



***OSCO DRUG EMPLOYEE
HEALTHCARE INSURANCE PROGRAM***

**PRESENTED TO TEAMSTERS LOCAL NO. 727
BARGAINING COMMITTEE**

JUNE 8, 2016

BACKGROUND

- Insurance carrier is BC/BS of Idaho.
- Osco Rx's have same carrier and plan as other Osco employees, including management.

EMPLOYEE COMPENSATION PACKAGE

- Osco's Rx total compensation package is designed to compete within the retail pharmacy industry. This includes the healthcare insurance plan and employee premium contributions.
- Our primary competition - CVS and Walgreens - are the focus.

EMPLOYEE COMPENSATION PACKAGE (CON'T.)

Wage Rates*

1. Osco: \$2,602/wk. or \$65.05/hr.
2. Walgreens: \$2,580/wk. or \$64.50/hr.
3. CVS: \$2,572.00/wk. or \$64.30/hr.

* As of June 7, 2016

EMPLOYEE COMPENSATION PACKAGE (CON'T.)

401(k) / Retirement

- For three (3) consecutive years, Osco matched 50% of employee contributions up to 7% of individual total earnings.
- In 2015, Osco contributed \$4,699.72 (\$2.26/hr.) to each full-time Rx who made the maximum contribution of 7% to their 401(k).
- We believe this is competitive with CVS and Walgreens.

INSURANCE AND EMPLOYEE PREMIUM CONTRIBUTIONS

- Osco Rx's have contribution rates appropriate for the segment of the business they work within.
- We believe CVS offers unionized Rx's only high-deductible plan options. This means that the employee premium contribution rates are lower, but the out-of-pocket expenses are significantly higher than under Osco's plan.

OSCO'S POSITION AND PROPOSAL

- For these reasons, Osco cannot agree to Union's current healthcare insurance proposal.
- It would not be competitive with CVS and Walgreens.

OSCO'S POSITION AND PROPOSAL (CON'T.)

- The contract between Osco and IBT 727 does not include specific limits on employee healthcare insurance contribution rates.
- Osco's goal is to remain competitive with Walgreens and CVS while providing a greater degree of cost certainty to its employees.
- Osco will propose to limit annual increases to employee healthcare insurance contribution rates.

CONCLUSIONS / SUMMARY

- Osco is competitive with CVS and Walgreens in its total compensation package:
 - Our Rx's receive the highest wages and we have already offered a raise.
 - Our 401(k) plan provides significant value (up to \$2.26/hour in 2015) to employees who participate.
 - Healthcare insurance premium contributions are competitive.
- Osco's goal is to be competitive in these areas. In addition, we wish to provide a greater degree of cost-certainty to employees in the area of healthcare insurance.
- Osco will therefore propose to place limits on employee insurance contribution rates.