

# Retiree Medical Benefits: Bridging the Medicare Gap

## The Beginning:

Effective Jan. 1, 1978, a major medical benefit program was negotiated for employees (and their dependents) who retire from Boeing prior to being eligible for Medicare. Early retirees had to have a minimum of 10 years of Credited Service under a Boeing Company retirement plan. Benefits continue until employee becomes eligible for Medicare benefits. Dependents who are eligible for Medicare are excluded.

## Plan highlights:

- Paid 80% of eligible hospital-medical and physician expenses in excess of a \$50 annual deductible per covered person.
- Maximum benefit was \$20,000 for the retiree and \$20,000 for each eligible dependent.
- Boeing paid the full cost of this benefit.
- If retiree dies, spouse and dependents remain covered until the earlier of:
  - (a) age 65 or becoming eligible for Medicare, or
  - (b) the death of the spouse

**1977 Contract**

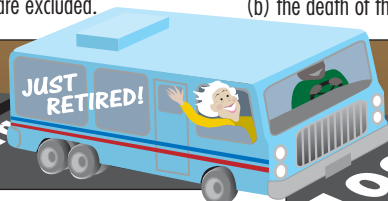
**EARLY RETIREMENT**

**1980 Contract**

**1983 Contract**

**1983**  
No changes

**1986 Contract**



**1989 Contract**

**1989** Retiree Medical improvements as follows:

- Increased preferred network access.
- Improvements in second surgical opinion program requirements.
- Improvements in home health and hospice care benefits
- Improvements in the coverage of substance abuse treatment, organ donor procurement expenses and eating disorder treatment.

**1980**

- Maximum increased to \$100,000. Any retiree or dependent who had used up the previous \$20,000 maximum could now draw an additional \$80,000 in benefits as needed.

**1986** Early retirees and dependents entitled to the same medical plan as active employees paid for by the Company with the following changes:

- 1) Annual deductible of \$125 per person per year with a family maximum of \$375
  - 2) No vision benefits
  - 3) Prescription drugs paid at 80% except for mail order prescriptions which are paid at 100%
- Employees also gained the option to stay in their HMO at time of retirement.

**1992 Contract**

**1992**

Improvements in retiree medical reflect changes in active medical coverage.

- Company will pay full cost of coverage for early retirees on the payroll, on layoff, or leave of absence on December 31, 1992.
- Employees hired on or after Jan. 1, 1993, Company contributes 3-1/3% of the cost for each year of service with the Company.

**1995 Contract**

**1995**

- Coverage added for annual physicals, routine mammograms, pap smears, prostate exams and spinal manipulations.

**1999 Contract**

**1999**

Company retreated from their takeaway proposals and offered the same improvements to retiree medical as provided to active employees.

In 2001, retirees began paying part of monthly premium for Traditional (same as active employees, as follows):

- Retiree only - \$10 per month
- Retiree + spouse or retiree + child - \$20
- Family - \$30

**2002**

Retiree contributions increased for monthly premiums as follows:

- Traditional Medical Plan
  - Retiree only - \$20
  - Retiree + spouse or child \$40
  - Family \$60

Deductibles went from \$125 for individual to \$200 and family deductible from \$375 to \$600.

- Those on Selections or Group Health pay the following premium:
  - Retiree only - \$10
  - Retiree + spouse or child \$20
  - Family \$30

**2002 Contract**

**1993**

This language was implemented in all other Union contracts at Boeing, including SPEEA, Operating Engineers, Security Guards and Firefighters.

**2005**

A 28-day strike successfully defeated Company's proposal to **eliminate** retiree medical for new hires. Coverage remains the same as 2002 contract.

**2005 Contract**

**2008 ?**

**MEDICARE**