



The Communicator – Special Edition

2003-2007 PS&T CONTRACT

HIGHLIGHTS OF TENTATIVE AGREEMENT

Compensation

- \$800 lump sum bonus on ratification
- 2.5% increase on base salary - April 2004
- 2.75% increase on base salary - April 2005
- 3% increase on base salary - April 2006
- \$800 increase on base salary - April 1, 2007

(NOTE: the \$800 Lump Sum Bonus is pensionable, and is pro-rated for part-time employees based on the actual amount of time they worked from October 1, 2003-March 31, 2004).

Downstate and Mid-Hudson Adjustment

- Downstate Adjustment increases by across the boards: 4/1/04 - \$1, 230; 4/1/05 - \$1,264; 4/1/06 - \$1,302
- New Mid-Hudson Adjustment for Dutchess, Putnam and Orange: 4/1/04 - \$615; 4/1/05 - \$632; 4/1/06 - \$651

Hazardous Duty Pay

Increases from \$0.50 to \$0.60 per hour 4/1/04.

Inconvenience Pay

Inconvenience Pay increased from \$500 to \$550 per year 4/1/04.

Longevity Award Portability

A new compensation benefit will allow members who receive longevity awards to take the value of the award with them when they accept a promotion. With promotions few and far between, it is not uncommon that people become eligible for a 5 or 10 year longevity award before they are promoted to the next level in their title series. Historically, when employees are promoted, their new salary is the higher of the hiring rate of the new position or a percentage-driven promotion salary based on the number of grades involved. For purposes of this calculation, longevity pay was excluded, meaning that for even a two grade promotion, members receiving longevity pay could actually lose money for accepting the promotion. With the new contract, that is changed. The promotion salary will include the value of longevity awards. Here's an example comparing the old and new benefits for a PEF member at the Job Rate who receives a \$2,500 longevity award and is promoted to a position two salary grades higher.

| Current System | | New Portability |
|-------------------------------|---|-------------------------------|
| \$40,000 | Base Salary | \$40,000 |
| \$ 2,500 | 10 year Longevity Pay | \$ 2,500 |
| \$42,500 | Total Compensation before Promotion | \$42,500 |
| (\$40,000 * 1.045) = \$41,800 | Promotion Salary (if higher than the hiring rate of the new position) | (\$42,500 * 1.045) = \$44,412 |
| -\$700 | Difference in total compensation from previous year | +\$2,612 |

Merit Advance Program

While the Merit Advance Program is brand new to the PEF Contract, the motivation for its creation is not. For more than 20 years, PEF has struggled with the fact that many of our job rates were lower than the salaries paid to CSEA members in the same salary grade. **In each negotiation since the problem emerged, PEF has sought to correct the salary schedule inequity, and with the merit advance program, our members can now reach the same base salary as their CSEA counterparts.**

Is the merit advance amount the same for everyone? Is it an additional full increment for each grade?

The answer to both questions is “no”. The amount of the merit advance for each salary grade between SG-1 and SG-18 is the amount of money it would take to raise the PEF Job Rate to the same dollar amount as the CSEA Job Rate for the same salary grade. (The specific amounts of the advance can be found in Appendix I of the tentative agreement as the April 1, 2007 salary schedule).

Will receiving the merit advance delay my longevity awards?

No. Longevity awards will continue to be triggered by the number of years “equal to or higher than the job rate”. Since the merit advance is payment above the PEF Job Rate, there will be no impact on current or future longevity awards.

Will I lose the merit advance if I accept a promotion?

No. Merit advances, like increments, are adjustments to base salary, and once they are added to base, it's permanent. Moreover, since promotion salaries are a percentage increase over current base salary, the merit advance will be included in determining the new promotion salary.

What criteria are used to determine which employees will receive the merit advance?

While there are still some implementation details to be finalized between PEF and the State, we did agree on several parameters of the merit advance program. Once in place, the program will provide for *automatic* advancement of individuals who meet the *objective* eligibility criteria. The following are the specific criteria PEF accepted as part of this program:

- (a) 5 years cumulative State service
- (b) 1 year at Job Rate
- (c) "Satisfactory" performance evaluations for previous 3 years
- (d) No finding of guilt or settlement of NOD for previous 3 years
- (e) Participation in agency sponsored job-related training.

Why do the adjustments stop at SG-18?

The objective in creating the program was to establish grade equity with the CSEA job rates. Although the CSEA salary grade schedules include salary grades 1 through 25, the fact is only a small number of CSEA members (about one-tenth of one percent) work in positions equal to SG-19 or above. Certainly our preference would have been to achieve parity with all CSEA grades, but SG-1 through 18 was the most we could achieve in this round of bargaining. Our challenge now becomes to extend merit pay to PEF Grades 19-25 so that we have full schedule parity with CSEA.

New Committees

Not all issues are ever fully resolved in contract negotiations, and often there are important issues to be addressed that cannot or should not wait until the next round of bargaining. For that reason, we often create committees to study issues or to provide the opportunity to review and improve benefits during the life of the contract.

The following new committees are created by the tentative agreement:

1. Cost of Living Committee – This Joint PEF/State committee is charged with studying the issues and collection of data to evaluate the needs of PEF members working in areas where the cost of living exceeds the national average.

2. Special Assignment to Duty Committee – This Contact creates a new benefit for employees working in specific environments or conditions. This benefit is in addition to, and not a supplement for, hazardous duty pay. While the initial program is limited to those employees working in the Roadside Right Of Way, the Joint Committee will explore expansion of the Special Assignment to Duty benefit to additional employees, including those working with dangerous clients, inmates or parolees.

3. Long Term Seasonals – This Joint Committee will explore the special issues related to PEF members who work for

the State on a seasonal basis.

4. Joint Committee on Nursing and Institutional Issues – In the prior agreement, PEF had a sideletter that created a Joint Committee on Nursing Issues. Owing to its importance, we have now moved it into the body of the contract as Article 44. This language was not arbitrable in the sideletter; formal inclusion in the body of the contract remedies that issue. The name was broadened to reflect the fact that many of the important issues faced by nurses are, in some measure, experienced by other health care professionals as well. Although the State insisted on broad language concerning appointees to the Committee, President Benson has committed to appointing only nurses as PEF representatives to this committee.

Planning to Retire?

Some of the benefits contained in the new agreement will be applicable to employees who are planning to retire and to some employees who retire before the benefits are actually paid.

The \$800 Lump Sum Payment is payable to any employee who was on payroll March 31, 2004 who had six months or more of State service as of that date. If an eligible employee retires prior to payment, the money will catch up to them and their retirement earnings will be credited with the additional compensation.

Similarly, employees on payroll after April 1, 2004 but who leave prior to the ratification of the new agreement are owed additional money to reflect the 2.5% base wage increase that is deemed to have been in effect since 4/1/04. Again, in addition to the cash, retirement earnings will be adjusted.

Finally, there is a benefit enhancement that potentially impacts anyone who retired since the last contract expired. Retroactive to April 2, 2003, employees may now use up to 200 days of accumulated sick leave for additional retirement service credit. The limit in the previous contract was 165. Since the last contract raised the number of days that could be used for health insurance to 200, it is quite possible that some post-4/2/03 retirees had more than 165 days of accrued sick leave when they retired from state service. If that's the case, the value of the retirement service credit will be adjusted. For those who have retired, the best advice is to have the retiree call the retirement system to ask how the adjustment will be handled.

Effective Date of Benefit Changes

The tentative agreement provides that a number of benefit changes do not go into effect until the date on which the contract is ratified. Where the parties intended the effective date was something other than that date, we spelled it out in clear contact language. For example, the increases to base salary all occur on specific dates listed in Article 7. The enhanced benefit of longevity award portability (see section 7.10 of the tentative agreement) does not have a date and will therefore not be effective until the date of ratification.

Tuition Reimbursement

Tuition benefits are provided by Article 15 of the PEF

Contract. The tentative agreement contains 4 full years of funding at a level that is 5% higher than the money provided in 2002-2003. Unfortunately, the State has been steadfast in its refusal to provide these benefits retroactively. As a result, there will be four years' worth of funds to provide tuition benefits over the next two and one-half years. Exactly what the level of benefits will be, or when they will again be available depends on how quickly the Article 15 Joint Committee can move ahead. All depends on ratification, of course, and it will require the cooperation of the State. PEF is committed to working to implement these important benefits as soon as possible, and we will provide progress updates on the PEF website.

Any questions about the education benefits of the contract should be directed to PEF's Education Department at 1-800-342-4306 ext. 328.

Pre-Tax Benefits

There are several pre-tax programs that allow members to obtain certain benefits using pre-tax dollars, making them less expensive. In this agreement, the pre-tax benefit program for transportation is moving forward, and there was a significant expansion of the Health Care Spending Account.

Transportation

Under the federal tax code, pre-tax monies can be used for two different aspects of transportation costs. First, employees can use pre-tax funds to pay for monthly transit passes which are used for commuting to work. Currently, up to \$100 a month in pre-tax dollars can be used for this purpose. As many PEF members are aware, PEF and NYS reached agreement in 2003 to implement a pilot program of this aspect of the pre-tax transportation benefits. (The State is currently selecting a vendor for the program, and implementation should begin this fall).

As part of the new contract, NYS has agreed to expand the initial agreement and allow all PS&T Unit employees working in the NYC Metropolitan area to participate in the first phase of the pilot program. (The earlier agreement was limited to employees in a limited number of agencies). There was no commitment by the State of a date by which all of the benefits (including the program to reimburse for qualified parking expenses) would be available statewide. However, the State indicated that this likely would be accomplished sometime during the term of the agreement.

Health Care Spending Account

The Health Care Spending Account (HCSA) has existed for several years and allows enrollees to use pre-tax dollars to pay for qualifying health insurance expenses that are not covered by insurance. Part of this program that discourages participation is the "use it or lose it" provision that permits the employer to keep the surplus from employees who claim less reimbursement than money they have set aside for the year. This restriction, along with the need to submit receipts for reimbursement, has kept the participation rates relatively low.

The tentative agreement implements one change and opens the door to another that should make the programs more

attractive by providing a way to overcome the disincentives for participation. Effective after ratification, employees can pay for over-the-counter medications through the HCSA account. This alone should help enrollees better manage their accounts so funds are depleted at the end of the year. Second, the State and PEF will work to develop a program to link a debit card to the HCSA. Once established, HCSA enrollees may use this specific card for co-pays or OTC medications or any qualifying expense, the money is deducted directly from the HCSA account and the need for paperwork is eliminated.

Attendance and Leave

The tentative agreement contains a number of new benefit enhancements involving attendance and leave. First, the agreement on sick leave parity which provided sick leave at the 13 day rate of accrual to all PS&T Unit employees with Attendance Rules coverage is now fully incorporated into contract language. This provides the nearly 70% of PEF members hired after 1982 with three additional days of sick leave every year—currently worth an average of just under \$600—for the balance of their tenure with the State.

The new agreement also provides that up to 200 days of accrued sick leave may be used for additional retirement service credit. Previously, only 165 days could be used, while 200 days could be used to offset a retiree's health insurance premiums.

For the first time, all accrued sick leave at half pay is now mandatory for all PS&T Unit employees with one year of cumulative service. Previously, for employees earning sick leave at the 10 day rate, only a portion of sick leave at half pay was mandatory and 13 day earners accessed sick leave at half pay only at management's discretion. In addition, most employees will no longer face a waiting period before accessing sick leave at half pay. Employees disciplined for leave abuse in the prior year may face a 10 day waiting period before accessing sick leave at half pay.

Employees grappling with the hospitalization of a newborn child now have greater flexibility in scheduling child care leave. The tentative agreement provides that the seven months of mandatory child care leave which employees can take after the birth or adoption of a child may be deferred, or suspended, for up to five months during a single period of that child's hospitalization.

The leave donation program has also been enhanced. On a pilot program basis, employees will be able to donate vacation time to recipients who work in other agencies. Previously, only family members could donate time across agency lines.

Finally, the State was unsuccessful in its efforts to remove the protections against timekeeping devices from the agreement. There is no change in Article 12.17 of the tentative agreement.

Part-Time Leave Adjustment Pilot

Part-time annual salaried employees who have Attendance Rules coverage (eligible to earn leave accruals) will earn additional vacation, sick and personal leave accruals based on additional hours worked in excess of their payroll percentage

beginning in October 2004. Currently these part-timers only earn accruals based on their payroll percentage. Many regularly work in excess of this percentage. Under this pilot, eligible part-time employees will be credited with additional vacation and sick leave twice a year based on additional time worked in the prior six months. Additional personal leave will be credited once a year. This pilot program will continue through March 2007 unless extended by the parties.

Performance Enhancement Program

Under the Performance Enhancement Program (PEP), eligible full-time employees may offset health insurance premium expenses by exchanging 3 days of accrued vacation and/or personal leave for a credit of up to \$400. This credit is divided equally among the bi-weekly pay periods and applied against the employee's share of health insurance premiums in each of those pay periods. To participate, employees must be in a position below SG-18 or equated to a grade below SG-18; have a combined leave balance of 8 days of vacation and personal leave accruals after exchanging 3 days; and be a NYSHIP contract holder/enrollee. Part-time employees may participate on a prorated basis. This program will be available in calendar years 2005, 2006 and 2007 with enrollment for each of these program years during the preceding October. This program mirrors a CSEA benefit, and even after PEF identified that higher paid PEF members would be selling the time for a fraction of its value, the State emphatically refused to expand it beyond the SG-17 level.

Institution Teachers

Institution teachers will receive an additional personal leave day, for a total of 4 days each year, beginning with the 2004-05 school year. This new 4 day rate for 10 month teachers will for the first time accurately compare with the 5 days of personal leave 12 month employees already enjoy.

Institution teachers also have a Performance Enhancement Program specifically tailored for the fact that they do not accrue vacation time. They have the choice of exchanging 1, 2 or 3 days of personal leave for a pro-rated credit of \$133.33 per day and are not subject to the minimum leave requirements applicable to twelve month employees.

Nursing Issues

Addressing issues specific to nursing was a priority of the PEF bargaining team in these negotiations and proposals in a wide range of areas were made with nursing concerns in mind. These included, among others, proposals to address mandatory overtime, staffing levels, and rights to refuse inappropriate assignments. While the State continued in its refusal to address many of these issues contractually, PEF was successful in establishing full contractual recognition for the Nursing and Institutional Issues Committee in Article 44. This Committee will continue to provide an important forum for addressing issues of particular concern to nurses.

Enhanced benefits in other areas of the tentative agreement are also particularly beneficial to nurses. For example, unit

members who are receiving stand-by/on-call pay will now keep their stand-by pay in addition to their recall pay when recalled to work. Previously, recalled employees lost the benefit of their stand-by pay for shifts during which they received recall pay. Likewise, in those institutions with a significant percentage of part-time nurses, the leave adjustment pilot (discussed above) should provide significant additional leave benefits. Finally, the merit advance step above Job Rate will also add to the base salary of all eligible nurses at SG-18 and below.

Triage and Expedited Arbitration

With the tentative agreement, the parties have once again agreed to establish a triage and expedited arbitration process. This process will provide a more expeditious alternative for reviewing and deciding contract grievances than is provided by the traditional arbitration process. This process will prove an invaluable mechanism for PEF to resolve contract grievances in a timely manner and to address the backlog of contract grievances pending at Steps Three and Four.

Grievances scheduled for triage and expedited arbitration will be heard before a single "select arbitrator" who will review relevant documents and hear oral argument from the parties at triage. The select arbitrator will advise the parties about the potential merits of their cases and assist in crafting settlements of those grievances if possible. If the grievance cannot be resolved at Triage the select arbitrator will hear testimony and receive additional documentary evidence and oral argument in expedited one-day arbitration. The select arbitrator will then issue a decision which will be binding in that grievance but not precedent setting in any other grievance.

This process is a pilot program which will continue for 2 years after appointment of the select arbitrator or until 4/1/07 whichever is earlier unless renewed by the parties.

Seasonal Employees

The holiday compensation benefit available to seasonal employees who do not have Attendance Rules coverage (not eligible to earn leave accruals) has been improved. These seasonals will now receive holiday compensation in addition to their normal pay for the first three (instead of the first two) holidays in seasonal employment if they are regularly working full time hours and work at least 25 days during the season.

Seasonal employees who return to State employment without a break in service of more than six months, will receive holiday compensation for all holidays worked during their seasonal employment if they are regularly working full time hours and at least 25 days during the season and if they were employed on a similar schedule in the prior period of employment.

Long term seasonals in the Office of Parks and Recreation and the Department of Environmental Conservation will receive salary protection of their acquired hourly rate when appointed to an annual salaried position or another seasonal position. To be eligible, the employee must have worked at least 1500 hours in each of the previous two years. Long term seasonals in Parks and Recreation or En Con with at least 1500 hours in each of the prior five years will also receive a \$500 lump sum payment

in April 2004, April 2005, and April 2006.

The State was adamant that these additional benefits could not be extended to other State agencies at this point. However, a Joint Committee on Seasonals will be established to study seasonal appointments and related employment issues and make recommendations to the parties before the expiration of the tentative agreement regarding necessary actions for addressing issues related to seasonal employment.

Health Benefits

The following changes will have an effective date of 1/1/05 unless otherwise noted:

Changes applicable to all members

Dental – The 20% out-of-network differential will be eliminated. (1/1/06)

The maximum annual benefit will increase from \$1,800 to \$2,300 per person. (1/1/06)

PEF will conduct a study of the dental plan to determine if the union can provide dental benefits through an Employee Benefit Fund that will improve access to par dentists, maximize reimbursement and increase member satisfaction. If the study results are positive, the issue will be brought to the Joint Committee on Health Benefits for determination.

Vision – The annual Benefit for Medical Necessity pilot program is made permanent so the benefit no longer sunsets when the contract expires. An employee-pay-all discount program for Laser Vision Correction will be developed and implemented.

Medical Flexible Spending Account – Over-the-counter medications will be considered eligible expenses. (As soon as practicable) A debit card will be developed and implemented. (As soon as practicable)

Domestic Partner Eligibility Criteria – Residency/financial interdependency requirements will be reduced from 1 year to 6 months. Following termination of a partnership, the waiting period will be reduced from 2 years to 1 year.

Prescription Drug Study – The State agrees to conduct a comprehensive study of the Prescription Drug Benefit Design to examine possible changes (e.g., consolidated purchasing arrangements) that will improve the delivery and long-term affordability of prescription drug benefits.

Joint Committee on Health Benefits –

- Funding increased to \$350,000 annually.

Will develop and/or implement the following:

- Enhanced network of Empire Plan urgent care facilities;
- Review and oversight of the Empire Plan hospital network;
- Extensive analysis of NYSHIP prescription drug benefits and costs.

Empire Plan Enhancements

Hospital owned or operated clinics – Services provided at such clinics will be paid by Blue Cross subject to the applicable

outpatient hospital or emergency room copay only. Previously, these services were paid by UHC under the Par Provider or Basic Medical portion of the plan depending on the provider's participation status.

Basic Medical Provider Discount Program – This is a separate provider network from the par provider network. Plan pays 80% of a discounted rate directly to the provider after the Basic Medical deductible is satisfied. Enrollee pays 20% of the discounted rate, with no balance billing of enrollee permitted above the discounted rate. This is a pilot program that expires on 12/31/06 unless extended by agreement of both parties.

Infertility treatment – The Centers of Excellence for Infertility lifetime coverage limit will increase from \$25,000 to \$50,000.

Centers of Excellence for Cancer Resource Services (CRS) – Paid-in-full reimbursement will be provided for all services received at a CRS Cancer Center, including nurse consultations, information and assistance in locating appropriate care centers, and connection with cancer experts at CRS Cancer Centers. (As soon as practicable)

Hearing aid allowance – The benefit will be expanded from \$1,200 for both ears to \$1,200 *per ear*. The benefit will be increased from \$1,200 *per ear* to \$1,500 *per ear* (1/1/06).

Inpatient radiology, anesthesiology and pathology services at network hospitals – Services will be paid-in-full regardless of a physician's participation status. Previously, if the physician was non-participating, these services were paid under Basic Medical, subject to annual deductible and co-insurance. (1/1/05 or upon implementation of hospital network) – See "Hospital Network" below.

Prosthetic/orthotic network – Prostheses or orthotics obtained from a network provider will be paid-in-full. Prostheses or orthotics obtained from a non-network provider will be paid under Basic Medical subject to deductible and co-insurance. (As soon as practicable)

External mastectomy prostheses – Covered in full not subject to deductible or co-insurance. Benefits are available for one single/double mastectomy prosthesis in a calendar year. Pre-certification is required for any single prosthesis costing \$1,000 or more.

Disease management programs – At least two more disease management programs will be considered in addition to the existing programs for cardiovascular risk reduction, asthma and diabetes. (As soon as practicable)

Managed Mental Health & Substance Abuse Program – Network mental health & substance abuse providers will be included in all Empire Plan directories, including on-line directories. (As soon as practicable)

Empire Plan Co-Pay Increases

Emergency Room – Co-pays increase from \$35 to \$50 (1/1/05) and from \$50 to \$60 (1/1/07).

Hospital Outpatient – Co-pay increases from \$25 to \$35.

Outpatient Copays – Co-pays for office visits, out-patient surgical, radiology, and diagnostic/lab services increase from \$12 to \$15 (1/1/05) and from \$15 to \$18 (1/1/07).

Mental Health – Network co-pay for outpatient mental health increases from \$15 to \$18 (1/1/07).

Empire Plan Hospital Coverage

Hospital Admissions – Inpatient hospital days covered only when deemed medically necessary (change affects level of penalty only).

Empire Plan Hospital Network

Currently, Empire Plan enrollees may use either in-network or non-network hospitals and receive the same level of benefits. Under the proposed hospital network, enrollees will be able to continue using the hospital of their choice but there will be two levels of benefits: in-network coverage, which provides the highest level of benefits, and non-network coverage.

Emergency outpatient or inpatient treatment received at a non-network hospital will be reimbursed at the network level of benefits. For emergency room services, you would only be responsible for the emergency room co-payment. The co-pay is waived if you are admitted as an inpatient directly from the emergency room.

Under the hospital portion of the plan, non-network hospital charges are capped at \$1,500 annually. However, a new benefit under the Basic Medical portion of the plan will limit out-of-pocket costs to \$500. These amounts are applicable to each employee, spouse/domestic partner, and all dependent children (i.e., three separate coinsurance maximums to satisfy depending on who is receiving services). If you have already met the annual coinsurance maximum, and your spouse or children receive services from a non-network hospital, they must also meet their coinsurance maximums.

Annual Non-Network Benefits
(Per employee, per spouse or domestic partner, and per all dependents)

| | In-Network Hospital | Non-Network Hospital |
|--|---|---|
| | No deductible or coinsurance | <ul style="list-style-type: none"> ● \$1500 annual coinsurance maximum per enrollee, per spouse/ domestic partner, and per all dependent children. ● Up to \$1,000 per enrollee, per spouse/ domestic partner, and per all dependent children reimbursed under Basic Medical. ● Maximum out-of-pocket \$500/year per enrollee, per spouse/ domestic partner, and per all dependent children. |
| Inpatient Services | Paid-in-full | Enrollee pays 10% of billed charges up to coinsurance maximum. Plan then pays 100%. |
| Outpatient Services | Applicable copay if any | Enrollee pays 10% of billed charges or \$75 copay, whichever is greater, up to coinsurance maximum. Then, enrollee pays network level co-pay, if any. |
| Emergency Services | Applicable copay; no copay if admitted directly from ER | Applicable copay; no copay if admitted directly from ER |
| Non-network co-insurance is waived if emergency services are required or if needed service is not available from a network hospital within 30 miles of residence or if you require service outside of the United States. | | |

| Hospital Charge at Non-Network Hospital | |
|---|---------------------------------------|
| \$0-\$500 | Paid by Enrollee |
| \$501-\$1500 (co-insurance maximum) | Paid in full by Basic Medical Carrier |
| \$1501+ | Paid in full by Hospital Carrier |

When you use a network hospital, the hospital submits a claim to the local Blue Cross plan and Blue Cross reimburses the hospital. Claims for services performed at a non-network hospital must be submitted to Empire Blue Cross Blue Shield (BCBS). If a non-network hospital will not bill Empire BCBS directly, the enrollee must submit an itemized bill to Empire BCBS. Once the bill is submitted to Empire BCBS, benefits will be determined and a check will be mailed to the enrollee. It is then the enrollee’s responsibility to reimburse the hospital.

Implementing the hospital network will result in a significant improvement to the benefit for inpatient anesthesiology, pathology and radiology services received at a network hospital. When the hospital network is implemented, an enrollee admitted to a network hospital as an inpatient will incur no out-of-pocket costs for these services regardless of the physician’s participation status. Currently, if the physician is non-par, benefits are subject to the annual deductible and paid at 80 percent up to the Reasonable and Customary (R&C) Charge. The enrollee must pay the difference between the physician’s billed charge and United HealthCare’s (UHC’s) payment, which can be substantial. There is no limit on the amount that non-par physicians can balance bill.

Network Hospitals

Currently, 100% of acute care/general hospitals in New York State are in the network. Approximately 92% of acute care/general hospitals nationwide are in the network. Services received at any hospital outside the United States will be reimbursed as if in the network.

To find out if a hospital is in the network, you can check the web site for Empire Blue Cross Blue Shield (www.empireblue.com). This site has a link on its home page called Search our Provider Networks, which enables users to check the status of any hospital. On the search page the Select Your Health Plan option should be set at PPO. (NOTE: search by city rather than by specific hospital name to increase the likelihood of a match with the database.) Members without Internet access can obtain this information by calling 1-877-7-NYSHIP or 1-877-769-7447. If members have any trouble accessing this site, call the PEF Joint Committee on Health Benefits at 1-800-342-4306, ext. 283.

If there are no network hospitals located near your home or the nearest network hospital doesn't provide the services you need, you may still qualify for network-level benefits. Services received at a non-network hospital will be reimbursed at the network level when the inpatient or outpatient treatment required is only offered by a non-network hospital, or in geographic areas where reasonable access to a network hospital does not exist. "Reasonable access" is defined as 30 miles. PEF does not believe this standard is appropriate for urban and suburban areas, and we will discuss this issue further with the State prior to implementation.

Most skilled nursing facilities and hospice programs will be in the network. You can check a program's status at <http://empirel.pponet.com/GenericForm.aspx?Template=Template1>, by selecting the following options:

Select Your Health Plan: PPO

Select Type of Provider: Ancillary/Other Health Providers

Select Specialty: Choose the service you're seeking

Members without Internet access can obtain this information by calling 1-877-7-NYSHIP or 1-877-769-7447. Be sure to verify that services are covered by calling Empire BCBS (1-877-7-NYSHIP or 1-877-769-7447).

For more information, check the PEF Website for answers to Frequently Asked Questions about the Empire Plan Hospital Network.

Empire Plan Prescription Drug Program

The proposed prescription drug program will have three benefit levels: generic, preferred brand name and non-preferred brand name, instead of two benefit levels for generic and brand name drugs. Generic drugs will have the lowest co-pays. Brand name drugs will be placed in the preferred or non-preferred category depending on their clinical effectiveness, whether or not a generic equivalent is available, safety and cost.

All prescription drugs that are currently covered will be included in the proposed drug program. The only change is that you may have to pay a higher co-pay for certain drugs.

The table below shows each benefit level and the applicable co-pays for pharmacy or mail order, based on the quantity of drug dispensed.

| <i>Drug Category</i> | <i>30 Days Supply Pharmacy or Mail Order</i> | <i>31-90 Days Supply Mail Order</i> | <i>31-90 Days Supply Pharmacy</i> |
|----------------------|--|-------------------------------------|-----------------------------------|
| Generic | \$5 | \$5 | \$10 |
| Preferred | \$15 | \$20 | \$30 |
| Non-preferred | \$30 | \$55 | \$60 |

A summary of the preferred drug list will be distributed to participating providers and enrollees, and is currently posted on the PEF Website at www.pef.org. ***This summary is not a comprehensive list. If a drug does not appear on the list, members should call Express Scripts at 1-800-964-1888 and their staff will look up a drug by name and dosage. An online search function that enables members to look up specific drugs 24 hours/7 days a week is being developed.***

New drugs recently approved by the FDA are added on a quarterly basis. Other than when a generic equivalent becomes available, brand name drugs that change from the preferred to non-preferred category are removed from the preferred drug list on January 1st of each year. When a generic equivalent for a brand name drug becomes available, the brand name drug is immediately moved to the non-preferred category.

Brand name drugs with no generic equivalents, used to treat HIV/AIDS, cancer and anti-rejection drugs following an organ transplant are always placed on the preferred list.

Currently, the Empire Plan has a mandatory generic substitution requirement, which requires the enrollee to pay the difference in cost between the brand name and generic drug, in addition to the co-pay. That requirement will continue. If your doctor feels it is medically necessary for you to have a brand name drug (that has a generic equivalent), you can appeal the Mandatory Generic Substitution requirement. If your appeal is granted, you can fill your prescription for the brand name drug at a retail or the mail order pharmacy. Since brand name drugs with a generic equivalent are not included on the preferred drug list, you will be responsible for the non-preferred drug co-payment amount.

Express Scripts, the current prescription drug manager, will continue to manage the drug plan.

The Express Scripts National Pharmacy and Therapeutics (P&T) Committee, composed of non-employee physician members from a broad range of medical specialties, determines whether a drug should be included on the preferred drug list. When deciding which drugs to approve, P&T committee members consider studies of each drug's effectiveness, safety, market share and cost, compared with other drugs in the same category.

You may still get up to a 90-day supply at your local retail pharmacy, or you may get up to a 90-day supply through the mail order pharmacy. See the chart above for proposed co-pays at these locations.

Please see Prescription Drug FAQ at www.pef.org for additional information.

2003-2007 PEF (PS&T Unit Agreement) – Gains and Tradeoffs

| Article | Gains | Tradeoffs |
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| Article 7 - Compensation | <ul style="list-style-type: none"> ● \$800 lump sum bonus on ratification ● 2.5% increase on base salary - April 2004 ● 2.75% increase on base salary - April 2005 ● 3% increase on base salary - April 2006 ● \$800 increase on base salary - April 1, 2007 | |
| Article 7 – Schedule Parity | <ul style="list-style-type: none"> ● New merit advance step for Salary Grades 1-18 effective 4/1/07. This will be a new step above existing job rates and will not impact eligibility for longevity awards. The size of the merit advance step will be the amount necessary to achieve parity with CSEA salary grades 1-18. Separate objective performance review (with appeal) required for merit step | |
| Article 7 – Longevity Awards | <ul style="list-style-type: none"> ● An employee’s base pay following promotion will include the value of any performance award (longevity) received in the preceding 12 months ● Awards due but unpaid in April 2004 to be paid as soon as practicable following ratification | |
| Article 7 – Downstate Adjustment/ Mid-Hudson Adjustment COLA Committee | <ul style="list-style-type: none"> ● Downstate Adjustment increases by across the boards: 4/1/04 - \$1, 230; 4/1/05 - \$1,264; 4/1/06 - \$1,302 ● New Mid-Hudson Adjustment for Dutchess, Putnam and Orange: 4/1/04 - \$615; 4/1/05 - \$632; 4/1/06 - \$651 ● Cost of Living Adjustment Study will examine issues related to employment in locations where cost of living exceeds national average (to be completed by 4/1/07) | |
| Article 7 – Hazardous Duty Pay | <ul style="list-style-type: none"> ● Hazardous Duty Pay increases from \$0.50 to \$0.60 per hour 4/1/04 | |
| Article 7 – Inconvenience Pay | <ul style="list-style-type: none"> ● Inconvenience Pay increased from \$500 to \$550 per year 4/1/04 | |
| Article 7 – Holiday Comp Time | <ul style="list-style-type: none"> ● Holiday compensatory time will accrue at time and one half for work on Thanksgiving and Christmas | |
| Article 7 - Side Letter Special Assignment to Duty Pay Pilot | <ul style="list-style-type: none"> ● Employees required to work on highway Rights-of-Way (ROW) 50% or more of time will receive \$500 lump sum in 3/06 and in 3/07 for work in prior calendar year ● Primarily applies to DOT but employees in other agencies who meet eligibility criteria also qualify ● ROW assignments include: maintenance; new construction; bridge, construction, truck and culvert inspection; traffic monitoring; pavement and soil testing; and, survey operations ● Qualified employees notified within 45 days | |

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| | <p>after end of calendar year; employees deemed not qualified may appeal; management has 45 days to reach final decision</p> <ul style="list-style-type: none"> • Program ends 4/1/07 unless extended by the parties • Labor/management committee will study other PS&T Unit work that may be special assignments to duty | |
| Article 8 - Side Letter Pre-tax Transportation Benefit Pilot Program | <ul style="list-style-type: none"> • Pilot program to provide pre-tax transit pass benefits expanded to include all interested PS&T Unit employees working in NYC <p>The State will also discuss expanding the pilot to other transportation benefits and other geographic areas of the State</p> | |
| Article 8 - Side Letter State Travel Card | <ul style="list-style-type: none"> • Deletes provisions requiring employee credit checks and employees' initial responsibility for card charges | |
| Article 9 - Health Benefits Empire Plan (EP) Inpatient Hospital | | <ul style="list-style-type: none"> • Inpatient hospital days covered only when deemed medically necessary (1/1/05) |
| Article 9 - Health Benefits EP Emergency Room Co-pay | | <ul style="list-style-type: none"> • ER co-pay increases from \$35 to \$50 (1/1/05) and from \$50 to \$60 (1/1/07) |
| Article 9 - Health Benefits EP Outpatient Hospital Services | <ul style="list-style-type: none"> • Hospital extension clinic charges fully covered (less any applicable hospital co-pay) (1/1/05) | <ul style="list-style-type: none"> • Hospital outpatient co-pay increases from \$25 to \$35 (1/1/05) |
| Article 9 - Health Benefits EP Hospital Network | <p>NOTE: The hospital network is presented as both a gain and a trade-off since there are benefit enhancements included with the implementation of the network. The hospital network currently includes all NYS acute care hospitals (1/1/05):</p> <ul style="list-style-type: none"> • Network Inpatient Benefits: <ul style="list-style-type: none"> (a) Inpatient radiology, anesthesiology and pathology services performed by non-par physicians at network hospitals are paid-in-full services effective 1/1/05. These non-par services will no longer be subject to annual deductible, 20% coinsurance and amounts exceeding Reasonable and Customary charges. • Non-Network Co-insurance: Maximum Annual out-of-pocket \$500 per enrollee, per spouse/domestic partner, and per all dependent children <ul style="list-style-type: none"> (a) Non-network co-insurance waived if emergency services are required or if needed service is not available from a network hospital within 30 miles of residence • Non-Network Inpatient: Enrollee pays 10% of billed charges up to annual coinsurance maximum; Plan then pays 100% • Non-Network Outpatient: Enrollee pays 10% of billed charges or \$75 co-pay, whichever is greater, up to annual coinsurance maximum; then, subject to network level co-pays | |
| Article 9 – Health Benefits EP Centers of Excellence | <ul style="list-style-type: none"> • Cancer care services provided at Centers of Excellence paid-in-full (as soon as practicable) • Centers of Excellence for Infertility lifetime maximum increasing from \$25,000 to \$50,000 (1/1/05) | |
| Article 9 – Health Benefits Office Visit Co-Pays | | <ul style="list-style-type: none"> • Co-pays for office visits, out-patient surgical, radiology, and diagnostic/lab services increase from \$12 to \$15 (1/1/05) and from \$15 to \$18 (1/1/07) |

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| Article 9 – Health Benefits EP Hearing Aids | <ul style="list-style-type: none"> Hearing aid allowance increasing from \$1,200 for both ears to \$1,200 <i>per ear</i> (1/1/05) and from \$1,200 to \$1,500 <i>per ear</i> (1/1/06) | |
| Article 9 - Health Benefits EP Prostheses | <ul style="list-style-type: none"> Prostheses or orthotics obtained from a network provider will be paid-in-full (as soon as practicable) | |
| Article 9 - Health Benefits EP Mastectomy Prostheses | <ul style="list-style-type: none"> One single/double external mastectomy prosthesis per year covered in full. Pre-certification required for a single prosthesis costing \$1,000 or more (1/1/05) | |
| Article 9 - Health Benefits EP Disease Management Programs | <ul style="list-style-type: none"> At least two new programs to be considered for addition as soon as practicable | |
| Article 9 - Health Benefits EP MultiPlan Discount Network | <ul style="list-style-type: none"> Basic Medical Provider Discount Program pilot expands nationwide access to a network that provides an alternative “between” par and non-par services. When using the services of the 400,000+ providers in the Multiplan Discount Network, enrollee pays 20% of discounted rate directly to provider (after Basic Medical deductible satisfied). Provider can’t balance bill. Pilot ends on 12/31/06 unless extended by agreement. (1/1/05) | |
| Article 9 – Health Benefits Joint Committee | <ul style="list-style-type: none"> The Joint Committee on Health Benefits will: <ul style="list-style-type: none"> <input type="checkbox"/> Conduct an extensive study of the NYSHIP prescription drug benefit design and costs <input type="checkbox"/> Develop an enhanced network of urgent care facilities <input type="checkbox"/> Participate in ongoing review of the Empire Plan hospital network <input type="checkbox"/> Funding increased to \$350,000 annually | |
| Article 9 – Health Benefits EP Mental Health Services | | <ul style="list-style-type: none"> Network co-pay for outpatient mental health increases from \$15 to \$18 (1/1/07) |
| Article 9 – Health Benefits Prescription Drugs | | <ul style="list-style-type: none"> Effective 1/1/05 Empire Plan Rx drug coverage will include 3 benefit levels: generic, preferred brand name and non-preferred brand name. Co-pays: <ul style="list-style-type: none"> <input type="checkbox"/> Up to 30 days supply, pharmacy or mail order: \$5 generic/\$15 preferred/\$30 non-preferred <input type="checkbox"/> 31-90 days supply, mail order: \$5 generic/\$20 preferred/\$55 non-preferred <input type="checkbox"/> 31-90 days supply, pharmacy: \$10 generic/\$30 preferred/\$60 non-preferred |
| Article 9 – Health Benefits Dental | <ul style="list-style-type: none"> Annual dental benefit maximum will increase from \$1,800 to \$2,300 per person (1/1/06) Out-of-network differential for non-participating dental services eliminated (1/1/06) | |

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| Article 9 – Vision Benefits | <ul style="list-style-type: none"> • Develop and implement an employee-pay-all discount program for Laser Vision Correction | |
| Article 9 - Health Benefits Health Care Spending Account | <ul style="list-style-type: none"> • Medical Flexible Spending Account will cover over-the-counter drugs (as soon as practicable) • Develop and implement a debit card for the Medical Flexible Spending Account | |
| Article 9 - Health Benefits Domestic Partner Coverage | <ul style="list-style-type: none"> • Domestic Partnership residency and financial interdependency requirement reduced to 6 months. New partner waiting period reduced to 1 year (1/1/05) | |
| Article 9 - Employee Benefit Fund Side Letter | <ul style="list-style-type: none"> • PEF will explore reestablishing an Employee Benefit Fund for Dental and Vision benefits. If beneficial, PEF’s assuming responsibility for these benefits will be brought to Joint Committee on Health Benefits for determination | |
| Article 10 – Employee Assistance Program | <ul style="list-style-type: none"> • Funding increased by 5% to \$350,557 each year of the agreement • Joint labor/management advisory body will oversee the EAP Program and the Family Benefits Program to coordinate provision of benefits by these programs | |
| Article 12 - Attendance and Leave Leave Conversion | <ul style="list-style-type: none"> • Employees who experience a change in workweek between 37-1/2 and 40 hours will have floating holiday credit adjusted to reflect the change in work week | |
| Article 12 - Attendance and Leave Sick Leave Accumulation | <ul style="list-style-type: none"> • Agreement that all PS&T Unit employees covered by Attendance Rules accrue sick leave at the 13 day rate incorporated in contract language | |
| Article 12 - Attendance and Leave Sick Leave/Retirement Service Credit | <ul style="list-style-type: none"> • Effective 4/2/03, up to 200 days of sick leave may be used for retirement service credit and retiree health insurance (previously only 165 days could be used for retirement service credit) | |
| Article 12 – Attendance and Leave Sick Leave at 1/2 Pay | <ul style="list-style-type: none"> • All sick leave at half pay mandatory for all PS&T Unit employees with one year of cumulative service. No waiting period unless an employee was disciplined for leave abuse in prior year (if disciplined, employee may have 10 day waiting period) | |
| Article 12 – Attendance and Leave Maternity and Child Rearing Leave | <ul style="list-style-type: none"> • Seven month mandatory child care leave after birth or adoption can be deferred or suspended during a single period of child’s hospitalization for up to five months | |
| Article 12 - Productivity Enhancement Program Pilot | <ul style="list-style-type: none"> • Eligible full time employees may exchange 3 days of accrued vacation and/or personal leave for a \$400 credit to offset employee’s share of health insurance premiums • Employees must: be in a title below SG-18 or equated to a position below SG-18; have combined leave balance of 8 days after | |

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| | <ul style="list-style-type: none"> exchanging 3 days; and be a NYSHIP contract holder/enrollee ● Institution teachers may exchange 1, 2 or 3 days of personal leave for credit of \$133.33/day and are not subject to minimum leave requirement ● Part-time employees may participate on prorated basis ● Program available in 2005, 2006 and 2007 | |
| Article 12 - Leave Donation Appendix | <ul style="list-style-type: none"> ● Employees may now donate vacation time across agency lines (effective upon ratification, until 4/1/07, unless extended by agreement) | |
| Article 12.17 – Maintenance of Time Records | <ul style="list-style-type: none"> ● No Change | |
| Article 12 – Leave Adjustment for Part-Time Employees | <ul style="list-style-type: none"> ● Part-time annual salaried employees who have Attendance Rules coverage (eligible to earn leave accruals) will earn additional vacation, sick and personal leave accruals based on additional hours worked in excess of their payroll percentage beginning in October 2004. This pilot program will continue through March 2007 unless extended by the parties | |
| Article 14 - Professional Development and Quality of Work Life Coordinating Committee | <ul style="list-style-type: none"> ● Funding increased by 5% to \$603,750 in each year of the agreement ● The new Article 44 Nursing and Institutional Issues Committee-may get funding from this committee | |
| Article 15 - Professional Development Com. | <ul style="list-style-type: none"> ● Funding increased by 5% to \$4,460,940 in each year of the agreement | |
| Article 26 - Institution Teachers | <ul style="list-style-type: none"> ● Institution teachers will accrue 4 days of personal leave beginning with the 2004-05 school year | |
| Article 31 - Standby On Call Rosters | <ul style="list-style-type: none"> ● Employees receiving standby/on call pay will keep stand by pay, in addition to recall pay, when recalled to work | |
| Article 34 - Grievance and Arbitration Procedure | <ul style="list-style-type: none"> ● Grievances may be amended prior to filing to Step 3, with remand to Step 2 to allow agency response (resolves dispute re: ability to amend before Step 4) | |
| Article 34 - Triage and Expedited Arbitration Pilot | <ul style="list-style-type: none"> ● A triage and expedited arbitration process will be reestablished on a pilot basis to provide a more expeditious process for reviewing and deciding grievances on a non-precedent setting basis than is provided by the traditional arbitration process ● Pilot program will continue for 2 years after appointment of the select arbitrator or until 4/1/07 which ever is earlier unless renewed by parties' agreement | |
| Article 42 – Family Benefits Committee | <ul style="list-style-type: none"> ● Funding increased by 5% to \$1,041,390 in each year of the agreement ● Employer contributions to DCAAccounts | |

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| | <p>will resume beginning in the second year of the agreement at the following levels:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Up to \$35,000 \$600 <input type="checkbox"/> \$35,001 - \$45,000 \$500 <input type="checkbox"/> \$45,001 - \$55,000 \$400 <input type="checkbox"/> \$55,001 - \$65,000 \$300 <input type="checkbox"/> Over \$65,000 \$200 <ul style="list-style-type: none"> • Joint labor/management advisory body to oversee the EAP Program and Family Benefits Program to coordinate provision of benefits by these programs | |
| Article 44 – Joint Committee on Nursing and Institutional Issues | <ul style="list-style-type: none"> • Nursing and Institutional Issues Joint Committee created to study and make recommendations regarding issues facing nurses and other professionals in institutional settings | |
| Article 49 – Duration | <ul style="list-style-type: none"> • April 2, 2003 – April 1, 2007 | |
| Seasonal Employees Appendix | <ul style="list-style-type: none"> • Seasonals entitled to observe the first 3 (increased from 2) holidays in seasonal employment if regularly working full time hours and at least 25 days during the season • Seasonalemployees who return without a break in service of more than six months are eligible to observe all holidays during seasonal employment if regularly working full time hours and at least 25 days during the current season and who worked a similar schedule in the prior season | |
| Long term Seasonal Employees Side letter | <ul style="list-style-type: none"> • Long term seasonals (2 consecutive years of service, at least 1500 hours each year) in Parks and Recreation and En Con will receive salary protection when appointed to an annual salaried position or another seasonal position • Long term seasonals (at least 1500 hours in pay status in each of prior five years) in Parks and Recreation and En Con will receive a \$500 lump sum payment April 2004, April 2005, and April 2006 | |
| Joint Committee on Seasonal Employees Side letter | <ul style="list-style-type: none"> • A Joint Committee on Seasonals will be established to study and make recommendations regarding seasonal appointments and related employment issues | |
| Roswell Park Cancer Institute Appendix | <ul style="list-style-type: none"> • Existing shift differentials for nurses expanded to additional nursing titles and increased by \$0.25 to \$1.75/hour for evenings and \$2.00/hour for nights • New weekend differentials for nursing titles of \$1.50/hour for days; \$1.25/hour (plus evening differential) for weekend evenings; and, \$1.75/hour (plus night differential) for weekend nights | |

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| | <ul style="list-style-type: none"> ● Facility directors may receive supplemental and bonus compensation ● Unsatisfactory performance evaluations will be appealed to RPCI specific appeals committee (management designee, PEF designee, and jointly selected neutral) ● RPCI specific panel of arbitrators (jointly selected) will hear disciplinary arbitrations at RPCI | |
| <p>NYS Schools for the Deaf and Blind</p> | <ul style="list-style-type: none"> ● A new salary lane for attaining a Master's Degree will be added to the Instructors' Salary Schedule at the existing Bachelors + 60 level on 4/1/04 ● A new salary schedule for Special Education Assistants (SEA's) effective 3/31/05 will reduce by one the number of steps to job rate and add a second salary lane for 2 years of relevant education ● A second performance advance date will be established for Habilitation Program Assistants (HPA's) so a newly appointed or promoted HPA will wait no longer than 18 months for their first performance advance. ● Instructors Assistants (IA's) will get salary protection at conversion rate when transferring into or rehired off preferred lists into SEA's positions ● SEA's, HPA's and IA's will have a 2 year probation period (reduced from 3) with no probation period for IA's who transfer into SEA positions ● SEA, HPA and IA seniority shall be defined as the length of continuous state service in the unclassified service ● Layoff rights for IA's will include the right to transfer into vacant SEA positions prior to layoff and preferred list rights to SEA positions ● Unclassified service employees with a full time annual salary that does not exceed the job rate of a SG-17 may exchange 1, 2 or 3 days of personal leave for credit of \$133.33/day to offset the employee's bi-weekly share of health insurance premiums | <ul style="list-style-type: none"> ● Instructors at the School for the Deaf will have a 7 hour work day (increased from 6 hours and 40 minutes) equivalent to the existing 7 hour work day at the School for the Blind |