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May 1, 2000 thru April 30, 2005

67 pgs.

67 PAGES

1600
workers

Agreement

between



Horizon Blue Cross Blue Shield
of New Jersey

AND

**LOCAL 32
OFFICE AND PROFESSIONAL EMPLOYEES
INTERNATIONAL UNION
A.F.L. – C.I.O.**



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ARTICLE I
RECOGNITION & COVERAGE

Section 1 - (a) The Employer, Horizon Blue Cross and Blue Shield of New Jersey, Inc., recognizes the Union as the sole collective bargaining agent for its employees who comprise the Unit hereunder as follows:

(b) All employees of the Employer employed at any of its business locations; excluding all professional employees, all supervisors, managerial and confidential employees, all human resources employees, all trainees and guards as defined by the National Labor Relations Act, as amended, all employees and positions excluded by reason of a prior contract between the parties. The positions enumerated hereafter are included in the Bargaining Unit.

Account Clerk	Control Clerk/Typist
Accountant	Courier/Driver
Accounting Assistant	Cust Svc Spec D
Accounting Disbursement Cl	Customer Service Rep
Accounts Payable Clerk	Customer Service Spe
Accounts Receivable Clerk	Data Ent & Cont Clk
Accts Rec Lead Clerk	Data Entry Clerk
Admin Sales Rep	Dde/Archive Statione
Admin Secretary	Default Service Rep
Administrative Assistant	Document Processor
Associate Team Service Rep	Document Specialist
Asst. Team Service Represe	Eec Claims Proc
Batch Control Clerk	Eim/Data Card Op/Cou
Benefit Technician	EIM/Data Card Operator
Bindery Clerk	Enrollment Clerk
Bookkeeper	Enrollment Srv Spec
Cash Adjustment Clk	Forklift/Truck Opera
Cash Suspense Clerk	Head Pressman
Check Processor	Initial Claims Specialist
Chief Acct Clerk	Inserting Mach Oper
Claims Coding Spec	Inventory Clerk
Claims Exam/Corresp	Ld Accts Payable Clk
Claims Examiner	Ld Clk-Control
Claims Imaging Technician	Ld Clk-Enroll
Claims Investigator	Ld Cust Svc Spec
Claims Investigator/Admin C	Ld Mail Assembly Clk
Claims Rep	Ld Payroll Clerk
Clerical Suppt Recep Clerk	Ld Warehouse Clerk
Clerk/Typist	Lead Clk-Bene Svcs
Clms Spec E	Lead File Clerk
Cob Control Clerk	Mail & Assembly Clk
Cob Hsp Clms Exam	Mail Clerk
Comp Claims Spec	Med Policy Spec
Control Account Clk	Med Underwriting Clk
Control Clerk	Medical Policy Representativ
	Medical Policy Specialist

Medicare Claims Examiner/	Sales Revr/Processor
Medicare Claims Rep	Senior EEC Claims Proc
Medicare Fraud Spec	Senior Principal Claims Clerk
Membership Services Specia	Service Specialist
Messenger	Spec Acct Enroll Clk
Microfilm Clerk	Sr Accountant
Microfilm Processor	Sr Bindery Clerk
Micrographics Data Capture Oper	Sr Claims Investigator
New Bus/Grp Act Spec	Sr Clerk
Offset Print Mach Op	Sr Control Clerk
Participation Canvasser	Sr Data Capture Operator
Payroll Clerk	Sr Data Capture/Technical O
Prep Person/Press	Sr Eec Claims Proc
Presort Clerk	Sr Mail & Assembly C
Prin Claims Clerk	Sr Mail Clerk
Prin Claims Ex/Wp	Sr Micrographics Data Opera
Prin Clms Corr/Proce	Sr Principal Inventory Clerk
Prin Control Clerk	Sr Warehouse Clerk
Prin Enrollment Clk	Sr. Accts Receivable Clk
Principal Acct Clerk	Sr. Document Technician
Principal Clerk	Stat Clerk/Typist
Principal Info Clerk	Subrogation Support Clerk
Priority Inquiry Spe	Switchboard Oper
Prod Planner/Sched	Team Control Clerk
Professional Corresp	Team Service Rep
Prov Enroll Clerk	Tefra Claims Spec
Prov Telephone Rep	Truck Driver
Reader Operator	Underwrt Support Clk
Receptionist	Van Operator
Recon/Corresp Clerk	Web Offset Pressman
Sales Assistant	Word Processing Oper

(c) Any job titles which are no longer in use but which had been used as Bargaining Unit job titles shall remain as Bargaining Unit titles if the titles are subsequently reinstated.

(d) Future exclusions shall be made on the basis of whether the position sought to be excluded is like or similar to existing provisions already excluded from the Unit. The Employer will supply the Union with a list of all proposed exclusions on a weekly basis or notice that no exclusions are proposed. If the Union has any disagreement with an exclusion by the Employer, it may within fourteen (14) days of notification of the exclusion, petition the NLRB for a clarification of the Unit.

Section 2 - The Employer retains the right to hire temporary employees to work no more than six (6) months during any twelve (12) month period. The amount of temporary employees hired by the Company shall not exceed 10% of the total Bargaining Unit workforce. Such temporary employees shall be excluded from the Union and shall not be entitled to any of the rights, benefits, paid or unpaid leaves or procedures contained within any Article of this Agreement.

Section 3 - The terms "employee" or "employees" when used in this Agreement, shall apply only to such employees as are included in the Unit covered by this Agreement. The terms "he", "his", or "him" in this Agreement shall include male and female employees.

ARTICLE II
PART-TIME

Section 1 - *The Employer may hire as many employees as it deems appropriate to work 20.0 hours or more per week. The Employer may hire up to 22% of total Bargaining Unit positions to work less than 20.0 hours per week.*

Section 2 - *Paid time off for part-time employees shall be prorated based on employees' normal work hours. Pension benefits shall be paid to the extent required by ERISA and the pension plan.*

Section 3 - *A part-time employee is any employee whose regular workweek is less than 40 hours per week.*

Section 4 - *In the event of a reduction in the number of positions in a department where there are both part-time (employees who work less than 20 hours per week) and full-time employees doing the same work, the part-time employees shall be deleted first. However, if there is insufficient work for a full-time position, the position will become a *part-time position* and the employee occupying that position will have the right to accept the position or exercise his rights under Article XV, Section 3.*

ARTICLE III
PROBATIONARY PERIOD

Section 1 – Requirement

(a) A probationary period of up to two (2) months shall be served by anyone hired, promoted or transferred or placed in a vacant position below Grade Level 15. For positions at Grade level 15 and above, an employee will serve a probationary period of up to four (4) months.

(b) Probationary periods by part-time employees shall be equivalent in length to that of full-time employees for the same position.

(c) During the probationary period, employees will receive training and materials essential for the proper performance of their jobs.

(d) At any time prior to the end of the probationary period, the Employer may make the employee permanent or reject the employee for permanency.

(e) A newly hired or rehired employee serving a probationary period or any extension of that period may be discharged by the Employer for any reason.

Section 2 - Extensions or Interruptions

(a) Probationary periods may be extended equal to the amount of any time lost or unavailability which occurs during that period.

(b) For those employees who are involved in formal classroom training, the Employer may extend the probationary period to allow those employees to complete training and to provide the Employer with a two week period following the conclusion of training to assess the employee's performance. At the conclusion of said 2 week period the probationary period shall come to an end. In no event will the total amount of time pursuant to this Section extend more than 3 months beyond the normal probationary period as provided in Section 1a above.

(c) The extension pursuant to this Section shall take effect upon notice to the employee and the Union. Failure to provide such notice prior to the expiration of the initial probationary period shall operate as a waiver of the Employer's right to extend the probationary period.

(d) The Employer may request Union approval to extend the time periods beyond those provided in Sections (b) and (c) above, and approval by the Union shall not be unreasonably withheld.

Section 3 - Waiver

An employee who had previously performed satisfactorily as a permanent employee in the same job during the past twenty-four (24) months shall not be required to serve a new probationary period.

Section 4 - Probationary Failure - Promotions, Transfers and Placement

(a) If, prior to the completion of the probationary period, the Employer determines that the employee shall not be made permanent or if the employee elects not to remain in that job, the employee shall be returned to his former position, if vacant. If not vacant, the employee shall be placed in accordance with Article XV, Section 3 of this Agreement.

(b) An employee who fails probation, either voluntarily or involuntarily, or withdraws from probation, may not bid on another job until twelve (12) months transpires from the date he is placed following probationary failure.

(c) Any employee who fails probation on four (4) occasions during a thirty (30) month period may be terminated at the discretion of the Employer.

Section 5 - Grievance and Arbitration - New or rehired employees shall not be permitted to use the grievance and arbitration procedures for any purpose during or relating to their probationary period. Incumbent employees shall not be permitted to use the grievance and arbitration procedures relating to their probationary periods.

**ARTICLE IV
WORK WEEK AND HOURS OF WORK**

Section 1

- (a) **Hours of Work** - The work week for full-time employees will consist of 40 hours, Monday through Friday inclusive, with the normal schedule consisting of 8 hours per day, 5 days a week.
- (b) **Scheduling** - Based upon its business needs, the Company will determine applicable starting times and staffing needed for each such time. Thereafter, affected employees will be permitted to determine their respective work schedules to conform with the Company's requirements. The Company agrees not to intervene unless the employees cannot fulfill its requirements.
- (c) **Staggered Starting Times** - Staggered starting times will be permitted provided that such schedules do not interfere with the operating needs of the unit. Generally, affected employees will be required to select one starting time from among two or more alternatives and they will be required to adhere to that time. Changes to existing staggered starting times may follow upon providing employees with two (2) weeks advance notice.
- (d) **Alternative Schedules** - Based on operational needs and to enhance customer service, the Employer may vary the normal schedule to include a compressed workweek, work on Saturday and/or Sunday. Work on Sunday will not be assigned to employees hired prior to May 1, 2000 although such employees may volunteer to work on Sundays. In the event that the Employer decides to implement an alternative schedule, the Employer will determine staffing needs and hours of coverage and will allow employees to determine their preferred schedules of work. If all staffing needs are not met, the Employer may assign schedules based on inverse seniority. However, if there are insufficient numbers of employees willing to fulfill the scheduling needs and the Employer is unsuccessful in hiring new employees to meet those needs, the Employer may assign current employees to fill out the schedule through rotational assignments. Employees who decide against accepting such new assignment, may exercise their seniority rights in accordance with Article XV, Section 3 (a).
- (e) **Meals and Breaks** - Employees shall have a one hour unpaid meal break and two 10 minute rest periods. The meal period may be shortened if agreed to by the employee and Employer.

Section 2 - Overtime

- (a) **Payment** - All hours worked beyond forty (40) hours per week shall be compensated at a rate of time and one-half times the employees' straight time hourly rate.
- (b) Pool time, holidays, jury duty and bereavement leave shall be considered as time worked for overtime computation.

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- (c) The Employer may require employees to work overtime for up to 4 hours per week beyond their normal work hours. Before requiring employees to fulfill this requirement, the Employer will first make a good faith effort to seek sufficient volunteers from among all employees in the Section that normally perform the work as well as others outside the Section that are qualified to perform that work. The Employer shall only be required to offer overtime to those who have demonstrated through past performance that they have the ability to regularly meet acceptable performance expectations. The Company agrees to notify employees if they are required to work overtime before the end of the week preceding the one when such overtime is to be worked.
 - (d) Employees shall not be required to work overtime on holidays.
 - (e) Employees who voluntarily work overtime shall have the time counted towards the 4 hour per week overtime requirement.
 - (f) Overtime shall be equalized over a reasonable period of time. In order to control the equalization of overtime, employees who are offered overtime shall be charged with one and one-half hour for each hour offered, whether or not worked. Aside from these requirements, there shall be no other limitations on the Employer regarding overtime offers.
 - (g) The Employer shall attempt to accommodate any employee who, because of parental, child care or medical emergencies, cannot perform overtime provided timely notice is given to the Employer. If an employee is excused under this clause from overtime, he shall not be considered for voluntary overtime or holiday work.
 - (h) Employees who cannot meet all the Employer's requirements for overtime because of needs described in Section 2 (g), may be offered the opportunity to fulfill some of those requirements by shortening their meal breaks, starting or quitting times.
 - (i) Employees may continue on an overtime basis to perform home work without limitation.

Section 3 - Pyramiding - Overtime and premium pay shall not be pyramided or duplicated. A shift differential shall not be considered as premium pay.

Section 4 - Telecommuting - Individuals may be employed to perform various tasks at home or away from the Employer's facilities. The Employer may hire no more than 7% of the total Bargaining Unit positions to work off-premises under this Subsection. Where this is done, the following rules will be applicable.

- (1) Where equipment is involved, the equipment will be paid for and installed by the Employer with all expenses of installation, maintenance and repair being borne by the Employer.

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- (2) Employees shall be required to arrange for the pickup and delivery of work at their own expense.
 - (3) The Employer may set a standard for the minimum amount of work to be done each week. Failure of the employee to meet this standard shall result in termination.
 - (4) The Employer will require employees who intend to telecommute to sign an Agreement stipulating the conditions and arrangements under which they will work.

ARTICLE V
WAGES

Section 1 - Grade Levels and Ranges - (a) The following grade levels and ranges will prevail effective April 22, 2000 through May 3, 2002:

Hourly Rate Range		
PAY GRADE	MINIMUM	MAXIMUM
10	\$6.62	\$10.15
11	\$7.28	\$11.17
12	\$8.01	\$12.28
13	\$8.81	\$13.51
14	\$9.70	\$14.87
15	\$10.67	\$16.35
16	\$11.73	\$17.99
17	\$12.90	\$19.78
18	\$14.19	\$21.76
19	\$15.61	\$23.93

(b) The following grade levels and ranges will prevail effective May 4, 2002 through April 30, 2003:

Hourly Rate Range		
PAY GRADE	MINIMUM	MAXIMUM
10	\$6.69	\$10.25
11	\$7.35	\$11.28
12	\$8.09	\$12.40
13	\$8.90	\$13.65
14	\$9.80	\$15.02
15	\$10.78	\$16.51
16	\$11.85	\$18.17
17	\$13.03	\$19.98
18	\$14.33	\$21.98
19	\$15.77	\$24.17

(c) The following grade levels and ranges will prevail effective May 1, 2003 through April 30, 2004:

Hourly Rate Range		
PAY GRADE	MINIMUM	MAXIMUM
10	\$6.82	\$10.46
11	\$7.50	\$11.51
12	\$8.25	\$12.65
13	\$9.08	\$13.92
14	\$9.99	\$15.32
15	\$10.99	\$16.84
16	\$12.08	\$18.53
17	\$13.29	\$20.38
18	\$14.62	\$22.42
19	\$16.08	\$24.65

(d) The following grade levels and ranges will prevail effective May 1, 2004 through April 30, 2005:

PAY GRADE	Hourly Rate Range	
	MINIMUM	MAXIMUM
10	\$7.03	\$10.77
11	\$7.73	\$11.85
12	\$8.50	\$13.03
13	\$9.35	\$14.34
14	\$10.29	\$15.78
15	\$11.32	\$17.35
16	\$12.45	\$19.09
17	\$13.69	\$20.99
18	\$15.06	\$23.09
19	\$16.56	\$25.39

(e) If after payment of the 2000 and 2001 general increase required pursuant to Section 3 of this Article, an employee's rate of pay is below minimum, such rate shall then be increased to minimum.

Section 2 - New Hires - (a) The Employer reserves the right, provided there are no qualified applicants within the Company, to hire or rehire outside personnel at or above the salary range minimum for a particular job. The background, experience and performance of the individual as determined by the Employer shall determine where the employee shall be placed within the range of the particular job. However, in no event may the hire rate be above the maximum. Progression thereafter shall be in accordance with Section 3 of this Article.

(b) Nothing in this Article requires adjusting the salaries of current employees in the event new hires are hired or rehired above or below the rates paid to current employees in the same job.

(c) If the pay rate for a new hire is above that paid to a current employee in that same job, the current employee or the Union may submit an appeal to the Employer to consider awarding an equity increase to current, affected employees. The Employer agrees to consider each such request and the Employer's decision shall be final and not subject to grievance. In order to allow the union to consider whether an appeal is warranted, each month the Employer agrees to send to the union a list of all bargaining unit employees hired during the previous month showing their names, hire dates, titles, grades and rates of pay.

Section 3 (a) - General Increase - Effective Saturday, 4/22/00, employees employed at that time shall receive a general increase equivalent to 3.5% of their base salary. This increase will appear in employee paychecks dated 5/5/00. Effective Saturday, 4/21/01, employees employed at that time shall receive a general increase equivalent to 3.5% of their base salary. This increase will appear in employee paychecks dated 5/4/01. Effective Saturday, 4/20/02, employees employed at that time shall receive a general increase equivalent to 3% of their base salary. This increase will appear in employee paychecks dated 5/3/02. Effective Saturday,

4/19/03, employees employed at that time shall receive a *general increase equivalent to 3% of their base salary*. This increase will appear in employee paychecks dated 5/2/03. Effective Saturday, 5/1/04, employees employed at that time shall receive a *general increase equivalent to 3% of their base salary*. This increase will appear in employee paychecks dated 5/14/04.

(b) In no event shall the payment of any general increase raise an employee's rate of pay above the maximum of the respective range nor shall an employee whose pay is already above the range receive a general increase. However, any employees who received "high contributor" ratings on their performance appraisal for the last period will receive their increases in a lump sum.

Section 4 - Promotions - Upon completion of the probationary period, an employee promoted to a higher grade level shall receive the minimum rate of the new range or a 10% increase, whichever is greater. Such increase shall be paid retroactive to the effective date of promotion. In no event will any employee receive a promotional increase which will raise his or her rate above the maximum of the new range.

Section 5 - Shift Differential - (a) A first shift employee who works on the second shift will receive a 10% shift differential while working on the second shift and a 15% differential while working on the third shift. A second shift employee will receive a 5% shift differential while working on the third shift. The second shift begins at or after 3:00 PM. The third shift begins at or after 11:00 PM.

(b) Shift differentials are not included in base salary. For overtime computation purposes, the differential is applied after the premium pay rate (i.e., time and one-half) is calculated.

Section 6 - Payday - (a) Employees will be paid bi-weekly with individual checks inserted in envelopes. The bi-weekly pay will include all earnings during the aforesaid period except for overtime which will be paid in the subsequent paycheck

(b) Checks for field employees will be mailed to their respective mailing addresses so as to assure that their checks can be received no later than payday. Checks will be mailed to employees who are not present on payday provided that Payroll receives advance written notice prior to 9:00 a.m. on the Monday preceding payday. Further, employees who are not at work on payday may receive their paychecks on the workday preceding payday provided that their supervisors notify Payroll.

(c) Errors in checks which are in the amount of \$25.00 or more of the employee's net pay, and which are brought to the attention of Payroll by 12 NOON on payday, will be corrected or supplemented prior to the end of the employee's normal payday. If the error is in the amount of less than \$25.00 of the employee's net pay, the error will be corrected in the following paycheck.

(d) Whenever an error in wages results in an overpayment to an employee, the Employer shall have the right to correct such overpayment through payroll deduction(s) upon first discussing the matter with the employee in an effort to reach agreement regarding repayment arrangements. In the absence of an agreement, the Employer may recapture overpayments based on the following schedule:

Employee's Current Gross Annual Rate of Pay	Rate of Recapture
Under \$25,000	10%
\$25,001 - \$40,000	15%
\$40,001 - \$60,000	20%
\$60,001 and over	25%

Section 7 - Downgrades, Downbids and Downward Movements - (a) If the Employer decreases the grade of an employee's job (downgrading) and if the employee's salary exceeds the maximum of the new grade range, the employee will continue to receive a salary in excess of the range for a period not to exceed twelve (12) months from the effective date of such downgrading. Thereafter, if the employee remains in the same grade level, his salary shall be reduced equal to that of the maximum of the range.

(b) If an employee submits a bid for a position which is lower than his current position (downbid) or if an employee otherwise takes a lower level position pursuant to Article XV and the employee's salary is above the maximum of the new range, the employee's salary shall immediately be reduced to the maximum of the new range.

(c) Whenever an employee moves from a higher level to a lower level position and is subsequently promoted, he shall not receive a promotion increase unless the new position is at a level higher than that of any position previously held. However, in accordance with Subsection (b) above, if the employee's salary has been reduced and the employee subsequently is promoted to a level which is not above his former grade level, he shall have his salary increased to the maximum of the new grade level. If the employee has been receiving a three (3) year increase prior to downbidding, he shall continue to receive such increase, in the same amount, for as long as he remains in any position which is a grade level lower than any previously held positions.

Section 8 - Temporary Job Reclassification (TJR) - (a) In the event an employee is temporarily assigned by the Employer to a position in a higher grade level for a period of five (5) workdays within any consecutive ten (10) workday period, the employee will be paid for individual days worked at the higher level as if he were promoted to that higher grade level for those days. Assignments to a higher grade level for one-half workdays or more shall be considered as assignments for the full workday; assignments for less than one-half day shall not be considered at all.

(b) The Employer may temporarily assign employees to existing jobs in the same or lower pay groups for a period of 40 workdays at a time. During such temporary transfer, there shall be no reduction in an employee's pay.

ARTICLE VI
EMPLOYEE BENEFITS

Section 1 - Group Health Benefits

- (a) **Coverage** - Employees will receive group health coverage through Horizon Blue Cross and Blue Shield of New Jersey, Inc., as described hereafter. Coverage will be provided to eligible dependents, which include dependent children to the end of the calendar year in which they attain age 23. Coverage will be effective the first of the month following date of hire or rehire. Coverage will end on the last day of the month following or coinciding with the employee's last day of work.
- (b) **Medical Coverage** - Employees have the option to select from among the following coverage: Horizon HMO, Horizon POS, BlueCard PPO NJ and BlueCard PPO. Further, in the event that the employer develops a new product during the term of this contract, it shall have the right to offer coverage to employees provided that the Employer and Union reach agreement regarding employee premium contributions.

Included as Supplemental Services are hearing aids/hardware, subject to \$300 maximum every three years, and Orthotics, subject to 500 maximum per two year period.

- (c) **Prescription** - Effective 5/1/00, benefits will be covered for expenses, including contraceptives and will be subject to a \$4 copayment for non-generic drugs; a \$2 copayment for generic drugs and no copayment for drugs ordered through the mail order program.

Effective 1/1/01, benefits will be provided under the three tier prescription program subject to co-payments as follows:

- a \$5.00 copayment will apply for any generic drugs
- a \$12.00 copayment will apply for any non-generic drugs that are considered preferred
- a \$25.00 copayment will apply for non-generic drugs that are considered non-preferred

Employees purchasing drugs through mail order may receive up to a three month supply for a single co-payment.

- (d) **Dental** - Employees have the option to choose from among the following dental plans: Horizon Option Plan, Horizon Dental Care and Horizon TotalCare.

Preventive Services will be covered with no deductible. An annual \$25 per person/\$75 family deductible will apply for treatment and restorative services. Basic and periodontal treatment services provided by a participating dentist are covered at 80% of the usual, customary and reasonable fee charges.

Orthodontic and prosthodontic services and implants provided by a participating dentist are reimbursed at 50% of the usual, customary and reasonable fee charges. The annual per person maximum for orthodontia services is \$1000. The annual per person maximum lifetime benefit for implants is \$1000. All other services are subject to an annual maximum of \$2,000 benefit payment per person.

(e) **Premiums and Copayments Effective 5/1/2000** - The following schedule will apply for full-time employees for the period 5/1/2000 through 12/31/2000:

Coverage Type	Copayment/Coinsurance and/or Deductibles	Single	P & C	H & W	Family
Horizon HMO	\$5 copay to PCP \$5 copay to Specialist	\$ 14.00	\$ 27.00	\$ 36.00	\$ 38.00
Horizon POS	\$15 copay to PCP \$15 copay to Specialist	\$ 20.00	\$ 38.00	\$ 51.00	\$ 53.00
Blue Card PPO (out of state residents)	In-network services - \$15 copay and 100% thereafter Out-of-network services - \$300 deductible and 70% of plan allowance to \$10,000 and 100% thereafter	\$ 31.00	\$ 58.00	\$ 78.00	\$ 81.00
BlueCard PPO NJ	In-network services - \$15 copay and 100% thereafter Out-of-network services - \$300 deductible and 80% of plan allowance to \$10,000 and 100% thereafter	\$ 47.00	\$ 87.00	\$117.00	\$122.00
Horizon Dental Option Plan	Treatment and restorative - \$25 per individual; \$75 per family	\$ 4.00	\$ 6.00	\$ 6.00	\$ 10.00
Horizon Dental Care		\$ 3.00	\$ 4.00	\$ 4.00	\$ 4.00
Prescription	\$4 for non-generic \$2 for generic Zero for mail order	\$ 6.00	\$ 9.00	\$ 14.00	\$ 14.00

(f) **Premiums and Copayments Effective 1/1/2001** - Employee premium and copayments for full-time employees will apply based on the schedule below. Premiums will be paid on a pre-tax basis through bi-weekly payroll deductions. It is understood that total premiums for coverage will not be affected by deficits or surpluses realized for the prior year. Any surpluses shall be returned to the Employer and any deficits shall be paid by the Employer.

Coverage Type	Copayment/Coinsurance and/or Deductibles	Employee Contribution of Total Premium				
		Effective 1/1/2001	Effective 1/1/2002	Effective 1/1/2003	Effective 1/1/2004	Effective 1/1/2005
Horizon HMO	\$10 to PCP and \$15 to Specialist	16%	17%	18%	19%	20%
Horizon POS	\$15 to PCP and Specialist	21%	22%	23%	24%	25%
BlueCard PPO NJ	\$15 to PCP and Specialist 80% reimbursement after deductible is met	31%	32%	33%	34%	35%
BlueCard PPO	\$15 to PCP and Specialist 70% reimbursement after deductible is met	21%	22%	23%	24%	25%
Horizon Dental Option Plan	Treatment and restorative - \$25 per individual; \$75 per family	21%	22%	23%	24%	25%
Horizon Dental Choice		16%	17%	18%	19%	20%
Horizon Total Care		16%	17%	18%	19%	20%
Prescription	See co-payment schedule 1c above	21%	22%	23%	24%	25%

- (g) **Premiums for Part-Time Employees** – In addition to paying the employee share of the health benefit premium required pursuant to Subsection 1e and 1f, part-time employees are also required to contribute their prorated share of the full-time employee contribution based on their number of scheduled weekly work hours. For example, if an employee's weekly scheduled work hours is 22, the employee is considered to work 55% of a full-time schedule (22 divided by 40). As such, the part-time employees shall pay 45% of full-time employee contribution in addition to the premium share provided in Subsection 1e and 1f. If the biweekly full-time contribution was \$10, the part-time employee would pay \$10 plus 45% of \$10 for a total biweekly contribution of \$14.50.
- (h) **Open Enrollment** – Employees will be eligible to change their coverage effective January 1 of each year. Employees may waive coverage at any time, but must wait a minimum of two (2) years before being eligible to re-enroll for Dental coverage the following January 1.

Section 2 - Life Insurance

- (a) **Basic Term Coverage** - Employees will receive ten thousand dollars (\$10,000) of Group Term Life Insurance and Accidental Death and Dismemberment (AD&D) Insurance effective the first of the month following one (1) calendar month of employment. This coverage will be provided at no cost to the employee.
- (b) **Group Universal Life Insurance** - Employees eligible for Basic Term Coverage may purchase additional coverage equal to 1X base pay or \$10,000 whichever is greater, or 1 1/2, 2, 2 1/2, 3, 3 1/2, 4, 4 1/2, 5, 5 1/2, 6X annual base salary. Further, employees may purchase spousal coverage and Dependent Children's Coverage pursuant to the offerings made available by the carrier.

Section 3 - Liability Insurance - The Employer shall maintain in force a blanket policy of liability insurance covering the Employer's liability in case of an employee being involved in an accident when using his personal automobile on authorized business of the Employer.

Section 4 - Long Term Disability

- (a) **Eligibility** - Employees will be covered for LTD benefits on the first day of the month following six months of employment.
- (b) **Benefits** - The Plan provides monthly income the first of the month coincident with or next following five (5) calendar months of disability. Benefit payments will be based on the employee's basic monthly earnings (excluding commissions, bonuses, overtime pay and other extra compensation) received immediately preceding the onset of disability. The benefit amount will be 50% of the employee's basic monthly earnings offset by other Employer provided benefit plans or statutory benefit payments to a maximum monthly benefit of \$2,500.
- (c) **Application** - When it has been determined by a licensed physician that an employee is likely to be absent for a period of five (5) months or more, that employee shall be required to apply for the LTD and Social Security benefits. In the event the employee fails to apply for LTD benefits or comply with provisions of the LTD plan, the Employer shall have the right to discontinue sick pay until such time as the employee complies with these requirements.
- (d) During the period that the employee's application for Social Security benefits is under consideration, the Employer agrees to pay full LTD benefits to the employee without any offset for Social Security benefits provided that the employee submits proof to the Employer that he/she has made an application for such benefits no later than four (4) months from the last day worked and provided that the employee signs a promissory note agreeing to repay the Employer for Social Security benefits which he/she may receive. Further, in the event the employee is denied Social Security benefits, he/she shall be required to immediately file an Appeal with the Social Security Administration and provide the Employer with a copy of the Appeal. Failure to comply with this provision shall result in offsetting the LTD benefit.
- (e) If within eighteen (18) months from the onset of disability any LTD recipient recovers, he/she shall be processed as follows:
 - A. If the recipient's former position is available, he/she shall be reinstated immediately.
 - B. If the recipient's former position is filled, he/she shall be placed in accordance with Article XV, Section 3.

Nothing in this Section is intended to imply that the Employer is in any way precluded from terminating the employment of any employee who is deemed to be excessively absent, provided termination is for just cause

- (f) If an LTD recipient is absent continuously for eighteen (18) months, he/she shall be terminated without any return to work rights.

- (g) **Health Benefits** - LTD recipients will be entitled to the same health benefit coverage for themselves and their eligible dependents as they had as active employees. Recipients will be required to contribute their share of premium cost in accordance with the following schedule:

<u>Percentage Cost to LTD Recipients</u>	<u>Years of Service</u>
100%	Less than 5 years
40%	5 but less than 15
20%	15 and over

Such LTD recipients will be billed quarterly, in advance for any insurance premium contributions as if in active status. If the LTD recipient fails to remit such payments within thirty-one (31) days following its due date, coverage for such benefits will be discontinued.

Section 5 - Pension Plan - The Pension Plan negotiated between the Employer and the Union shall be deemed a separate and supplemental agreement of employee benefits to this Agreement, and all changes and amendments thereto shall be made in accordance with Exhibit A of this Agreement or as may otherwise be mandated by law.

Section 6 - Non-Duplication of Benefits - There shall be no duplication of Short Term Disability, Long Term Disability or Temporary Disability Benefits. Short Term Disability and Temporary Disability Benefits are deemed to run concurrently and in no event will the employees be entitled to doubled payments. If an employee receiving Short Term Disability becomes eligible for Long Term Disability, such Short Term Disability will cease immediately upon the effective date of Long Term Disability eligibility. Notwithstanding the foregoing, the employee will be paid a rate of 50% of his/her Short Term Disability payment until the Long Term Disability benefit, if approved, becomes payable. Thereafter, all Short Term Disability shall cease. The employee shall immediately return all Long Term Disability payments which duplicate any Short Term Disability payments previously made. Upon repayment, the employee shall be credited back with the Short Term Disability time which was charged subsequent to becoming eligible for Long Term Disability.

Section 7 - Flexible Benefits - At anytime during the term of this Agreement, upon advance notice to and discussion with the Union, the Employer may offer a flexible benefits program to employees provided that the employees will have the opportunity to receive the same level of benefits at no additional cost that they currently enjoy under this Agreement.

Section 8 - Benefit Notification and Interpretation - (a) The benefits provided to employees under this Agreement are described fully under each respective Plan and Summary Plan Description document.

- (b) In the event there appears to be a contradiction between the benefits described in this Agreement and those provided in the Plan document or Summary Plan description, the latter shall prevail.
- (c) The company will send to the Union, copies of any changes made to SUMMARY PLAN DESCRIPTIONS.

**ARTICLE VII
RETIREE BENEFITS**

Section 1 - Definition - For purposes of eligibility for retiree medical, prescription and life insurance coverage only, a retiree is any employee who terminates his or her employment after age 55 and has completed at least 5 years of service.

Group Health -

- (a) For employees who retired prior to 5/01/91, health benefits coverage will be provided for the term of this Agreement to them and their eligible dependents to the same extent as had been provided to them as active employees except that Dental coverage shall be discontinued. For employees who retire on or after 5/1/91 and before 5/1/97, basic health coverage will be provided under hospital wraparound.
- (b) Employees retiring on or after 5/1/97 who are under age 65 may enroll in any of the health plans available to active employees. At age 65 and older, retirees may enroll in Medicare Blue or Hospital Wraparound. Hospital Wraparound will cover 100% of covered hospital expenses. Major Medical expenses will be subject to an annual \$500 deductible, with a coinsurance of 80% of the first \$5,000 in covered medical expenses. Thereafter, the plan shall reimburse at 100%.
- (c) Retirees may elect Prescription coverage at retirement. The Prescription program for retirees will be the same program they had as active employees unless they are enrolled in Medicare Blue which has its own prescription benefits.
- (d) Dental coverage ceases at retirement. Retirees may elect to continue Dental coverage under the provisions of COBRA for up to 18 months.

Section 2 - Premiums -

- (a) For employees who retired prior to May 1, 1988, the Employer shall continue to pay for the full cost of the premium.
- (b) Retirees in either of the following two categories shall contribute to their medical and prescription coverage in accordance with the schedule below:
 - Employees who retired between May 1, 1988 and January 1, 2001, or
 - Employees who retire after January 1, 2001 and who have at least 15 years of service as of January 1, 2001 and were employed on May 1, 2000.

<u>Percentage Cost to Retirees</u>	<u>Years of Service</u>
100%	Less than 5 years
40%	5 but less than 10
30%	10 but less than 15
20%	15 but less than 20
0%	25 and over

(c) Employees who retire after January 1, 2001 and who are in either of the following two categories shall contribute towards their medical and prescription coverage in accordance with the schedule below:

- Employees who were hired prior to May 1, 2000 and have fewer than 15 years of service as of January 1, 2001, or
- Employees who were hired on or after May 1, 2000

<u>Percentage Cost to Retirees</u>	<u>Years of Service</u>
100%	Less than 5 years
40%	5 but less than 15
20%	15 and over

- (d) As long as there is no cost to the company for Medicare Blue, there will be no premium contribution by retirees who enroll in Medicare Blue.
- (e) Where premium contributions are required, the retiree shall pay such premium quarterly directly to the Employer. If the retiree fails to remit such premium within 31 days following its due date, the Employer may elect to terminate the benefit coverage.
- (f) Health coverage shall continue to eligible dependents of any deceased retiree with ten or more years of service prior to retirement provided the dependent pays the required percentage pursuant to Section 2 above. Such coverage will cease at the earlier of the time that the dependents are eligible for health insurance coverage with another carrier, attain age 23, the marriage of the spouse or the marriage of the dependent children occurs.

Section 3 - Life Insurance - At retirement, only Basic Life Insurance coverage is provided during the term of this Agreement. Employees enrolled for optional insurance under Group Universal Life may continue that coverage upon remitting premium payments directly to the carrier.

- (1) An employee who retires under the terms of the Pension Plan will continue to have \$10,000 of Basic Life Insurance until age 65. The premium for this coverage will be paid for by the Company.
- (2) At age 65, coverage will be reduced to 50% of Basic Life Insurance but not less than the amounts noted in Subsection 4 below.
- (3) At age 66, coverage will be reduced to 25% of Basic Life Insurance but not less than the amounts noted in Subsection 4 below.
- (4) At age 67 and thereafter, the amount of insurance is \$5,000 for employees who retired on or after May 5, 1982; \$3,000 for employees who retired on or after May 5, 1979 but before May 5, 1982; and \$1,500 for employees who retired prior to May 5, 1979.

ARTICLE VIII

HOLIDAYS

Section 1 - The listing below reflects paid holidays available to employees.

New Year's Day	Labor Day
Martin Luther King's Birthday	Thanksgiving Day
President's Day	Friday following
Good Friday	Thanksgiving Day
Memorial Day	Christmas Eve
Independence Day	Christmas Day

Section 2 - An employee will be paid for a holiday based on his normal daily work hours. For purposes of this Subsection, holiday time will be considered as time worked for overtime computation purposes.

Section 3 - When a holiday falls on a Saturday, it shall be observed on the immediate preceding Friday. When a holiday falls on a Sunday, it shall be observed on the immediately following Monday. Whenever an employee works on a holiday, he shall be paid at a rate of time and one-half for the number of hours worked in addition to holiday pay, if due.

Section 4 - Unauthorized and unapproved absences other than those absences acceptable under the terms of this Agreement on the last scheduled work day before the holiday or the first scheduled work day after the holiday will disqualify such employee from holiday pay. Any continuous absences of more than thirty (30) days preceding the holiday will disqualify an employee from receiving such holiday pay except if otherwise prohibited by law.

**ARTICLE IX
POOL TIME**

Section 1 - Schedule - (a) Effective January 1, employees employed on this date will be credited with Pool time off based upon service completed in accordance with the following schedule:

Years of Service As of <u>January 1</u>	<u>No. of Pool Days</u>
Less than 4 years	20
4 but less than 14	25
14 but less than 29	30
29 and over	35

(b) Employees hired after January 1, will be granted a prorated share of pool days based on their date of hire, as follows:

<u>Hire Date</u>	<u>Days</u>	<u>Hire Date</u>	<u>Days</u>
Jan 1 through Jan 15	20	Jul 16 through Aug 15	8
Jan 16 through Feb 15	18	Aug 16 through Sep 15	7
Feb 16 through Mar 15	17	Sep 16 through Oct 15	5
Mar 16 through Apr 15	15	Oct 16 through Nov 15	3
Apr 16 through May 15	13	Nov 16 through Dec 15	1
May 16 through Jun 15	12	Dec 16 through Dec 31	0
Jun 16 through Jul 15	10		

Section 2 - Utilization - (a) Pool days may be utilized immediately for any reason, including but not limited to vacation, personal time, bereavement leave (other than death of an immediate family member), illness of a family member or illness/injury of the employee, as noted in Sub-Section (c).

(b) **Carry Over** - Generally, pool days are to be used by December 31 of the current year, except that up to seven days may be carried over for use during the next calendar year. The amount of time in the pool may not exceed the total amount credited for that year plus seven days. Carry over for part time employees will be prorated.

(c) **Illness** - The initial period of each illness absence occurrence is charged to the pool, with the number of hours equal to the number of hours comprising that employee's normal work week. For example, if an employee works a 40 hour week, the first 40 hours of absence due to illness or injury will be paid from the employee's pool. Any absence occurrence which continues beyond 40 work hours will be subject to payment under Short Term Disability.

Section 3 - Notice and Approval - Except for emergencies or where advance notice is not possible, all other requests for time off must be made in advance and are subject to approval by the Employer. The Employer will not unreasonably refuse requests for use of pool time.

Section 4 - Part-Time Employees - Pool time for part-time employees shall be prorated based upon the employee's normal work hours. For example, a 4 year employee who normally works 4 hours per day, 5 days per week is entitled to 76 hours of pool time (19 days X 4 hours = 76).

Section 5 - Scheduling - (a) The Employer will schedule pool time in accordance with employee requests subject to operational needs. Such scheduling will be based on company-wide seniority. However, an employee entering the department or work unit after the schedule has been finalized will be required to accommodate to the finalized schedule despite his/her seniority. Employees transferring are expected to modify their vacations to accommodate training required in their new jobs.

(b) Pool days may be taken in units of one (1) hour or more subject to Supervisory approval.

(c) Disputes involving scheduling of pool days shall not be the subject of grievance and arbitration procedures but shall remain within the sole discretion of the Employer, except that the Employer agrees not to block out any time periods for pool-time scheduling.

Section 6 - Overtime - Pool Time shall be considered to be time worked for overtime calculation purposes.

Section 7 - Termination - (a) An employee must remain actively employed through the end of the year to be eligible to utilize the entire amount of pool time granted for that year. If a terminating employee has utilized more pool time than permitted pursuant to this Article, appropriate deductions shall be made from the employee's final pay, or if no pay is forthcoming, the employee shall be required to immediately repay the amount owed. If a terminating employee has not utilized the entire amount of pool time permitted pursuant to this Article, the employee will be paid for the number of unused hours.

(b) The following schedule will apply for calculating the amount of pool time for which a terminating employee is eligible.

<u>Termination Date</u>	<u>20 Days Schedule</u>	<u>25 Days Schedule</u>	<u>30 Days Schedule</u>	<u>35 Days Schedule</u>
Jan 15 - Feb 15	1	2	2.5	3
Feb 16 - Mar 15	3	4	5	6
Mar 16 - Apr 15	5	6	7.5	9
Apr 16 - May 15	7	8	10	12
May 16 - Jun 15	8	10	12.5	14.5
Jun 16 - Jul 15	10	13	15	17.5
Jul 16 - Aug 15	12	15	17.5	20
Aug 16 - Sep 15	13	17	20	23
Sep 16 - Oct 15	15	19	22.5	26
Oct 16 - Nov 15	17	21	25	29
Nov 16 - Dec 15	18	23	27.5	32
Dec 16 - Dec 31	20	25	30	35

ARTICLE X

SHORT TERM DISABILITY

Section 1 - Schedule - Employees will be credited with Short Term Disability (STD) benefit days based on completion of service in accordance with the schedule below. STD benefits are the equivalent of full pay.

Years of Service Completed	
<u>Prior to January 1</u>	<u>Number of STD Days</u>
Less than 5	10
5 but less than 10	50
10 but less than 15	100
15 but less than 20	150
20 and over	200

Section 2 - Utilization - STD will be paid following five (5) consecutive work days of absence due to illness or injury.

Section 3 - Unused STD - At the end of the calendar year, unused STD days are lost. Upon termination, there shall be no payment for unused STD days.

Section 4 - Updating - The STD pay schedule updates January 1, provided that the employee is at work on that day. If not at work, STD updates upon the employee's return to work and applies to absences which occur thereafter.

Section 5 - Coordination of other Disability Pay - There will be no duplication of any other pay while the employee is receiving STD. Any Worker's Compensation disability benefits will be subtracted from STD payments.

Section 6 - Certification - Employees shall be required to submit medical certification from a health care provider for any absences due to illness or injury of five (5) or more consecutive work days duration. The Employer reserves the right to require certification for absences of less than five (5) consecutive work days duration where there is reasonable basis to suspect the legitimacy of the illness claim. For absences of five (5) or more consecutive work days, the employee and the attending health care provider shall be required to complete the form provided by the Employer.

Section 7 - Overtime Computation - Absences which are paid for under STD are not considered as time worked for purposes of overtime computation.

Section 8 - Medical Consultations - (a) The Employer may require an employee to submit to a medical examination/consultation by the Employer's designated physician, both while absent due to illness or injury or upon return to work. In such instances, the cost of the examination excluding any necessary transportation expenses, shall be borne by the Employer.

(b) Where there is a dispute between the employee's physician and the Employer's physician concerning the employee's disability or ability to return to work, the parties agree that a third physician to be chosen by the parties, shall examine the employee and that decision shall be final and binding.

(c) If based upon the examination of a second physician, it is determined that the employee is fit to return to work, but the employee remains out of work, the Employer will continue payment of STD benefits. If the third physician affirms the findings of the second physician, any STD benefits for the period subsequent to the second examination will be deducted from any wages due.

Section 9 - Return From Extended Illness Absence - Employees who are absent due to extended absence for illness or injury and who are ready to return to work, shall be processed as follows:

(a) Employees with less than one year of service, may return to their former positions, if available. If their positions are filled, they shall be placed in accordance with Article XV, Section 3.

(b) Employees with at least one year of service who have been absent due to one or more serious health conditions for 12 weeks or less during the past 12 months, shall be returned to their former positions. If their former positions have been deleted, they shall be placed in accordance with Article XV, Section 3.

(c) Employees with at least one year of service who have been absent due to one or more serious health conditions for more than 12 weeks during the past 12 months, may return to their former positions, if available. If their former positions are filled, they shall be placed in accordance with Article XV, Section 3.

ARTICLE XI

PAID AND UNPAID LEAVES OF ABSENCE

Section 1 - General - (a) All leaves of absence with or without pay shall be considered authorized absence from work. A request for such leave shall be made in writing and submitted to the appropriate Management supervisor at least two (2) weeks in advance of the desired effective date, where possible. In emergency situations such as with bereavement leave, it is understood that such advance notice is not likely; however, as much advance notice should be given as is reasonably possible.

(b) Requests for leave under Sections 6 and 7 without pay are granted at the discretion of the Employer; and the denial of such requests are not subject to grievance or arbitration.

Section 2 - Parental Leave - The Employer shall grant upon request an unpaid parental leave, not to exceed more than twelve (12) consecutive weeks to any employee with one (1) or more years of service. The purpose of such leave shall be to take care of a new child due to birth or adoption. In no event shall the combined pregnancy disability and maternity leave be more than twenty-four (24) weeks duration.

Section 3 - Bereavement Leave With Pay - (a) In the event of death of the following specific persons designated as immediate family, there shall be allowed a maximum of three (3) work days off with pay immediately following such death. For purposes of this Subsection, such bereavement pay shall be made in cases of death of employee's husband, wife, father (including stepfather), mother (including stepmother), son (including stepson and legally adopted son), daughter (including stepdaughter and legally adopted daughter), brother (including stepbrother), sister (including stepsister), grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, grandparents and spouse's grandparents.

Section 4 - Jury Duty - Employees will be allowed time off for jury duty without loss of pay (will be paid the difference between jury duty and regular salary). Whenever an employee is on jury duty and there are not scheduled jury sessions for that day, the employee shall be required to report to work.

Section 5 - Military Leave - Employees on reserve status will be granted military leave of absence in accordance with legal requirements without loss of pay.

Section 6 - Union Business Leave of Absence - All Union business leaves will be granted by the Employer in consideration of its operational needs. All requests for leaves shall be made in writing by the Union Business Manager at least two (2) weeks in advance of the date of leaves.

(a) A cumulative total of up to 100 days per Contract year shall be granted to members to attend conventions, conferences, regional meetings or to perform such work on behalf of OPEIU - Local 32. Such time off will be without pay and as such, employees will be docked for all time granted pursuant to this Section. In no event, will more than one (1) employee in the same department be excused at the same time.

(b) At the conclusion of any leave provided for; the employee shall be reinstated to his job if it still exists. If the job is deleted, the employee will be placed in accordance with Article XV.

(c) Up to three (3) negotiating committee members shall be granted time off to participate in the renegotiation of a labor agreement. The Employer will pay up to thirty-three (33) days' pay cumulatively for any employees designated by the union for time spent while in negotiations.

Section 7 - Unpaid Personal Time - Management may grant unpaid personal time off to any employee with one (1) or more years of service. However, unpaid personal time will not be granted until all paid personal time off has been utilized.

Section 8 - Benefits During Unpaid Leave - (a) During any unpaid leave that extends beyond one (1) month, all group health, life and disability insurance benefits will be discontinued unless otherwise required by law. Such benefits will be reinstated upon return from leave without a waiting period. No payment will be made for any holidays, bereavement, jury duty or military leave that may occur while the employee is on unpaid leave unless otherwise required by law.

(b) The employee has an obligation to bring to the attention of the Employer any intervening event or act which might affect his performance.

(c) When the Employer continues to provide benefits coverage to employees on leave, whether required by law, the employee shall remit payment to the Employer for the employee's share of the cost for such coverage. Such remittance must be made before each month of benefit coverage.

Section 9 - Seniority - Seniority will continue to accrue during paid and unpaid leaves of absence.

Section 10 - Placement - (a) Upon return from a paid leave of absence, the employee shall return to the position held at the onset of leave unless such position has been deleted. In such event, the employee will be placed in accordance with Article XV, Section 3, or in accordance with any applicable laws.

(b) Upon return from an unpaid leave of absence of thirty (30) days or more, the employee will be placed in accordance with Article XV, Section 3.

Section 11 - Termination - An employee who fails to report to work upon the expiration of an approved leave or who secures employment with authorization from the Employer while on leave shall be terminated; and the effective date of termination shall be the last day of work prior to the onset of such leave. An employee who becomes ill or incapacitated on the date he is to return to work and so informs the Employer may, at the discretion of the Employer, have his leave extended.

Section 12 - Unpaid leaves of absence shall not be considered as time worked for overtime computation purposes.

ARTICLE XII

TECHNOLOGICAL CHANGES

Section 1 - A technological change is a change in plant, equipment, a process, or method of operation, diminishing the total number of permanent employees required for an operation at the time of change. The term shall not include changes caused by business conditions, variations in service requirements, economic reasons, job alteration or any temporary or seasonal interruptions of work.

Section 2 - (a) The Employer may make such technological changes which it sees fit.

(b) After a preliminary decision has been made to use or implement such technological changes and if it is anticipated that such changes might have an impact on Bargaining Unit employees, the Employer will notify and discuss the changes in advance, where possible, with the Union. After such discussion, the Employer shall be free to make such technological change with or without additional modification.

(c) When a senior employee is displaced because of technological changes, such employee, if qualified, may exercise seniority rights over junior employees in accordance with the provisions of Article XV.

(d) Depending upon its needs, efficiency and costs, the Employer may initiate a training program for the displaced employees who qualify, using pre- and post-test programs, and who are interested.

ARTICLE XIII

SUBCONTRACTING

It is and will be the general policy of the Employer to utilize its employees to perform work they can do in a qualified manner, meet customers' needs and be competitive. However, no restriction is placed on the Employer's right to subcontract when the Employer believes it is necessary to meet the needs of the customer, the interest of efficiency, economy, improved work product or service, or in the event of an emergency. When the Employer believes that time permits prior to subcontracting, it may advise generally what it believes may be the present impact on Bargaining Unit employees and solicit and consider any suggestions or comments made by the Union.

Any employee who is concurrently displaced as a direct result of the Employer's decision to subcontract may exercise his seniority rights under Article XV, Section 3.

The Employer may continue to subcontract in those areas where it presently does without any new or additional obligation.

ARTICLE XIV

SEPARATION PAY

Section 1 - Layoff - An employee will be eligible for separation pay if he is laid off or if his job is transferred to a facility which is over twenty-five (25) miles from his current facility as follows:

- (a) (1) Less than six (6) months continuous service (excluding new hire probationers) - two (2) weeks notice or one (1) week of pay in lieu thereof.
- (2) Six (6) months continuous service, but less than one (1) year of continuous service - two (2) weeks notice or two (2) weeks of separation pay in lieu thereof.
- (b) One (1) year of continuous service, but less than five (5) years of continuous service - two (2) weeks pay.
- (c) Five (5) years of continuous service but less than ten (10) years of continuous service - four (4) weeks pay.
- (d) Ten (10) or more years of continuous service - eight (8) weeks pay.

Section 2 - An individual who receives separation pay and is recalled in less than one (1) year shall have the option of repaying the separation pay and having future separation pay computed from the original date of employment or may use the rehiring date as a basis for computation of future separation pay. It is further understood that should an employee elect to use the rehiring date for computation of future separation pay, it shall in no way affect his seniority, pension rights, vacation rights or any other rights provided in this Agreement.

Section 3 - In the event there is a difference in the interpretation between this provision and the Summary Plan Description, as required by ERISA, the Summary Plan Description shall prevail. The Company will notify the Union of any changes to the Summary Plan Description.

ARTICLE XV

SENIORITY

Section 1 - The following types of seniority recognized by this Agreement apply as described hereunder:

(a) **Company-wide Seniority** - The length of continuous service with the Employer in a position covered by this Agreement, subject to the provisions and limitations as set forth in this Agreement. Such seniority applies in the event of vacations and in the event of promotion, transfer, displacement, layoff, recall and the scheduling of pool time off, subject to the ability to perform the work and the business needs of the Employer. Where two (2) or more employees have the same seniority date, the order of seniority will be determined by the date and time of application.

(b) **Super-Seniority** - The seniority enjoyed by Union Officers who perform on-the-job contract administrative functions and Stewards. In the event of a layoff, such Union representatives shall be the last to be laid off, provided they can perform the work without training.

Section 2 - Loss of Seniority - An employee shall lose all seniority rights when any of the following occur: (a) termination of employment; (b) resignation; (c) layoff for more than twelve (12) months; (d) retirement; (e) acceptance of employment while on leave of absence; (f) failure to return to work following expiration of leave of absence; and (g) absence for three (3) consecutive work days without notice to the Employer; the date of termination shall be the last day worked.

Section 3 - Displacement - An employee may be considered displaced when there is a reduction in the staff for economic reasons or because of technological changes his job is deleted, he is bumped out of his position by a senior employee or where the employee's job is transferred to a new location in excess of five (5) miles from his present location and the employee elects not to be transferred. In any instance, the employee shall be placed as follows:

(a) Employee shall be required to accept the first vacant position at his same grade level that exists during the first five (5) working days following deletion or displacement provided the employee meets the minimum qualifications for that position. If more than one (1) such vacant position exists at the same time, the employee shall have the choice of positions. The employee may also elect to fill a vacant position at a lower level provided that he meets the minimum qualifications. If the employee fills a vacant position in accordance with this Subsection, he shall serve a probationary period as set forth in Article III.

(b) In the event the displaced employee is not placed in accordance with Subsection (a) above, within the subsequent ten (10) workday period, he may exercise his seniority rights by displacing a junior employee at the same or lower level provided that during an interview with the employer, he can demonstrate that he can perform the job with procedural orientation only. In the event the displaced employee is eligible to displace more than one (1) employee performing the same job (even though in a different department), he shall be required to displace the least senior employee. When placed in a position pursuant to this subsection, the employee shall not serve in a probationary period.

If during the ten (10) workday placement period, the employee has not been placed and a vacant position occurs at the employee's same grade level for which he meets the minimum qualifications, he shall be required to take that position pursuant to the conditions set forth in Subsection (a) above.

(c) If upon expiration of the fifteen (15) workday period described in Subsections (a) and (b) above the employee has not been placed, he shall be laid off.

(d) If no current placement opportunities exist under Subsections (a) or (b) above, upon advance notice to the Union, an employee may be moved to the next step of the process or be laid off. In such instance, the Employer agrees to review any job opportunities with the Union upon request.

(e) At anytime prior to being placed, employees may forego placement through the process and opt for layoff.

(f) If an employee is not placed due to his absence which occurs at any time during the fifteen (15) workday period in Subsections (a) and (b) above and which is not inconsistent with any of the provisions of the Agreement, upon his return, he shall continue in the placement process. During the period of his absence, the Employer may fill any vacant positions which occurs.

(g) If prior to being placed during the required period, the employee bids on a job posting, that bid shall continue to be processed until the employee is placed pursuant to this Article or Article XVI, whichever occurs first. If the employee is laid off, his bid shall continue to be processed.

(h) The employee may request the presence of a Shop Steward during the placement process and such request shall not be unreasonably withheld.

Section 4 - Layoff and Recall - An employee may remain on layoff for up to twelve (12) months and if not recalled during that period, at the expiration of the twelve (12) months, he shall be terminated.

(a) A laid off employee shall be recalled to a vacant position at the same grade level or at a lower level held at the time of layoff provided that the employee meets the minimum qualifications for the job. Employees will be recalled on a basis of Company-wide seniority with the most senior employee being recalled first.

(b) Recalled employees shall be required to report to work within three (3) days following recall unless illness or injury prevents same. In the event of such illness, the employee may remain on layoff until the expiration of twelve (12) months and the Employer may request a medical certificate or an examination by a Company doctor as a condition of returning to work.

(c) An employee recalled from layoff shall be required to serve a probationary period.

(d) If an employee fails to return to work within three (3) work days of recall or refuses to accept a job offered at the same grade level held at the time of layoff, provided he meets the minimum qualifications for the job, he shall be terminated.

(e) Laid off employees may be asked to fill temporary job vacancies (excluding summer temporary jobs) where they meet the minimum qualifications. However, any employee who accepts a temporary job will still be considered on layoff for purposes of recall to a permanent position.

(f) While on layoff, an employee shall not be entitled to group health insurance, group life insurance or any paid time off benefits except to the extent required by law.

Section 5 - For job placement purposes, a vacant position is defined as a job in which there is no active incumbent.

Section 6 - Whenever an employee is placed into a position lower than the one previously held, his salary shall be adjusted in accordance with Article V, Section 7(b).

Section 7 - Seniority Lists - Seniority lists including position title, grade level and rates of pay will be provided to the Union on a quarterly basis.

ARTICLE XVI

JOB POSTING

Section 1 - Bidding - (a) Vacancies in jobs shall be announced for five (5) work days. Positions at Grade Level 10 and 11 or temporary jobs need not be announced.

(b) An employee must be in his current position for at least twelve (12) consecutive months before being permitted to bid on a permanent position. However, if there are no eligible bidders, the Employer may promote or transfer an employee who has not completed the twelve (12) month period requirement, provided that the employee otherwise meets the qualifications for that job.

Section 2 - New Jobs and Job Changes

(a) **New Jobs** - The Employer shall promptly notify the Union of the creation of each new Bargaining Unit job together with its description and grade level. Each newly created position shall be posted concurrent to or within ten (10) days of the Union having been notified of its existence. During the posting, bidding and selection process, the Employer may temporarily assign an employee to the job for a period not to exceed thirty (30) days.

(b) **Job Changes** - The Union shall be notified of the contents of major changes to Bargaining Unit jobs together with its job description and grade level.

(c) If the Union disputes the Employer's decision on grade level in (a) or (b), the Union may submit a grievance listing their objections to the grade level. In such instances, the Union shall bear the burden of demonstrating that the job level is improper.

(d) Upon request from the Union, the Employer will provide the Union with listings of the temporary employees on the payroll.

Section 3 - Qualifications

(a) In regard to new jobs established under Section 2(a), the Employer agrees to establish minimum job-related qualifications. Nothing herein will prevent the Employer from establishing additional job-related qualifications and from hiring an individual who is the most qualified for the duties of the positions.

(b) Nothing herein will prevent the Employer from prescreening any of the job bidders who have not met the minimum qualifications for the position. The Employer will notify these employees in writing or by phone of the prescreening within four (4) days from the date the determination is made. If an employee believes he was improperly prescreened, he shall notify the Employer and if the Employer agrees, the employee's bid shall be reinstated to the bidding process. However, if the Employer disagrees, then that decision shall be final and not subject to grievance. Upon request, a representative of the Union may participate in any of these discussions.

Section 4 - Test and Testing

(a) The Employer may require an employee to pass a test as a part of determining whether the applicant meets the minimum qualifications for the job. All tests shall be administered by a representative of Personnel, where possible, or by a representative of the Employer not directly affiliated with the section into which the employee is making a bid.

(b) With the exception of skills tests, any employee who fails any other test may retake it for a total of three (3) times in connection with separate job postings. After the third test failure, that test may only be retaken if the employee provides documentation to demonstrate that he has taken training or other development courses that would lead to the belief that he would now pass that test. An employee shall not be required to take a test to measure knowledge, skill or ability for a new job, if the employee is satisfactorily performing that same function in a current job.

(c) Skills test are those designed to measure skill or proficiency at typing, stenography or word processing. The limitation regarding three (3) test failures in subsection 4 (b) does not apply to skills test.

(d) An employee who fails a test will be notified by phone or in writing and the employee's bid will not be processed further. If the employee disputes the test score, he shall notify Human Resources. If, upon review, Human Resources agrees with the employee, the bid shall be reinstated into the selection process. If Human Resources disagrees with the employee, then the decision of the Employer will be final and not subject to grievance. Upon request, a representative of the Union may participate in any of these discussions.

Section 5 - Selection

(a) The Employer shall select the person who in its opinion is the most qualified of all the qualified bidders on the job posting. In making its determination, the Employer may consider but will not be limited to considering factors such as attendance, interview results, discipline and past performance. Where several job bidders are equally qualified, the most senior will be selected. However, in instances where there is only one (1) qualified job bidder, that person shall be selected for the job except if the applicant has more than one active Disciplinary Notice or more than three (3) active absence notices. In such instance, the applicant may be bypassed for selection.

(b) The successful job bidder will be notified of new salary, starting date and whether a probationary period will be required and for what length. If the employee believes that there is a factual mistake in the information or requirements, the Employer shall be notified and the issues will be researched in an effort to resolve the dispute. If the dispute cannot be resolved, then the decision of the Employer will be final and not subject to grievance. The selected candidate will occupy the new position within three (3) weeks of the Employer's selection except where operational needs of the Employer require that the incumbent complete a task or tasks prior to leaving.

(c) Unsuccessful applicants will be notified by phone or in writing of their non-selection within a reasonable period of time.

Section 6 - Shift Vacancies

If a vacancy occurs in any multiple shift job, a notice shall be posted within the Unit or Section for a period of five (5) work days to allow incumbents working on other shifts in that same job to fill such vacancy before that job is posted in accordance with Article XVI, Section 1. As an alternative to posting, the Employer may canvas employees on other shifts. If more than one such employee seeks that job, it shall be awarded to the most senior employee.

Section 7 - Trainees

(a) If no currently employed applicants meet the minimum qualifications for a job as a result of a regular job posting, the Employer may repost the job as a trainee position by eliminating or reducing any and all qualifications for the job.

(b) Such trainee shall serve a probationary period in accordance with Article III. Upon successful completion of the probationary period, the employee shall receive a promotional increment or the minimum of the range, whichever is greater.

(c) If the Employer hires externally under Section 7(a), the new hire will be paid no more than a trainee would have received internally under the posting.

ARTICLE XVII

TRAVEL EXPENSES

Employees who utilize their personal automobiles for authorized company business will be reimbursed for all incurred company related travel expenses, including parking, tolls and mileage, at the IRS allowable rate.

ARTICLE XVIII

UNION ACTIVITIES

Section 1 - Membership - Thirty (30) days after the date of the Agreement or thirty (30) days after the effective date of this Agreement or thirty (30) days after the date of employment, whichever is the latest date, all employees, as a condition of employment, shall become members of this Union in good standing. Membership in good standing shall consist solely of tendering dues and initiation fees required as a condition of acquiring or retaining membership and as required by law. Membership of an employee in the Union shall not be terminated by the Union without reasonable cause; and the Employer shall not be compelled to discharge any employee for failure to maintain membership provided that the employee pays dues and fees, unless same is permissible under the existing law.

Section 2 - Check Off - At the time of hiring and during the employee's orientation session, new employees will be notified by the Union of this voluntary check off provision and may be requested to sign by the Union. Upon receipt of a lawful written authorization from an employee, the Employer shall deduct from the wages due said employee the regular monthly Union dues and initiation fee, as fixed by the Union. Each month the Employer shall remit to the Union all deductions for dues and initiation fees made from the wages of employees for the preceding month, together with a list of all employees from whom dues or initiation fees have been deducted.

The Employer shall be relieved from making such "check off" deductions upon (a) termination of employment or (b) transfer to a job other than one covered by the Bargaining Unit, or (c) layoff from work, or (d) an agreed leave of absence or (e) revocation of a check off authorization in accordance with its terms or applicable law. Notwithstanding the above, if an employee returns from a leave of absence or layoff within twelve (12) months of its commencement, check off will automatically be restored, provided that this Agreement has not expired and the employee upon notification of this action does not revoke the authorization within thirty (30) days.

It is specifically agreed that the Employer assumes no obligation, financial or otherwise, arising out of this Article and the Union agrees that it will indemnify and hold the Employer harmless from any and all action hereunder.

Section 3 - Representation - (a) The Union shall be entitled to designate Office Stewards from among the employees, this designation to be based on a ratio of one (1) Office Steward to each one hundred (100) Bargaining Unit employees. However, the Union shall be permitted to designate at least one (1) Office Steward at each branch office location. Meetings of Union Officers and Office Stewards shall not be held during working hours, except for scheduled conferences with Management. Stewards shall be released for grievance meetings and other meetings with Management without unreasonable delay of undue interference. Stewards will make every effort to confine their activities to representing employees in their respective office locations, wherever possible.

(b) A permanent Officer or representative of the Union shall be admitted to the premises of the Employer only after submitting a written request two (2) work days in advance to the a representative of Human Resources. Failure to make an advance written request, unless waived by the Employer, will result in the Officer or representative being denied admittance to the Employer's premises. In rare circumstances where it is absolutely necessary for the Union to be present at the Employer's premises short of giving the written two (2) work day notice, the Union shall inform the employer as soon as possible of the need and the explanation for immediate access. If the Employer agrees that an urgent situation exists, the Union will be allowed access without regard to the fact that the written two (2) work day notice was not given. The purpose of such visits shall be limited solely to ascertain whether this Agreement is being observed by the parties and to participate, when necessary, in settling grievances as outlined in the Grievance Procedures contained herein.

(c) Representatives designated by the Union shall be permitted to meet all new hires, in the presence of Management, as part of new hire orientation to acquaint them with the Union and matters regarding Union representation.

(d) The Union agrees to conduct Union business outside of working hours and off Company premises except where otherwise approved and granted by the Employer or except where any adverse impact on the Union by following this procedure would clearly outweigh the right of the Employer to operate its business.

Section 4 - VOTE Campaign - The Employer agrees to permit employees to deduct monies voluntarily from their weekly paychecks for the purpose of contribution to OPEIU - Local 32 VOTE Campaign, provided that the Union furnishes a letter from the AFL-CIO General Counsel in a reasonable time stating that the campaign is legal under the Labor Management Reporting Act and Federal Election Campaign Act. Upon receipt of a form executed by the employee which states the amount of weekly contribution deduction, the Employer shall begin payroll deductions and will submit said deductions to the Union Business Office on a monthly basis.

ARTICLE XIX
EQUAL EMPLOYMENT OPPORTUNITY

All Federal, State or local laws affecting equal employment opportunity shall be administered and enforced by the appropriate Federal and State agencies.

ARTICLE XX

GRIEVANCE PROCEDURE

Section 1 - General

(a) **Definition** - A grievance shall be limited to a complaint or dispute involving a disciplinary layoff or discharge or any disagreement as to the application, interpretation or enforcement of one or more expressed terms of this Agreement.

(b) **Exclusions** - Disagreements involving the following are not subject to grievance except as provided hereunder:

- (1) The exercise of any Management rights as enumerated in Article XXV.
- (2) Written warnings except if such actions subsequently serve as the basis for disciplinary layoff or discharge whereupon these preliminary steps of discipline may be challenged as part of that grievance.
- (3) The discharge of any newly hired or rehired probationary employee that occurs prior to completing the probationary period.

(c) Processing

- (1) **Signatures** - All Union and employee grievances must be signed and filed by the Union. Management grievances must be signed by the representative of the Employer who submits it.
- (2) **Contents of Grievance** - The grievance shall contain all the facts known to the grievant and/or Union and arguments as to the issues in disputes so as to place the Employer on notice as to the contractual violations alleged.
- (3) **Union Responsibilities** - The Union shall be responsible for the logging of all grievances, issuance of control numbers, disbursement of copies to affected parties, printing of the Grievance Notices, cost of such printing and distribution to its Stewards.
- (4) **Date of Grievance** - The date of the grievance is the date it is received by the Employer as indicated by the dated signature of a Representative of the Employee Relations Department.

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- (5) **Time Limits** - All time periods must be strictly met. They may be extended or shortened only by mutual consent in writing for good cause. All time limits specified commence with the next regular workday following date of grievance submission, Saturdays, Sundays and holidays are excluded from any time computation. Failure to timely file a grievance or apply to arbitration shall render the grievance void and not subject to arbitration. If the non-grieving party does not comply with the time periods set forth in the Grievance Procedure, the grieving party shall first notify the non-grieving party. If the non-grieving party does not comply, the grieving party can proceed to arbitration by submitting written notice for arbitration to the New Jersey State Board of Mediation with a copy to the non-grieving party.
 - (6) **Occurrence** - A grievance occurrence is defined as the time at which the grievant becomes aware of the incident or action.
 - (7) **Attendance** - Either party may request the attendance of other individuals who have relevant evidence to offer relating to the grievance.
 - (8) **Settlement** - A grievance settled at any Step shall be binding on only the specific parties and shall not constitute precedent or prejudice for future grievances.

Section 2 - Regular Grievances

A regular grievance must be filed within twenty (20) workdays from the date of occurrence and shall be processed as noted below. Initial grievance submission shall be to both the appropriate management supervisor and the designated Human Resources representative.

Step 1 - The Management supervisor receiving the grievance will conduct a First Step Meeting with the grievant and Office Steward within five (5) work days from the date of grievance submission. If settlement is not reached as a result of the First Step Meeting, Management will set forth its position in writing and submit it to the Union Steward within five (5) work days from the conclusion of the Step 1 Meeting.

If Management's First Step Answer is not satisfactory, the Union may appeal. The Appeal must set forth the reasons for rejection of the Step 1 Answer and be submitted to the designated Human Resources representative within five (5) workdays from receipt of the Step 1 Answer.

Step 2 - The designated Human Resources representative and the Union Business Manager or his representative will meet within five (5) workdays from receipt of the Step 1 Appeal. If the parties cannot settle the matter, Management will set forth its position in writing which will be given to the Union representative who was at the meeting within five (5) work days for the conclusion of the Step 2 Meeting.

Step 3 - Either party may proceed to arbitration under the provisions of Article XXI by submitting a notice in writing to the New Jersey State Board of Mediation, with a copy to the other party within fifteen (15) work days from the date of the Step 2 Answer.

Section 3 - Discharge Grievances

If an employee is discharged for reasons other than those excluded by this Article, the employee or the Union may file a grievance within fifteen (15) workdays immediately following the discharge. A copy of the grievance shall be submitted to the employee's appropriate Management supervisor with a copy to the designated Human Resources representative.

Step 1 - The designated Human Resources representative will meet with the Union Business Manager, or his representative, within five (5) workdays from the date of grievance submission. If the parties are unable to settle the matter the designated Human Resources representative will set forth Management's position in writing. The answer will be submitted to the Union Business Manager of Chief Steward within five (5) workdays from the conclusion of the First Step meeting.

Step 2 - If the matter is not settled at Step 1, the Union may proceed to arbitration under the provisions of Article XXI by submitting a notice in writing to the New Jersey State Board of Mediation, with a copy to the designated Human Resources representative, within fifteen (15) work days from the date of the Step 1 Answer.

Section 4 - Management Grievances

Management grievances shall be processed as noted below. The designated Human Resources representative shall submit in writing a grievance to the Business Manager within fifteen (15) workdays of the occurrence. The grievance need not be on a grievance form.

Step 1 - The designated Human Resources representative and the Chief Office Steward shall meet within five (5) workdays from the date of grievance submission in an attempt to settle the dispute. If settlement is not reached, the Union shall submit its position in writing to the designated Human Resources representative within five (5) working days following the Step 1 Meeting.

If the Union's answer is unacceptable, Management may appeal. The appeal must set forth the reasons for rejection of the Step 1 Answer and be submitted to the Union Business Manager within five (5) workdays from the date of the answer.

Step 2 - If Management's appeal is unacceptable, the Union will have ten (10) working days to issue an answer, in writing to the designated Human Resources representative, setting forth the reasons for the rejection of Management's appeal.

Step 3 - Either party may proceed to arbitration under the provisions of Article XXI by submitting a notice in writing to the New Jersey State Board of Mediation, with a copy to the other party within fifteen (15) work days from the date of the Step 2 Answer.

ARTICLE XXI

ARBITRATION

Section 1 - Coverage - (a) Rule - The Union or the Employer, after properly utilizing all Steps of the grievance procedure and adhering to all respective time limits therein may proceed to arbitration over any unresolved grievance.

(b) **Time Limitations** - If a party fails to serve notice of its intentions to arbitrate within the time limitations set forth in Article XX, it shall be considered settled in accordance with the final answer submitted by the non-grieving party.

(c) **Fees and Expenses** - All arbitration fees or expenses shall be borne equally by the parties except if a matter is not subject to arbitration or if a grievance is not timely processed as noted in Article XX, Section 1(c)6. When a party brings a case to arbitration, as permitted by the provisions of Article XX, Section 1(c)6, the delinquent party shall bear the total cost of arbitration.

(d) **Issues Subject to Arbitration** - Except for disputes involving time limits, all others will be decided via the arbitration process. Disputes over whether time periods have been met will be decided in accordance with federal law.

If either party brings a dispute to arbitration in which the arbitrator determines that the matter is not subject to arbitration under the provisions of this Agreement, all costs of arbitration, including attorney's fees, shall be borne by the grieving party.

Section 2 - Submission - (a) Multiple Grievances - Grievances may only be joined in arbitration by mutual agreement of the parties in writing.

(b) **Individual Arbitration** - No individual employee shall have the right to invoke arbitration.

Section 3 - Arbitration Panel - The parties agree to use a select panel of six (6) arbitrators to be mutually selected by both parties in an effort to shorten the time periods involved in bringing disputes to arbitration.

Section 4 - Limitation of Arbitrator - (a) In no event will an arbitrator have jurisdiction or authority to add to, detract from or alter by award in any manner whatsoever the provisions of this Agreement.

(b) The arbitrator has no authority to reduce the discipline or discharge imposed by the Employer if the arbitrator determines that discharge or discipline was justified.

(c) The arbitrator shall have no power to establish wage rates, job classifications or benefits of any kind which are not provided for or explicitly negotiated under the Agreement.

Section 5 - Awards - (a) In any Award for back pay, the Award shall not exceed one-hundred twenty (120) calendar days from the date the grievance was timely submitted unless the Employer has acted in bad faith in scheduling the arbitration hearing.

(b) In any Award for back wages, monies earned during the back pay period, including subsequent employment earnings, unemployment compensation, worker's compensation, etc., shall be deducted from the amount due.

(c) Awards will be final and binding and will be implemented within fifteen (15) days from the date of receipt, except where either party contemplates further action in connection with such Award. In such event, the moving party will inform the other in writing of such intent within fifteen (15) workdays of the receipt of such Award. Such intent, however, shall be limited to vacating the Award in the proper judicial form, unless otherwise mutually agreed to by the parties.

(d) Any Award by an arbitrator shall not be considered as setting precedent in later cases.

ARTICLE XXII

ATTENDANCE CONTROL

Section 1 – General Policy - Employees are expected to be at work in accordance with their respective schedules. At the beginning of each year or upon being hired, employees are credited Pool Time to provide time off from work without loss of pay for recreation purposes, to attend to personal business and for unforeseen emergencies including incidental illness and in the event of death of near relatives. On occasion, some employees may need to be absent for longer periods of time due to the birth or adoption of a child, to provide care for a family member or because of personal illness. Federal and NJ state laws provide some job protection for these situations. However, because we are a business and are obligated to serve our providers and customers, we depend on the regular attendance of our employees. As such, absences from work which are not covered by Pool Time or protected by law, may be considered excessive and a continued pattern of excessive absenteeism may result in discharge.

Section 2 – Family/Medical Leave - The NJ Family Leave Act and the Federal Family and Medical Leave Act (FMLA) provide that employees may be absent from work for up to 12 weeks per year for certain specified reasons, as follows:

- The NJ law stipulates that any employee with one or more years of service may be absent for up to 12 weeks during a 24 month period due to the birth or adoption of a child or to take care of a family member (parent, spouse or child) with a serious health condition.
- The FMLA provides the same protection as the NJ law allowing for covered absences of up to 12 weeks during a 12 month period, but also stipulates that employees may be absent due to their own serious health conditions.

For more information regarding definitions of “serious health conditions” refer to next item.

As long as the employee’s absences fall within the parameters of these laws, they may not be disciplined for excessive absenteeism.

Section 3 – Serious Health Conditions - Guidelines issued under the FMLA define ‘serious health condition’ as illness, injury or impairment or physical or mental condition (including one that is work-connected and compensable under the Workers’ Compensation law) that either involves:

1. Inpatient care in a hospital, hospice or residential care facility or any subsequent treatment in connection with such care, or
2. Continuing treatment by a health care provider in any of the following situations:
 - a. Incapacity of more than 3 consecutive days and any subsequent period of incapacity related to the same condition that involves treatment by a health care provider, or

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- b. Treatment, including examination to determine if a serious health condition exists.
 - c. A regimen of treatment, including a course of prescriptive medication or therapy involving special equipment.
3. Any period of incapacity due to pregnancy or prenatal care.
 4. Any period of incapacity, or treatment for such incapacity, due to a chronic, serious health condition, including those that may cause episodic incapacity.
 5. A period of incapacity which is long term where the individual is under continuous supervision.
 6. The administering of multiple treatments for restorative surgery or for medical intervention.

You may contact a representative in Human Resources with questions regarding a specific condition or event.

Section 4 – Absence Reporting - If you know you are going to be absent, you should advise your supervisor in advance to allow time to plan the redistribution or modification of work or assignments. If you cannot provide advance notice, you are expected to comply with the absence call in procedures for your unit.

Speak with your supervisors if you are unsure of your call in requirements.

Section 5 – Medical Certification - If you are absent for more than 5 consecutive work days due to a claimed illness or injury, a medical certification form will be sent to you to complete and to be forwarded to your attending physician.

Supervisor may require employees to provide certification for absences of fewer than 5 consecutive days if the supervisor has reason to believe that the employee may not be ill. Such certification should indicate the date that the employee was examined, the reason for the absence (diagnosis) and the signature of the attending physician or office representative.

Section 6 – Discipline and Discharge

1. When employees exhaust all of their pool time and their absences are **NOT** covered by the N.J. Family Leave or Federal Medical Leave Act, absences will count towards excessive absenteeism and may, therefore, become the basis for discipline.
2. The first Written Warning is based on the number of absence occurrences, the number of days of absence or both.
3. An absence occurrence may be for one day or a series of consecutive work days for the same absence reason. For example, if Fred is absent for one day with the flu and Laura is absent for 5 consecutive work days with the flu, both are absent for one occurrence. However, if these were their only absences after using up all their Pool Time, Fred could **not** be disciplined (one day for one occurrence) whereas Laura could receive a first written warning (5 absence days).

4. The following are suggested guidelines. However, individual consideration should be given based on circumstances:

Steps	Discipline	Record
First	Written Warning	At least 2 separate occurrences or one occurrence of 3 days or more
Second	Written Warning	At least 1 more occurrence beyond those in the prior step
Third	Discharge	At least 1 more occurrence beyond those in the prior step

5. Disciplinary steps are in effect for 12 months from date of issue. For a discharge to occur, at least 2 written warnings for excessive absenteeism must be active.
6. Employees with less than 1 year of employment are not covered under NJ FMLA or FMLA. They may be discharged for excessive absenteeism as follows:
- After exhausting pool time by applying the discipline steps in discipline section #4 (or)
 - Even if they have not exhausted pool time but are absent on STD.
7. Employees who remain out of work continuously for more than 12 weeks or are absent in excess of a total of 12 weeks under the NJ Family Leave law or the Federal FMLA may be discharged immediately, whether or not they had received any disciplinary warnings for absenteeism or exhausted all of their pool days.
8. Discipline issued in accordance with this Article is subject to the Grievance Procedure.

ARTICLE XXIII

BULLETIN BOARDS

The Employer agrees to provide bulletin board space for the exclusive use of the Union. All Union notices require Employer approval prior to posting. The Employer and Union agree that neither may post any notices or other material which contain demeaning or disparaging references to the other or his representatives.

All notices placed on the Union's bulletin board must bear the signature of an authorized Union representative. The Union agrees not to post anything of a political nature or anything that does not relate to Union matters.

ARTICLE XXIV

ADDITIONAL AGREEMENTS

The Employer and the Union agree that any letters of understanding or supplemental agreements that are not incorporated into the new Agreement or specifically renewed by mutual consent in writing shall be deemed expired as of the expiration date of the current Agreement. The parties further agree that any new supplemental agreements or letters of understanding entered into between the parties during the course of this negotiation or at any time thereafter during the term of the Agreement shall, unless stipulated otherwise, remain in force during the term of the Agreement and shall similarly be considered void concurrent with the expiration of the Agreement unless renewed or incorporated in any subsequent Agreement.

ARTICLE XXV

MANAGEMENT PREROGATIVES

Section 1 - Policy - The Union and the Employer agree that the provisions of this Agreement shall be expressly limited to hours, wages, and working conditions explicitly and specifically contained in this Agreement and shall not be construed to restrain the Employer from the sole management of its business.

- (a) The Employer reserves the right to determine size and composition of workforce, staffing pattern and areas of work; to select applicants; to hire from any source; to determine minimum qualifications for each job; to determine qualifications of its employees and place of work; to promote, transfer, suspend, layoff and rehire; to determine hiring rates as those rates are consistent with provisions of the Agreement; to establish standards of quantity and quality of work; to determine the kind and amount of training required, to conduct such training and to require employees to undergo such training; and to discharge newly hired probationary employees for any reason whatsoever.
- (b) The Employer reserves the right to determine job content; to add, delete or discontinue a position; to reclassify jobs; to transfer jobs from one location to another; to change work hours; to establish new shifts or eliminate existing shifts; to determine the kind, class and character of work and to assign work as it alone deems proper, necessary and suitable; to expand, reduce, combine, consolidate, or abolish any job; to allow employees to perform work off or away from the Employer's premises; and to determine that work should not be performed.
- (c) The Employer reserves the right to determine work hours, including starting and quitting times and overtime; to approve or deny pool time off (except for emergencies) and approve requests for leaves of absence.
- (d) The Employer reserves the right to establish, modify, rescind, publish and enforce appropriate standards of conduct and behavior, discipline and discharge for its employees including listing of infractions and setting discipline which will be applied; to determine and distribute rules and regulations for maintaining safety, order and effective enforcing of its operation; to change, add to or delete such rules; and to counsel, warn, reprimand and suspend any employee and to discharge any probationary newly hired employee.
- (e) The Employer reserves the right after notice (which shall contain generally the elements of the program) to, but not discussion or negotiation with, the Union to reward employees based on performance, competence, or conduct; to establish merit pay and/or competency pay programs, and to reward employees under such programs; and to develop employee appraisal programs and evaluate performance under such programs.
- (f) The Employer reserves the right to have managerial, supervisory or confidential employees perform Bargaining Unit work at any time or to have other non-Bargaining Unit employees perform Bargaining Unit work when new methods or systems are being evaluated or introduced, or in the event sufficient Bargaining Unit personnel are not qualified or available to perform the work.

(g) The Employer reserves the right to make any and all changes, whether technological or not, in equipment and methods of doing business or performing work including the introduction of new, modified, or expanded equipment not presently being used; and to abolish past work customs and practices which are inefficient or costly.

(h) The Employer reserves the right to subcontract any Bargaining Unit work and to allow outside contractors to hire employees to perform such work.

(i) The Employer reserves the right to the sole conduct of its business; to administer policies and procedures relating to research, education, training, operation, service and maintenance; to consolidate, discontinue or create any new department, division or subsidiary of the Company; to determine new locations; including the relocation and/or closing of existing facilities and to determine new lines of business.

(j) The Employer reserves the right to select and appoint bargaining unit employees to participate as members of workgroups and committees to improve procedures, processes and systems in their work areas provided that the affected employees agree to serve in this capacity, to reward and recognize the employees for their contributions and service.

(k) The Employer reserves the right to transfer employees among business teams based on operational needs. Such transfer shall not affect changes in an employee's job title, grade level, or shifts and the new job shall be within a five mile radius of the former job.

Section 2 - Existing Rights - The Management rights in Section 1 are not to be interpreted as all-inclusive but merely indicate the type of rights which belong to and are inherent to the Employer. All rights, power or authority the Employer had prior to signing this Agreement are retained by the Employer except those explicitly specified, abridged, delegated or modified by this Agreement or any Supplementary Agreement that may be made.

Section 3 - The exercise of any management rights listed in Sections 1 and 2 shall not be the subject to any grievance or arbitration procedure unless specifically and explicitly provided for by another provision of this Agreement and only to the exact extent so provided.

ARTICLE XXVI

WAIVER

Waiver of violation in any one or more instances or for any one or more periods of time shall not be deemed a waiver of subsequent or continued violation or as to any subsequent period of time.

ARTICLE XXVII

SAVINGS CLAUSE

In the event that any provision of this Agreement shall at any time be declared invalid by any court of competent jurisdiction, or through government regulations or decree, such decision shall not invalidate the entire Agreement, it being the express intention of the parties hereto that all other provisions not declared invalid shall remain in full force and effect.

ARTICLE XXVIII

NOTICE

Any notice from either party to the other shall be in writing and deemed sufficient if sent by prepaid, registered mail addressed to the Union at 2013 Morris Avenue, Union, New Jersey and to the Employer at 3 Penn Plaza East, Newark, New Jersey.

ARTICLE XXIX

NO STRIKE - NO LOCKOUT

During the term of this Agreement or any extension thereof, the Employer agrees that there shall be no lockouts of Union members and the Union agrees that there shall be no strike of any kind or degree whatsoever, walkout, suspension of work, curtailment or limitation of production, slowdown or any other interference or stoppage of the Employer's operations. All matters of dispute arising under this Agreement shall be settled by arbitration as provided for in Articles XX and XXI. It is further agreed that if any employees engage in any of the above-noted activities during the term of this Agreement or any extension thereof, the Union and its officers will immediately notify its members, both verbally and in writing with a copy to the Employer, that work must be resumed at a normal rate and it is understood that if the Union and its officers take such action, there shall be no liability upon the Union and its officers for such incidents. However, should such action on the part of the Union and its officers fail to end such strike, slow down or work refusal, it is agreed that the Employer shall have the unqualified right to discipline or discharge employees participating in or encouraging such violations; the Union shall, however, have the right of recourse to the grievance and arbitration procedures to the extent of establishing fact as to whether or not any individual employee has participated in or encouraged such violations.

ARTICLE XXX

SUCCESSOR

In the event that the Employer enters into a binding legal written agreement to sell its assets or stock to another entity, then it shall inform the Union of such binding written commitment as soon as practical subsequent to the point in time when such written agreement becomes legal, binding and effective. The Employer shall not be required to provide such notice until every condition precedent to the performance of either party to such agreement has been fulfilled. Prior to the execution of any such written agreement, the Employer shall inform the other party to the transaction that the Union represents a majority of employees in the unit set forth in Article I of this Agreement, provided that the Plan does not have a reasonable basis to believe that the Union no longer represents a majority of bargaining unit employees. This provision shall not apply to any sales or other transactions caused by an act of the State of New Jersey or any other government entity. The Plan shall not be held liable for the acts of any successor employer.

ARTICLE XXXI

DISCIPLINE

Section 1 - Employees may request the presence of the Union at an investigatory interview where the employee believes the investigation will result in disciplinary action; it may not interfere with legitimate Employer prerogatives; and it may not be used by the Union to negotiate or bargain with the Employer. The Employer may present the employee the choice of having the interview without the Union present or having no interview. This Subsection will be enforced in accordance with NLRB principle and only through the NLRB.

Section 2 - Warnings, disciplinary layoffs and discharge notices shall be issued only for just cause. Such notices shall be in writing and given to the employee promptly with a copy to the Union.

Section 3 - The Union, Employer and employee shall promptly exchange all available information at a time mutually agreed upon in regard to the grievance.

Section 4 - It is agreed that the issuance of a written warning, disciplinary layoff or discharge shall occur within thirty (30) work days from the date of the infraction or from the date the Employer learned of the infraction, whichever is later. It is understood that these limits shall not apply when the infraction is in the nature of a series such as tardiness or when past infractions are discovered as a result of a current investigation.

Section 5 - Any disciplinary notices shall not have any evidential effect or be used as evidence in connection with any grievance proceedings after twelve (12) months from the date of issuance unless they are used where the employee claims that such infraction have not occurred. Where disciplinary action has been taken for any infraction, the twelve (12) months period will commence from the date such disciplinary action becomes effective.

Section 6 - Standards - The Company shall notify the Union whenever it establishes or changes performance standards. However, as long as the affected employees are appropriately notified of the performance standards, the Union may not challenge any discipline issued for failure to meet those standards on the basis that the Union was not so notified.

Section 7 - For production or quality infractions, notification of the results and discipline shall be imposed within fifteen (15) workdays following the month reviewed. Any discipline imposed beyond the above timeframe will be a repeat of the last step.

ARTICLE XXXII

DURATION

(a) This contract shall continue in full force and effect through and including April 30, 2005 and from year to year thereafter unless a prior sixty (60) day notice is given by either party of its intent to change, alter, modify, amend or terminate this Agreement prior to its expiration.

(b) Parties have agreed to re-open negotiations during the term of this agreement as follows;

- On or after November 1, 2000, the parties will meet to consider; (1) the company's request to mail paychecks and pay vouchers to employees' home addresses and (2) to use electronic mail to send pay vouchers to those with direct deposit.
- After January 1, 2001, the parties will meet to consider renegotiating the current 120 day limitation relating to arbitration awards for back pay.
- For the calendar year commencing January 1, 2002, the parties may meet to consider a new retiree contribution arrangement in place of the one shown under Article VII, Section 2.

EXHIBIT A

Horizon Blue Cross and Blue Shield of New Jersey, Inc. Union Employees' Retirement Plan January 1, 1997 through December 31, 2001

The following is a summary of the provisions of the Union Employees' Retirement Plan:

- (1) **Participation and Conversion Date** - The plan is a continuation of the Union Employees' Retirement Plan which was due to expire May 30, 1996, but has been continued in force through December 31, 1996. All participants in the Union Employees' Retirement Plan as of December 31, 1996, continue to participate in the plan. All other covered employees become plan participants on the later of January 1, 1997, or the first of the month following completion of 30 days of service.
- (2) **Opening Account** - Each active participant as of January 1, 1997, will have an opening account which is based on his or her accrued benefit under the expired Union Employees' Retirement Plan as of December 31, 1996. The opening value will be determined by multiplying the December 31, 1996, annual accrued benefit by the applicable conversion factor.
- (3) **Pay Credits** - Accounts are credited with an amount at the end of every calendar quarter. The amount credited equals Pensionable Pay for the quarter times the pay credit percentage in Table 1 (attached).
- (4) **Pensionable Compensation** - Included is W-2 Compensation with IRC, Sec. 125 and 401(k) salary deferrals added back and excluded are reimbursements, expense allowances, fringe benefits, moving expenses, deferred compensation, welfare benefits and compensation received prior to plan participation.
- (5) **Interest Credits** - Accounts will be credited with interest based on the rate for 5-year Treasury securities as of November 30 of the preceding year, but not less than 5.77% per year nor more than 7.5% per year.
- (6) **Vesting** - Covered employees hired before January 1, 1997, will be 100% vested at the earlier of attainment of age 55 and 1 year of vesting service or 5 years of vesting service. Otherwise, they are not vested. Covered employees hired after December 31, 1996, are 100% vested at the earlier of age 65 and 1 year of vesting service or 5 years of vesting service. Otherwise, they are not vested.
- (7) **Benefit Options at Termination of Employment** - The following benefit options are available and in all cases the annuities will be the actuarial equivalent of the Cash Balance account at the Annuity Starting Date: 1) Normal Form - A life annuity for single employees and a joint and 50% contingent annuity for married employees; 2) Lump Sum - A lump sum payment equal to the Cash Balance account; automatic lump sum payment if the amount is under \$5,000; 3) Full Cash Refund Annuity - An annuity payable for the life of the participant, with the excess of the Cash Balance account at the annuity starting date over the sum of the pension payments received payable as a lump sum to the participant's beneficiary; 4) Life Annuity; 5) Joint and Contingent Annuities - Joint and 50%, 66 2/3% or 100% contingent annuities; 6) Life and Years' Certain Annuities - 5 or 10 years' certain annuities; or 7) Social Security Level Income.

(8) **Disclaimer** - The provisions in Exhibit A are summaries of key provisions of the Union Employees' Retirement Plan and are not intended to be all-inclusive. Comprehensive provisions of the Plan will be available in a Summary Plan Description in accordance with ERISA regulations.

Table 1

Age	Annual Pay Credit Rate	Age	Annual Pay Credit Rate
25 and under	1.50%	44	4.75%
26	1.50	45	5.25
27	1.75	46	5.50
28	1.75	47	5.75
29	2.00	48	6.25
30	2.00	49	6.50
31	2.25	50	7.00
32	2.25	51	7.50
33	2.50	52	8.00
34	2.50	53	8.50
35	2.75	54	9.00
36	3.00	55	9.75
37	3.00	56	10.25
38	3.25	57	11.00
39	3.50	58	11.75
40	3.75	59	12.50
41	4.00	60	13.25
42	4.25	61	14.00
43	4.50	62 and over	15.00

EXHIBIT B

**Brief Description of Newly Adopted
Union 401(k) Savings Plan
Effective January 1, 2001**

The following are some highlights of the Plan:

- (1) **Eligibility:** Employees are eligible to enroll in the Plan the first of the month following 30 days of employment.
- (2) **Contributions:** Participants can contribute up to 12% of their base pay in pre-tax dollars and up to 6% of the base pay in after-tax dollars.
- (3) **Employer Matching Contributions:** Effective 1/1/2001, the Employer will match 25% of the first 6% of employee contributions up to a maximum of 1.5% of pay. Effective 1/1/2003, the Employer will match 50% of the first 6% of employee contributions up to a maximum of 3% of pay.
- (4) **Investment Opportunities:** There are 25 funds into which participants can invest their contributions. Employees may choose to invest in any or all of the investment funds offered under the Plan. The number and types of funds may change upon discretion of the Employer. The Employer agrees to notify the Union of any such changes.
- (5) **Withdrawals:** After-tax contributions may be withdrawn once every 12 months for any reason. Pre-tax contributions may be withdrawn anytime for a qualifying hardship.
- (6) **Loans:** Participants may borrow up to 50% of their vested account value. The minimum loan is \$1,000 with one (1) to five (5) years to repay. Repayment is done through payroll deduction.
- (7) **Vesting** – Vesting is your non-forfeitable right to the money in your account. You are always 100% vested in your pre-tax savings, after-tax savings, and rollover contributions and in any accrued earnings on them. You become vested in Company matching contributions according to the following schedule:

<u>Years of Service From Date of Hire</u>	<u>Percent Vested in Company Matching Contributions</u>
Less than 1	0%
At least 1 but less than 2	25%
At least 2 but less than 3	50%
At least 3 but less than 4	75%
4 or more	100%

-
- (8) **Termination:** Upon termination of employment, participants whose vested balance is greater than \$5,000 may elect to defer receipt of their account balance or receive a distribution as soon as administratively possible. Participants whose vested balance is less than \$5,000 may request a distribution. If no request is made their account balance may be distributed to them automatically at the Employer's sole discretion.
 - (9) The negotiated 401(k) plan is not subject to change prior to May 1, 2005, except to retain the Plan's qualified status.
 - (10) It is recognized that the Plan Document shall be the controlling document regarding questions of application, interpretation or benefit entitlement.

The provisions of this contract were agreed upon this 9th day of June, 2000.

HORIZON BLUE CROSS BLUE SHIELD OF NEW JERSEY, INC.

By: _____
SANFORD ROBINS
Director, Human Resources

By: _____
JOSEPH PELIZZONI
General Counsel

**OFFICE AND PROFESSIONAL EMPLOYEE INTERNATIONAL UNION
LOCAL 32, AFL-CIO**

By: _____
PATRICK J. TULLY
Business Manager

By: _____
STEVEN TULLY
Secretary-Treasurer

By: _____
EDWARD ANDRYSZCZYK
President

By: _____
JUANITA RAY
Vice President/Chief Shop Steward

By: _____
GLORIA HUNTER
Shop Steward