

LOCAL 270

UTILITY WORKERS UNION OF AMERICA

AFFILIATED WITH THE AFL-CIO

LIGHT-HEAT

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POWER-WATER

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To: Active and "In the Box Retirees" in the Cleveland and Ashtabula Divisions

Subject: Healthcare/Prescription Drug Benefits

Brothers and Sisters,

We first informed you last fall of the serious problem concerning the payment of claims for your healthcare benefits provided by Morgan Waldron. Since we filed our lawsuit against Morgan Waldron in November 2010, we have been trying to set up a way to allow FirstEnergy to pay for unpaid medical claims while the litigation against Morgan Waldron is pending. Unfortunately, Morgan Waldron would not agree to the terms we felt were necessary to protect everyone, so this matter had to be decided by the Court.

After months of delays and filing formal legal motions, on June 6, 2011, United States District Court Judge Benita Y. Pearson ordered the following steps to get the outstanding medical claims paid while the lawsuit is ongoing:

- UMR, the company hired by Morgan Waldron to receive and process claims for payment, was ordered to send all of the processed checks for all of the medical providers to Morgan Waldron.
- UMR was ordered to send a letter to each provider asking them to accept the network payment schedule as payment in full and to sign a release in order to get paid.
- Once UMR receives a signed Release, it must send the Release to Morgan Waldron. UMR is sending these Releases to Morgan Waldron each week.
- After Morgan Waldron receives the Release, it notifies FirstEnergy to deposit money in a bank account specifically to fund these medical claims for Local 270 members and their families.
- Within 10 days of the request for funds, FirstEnergy must wire the money to the bank.
- Ten days later, Morgan Waldron will send out the checks to the providers.

So far, over 310 releases have been returned by providers. On August 9, 2011, FirstEnergy made its first deposit of over \$644,000. Morgan Waldron has now started releasing checks to

those providers that returned their Releases and other non-network providers that were not subject to the Release requirement in the Court Order.

It is important that you understand that any co-payments, deductibles or coinsurance amounts that are your responsibility are still owed if you have not already paid them. These Releases protect you from any attempt by a network provider to charge you amounts that should have been written off as a discount because they are part of the United HealthCare system.

As part of this Release, providers agree to rescind and request removal of all negative reports made to any credit agency relating to the late payment of these medical claims. The providers have agreed to take this action within 10 days of receiving the payment. If you have a negative report on your credit from the non-payment of medical bills that is part of the lawsuit against Morgan Waldron, you should call your provider once they are paid and make sure that they rescind the negative report and request that the credit agency remove the report.

A listing of providers that have been paid will be available on the union web site. The web address is www.local270.org.

There is still a dispute between Morgan Waldron and UMR over sending an Explanation of Benefits to you. We hope that the information on the website will help you until this dispute is resolved, but if you have specific questions on your bills, you will have to call UMR or look at the UMR EOB online, as Local 270 does not have this information.

We still have long way to go in order to resolve the lawsuit. But it is our hope that at least the burden that has been placed on all of our members and their families will be lessened in the next couple of months once the claims have been paid.

Fraternally,

A handwritten signature in black ink, appearing to read "Frank J. Meznarich Sr.", written in a cursive style.

Frank J. Meznarich Sr.
President Local 270