

# MELPAR-A-GRAPH

MELPAR, INC. • A SUBSIDIARY OF WESTINGHOUSE AIR BRAKE CO.

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## BENEFITS PROGRAM TO BE BROADENED

### OPINION

Company growth and success are no accident.

They require a management conscious of its duties and its obligations, as well as responsible performance on the part of employees within their area of effort.

That both these factors are present in our Company is evidenced by its tenfold growth in the past six years, by the increase in the number of employees from 219 in May, 1950 to 2280 in July, 1956.

The expanded benefits announced in this issue of the **MELPAR-A-GRAPH** are one consequence of a unity of purpose and a desire to progress on the part of everyone—

management and employees. Progress cannot thrive in a strife torn company. We are certain that no union intervention could have brought into being any wider span of benefits. Indeed, such activities tend to destroy the unity of purpose we speak of; a unity essential to the preservation of a working climate in which each man builds his own future to the limit of his ability.

We firmly believe that management's continued emphasis on Company policies based upon just treatment of the individual, plus continued productivity in a spirit of normal trust and confidence, surely spells a meaningful future for all.

### NEW MEDICAL COSTS PROTECTION, MORE ALLOWED TIME ANNOUNCED

Greater financial protection in times of emergency, under our cost-sharing Group Insurance and Hospitalization Plan, plus expanded employee benefits under the Company's allowed-time policies will go into effect throughout Melpar on September 1, 1956.

An outstanding feature of the revised program is the inauguration of a Major Medical Expense Insurance plan, whereby Melpar people no longer need fear the economic impact of heavy bills for medical care in the event of serious accident or long illness.

Significant increases in the amounts of life insurance and weekly indemnity benefits, at small additional cost to policy holders, have been negotiated with the underwriters of our Group Plan, the Continental Assurance Co. of Chicago.

The Company's sick leave policy has been broadened to incorporate an accumulative feature as a function of continuous service, while at the same time the number of days of sick leave allowed an employee has been greatly increased.

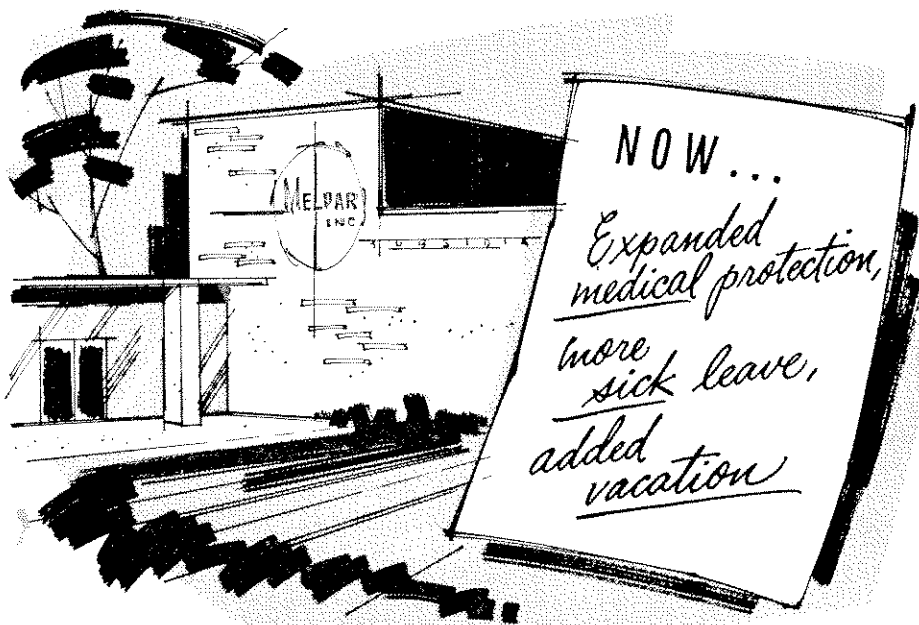
Other revisions of policy to be adopted on September 1 mark a liberalization of our vacation policy in line with a growing trend in industry, and an increase in the number of paid holidays to be observed by the Company.

Detailed accounts of each aspect of this improved benefits program are carried in other columns of this issue of the **MELPAR-A-GRAPH**.

### TWO DEFINITIONS

The term "non-exempt employee", as used in Melpar, applies to those who work on an hourly wage and who 'punch the clock'.

The term "exempt employee", as used in Melpar, applies to those who are salaried and do not 'punch the clock'.





## A DAY OFF—FOR SHOPPING

Washington's Birthday, celebrated on February 22, henceforth will be observed by the Company as a "paid holiday". All employees will receive the usual "holiday pay" for this additional allowed time.

This increases to seven, the number of paid holidays observed by Melpar; the others are New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving, and Christmas.

## SOME MED-X HIGHLIGHTS

Representatives of the Continental Assurance Company will be stationed at Melpar in the near future, to explain and discuss the workings of MED-X. Anticipating the experts, some interesting highlights of the plan are given here and elsewhere in this issue of the **MELPAR-A-GRAPH**.

Some of the items of expense MED-X recognizes in a valid claim are: fees for physicians, surgeons, registered nurses, and registered practical nurses.

MED-X also recognizes the cost of prescribed medicines, anesthetics, X-Ray treatment, oxygen and rental of equipment for administering it, and physiotherapy. There are many more; these examples were chosen from those for which the bill can run high, fast.

Compensable expenses from a disablement may be incurred over a six month period in the course of satisfying the plan's 'deductible' provision.

The 'deductible' is \$300, or the amount paid under our existing Group Hospitalization Plan, whichever is greater.

# MED-X PROTECTS MELPAR FAMILIES HIT BY LONG ILLNESS OR SERIOUS ACCIDENT

Group Major Medical Expense Insurance, one of the newest developments in the field of group insurance, is almost as useful as a parachute—especially when you need it.

The plan developed for Melpar by the Continental Assurance Company, which will become a part of our Group Insurance and Hospitalization structure on September 1, 1956, is called MED-X. Its purpose is to protect Melpar employees against the ruinous expense of medical care if serious accident or prolonged sickness strikes us or our dependents.

The best way to explain MED-X is to show it in action. Here are two fundamentally different applications.

A Melpar man is hospitalized for a major operation. He spends 25 days in the hospital; that item amounts to \$375. He incurs \$300 in miscellaneous charges. His surgical fee is \$400. Total cost: \$1075.

Our present Group Hospitalization Plan pays \$670 of the cost, leaving a balance of \$405. MED-X then takes over, and pays 80% of that balance, or \$324. Net cost to the Melpar man—\$81.

Consider the Melpar man who suffers a heart attack. He is not hospitalized, but is treated at home. The present Hospitalization Plan was not designed for that catastrophe, and it is of no help to him. The final cost of his doctor, specialists, nurses, medicines, and so forth amounts to \$4000.

MED-X first applies its 'deductible' provision: the first \$300 of our man's medical bill is not insured. The 'deductible' provision affects medical insurance in exactly the same manner as in automobile collision insurance—it voids the small claims, and is essential to the feasibility

of such insurance at practical premium cost.

MED-X then pays 80% of the net balance, or \$2960. The actual cost to our man of his \$4000 heart attack is \$1040.

These are the major elements of MED-X. It will pay up to \$10,000 for any one disablement. It will pay a maximum of \$19 per day for hospital room and board. It covers dependent children from birth through age 23. Maternity is treated as any other disablement. The plan costs a Melpar employee \$5.28 a year for his own coverage, and protects all his dependents for an additional \$11.46 a year. The Company, of course, is contributing a large portion of the total premium cost.

Compare this with the usual major medical policy available to an individual.

In order to get such a policy, the individual and all his dependents must prove insurability. Such an individual policy has a \$5,000 maximum. The individual pays 25% of the net cost, after a 'deductible' ranging from \$300 to \$750. Maternity is not covered. The policy may be cancelled at the option of the insurance company. And this is what the individual's policy will cost him: a 35 year old man, using a \$500 'deductible', pays \$39 a year for his own coverage; to protect his wife and two children, he pays an additional \$115 a year.

New application cards covering our entire Group Insurance package—MED-X, Life Insurance, Hospitalization, and Weekly Indemnity—will soon be issued to all employees. They must be returned to the Personnel Department no later than August 31. Eligibility is established by virtue of 30 days' continuous employment on September 1, 1956. Employees hired after that date will become eligible 30 days after the hiring date.

## NOTES AND COMMENT ON MED-X

The concept of providing either individual or family protection against catastrophic events by means of a wide-ranging medical insurance plan such as MED-X is not much more than two years old.

It has been estimated that only about 500 companies in the country have incorporated major medical insurance as a part of their employee benefits programs.

One of the strongest selling points to be made in favor of one's participation in a plan such as MED-X is intangible, but very real — when something happens. That is the warding off of the emotional stress brought on by the thought of the big doctor bills which must inevitably be presented. Accident or severe illness is quite bad enough. Piling money worries on top of it frequently aggravates and extends the calamity.

## NEW SICK LEAVE REGULATIONS DUE

### LOWED TIME IS INCREASED, PUT ON ACCUMULATIVE BASIS

The Company's present sick leave policy permits each permanent, full-time employee a credit of five paid days per year. The employee's eligibility is established after five months of continuous service. Thereafter, his sick leave for each year is credited to him on January 1.

In our new sick leave policy, effective September 1, 1956, the amount of avail-



able sick leave is increased, an accumulative feature is introduced, and new regulations apply to exempt and non-exempt employees.

The express purpose of the Company's sick leave policy is to aid in protecting an employee against financial distress. Therefore—payments made to an employee under the Weekly Indemnity provision of our Group Insurance policy, or payments made him under Workmen's Compensation laws, will be supplemented by sick leave payments so as to maintain his normal income until the moment at which his sick leave benefits are exhausted.

Essential to the workings of this policy is an understanding on the part of all employees, that sick leave payments cannot be made unless the procedure for reporting one's illness is properly followed.

**These are the effects of the Company's new sick leave policy on employees in various categories as of September 1, 1956.**

First, the **non-exempt** employee having at least one year's service . . .

Already, he had been credited with five days' sick leave under our present policy. On September 1, 1956, he begins to accumulate additional sick leave at the rate of one-half day for each succeeding month of service until he reaches the maximum: ten days.

Meanwhile, as he uses his sick leave (or has used it prior to September 1), his 'credit balance' drops. But as he continues in the Company's employ, his 'credit balance' is replenished at the same rate: one-half day for each month of service, to a maximum of ten days.

The **non-exempt** employee having at least five months' service, but less than twelve months . . .

Already, he had been credited with five days' sick leave under our present policy. On the first anniversary of his hiring date (which could be September 2nd!), he also begins accumulating additional sick leave as explained above.

His 'credit balance', of course, operates as described above.

The **non-exempt** employee with less than five months' service on September 1, 1956 . . .

After five months' service, he is credited with five days' sick leave. On the first anniversary of his hiring date, he begins accumulating additional sick leave as explained above. His 'credit balance' also operates as described above.

[To effect the transition from old to new policy, non-exempt employees with at least five months' service on December 31, 1956, will receive an additional three days' sick leave as of January 1, 1957.]

The **non-exempt** employee hired after September 1, 1956 . . .

After six months' continuous service, he is credited with five days' sick leave. On his first anniversary date, he begins accumulating additional sick leave as explained above. His 'credit balance' also operates as described above.

**NOTE:** three days of sick leave may be used in the event of death in one's immediate family. 'Immediate family' is defined as consisting of one's father, mother, spouse, brother, sister, or children.

The **exempt** employee having at least five months' service . . .

Already, he had been credited with five days' sick leave under our present policy. On September 1, he is credited with five more days.

At the same time, a transitional period sets in to effect a shift from the present January 1 base date to an "anniversary" base date. During this period, he accumulates one additional day of sick leave for each succeeding month's service until he reaches the maximum: twenty days. If his hiring date anniversary occurs during the transition period, he is



brought to the maximum (less the amount used during 1956) at once.

Meanwhile, as he uses his sick leave (or has used it prior to September 1), his 'credit balance' drops. It is replenished, first by means of the transition period; then on each anniversary of his hiring date, at the rate of ten days per year.

The **exempt** employee who has less than five months' service on September 1 . . .

He is credited with ten days' sick leave on September 1. On the first anniversary of his hiring date, he is credited with an additional ten days to make the maximum: twenty days.

Meanwhile, his 'credit balance' drops with use and is replenished on his anniversary dates.

The **exempt** employee hired after September 1, 1956 . . .

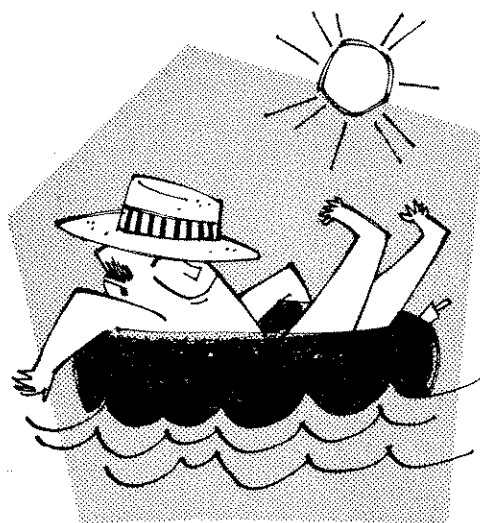
He is credited with ten days' sick leave, effective on his hiring date. On the first anniversary of his hiring date, he is credited with an additional ten days to make the maximum: twenty days.

Meanwhile, his 'credit balance' operates as described for the category just above.

## ADDED VACATION

A revision in Melpar's vacation policy, here announced, will be of immediate interest to Project Engineer B. H. Dennison, who noted his tenth anniversary with Melpar on April 22, 1956.

Exempt employees who have accumulated ten years' continuous service on July 15 of a given year, henceforth will receive three weeks vacation with pay. Non-exempt employees will receive an additional paid day of vacation for each year of service beyond ten years, to a maximum of fifteen paid days' vacation.

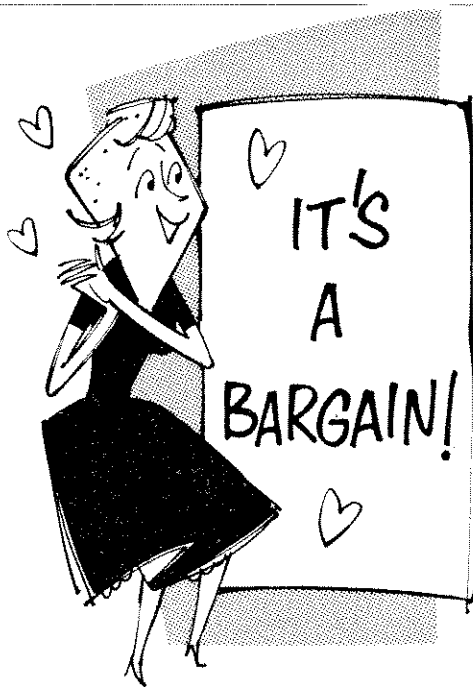


The list lengthens in 1957, when the "plank owners" eligible for increased vacation will include Guard G. M. Lusby, Engineer Joseph Farago, Maintenance Supervisor J. M. Barnes, Arlington Division Manager W. C. Purple, Jr., Comptroller S. M. Sjosten, Technician J. L. Steen, Engineer R. H. Appel, Senior Engineer T. W. Nelson, and Section Head G. F. Wagner.

## MED-X NEWS NOTES

This item applies only if you and your dependents are covered. If two or more individuals of the same family are injured in the same accident, and at least two of them incur more than \$150 (half of the 'deductible') in compensable expense . . . then the 'deductible' is deemed satisfied for each, while the \$10,000 maximum reimbursement remains in effect for each.

This may not be easy reading, but read it again. There are a lot of automobiles on the roads these days. And we all know how irresponsible those other drivers are.



## WHAT DOES IT COST ME?

When the Company's expanded cost-sharing benefits program, adding MED-X to our existing Group Hospitalization Plan, and increasing our life insurance and weekly indemnity benefits, goes into effect on September 1, 1956, the schedule of total costs to employees will be:

Base Pay Per Week	Employee Only	Cost Per Week Employee and Dependents
Under \$50	\$0.69	\$1.36
\$ 50 but less than \$ 55	\$0.73	\$1.40
\$ 55 but less than \$ 75	\$0.79	\$1.46
\$ 75 but less than \$100	\$0.86	\$1.53
\$100 but less than \$125	\$1.00	\$1.67
\$125 but less than \$150	\$1.10	\$1.77
\$150 but less than \$200	\$1.26	\$1.93
\$200 and over	\$1.57	\$2.24

## MORE MED-X HIGHLIGHTS

For a specific disablement, MED-X will pay benefits for a period of two years from the time the first charge used in satisfying the 'deductible' is incurred. However, the disablement is deemed no longer existing if a period of 90 consecutive days passes, during which less than \$50 of compensable expense is incurred.



Even though a particular disablement is deemed no longer existing — 90 days having passed during which less than \$50 of compensable expense was incurred — MED-X benefits can be re-established for that disablement. It comes

## INSURANCE BENEFIT RISE COSTS LITTLE

The Company has completed negotiations with the underwriters of our Group Insurance and Hospitalization Plan, the Continental Assurance Co. of Chicago, which result in significant increases in the schedule of Life Insurance and Weekly Benefits available to employees subscribing to the Plan.

These examples, chosen from the new schedule to become effective on September 1, 1956, are typical of the increased values offered, at small additional cost, by our group policy.

An employee earning \$75 but less than \$100 a week will buy \$1500 more life insurance for an increase in premium of 8 cents per week—part of the increased cost of the whole package.

An employee earning \$100 but less than \$125 a week will buy \$3000 more life insurance and increase his Weekly Indemnity Benefit by \$10 a week, at a cost of 22 cents additional per week—part of the increased cost of the whole package.

The new policy values are shown in the following tabulation:

Base Pay	Life Ins.	A.D.&D.*	Week Indem.
Under \$50	\$3000	\$3000	\$30
\$ 50 but less than \$ 55	\$3000	\$3000	\$35
\$ 55 but less than \$ 75	\$3500	\$3500	\$40
\$ 75 but less than \$100	\$5000	\$3500	\$40
\$100 but less than \$125	\$6500	\$3500	\$50
\$125 but less than \$150	\$8000	\$7500	\$50
\$150 but less than \$200	\$10,000	\$7500	\$60
\$200 and over	\$15,000	\$7500	\$70

\*Value added to cover accidental death and dismemberment.

about when compensable expenses equaling the 'deductible' are again incurred.

This means you can break the same leg twice. But don't do it. We like having you around.

There are limiting conditions in MED-X, as there are in any human activity. MED-X is designed to protect all of us, all the time. If loopholes exist, and a few take advantage of them, the plan fails.

If one insured under MED-X has been treated for a disablement within three months prior to the date he became insured, then costs incurred as a result of that disablement within three months after the effective date of his insurance cannot be considered as compensable expense.