

ARBITRATION BOARD NO. 604

IN THE MATTER OF THE
INTEREST ARBITRATION
 between the
NATIONAL CARRIERS'
CONFERENCE COMMITTEE
 and the
INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO

Re: Unresolved Contract Terms

OPINION
and
AWARD

Date of Hearing: September 19, 2018
Location of Hearing: Washington, D.C.
Before a Three-Member Board

CHARLOTTE GOLD – Neutral Arbitrator and Chairperson
MIKE PERRY – Union Member
A. KENNETH GRADIA – Carrier Member

APPEARANCES

For the Union

CARMEN R. PARCELLI, Esq. – Guerrieri, Bartos & Roma, P.C.

For the Railroads

DONALD J. MUNRO, Esq. – Jones Day

Date of Award: September 26, 2018

On August 1, 2018, a request was made of the undersigned neutral Arbitrator to hear and decide the final terms of an agreement between the National Carriers' Conference Committee (NCCC) and the International Association of Machinists (IAM). The scope of the arbitration was ultimately confined to a resolution of the following question:

Shall the Parties' collective bargaining agreement be the terms proposed by the Carriers as set forth in Appendix B, or the terms proposed by the Union as set forth in Appendix C?¹

An Interest Arbitration Agreement was entered into by the parties on August 16, 2018, setting the composition of the three-member Board, the Board's authority, the arrangement for prehearing written submissions, the hearing schedule and procedures, and a ten-day deadline for the submission of a final written award.

It was agreed that

Pending the Award of the Board and until the execution of new agreements arising from the Award, the Parties shall remain bound by the status quo obligations of the Railway Labor Act, 45 O.S.C. § 151 et seq.

A hearing of the Board, designated as Arbitration Board No. 604, was conducted on September 19, 2018. At its conclusion, an Executive Session was held and the record was closed.

BARGAINING HISTORY IN BRIEF

On November 20, 2014, the parties to this dispute exchanged Section 6 notices, thus starting the negotiation process for a successor Agreement.² It is undisputed that what ensued was three years of intense and difficult bargaining. As to be expected, at issue were wage increases, the cost of healthcare, and possible changes in work rules.

¹ The full content of these proposals are included as an addendum to this Award.

² Participating Carriers included the BNSF Railway, CSX, Norfolk Southern, the Union Pacific Railroad, CN, and the Kansas City Southern Lines, as well as twenty-one additional railroads. Participating Unions were divided among three groups: The Coordinated Bargaining Group consisted of the BRS, BLET, IBBB, the NCFO, ATDA, and SMART-TD. The second group was the CRU Coalition consisting of the TCU, IBEW, BRC, and IAM. The final group was composed of the BMWED, and SMART-MD.

In October 2017, the Unions represented by the Coordinated Bargaining Group (CBG), which covered approximately 80,000 employees, reached a tentative Agreement. Most of these Unions ratified a Pattern Agreement in November and December. This Agreement had been negotiated by the majority of the Unions.

In brief, it included a 12.5 percent wage increase (uncompounded) over five years. It further guaranteed retroactive payments to January 1. There was no change in the amount of employee contributions for health care. That figure continued to be approximately \$230 per month. Also included were certain benefit improvements, including plan changes designed as an incentive to encourage better healthcare utilization. Any demand for work rule changes were dropped.

Additionally, in December 2017, the CRU Coalition, representing approximately 31,000 employees, also reached a tentative agreement. By January 2018, most of these Unions had ratified the Pattern Agreement.

Significantly, for the dispute here, the IAM ratification vote failed in February 2018. Thereafter, in May of 2018, the IBEW ratified the Pattern Agreement and an arbitration decision in the case of the BMWED and SMART-MD was issued by Arbitrator Board No. 602. Following that date, in July 2018, a second arbitration decision – this one involving the IBEW – was issued by Arbitration Board No. 603.

DISCUSSION AND FINDINGS

As previously noted, the proposed Pattern Contract that was sent to the IAM membership in February 2018 for ratification as well as to other organizations came about as a result of three years of very hard bargaining. All of its terms may not have been what any one party may have wanted. Rather, the document simply represented what ultimately was realistically possible.

In proposing its ratification to the membership, IAM leadership recognized that under the circumstances, this was the best possible result that could be achieved at the time and that some long-desired demands by the membership would have to be tabled for the present and left to future negotiations. When the proposed Agreement was rejected through the ratification process, a decision was made to present those demands in this present interest arbitration proceeding.

The Union focused here on three key issues: (1) a 3 percent general wage increase in an additional sixth year, commencing on January 1, 2020, over and above what was negotiated for 2015 through 2019; (2) a so-called Wage Responsibility Adjustment increasing base rates of pay by \$1.00 per hour for all IAM-represented employees effective January 1, 2019; and no true-up payment. The true-up provision was originally sought by the Carriers. It involved an adjustment in savings that would have accrued to employers had there been no delay in implementing new healthcare terms as of January 1, rather, for example, than eight or nine months later. Under true-up procedures, the cost to the Carriers as a consequence of any delay would be deducted from retroactive wages due employees.

The question of the true-up goes to the heart of the issue as to whether it is possible for the Board to endorse the Union's proposals that ultimately exceed the limit now agreed upon by all of the other Unions involved in this coalition bargaining procedure. Thus, it will be addressed first.

Coalition bargaining has an internal logic. There is an overarching presumption that agreed-upon terms will be abided by all the parties to a dispute. While minor adjustments might be made, it is difficult for an individual participant to achieve gains – whether major or minor – over and beyond those bargained by all others.

The benefits of this approach to setting the terms and conditions of employment for multiple unions and employers are clear. As noted by Neutral Member Joshua M. Javits in the decision of Special Board of Adjustment No. 603,

National Handling has historically been founded on the principle that a pattern once established will be applied to all Unions involved. This principle is essential to the process. Otherwise, Unions would be reluctant in the extreme to make the first agreement, knowing that the other Unions could be treated better than they in subsequent deals. The virtues and vices of pattern bargaining may be debated, but it is the recognized and generally accepted *modus operandi* in the industry. Thus good faith and fair dealing as well as practicality dictates that a pattern, once established, be applied to all rail Unions in a bargaining round.

At the same time, the need to avoid deviating from an agreed-upon pattern by a single participant or in regard to a single issue is also clear. The negotiation process involves a sophisticated weighing of both the relative costs and benefits of an agreed-upon provision. Rejecting a single provision may well upset a delicate balance that has been achieved over a long period of time in the negotiation process.

Ultimately, there must be a beginning, a middle, and an end to bargaining. Pattern bargaining in the rail industry has played an important role in bringing an end to ongoing disputes in successive rounds of negotiations.

Thus, this Board is not able to endorse the Organization's request for a 3 percent increase in wages for an additional year – over and above that bargained by other parties to the agreement, nor can it support the IAM's request for a Wage Responsibility Adjustment of \$1.00 per hour, an adjustment or efficiency differential arising from the so-called Huntington Shop Agreement, which the IAM believes is warranted as a consequence of its members taking over the responsibilities and work of other organizations.


In this latter regard, the Board here is not privy to the negotiations that took place resulting in that Agreement and cannot comment on possible tradeoffs that may have been made in order to bring about that benefit. Thus, the rationale for that increase is not clear.

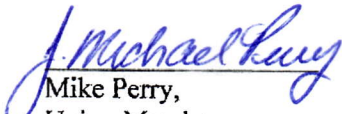
One thing, however, is clear. The membership of the IAM is composed of highly skilled, able individuals who take pride in their work and their involvement in the rail industry. This much was evident from the testimony at the hearing of four Local Chairmen. While the Union, in advancing this case, was faced with a difficult challenge, it succeeded in one important respect. It made sure that the very real concerns of the membership were heard at the highest level. This can only be a benefit as the parties move forward in future negotiations.


It is thus respectfully concluded as follows:

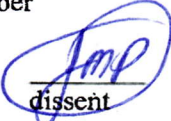
Award

The terms proposed by the Carriers as set forth in Appendix B shall be the Parties' collective bargaining agreement.


Charlotte Gold, Neutral Arbitrator and Chairperson


Mike Perry,
Union Member


A. Kenneth Gradia,
Carrier Member

_____ consent
 dissent


_____ consent _____ dissent

Date of Award: September 26, 2018

ADDENDUM

APPENDIX C

IAM PROPOSED AGREEMENT

General Wage Increases

January 1, 2015	3%
July 1, 2016	2%
July 1, 2017	2%
July 1, 2018	2.5%
July 1, 2019	3%
January 1, 2020	3%

The January 1, 2020 increase is intended to constitute a complete resolution of the compensation adjustment issue for calendar year 2020.

Wage Responsibility Adjustment

Effective January 1, 2019, all IAM-represented employees' base rates of pay will be increased by \$1.00 per hour.

Health and Welfare

The plan design changes contained in the Parties' tentative agreement shall apply effective as soon as practicable following the issuance of the Section 7 award without any "true-up" payment.

Duration

January 1, 2015 through December 31, 2019, with the above settlement of general wage increases for calendar year 2020.

Except as specifically set forth above, all other terms are as contained in the December 2017 tentative agreement.

APPENDIX B

CARRIER PROPOSED AGREEMENT

ARBITRATED AGREEMENT

THIS ARBITRATED AGREEMENT, effective [Date of Award], pursuant to the Award of Arbitration Board No. ____, by and between the participating carriers listed in Exhibit A attached hereto and represented by the National Carriers' Conference Committee, and the employees shown thereon and represented by the International Association of Machinists and Aerospace Workers, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I – WAGES

Section 1 - First General Wage Increase

Effective January 1, 2015, all hourly, daily, weekly, and monthly rates of pay in effect on December 31, 2014 for employees represented by the IAM were increased by three (3) percent pursuant to Article I, Section 6 of the January 11, 2012 National IAM Agreement. This 3% general wage increase was mutually negotiated to apply as the first-year increase of this five-year Agreement, the term of which runs from January 1, 2015 through December 31, 2019.

Section 2 – Second General Wage Increase

Effective July 1, 2016, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2016 for employees covered by this Agreement shall be increased in the amount of two (2) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The increase provided for in this Section 2 shall be applied as follows:

(a) **Hourly Rates** -

Add 2 percent to the existing hourly rates of pay.

(b) **Daily Rates** -

Add 2 percent to the existing daily rates of pay.

(c) **Weekly Rates -**

Add 2 percent to the existing weekly rates of pay.

(d) **Monthly Rates -**

Add 2 percent to the existing monthly rates of pay.

(e) **Disposition of Fractions -**

Rates of pay resulting from application of paragraphs (a) to (d), inclusive, above which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half cent shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(f) **Application of Wage Increase -**

The increase in wages provided for in this Section 2 shall be applied in accordance with the wage or working conditions agreement in effect between each carrier and the labor organization party hereto. Special allowances not included in fixed hourly, daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments, will not be increased. Overtime hours will be computed in accordance with individual schedules for all overtime hours paid for.

Section 3 – Third General Wage Increase

Effective July 1, 2017 all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2017 for employees covered by this Agreement shall be increased by two (2) percent applied in the same manner as provided for in Section 2 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 4 – Fourth General Wage Increase

Effective July 1, 2018, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2018 for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2.5) percent applied in the same manner as provided for in Section 2 hereof and applied so as to give effect to this increase irrespective of the method of payment.

Section 4 - Fifth General Wage Increase

Effective July 1, 2019, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2019 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied in the same manner as provided for in Section 2 hereof and applied so as to give effect to this increase irrespective of the method of payment.

ARTICLE II - HEALTH AND WELFARE

Part A – Employee Sharing of Plan Costs

Section 1 – Monthly Employee Cost-Sharing Contributions

The employee monthly cost-sharing contribution amount shall be \$228.89 until such time as otherwise mutually agreed by the parties during negotiations commencing when this Agreement becomes amendable pursuant to Article III.

Section 2 – Other Terms

Existing arrangements regarding the method of making employee cost-sharing contributions on a pre-tax basis shall be continued subject to the provisions of the Railway Labor Act.

ARTICLE II - HEALTH AND WELFARE

Part A – Employee Sharing of Plan Costs

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The employee monthly cost-sharing contribution amount shall be \$228.89 until

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Section 2 – Other Terms

Existing arrangements regarding the method of making employee cost-sharing contributions on a pre-tax basis shall be continued subject to the provisions of the Railway Labor Act.

Part B – Plan Changes

Section 1 – Continuation of Plans

The Railroad Employees National Health and Welfare Plan (“the Plan”), the Railroad Employees National Dental Plan, the Railroad Employees National Early Retirement Major Medical Benefit Plan, the Railroad Employees National Vision Plan (“the Vision Plan”), and the Railroad Employees National Health Flexible Spending Account Plan (“FSA”), modified as provided in this Article with respect to employees represented by the organization and their eligible dependents, shall be continued subject to the provisions of the Railway Labor Act.

Section 2 – Plan Design Changes

- (a) The Plan’s Managed Medical Care Program (“MMCP”) shall be modified as follows:
 - (1) The Annual Deductible for In-Network Services for which a fixed-dollar co-payment does not apply shall be \$325 per individual and \$650 per family, respectively, in 2018 and \$350 and \$700, respectively, in 2019 and thereafter.
 - (2) The Individual and Family In-Network Out-of-Pocket Maximums shall be \$1,800 and \$3,600, respectively, in 2018 and \$2,000 and \$4,000, respectively, in 2019 and thereafter.
 - (3) The Emergency Room fixed-dollar co-payment for In-Network and Out-of-Network Services shall be \$100, for each visit, but shall not apply if the visit results in admission to the hospital.

- (4) The fixed-dollar co-payment for each visit to an In-Network Provider that is an Urgent Care Center, or who is in general practice, specializes in pediatrics, obstetrics/gynecology, family practice or internal medicine, or who is a Nurse Practitioner, Physician Assistant, Physical Therapist or Chiropractor, shall be \$25. The fixed-dollar co-payment for each visit to any other In-Network Provider that is not a Convenient Care Clinic shall be \$40. The fixed-dollar co-payment for each visit to a Convenient Care Clinic shall be \$10.
 - (5) Eligible Expenses for In-Network Services, other than ACA Preventive Health Services, shall be paid at 90% after any applicable deductible is satisfied and at 100% following payment of an applicable fixed-dollar co-payment or after the In-Network Out-of-Pocket Maximum is met.
 - (6) The Annual Deductible for Out-of-Network Services shall be \$650 per individual and \$1,300 per family, respectively, in 2018, and \$700 per individual and \$1,400 per family, respectively, in 2019 and thereafter.
 - (7) The Individual and Family Out-of-Network Out-of-Pocket Maximums shall be \$3,600 and \$7,200, respectively, in 2018 and \$4,000 and \$8,000, respectively, in 2019 and thereafter.
 - (8) Eligible Expenses for Out-of-Network Services shall be paid at 70% after any applicable deductible is satisfied and at 100% after the Out-of-Pocket Maximum is met, in each case subject to a 20% reduction in benefits for failure to give any notice required by the Plan or if the company administering the member's benefits determines that the service or supply is not Medically Appropriate.
- (b) The Plan's Comprehensive Health Care Benefit ("CHCB") shall be modified as follows:

- (1) The Annual Deductible shall be \$325 per individual and \$650 per family, respectively, in 2018 and \$350 and \$700, respectively, in 2019 and thereafter.
 - (2) The Individual and Family Out-of-Pocket Maximums shall be \$2,800 and \$5,600, respectively, in 2018 and \$3,000 and \$6,000, respectively, in 2019 and thereafter.
 - (3) Eligible Expenses, other than those for ACA Preventive Health Services, shall be paid at 80% after any applicable deductible is satisfied and at 100% after the Out-of-Pocket Maximum is met, in each case subject to a 20% reduction in benefits for failure to give any notice required by the Plan or if the company administering the member's benefits determines that the service or supply is not Medically Appropriate.
- (c) The Plan's Managed Medical Care Program ("MMCP") and its Comprehensive Health Care Benefit ("CHCB") shall both be modified as follows:
- (1) They shall include arrangements for covered employees and their covered dependents to receive, on a wholly voluntary basis and, except as noted in the immediately succeeding sentences, without any co-payment or co-insurance, the Telemedicine, Expert Second Opinion, Health Advocacy and End-of-Life Counseling benefits described in Exhibit B hereto. There shall be a co-payment of \$10 for each Telemedicine visit under the In-Network segment of the MMCP. Co-insurance shall be applied as applicable to each Telemedicine visit under CHCB.
 - (2) To improve the effectiveness of the Plan's Care Coordination/ Medical Management activities, the parties shall select one of the three current medical vendors to serve as the sole provider and administrator of such activities, regardless of what company administers the covered employee's or covered dependent's benefits. Pursuant to a mutually agreed process for implementation of this initiative, UnitedHealthCare/Optum has been selected by the parties.

- (3) Benefits for Eligible Expenses for Covered Health Services that consist of Mental Health Care or Substance Abuse Care shall be provided under the MMCP and CHCB and shall continue to be administered by the current provider of Mental Health Care and Substance Abuse Care benefits. Such Expenses shall be subject to all of the terms and conditions of the MMCP and CHCB as are applicable to the programs' coverage of medical and surgical services in accordance with mental health parity laws.
 - (4) The MMCP and CHCB will not cover the cost of those Specialty Drugs that are covered under the Medical Channel Management Program described in Exhibit C hereto.
 - (5) The Centers of Excellence (COE) Resource Services shall be expanded as described in Exhibit B hereto.
- (d) The Plan's Prescription Drug Card and Mail Order Prescription Drug Programs shall both be modified as follows:
- (1) They shall include the Medical Channel Management Program described in Exhibit C hereto, or its equivalent.
 - (2) They shall include the Screen Rx Program described in Exhibit C hereto, or its equivalent.
 - (3) They shall include the Fraud, Waste and Abuse Program described in Exhibit C hereto, or its equivalent.
- (e) The Plan's Prescription Drug Card program shall be modified as follows:
- (1) The co-payment per fill for a Generic Drug at an In-Network Pharmacy shall be \$10.
 - (2) The co-payment per fill for a Brand Name Drug that is a Formulary Drug dispensed at an In-Network Pharmacy shall be \$30 if the drug is ordered by a Physician to be "Dispensed As

Written” or if there is no equivalent Generic Drug. Otherwise, the co-payment shall be \$30 plus the difference in cost between the equivalent Generic Drug and the prescribed Brand Name Drug.

- (3) The co-payment per fill for a Brand Name Drug that is a Non-Formulary Drug dispensed at an In-Network Pharmacy shall be \$60 if the drug is ordered by a Physician to be “Dispensed As Written” or if there is no equivalent Generic Drug. Otherwise, the co-payment shall be \$60 plus the difference in cost between the equivalent Generic Drug and the prescribed Brand Name Drug.
- (f) The Plan’s Mail Order Prescription Drug Program shall be modified as follows:
- (1) The co-payment per fill for a Generic Drug shall be \$10.
 - (2) The co-payment per fill for a Brand Name Drug that is a Formulary Drug shall be \$60.
 - (3) The co-payment per fill for a Brand Name Drug that is a Non-Formulary Drug shall be \$120.
- (g) The Plan’s Mental Health and Substance Abuse program (“MHSA”) shall be fully integrated into the Plan’s MMCP and CHCB as called for under Section (c)(3) above and shall not be a separate Plan program.
- (h) The Vision Plan shall be modified as follows:
- (1) One eye exam per calendar year.
 - (2) One Prescription pair of eyeglass Lenses (or two Prescription separate eyeglass Lenses) every two calendar years.
 - (3) One pair of eyeglass frames for Prescription Lenses every two calendar years.

Part C – Flexible Spending Accounts

The FSA, established on behalf of the railroads represented by the National Carriers' Conference Committee in the 2010 national bargaining round and made available to the employees represented by the IAM pursuant to the Letter of Understanding between the parties dated August 31, 2012, is amended as follows effective for Plan Years beginning 2019, except as otherwise provided.

(a) The annual grace period shall end on March 15 of the calendar year immediately following the end of each Plan Year.

(b) Annual contributions through pre-tax wage deductions may be made up to the maximum amount permitted by law, provided, however, that such contribution amount shall be capped at \$3000 for Plan Year 2019 and shall increase by not more than \$500 annually for each Plan Year thereafter.

(c) The Carriers' right to terminate participation in the FSA of employees covered by this Agreement for failure to meet any level or percentage of enrollment in the FSA of such employees eligible to enroll is suspended beginning Plan Year 2018, provided, however, that such suspension may be revoked for any Plan Year, commencing 2020, upon ninety (90) days written notice to the President/ Directing General Chairman of the IAM from the Chairman of the National Carriers' Conference Committee.

Part D – Solicitation of Bids from Pharmacy Benefit Managers

The Plan shall promptly solicit bids from suitable companies to provide pharmacy benefit management services to the Plan and shall offer to negotiate a contract with such bidder as may be selected. Pursuant to a mutually agreed process for implementation of this initiative, Express Scripts, Inc. has been selected by the parties.

Part E – Effective Date and Definitions

(a) The modifications provided for in this Article shall be effective October 1, 2018.

(b) Any terms used in this Article that are defined in the Plan shall be given the same meaning, unless otherwise provided. A “Specialty Drug”, for purposes of the Medical Channel Management Program described in Exhibit C hereto, or its equivalent, shall include any Prescription Drug classified by the Plan’s Pharmacy Benefit Manager for its general book of business as a specialty drug.

Part F – Adjustment for Implementation Delay

The retroactive portion of wage increases payable to each eligible employee under the Arbitrated Agreement shall be reduced by the amount of \$585.92 for the eight-month delay (February 2018 through September 2018) in H&W Plan benefits design implementation.

ARTICLE III - GENERAL PROVISIONS

Section 1 - Court Approval

This Agreement is subject to approval of the courts with respect to participating carriers in the hands of receivers or trustees.

Section 2 - Effect of this Agreement

(a) The purpose of this Agreement is to settle the disputes growing out of the notices served upon the organization by the carriers listed in Exhibit A on or subsequent to November 1, 2014 (including any notices outstanding as of that date), and the notices served by the organization signatory hereto upon such carriers on or subsequent to November 1, 2014 (including any notices outstanding as of that date).

(b) This Agreement shall be construed as a separate agreement by and on behalf of each of said carriers and their employees represented by the organization signatory hereto and shall remain in effect through December 31, 2019 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(c) No party to this Agreement shall serve or progress, prior to November 1, 2019 (not to become effective before January 1, 2020), any notice or proposal.

(d) This Article will not bar management and the organization on individual railroads from agreeing upon any subject of mutual interest.

[Date of Award]

#1

Mr. John Lacey
President/ Directing General Chairman
International Association of Machinists &
Aerospace Workers
7010 Broadway, Suite 203
Denver, CO 80221

Dear Mr. Lacey:

This confirms our understanding with respect to the general wage increases provided for in Article I, Sections 2, 3, and 4 of the Arbitrated Agreement of this date.

The carriers will make all reasonable efforts to pay the retroactive portion of such general wage increases as soon as possible and no later than sixty (60) days after the date of this Arbitrated Agreement. The carriers will also implement the general wage increases referenced above on November 1, 2018, or as soon thereafter as practicable.

If a carrier finds it impossible to make such retroactive payments and/or implement the referenced general wage increases by the dates specified above, such carrier shall notify you in writing explaining why such payments and/or implementation have not been made and indicating when such action(s) will occur.

Very truly yours,

A. Kenneth Gradia

[Date of Award]
#2

Mr. John Lacey
President/ Directing General Chairman
International Association of Machinists &
Aerospace Workers
7010 Broadway, Suite 203
Denver, CO 80221

Dear Mr. Lacey:

This refers to the increase in wages provided for in Sections 2, 3, and 4 of Article I of the Arbitrated Agreement of this date.

It is understood that the retroactive portion of those wage increases shall be applied only to employees who have an employment relationship with a carrier on the date of this Arbitrated Agreement or who retired or died subsequent to June 30, 2016.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A. Kenneth Gradia

I agree:

John Lacey

EXHIBIT A
(IAM)

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2014 BY AND ON BEHALF OF SUCH CARRIERS UPON THE INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE WORKERS AND NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2014 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES, OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE WORKERS UPON SUCH CARRIERS.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the International Association of Machinists & Aerospace Workers.

Alton & Southern Railway Company
The Belt Railway Company of Chicago
Bessemer and Lake Erie Railroad Company d.b.a. C.N.
BNSF Railway Company
Consolidated Rail Corporation
CSX Transportation, Inc.
Delaware & Hudson Railroad Company d.b.a. C.P. - 2
Gary Railway Company – 1
Grand Trunk Western Railroad Company d.b.a. C.N.
Illinois Central Railroad Company and Chicago, Central & Pacific Railroad Company d.b.a. C.N.
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
 Kansas City Southern Railway
 Louisiana and Arkansas Railway
 MidSouth Rail Corporation
 Gateway Western Railway
 SouthRail Corporation

The Texas Mexican Railway Company
Joint Agency
New Orleans Public Belt Railroad
Norfolk Southern Railway Company
The Alabama Great Southern Railroad Company
Central of Georgia Railroad Company
The Cincinnati, New Orleans & Texas Pacific Railway Company
Georgia Southern and Florida Railway Company
Interstate Railroad Company
Tennessee, Alabama and Georgia Railway Company
Tennessee Railway Company
Northeast Illinois Regional Commuter Railroad Corporation (METRA) - 2
Port Terminal Railroad Association
Soo Line Railroad Company d.b.a. C.P. - 2
Terminal Railroad Association of St. Louis
Union Pacific Railroad Company
Wisconsin Central Ltd. d.b.a. C.N.

* * * * *

Notes:

- 1 - Health & Welfare only
- 2 - Health & Welfare and Supplemental Sickness only

Exhibit B--Added Value Programs

Telemedicine

Telemedicine is a service providing access to virtual physician visits via online video or phone consultations with 24 hours per day and 365 days per year availability. During a virtual visit, members can obtain a diagnosis and possibly a prescription. It is not intended as a replacement for the standard PCP relationship, but as an enhancement to broaden member access.

Telemedicine will be offered uniformly, as an in-network MMCP and CHCB benefit, across each of the Plan's benefit administrators making use of a single telemedicine organization, namely, Teladoc, a leading national telemedicine provider that has real-time eligibility (RTE) bridges built with all three of the Plan's benefit administrators.

Expert Second Opinion

This program will offer voluntary, member-initiated expert second opinions that will generally include clinical evaluation of the member's medical situation, a thorough review of the member's medical records, and answers to complex member medical questions. The services provided by this program will be performed by experts affiliated with Best Doctors, a leading provider of these services in the country.

Members will initiate the service by calling a dedicated 800-number or online, and then proceed to provide detailed data on their medical situation to a physician with a specialty matched to their condition. Best Doctors collects all the records-the member just needs to sign a release form. The member's case is then reviewed by one or more world renowned Experts who provide their opinions and recommendations via a detailed written report that is thoroughly reviewed with the member. There will be no member cost associated with this program.

Health Advocate

Health Advocate, a leading provider of the kind of services provided by this program, will make available by phone or online 24/7 individuals who are typically seasoned registered nurses or experienced benefits specialists, on a voluntary and member initiated basis, to help resolve a number of issues, including, but not limited to:

- Finding the right in-network doctors and hospitals
- Scheduling appointments
- Coordinating expert second opinions
- Resolving insurance claims and medical billing issues
- Obtaining approvals for needed services from insurance companies
- Finding treatment for complex and serious diagnoses
- Explaining insurance plan options and enrollment
- Transferring medical records, X-rays and lab results
- Researching the latest approaches to care
- Coordinating services during and after a hospital stay

End-of-Life Counseling

Vital Decisions' end-of-life counseling programs will be made available to Plan members on a voluntary and member-initiated basis. These programs utilize both telephonic and technology-enabled solutions that provide a compassionate, patient centered experience that readies a patient for relevant end-of-life decision-making.

The programs are designed to improve the quality of the communication and shared decision-making processes for Plan members with advanced illness (life expectancy of one year or less), their family and their physicians. The improvement of these processes is achieved by assisting the individuals to overcome the inherent barriers and obstacles that normally prevent them from effectively communicating their quality of life priorities to their family and physicians and participating in making significant end-of-life decisions.

Core principles of Vital Decisions' program strategy and methods are:

- Care decisions should reflect the personal quality of life priorities and values of the individual especially during the time of complex or serious illness.
- Behavioral Economics and Behavior Change Science should be selectively and effectively utilized to achieve high quality values communications and a shared decision-making process that integrate a patient's values.
- The member should understand that he/she is the key to success and focus of improving the processes.

Centers of Excellence (COE) Resource Services – Cleveland Clinic

The Plan's current Centers of Excellence (COE) Resource Services will be expanded through the Plans' entering into a contract with the Cleveland Clinic to provide enhanced specialty services to members. During the first year of the contract, only the Cleveland Clinic's Heart Benefit will be available to members. During the second year, the Cleveland Clinic's Orthopedic and Spine Benefit, in addition to the Heart Benefit, will be available to members. Specific services covered under the Cleveland Clinic COE Resource Services program will be set forth in the contract entered into between the Plans and the Cleveland Clinic.

Member participation in the Cleveland Clinic COE Resource Services program shall be entirely voluntary. Benefits currently available to members under the existing COE Resource Services program, such as the travel benefit and cost-sharing waiver, shall also apply to the Cleveland Clinic COE Resource Services program.

An additional hospital(s) may be added to this enhanced COE network after successful completion of the first year for services specific to cardiac care as defined in the first year of implementation or specific to orthopedic services as defined in the second year.

Exhibit C – New Pharmacy Programs

Screen Rx

The program will work as follows:

- Members predicted to become non-adherent, i.e., not taking medicine as prescribed by their doctor, will receive up to three automated outbound calls showing Express Scripts' name on the caller ID. The calls will specifically refer to the member's medications.
- Members will be asked to answer questions determined by branching logic about adherence barriers. Calls are expected to last 5 minutes on average and will afford the member multiple opportunities to speak with a live pharmacist.
- Members not reached by phone will receive a letter with adherence tips and an 800 number for 24/7 support.

Medical Channel Management

Under this program, members will obtain specified Specialty Drugs through the Plan's Pharmacy Programs rather than through its Medical Programs.

Fraud, Waste and Abuse

This program involves proactive utilization of advanced analytics to identify potential abuse of prescription medications, in particular controlled substances. Where abuse is confirmed through investigation and objective evidence, appropriate restrictions are implemented by Express Scripts (pharmacy lock limiting member to one pharmacy or one prescriber) in collaboration with medical vendor.