



New DP3 Healthcare Option

August 18, 2009

Our Mission Statement

To work to preserve the earned pensions, health insurance and other benefits paid by Delta Air Lines to retired Delta pilots, their dependents and survivors.

DP3 is acutely aware that many members have suffered a loss of medical benefits as a result of the bankruptcy of Delta Air Lines. The post bankruptcy health care benefits we were left with were determined by Delta and the Pilot 1114 Committee - not by DP3.

Unfortunately the 1114 Committee was not able to protect many of our members, notably those who were under age 60 on January 1, 2007. Due to the age restriction imposed by Delta to qualify for the bankruptcy COBRA, many retired pilots were not eligible for the COBRA option, which was the only Delta sponsored plan eligible for the Health Coverage Tax Credit (HCTC).

Over the past several months I have asked Delta several times to reconsider the decision that prevents retired pilots and their spouses from joining the COBRA eligibility list once they pass their sixtieth birthday. These efforts have been futile, but I recently discussed this issue with an attorney who is familiar with the American Recovery and Reinvestment Act of 2009 (ARRA). The ARRA not only increased the HCTC contribution from 65% to 80% until the end of 2010, but also provided an accelerated methodology for the creation of a Voluntary Employee Benefit Association (VEBA) that can offer HCTC eligible healthcare insurance to its members.

This initial discussion led to further discussions with the attorney and an independent insurance broker who has worked with the attorney's firm to establish other VEBAs eligible for the HCTC. Follow on discussions with the entire DP3 board have led to an agreement with the attorney to petition Delta and the Bankruptcy Court to allow us to establish a VEBA, while the insurance broker will shop around for nationwide insurance providers who will offer medical and dental insurance with benefits similar or greater than those currently offered by Delta, at a reduced cost to our members.

The health coverage would offer the following to retirees:

1. **For the under age 65 group:** Group coverage, comparable to the Delta Pilot Medical Plan, eligible for the HCTC. (This plan should prevent the excessive premiums of previous state sponsored, HCTC eligible, options.)
2. **For the over age 65 group:** Offer a plan with similar benefits as the current programs offered to Delta retirees for their "Over 65" coverage based on their needs and desires. The intent would be to propose a medical benefit insurance plan to operate in conjunction with Medicare, based on a high and low option benefit structure.
3. **Request "Delta Affiliated" status** from Delta in order to qualify for the subsidy provided for retirees over age 65.

In order to conserve DP3's financial resources we have negotiated an agreement

whereby the attorney will provide his services on a contingency fee basis. (He will only be paid if he is successful in establishing the VEBA.) In addition, if the VEBA is established the insurance broker will pay all attorney fees out of their normal broker commissions as long as the VEBA chooses an insurance package offered by the broker.

The next step is to petition the Bankruptcy Court for the establishment of a VEBA. We hope to have the plans available for the 2010 open enrollment period. The Trustees of DP3 all agreed that this effort may be of great benefit to a significant number of retirees. Please follow our website for updates.