

Brotherhood of Locomotive Engineers and Trainmen



SANTA FE GENERAL COMMITTEE OF ADJUSTMENT

BNSF Railway Company

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December 9, 2011

Brothers and Sisters,

As you are all aware, on December 1st, 2011, President Pierce decided to accept the final offer of the National Carrier's Conference Committee which was constructed around the recommendations of Presidential Emergency Board 243. That proposed settlement will be placed before the members for ratification. This decision was made after consulting with the Advisory Board and the assembled General Chairmen.

It is important to understand that **the only portion of the contract that will apply to BNSF engineers is the Health and Welfare provisions.** We settled our wage/rules at the end of 2009. Over 77% of our membership voted in favor of that agreement. BNSF is not obligated to begin additional negotiations until the Fall of 2014.

However, I continue to hear inaccurate summaries of what the UTU wage package contains. The UTU received 14% over a five year period compared with the 11% in our contract. The other 3% in the UTU agreement is for the year 2015. BLET has not negotiated any increase for that year and that increase will be determined in the next round.

I understand that many of you are unhappy with the way this turned out. I know I am. In the past three rounds of negotiation BLET had done extremely well by making on-property agreements and leaving H&W to National handling. I am certain that, had the UTU not agreed to these concessions in H&W, this round would have proved just as successful. The H&W concessions in this contract are nothing more than a "give back" to railroads at a

time when they are raking in record profits. Although I was not a part of this negotiation, I can assure you that the lessons learned will not be repeated in future negotiations. With that said, playing the "blame game" will not advance our cause. We must simply learn from this round and move on to the next.

One of the primary reasons President Pierce decided to accept this offer was due to the actions of Congress. It was painfully clear that the 112th Congress had no intention of allowing a strike of the nation's railroads and was poised to implement the recommendations of the PEB well before the cooling off period expired. In fact, there was credible evidence that those congressional members who are responsible for the "war on workers" were preparing legislation that would seriously harm our Organization. That was a risk none of us were willing to take.

In the coming days, each of you will receive a ballot and will be asked to vote on this Tentative Agreement. At this point we have few options. If we do not ratify this agreement Congress will assuredly impose it on us; perhaps with harmful legislation attached. There is no alternative. We must put this behind us and use the lesson learned in the next round of bargaining.

President Pierce provided a synopsis of the agreement and I have reproduced the section dealing with Health and Welfare changes (comments in **bold** are mine):

Changes to MMCP In-Network Plan design (effective July 1, 2012):

1. New Annual Deductible in-network services for which a fixed-dollar copayment does not apply, phased in as follows: \$100 (single) / \$200 (family) for 07/01/12 thru 12/31/12 (**50% less than the UTU plan**); \$150 / \$300 for 2013(**25% less than UTU plan**); and \$200 / \$400 per year beginning 01/01/14.
2. New coinsurance payment of 5% for 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 (**50% less than UTU plan**); \$750 / \$1,500 for 2013(**25% less than UTU plan**); and \$1,000 / \$2,000 per year beginning 01/01/14.
3. In-Network Emergency Room co-pay increased to \$75, but waived if patient is admitted to hospital.
4. Urgent Care co-pay reduced from \$25 to \$20.

5. Current \$20 MMCP co-pay for general practice, obstetrics/gynecology, family practice or internal medicine is reduced to \$10 if services are rendered at a “convenient care clinic,” but no plan coverage for radiological services performed at a convenient care clinic.

Changes to CHCB and MMCP Plan design (effective July 1, 2012):

1. Introduction of “Radiology Notification Program” for treatment providers (no cost or obligation to employees or covered dependents).
2. Establish “Centers of Excellence Resources Services” programs for bariatric, cancer and kidney treatment for covered employees and their covered dependents to receive, on a wholly voluntary basis and without any copayment or coinsurance (potential improvement). *See Exhibit B for description.*
3. Establish “Treatment Decision Support Program” for covered employees and their covered dependents to receive, on a wholly voluntary basis and without any copayment or coinsurance (potential improvement). *See Exhibit B for description.*

Changes to Prescription Plan design (effective July 1, 2012):

1. Prior authorization required for certain therapeutic drug categories shown in Exhibit C, except for 3- to 5-day temporary supply during authorization process.
2. Application of Step Therapy and Quantity/Duration Limits for certain therapeutic drug categories shown in Exhibit C.
3. Employees and covered dependents may voluntarily participate in Personalized Medicine and/or Generic Rx Advantage Programs (potential improvement).
4. Changes to prescription co-pays for generic / formulary / non-formulary: current retail: \$10 / \$20 / \$30 future retail: \$5 / \$25 / \$45 current mail order: \$20 / \$30 / \$60 future mail order: \$5 / \$50 / \$90

Early Retirement Major Medical Benefit Plan (GA-46000) design (effective July 1, 2012):

1. Prior authorization required for certain therapeutic drug categories shown in Exhibit C, except for 3- to 5-day temporary supply during authorization process.
2. Application of Step Therapy and Quantity/Duration Limits for certain therapeutic drug categories shown in Exhibit C.
3. Employees and covered dependents may voluntarily participate in Personalized Medicine and/or Generic Rx Advantage Programs (potential improvement).

4. Applies only to individuals who become eligible for ERMA coverage on or after July 1, 2012.

Monthly Employee Cost-Sharing Contributions:

1. Frozen at \$200 per month through June 30, 2016.
2. Effective July 1, 2016, the contribution will be the lesser of
 - (i) 15% of the Carrier's Monthly Payment Rate for 2016 or
 - (ii) \$230.

It is important to note that the use of the BLET Flexible Spending Account can significantly reduce the costs associated with the H&W plan. I would encourage each of you who do not participate to reconsider at this time. This is a valuable benefit that can dramatically offset the increased costs.

As always, I believe the membership will make the right decision. If we ratify the agreement, at least we have made that decision and not left it to the 112th Congress to decide for us.

Fraternally,

Alan Holdcraft