



In attendance:

For the City:

Mr. Jon Dileo	Attorney
Ms. Nora Hurley	Law Director
Ms. Jennifer Pae	Finance Director(witness)
Ms. Jean Yousefi	Director, H R (witness)

For the Union:

Mr. Thomas Hanculak	Attorney
Mr. James Astorino	Pres. NOFF (witness)
Mr. Steve Colbert	Local 382, Firefighter
Mr. David Dargay	Pres. IAFF, Local 382(witness)
Mr. James Heffner	Local 382, Firefighter
Mr. Matt Pierce	Local 382, Firefighter
Mr. Don Ries	NOFF, Staff Representative
Ms. Mary Shultz-CPA	Sargent & Ass0c. (witness)
Mr. Milan Tanasijevic	Sec./Tres. Local 382(witness)

## **BACKGROUND:**

The City of Lakewood, hereinafter known as the Employer/City, provides municipal and safety services to their approximately 56,000 citizens. The International Association of Fire Fighters, Local 382, hereinafter known as the IAFF/Union, represents a Firefighter unit of approximately 77 employees. The bargaining unit is composed of all classified employees in the Division of Fire, excluding the Chief of Fire and the Executive Assistant Chief(unfilled position).

The parties bargained for a period of five months on a successor contract to the Agreement, which expired on 12/31/2009. They were unable to resolve all the open issues, and a petition for Fact Finding was filed with SERB. A Fact Finding Hearing was conducted on May 13, 2010. The parties either settled or withdrew all unresolved issues prior to Fact Finding, except for Wages, Bonuses, Insurance and Vacation accrual and credit.

A Fact Finding Report was issued on June 13, 2010, with the City voting to accept and the IAFF rejecting the recommendations. This Conciliator was appointed by SERB on July 7, 2010. After some scheduling conflicts were resolved, a mutually agreed to Hearing date of October 5, 2010 was scheduled.

In determination of the Conciliation Award and in Compliance with Ohio Revised Code 4117.14(G)(7), and related rules and regulations of SERB, the following were taken into consideration in making this Award:

- (a) Past collectively bargained agreements, if any, between the parties;
- (b) Comparison of the issues submitted to final offer settlement relative to the employees in the bargaining unit involved with those issues related to other public and private employees doing comparable work, giving consideration to factors peculiar to the area and classification involved;
- (c) The interest and welfare of the public, the ability of the public employer to finance and administer the issues proposed, and the effect of the adjustments on the normal standard of public service;

- (d) The lawful authority of the public employer;
- (e) The stipulations of the parties;
- (f) such other factors, not confined to those listed in this section, which are normally or traditionally taken into consideration in the determination of the issues submitted to final offer settlement through voluntary collective bargaining, mediation, fact-finding, or other impasse resolution procedures in the public service or in private employment.

**THE HEARING:**

At the outset of the Hearing, the conciliator, having reviewed the parties' pre-submittals, offered them the opportunity to mediate(4117.14(G)(1). The parties pre-submittals showed wages, vacation credit and prescription drug co-pays being resolved, with both parties adopting the Fact Finder's recommendations. After a short while, it was determined that mediation would be unsuccessful, and the Evidentiary Hearing was convened at 10:00am.

According to the parties' pre-submittals, and their concurrence, the following issues remained unresolved, and were addressed during the Evidentiary Hearing:

**ARTICLE 3 WAGES AND HOURS**

Section 3.05 HazMat stipend

**ARTICLE 14 VACATIONS**

Section 14.01 Personnel (Vacation accrual)

**ARTICLE 16 MEDICAL COVERAGE AND INSURANCE**

Section 16.02 Plan design

Section 16.03 100% Plan optional elimination

New Section 16--Health Care Committee

The conciliator will address the issues in this Report in order of their Agreement location, and where appropriate, the Agreement language will be included.

### **ARTICLE 3 WAGES AND HOURS**

Section 3.05 Effective January 1, 2006, the City will provide a stipend of \$500 to all member for HazMat Operations certification. The stipend will be paid by separate check on the first pay day following May 15th.

Employer Position: Delete

The City argues that this 2006 contract addition put a Fire Fighter above a Patrol Officer. The training is done at the Fire Fighter Academy, and any added training is done by the City. Of twenty area Public Sector Districts, only Lakewood and Fairview Heights have such a bonus(EE-14).

Union Position: Current language

They argue that this provision was added in 2006 to keep parity with Patrol Officers (FE-4). Their proposal has been modified to current language in accordance with the Fact Finder's recommendation. It is also the same stipend provided in the Lakewood Paramedic's Contract(LPA). These Paramedics work side by side with the Fire Fighter Paramedics.

**AWARD:**

According to testimony and submitted evidence, the LPAs' work with Fire Fighters on medical calls, and receive an identical stipend. The claims and testimony that this stipend does or does not make or keep parity with the FOP, is convoluted, in the conciliator's opinion. Furthermore, there was no evidence submitted showing similar stipend bonuses, having been or being, surrendered by the LPAs' or the FOP.

The Union Position is awarded, current language.

### **ARTICLE 14 VACATIONS**

Section 14.01 (Vacation Accrual)

Union Position: Change Vacation accrual provision to read as follows:

Years of Service	Tours
1 through 6	5
7 " 12	7.5
13 " 18	10
19 +	12.5

The Union accepted the Fact Finder's recommendation on accrual and withdrew their proposal to increase the credited time. They also point out that this accrual change, makes their accumulation time requirements equal to all others.

Employer Position: Current language

The City points out that the only other 24 hour employees(LPAs') have the same accrual schedule. The difference in the accrual rate resides with their unique schedule. There was a reason for the difference in the accrual rates, claims the City.

AWARD:

No evidence or rationale was submitted to substantiate the difference in accrual rates. In fact, Fire Fighters are on duty more scheduled hours per week and per year, than others. Plus, newly hired Fire Fighters are to be Paramedic certified. Thus, the only other bargaining unit(9 to 12 members-LPA) with the same accrual rate will eventually phase out, according to testimony. Therefore, all City employees will be on the same accrual rate. Evidence was not submitted showing this to be a substantive cost issue, and this change was part of the Fact Finder's recommendation accepted by the City.

Change Section 14.01(A) Personnel, to read as follows:

Members who have completed one (1) or more years of service as of June 1st shall earn vacation time according to the following schedule:

Years of Service	Vacation Tours
1 through 6	5
7 through 12	7.5
13 through 18	10
19 +	12.5

**ARTICLE 16 MEDICAL COVERAGE AND INSURANCE**

Section 16.02: Plan design and Employee Premium Contributions

Section 16.03: Potential Change of Plan from 100% to 90/10 Plan

Section 16.05 Prescription drug coverage: agreed to by the parties with  
Co-pays of 10/20/35

Section 16.06(New): Health Care Committee

Employer Position: Change the following provisions to read as follows:

16.02 Effective July 1, 2010, for employees electing coverage under the 90/10 Plan, monthly employee premium contributions shall be ten percent (10%) for family coverage and thirteen percent (13%) for single coverage, based on COBRA rates (medical and prescription drug), with a cap of \$125.00 per month for family and \$75.00 per month for single. The City shall pay the remaining cost of the plan premium or expected costs of such medical and prescription drug plan. The member contribution shall be withheld via payroll deduction not later than the first pay period of each month.

16.03 Effective July 1, 2010, the City retains the right to eliminate the 100% Plan and/or set the premium contributions if it chooses to offer such a plan.

Union Position: Change the following provisions to read as follows:

16.02 Full time members electing either an individual or family plan shall pay toward the monthly premium on a pre tax basis via payroll deduction as follows:

	Individual Plan	Family Plan
100% Plan	Current \$61.00 Maximum \$70.00	Current \$145.00 Maximum \$160.00

Current contribution based on 12% of COBRA rates adjusted annually

90% Plan	Current \$47.00 Maximum \$55.00	Current \$110.00 Maximum \$120.00
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Current contribution based on 10% of COBRA rates adjusted annually

The City shall pay the remaining cost of the plan premium or expected cost of such medical and prescription drug plan. The member contribution shall be withheld via payroll deduction.

16.03 Effective January 1, 2011, prescription drug coverage for all plans shall have co-pays as follows:

- A. \$10.00 for general drugs
- B. \$20.00 for name brand drugs
- C. \$35.00 for name brand drugs when a generic drug is available

#### 16.04 Health Care Committee

The parties agree that in an effort to reduce hospitalization/medical costs the Citywide Joint Medical/Hospitalization Insurance Committee with a representative from the IAFF (Local 382) will be established and convened at least two (2) times a year to review alternative insurance coverage plans and make recommendations to the Employer. As part of this process, the representatives shall have access to all non-confidential information. The Employer shall have a level one (1) employee as a representative on the committee and the Employer will require the City insurance representative to actively participate with the committee.

#### AWARD:

The parties have agreed through their pre-submittals on the prescription drug provisions regarding co-pays, to become effective January 1, 2011(Attachment A). Furthermore, Hearing testimony also indicated concurrence on the establishment of a Health Care Committee. The following language per the Union Position, is to be added to ARTICLE 16:

"The parties agree that in an effort to reduce hospitalization/medical costs the Citywide Joint Medical/Hospitalization Insurance Committee with a representative from the IAFF (Local 382) will be established and



convened at least two (2) times a year to review alternative insurance coverage and plans and make recommendations to the Employer. As part of this process, the representatives shall have access to all non-confidential information. The Employer shall have a level one (1) employee as a representative on the committee and the Employer will require the City insurance representative to actively participate with the committee."

Extensive Hearing evidence and testimony was introduced by the parties regarding the 100% and 90/10% health Care Plans. They addressed whether there is a need and/or justification to switch from the current 100% Plan to a 90/10% Plan.

Evidence is clear that this City, along with many other public entities, are and have, experienced an unprecedented economic crisis. General Fund revenues since 2006 through estimated 2010 have declined over three million dollars(EE-1). Also, according to Employer Exhibit 8, as of 8/31/10 versus the same period 2009, General Fund receipts are down over one million dollars. An independent State audit was conducted in March 2008, substantiating the City's anticipated deficit for 2008(EE-3).

The City has addressed its declining revenue problems by reducing expenses, as exemplified by their Exhibits 5-6-and 7. Ultimately reducing ninety-two (92) full and part-time employees. Statistics show that 70 to 85% of public sector Employers' expenses are personnel. Employer testimony, depicted Lakewood's personnel costs at eighty percent (80%) of the General Fund. Thus, to gain any significant costs savings, personnel expenses have to be reduced. Other Lakewood employees, bargaining and non-bargaining unit, have made sacrifices during this budgeting crisis(EE-25). Although the Fire Fighters did not take wage freezes or benefit reductions in the expired CBA, they also contributed to the City's financial needs through reduced overtime and staffing levels(UE-3).

In my over forty years of experience with collective bargaining, the escalating costs of health care has impacted the bargaining table more than any other issue. It truly has been the "white elephant" in the middle of the table. Not only have benefits declined and employee/employer costs risen, but wage increases have been severely reduced by significantly increased medical costs.

The 100% Plan the Union is proposing to maintain is not found in many CBA's, today. In fact, one more of the three Union area comparable 100% Plans, has recently moved to a 90/10 Plan(Parma). SERB Statewide comparable data shows that sixty-five (65%), and climbing, of the collective bargaining units in Ohio have 90/10%, or less, co-insurance plans(UE-6 & EE-18). Furthermore, the three submitted local area 100% Plan comparables, all have co-pays, versus none for this bargaining unit(UE-6).

The Union argues that the Employer's 90/10 Plan exposes them to a maximum of \$5920/year, out of pocket expense. However, that would be a worst case scenario. Although, sad that a person would experience serious medical issues, it is certainly more affordable for a person with Fire Fighter wages, than many other fellow City employees.

The Director of Finance testified that good city finance practices show that a City should have a sixty day carryover in its Fund balance. This would equate to a carryover of 5.9 million dollars for Lakewood, which is far from the anticipated 1.4 million dollars for 2010(EE-1). A comfort zone that this City has not experienced since 2002. A reserve fund was started in 2008, to fund anticipated retirements (DROP Program) for 2010-11 & 12. This fund has grown to 1.1 million dollars, however, testimony showed that the majority would be needed. The Union Consultant questioned the need for the amount and process, but not the fact that there would soon be an increased number of safety forces retiring and collecting severance pay. Even with the questioned reserve fund, the carryover balance would only be approximately 2.5 million dollars(7%), not a comfortable level.

Near the close of the Hearing, the Director of Human Resources, stated that if the IAFF's position were adopted there was a potential increased estimated cost to the City, of approximately \$1,300,000. This prompted the parties to have a Hearing supplement submitted to the conciliator, titled "Cost Difference between the parties' Health Insurance Proposals". Due to computer glitches, the supplement was ultimately received on November 15, 2010. The supplement was to be accompanied by concurrences or non-concurrences. The non-concurrences resulted in significant disparity between the estimates.

The Union denies the City's assumption that there would be a need to make the Union's 100% Plan available to other bargaining units and employees. On the other hand, the City believes that there would be an inordinate amount of pressure brought on them, to do so. The IAFF's retention of their 100% plan, including increased contributions, would save the City \$83,292 per year, over the IAFF current contributions. The City, using citywide participation predominately in the IAFF 100% Plan, estimates a maximum increased cost to them of \$1,251,800. With these divergent assumptions, an accurate increased cost is elusive.

In the conciliator's opinion, to provide a health care program that limits out-of-pocket costs to deductibles of \$150/300, with no co-pays, will continue to escalate costs. Of the 167 Lakewood safety forces covered by Health Care, 163 are on the 100% Plan(EE-33). Even with the Union's proposed increased premium contributions a five percent City estimated increase to COBRA rates, is very conservative. Especially if the 100% Plan were to be expanded to all City employees. When it costs nothing to be treated by a doctor or hospital (no co-pay), a plan encourages over use. I know of no Health Care Plans, today, that don't have at least deductibles, plus co-pays.

Evidence and testimony from both parties, convince this conciliator that this Employer is in need of cost savings. Much has been done in a responsible way to generate savings. Unfortunately, personnel costs are the overwhelming expense categories of public entities. A 90/10% Plan is a very substantial Health Care benefit plan. Ten percent (10%) is not a big co-insurance payment when it is accompanied with out-of-pocket limits for catastrophic health care expenses.

The internal comparables are compelling. All the non-union and a large number of union employees are now on the City's 90/10 Plan. Furthermore, the balance of the City's Union employees have had three other neutrals review basically the same evidence, and they came to the same conclusion as this conciliator(EE-10,11,12). The City's position on the Plans is awarded, however, in compliance with ORC 4117.14(G)(11), the changes are to be effective January 1, 2011.(See Attachment B for Plan details) Change the following Sections in ARTICLE 16 to read as follows:

16.02 Effective January 1, 2011, for employees electing coverage under the 90/10 Plan, monthly employee premium contributions shall be ten percent (10%) for family coverage and thirteen percent (13%) for single coverage, based on COBRA rates (medical and prescription drug), with a cap of \$125.00 per month for family and \$75.00 per month for single. The City shall pay the remaining cost of the plan premium or expected costs of such medical and prescription drug plan. The member contribution shall be withheld via payroll deduction not later than the first pay period of each month.

16.03 Effective January 1, 2011, the City retains the right to eliminate the 100% Plan and/or set the premium contributions if it chooses to offer such a plan.

#### SUMMARY

The Conciliation awards contained herein were arrived at after giving consideration to the positions of and arguments of the parties, and the Criteria enumerated in ORC 4117.14(G)(7). In addition, I also incorporate by reference into this Report, the tentative agreements of the parties reached through negotiations or the Fact Finding Report, and the language of the expired Agreement which remains unchanged by the parties.

This concludes the Conciliation Report.

Respectfully submitted and issued at Columbus, Ohio, this 17th day of November 2010.



E. William Lewis  
Conciliator

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of this Conciliator's Report was served by regular U. S. Mail upon Jon Dileo Esq., for the City of Lakewood, 55 Public Square, 4th floor, Cleveland, Ohio 44113; and Thomas Hanculak, Esq., For the Union, 1360 SOM Center Road, Cleveland, Ohio 44124; and to J. Russell Keith, Assistant Executive Director, State Employment Relations Board, 65 East State Street, 12th floor, Columbus, Ohio 43215, this 17th day of November, 2010.

A handwritten signature in cursive script that reads "E. William Lewis".

E. William Lewis  
Conciliator



# ATTACHMENT B



**City of Lakewood**  
**SuperMed Plus**  
**LO Option - Plan B**  
 90% Network 70% non-network



Benefits	Network	Non-Network
Benefit Period	January 1 <sup>st</sup> through December 31 <sup>st</sup>	
Dependent Age Limit	23 Dependent / 23 Student Removal upon Birthdate	
Lifetime Maximum	\$2,000,000	
Benefit Period Deductible – Single/Family <sup>1</sup>	\$300 / \$600	\$300 / \$600
Coinsurance	90%	70%
Coinsurance Out-of-Pocket Maximum (Excluding Deductible) – Single/Family	\$2,000 / \$4,000	\$2,000 / \$4,000
<b>Physician/Office Services</b>		
Office Visit (Illness/Injury)	90% after deductible	70% after deductible
Urgent Care Facility Services	90% after deductible	70% after deductible
Voluntary Second Surgical Opinion	90% after deductible	70% after deductible
Immunizations (tetanus toxoid, rabies vaccine, and meningococcal polysaccharide vaccine are covered services)	90% after deductible	70% after deductible
<b>Preventative Services</b>		
Routine Physical Exam \$250 Maximum Benefit per Benefit Period	100%	Not Covered
Well Child Care Services including Exam and Immunizations (To age nine, limited to a \$500 maximum per benefit period)	90% after deductible	70% after deductible
Well Child Care Laboratory Tests (To age nine)	90% after deductible	70% after deductible
Routine Mammogram (One, limited to an \$85 maximum per benefit period)	90% after deductible	70% after deductible
Routine Pap Test (One per benefit period)	90% after deductible	70% after deductible
Routine EKG, Chest X-ray	90% after deductible	70% after deductible
<b>Outpatient Services</b>		
Surgical Services	90% after deductible	70% after deductible
Diagnostic Services	90% after deductible	70% after deductible
Physical Therapy - Facility and Professional	90% after deductible	70% after deductible
Chiropractic Therapy – Professional only	90% after deductible	70% after deductible
Occupational Therapy - Facility and Professional	90% after deductible	70% after deductible
Speech Therapy – Facility and Professional	90% after deductible	70% after deductible
Cardiac Rehabilitation	90% after deductible	70% after deductible
Emergency use of an Emergency Room	100% after deductible	
Non-Emergency use of an Emergency Room	90% after deductible	70% after deductible

Benefits	Network	Non-Network
<b>Inpatient Facility</b>		
Semi-Private Room and Board	90% after deductible	70% after deductible
Maternity	90% after deductible	70% after deductible
Skilled Nursing Facility	80% after deductible	80% after deductible
<b>Additional Services</b>		
Allergy Testing and Treatments	90% after deductible	70% after deductible
Ambulance	90% after deductible	70% after deductible
Durable Medical Equipment	80% after deductible	80% after deductible
Home Healthcare	90% after deductible	90% after deductible
Hospice	90% after deductible	90% after deductible
Organ Transplants	90% after deductible	70% after deductible
Private Duty Nursing	80% after deductible	80% after deductible
<b>Mental Health and Substance Abuse</b>		
Inpatient Mental Health and Substance Abuse Services	90% after deductible	70% after deductible
Outpatient Mental Health (limited to 15 visits per calendar year)	(Visits 1-5 90% after deductible) (Visits 6-15 80% after deductible)	(Visits 1-5 70% after deductible) (Visits 6-15 50% after deductible)
Outpatient Substance Abuse Services (limited to 15 visits per calendar year)	(Visits 1-5 90% after deductible) (Visits 6-15 90% after deductible)	(Visits 1-5 70% after deductible) (Visits 6-15 50% after deductible)

Note: Services requiring a copayment are not subject to the single/family deductible.

Deductible expenses incurred for services by a network provider will also apply to the non-network deductible. Deductible expenses incurred for services by a non-network provider will also apply to the network deductible.

Coinsurance expenses incurred for services by a network provider will also apply to the non-network coinsurance out-of-pocket limits. Coinsurance expenses incurred for services by a non-network provider will also apply to the network coinsurance out-of-pocket limits.

Benefits will be determined based on Medical Mutual's medical and administrative policies and procedures.

This document is only a partial listing of benefits. This is not a contract of insurance. No person other than an officer of Medical Mutual may agree, orally or in writing, to change the benefits listed here. The contract or certificate will contain the complete listing of covered services.

In certain instances, Medical Mutual's payment may not equal the percentage listed above. However, the covered person's coinsurance will always be based on the lesser of the provider's billed charges or Medical Mutual's negotiated rate with the provider.

<sup>1</sup>Maximum family deductible. Member deductible is the same as single deductible. 3 month deductible carryover





**City of Lakewood**  
**SuperMed Plus**  
**HI Option - Plan A**  
 100% Network 70% non-network



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Lifetime Maximum	\$2,000,000	
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Coinsurance	100%	70%
Coinsurance Out-of-Pocket Maximum (Excluding Deductible) – Single/Family	\$1,500 / \$3,000	\$1,500 / \$3,000
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