Tentative Agreement

Article 27 – Insurance, Retirement, and Other Benefits

The following represents the terms of the medical and life coverage for eligible active Passenger Service employees under **the American Airlines, Inc. Health & Welfare Plan for Active Employees** ~~**The Group Life and Health Benefits Plan for Employees of American Airlines, Inc**~~. ("Medical Plan") (said medical coverage being referred to below as "Active Medical Coverage") and Passenger Service employees retiring on or after November 1, 2012 under The Group Life and Health Benefits Plan for Retirees of American Airlines, Inc. ("Retiree Medical Plan") (said medical coverage being referred to below as "Retiree Medical Coverage"). This coverage replaces and supersedes the previous medical and dental plan provisions.

A. LIFE INSURANCE

For Passenger Service employees whose base monthly salary is one thousand five hundred dollars ($1,500) or more, ~~**his**~~ **the employee's** basic coverage shall be two (2) times their 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 Passenger Service employees' Active Medical Coverage, subject to Paragraph B.7 below, shall continue in effect according to the following provisions:

1. The Company will offer two (2) medical options in the Medical Plan subject to Paragraph B.13 below: (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.~~**10**~~**8** below;
    b. The employee contribution methodology for the Standard and Core medical options described in Paragraphs B.4 and B.**5**~~**6**~~ below;
    ~~**c. Changes noted in Paragraph B.5 below;**~~
    c. The right to purchase dental coverage as offered by the Company.
2. To the extent the Company is offering the ~~**Value**~~ **High Cost Coverage "HCC" (former Value medical option)** 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**~~ **HCC** medical option. The Company reserves the right to amend or terminate the ~~**Value**~~ **HCC** medical option at its sole discretion.
3. To the extent feasible, advance notice of material Medical Plan changes will be provided to the Union 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 Union 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 are 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**~~ **HCC** medical option inflation and employee contributions will be calculated separately from the Standard and Core medical options. **On an annual and non-precedent setting basis the Company may lower the cost of employee contributions to the Core medical option in its sole discretion.**

~~**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.**~~

5. Chart of Coverage Tiers:

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

The multiplier for the New Coverage Tiers is applied to the Employee Only contribution as calculated by the Company pursuant to Paragraph B.4 above.

~~**6. Legacy US Airways Passenger Service employees hired prior to DOS will maintain coverage under the US Airways Medical and Dental Plans through December 31, 2016. Effective January 1, 2017, 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 and PPO Dental), including the inflation formulas therein, are also eliminated. Legacy US Airways Passenger Service employees will be covered on and from January 1, 2017, if coverage is elected by a Legacy US Airways Passenger Service employee, by the Medical and Dental Plans according to the terms and conditions as provided in this Article.**~~

6. 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.

7. 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.

8. Chart of Active Medical Coverage Option Design Features:

	Standard	
Current Plan Design Features		
Health Spending Accounts	**HRA**	
In Network Deductible (Single/Family)	**$850/$2,550**	
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)**	

*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.

9. The following provisions apply to the Standard medical option:

   d. Deductibles do not apply toward Out of Pocket maximums;

   e. Medical coinsurance applies towards Out of Pocket maximums;

   f. Pharmacy coinsurances do not apply towards deductibles, but do apply towards Out of Pocket maximums; and

   g. Co-pays do not apply to the Deductible.

10. 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.

~~11. 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 Passenger Service employees. If, under the preceding sentence, the Company has terminated or would have the right to terminate the availability to the Passenger Service employees 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 this Paragraph B.13 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 this Paragraph B.13, the parties will meet and confer to determine how the savings, if any, from such modifications will accrue to Passenger Service employees. 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 reinstitution of a plan.**~~

11. Passenger Service employees 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 (LAA Retiring On or After November 1, 2012 and LUS Retiring On or After January 1, 2017)

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 Passenger Service employees Ages 55 through 64 (LAA Retiring On or After November 1, 2012 and LUS Retiring On or After January 1, 2017).

   Passenger Service employees 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 Passenger Service employees Age 65 and Older (LAA Retiring On or After November 1, 2012 and LUS Retiring On or After January 1, 2017).

   Retiree Medical Coverage shall cease when the retired Passenger Service employee 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. **A Passenger Service employee who has attained the age of at least fifty-five (55) and has completed a minimum of five (5) years of active service will be paid upon her/his retirement eight dollars and sixty-five cents ($8.65) for each hour of accrued sick leave in her/his sick bank.**~~

4. For Legacy US Airways Passenger Service employees, accrual of Sick Retirement hours/days will cease on the effective date of this Agreement. Part-time Sick Retirement balances will be converted from days to hours by multiplying the current balance by four (4) hours. Also, on the effective date of this Agreement, a Legacy US Airways Passenger Service employee's Sick

Retirement balance shall be reduced by the hours, if any, in the employee's sick bank. The resulting Sick Retirement balance shall be used for the purposes of Paragraphs D.6 and D.7 below.

5. The Sick Retirement balance will continue to be decremented for (1) paid sick hours, (2) unpaid sick hours, and (3) paid sick hours used for personal FMLA leave.

6. Upon retirement, an employee **at their election** will be paid ~~eight dollars and sixty-five cents ($8.65)~~ **nine dollars and twenty cents ($9.20)** per hour for accrued hours in their sick bank and hours in their Sick Retirement balance, provided the total hours paid shall not exceed the maximum sick bank hours specified in Article 18 of this Agreement**, or credited to a notional HRA subject to the provisions of Paragraph 7**. **If an employee does not timely notify the Company of their intent to retire in accordance with Paragraph 7(b), then the employee will be paid out their sick bank and hours in their Sick Retirement balance as outlined in this Paragraph.**

7. **The Company shall establish a Health Reimbursement Account ("HRA") for eligible retirees covered by this Agreement who:**

    a. **Meet the retirement criteria of the 65-point plan or equivalent policy and retire from the Company;**

    and

    b. **Give the Company at least four (4) months' advance notice of the employee's intent to retire.**

For each such eligible retiree, the Company will credit to a notional HRA account the value of the eligible retiree's accumulated unused sick leave hours at the time of retirement multiplied by fifty percent (50%) of the hourly rate of the retiree at the time of retirement. The HRA credits may be used for qualified retiree medical expenses for any qualified retiree medical plan. The HRA credits may only be used to reimburse the retiree for unreimbursed, substantiated, qualified medical expenses of the retiree and/or eligible dependents up to the retiree's HRA credit balance.

The HRA must comply with all applicable laws and regulations. The Company will be responsible for drafting and maintaining the HRA plan documents, and will have discretion over all plan-related items not addressed in this Agreement. The Company shall have the right to amend any provision of the HRA plan that is required by applicable law or is necessary to maintain the tax qualified status of the plan.

E. **RETIREE LIFE INSURANCE**

Retiree life insurance benefits are discontinued for Passenger Service employees (LAA retiring on and after November 1, 2012 and LUS retiring on and after January 1, 2017).

F. **NON-INCORPORATION**

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

Tentative Agreement

For the Company:

Lynn Vaughn
Managing Director of Labor

12/18/23
Date

Jerry Glass

Date

For the Union:

Marge Krueger
Marge Krueger
Co-Chair, CWA-IBT Association

12/18/23
Date

Kimberly Barboro
Kimberly Barboro
Co-Chair, CWA-IBT Association

12-18-23
Date