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TO: All CWA Verizon Local Presidents

FROM: Dennis G. Trainor, Vice President

DATE: August 11, 2026

SUBJECT: Pre-2008 Pre-Medicare Retiree Health Care Caps and Alternative Options

In mid-May the Union began discussions with Verizon regarding the 2027's, pre- 2008 hire, Pre-Medicare Retiree Health Care coverage. The Union approached these discussions with the objective of understanding the projected costs, testing the Company's assumptions, and identifying every available option to protect retirees from unnecessary or excessive premium increases.

The Union's representatives on the Advisory Committee on Health Care ("ACHC") met with Verizon numerous times throughout the process. CWA also retained an independent actuary to review the Company's pricing and requested extensive information to determine whether Verizon's projections were reasonable and consistent with industry standards. The Company provided the information requested, our actuary completed their review, and the discussions have now concluded.

The following is a summary of the 2027 Pre-2008 Pre-Medicare Retiree Health Care options, the applicable contractual Company contribution caps, and the alternatives secured by the Union.

The 2016 Agreement set the annual Cap on the Company's Contributions towards Pre-2008 Pre-Medicare Retiree Health Care ("Company Caps") for the MEP HCP as follows:

- Retiree: \$15,447
- Retiree + 1: \$30,893
- Retiree + Family: \$38,639

The Agreement provides that when the cost of the pre-Medicare plan options exceeds the Company's Caps the retiree shall be responsible to pay the excess in the form of premium contributions.

It is important to understand that these caps are contractual contribution limits per individual. They do not mean that Verizon's overall cost of providing the coverage is limited.

Healthcare costs continue to increase substantially and retiree medical costs remain a significant issue throughout the country—not just at Verizon. The Union nevertheless has continued to challenge the costs, review the Company's assumptions, and pursue alternatives that can reduce the financial burden on retirees.

Beginning January 1, 2027 the cost of the pre-Medicare MEP HCP will be as follows:

- Retiree: \$19,341
- Retiree + 1: \$38,682
- Retiree + Family: \$48,353

Resulting in the following monthly premium contributions:

- Retiree: \$325.00
- Retiree + 1: \$650.00
- Retiree + Family: \$810.00

These increases are significant, and the Union recognizes the financial impact they will have on retirees.

At the same time, the contractual structure means that Verizon continues to pay the substantial majority of the cost of the MEP HCP. Based on the 2027 projected costs and the applicable caps, Verizon will continue to contribute approximately 79% of the cost, while the retiree's premium contribution represents approximately 21% of the total plan cost.

The Union is not satisfied with simply accepting rising retiree healthcare costs. That is why the Union exercised the rights established in the 2016 Agreement to negotiate alternative medical options when the MEP HCP costs exceeded the contractual caps.

This year through the work of the Union representatives on the ACHC, we successfully negotiated to continue the three alternative options for 2027 referenced below. These options are intended to provide retirees with meaningful alternatives to the full MEP HCP premium contribution.

1. There is no change to the HRA option - Opt-out of Verizon coverage and enroll in an HRA. The HRA amount will be equal to the Company's Caps for the tier coverage you enroll in (Retiree - \$15,447, Retiree + 1 - \$30,893, Retiree + Family - \$38,639). The retiree will be able to use the HRA to purchase health insurance through an exchange identified by the company and/or eligible out-of-pocket expenses in a qualifying plan that they are covered under as a dependent. Pre-2008 hires must have been enrolled in a company sponsored plan since 2023 to be eligible.
2. Elect to enroll in the **new** alternative MEP HCP plan that was negotiated for the 2027 plan year. This plan will continue to use an alternative network than that the MEP HCP plan and has a different plan design from 2026 (full details of the plan design for 2027 will be available during open enrollment).
The cost of this alternative plan is substantially lower than the standard MEP HCP plan and results in monthly contributions as follows:
 - Retiree: \$173
 - Retiree + 1: \$345
 - Retiree + Family: \$430
3. The union also negotiated to continue the option to enroll in the alternative Surest Plan with minimal changes to plan design outside of GLP-1 coverage* (full design plan will be available during open enrollment). Surest is a United Health Care product that is designed to encourage participants to select providers that have better outcomes based on the rates they charge. The plan design has no deductible and a range of co-pays for certain services. The participant would access the Surest website or App to choose a provider based on the applicable co-pay and the provider's "rating." The cost of this plan results in monthly premium contributions as follows:
 - Retiree: \$66
 - Retiree + 1: \$131
 - Retiree + Family: \$162

*Note – In 2027 The Surest Plan will not cover GLP-1 drugs when prescribed solely for weight loss but will continue to cover GLP-1s for other medical conditions.

The Union recognizes that the 2027 premium increases under the standard MEP HCP are substantial. We are not minimizing that impact, and we are not asking retirees to do so.

At the same time, it is important to understand what the Union has done within the contractual framework that exists today.

The 2016 Agreement established the Company contribution caps and, critically, established the Union's ability to negotiate alternative medical options when those caps are exceeded. The Union exercised that right again for 2027.

Rather than leaving retirees with only the standard MEP HCP and its resulting premium contribution, the Union negotiated three alternatives that provide retirees with additional choices with substantially lower monthly costs.

For example, compared with the \$325 monthly contribution for Retiree-only coverage under the standard MEP HCP:

- The alternative MEP is \$173 per month
- Surest is \$66 per month

For Retiree + Family coverage:

- Standard MEP HCP: \$810 per month
- Alternative MEP HCP: \$430 per month
- Surest: \$162 per month

These alternatives do not eliminate the underlying problem of rising healthcare costs, but they provide retirees with choices that can materially reduce their monthly financial obligation.

Healthcare and retiree medical costs remain one of the most difficult challenges facing workers and retirees across the country. The Union will continue to challenge healthcare costs, scrutinize plan pricing, demand transparency, and pursue strategies that protect the quality and affordability of healthcare for our members and retirees.

The Union's responsibility is to fight for the best protections and choices available under the circumstances—and that is exactly what we have done in preparing for the 2027 plan year.

DGT:rb

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