Association of Professional
Flight Attendants
Representing the Flight Attendants of AmericanAirlines

August 12, 2015

Mr. Paul Jones
Senior Vice-President & General Counsel
American Airlines, Inc.
P.O. Box 619616, MD HDQ Legal
DFW Airport, TX 75261-9616

RE: **SS-46-2015-APFA-2** *Change to Out of Network Co-Insurance*
Association of Professional Flight Attendants (APFA) ***vs.*** *American Airlines, Inc.*

Dear Mr. Jones:

In accordance with the Section 30.B.2.c. of the Joint Collective Bargaining Agreement (JCBA or Agreement) between American Airlines, Inc. and the Flight Attendants in the service of American Airlines, Inc., as represented by the Association of Professional Flight Attendants, APFA hereby submits the grievance of APFA vs. American Airlines, Inc. to the System Board of Adjustment.

(1) Question at Issue

Did the Company violate the current agreement between APFA and American Airlines including specifically, Section 26.B.1.a. and 26.B.11., and any other related section including but not limited to an implied term of the JCBA established by long-standing practice?

(2) Statement of Facts

The grievance was filed on June 30, 2015 (Submission Exhibit No.1). Ms. Cindi Simone, Managing Director Labor Relations – Inflight, rendered an initial decision received by APFA on July 24, 2015 (Submission Exhibit No. 2). This decision being unsatisfactory, this case respectfully submitted to the System Board of Adjustment for adjudication.

(3) Position of the APFA

Section 26.B.1.a. prohibits the Company from unilaterally amending the "Standard medical option design features in the Chart of Active Medical Coverage Option Design Features in Paragraph B.11." As shown in the following excerpt from that Chart, co-insurance is a design feature of the Standard medical option:

> Coinsurance (In/Out)** 20%/40%
> **(In/Out) when used in the chart means In-Network and
> Out of Network, respectively

Flight Attendants have had to pay no more than 40% of the "usual and prevailing" charge for out-of-network services. "Usual and prevailing" is based upon the database of service costs that is reviewed, managed, and monitored by FairHealth.

As of June 1, 2015 American Airlines changed the "allowed charge" for out-of-network (OON) treatment under the co-insurance provision of the Medical Plan provided for in Section 26 of the JCBA. It abandoned "usual and prevailing" as the base against which the cost split of 40% for Flight Attendants and 60% for American is applied. Instead, the Company is applying these percentages to OON charges that do not exceed 140% of the amount Medicare covers for the services received. The Flight Attendant now has to pay any difference between "usual and prevailing" and this new cap. By unilaterally changing the measure of out-of-network charges from "usual and prevailing" to a percentage of Medicare coverage, and altering the value of the Medical Plan, American is violating the co-insurance provisions of Section 26.B.1.a., and any related sections including but not limited to an implied term of the Agreement established by long-standing past practice that requires that "usual and prevailing" be used for determining allowed charges for OON services.

The implementation of this change is causing Flight Attendants severe economic harm and in some cases, precluding them from seeking treatment from an OON provider.

Were the Company allowed to unilaterally change the base for determining allowed OON charges from "usual and prevailing" to some percentage of Medicare, it could limit such charges to whatever it deemed appropriate; thereby rendering the Flight Attendant's contractual share of 40% nullity.

In addition, in many instances, Flight Attendants live in areas where an appropriate in-network provider is not available and OON care is the only choice. In these situations Flight Attendants may be forced to forego treatment altogether because the expense would be prohibitive under American's proposed cost-shifting scheme.

Finally, the Medical Plan covers certain services that are not covered by Medicare, such as Hearing Aids. In these cases, a Flight Attendant receiving out-of-network care would have to bear the entire cost of the device and related services, as the Medicare covered amount is zero.

In sum, the Company's decision is wholly inconsistent with and cannot be reconciled with the explicit and implicit terms of the Agreement. To ensure that Flight Attendants are not irreparably harmed and charged more than the cost sharing for health care to which they are contractually entitled, APFA demands the following relief:

1. The System Board hear and decide this case on an expedited basis.

2. The Company immediately cease and desist from using 140% of Medicare coverage as the base against which the employee's 40% share of out-of-network coverage is determined.

3. The Company immediately restore the "usual and prevailing" charge as the base against which the employee's 40% share of out-of-network coverage is determined.

4. The Company pay Flight Attendants, who receive out-of-network care after June 1, the difference between the cost incurred and the cost dictated by the JCBA.

5. Any other relief deemed appropriate by the System Board.

(4) Position of the Company

As stated in its letter received by APFA on July 24, 2015 the Company contends as long as it maintains the 40%/60% (Employee/Company) split for OON network charges, its unilateral change to the "method of determining the amount of Out-of-Network charges that are allowed to be considered" does not violate the JCBA. The Company Claims that this change is consistent with the JCBA and other amendments to the medical plan that it has made.

Very truly yours,

Laura Glading
National President

Enclosures

cc: Deputy Commissioner of the Board (4)
APFA BOD
APFA SBA