

AP MEDICAL BENEFITS: REVISED PROPOSAL TO NEWS MEDIA GUILD

Nov. 13, 2013

The Associated Press has revised several provisions of its initial proposal in response to the union's counterproposal. This revised proposal offers alternatives and some flexibility in the requirements for spouse coverage and wellness participation while also aligning AP's medical benefits program for union employees with the program already in place for administrative employees.

As we have said, the current trajectory of AP's health care expenses is untenable, and it must control what has become an extraordinary expense and bring AP's union benefits in line with the market. As AP's costs increased significantly over the past five years, union employees saw no increase to their contributions. A 2012 Mercer survey shows that union contributions for individual and family coverage under AP's Premium plan are lower than those of other companies.

The following provisions to AP's initial proposal will be revised:

Spousal Restriction

A spouse with access to his/her own employer-sponsored coverage will be allowed on AP's plan as primary if the employer's plan is not expected to meet the minimum value standard under the Affordable Care Act, or if the plan is not subsidized at all.

Wellness Program / Contribution Surcharge

We will remove the requirement that covered spouses participate in the wellness program in order to take advantage of lower monthly premiums for the medical plan. Only employees will be required to participate to get the lower premium.

Consumer Driven Health Plan with Health Savings Account

The proposal for a CDHP with an HSA will be deferred. Instead, we will continue to offer the Premium and Basic plans - with the proposed changes.



AP MEDICAL PLAN COVERAGE FOR SPOUSES

Currently, employees may add their spouses or same-sex domestic partners to their AP-provided medical plans.

Beginning in 2014, AP proposes to require spouses and same-sex domestic partners to enroll in their own employer's plan and provide proof of that enrollment before being allowed to enroll in AP's plan, where they will have secondary coverage (the spouse's employer's plan pays benefits first).

Of the 1,021 union-covered employees enrolled in AP's medical plans in 2013, 519 (51 percent) opt to cover their spouses or same-sex domestic partners.

For those employees whose spouses have no other coverage available, a signed affidavit will be required each year before enrollment in AP's plan.

Revised proposal:

A spouse with access to his/her own employer-sponsored coverage would be allowed to enroll as primary on AP's plan if the spouse's employer's plan isn't expected to meet minimum requirements under the Affordable Care Act or if the coverage isn't subsidized at all.

Spouses will be required to provide to AP written proof that the employer's coverage is not expected to meet the minimum value standard under the Affordable Care Act or that the coverage isn't subsidized. The acknowledgment must be on the spouse's employer's company letterhead or in a written communication from the employer to the employee. An annual exchange notice from the spouse's employer will state if the plan does not meet minimum value.

2014 HEALTH PLAN CHANGES

Proposed Plan	Premium		Basic	
	IN	OON	IN	OON
Deductible (Ind/Fam)	\$400/\$800	\$900/\$1,800	\$800/\$1,600	\$2,000/\$4,000
Coinsurance	85%	60%	75%	60%
OOP Max (incl. ded)	\$2,400/\$4,800	\$4,000/\$8,000	\$3,400/\$6,800	\$6,800/\$13,600
IP Hospital	\$200 copay, ded and coins	60%	\$200 copay, ded and coins	60%
Office Visit	\$30 PCP/\$45 Spec	60%	\$30 PCP/\$45 Spec	60%
ER	\$150 copay	\$150 copay	\$150 copay	\$150 copay
	Retail		Mail	
Generic:	\$10 copay		\$20 copay	
Brand	20% (minimum \$30, maximum \$100)		20% (minimum \$60, maximum \$200)	
Brand - NP	30% (minimum \$50, maximum \$120)		30% (minimum \$100, maximum \$240)	
Rx OOP Max	\$1,500			
Limited Retail Network	Walgreens, Wal-Mart, Duane Reade: excluded from the retail network			
	Mandatory mail and generics			
Vision Exam/Lenses/ Frames (Contacts in lieu of lenses)	IN \$20/\$20/up to \$175		OON Up to \$40/\$40 - \$80/up to \$45	

Change from 2013	Premium		Basic	
	IN	OON	IN	OON
Deductible (Ind/Fam)	+\$250/+\$500	+\$500/+\$1,000	+\$550/+\$1,100	+\$1,250/+\$2,500
Coinsurance (you pay)	+15%	+10%	+15%	no change
OOP Max (incl. ded)	+\$2,250/+\$4,500	+\$2,000/+\$4,000	+\$1,400/+\$2,800	+\$1,800/+\$3,600
IP Hospital, you pay	no change	+10%	-\$50	no change
Office Visit	+\$10 PCP/+\$15 Spec	+10%	+\$10 PCP/+\$15 Spec	no change
ER	+\$75 copay	+\$75 copay	+\$75 copay	+\$75 copay
	Retail		Mail	
Generic	+\$3		+\$13	
Brand	+\$14 to +\$84		+\$44 to +\$184	
Brand – NP	+\$28 to +\$98		+\$78 to +\$218	
Limited Retail Network	Walgreens, Wal-Mart, Duane Reade: excluded from the retail network			
	Mandatory mail and generics			
Vision	Old plan: \$200 a year, employee only, up to three-year carryover. New plan: a schedule of benefits with in- and out-of-network coverage available to all family members enrolled in the plan.			

2014 EMPLOYEE CONTRIBUTIONS

	2014 Monthly Contributions with Wellness Participation *		Change vs. 2013	
	Premium	Basic	Premium	Basic
Employee	\$118.45	\$77.30	\$42.97	\$5.06
Employee + Spouse	\$259.91	\$202.67	\$52.31	\$13.26
Employee + Child	\$197.98	\$118.33	\$76.78	\$7.74
Family	\$393.46	\$297.51	\$88.72	\$19.46

- Employees electing to not participate in the wellness program will pay an additional \$50 per month for coverage under each of the plans.
- The proposed premium contributions for 2015 are higher than those in AP's initial proposal

Note: These contributions apply to both Editorial and Technology unit employees. When the funds are exhausted from the Local 1314 fund, Technology unit employees will contribute the same amount as Editorial unit employees.

In 2013, Technology Unit employees pay:

2013	Premium	Basic
Employee	\$41.81	\$38.46
Employee + Spouse	\$112.48	\$75.37
Employee + Child	\$86.15	\$53.92
Family	\$177.26	\$110.85



2015 EMPLOYEE CONTRIBUTIONS

	2015 Monthly Contributions with Wellness Participation*		Increase Over 2014	
	Premium	Basic	Premium	Basic
Employee	\$126.74	\$98.50	\$8.29	\$21.20
Employee + Spouse	\$278.10	\$216.86	\$18.19	\$14.19
Employee + Child	\$211.84	\$156.06	\$13.86	\$37.73
Family	\$421.00	\$318.34	\$27.54	\$20.83

Note: These contributions apply to both Editorial and Technology unit employees. The proposed premium contributions for 2015 are higher than those in AP's initial proposal.

* Participation is attaining 3 of 4 health targets (an outcome-based program that complies with Affordable Care Act provisions). Employees electing to not participate will pay an additional \$50 per month for coverage under each of the plans.



2016 EMPLOYEE CONTRIBUTIONS

	2016 Monthly Contributions with Wellness Participation*		Increase Over 2015	
	Premium	Basic	Premium	Basic
Employee	\$155.26	\$120.66	\$28.52	\$22.16
Employee + Spouse	\$320.64	\$250.97	\$42.54	\$34.11
Employee + Child	\$243.02	\$191.17	\$31.18	\$35.11
Family	\$485.30	\$379.92	\$64.30	\$61.58

* Employees electing to not participate in the wellness program will pay an additional \$50 per month for coverage under each of the plans

Note: These contributions apply to both Editorial and Technology unit employees.



2014 WELLNESS PROGRAM


Employees who participate in AP's wellness program will pay \$50/month less for 2014 medical premiums.

These three participation steps must be completed by March 31, 2014:

- complete a biometric screening (or have physician submit the 2014 Health Advocate physician form with required biometrics),
- complete the personal health profile; and
- talk with a health coach.

Revised proposal:

AP's initial proposal required the employee and covered spouse/same-sex domestic partner to complete the three steps in order to avoid the \$50/month surcharge. Under our revised proposal, spouses/same-sex domestic partners will be dropped from the requirement; only employees must complete the three steps.



2014 POST-65 RETIREE SHIFT TO DEFINED CONTRIBUTION HEALTH REIMBURSEMENT ARRANGEMENT (HRA)*

This is a shift to a defined contribution type of plan for retirees age 65 and older, for whom Medicare is their primary coverage.

Rather than provide self-funded insurance, AP will fund an HRA with an amount that will allow the majority of retirees to purchase Medicare supplemental coverage similar to what they receive through AP.

An outside administrator will administer AP's program.

AP will make quarterly contributions for up to two Medicare-eligible employees; the annual totals will be:

Retiree	Spouse or Dependent**
\$1,726	\$1,726

If the retiree covers dependents who are not yet eligible for Medicare, those dependents can continue to be covered under AP's company plan for early retirees.

*Applies to individuals who are eligible for retiree medical when they retire

** Surviving spouse or surviving dependent - \$1,151



2015 & 2016 WELLNESS PROGRAM

Employees will be required to meet at least three health targets to avoid additional medical premium surcharges.

The targets we use are provided by Health Advocate (formerly WellCall), our wellness administrator, based on guidelines set by the National Institutes of Health/American Heart Association and Diabetes Association.

Body Mass Index (BMI)	29.9 or below if BMI is above 30, then waist circumference must be less than 40 for men and less than 35 for women
HDL cholesterol (healthy cholesterol)	50 mg/dl or higher for women 40 mg/dl or higher for men
Glucose	non-fasting glucose at 140 or below if non-fasting is 141 or above, then HbA1c equal or less than 5.7 percent
Blood pressure	systolic BP under 140 mm/Hg and/or diastolic under 90hmm/Hg

In accordance with the Affordable Care Act, AP's wellness program will provide for alternative options for employees who are unable to meet three of the targets. This will provide all plan participants an opportunity to work toward alternative goals and avoid the surcharge.

UNION PLAN COMPARED TO THE MARKET

	AP - Union current 2013 (premium*)	AP proposed 2014 (premium*)	Union counter proposed 2014 (premium*)	Media 500+	500-4,999 employees	Fortunes Best
Individual deductible						
Median in-network deductible	\$150	\$400	\$500	\$400	\$500	\$325
Median out-of-network deductible	\$400	\$900	\$1,000	\$800	\$900	\$500
Family deductible						
Median in-network deductible	\$300	\$800	\$1,000	\$1,000	\$1,000	\$750
Median out-of-network deductible	\$800	\$1,800	\$2,000	\$1,900	\$2,000	\$1,000
In-network primary care physician (PCP) visit						
Median copay amount	\$20	\$30	\$20	\$20	\$20	\$20
In-network specialist visit						
Median copay amount, when higher than PCP	\$30	\$45	\$40	\$35	\$40	\$35
Out-of-network primary care physician (PCP) visit						
Median coinsurance amount	30%	40%	30%	40%	40%	35%
In-network deductible/ per-admission copay						
Median deductible amount	\$200	\$200	\$200	\$250	\$250	\$225
Median coinsurance amount	0%	15%	0%	13%	20%	15%
Out-of-network hospital stay						
Median coinsurance amount	30%	40%	30%	40%	40%	38%
Emergency room visit						
Median copay amount	\$75	\$150	\$150	\$100	\$100	\$100
Individual out-of-pocket maximum**						
Median for in-network services	\$150	\$2,400	\$500	\$2,050	\$2,250	\$2,000
Median for out-of-network services	\$2,000	\$4,000	\$2,400	\$4,300	\$4,000	\$4,000
Family out-of-pocket maximum**						
Median for in-network services	\$300	\$4,800	\$1,000	\$4,750	\$5,000	\$4,400
Median for out-of-network services	\$4,000	\$8,000	\$4,800	\$10,000	\$8,000	\$8,500

* Premium plan – 95% enrollment

** Includes copays in 2014

Source: 2012 Mercer National Survey of Employer-sponsored Health Plans