

BELL ATLANTIC

Workpaper 6-31

**GNP-PI IMPACT
OTHER POST RETIREMENT EMPLOYMENT BENEFITS (OPEB)**

	SOURCE	AMOUNT
1. TOTAL INTERSTATE REVENUES	ARMIS 43-04, Submission 05, Row 4050, col d for 1990 data	2,709,417
2. END USER REVENUES	ARMIS 43-04, Submission 05, Row 4010, col d for 1990 data	719,309
3. INTERSTATE REVENUES LESS ENDUSER REVENUE	LINE 1 - LINE 2	1,990,108
4. GNP-PI IMPACT	Study	0.0124%
5. GNP-PI IMPACT	LINE 3 * LINE 4	247

BELL ATLANTIC

Workpaper 6-32

IMPACT OF BILLING & COLLECTING AND GNP-PI ON REVENUE REQUIREMENT
OTHER POST RETIREMENT EMPLOYMENT BENEFITS (OPEB)

		SOURCE	AMOUNT
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1.	REVENUE REQUIREMENT	Workpaper 6-30, LN 6	19,485
2.	TOTAL INTERSTATE OPERATING EXPENSES	FCC Report 43-01, Row 1190, 1991	1,825,952
3.	BILLING & COLLECTING INTERSTATE EXPENSES	FCC Report 43-01, Row 1190, 1991	32,209
4.	PERCENT B&C EXPENSES TO INTERSTATE	LN 3 / LN 2	0.0176
5.	BILLING & COLLECTING REVENUE REQUIREMENT	LN 4 * LN 1	344
6.	GNP-PI IMPACT	Workpaper 6-31, LN 5	247
7.	REVENUE REQUIREMENT NET OF GNP-PI IMPACT AND BILLING AND COLLECTING	LINE 1 - LINE 5 - LINE 6	18,894

**TOTAL EXOGENOUS COST
DISTRIBUTION OF OTHER POST RETIREMENT EMPLOYMENT BENEFITS (OPEB)
(\$000)**

	SOURCE	TOTAL INTERSTATE ACCESS (COL A)	COMMON LINE (COL B)	TRAFFIC SENSITIVE (COL C)	TRUNKING (COL D)	INTER- EXCHANGE (COL E)
		=====	=====	=====	=====	=====
1. INTERSTATE TOTAL EXOGENOUS COST AMOUNT	WP 6-32, LN 7	18,894	7,938	3,752	6,913	291
2. TOTAL OPERATING EXPENSES	FCC REPORT 43-01, ROW 1190, 1991	1,793,742	753,500	356,185	656,248	27,809
3. PERCENT EXPENSES TO INTERSTATE	NOTE 1	100.00%	42.01%	19.86%	36.59%	1.54%

NOTE 1: INTERSTATE = LINE 2 INTERSTATE / LINE 2 INTERSTATE
COMMON LINE = LINE 2 COMMON LINE / LINE 2 INTERSTATE
TRAFFIC SENSITIVE = LINE 2 TRAFFIC SENSITIVE / LINE 2 INTERSTATE
TRUNKING = LINE 2 TRUNKING / LINE 2 INTERSTATE
INTEREXCHANGE = LINE 2 INTEREXCHANGE / LINE 2 INTERSTATE

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT
FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC
RETIREE HEALTH TRUST

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BELL ATLANTIC CORPORATION
 ACTUARIAL REPORT FOR THE 1989 CONTRIBUTION
 THE BELL ATLANTIC RETIREE HEALTH TRUST

I. INTRODUCTION

This report is the initial Actuarial Report for the Bell Atlantic Retiree Health Trust (the "Trust"). The Trust was established in 1989 as a result of the 1989 collective bargaining agreements between Bell Atlantic Network Services Group Companies (the "Company") and the Communication Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW). The purpose of the Trust is to provide a vehicle for the Company to advance fund on a tax favorable basis postretirement medical and dental benefits payable beginning in 1990 on behalf of current and future Non-Management retirees, and their eligible dependents. (Company reimbursement of Medicare Part B premiums is not funded through the Trust.)

The primary purposes of advance funding are: (1) to allocate the costs of the benefits on a rational and systematic basis to the period in which the participants provide services to customers, (2) to help provide security for the participants by making receipt of the benefits less dependent on what happens to the Company, (3) to assure investors that provision is being made to meet the future benefit liability, and (4) to reduce the long term cost of providing the benefits through the tax-exempt growth of Trust assets.

The 1989 contribution developed in Exhibit I was calculated based on the census for active employees and all service and disability retirees as of January 1, 1989. The claim costs were based on 1987 and 1988 actual claim experience. The contribution for 1989, which includes an interest adjustment to reflect the contribution date of November 30, 1989, is as follows:

	<u>Contribution</u>
Medical Expense Plan	\$117,536,000
Dental Expense Plan	19,459,000
Total	<u>\$136,995,000</u>

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II. COLLECTIVE BARGAINING AGREEMENTS

As a result of the bargaining agreements, a bargained-for trust to help fund postretirement medical and dental benefits for future and existing Non-Management retirees and their dependents was established. The retirees include all participants with a service or disability pension under the Bell Atlantic Pension Plan from any of the bargaining units or unrepresented non-management groups in the Company. The Trust will be used exclusively to pay postretirement health benefits and administrative costs of the Trust.

The bargaining agreements amended postretirement medical coverage under the Medical Expense Plan by introducing limitations on the annual Company cost per retiree. The annual Company cost per retiree for participants who retire on or after January 1, 1990 will not exceed the amounts ("Caps") below:

Category 1	<u>Under Age 65</u>
Single Coverage	\$ 2,850
Family Coverage	\$ 4,860
Category 2	<u>Age 65 or Over</u>
Single Coverage	\$ 670
Family Coverage	\$ 1,660

Participants who retire after 1989 will share in the cost to the extent that the average incurred claims exceed the amounts in their category, Category 1 or Category 2 above, whichever is appropriate. However, the cost sharing by such participants will not occur until the later of (1) 1993 or (2) the year after 1993 in which projected aggregate claims exceed the aggregate Company cost limits of Categories 1 and 2 combined. The projected aggregate claims are to be determined pursuant to the methodology contained in the bargaining agreements.

Other changes to the Medical Expense Plan for participants who retire after 1989 include extending the \$150 deductible to be applicable to hospital services and establishing Managed Care Networks. The purpose of the Networks is to help the Company and participants manage the rising cost of health care.

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II. COLLECTIVE BARGAINING AGREEMENT (continued)

An Advisory Committee will make recommendations with respect to the hospitals, physicians and specialists for each Network based on their quality of care and willingness to control charges to the Company and the participants.

In addition, several changes were made to the Medical Expense Plan for all current and future retirees. A \$50 monthly premium will be charged for Class II dependents added to the Plan after 1989. A Mail Order Prescription Drug Program is being introduced with an \$8 copayment charge for each prescription.

The bargaining agreements also made enhancements to the Dental Expense Plan including an average 20% increase in the fee schedules under Type B services. The annual maximum under the plan increased from \$750 to \$1,000 and the lifetime orthodontia maximum increased from \$750 to \$1,500. These changes are applicable to all retirees who retire after 1989 and their eligible dependents. The agreement also introduced a Dental Maintenance Organization option beginning January 1, 1991.

III. ACTUARIAL COST METHOD

An actuarial cost method is a rational and systematic method under which the cost of postretirement benefits is allocated over the participants' working lifetimes. There are strong parallels between the methods used to allocate the cost of postretirement health benefits and those used for pension plans.

The actuarial cost method used to determine the 1989 contribution to the Trust is the Aggregate Cost Method. The basic rationale of this method is to contribute a level dollar amount each year for each active participant during their remaining working lives such that future contributions plus future investment earnings are predicted to be just sufficient to pay all future benefits expected to become payable to service and disability retirees and their dependents.

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III. ACTUARIAL COST METHOD (Continued)

A brief description of the valuation process is as follows. First the average claim costs for a particular calendar year are determined from actual claim experience. These claim costs are modified as necessary to take into consideration any changes in benefit provisions not fully reflected in the actual claim experience. The claim costs are then projected into the future to reflect anticipated rising costs of health care. The present value of future benefit payments to current and future service and disability retirees (other than benefit payments to be provided by participant contributions) is then determined as of the valuation date of January 1, 1989. The actuarial value of plan assets is subtracted from the present value of future benefits. This difference represents the value of obligations that are not yet funded. Next, the cost applicable to 1989 to pay for these as-yet unfunded future benefits is determined based on the actual number of active participants as of the valuation date. Finally, an interest adjustment to reflect the actual date of payment during 1989 is made. The development of the contribution is shown on Exhibit I.

IV. ACTUARIAL VALUE OF ASSETS

As the Trust was only established on November 30, 1989, there were no plan assets as of January 1, 1989.

V. ASSUMPTIONS AS TO FUTURE EXPERIENCE

In order to determine the contribution, it is necessary to calculate the present value of estimated medical claim costs that will be incurred by current and future retirees. To make these calculations, experience is analyzed and actuarial assumptions are developed. These assumptions include average claim costs per retiree, health care cost trend rates, actuarial earnings rates of return, and rates of separation, mortality, disability and retirement. The assumptions underlying the determination of the contribution for 1989 are summarized in Exhibits II and III and Tables 1 through 7.

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V. ASSUMPTIONS AS TO FUTURE EXPERIENCE (Continued)

While it is not to be expected that any of the assumptions will prove to agree exactly with future experience, it is believed that the resulting accrual rate used to develop the contribution is reasonably accurate. The accuracy of the accrual rate is the test of the appropriateness of the actuarial assumptions. The assumptions have been developed so that each assumption is reasonable and represents the best estimate of anticipated experience under the plan.

Annual redetermination of the accrual rate provides a means whereby continual adjustment will be made for the deviation of actual from assumed experience. The spreading of such adjustment over the remaining future service of present participants will minimize the magnitude of fluctuations in the accrual rate due to accumulated unrecognized effects.

VI. HEALTH CARE COST TREND RATES

Exhibit II outlines the calendar year specific health care cost trend rate assumptions for the medical and dental benefits, as used in the valuation. The trend rate assumptions, which reflect incidence of anticipated rising costs due to medical or dental inflation, increasing utilization and other factors, are applied to average 1988 incurred claim costs in order to estimate future average incurred claim costs. The medical cost trend rate assumptions are 14.00% for the first three years (1989 through 1991) declining to an ultimate rate of 5.00% in 2003. For participants who retire after December 31, 1989, the trend rates only apply through 1992 after which the Caps are anticipated to go into effect.

The dental trend rate assumptions consist of two components, one for Type A services and another for Type B services. Type B services consist of the more expensive dental care services and are based on fixed fee schedules. The average incurred claims for Type B services are not expected to increase from year to year as much as those for the Type A services. Thus, the trend rate assumptions for Type B services are lower.

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VI. HEALTH CARE COST TREND RATES (Continued)

For participants who retired prior to January 1, 1990, the total dental cost trend rate assumption is constant at 4.00% per year. For participants expected to retire after December 31, 1989, the trend rate assumptions are lower, at 4.00% for three years and 3.75% thereafter because of the increases in Type B services negotiated in 1989 and because the trend rate assumptions for Type B services are lower than for Type A services.

VII. CLAIM COSTS

The initial 1988 per retiree incurred claim costs are an essential input to the valuation. These claim costs were compiled from actual 1987 claim experience for all Management and Non-Management Medical and Dental Expense Plan retirees. The actual claim experience was provided by Bell Atlantic with respect to New Jersey Bell and by Blue Cross/Blue Shield of the National Capital Area with respect to the other companies. The following adjustments were made to the claim experience.

- (1) The 1987 incurred claim experience was adjusted on an estimated basis to reflect 1987 incurred claims not yet paid as of June 30, 1988 but expected to be paid after that date.
- (2) The claims were adjusted to reflect carrier expenses and the experience of retirees participating in HMO's.
- (3) The claims were adjusted so as to be on a 1988 incurred basis. This adjustment was made based on an analysis of claims paid in 1987 and in 1988.
- (4) The incurred claims were adjusted for changes in benefit provisions not fully reflected in actual claim experience.
- (5) Average incurred claims per retiree were determined from the adjusted incurred claims and from the life counts taken from the retiree census data as of January 1, 1988 and January 1, 1989.

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VII. CLAIM COSTS (Continued)

For participants who retired prior to January 1, 1990, the average 1988 incurred claim costs per retiree shown in Exhibit III are broken down by age group and sex to reflect any differences in claim experience by age and sex and also to reflect the fact that dependency and therefore dependent claims per retiree vary significantly both by age and sex. Average claim costs per retiree which vary by age and sex are also appropriate to reflect differences in sex composition between retirees and actives.

Due to the nature of the Caps, the average medical incurred claim costs for participants expected to retire after December 31, 1989 were aggregated to incurred claim costs for retirees under age 65 and for those age 65 and over. The aggregate 1988 medical claim costs per retiree are as follows:

Under Age 65	\$2,919
Age 65 & over	\$1,144

For years following 1988, the average incurred claims per retiree were adjusted by the health care cost trend rates and were reduced on a calendar year basis to reflect the provisions of the Medicare Catastrophic Coverage Act of 1988. The Medicare adjustment is explained below under Section X, Medicare.

VIII. PLAN PROVISIONS

The postretirement eligibility provisions for medical and dental coverage are described in Appendix A. The benefit provisions of the Medical Expense Plan and the Dental Expense Plan with respect to postretirement benefits are summarized in Appendices B and C, respectively.

The provisions of the Medical Expense Plan vary depending on when a participant retires as follows:

Date of Retirement

- o Before 1987
- o 1987, 1988 or 1989
- o After 1989

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VIII. PLAN PROVISIONS (Continued)

For the purposes of this valuation, the postretirement provisions under the Dental Expense Plan vary depending on whether a participant retires before 1990 or after 1989.

The specific benefit improvements which were negotiated in 1989 are described above under Section II, Collective Bargaining Agreement.

Subsequent to the bargaining agreements, the Company extended the negotiated Dental Expense Plan improvements to participants who retired prior to 1990. These improvements are not reflected in this valuation but will be reflected in future valuations.

IX. CENSUS DATA

The valuation was based on census data as of January 1, 1989. The census data is summarized as follows:

	<u>Number</u>	<u>Average Age</u>	<u>Average Service</u>
Actives	52,308	41.1	16.7
Retirees			
Below Age 65	8,168	59.4	
Age 65 and Over	<u>12,761</u>	73.8	
Total	20,929	68.2	

The data for retirees is shown separately for those below age 65 and for those age 65 and over because the Medical Expense Plan benefits expected to be paid are significantly different between these two age groups due to the fact that Medicare covers most of the claims for those age 65 and over.

The data for dependents is not shown separately because the associated expected claims are included in the initial and future average expected claim costs per retiree.

X. MEDICARE

The medical benefits assumed to be provided in future years to individuals age 65 and over take into consideration certain coverage changes under the Plan as a result of the Medicare Catastrophic Coverage Act of 1988.

BELL ATLANTIC CORPORATION
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X. MEDICARE (Continued)

Under this legislation, certain medical coverage will gradually shift from being provided by the Medical Expense Plan to being provided by Medicare. The transition period begins in 1989 and ends in 1993 with specific benefits shifting in specific years. The annual savings to the Medical Expense Plan per individual retiree age 65 or over for each calendar year are as follows:

1989	\$ 57
1990	\$142
1991	\$247
1992	\$300
1993	\$383

For 1994 and later years, the annual savings assumed is that shown above for 1993, adjusted for medical inflation and increases in utilization anticipated for the period after 1993.

The valuation was completed prior to the passage of the Medicare Catastrophic Coverage Repeal Act of 1989. Subsequent actuarial valuations will reflect Medicare provisions in effect at that time.

XI. INTERNAL REVENUE SERVICE

The contribution determined in this report anticipates that the Internal Revenue Service considers that the Bell Atlantic collectively bargained welfare benefit fund is being maintained as a result of a bona fide collective bargaining agreement between the Company and the Unions and pursuant to Section 419 of the Internal Revenue Code and the associated Regulations.

Respectfully Submitted,

Thomas G. Bainbridge

Thomas G. Bainbridge, ASA, MAAA

December 22, 1989

EXHIBIT I

BELL ATLANTIC CORPORATION

DETERMINATION OF THE CONTRIBUTION FOR 1989
(000's omitted)#

	<u>Medical</u>	<u>Dental</u>	<u>Total</u>
1. Present Value of Benefits*			
Actives	\$ 504,801	\$124,169	\$ 628,970
Retirees	520,671	45,357	566,028
Total	1,025,472	169,526	1,194,998
2. Actuarial Value of Assets	- 0 -	- 0 -	- 0 -
3. Present Value of Future Normal Costs = (1) - (2)	\$1,025,472	\$169,526	\$1,194,998
4. Present Value of Future Lives	487.537	487.537	487.537
5. Normal Cost Accrual Rate Per Participant Per Year = [(3)/(4)]	\$2,103	\$ 348	\$2,451
6. Interest adjustment	\$ 144	\$ 24	\$ 168
7. Final 1989 Annual Accrual Rate	\$2,247	\$ 372	\$2,619
8. Active Life Count	52,308	52,308	52,308
9. 1989 Company Contribution	\$117,536	\$19,459	\$136,995

Applicable to Items 1 through 4 and 9 only.

* Other than benefits to be provided by participant contributions.

EXHIBIT II

BELL ATLANTIC CORPORATION

ACTUARIAL EARNINGS RATE OF RETURN AND
HEALTH CARE COST TREND RATE ASSUMPTIONS

	Actuarial Earnings Return	Health Care Cost Trends		
		Medical	Dental Pre 1990 Retirees	Dental Post 1989 Retirees
1989	7.50%	14.00%	4.00%	4.00%
1990	7.25%	14.00%	and thereafter	4.00%
1991	7.00%	14.00%		4.00%
1992	6.75%	13.75%		3.75%
1993	6.50%	13.25%		and thereafter
1994	6.25%	12.75%		
1995	6.00%	12.00%		
1996	5.75%	11.00%		
1997	5.75%	9.50%		
1998	5.50%	8.00%		
1999	5.50%	7.00%		
2000	5.50%	6.25%		
2001	5.50%	5.75%		
2002	5.50%	5.25%		
2003 & later	5.50%	5.00%		

EXHIBIT III
 BELL ATLANTIC CORPORATION
 1988 CLAIM COSTS PER RETIREE
 BY SEX AND QUINQUENNIAL AGE GROUP

<u>Age</u>	<u>Medical</u>		<u>Dental Pre 1990 Retirees</u>		<u>Dental Post 1989 Retirees</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
< 45	\$8,000	\$10,000	\$282	\$252	\$329	\$294
45-49	3,375	4,500	276	245	322	287
50-54	3,250	2,250	269	239	314	279
55-59	3,375	2,400	263	221	307	258
60-64	3,580	2,590	259	201	302	235
65-69	2,250	1,050	247	179	288	209
70-74	1,550	1,030	238	166	278	194
75-79	1,475	960	229	151	267	176
80-84	1,400	900	224	142	261	166
85-89	1,300	890	204	141	238	165
90-94	1,300	910	180	137	210	160
> 94	1,350	950	142	135	166	158

Appendix A

BELL ATLANTIC CORPORATION
SUMMARY OF POSTRETIREMENT
PLAN ELIGIBILITY PROVISIONS

Retirement Eligibility

<u>Age</u>		<u>Minimum Years of Service</u>	<u>Type of Retirement</u>
65	and	10	Service Pension
60	and	15	Service Pension
55	and	20	Service Pension
50	and	25	Service Pension
Any Age	and	30	Service Pension
Any Age	and	15	Disability Pension

Dependent Eligibility

Under the Medical Expense Plan, there are three types of dependents who qualify for coverage, Class I and Class II dependents and sponsored children.

Class I Dependents include:

- spouses
- unmarried children under age 20, or under age 24 if full-time students, or at the end of the month in which student status is terminated if under age 24
- unmarried children, regardless of age, who are physically or mentally handicapped and fully dependent on the retiree for financial support

Class II Dependents are individuals who are dependent on the retiree for support and have lived with the retiree for at least six months and have total income including Social Security less than the stated maximum per year. This category includes unmarried children who are not Class I dependents, brothers and sisters, parents and grandparents and unmarried grandchildren.

A Sponsored Child is an unmarried child who is not eligible for coverage as a Class I or Class II dependent. Sponsored children can receive coverage if under age 24 regardless of income or residence. The retiree must pay the full cost of this coverage.

The Dental Expense Plan only covers Class I Dependents.

Appendix B

BELL ATLANTIC CORPORATION
SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

I. For Pre-1/1/87 Non-Management Retirees

<u>Type of Expense</u>	<u>The Plan Pays</u>
<u>HOSPITAL CARE</u>	
Inpatient Services: Semiprivate room, board, and services including intensive care and cardiac units	100% for up to 120 days for each separate stay for most confinements (30 days for mental confinements.)
Private room (if hospital has only private rooms)	90% for up to 120 days for each separate stay for most confinements.
<u>Outpatient Services</u>	
Emergency Care	100% of the reasonable and customary charge if treatment is given: <ul style="list-style-type: none"> - within 72 hours after an accident or the onset of a sudden and serious illness; <li style="text-align: center;">or - for minor surgery any time; - and for certain other diagnostic and treatment services.
Ambulatory Surgical Facility	100% of the facility charge.
Pre-Admission Testing	100% of the reasonable and customary charge for diagnostic laboratory services and x-ray examinations performed prior to surgery under an approved program.
<u>SURGICAL CARE</u>	
Surgery	95% of the reasonable and customary charge. The other 5%, up to 100% of the reasonable and customary charge, will be covered under "Other Covered Charges."

Appendix B

BELL ATLANTIC CORPORATION
SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

<u>Type of Expense</u>	<u>The Plan Pays</u>
<u>MEDICAL CARE</u>	
Second Surgical Opinions Diagnostic X-Rays and Lab Tests (outside the hospital) Radiation Therapy Chemotherapy Electroshock Therapy Dialysis Treatment	100% of the reasonable and customary charge - subject to certain limitations.
Administration of Anesthesia In-Hospital Doctor's Visits In-Hospital Consultations	90% of the reasonable and customary charge - subject to certain limitations. The other 10%, up to 100% of the reasonable and customary charge, will be covered under "Other Covered Charges."
<u>ALCOHOL TREATMENT PROGRAM FOR REHABILITATION</u>	100% of charges for inpatient care if received in an approved program - up to 30 days for each separate stay. Benefits are limited to two stays and apply only to the retiree and Class I Dependents.
<u>OTHER COVERED CHARGES</u> in excess of the deductible (The deductible equals 1% of the annual pension benefit but not more than \$150 or less than \$25 per person per calendar year.)	80% of the reasonable and customary charges for most other covered expenses until "Other Covered Charges" total \$5,000, then... 100% of any remaining covered expenses for the rest of that calendar year. For non-hospital psychiatric care, the Plan pays 50% of the reasonable and customary charges.

Appendix B

BELL ATLANTIC CORPORATION
SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

<u>Type of Expense</u>	<u>The Plan Pays</u>
<p>MAXIMUM BENEFITS UNDER <u>"OTHER COVERED CHARGES"</u></p>	<p>\$50,000 in lifetime benefits for the retiree during retirement and for each covered dependent.</p> <p>The first \$3,500 of benefits each calendar year are not applied toward this maximum.</p>
<p>MAIL ORDER <u>PRESCRIPTION DRUGS</u></p>	<p>100% of charges in excess of \$8 for each prescription.</p>

- II. For Retirees between 1/1/87 and 12/31/89
Same as for Pre 1/1/87 Retirees, except:

HOSPITAL CARE

<p>Inpatient Services: Semiprivate room, board, and services including critical care, intensive care and cardiac care units, and necessary supplies, tests and other care</p>	<p>100% for up to 120 days for each separate stay for most confinements with Pre-Admission Review (30 days for mental & nervous confinements).</p> <p>If Pre-Admission Review is not used:</p> <p>0% if hospitalization was not medically necessary.</p> <p>100% minus 1% of annual wages (maximum \$250) if hospitalization was medically necessary.</p>
<p>Private room</p>	<p>100% if medically necessary. If not, only the charge for a semi-private room is covered.</p>

Appendix B

BELL ATLANTIC CORPORATION
SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

<u>Type of Expense</u>	<u>The Plan Pays</u>
<u>SURGICAL CARE</u>	100% of the UCR allowance for selected procedures when the Second Surgical Opinion or Outpatient Surgery Program is used.
Surgery	95% of the UCR allowance for other surgeries. The other 5% of UCR will be covered under Other Covered Charges.
	80% of the UCR allowance for a surgery that is part of the Second Surgical Opinion or Outpatient Surgery Program and the appropriate program is not used. The other 20% will not be covered under Other Covered Charges.

- III. For Post 12/31/89 Retirees
Same as for Retirees between 1/1/87 and 12/31/89 except:
- The deductible has been changed to include hospital care.
- Starting in 1993, the benefits are subject to employer cost caps as follows:

	<u>Under Age 65</u>	<u>Age 65 & Over</u>
Single Coverage	2,850	670
Family Coverage	4,860	1,660

Managed Care Networks (if available)

If retiree chooses a Network provider, there is no deductible, co-payments are the same as above, and a \$10 charge applies to physicians fees for office visits.

If retiree does not use a Network provider, there is a \$250 deductible, the Plan pays 80% of Network negotiated fees for most covered services and there is an annual maximum of \$1,500. Charges in excess of negotiated fees are not applied to the \$1,500 maximum.

Appendix B

BELL ATLANTIC CORPORATION
SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

IV) All Retirees Age 65 or Over:

All coverage described above is reduced to reflect benefits provide by Medicare.

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Appendix C

BELL ATLANTIC CORPORATION

SUMMARY OF DENTAL EXPENSE PLAN PROVISIONS

Type A Services

Routine oral examinations	100% of the reasonable and
Emergency examinations	customary charges
Prophylaxis (cleaning and scaling of teeth)	
Fluoride treatments	
Space maintainers (for dependent children under age 19 only)	-
X-rays (dental X-rays, radiographs)	-

Type B Services

Restorations	Scheduled Amounts Only after a onetime deductible of \$50 for each covered person.
Oral surgery excluding procedures covered by the Medical Expense Plan	
Endodontics	For retirees after 12/31/89, the scheduled amounts are 20% higher.
Periodontics	
Prosthodontics	
Orthodontics	
General anesthesia	

Annual Maximum

Pre 1/1/90 retirees	\$750 per person per year
Post 12/31/89 retirees	\$1,000 per person per year

Lifetime Orthodontia Maximum

Pre 1/1/90 retirees	\$1,000 per person per year
Post 12/31/89 retirees	\$1,500 per person per year

TABLE 1

BELL ATLANTIC CORPORATION

ANNUAL RATES OF EMPLOYEE SEPARATION FROM SERVICE
BEFORE ELIGIBILITY TO SERVICE RETIREMENT

Male Employees

Non-Management

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.198	.186	.158	.135	.120	.115	.117	.120
1	.121	.111	.087	.068	.053	.044	.045	.046
2	.079	.070	.056	.046	.042	.040	.039	.040
3	.059	.051	.037	.034	.029	.030	.030	.028
4	.040	.035	.026	.026	.021	.026	.026	.025
5	.029	.026	.019	.021	.017	.022	.022	.025
6	.023	.021	.016	.017	.013	.019	.020	.024
7	.020	.019	.015	.015	.012	.017	.019	.024
8	.017	.016	.013	.014	.011	.015	.018	.028
9	.014	.014	.012	.012	.011	.015	.018	.032
10	.012	.012	.011	.011	.010	.015	.020	.037
11	.010	.010	.010	.011	.010	.015	.026	.040
12	.009	.010	.009	.010	.011	.017	.029	.046
13	.009	.010	.009	.010	.011	.017	.030	.053
14	.009	.010	.008	.010	.012	.019		
15	.009	.009	.008	.010	.012	.020		
16	.008	.008	.008	.010	.013	.022		
17	.007	.008	.008	.009	.013	.025		
18	.007	.008	.008	.009	.013	.028		
19	.006	.008	.008	.010				
20	.006	.008	.008	.011				
21	.006	.008	.008	.011				
22	.006	.008	.008	.011				
23	.006	.008	.008	.012				
24	.007	.008						
25	.007	.008						
26	.008	.008						
27	.008	.008						
28	.008	.008						

Note: Based on separations for all causes.