

HEALTH BENEFITS ENROLLMENT ALERT FROM YOUR UNION

2007 Comparison of Total Cost: POS Plan vs. Standard PPO Plan

The 2007 Flight Attendant Benefit Enrollment period opened on October 1, 2006, and will close on October 31, 2006.

APFA representatives, along with the assistance of APFA's benefits consultant group *The Segal Company*, reviewed both the contractual Standard Medical Plan (PPO) and the Company-sponsored Point of Service (POS) Plan for active and retired flight attendants for the 2007 enrollment. After a thorough analysis, a side-by-side comparison of the two Plans was developed since most of our members are enrolled in one of these Plans.

This comparison is based on information provided to us by American Airlines and *The Segal Company*. Each flight attendant or retiree's circumstances may vary, and APFA is not making a recommendation about what anyone should do. Instead, each individual should decide what is best for him or her.

- The Standard PPO Plan is contractual and locked in place. It became a part of our Contract as a result of the Restructuring Agreement under Attachment K.
- The Company's POS Plan is not contractual for any work group on the property. The Company maintains it has a unilateral right to reduce and/or alter benefits under the POS. Members should be aware of the changes that have been made in the Company's POS Plan.
- Effective January 1, 2007, the Company is reducing benefits under the POS plan and increasing employee contributions by a greater percentage than the Standard PPO Medical Plan.

Healthcare is one of the most important benefits of our job and it is one that APFA will continue to vigorously protect.

Remember, you can continue to make changes throughout the enrollment period. Once the enrollment period ends on October 31st, it will take a life event to change your 2007 benefits coverage.

APFA - Comparison of 2007 POS and Standard Medical Plans

2007 Medical Plans	Active POS Plan (Choice Plus Network)		Active Standard Plans (Voluntary PPO Network)			
	In-Network	Out-of-Network	Option #1	Option #2	Option #3	Option #4
Monthly Premium Rates (2007)						
Employee only	\$ 38.61		\$37.78	\$28.07	\$12.87	\$0
Employee + One	\$ 77.14		\$75.12	\$56.36	\$25.45	\$0
Employee + Two	\$115.83		\$99.37	\$75.10	\$33.55	\$0
Calendar Year Deductible(s)	Hospital Services - \$50 per person Prescription Drugs - \$50 per person	\$500 per person	\$150 per person \$400 per family	\$250 per person \$700 per family	\$500 per person \$1,350 per family	\$1,000 per person \$3,000 per family
Individual Out-of Pocket Maximum	\$1,500	No limit on out-of-pocket expenses	\$1,000	\$1,500	\$2,000	\$2,500
Eligible Expenses not applied to Individual Out-of-Pocket Maximum	Copays for visits to professional providers, e.g., PCP, Specialists Expenses applied towards meeting the deductibles Copays or coinsurance for prescription drugs Any services with coinsurance greater than 15%	Not applicable No out-of-pocket maximum	Expenses applied toward meeting the deductible Expenses in excess of Usual and Prevailing for out-of-network providers only Any expense paid at 50%, such as outpatient mental health Members may access the mail order program, however, the deductible, copays or coinsurance for drugs received through the mail order program do not apply towards the out-of-pocket maximum under the Standard Medical Plan.			
Primary Care Physician Office Visits, including x-ray and lab	\$20 copay	30% coinsurance**	All Plans - 20% coinsurance in or out-of-network*			
Specialist Office Visits	\$30 copay	30% coinsurance**	All Plans - 20% coinsurance in or out-of-network*			
Chiropractic Care	\$30 copay 20 visits total in or out of network per year	30% coinsurance 20 visits total in or out of network per year*	All Plans - 20% coinsurance in or out-of-network*			

2007 Medical Plans	Active POS Plan (Choice Plus Network)		Active Standard Plans (Voluntary PPO Network)			
	In-Network	Out-of-Network	Option #1	Option #2	Option #3	Option #4
Out Patient Surgery	15% coinsurance*	30% coinsurance**	All Plans - 20% coinsurance in or out-of-network*			
Inpatient Hospital Room and Board ICU, Ancillary Services, Surgery	15% coinsurance*	30% coinsurance**	All Plans - 20% coinsurance in or out-of-network*			
Emergency Room Services	15% coinsurance*	30% coinsurance**	All Plans - 20% coinsurance in or out-of-network*			
Mental Health Inpatient	15% coinsurance*	50%, 30 day limit per year	All Plans - 20% coinsurance in or out-of-network*			
Outpatient	\$30 copay	50%, 60 visit limit per year	All Plans - 50% coinsurance			
Chemical dependency (only covered if approved through EAP, limited to one rehab per lifetime) Detox Only	15% coinsurance*	Not covered unless approved through EAP	All Plans - 20% coinsurance in or out-of-network*			
Inpatient	15% coinsurance* \$30 copay		All Plans - 20% coinsurance in or out-of-network*			
Outpatient			All Plans - 20% coinsurance in or out-of-network*			
Retail Pharmacy (up to 30 day supply) Generic	20% coinsurance, \$10 min /\$40 max copay per script	30% coinsurance for most prescription drugs and 50% coinsurance for psychotherapeutic prescription drugs*	All Plans - 20% coinsurance*			
Brand name	30% coinsurance, \$20 min /\$75 max copay per script		All Plans - 20% coinsurance*			
Mail Order Pharmacy (up to 90 day supply) Generic	20% coinsurance, \$20 min /\$80 max copay per script	30% coinsurance**	Members may access the mail order program under the POS Plan; however, the deductible, copays or coinsurance for drugs received through the mail order program do not apply towards the out-of-pocket maximum under the Standard Medical Plan.			
Brand Name	30% coinsurance, \$40	30% coinsurance**				

2007 Medical Plans	Active POS Plan (Choice Plus Network)		Active Standard Plans (Voluntary PPO Network)			
	In-Network	Out-of-Network	Option #1	Option #2	Option #3	Option #4
	min /\$150 max copay per script		If you do not use the mail order program and instead receive maintenance drugs through a retail pharmacy, you will pay 20% coinsurance*			
Other	Annual routine physical covered in network Eligible expenses incurred in-network are covered in full subject to deductible, copays and/or coinsurance Eligible expenses incurred out-of-network are limited Maximum Non-Network Reimbursement Program (MNRP), currently limited to 140% of Medicare allowance	\$250 accident benefit paid at 100% Eligible expenses incurred in-network are covered in full subject to deductible, copays and/or coinsurance Eligible expenses incurred out-of-network are subject to Usual and Prevailing (U&P) fee limit. U&P is typically more generous than the MNRP				

Important Notes to the Above Exhibit

* Coinsurance applies after the deductible has been satisfied up to the out-of-pocket maximum. Thereafter, the Plan pays at 100% for the remainder of the year. Deductible in POS Plan applies to outpatient surgery performed at a hospital or freestanding facility.

** Coinsurance applies after the deductible has been satisfied. There is no out-of-pocket maximum for out-of-network services under the POS Plan.

All plans have a lifetime maximum benefit of \$5,000,000, effective January 1, 2004.

Effective January 1, 2007, all plans exclude lifestyle choice drugs such as Viagra, Cialis and Levitra and acupuncture will only be covered in cases of proven medical necessity.

The above information is intended to provide a brief summary of some of the features of each plan, based on information provided by American Airlines. The APFA is not making a recommendation about which health plan you should choose. Since each individual's circumstances and utilization of medical benefits is different, you should review this and other information provided by American Airlines and then decide which plan is best for you. For more detailed information refer to the Employee Benefits Guide.

Below are three examples of out-of-pocket medical costs and employee premium contributions under the POS and the \$150, \$250 and \$500 deductible Standard Medical Plans. These examples are provided for illustrative purposes only. Your utilization of services and actual cost may vary significantly from the examples provided. The APFA is not making a recommendation about which health plan you should choose. You should review the premium cost and the benefits for each plan before you enroll, so you can make an informed decision.

Example #1 – Low Medical Expenses

Assumptions: A single participant, no dependents, claims occur in the order listed, no out-of-network utilization. . Amounts shown in bold are paid by the member.

2007 Medical Expenses	POS	Option #1 Standard Medical Plan \$150 Deductible	Option #2 Standard Medical Plan \$250 Deductible	Option #3 Standard Medical Plan \$500 Deductible
a.) One in-network Primary Care Physician visit at cost of \$100	\$20 member copay	\$100 <u>-\$100 deductible</u> \$50 of deductible remains to be satisfied	\$100 <u>-\$100 deductible</u> \$150 of deductible remains to be satisfied	\$100 <u>-\$100 deductible</u> \$400 of deductible remains to be satisfied
b.) One in-network Specialist Visit at cost of \$150 each	\$30 member copay	\$150 <u>-\$50 deductible</u> \$100 <u>*20% coinsurance</u> <u>\$20 member coinsurance</u>	\$150 <u>-\$150 deductible</u> \$0 of deductible remains to be satisfied	\$150 <u>-\$150 deductible</u> \$250 of deductible remains to be satisfied
c.) Five generic prescriptions at \$10.00 each	\$10 per script <u>*5 scripts</u> <u>\$50 deductible applied to deductible</u>	\$10 per script <u>*5 scripts</u> \$50 <u>*20% coinsurance</u> <u>\$10 member coinsurance</u>	\$10 per script <u>*5 scripts</u> \$50 <u>*20% coinsurance</u> <u>\$10 member coinsurance</u>	\$10 per script <u>*5 scripts</u> \$50 <u>-\$50 deductible</u> \$200 of deductible remains to be satisfied
d.) One preferred brand name prescription at \$50.00	\$20 member copay	\$50 script <u>*20% coinsurance</u> <u>\$10 member coinsurance</u>	\$50 script <u>*20% coinsurance</u> <u>\$10 member coinsurance</u>	\$50 script <u>-\$50 deductible</u> \$150 of deductible remains to be satisfied
e.) Out-of-pocket medical expenses for the year (a+b+c+d)	\$120.00	\$190.00	\$270.00	\$350.00
f.) Employee payroll deductions for medical coverage (pre-tax)	\$38.61 a month <u>* 12 months</u> <u>\$463.32</u>	\$37.78 a month <u>*12 months</u> <u>\$453.36</u>	\$28.07 a month <u>*12 months</u> <u>\$336.84</u>	\$12.87 a month <u>*12 months</u> <u>\$154.44</u>
g.) Total Annual Cost Out-of-pocket medical costs plus employee payroll deductions for coverage (e+f)	\$583.32	\$643.36	\$606.84	\$504.44

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2007 Comparison of Total Cost Under POS and Standard PPO Plans

Example #2 – Mid-Level Medical Expenses

Assumptions: A single participant, no dependents, claims occur in the order listed, no out-of-network utilization.
 Amounts shown in bold are paid by the member.

2007 Medical Expenses	POS	Option #1 Standard Medical Plan \$150 Deductible	Option #2 Standard Medical Plan \$250 Deductible	Option 33 Standard Medical Plan \$500 Deductible
a.) One in-network Primary Care Physician visit at cost of \$100	\$20 member copay	\$100 <u>-\$100 deductible</u> \$50 of deductible remains to be satisfied	\$100 <u>-\$100 deductible</u> \$150 of deductible remains to be satisfied	\$100 <u>-\$100 deductible</u> \$400 of deductible remains to be satisfied
b.) Four in-network Specialist Visits at an average of \$150 per visit	\$30 copay per visit <u>* 4 visits</u> \$120 member copays	\$600 <u>-\$50 deductible</u> \$550 <u>*20% coinsurance</u> \$110 member coinsurance	\$600 <u>-\$150 deductible</u> \$450 <u>*20% coinsurance</u> \$90 member coinsurance	\$600 <u>-\$400 deductible</u> \$200 <u>*20% coinsurance</u> \$40 member coinsurance
c.) Inpatient Hospital Admission -\$7,500 discounted charges in POS network	\$7,500 <u>-\$50 hospital deductible</u> \$7,450 <u>*15% coinsurance</u> \$1,117.50 member coinsurance	\$7,800 <u>*20% coinsurance</u> up to \$1,000 out-of-pocket maximum, then 0% coinsurance \$890 member coinsurance	\$7,800 <u>*20% coinsurance</u> up to \$1,500 out-of-pocket maximum, then 0% coinsurance \$1,410 member coinsurance	\$7,800 <u>*20% coinsurance</u> up to \$2,000 out-of-pocket maximum, then 0% coinsurance \$1,560 member coinsurance
d.) Five generic prescriptions at \$10.00 each	\$50 deductible , applies to first 5 scripts	\$10 per script <u>* 5 scripts</u> \$50 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached	\$10 per script <u>* 5 scripts</u> \$50 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached	\$10 per script <u>* 5 scripts</u> \$50 <u>*20% coinsurance</u> \$10 member coinsurance
e.) Twelve brand name prescriptions at average of \$50.00 each received at retail	12 brand name scripts <u>*\$20 minimum copay</u> \$240 member copays	\$50 per script <u>*12 scripts</u> \$600 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached	\$50 per script <u>*12 scripts</u> \$600 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached	\$50 per script <u>*12 scripts</u> \$600 <u>*20% coinsurance</u> \$120
f.) Out-of-pocket medical costs for the year (a+b+c+d+e)	\$1,597.50	\$1,150.00	\$1,750.00	\$2,230.00
g.) Employee payroll deductions for medical coverage (pre-tax)	\$38.61 a month <u>* 12 months</u> \$463.32	\$37.78 a month <u>*12 months</u> \$453.36	\$28.07 a month <u>*12 months</u> \$336.84	\$12.87 a month <u>*12 months</u> \$154.44
h.) Total Annual Cost Out-of-pocket medical costs plus employee payroll deductions for coverage (f+g)	\$2,060.82	\$1,603.36	\$2,086.84	\$2,384.44

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Example #3 – High Medical Expenses

Assumptions: A single participant, no dependents, claims occur in the order listed, two specialist visits are out-of-network, inpatient hospital admission. Amounts shown in bold are paid by the member.

2007 Medical Expenses	POS	Option #1 Standard Medical Plan \$150 Deductible	Option #2 Standard Medical Plan \$250 Deductible	Option 33 Standard Medical Plan \$500 Deductible
a.) Two Primary Care Physician visits at an average of \$100 each	\$20 copay per visit <u>* 2 visits</u> \$40 member copays	\$200 <u>\$150 deductible</u> \$50 <u>*20% coinsurance</u> \$10 member coinsurance	\$200 <u>\$200 deductible</u> \$50 of deductible remains to be satisfied	\$200 <u>-\$200 deductible</u> \$300 of deductible remains to be satisfied
b.) Two out-of-network Specialist Visits at an average of \$150 each	\$300 <u>-\$300 out-of-network deductible</u> \$200 of out-of-network deductible remains to be satisfied	\$300 <u>*20% coinsurance</u> \$60 member coinsurance	\$300 <u>-\$50 deductible</u> \$250 <u>*20% coinsurance</u> \$50 member coinsurance	\$300 <u>-\$300 deductible</u> \$0 of deductible remains to be satisfied
c.) Two in-network Specialist Visits at an average of \$150 each	\$30 copay per visit <u>2 visits</u> \$60 member copays	\$300 <u>*20% coinsurance</u> \$60 member coinsurance	\$300 <u>*20% coinsurance</u> \$60 member coinsurance	\$300 <u>*20% coinsurance</u> \$60 member coinsurance
d.) Inpatient Hospital Admission - \$20,000 discounted charges in POS network \$22,000 under PPO Plan due to slightly lower discounts through network providers	\$20,000 <u>-\$50 hospital deductible</u> \$19,950 <u>*15%coinsurance</u> up to \$1,500 OOP maximum, then 0% coinsurance \$1,500 member coinsurance	\$22,000 <u>*20% coinsurance</u> up to \$1,000 out-of-pocket maximum, then 0% coinsurance \$870 member coinsurance	\$22,000 <u>*20% coinsurance</u> up to \$1,500 out-of-pocket maximum, then 0% coinsurance \$1,390 member coinsurance	\$22,000 <u>*20% coinsurance</u> up to \$2000 out-of-pocket maximum, then 0% coinsurance \$1,940 member coinsurance
e.) Five generic prescriptions at \$10.00 each	\$50 deductible applies to first 5 scripts	\$10 per script <u>*5 scripts</u> \$50 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached	\$10 per script <u>*5 scripts</u> \$50 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached	\$10 per script <u>*5 scripts</u> \$50 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached
f.) Twenty preferred brand name prescriptions at average of \$75.00 each received at retail	20 brand name scripts <u>*\$22.50 copay per script</u> \$450 member copays	\$75 per script <u>*20 scripts</u> \$1,500 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached	\$75 per script <u>* 20 scripts</u> \$1,500 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached	\$75 per script <u>* 20 scripts</u> \$1,500 <u>*0% coinsurance</u> \$0 out-of-pocket maximum reached
g.) Out-of-pocket medical costs for the year (a+b+c+d+e+f)	\$2,450.00	\$1,150.00	\$1,750.00	\$2,500.00
h.) Employee payroll deductions for medical coverage (pre-tax)	\$38.61 a month <u>* 12 months</u> \$463.32	\$37.78 a month <u>*12 months</u> \$453.36	\$28.07 a month <u>*12 months</u> \$336.84	\$12.87 a month <u>*12 months</u> \$154.44
i.) Total Annual Cost Out-of-pocket medical costs, plus employee payroll deductions for coverage (g+h)	\$2,913.32	\$1,603.36	\$2,086.84	\$2,654.44

Important Notes to the Above Examples

For comparison purposes, a greater discount on inpatient hospital services received through the POS, Choice Plus Network is assumed. Actual discounts among in-network facilities and professional providers in the POS and Standard Medical Plans may vary greatly.

Under the POS plan the copays/coinsurance for generic and brand name drugs may have been lower had mail order been used.

Under the Standard Medical Plans the member must pay the full cost of the prescription drug, then file for reimbursement. You may use the mail order program, subject to the prescription drug deductible, copays and/or coinsurance under the POS plan, however you are not required use mail order.