

ABenefits Xtra

Your Health & Benefits Awareness resource published by the Human Resources Department at ABX Air, Inc.

Volume 1 ~ Issue 1 ~ December 12, 2002

•Did you know?

ABX spent over \$480,000 for x-rays and lab work in September of 2002.

•Read about **Hospital Comparisons** on page 2.

•Want to quit **smoking?** Find out more on page 3.

•Have your **Questions answered** on page 4.

Welcome

Welcome to the first issue of *A Benefits Xtra*. *Xtra* is intended to help keep you informed of what is going on in the Benefits re-engineering process. A new issue of *Xtra* will be released with each paycheck throughout the whole process.

By reading articles included in *Xtra* you will be an educated, informed, and involved employee.

Questions or comments on the content or the re-engineering process should be sent to abx.benefits@airborne.com. You also may send your written comments to *A Benefits Xtra*, ILN-9C, 2061-B.

Your participation in the process is important. The Company is committed to providing its employees with a good benefits package that is cost-effective and competitive.

Sincerely,



Joe Hete President and COO, ABX Air

Benefits Re-engineering Process Begins

Soaring healthcare costs are causing employers everywhere to reduce benefits, raise employee costs, and increase co-payments and deductibles that employees must pay. The projected rates of increase over the next five years will cause the price of healthcare to double. "Employers simply cannot afford to continue to absorb these types of rate hikes; and, unfortunately, that means employees will have to pay a lot more for healthcare," according to Jack Bruner of Hewitt Associates, a Chicago-area consulting firm.

The approach among employers all across the country and at Airborne Express last year has been to share the cost increase with employees by charging them more for their coverage and adjusting the benefits levels. That approach makes sense if the problem is short-term, but there is no end in sight to the large increases in healthcare costs.

See Process Begins continued on page 2.

Introducing your ABX Benefits Advisory Team

The members of the recently formed ABX Employee Benefits Advisory Team will be working with the Benefits staff to develop the new benefits package. As the Benefits staff develops the plan, they will meet periodically with the Advisory Team to get their reactions to basic design issues and specific benefit details.

Administration:

Sarah Rose, Lisa Witkemper, and Ruth Wolary
Air Park Services:

Paul Bobay, Robert Eversman, and Richard Villars
Airborne Logistics Services:

Cindy Narcross and Larry Pendell

Flight:

Linda Mays, Larry Slaven, Mike Vollmer, and Kent Wingate

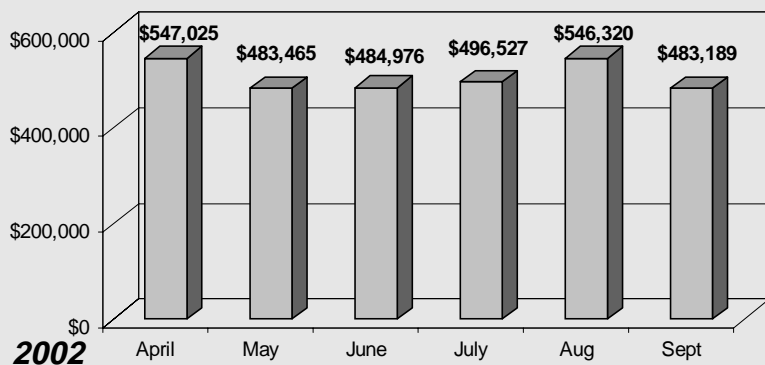
Ground:

Gary Barr, Candy Brown, and Moira McGraw

See Benefits Advisory Team continued on page 2.

ABX Health Care Snapshot

How much did ABX spend on x-rays and lab work each month?



2 Benefits Re-engineering Process Begins

(Continued from page 1)

Airborne has decided to take a different approach. Instead of continuing to chip away at the healthcare benefit year after year, until not much is left, we will be re-engineering our entire benefits package.

What are the advantages of this approach? It will spread the effect over the entire benefit budget instead of concentrating all of the cost pressure on healthcare. This should make it easier to preserve a health insurance benefit that meets our needs as employees. It will also provide a good opportunity to make changes to other benefits.

What changes will be made? At this point we don't know. One thing is certain: costs are going up, and this is an issue that must be addressed. To ensure that the changes are positive for employees, you will have several methods to give your input.

1. We will be surveying all employees about their benefits preferences.
2. We will have town-hall style meetings to share the survey results with you and allow for discussion about design and choices.
3. We are forming an Employee Benefits Advisory Team to consult with as we finalize the design. This group will consist of a cross-section of employees from across ABX.

Please participate in the re-design process. We want your input. Together we can design a benefits package that meets employee needs, allows us to attract the highest quality candidates for open positions, and is financially sustainable.

Which Hospital is Best for You?

That depends upon your condition. Hospitals' care can vary by condition. Some hospitals specialize in certain conditions. Other hospitals are better at other things. But until recently it was difficult to know which was the best for your medical condition. You had to rely on your doctor's advice or perhaps recommendations from friends, relatives, or co-workers.

Now you can get actual hard data. One of the many new features at www.myuhc.com is a Hospital Comparison Tool. This tool allows you to compare hospital quality using data compiled by the Leapfrog Group. The data focuses on these important criteria:

Patient Volume: The number of patients treated at the hospital for a given condition. Over 100 studies published in leading medical journals have shown that patients get better results at hospitals that perform a high volume of their type of surgeries or treat their conditions frequently.

Mortality Rate: The percentage of patients who die following a procedure or treatment of their conditions at a hospital. The lower the rate the better.

Problems or Unfavorable Outcomes: The percentage of patients who develop complications following procedures or treatment of their conditions at a hospital. The lower the rate the better.

Using these three factors, the

Here are some sample overall rankings for the best care for these conditions:

Stroke

- | | |
|-----------------|-------------------------------------|
| 1 st | Miami Valley Hospital |
| 2 nd | Grandview Hospital & Medical Center |
| 2 nd | Greene Memorial Hospital |
| 2 nd | Sycamore Medical Center |
| 5 th | Kettering Medical Center |
| 6 th | Clinton Memorial Hospital |
| 7 th | Middletown Regional Hospital |

Urinary Tract Infection

- | | |
|-----------------|-------------------------------------|
| 1 st | Miami Valley Hospital |
| 2 nd | Clinton Memorial Hospital |
| 2 nd | Middletown Regional Hospital |
| 4 th | Grandview Hospital & Medical Center |
| 4 th | Highland District Hospital |
| 6 th | Kettering Medical Center |
| 7 th | Sycamore Medical Center |

Source: www.myuhc.com

Your ABX Benefit Advisory Team

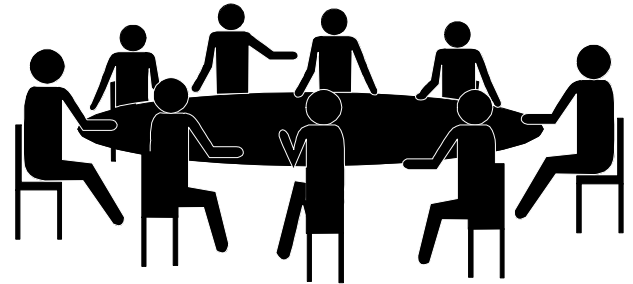
(Continued from page 1)

Maintenance & Engineering:

Christy Battig, Curt Brewer, Carl Deal, Vince Elliott, Larry Krasniewski, Walt McLarty, Richard Ratliff, William Weber, and Tom Wilson.

Feel free to discuss your suggestions with one of the Team members from your department.

As the Benefits Department conducts its study and re-design of the Company benefit plans, the Advisory Team will act as a sounding board to provide valuable input. Members representing all areas of the Company will meet periodically during the study and provide feedback from their respective departments. Please feel free to contact them with your questions and concerns. While they may not be able to provide you with an immediate answer, they will bring your concerns to the meetings for discussion and follow-up.



tool ranks the best hospitals in a given area for a given condition. The chart below illustrates the rankings for two common medical conditions requiring hospitalization. For simplicity, we've limited the hospitals to within 30 miles of Wilmington (which excludes Cincinnati hospitals).

This is just a sample of the information that is available on www.myuhc.com. Please keep in mind that the analysis is only for the conditions listed and should be used as just one of the multiple sources you consult in making a decision as to which hospital you go to for care. Always consult your treating physician about what decision is right for you. **Inclusion on this**

list does not mean the hospital participates in UnitedHealthcare's network. For the higher benefit level, always make sure you verify the hospital is part of the UnitedHealthcare network.

Who is Leapfrog?

The Leapfrog Group consists of over 120 public and private employers who provide healthcare benefits to over 33 million Americans in all 50 states.

Leapfrog's mission is to work with medical experts throughout the country to identify and propose solutions that will improve healthcare and reduce the risk of medical errors, complications, and death.

The Leapfrog Group has identified three key safety measures that have significant potential to save lives by reducing preventable medical mistakes or bad outcomes:

Evidence-based Hospital Referral: Providing patients with real data about the outcomes of hospital stays, including how often a hospital treats a condition and the frequency of complications and death for a given condition.

ICU Physician Staffing: Critically ill people need special care. It is estimated that every year at least one in ten patients who dies in ICUs might have lived had the medical personnel giving the care been specially trained to care for critically ill or injured patients.

Computer Physician Order Entry: Many medical mistakes are due to handwritten prescriptions, which can be difficult to read and may lead to the wrong drug being given. It's estimated that more than one million wrong drugs are given each year in hospitals.

Many of these mistakes may be prevented through the use of computerized prescription systems. When prescriptions are computerized, doctors enter orders into a computer and the prescription is automatically checked against the patient's current information for potential mistakes or problems. This helps the doctor by giving him or her all the information needed to make the best decision for the patient. Studies show that a computerized prescription system can reduce serious medication mistakes by 85 percent.

Source: www.leapfroggroup.org

How To:

Hospital Comparison Tool

Using the Hospital Comparison Tool is easy. Just go to www.myuhc.com and click on **Hospital Comparison**. From there select your medical condition, enter your zip code, the number of miles you are willing to drive and the number of hospitals desired. Or you can select specific hospitals. Click on **Continue** to review the weight given to each criteria and make adjustments if needed. Then click **Continue**. The tool will create a report ranking the best hospitals in your area for your medical condition.

Health Clinic at ABX?

Lack of competition and limited access to healthcare are problems for ABX and its Wilmington-area employees. "Employees often complain that it takes several days to get in to see their family doctors," says **Gene Rhodes**, Corporate Director of Human Resources.

"Then they visit the local urgent care center, only to be told they are too busy and maybe they should go to the emergency room. That costs them and the Company a lot of money." One possible solution to this problem is a health clinic for ABX employees.

For the second year in a row, ABX is studying the feasibility of opening its own health clinic for employees and, possibly, their families. "Last year we took a hard look at a full-service clinic for employees and their families, staffed by primary care physicians, with x-ray, lab, and pharmacy facilities," said **Jeff Walling**, ABX Benefits Supervisor. "This year we also are looking at some different options, including starting with a smaller facility."

Benefits Department staff have collected and submitted data on our employee demographics and healthcare expenses to a company that operates clinics for many large employers, including two major airlines. They will analyze this data to see if a clinic seems cost-effective. If the preliminary study looks positive, more detailed data will be studied to determine what services could be provided, and what hours the facility would be open.

"Depending on the results of our analysis, we may be asking for money in the 2003 budget to build a clinic," said Gene Rhodes. "Of course, we would be competing with all the other requests for capital. The decision would rest on the resources available and our return on investment." Last year's study, conducted by a different organization, showed the clinic to be close to a break-even proposition. As healthcare costs continue to rise rapidly, the clinic should be more and more feasible. If a clinic is approved, it could be seeing patients in about 120 days, according to the companies who have conducted the studies.

"This could be a win-win situation," says Gene Rhodes. "According to other companies who have employee clinics, they are an extremely popular benefit. They also could help our employees get quicker access to medical care and help us control costs." As the analysis process progresses, we will keep you informed.

Want to Quit Smoking?

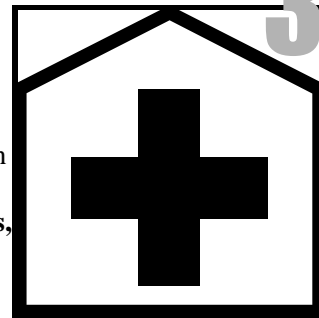
The American Cancer Society offers the Fresh Start program, a proven method that has helped many Americans quit smoking. The program consists of four one-hour-long sessions over a two-week period.

Here's how to find a program near you:

Wilmington: Call Sue Pierson-Miller, RN at (937) 283-9769.

Ohio: Call the Ohio Call Center at (888) 227-6446.

Nationwide: Call the American Cancer Society at (800) ACS-2345. Or visit the American Cancer Society web site at www.cancer.org.



CMH After Hours clinic benefit level explained

One of the alternative places employees can seek health care in Wilmington is the CMH After Hours clinic located on Rombach Avenue. This urgent care center may be a more cost-effective alternative to the emergency room. Under our Enhanced PPO plan, employees pay a \$30 co-payment when using an urgent care center, while the co-payment for the emergency room is \$75 in the case of true emergencies.

Both the Clinton Memorial Hospital emergency room and the CMH After Hours clinic are staffed by the physician group, Professional Emergency Specialists of Southern Ohio (PESSO). Currently, PESSO is not a member of the United HealthCare (UHC) network. However, because both the CMH emergency room and CMH After Hours clinic are members of the network, Airborne has instructed UHC to pay PESSO's fees at the in-network level for these two locations.

Employees should be aware they will receive two bills when using the CMH After Hours Clinic. One bill is from the hospital, and the other bill will be from PESSO. Unfortunately, this has caused difficulties for UHC. The PESSO portion of the bill is not always paid at the in-network level. If this happens to you, please bring a copy of the bill along with your UHC Explanation of Benefits form to **Edna Rickard** in the Benefits Department. ABX will pay these claims directly.

PESSO also owns and operates the Hillsboro Urgent Care center on High Street in Hillsboro. This location is not part of the UHC network and not affiliated with a network hospital. Medical services provided at Hillsboro Urgent Care are paid at the out-of-network level.

Here's how the coverage level works under the Enhanced PPO plan. Employees enrolled in the Basic PPO plan have different coverage levels.

Enhanced PPO

	In-network	Out-of-network
Emergency Room		
True emergency		
Co-payment	\$75	\$75
Deductible	\$0	\$0
Plan Pays	100%	100%
Non-emergency		
Co-payment	\$75	\$75
Deductible	\$100	\$100
Plan Pays	80%	60%

Urgent Care

Co-payment	\$30	\$0
Deductible	\$0	\$100
Plan Pays	100%	60%

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Watch for Benefits Survey & Town Hall Meetings

Members of the Benefits Department are working currently to develop a survey for all employees. They will be using the survey results to help guide them in their re-engineering of our benefits package.

The survey questions will ask employees to rank their benefits in order of importance and make choices about different benefit options and issues. They plan to have the survey ready for review by the Employee Benefit Advisory Team at their first meeting. The survey should be ready to distribute to employees by the middle of December. Once the results are tabulated, they will be used to help guide the discussion at the town-hall style meetings to be held after the first of the year.

Watch for your survey, and be sure to fill it out.

Q&A

Questions & Answers

Q. What is a cafeteria plan?

A. A cafeteria plan is a benefit program that allows an employee to have some choice in designing his or her own benefit package. An employee can select benefits from a "menu" of benefits offered by the employer that best fits his or her needs. Benefits are funded from employer and employee dollars. Typically, several optional benefits are offered to employees in addition to a basic core of benefits.

Q. Could the Company switch insurance companies and save money?

A. For the medical, dental, and vision benefits the Company is self-insured. This means the Company pays only for the actual claims incurred by our employees and their families. Airborne pays an administrative fee to UnitedHealthcare, MetLife, and Cole Managed Vision to administer the claims for Airborne. By using these companies, Airborne is able to use contracted provider networks that offer significant discounted savings to the Company and employees.