

The categories and levels have been set as shown below. The Trustees must consider both the memberships' and AECA's interests by setting the base contribution rates at levels that maintain the integrity of both Plans and allows for coverage under both. The balance requirements under the H & B Plan have been set so a participant accrues sufficient reserves to cover several scenarios. Instances such as loss of coverage through a spouse due to changes in status or their employment, intermittent or extended periods of slow employment, and retirement where the retiree will incur greater health expense while no longer having new contributions to offset the outflow.

All individuals in a category will be required to have their incoming contributions allocated based upon their standing in the H&B Fund.

Accounts will be re-evaluated based upon the balance at the end of every 6 months (6/30 & 12/31) and the Level assignments will be effective beginning the next period (1/1 and 7/1). Any calculations setting the periodic minimum balances will be rounded-up to the nearest hundred (i.e. 1.00 thru 99.99 up to 100.00), and will be based upon a year's coverage in the median PPO plan and include dental insurance. Any changes that affect an increase in classification (i.e. marriage, birth of child, QMCSO) in a period will trigger an immediate reclass. Other reclasses (divorce, change in eligibility for a child at 19 or out of school, etc) will occur at the next semi-annual review.

Note: The minimum balances applicable to attain Level "B" only affect your ability to be reimbursed from the H&B account (either directly or using the "Medical Debit Card") for expenses not already covered by the Plan's insurance. They do not affect your eligibility to obtain insurance under the Plan. So long as you have a balance in the Plan sufficient to cover one month's premium (single, two-person, or family as applicable), you will be eligible to obtain coverage under the Plan.

Example 1: If, at June 1, you have single coverage and have a balance of \$33,800.00 in your PAP account, you will be assigned to the "D" level, meaning your contributions will be allocated (hourly) as follows: \$6.00 will be credited to your Annuity account and \$3.51 (net) will be credited to your H&B. Were you to then get married in August and add your spouse to the coverage, your account balance would fall into the Class "C" coverage under two-person, and your contributions would then be changed to \$3.00 into Annuity and \$6.51 (net) into H&B. If, however, you did not add your new spouse to the coverage, your rates remain at single ("D").

Example 2: If, at June 1, you are opted out of H&B coverage because you have family coverage under your spouse's medical coverage at their employer and you have a balance of \$30,800.00 in your PAP account, you will be assigned to the "D" level, meaning your contributions will be allocated (hourly) as follows: \$6.00 will be credited to your Annuity account and \$3.51 (net) will be credited to your H&B. If, in August, your spouse loses coverage through their work (changes jobs, quits, etc) and you must add them and your children to your H&B coverage, your account balance would fall into the Class "B" coverage under family, and your contributions would be changed to \$2.00 into Annuity and \$7.51 (net) into H&B.

Example 3: If, at June 1, you have family coverage under the H&B and you have a balance of \$32,800.00 in your PAP account, you will be assigned to the "B" level, meaning your contributions will be allocated (hourly) as follows: \$2.00 into Annuity and \$7.51 (net) into H&B. If, in August, your spouse becomes eligible for coverage through work (changes jobs, begins employment, etc) and they add you and your children to their employer's coverage, your classification would remain in the Class "B" grouping until the next adjustment period at January 1. Your status would be re-evaluated at that time, and your contributions would be adjusted to the appropriate Level (in this case "D").

Classification	FAMILY			TWO PERSON			SINGLE			Currently
	COVERED MONTHS	APPLICABLE PREMIUM	COVERED MONTHS	APPLICABLE PREMIUM	COVERED MONTHS	APPLICABLE PREMIUM	COVERED MONTHS	APPLICABLE PREMIUM		
	level A-from \$0 up to 1 year	1	1,135.99	1	916.09	1	472.97	1	472.97	
level A-up to/Level B-from	12	13,631.88	12	10,993.08	12	5,675.64	12	5,675.64	up ↓ to Level B	
3 years									↓	
Level C-up to/Level D-from	36	40,895.64	36	32,979.24	36	17,026.92	36	17,026.92	up ↓ to Level C	
Level D= 5 YEARS COVERAGE	60	68,159.40	60	54,965.40	60	28,378.20	60	28,400.00	up ↓ to Level D ↓	
Calculations based									Opt-out fee	
DENTAL	(optional)	120.84		107.17		30.00		30.00	Includes dental and PPO health & script	
CDPHP-PPO & Xpress	(median plan)	1,015.15		808.92		432.83		432.83		
BSNENY & Xpress	EPO	1,159.30		900.35		471.90		471.90		
CDPHP-CO-INS (HDHP) & Xpress	(deductible plan)	846.35		679.06		367.93		367.93		

With this re-allocation plan, the likelihood of members continuing to accrue balances in their H&B accounts exceeding the established limits in "D" will decrease. Members with the higher balances will either begin to reduce their H&B balances through usage while increasing their Annuity balances at an accelerated rate, or, as they retire, they will reduce their balances through usage during their retirement. In any case, members will continue to accumulate the resources necessary to cover their health care costs, while active and in retirement, and at the same time, accumulate an Annuity account to supplement their Pensions once in retirement.