

Negotiators' Notepad 23-12: C2019 Section 25 – Medical, Dental, Life Insurance, and Other Benefits

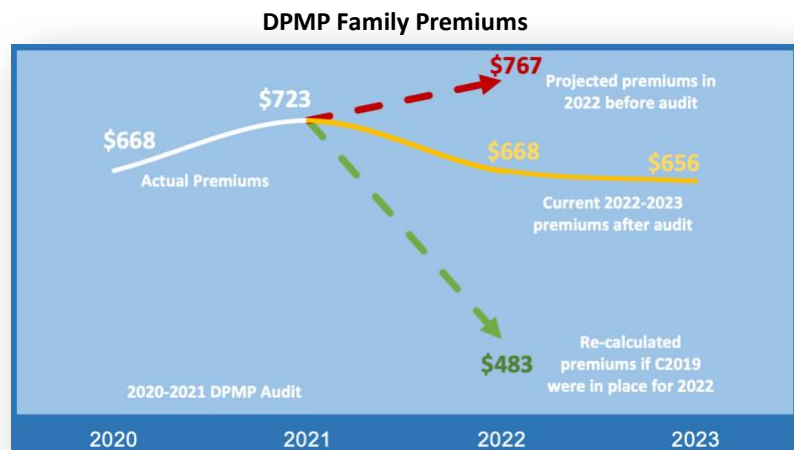
*This Negotiators' Notepad will discuss the details of various changes to **Section 25** of the PWA in the Tentative Agreement (TA). This Notepad should be read in conjunction with the entire series of C2019 Notepads which will be made available at the [Contract 2019 website](#), along with the [TA Reference document](#), as you educate yourself in preparation to make an informed decision when the membership ratification window opens.*

Improved DPMP Premiums

When ALPA began preparations for these negotiations in 2018, outside professional insurance actuaries conducted a thorough audit of DPMP premiums. The conclusion was that, while the premium increases over the years were done in compliance with the PWA, opportunities still existed to reduce premiums. This agreement improves the agreed upon method for assessing total costs of the DPMP, which results in significantly **lowering the monthly premiums of the DPMP plan**.

Pilot Cost Share DPMP Premiums

In addition to the changes above, the DPMP Pilot cost share of the premium has been *reduced* from 22% to 18%. Between the reduction of the overall premium calculation and the reduction of the pilot's premium cost share, the total reduction in the cost of the DPMP to the pilot is nearly 30% to current premiums. The below chart shows the interaction of the various improvements.



DPMP Premiums will be re-priced for the 2024 plan year

Expanded Enrollment for DPMP Dental Plan

Currently, only pilots in the DPMP *Medical Plan* can elect the DPMP *Dental Plan*. The DPMP Dental Plan offers lower monthly premiums, lower deductibles, and reimburses more procedures than the Comprehensive plan. Under this agreement, *all pilots* will now have the option to enroll in the DPMP Dental Plan, regardless of their health care plan selection. For

	Employee	Employee + Spouse	Employee + Child(ren)	Family
Basic	\$9	\$19	\$25	\$34
Comprehensive	\$21	\$45	\$47	\$67
DPMP	\$10	\$19	\$22	\$31

2023, DPMP Dental Family Coverage is \$31 per month vs \$67 a month for the non-contractual “Comprehensive Dental” coverage.

“DP-HDHP” Delta Pilot High Deductible Health Plan

Many pilots have asked for a plan that has the benefits of an HSA plan, but enjoys the contractual protections of the DPMP. To address this, a new high-deductible, health plan for Delta Pilots (“DP-HDHP”) will be *created*. It codifies the current Gold HSA and puts certain restrictions on the Company from making changes to the plan without ALPA’s consent. The new plan will have the same features as the current Gold HSA (account-based) plan, except as follows:

- Employee percentage of premium will be the lesser of 18% or the percentage of premium paid by other employees in the most comparable HDHP plan
- Deductibles will be set at the minimum allowable per IRS code
- Delta Health Rewards:
 - will be no less than the current amount offered to participants in other Company plans (Gold or Silver)
 - Increases offered to participants in any other Company High Deductible Health Plan option will be made available to participants in this plan

Under **Section 25 B. 1.**, pilots will retain the ability to elect coverage in any of the health plans offered by the Company.

Tightened restrictions on DPMP Prescription Drug Coverage Changes

Pilots who utilize prescriptions to maintain a special issuance on their FAA medical certificate can find themselves jumping through hoops if there are changes to the prescription drug list to exclude their medication.

Currently there is no codified timeline, but with this agreement, if the prescription drug list changes to no longer cover a medication that is necessary for the pilot to maintain their Special Issuance medical certificate, the current medication is automatically grandfathered for insurance approval for a period of four months. The pilot will receive 60 days’ personalized notice of any such change to their prescription.

Additionally, there are no existing entitlements to grandfather medications, which results in pilots having to immediately schedule appointments with their AME and/or pay higher out of pocket costs for their medications until the issue is resolved.

This new protection allows the pilot time to consult with their AME to either change prescriptions to something that is covered, or work with the insurance provider to get an authorization waiver.

Restrictions to Administrative changes to Health Plans

Currently, **Section 25** allows certain administrative changes to health care plans covered under the PWA to be made by the third-party administrator, in some cases without ALPA’s consent. This agreement has tightened the language in this section, requiring that any changes to clinical guidelines and medical policies must now be determined only by licensed medical professionals, rather than administrative staff.

Retiree DPMP Premiums

A common complaint about the existing retiree medical coverage is that premiums are very high, especially when retired pilots have a younger spouse that has not yet reached Medicare age. This agreement puts in place a reduction in DPMP premiums for retirees as follows:

- For pre-Medicare retirees, the DPMP premium contributions have been *reduced* from 51% to 45% of the base premium (after the pilot reaches age 60 to Medicare eligibility age. Premium reduction is for both the pilot and dependents)

	Employee	Spouse
Employee Age 60-64 Current Book	\$671 (51%)	\$671 (51%)
Employee Age 60-64 C2019	\$591 (45%)	\$591 (45%)
Employee Age 65+ Current Book	N/A	\$1315 (100%)
Employee Age 65+ C2019	N/A	\$591 (45%)

- For retired pilots that are eligible for Medicare, but with a younger spouse not yet eligible, the DPMP premium for the pilot’s spouse who is at least 60 will have their premiums *reduced* from 100% to 45% of the base premium until eligible for Medicare (a pilot’s spouse that is younger than 60 will age into this provision).
 - *Example 1: A pilot that retires early at 62 and has 59-year-old spouse currently pays \$712.37 a month for themselves and \$712.37 a month for their spouse. When the pilot reaches Medicare eligibility age (65), the spouse’s premium jumps to \$1,396.81 a month for the spouse until Medicare eligibility date when coverage ends. The same example with the TA, the pilot and spouse from the pilot’s age 62 to 65 would pay \$628.56 a month each. When the pilot reached age 65 the spouse would be age 62 and would also qualify for the 45% premium and would continue to pay \$628.56 a month vs \$1,396.81 a month in the current PWA. This equates to a savings of \$33,688.08 for this pilot.*
 - *Example 2: A pilot retires normally at age 65 and has a 59-year-old spouse. Under the current PWA the spouse would pay \$1,396.81 a month until Medicare eligibility age (65). Under the TA, the spouse would pay \$1,396.81 a month for the year that they are 59 and*

then they would pay \$628.56 a month from age 60 to Medicare eligibility age (65). The total cost of this example under the current PWA would be \$100,570.32 vs the TA's \$54,475.32 for a savings of \$46,095.

Company-Paid Basic Life Insurance

The formula under this section did not change (2,500 times the highest captain rate), but the amount of life insurance will increase due to the higher pay rates. The death benefit is currently \$885,000.

Basic Life Insurance Benefit	
1/1/2023	\$1,044,000
1/1/2024	\$1,096,000
1/1/2025	\$1,140,000
1/1/2026	\$1,186,000

Voluntary Group Variable Universal Life Insurance (GVUL)

Pilots will have the **option** to convert all but \$50,000 (or the amount exempted by the IRS from imputed income) of the term life insurance benefit to a **voluntary** GVUL life insurance policy with the same death benefit as our current term life insurance policy. While all of the details of the plan are not finalized due to the requirement to work with MetLife on the final plan documents, some of the guaranteed plan provisions include:

- Company-paid premiums
- Individual pilot investment choices to be provided by the insurance carrier
- Retiree basic term benefits remain unchanged
- Additional optional pilot premiums (contributions) will be allowed
- Pilots can purchase additional coverage within the GVUL to supplement the Company-provided basic life amount

A GVUL policy may provide for an additional tax-efficient way to save money for retirement. In addition, a GVUL policy may provide an additional way to continue life insurance coverage in retirement.

Conclusion

Please take the time to read the entire series of Notepads that will be provided to you, share the material with your families, attend one of the road shows, and ask as many questions as you need to ask. LEC Representatives will be available in lounges to help answer any questions you may have. In addition, please review the latest information and FAQs at dal.alpa.org, or submit questions to DeltaTAQuestions@alpa.org.

Fly Safe,
Eric, Brandon, and Rich