



**FROM THE DESK
OF
JOE R. DUNCAN,
PRESIDENT DIRECTING GENERAL**



November 21, 2008

TO: All Local Lodges subject to National Agreement

Dear Sisters and Brothers:

The annual rate renewal meeting for the Railroad Employees National Health and Welfare Plan (the "Plan") was held on October 28, 2008, at which time premium rates for 2009 were established. Rail Labor, as a Joint Policyholder, participates in the annual rate-setting meeting on an equal footing with the railroads.

I am pleased to advise that the monthly premium rate for the medical portion of the Plan increased a very modest 2.1% to \$1,061.46. The Life and Accidental Death and Dismemberment premium decreased 10% to \$12.30, while the Dental Plan rate increased by 23.3% to \$55.98. The Vision Plan rate remained the same at \$10.00.

Employee cost-sharing amounts were set by the 2008 National Agreements at 15% of the premium rates for the above four components of your insurance coverage (Medical, Life, Dental and Vision). The total amount of the four components for 2009 is \$1139.74, which is an increase of \$31.40, or 2.8% over 2008. The 2009 cost-sharing amount is thus 15% of \$1,139.74, or \$170.96, an increase of \$4.71 over the current amount of \$166.25.

The extremely favorable trend in the medical premium for 2009 is in large part due to the removal of almost 20,000 ineligible dependents from the Plan rolls through the recent eligibility audit, at a savings of about \$30 million for 2009. In addition, medical claims are predicted to increase at a rate far lower than the national average of all insurance plans in 2009 due to the implementation of several significant plan improvements such as Nurse Line, Custom Care Coordination, Disease Management, Integrated Behavioral Health, and Wellness Programs (Healthy Weight and Smoking Cessation). All of the foregoing changes are designed to improve the health and medical treatment of participants, and thereby reduce the frequency and severity of illness.

Due to the innovative changes and actions described above, the increase in cost-sharing contributions to \$170.96 effective January 1, 2009, is far lower than the \$192.00 predicted. We are hopeful that the Plan will continue to trend at a rate lower than medical inflation as a result of our efforts, and we will continue to explore new avenues of controlling Plan costs without sacrificing benefits.

In solidarity,

Joe R. Duncan

cc: DL 19 Staff