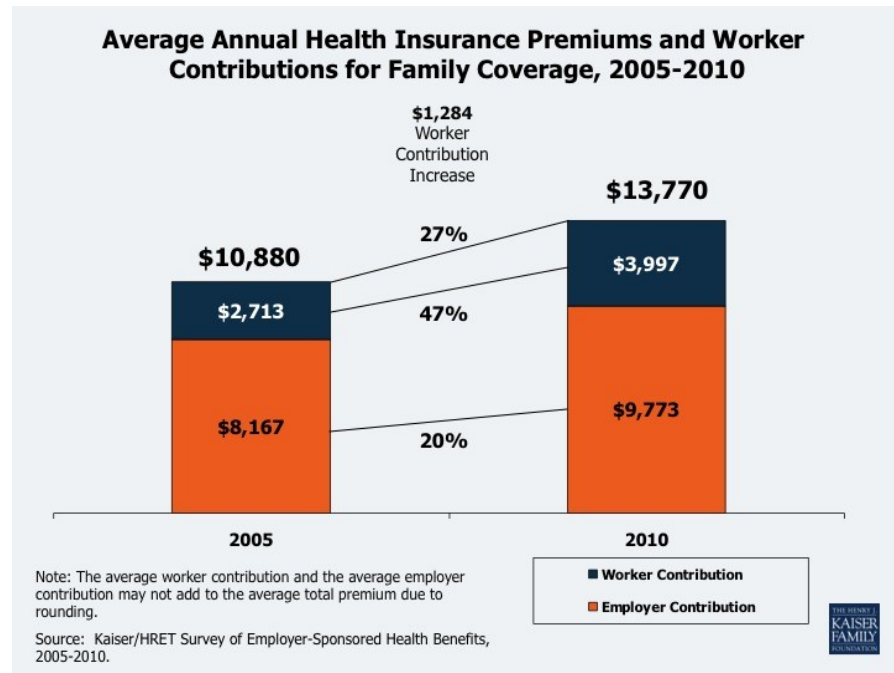


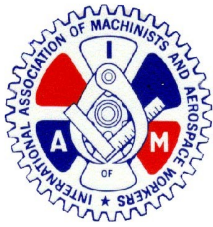
Health Care Reform: How Can Custom Choices Help You?

The vision of the IAMAW to foresee the rising cost and need for products that close the gap of out of pocket health care expenses led to the formation of the Machinist Custom Choices program.

It is no secret that the cost for our members to provide health insurance for their families is on the rise. As health insurance premiums continue to rise, employers are shifting more of the financial burden to the employee. Employees are encountering higher premium contributions as well as increased out of pocket cost.



Workers pay 47% more now than they did in 2005 for the family health coverage they get through their jobs, while their wages have increased only 18%. Employers, in contrast, pay 20% more toward their employees' health insurance than they did five years ago.



Health care reform has added to the uneasy feeling employers have about the rising cost of health insurance. Based on what we have heard from Human Resource and Benefits Professionals, we believe our negotiating committees will be facing one of the following at the bargaining table.

- Maintain employee coverage but not family
- Shift to a "consumer driven" (high deductible) model
- Eliminate the company sponsored group plan, pay the \$2,000/employee penalty, pay any employee individual penalties, give the employee's a raise and advise them to seek their own coverage through the exchange

We believe most companies will lean towards implementation of a "consumer driven" model. An employer looking to moderate their premium increases will most likely choose a policy with a higher deductible. This will drastically increase the possible out of pocket expense for our members. Many members and their families simply cannot afford the cost of higher deductibles, co-insurance, and out of pocket cost. That's where Custom Choices comes into play.

Effects of the Shift in Healthcare Cost

- Illness and medical bills were the cause of 62% of the personal bankruptcies in 2007 – 78% of those families had medical insurance
- The families with health insurance reported average out of pocket medical bills of just under \$18,000.
- 63% of the cost of treating cancer is not covered by health insurance
- Nearly half of those undergoing treatment for cancer put off care to pay non-medical bills. One in three have struggled to pay for basic necessities such as food.
- 20% of cancer patients use all or most of their savings
- 50% of the population experiences a critical illness (stroke, heart attack, cancer, organ transplant, etc.) before paying off their mortgage.

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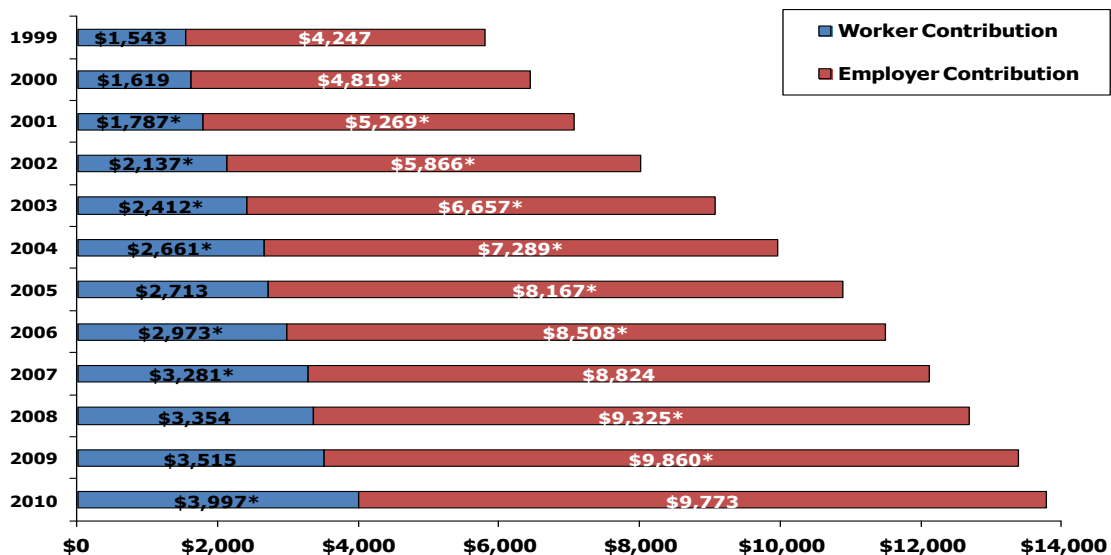
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Supplemental coverage, like the policies offered through the Custom Choices program can aid in covering the “gap” created by higher out of pocket expenses and lost income. While we have known it for years, employers are beginning to see the value of providing supplemental benefits to employees. Having Custom Choices available as an option gives employees, and our members, more control over their financial security and ensures adequate coverage that best meets their needs. These valuable benefits are negotiated by IAMAW representatives, with full knowledge and purpose in creating the ability to offer coverage for those unforeseen illnesses and resulting health care costs.

Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2010



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2010.

Machinist Custom Choices - Financial Protection for America's Workers