

## **SECTION 26 - INSURANCE, RETIREMENT, AND OTHER BENEFITS**

The following represents the terms of the medical and life coverage for eligible active Flight Attendants under The Group Life and Health Benefits Plan for Employees of American Airlines, Inc. ("Medical Plan") (with said medical coverage being referred to herein as "Active Medical Coverage") and, Flight Attendants retiring on or after November 1, 2012 under The Group Life and Health Benefits Plan for Retirees of American Airlines, Inc. ("Retiree Medical Plan")(with said medical coverage being referred to herein as "Retiree Medical Coverage").

This coverage replaces and supersedes the previous medical and dental plan provisions.

### **A. LIFE INSURANCE**

For an employee whose base monthly salary is one thousand five hundred dollars (\$1,500) or over, her/his basic coverage shall be two (2) times her/his base annual salary taken to the next higher multiple of one hundred dollars (\$100), but not more than seventy thousand dollars (\$70,000).

### **B. MEDICAL AND DENTAL PLAN**

Active Flight Attendant Medical Coverage effective as soon as administratively practicable following ratification:

1. The Company will offer two (2) medical options in the Medical Plan subject to Paragraph 14: (i) the Standard option; and, (ii) the Core medical option which is a Health Savings Account-compatible medical option. The Company reserves the right to amend the Medical Plan at the Company's sole discretion, with the exception of:
  - a. The Standard medical option design features in the Chart of Active Medical Coverage Option Design Features in Paragraph B.11;
  - b. The employee contribution methodology for the Standard and Core medical options described in Paragraphs B.4 and B.6;
  - c. Changes noted in Paragraph B.5;
  - d. The right to purchase dental coverage on similar terms as provided to eligible Flight Attendants prior to September 12, 2012.
2. To the extent the Company is offering the Value medical option in any plan year to employees, employees eligible to enroll in the Standard or Core medical options will be eligible to enroll in the Value medical option. The Company reserves the right to amend or terminate the Value medical option, at its sole discretion.
3. To the extent feasible, advance notice of material Medical Plan changes will be provided to the APFA prior to implementation. At least thirty (30) days prior to the distribution of the Active Medical Coverage annual enrollment materials, the Company will provide the APFA with a copy of the data, assumptions and methodologies used to calculate employee contributions under the Standard and Core medical options.
4. Aggregate employee contributions for the Standard and Core medical options for 2015 will be twenty percent (20%), and 2016 and thereafter will be twenty-one percent (21%) of the total projected cost of each forecasted year of healthcare expenses for these two (2) medical options (which include medical/prescription and administrative expenses) as calculated by the Company. Employee contributions for the Standard and Core medical

options will increase with medical inflation with employee contributions set as explained above. The Value medical option inflation and employee contributions will be calculated separately from the Standard and Core medical options.

5. The Standard medical option annual In-Network deductible will increase by fifty dollars (\$50.00) in 2017 until the In-Network deductible reaches eight hundred and fifty dollars (\$850.00) for single coverage and the family In-Network deductible will increase by one hundred and fifty dollars (\$150.00) in 2017 until it reaches two thousand five hundred and fifty dollars (\$2,550) for family coverage.
6. Chart of Coverage Tiers:

Current Coverage Tiers	New Coverage Tiers	Contribution Multiplier
Employee Only	Employee Only	1.0
Employee + 1	Employee + Spouse/Domestic Partner	2.6
	Employee + Child(ren)	1.8
Employee + 2 or more	Employee + Family	3.5

The multiplier for the New Coverage Tiers is based on the Employee Only coverage tier.

7. The \$150, \$250, \$500 and \$1,000 standard medical options in the May 1, 2003 Collective Bargaining Agreement are eliminated. All of the provisions of previous arbitrations and the Carey Award dated December 3, 1991 that relates to the Medical Plan, including the inflation formula described therein, are also eliminated.
8. Legacy US Airways Flight Attendants hired prior to the date of ratification will maintain coverage under the US Airways Medical and Dental Plans through December 31, 2015. Effective January 1, 2016, the US Airways Medical and Dental Plans (PPO100/80, PPO90/70, PPO80/60, Out-of-Area 100, Out-of-Area 90, Out-of-Area 80, PPO Dental and Out-of-Area Dental), including the inflation formulas therein, are also eliminated.
9. New employees eligible for healthcare coverage will default to the Core medical option for Employee Only coverage on their eligibility date, unless the employee waives coverage or elects another option or level during the initial enrollment period.
10. To the extent the Company is offering incentives in any plan year to employees for participating in a wellness program, employees enrolled in the Standard and Core medical options will be eligible for those incentives provided they meet the criteria (as established by the Company at its sole discretion) for earning the incentive.

11. Chart of Active Medical Coverage Option Design Features:

Current Plan Design Features	Standard	Core
Health Spending Accounts	HRA	
In Network Deductible (Single/Family)	\$800/\$2,400	
Out of Network Deductible (Single/Family)	\$3,000/\$9,000	
Coinsurance (In/Out)**	20%/40%	
In Network Out of Pocket Max (Single/Family)	\$2,000/\$5,000	
Out of Network Out of Pocket Max (Single/Family)	\$6,000/\$15,000	
Primary Care Physician Copay (In Network only)	\$30*	

Specialist Copay (In/Out)	20%/40%	
Retail Clinics Copay (In/Out)	20%/40%	
Preventive Care	\$0	
Emergency Room	Ded/Coins/\$100 CoPay	
Pharmacy (Retail)		
Generic	20% (\$10 min/\$40 max)	
Formulary Brand	30% (\$30 min/\$100 max)	
Non-Formulary Brand	50% (\$45 min/\$150 max)	
Pharmacy (Mail)		
Generic	20% (\$5 min/\$80 max)	
Formulary Brand	30% (\$60 min/\$200 max)	
Non-Formulary Brand	50% (\$90 min/\$300 max)	
2015 Monthly Contributions		
EE Only	\$85.35	\$74.40
EE + Spouse/DP	\$221.92	\$193.44
EE + Child(ren)	\$153.63	\$133.92
EE + Family	\$298.73	\$260.40

\*Deductibles and co-insurance apply if provider is out of network.

\*\* (In/Out) when used in the chart means In-Network and Out-of-Network, respectively.

The following provisions apply to the Standard medical option:

- a. Deductibles do not apply toward Out of Pocket maximum;
- b. Medical coinsurance applies towards Out of Pocket maximums;
- c. Pharmacy coinsurances do not apply towards deductibles, but do apply towards Out of Pocket maximums;
- d. Co-pays do not apply to the Deductible.

12. The Company will also retain the right to amend any provision in the Medical Plan for the purpose of complying with applicable laws and regulations.

13. In the event the Company determines that the Standard or Core design options provided for in this Agreement (each an "Option") would be or become subject to an excise tax or other penalty included in The Patient Protection and Affordable Care Act (PPACA) or any excise tax or penalty which may replace the PPACA, under applicable law, (and thus become an "Affected Option"), the Company will meet and confer in good faith in order to reach an agreement with the Union concerning the minimum modification or modifications to the Affected Option necessary to avoid application of the excise tax or other penalty. The Company shall provide to the Union information that the Union reasonably requests, including actuarial reports, necessary for the Union's design and consideration of such modifications. Unless otherwise agreed, any agreed modification shall become effective at the time the excise tax or penalty would become applicable in respect of the Affected Option (the "Affected Option Date").

If the Company and the Union are unable to agree on modifications necessary to avoid the application of the excise tax or other penalty on the Affected Option within ninety (90) days after the initial meeting, the parties will select Arbitrator Bloch who will determine the modifications to the design of the Affected Option that will become applicable. The authority of Arbitrator Bloch is expressly limited to establishing those modifications to the design of the Affected Option that will ensure that no excise tax or other penalty will apply. If Arbitrator Bloch determines that no reasonably practical modification to the Affected Option can

guarantee that no excise tax or other penalty will apply, the Company shall have the right to terminate the availability of the Affected Option to the Flight Attendants. If, under the preceding sentence, the Company has terminated or would have the right to terminate the availability to the Flight Attendants of the Standard and/or Core Option, the arbitrator will be empowered to designate an alternative Option design (a "New Option") that is available from the Company provider and that replicates the provisions of the Core Option to the greatest possible extent without causing the New Option to become subject to any excise tax or other penalty. In the event that the arbitrator has not issued a determination prior to the excise tax or penalty becoming due or if such penalty or excise tax is otherwise owed for any reason, notwithstanding any contrary provision of law, the Company shall be permitted to implement such modifications to the design of the Affected Option as it considers to be necessary to avoid the excise tax or penalty. The Company shall have a reasonable period of time following the issuance of the arbitrator's determination to implement the New Option. Notwithstanding the foregoing, the provisions of Paragraph B shall not be effective if, after the effective date of this Agreement, the Company enters into any new or amended collective bargaining agreement having a term of three (3) years or more with any union group that does not contain a provision substantially similar to this Paragraph.

If any Option is modified or eliminated pursuant to Paragraph B, the parties will meet and confer to determine how the savings, if any, from such modifications will accrue to Flight Attendants. The avoidance of any excise tax that would have otherwise been applied will not be considered in the calculation of any savings. If the parties cannot agree on whether cost savings exist or how to distribute said savings, the matter may be referred to an arbitrator as specified by the process in this Paragraph. The arbitrator's authority shall be limited to the issue of determining whether such savings exist and, if so, how such savings are to be distributed. The arbitrator shall have no other authority, and in no event shall the arbitrator order modifications to or reinstatement of a plan.

14. Flight Attendants will be required to timely pay for all benefits, including Flexible Spending Account contributions, in order to maintain coverage, including while on a Leave of Absence, through payroll deduction, the direct bill process or other collection process as applicable.

#### **C. DISABILITY COVERAGE**

The Company agrees to offer, at the employee's expense, an Optional Short Term Disability Plan, a Long Term Disability Plan and Optional Voluntary Personal Accident Insurance (VPAI).

#### **D. RETIREE HEALTH CARE**

##### **Retiree Medical Coverage for Flight Attendants (LAA Retiring On or After November 1, 2012 and LUS Retiring On or After January 1, 2016)**

1. Notwithstanding any other collective bargaining agreement provisions, and all other agreements, past practices, and arbitration awards between the parties, the Company is not required to maintain, fund, or provide for retiree medical or retiree life insurance benefits.
2. Retiree Medical Coverage For Flight Attendants Ages 55 through 64 (LAA Retiring On or After November 1, 2012 and LUS Retiring On or After January 1, 2016)

Flight Attendants retiring on or after age fifty-five (55) and through age sixty-four (64) will have access to a Company-sponsored retiree medical option. Retiree contribution rates for this coverage will be one hundred percent (100%) of projected annual expenses (which includes administrative expenses) using data, assumptions, and methodologies for calculating future retiree healthcare costs. Although it is the Company's intention to continue to make available access to medical coverage for retirees from age fifty-five (55) through age sixty-four (64), the Company reserves the right to modify, amend, or terminate

the Retiree Medical Plan at any time.

3. Retiree Medical Coverage For Flight Attendants Age 65 and Older (LAA Retiring On or After November 1, 2012 and LUS Retiring On or After January 1, 2016)

Retiree Medical Coverage shall cease when the retired Flight Attendant attains age sixty-five (65). Retirees age sixty-five (65) and over will be offered access to purchase, at the retiree's expense, a guaranteed issue Medicare supplement plan through a third party administrator, to the extent available.

4. To the extent feasible, at least thirty (30) days prior to the distribution of the Retiree Medical Coverage annual enrollment materials, the Company will provide the Association with a copy of the data, assumptions and methodologies used to calculate the medical inflation rate and retiree contributions under the Retiree Medical Coverage.
5. Upon retirement, pursuant to Company policy, a Flight Attendant will be paid eight dollars and sixty-five cents (\$8.65) for each hour of accrued sick leave in her/his sick bank.

#### **E. RETIREE FLIGHT ATTENDANT LIFE INSURANCE**

Retiree life insurance benefits are discontinued for Flight Attendants (LAA retiring on and after November 1, 2012 and LUS retiring on and after January 1, 2016).

#### **F. NON-INCORPORATION**

The Medical Plan and the Retiree Medical Plan are not incorporated in this Agreement.

#### **G. REPLACEMENT RETIREMENT PLAN**

Effective for pay received on or after November 1, 2012, the Company, subject to any laws limiting the amount of benefit which can be contributed to or accrued under a plan qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time, and its regulations, will provide contributions to individual flight attendant accounts under the Super Saver – An American Airlines, Inc. 401(k) Capital Accumulation Plan ("Super Saver Plan"), a defined contribution plan, or equivalent plan as follows:

1. Following the DOS, but no earlier than July 1, 2015, the US Airways, Inc. Employee Savings Plan ("ESP") will either be merged with the Super Saver Plan or the Flight Attendant accounts in the ESP will be spun-off and transferred to the Super Saver Plan, as determined in the sole discretion of the Company.
2. Auto-Enrollment
  - a. Effective November 1, 2012, existing Flight Attendants on the American Airlines System Seniority List as of November 1, 2012, who do not have a Super Saver Plan contribution election on file will be auto-enrolled at an Employee Before-tax Elective Contribution rate of three percent (3%) of Compensation, as defined in the Super Saver Plan.
  - b. Subject to Paragraph G.1, Flight Attendants on the US Airways System Seniority List as of the DOS who do not have a ESP contribution election on file on that date, shall be auto-enrolled at an Employee Before-tax Elective Contribution rate of three percent (3%) of Compensation as defined in the ESP, as soon as administratively feasible following the DOS.
  - c. Flight Attendants hired at American Airlines on or after November 1, 2012, shall be auto-enrolled at an Employee Before-tax Elective Contribution rate of three percent (3%) of

Compensation, as defined in the Super Saver Plan. Subject to Paragraph G.1, Flight Attendants hired at US Airways on or after DOS shall be auto-enrolled at an Employee Before-tax Elective Contribution rate of three percent (3%) of Compensation, as defined in the ESP. Auto-enrollment will occur as soon as administratively feasible but not less than thirty (30) days following the Flight Attendant's hire date.

- d. Flight Attendants on the American Airlines System Seniority List as of November 1, 2012, who already have a Super Saver Plan contribution election on file as of the date they would otherwise be automatically enrolled.
  - e. Subject to Section 1 above, Flight Attendants on the US Airways System Seniority List as of the DOS who have an ESP contribution election on file on the DOS will remain enrolled in the ESP and their previous election will remain in place.
3. For pay received from DOS through December 31, 2018, Flight Attendants on the American Airlines System Seniority List as of April 12, 2012 ("2012 Seniority List Flight Attendants") shall receive the following Company Contributions for pay received each payment date during the period:
- a. 2012 Seniority List Flight Attendants under forty (40) years old – five and one-half percent (5.5%) of their Eligible Compensation;
  - b. 2012 Seniority List Flight Attendants forty to forty-nine (40 to 49) years old – six and three-quarters percent (6.75%) of their Eligible Compensation;
  - c. 2012 Seniority List Flight Attendants fifty (50) years old and older – nine and nine-tenths percent (9.9%) of their Eligible Compensation;
  - d. 2012 Seniority List Flight Attendant's age for the purpose of determining Company Contributions during the period January 1, 2014 through December 31, 2018 shall be determined as of her/his birthday immediately preceding the date the Eligible Compensation is received.
  - e. For pay received on or after January 1, 2019, 2012 Seniority List Flight Attendants shall receive for each payment date:
    - i. Company Contributions in an amount equal to three percent (3%) of their Eligible Compensation; plus,
    - ii. Employer Matching Contributions in an amount equal to one hundred percent (100%) of a 2012 Seniority List Flight Attendant's Employee Before-tax Contributions and Employee Designated Roth Contributions up to a maximum Employer Matching Contribution equal to two and one-half percent (2.5%) of their Eligible Compensation;
    - iii. however, under no circumstance will the total amount contributed by the Company exceed five and one-half percent (5.5%) of the 2012 Seniority List Flight Attendant's Eligible Compensation determined on a year-to-date basis.
4. For pay received after DOS, eligible Flight Attendants who are not 2012 Seniority List Flight Attendants shall receive the following Company Contributions for pay received each payment date:
- a. Company Non-Elective Contributions in an amount equal to three percent (3%) of the Flight Attendant's Eligible Compensation; plus,
  - b. Employer Matching Contributions in an amount equal to one hundred percent (100%) of

the Flight Attendant's Employee Before-tax Contributions and Employee Designated Roth Contributions up to a maximum Employer Matching Contribution equal to two and one-half percent (2.5%) of the Eligible Compensation;

- c. however, under no circumstance will the total amount contributed by the Company exceed five and one-half percent (5.5%) of the Flight Attendant's Eligible Compensation determined on a year-to-date basis.
5. The Company reserves the right to amend the Super Saver Plan and ESP at the Company's sole discretion. For avoidance of doubt, the Company will also retain the right to amend any provision in the Super Saver Plan and ESP for the purpose of complying with applicable laws and regulations.
6. The Super Saver Plan is not incorporated in this Agreement.