Erbitux® Gleevec® Halaven™ Herceptin® Istodax® Jevtana® Nexavar® Sprycel® Sutent® Tarceva™ Tasigna® Temodar® Torisel™ Tykerb® Vectibix™ Vidaza® Votrient™ Zolanza™ Zytiga™ |

COVERAGE AUTHORIZATION TABLE

| Therapeutic Drug Category | Drugs |
|---------------------------------|-----------------------------|
| Specialty Drugs (cont'd) | |
| Cancer Therapy (Misc.) | Mozobil™ |
| Cancer Therapy (Misc.) | Xgeva™ |
| Misc. Antineoplastic Agents | Arimidex® Aromasin® Femara® |
| Misc. Antineoplastic Agents | Revlimid® Thalomid® |
| Antivirals (Ribavirin Therapy) | Copegus® Rebetol® Ribatab® |
| HIV/AIDS Therapy | Selzentry™ |
| RSV Agents | Synagis® |
| Parkinson's | Apokyn |

COVERAGE AUTHORIZATION TABLE

| Therapeutic Drug Category | Drugs |
|--|---|
| Specialty Drugs (cont'd) | |
| Hormone Therapy (Misc.) | Acthar® Gel Sensipar® |
| Misc. Agents | Soliris™ |
| Misc. Neurological Therapy | Nuedexta™ Xenazine® |
| Hormone Therapy (Misc.) | Zavesca® |
| Hormone Therapy (Misc.) | Vpriv™ Cerezyme® |
| Hormone Therapy (Misc.) | Samsca™ |
| Hormone Therapy (Misc.) | Kuvan™ Somavert® |
| Non-Narcotic Pain Relief (Hyaluronic Acid Derivatives) | Euflexxa™ Hyalgan® Orthovisc® Supartz® Synvisc® |

COVERAGE AUTHORIZATION TABLE

| Therapeutic Drug Category | Drugs |
|---------------------------------|--|
| Specialty Drugs (cont'd) | |
| Lupus | Benlysta |
| Hepatitis C | Boceprevir, Telaprevir |
| Misc. Pulmonary Agents | Berinert® Cinryze™ Kalbitor® Xolair® |
| Misc. Pulmonary Agents | Cayston® TOBI® |
| Misc. Pulmonary Agents | Pulmozyme® |
| Pulmonary Arterial Hypertension | Flolan® Letairis™ Remodulin® Revatio™ Tracleer® Ventavis® Adcirca™ Tyvaso® Veletri® |

COVERAGE AUTHORIZATION TABLE

| Therapeutic Drug Category | Drugs |
|--|---|
| Non Specialty/Traditional Drugs | |
| Hypnotics | Ambien® Ambien CR™ Butisol® chloral hydrate Dalmane® Doral® Edluar™ Halcion® Lunesta® Nembutal® Prosom® Restoril® Rozerem® Silenor® Sonata® Zolpimist™ |
| Migraine | Alsuma™ Amerge® Axert® Frova® Imitrex® Imitrex Inj® ImitrexNS® Maxalt® MaxaltMLT® Migranal NS® Relpax® Sumavel® Treximet™ Zomig® Zomig ZMT® |
| Narcolepsy | Nuvigil® Provigil® Xyrem® |
| Narcotic Pain Relief | Abstral® Actiq® Fentora™ Onsolis™ |
| Non-Narcotic Pain Relief (Misc.) | Cambia™ Lidoderm® Stadol NS® Vimovo™ |

COVERAGE AUTHORIZATION TABLE

| Therapeutic Drug Category | Drugs |
|--|--|
| Non Specialty/Traditional Drugs | |
| Dermatologicals – Acne | Solodyn® |
| Anorexiant/Weight loss | Adipex-P® Bontril® Didrex® Fastin® Tenuate® Xenical® |
| Hormone Therapy (Select Androgens & Anabolic Steroids) | Androderm® AndroGel® Axiron® Fortesta™ Striant® Testim Gel® , Various anabolic steroids |
| Nausea | Anzemet® Cesamet™ Emend® Emend Trifold Pack® Kytril® Sancuso ®Zofran® Zofran ODT® Zuplenz® |

STEP THERAPY TABLE

| Therapeutic Drug Category | Preferred Drugs | Targeted Drugs |
|--|---|--|
| Proton Pump Inhibitors | Nexium, lansoprazole/ODT, omeprazole, omeprazole sodium bicarbonate, pantoprazole | Aciphex, Dexilant (Kapidex), Prevacid/Susp, Prilosec Oral Susp (brand), Protonix 40mg Susp, Zegerid Packet |
| Sleep Agents/Hypnotics | zolpidem/ER, zaleplon | Edular, Lunesta, Rozerem, Silenor |
| Depression | citalopram & other generics | Lexapro, Luvox CR, Pexeva (New users only) |
| Osteoporosis | Boniva, Fosamax D, alendronate | Actonel (w/CA) |
| Intranasal Steroids | Nasonex, flunisolide, fluticasone | Beconase AQ, Nasacort/AQ, Omnaris, Rhinocort/AQUA, Veramyst |
| Angiotensin II Receptor Blockers | Diovan/HCT, Micardis/HCT, losartan/HCTZ | Atacand/HCT, Avapro/Avalide, Benicar/HCT, Teveten/HCT |
| Migraine | Maxalt/MLT, Relpax, naratriptan, sumatriptan | Alsuma, Axert, Frova, Sumavel, Treximet, Zomig/ZMT |
| Glaucoma | Lumigan, Xalatan (generic) | Travatan, Travatan Z |
| Growth Hormones (specialty drug) | Genotropin, Humatrope, Norditropin | Nutropin, Nutropin AQ, Saizen |
| Tumor Necrosis Factor (specialty drug) | Enbrel, Humira | Cimzia, Simponi |

HOW DEDUCTIBLE WORKS

- ◉ 07/01/12 – \$100/\$200 ... 01/01/13 – \$150/\$300 ... 01/01/14 – \$200/\$400
- ◉ For single employee seeking “in-network” services under MMCP where a fixed copayment does not apply (i.e., \$20/35 per office visit), he/she will be responsible for the first dollar charges up to the individual cap before the Plan initiates payment.
- ◉ For a family of two or more, both individual and family caps come into play.

HOW COINSURANCE WORKS

- 07/01/12 – \$500/\$1K ... 01/01/13 – \$750/\$1.5K ... 01/01/14 – \$1K/\$2K ... applies after annual deductible is met
- For single employee seeking “in-network” services under MMCP where a fixed copayment does not apply, he/she will be responsible for 5% of charges up to the individual cap.
- For a family of two or more, both individual and family caps come into play.

CASE STUDY #1

- Single employee has \$4,000 knee surgery on July 2, 2012.
- Out-of-pocket costs are:
 - \$100 for annual deductible; and
 - \$195 for coinsurance (5% of remaining \$3,900).
- Annual deductible is satisfied, and \$305 remains to reach \$500 coinsurance cap.

CASE STUDY #2

- Married employee (no kids) has \$4,000 knee surgery on January 2, 2013; spouse has \$50 in medical tests on January 5.
- Out-of-pocket costs are:
 - \$150 for annual deductible and \$192.50 (5% of remaining \$3,850) for coinsurance for knee; and
 - \$50 for annual deductible for medical tests.
- Spouse has \$100 remaining annual deductible, and \$750 to reach individual coinsurance cap; \$557.50 remains to reach employee's coinsurance cap.

CASE STUDY #3

- Married employee has \$4,000 knee surgery on January 2, 2014; spouse has \$50 in medical tests on January 5; child has \$18,000 back surgery on January 15.
- Out-of-pocket costs are:
 - \$200 for annual deductible and \$190 (5% of \$3,800) for coinsurance for knee;
 - \$50 for annual deductible for medical tests; and
 - \$150 for annual deductible and \$892.50 (5% of \$17,850) for back surgery.

CASE STUDY #3 (CONT'D)

- Family has satisfied the annual deductible for the year.
- Coinsurance cap space:
 - Employee has up to \$810 remaining to the individual cap.
 - Spouse has up to \$1,000 remaining to the individual cap.
 - Child has up to \$107.50 remaining to the individual cap.
 - The family cap is reached if combined future coinsurance payments total \$917.50.

IMPACT ON FLIPPERS

- Flippers are operating craft employees who ebb and flow between engine service and train service.
- Because BLET and UTU have different H&W plans, each employee normally is assigned to the plan of the union representing the craft in which he/she made the preponderance of his/her earnings in the 12-month period ending on June 30 of the preceding year.

IMPACT ON FLIPPERS (CONT'D)

- ◉ However, a flipper may elect to remain in his/her then-current plan.
- ◉ The UTU plan has no FSA, and the Annual Deductible and 5% Coinsurance provisions took full effect on January 1, 2012.
- ◉ The cost changes are phased in under the BLET NA and the FSA kicks in next year:
 - 50% effective 07/01/12;
 - 75% and FSA effective 01/01/13; and
 - 100% effective 01/01/14.

IMPACT ON FLIPPERS (CONT'D)

- Flippers who are in the BLET Plan should elect to remain there because:
 - exposure to increased OOP costs is significantly less between 07/01/12 and 12/31/13; and
 - beginning on 01/01/13 they have access to the FSA, which does not exist under the UTU Plan.
- Flippers subject to being moved to the UTU Plan will receive written notification and must opt to remain in the BLET Plan during the annual open enrollment period.