

**Company Proposal – Flight Attendants  
Article 35 – Group Life and Health Benefit Plan  
Version 3.0  
Date: 1/6/2011**

**PROPOSAL:**

- 35.B – Employee contributions for the active standard medical plan shall be amended to the following:

Employee Monthly Contributions for the  
\$300 Deductible Contractual Option

Tier	2011	2012	2013	2014	2015
EE Only	\$50.00	\$60.00	\$70.00	\$80.00	\$90.00
EE + child(ren)	\$90.00	\$110.00	\$130.00	\$150.00	\$170.00
EE + Spouse/DP	\$100.00	\$120.00	\$140.00	\$160.00	\$180.00
EE + Family	\$150.00	\$180.00	\$210.00	\$240.00	\$270.00

The employee monthly contributions for the PPO (Core medical option) with H S A shall be zero through 2015

- 35.D. The Company proposes the following changes:

Flight Attendant contributions for the \$300 Deductible Contractual plan beginning in 2015 for subsequent plan years will be calculated by comparing the two prior year over year Group Insurance Expense for AA active employees to determine AA’s inflation experience. This inflation percentage will be multiplied by the contributions for the current plan year to determine the cost of the next plan year. For example, in 2015 AA will review 2013 Group Insurance Expenses to 2014 Group Insurance Expenses. This inflation percentage will be multiplied by each of the contribution rates in 2015 to determine the 2016 contribution rates. The inflation multiplier will not exceed 10% in any plan year calculation.

The following features of the active basic benefit plan will be incorporated in this agreement. All other benefit plan design elements such as medical necessity, administration of benefits, and all other plan design features that are outlined in the Plan Document remain subject to change as provided in the plan document. The

Company is committing to offer the FAs a free health plan option that conforms to the IRS high deductible health plan regulations with plan design subject to change at Company discretion.

<b>2011 Plan Design (APFA)</b>	<b>Free Option</b>	<b>Contractual Option</b>
	<b>PPO w/H S A**</b>	<b>\$300 Deductible</b>
In Network Deductible (Single/Family)	\$1,500 / \$3,000	\$300 / \$800
Out of Network Deductible (Single/Family)	\$3,000 / \$6,000	\$600 / \$1,600
Coinsurance (In/Out)	20%/40%	20%/40%
In Network Out of Pocket Max (Single/Family)	\$4,000 / \$8,000	\$2,000 / \$3,250
Out of Network Out of Pocket Max (Single/Family)	\$8,000 / \$16,000	Unlimited
PCP/Specialist	20%	20%
Retail Clinics	20%	20%
Preventive Care Office Visit Only	0%	0%
<b>Pharmacy**</b>		
Retail		
Generic	Subject to	Subject to
Formulary Brand***	deductibles and	deductibles and
Non-Formulary Brand***	coinsurance***	coinsurance***
Mail-order		
Generic		\$25* per prescription
Formulary Brand***		or actual cost if less
Non-Formulary Brand***		

\*\* Preventive Rx in PPO w/H S A for in-network only not subject to deductible, coinsurance still applies

\*\*\* If Generic is available, members pays 20% + cost difference.

\*\* PPO w/H S A: Single/Family deductible is an aggregate that needs to be satisfied in total before Co-insurance applies up to the Out-of-Pocket Maximum.

\*\* PPO w/H S A: Single/Family Out-of-Pocket Maximum is an aggregate that needs to be satisfied in total before receiving 100% coverage.

- 35.C & D. – Remove sections 1 – 7 in C, eliminating prefunding arrangements. Employee prefunding balances would be refunded to each employee in 1Q2012.

The Company proposes adding the following to C; which refers to retiree medical:

The Company proposes to replace the existing non-contractual Flight Attendant Retiree Medical Benefit Plan with the plan provided to management employees, which may be amended from time to time. This change would be effective for people retiring after 12/31/2011.

No contribution changes to existing retirees (people retired by 12/31/2011). Flight Attendants who advise the Company no later than 12/31/2011 of their intent to retire will do so with current retiree medical benefits. Current retiree medical terms and conditions remain unchanged. The actual separation date will be determined by the Company based on operational needs.

Employer prefunding contributions would cease at ratification date.

Flight Attendants who retire on or after 1/1/2012 will be eligible for the same under age 65 Retiree Medical Benefit Plan provided to management and will pay monthly contributions equal to the employee only contributions that active Flight Attendants pay for the \$300 Deductible Contractual medical option which do change from year to year. Retiree contributions will be multiplied by two (2) for retiree plus one dependent and multiplied by three (3) for retiree plus two or more dependents.

Surviving spouse/domestic partner eligibility will be in accordance with the Plan provisions, which may be amended from time to time.

Flight Attendants hired after ratification date would have guaranteed access to pre-65 retiree medical coverage and pay 100% of plan costs.

Medicare-Eligible Retirees would be offered access to guaranteed issue Medicare supplement options through a third party administrator and would pay 100% of premiums for their election.

The APFA will withdraw, with prejudice, all of the current grievances with respect to active and retiree medical plans, and administration.

- 35.B. Change minimum annual hour threshold of 420 hours to 540 hours with an annual twelve (12) months “look-back” from August 31st of the current calendar year to determine eligibility for Company paid health benefits for the following calendar year. Flight Attendants who do not meet the 540 hours threshold will have the option to maintain health benefits by assuming the Company’s applicable portion of the cost in addition to their applicable employee contributions.

Example: September 1, 2009 to August 31, 2010 is the look back period; October 1 through October 31, 2010 is annual enrollment for the 2011 calendar year. Flight Attendants not meeting the minimum threshold during the look back period, will be able to enroll in benefits for calendar year 2011 and pay the Company’s applicable portion of the health benefits cost in addition to their applicable employee contributions.

The letter of agreement between the Company and APFA regarding administration of benefits will be withdrawn.