



# UAW CATERPILLAR

## Highlights of Proposed 2017-2023 Tentative Agreement

March 2017

### Contract Highlights: Healthcare



## HEALTH CARE

### MULTIPLE PLANS TO CHOOSE FROM DEPENDING ON PERSONAL NEEDS AND FLEXIBILITY

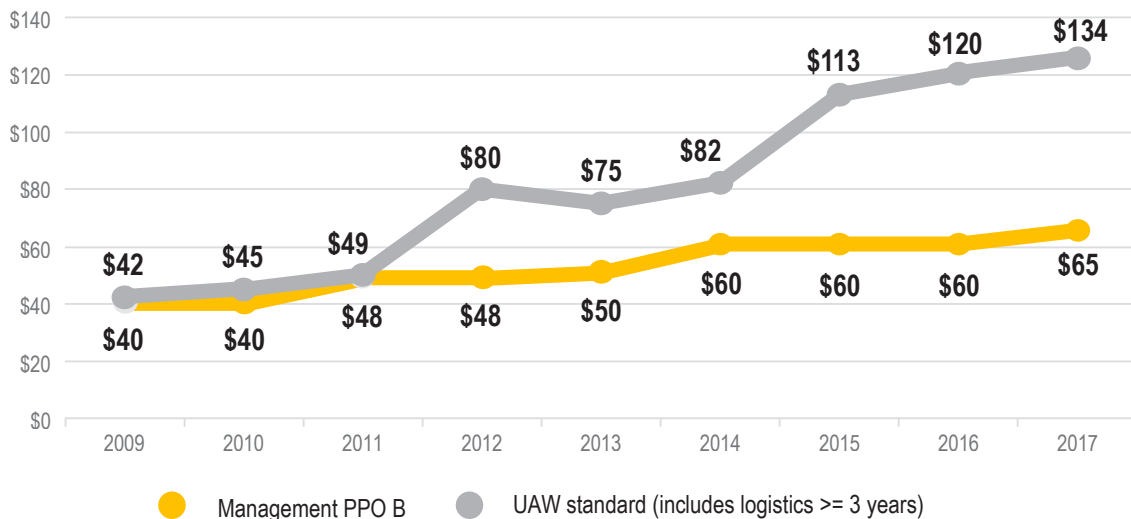
Effective Jan. 1, 2018, members will have access to the same health care as management and executives. Thus, our members will have more security, better cost savings, and flexibility to make choices based on individual needs.

This chart shows the health care options available for 2017. There are four options offering a range of coverage and premiums to fit your needs. Below are EPO and PPO options similar to previous plans (which are also included), but the premiums are lower and include other enhancements like office visits and chiropractic in the PPO plan. There are also Consumer Driven Health Plans (CDHP), which are higher deductible plans with lower monthly premiums and the option of a Health Savings Account (HSA) with annual seed money from Caterpillar.

	BCBS (EPO)	UHC Choice Plus (PPO)	UHC Consumer Choice (CDHP)	UHC Consumer Max (CDHP)	UAW EPO	UAW PPO
<b>Employee-only premium</b>	\$125	\$65	\$40	\$20	\$134	\$134
<b>Employee + spouse premium</b>	\$313	\$163	\$100	\$50	\$268	\$268
<b>Employee + child(ren) premium</b>	\$250	\$130	\$80	\$40	\$214	\$214
<b>Family premium</b>	\$438	\$228	\$140	\$70	\$428	\$428
<b>Individual deductible</b>	\$500	\$800	\$1,500	\$3,000	\$500	\$700
<b>Family deductible</b>	\$1,000	\$1,600	\$3,000	\$6,000	\$1000	\$1400
<b>Individual MOOP</b>	\$2,000	\$3,000	\$3,000	\$5,000	\$2000	\$2000
<b>Family MOOP</b>	\$4,000	\$6,000	\$6,000	\$10,000	\$4000	\$4000
<b>Medical co-insurance (in-net / out-of-net)</b>	20% / 100%	20% / 50%	20% / 50%	20% / 50%	20% / 100%	20% / 50%
<b>Office visit – primary care</b>	\$20 co-pay	Co-insurance after deductible	Co-insurance after deductible	Co-insurance after deductible	\$20 co-pay	No coverage
<b>Office visit – specialist</b>	\$40 co-pay	Co-insurance after deductible	Co-insurance after deductible	Co-insurance after deductible	\$40 co-pay	No coverage
<b>HSA seed from Caterpillar</b>	--	--	\$250 / \$500	\$500 / \$1,000	--	--

The graphs below are based on actual historic data. These plans have remained fairly consistent over the past 12 years and costs have increased at a much slower rate than UAW member plans. Keep in mind, changes can only be made to UAW member plans if the same changes are made to those of management employees. With 77,000 people in management health care plans the risk pool is much larger. Costs can be spread out across a much larger population whose average annual claims increase by about 4.2 percent compared to the UAW plans that have about 9,000 people and are increasing at about 7.3 percent.

**PREMIUMS: ACTIVE EMPLOYEE-ONLY MONTHLY CONTRIBUTIONS**

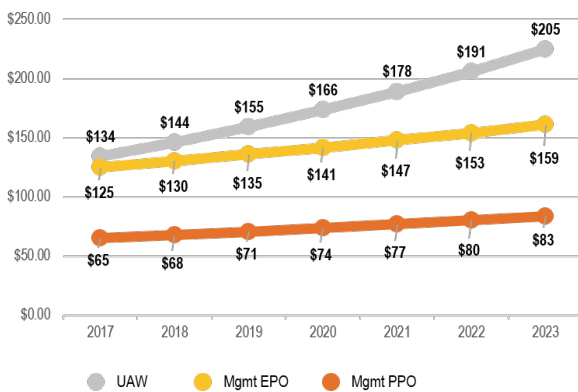


**OPPORTUNITY FOR SUBSTANTIAL SAVINGS**

Under the 2011 agreement, premiums were calculated based on 20 percent of claims data. Caterpillar initially proposed to increase that premium share to 35 percent. UAW member premiums were substantially higher than management premiums. Additionally UAW claims grew on average 7.3 percent annually over the agreement. Management claims grew at a much lower rate (4.2 percent). This proposal provides the same premiums for management and UAW members, and pools the claims together.

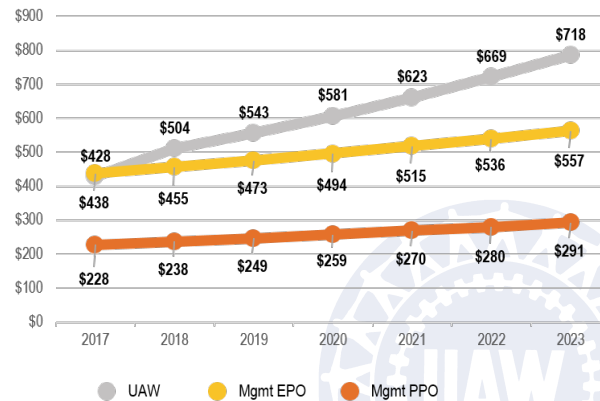
**Cost Comparison**

EE Only | 2017 Premiums & Forecasts through 2023



**Cost Comparison**

Family | Premium Forecasted



✓ The above charts used numbers and projections about what may happen during the life of this agreement. The actual costs may go higher or lower.

## RETIREE HEALTH CARE

### PRE 65

- Applies to Future Retirees Only

For eligible retirees who are not yet 65, your healthcare will have the same plan design as management retirees. The below plans are from 2017. The premiums are based on a multiplier of the active employee rate (1.8x) as shown below:

	BCBS National (EPO)	UHC Choice Plus (PPO)	UHC Consumer Choice (CDHP)	UHC Consumer Max (CDHP)	UAW EPO	UAW PPO
Retiree-only premium	\$225	\$117	\$72	\$36	\$374	\$374
Retiree + Spouse Premium	\$564	\$294	\$180	\$90	\$749	\$749
Retiree + Child(ren) Premium	\$450	\$234	\$144	\$72	\$749	\$749
Family Premium	\$789	\$411	\$252	\$126	\$749	\$749
Individual Deductible	\$500	\$800	\$1,500	\$3,000	\$500	\$700
Family Deductible	\$1,000	\$1,600	\$3,000	\$6,000	\$1000	\$1400
Individual MOOP	\$2,000	\$3,000	\$3,000	\$5,000	\$2000	\$2000
Family MOOP	\$4,000	\$6,000	\$6,000	\$10,000	\$4000	\$4000
Medical Co-insurance (In-Net / Out-of-Net)	20% / 100%	20% / 50%	20% / 50%	20% / 50%	20% / 100%	20% / 50%
Office visit – Primary Care	\$20 co-pay	Co-insurance after deductible	Co-insurance after deductible	Co-insurance after deductible	\$20 co-pay	No Coverage
Office visit – Specialist	\$40 co-pay	Co-insurance after deductible	Co-insurance after deductible	Co-insurance after deductible	\$40 co-pay	No Coverage
HSA Seed from Caterpillar	--	--	\$250 / \$500	\$500 / \$1,000	--	--

By moving to the same plan design as management retirees, there are significant savings to members.

- ✓ THESE NUMBERS ARE PROJECTIONS ABOUT WHAT MAY HAPPEN DURING THE NEXT SIX YEARS. THE ACTUAL SAVINGS MAY BE HIGHER OR LOWER.

#### Retiree only premium

	EPO	PPO
UAW	374	374
Non Bargained	225	117
Monthly Savings	149	257
Annual Savings	<b>\$1,788</b>	<b>\$3,084</b>

#### Retiree + spouse premium

	EPO	PPO
UAW	749	749
Non Bargained	564	294
Monthly Savings	186	466
Annual Savings	<b>\$2,220</b>	<b>\$5,460</b>

## RETIREE HEALTH CARE

### POST 64

The benefits under this proposal are designed to coordinate with Medicare and to give eligible retirees the ability to choose the best coverage option for his or her individual circumstances. Instead of being enrolled in a health care plan that doesn't coordinate with Medicare, you'll have access to a health reimbursement account (HRA). An HRA gives you:

- For employees who retire prior to Jan. 1, 2019
- \$3,000 annual company allocation to HRA (an additional \$3,000 for eligible spouse) —
- Employees who retire after Jan. 1, 2019, age and years of service decide HRA amount
- More flexibility to pick the right plan
- Professional benefit advisors help select a plan
- Allows for annual flexibility for the retiree – change plan designs and carriers
- The availability of plan options and employer account contributions will allow for a choice of plans that present the best value based on each retiree's personal needs

### HOW DOES AN HRA WORK?

 <p>Caterpillar provides annual benefit dollars (\$3,000 per retiree and spouse)</p>	 <p>Benefit dollars are deposited into Health Reimbursement Arrangement (HRA) account</p>	 <p>Retiree purchases health insurance to supplement Medicare and may use the HRA for reimbursement of:</p> <ul style="list-style-type: none"><li>• Premiums (Part B also)</li><li>• Eligible medical expenses</li></ul> <p>Premiums are typically much less than current coverage</p>	 <p>Unused amounts roll Over from year to year</p>
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