

## YOUR COSTS

### ***Your Monthly Contribution***

There is one combined rate for both your medical and dental coverage. You will be billed monthly for any required premium payments. You may also arrange to have the **Avaya Health and Benefits Decision Center** automatically deduct the payment from your bank account. When you first become eligible and during **annual enrollment**, you will have access to cost information for all the available retiree health (medical and dental) options through the Avaya Healthy Decisions Web site ([www.AvayaHealthyDecisions.com](http://www.AvayaHealthyDecisions.com)).

### ***Maximum Company Contribution***

The Maximum Company Contribution, which determines the amount Avaya Inc. will contribute for service or disability pension-eligible retirees, does *not* change from year to year. The annual Maximum Company Contributions for the Standard **POS, Salaried Retiree Indemnity** and **HMO** options are as follows:

<b>Level of Coverage</b>	<b>Under Age 65</b>	<b>At Least Age 65</b>
Individual	\$4,225	\$2,000
Two-Person	\$7,500	\$3,900
Family	\$10,250	\$7,525

### ***Avaya Inc. Contribution***

For service pension-eligible retirements on or after October 1, 2000 that do not qualify under the pre-1/1/1998 pension eligibility requirements, Avaya Inc. will contribute 3% of the Maximum Company Contribution for every year of **net credited service** (frozen as of December 31, 2003) up to a maximum of 75% (90% if retired prior to October 1, 2001, or as a part of the 2001 early retirement offer) of the Maximum Company Contribution. For disability pension-eligible retirements on or after October 1, 2000 that do not qualify under the pre-1/1/1998 pension eligibility requirements, Avaya Inc. will contribute 75% (90% if retired prior to October 1, 2001) of the Maximum Company Contribution. The Avaya Inc. contribution (see the table below) does *not* change from year to year (except upon attainment of age 65 or a change in your level of coverage).

Date of Retirement	The Company Contributes
October 1, 2000 through December 31, 2000 (and you qualify to retire under the pre-1/1/1998 pension eligibility requirements), with a service or disability pension.	90% of the Maximum Company Contribution, regardless of years of service.
<ul style="list-style-type: none"> <li>• October 1, 2000 through December 31, 2000, (and you do not qualify to retire under pre-1/1/1998 pension eligibility requirements) with a service pension, or</li> <li>• On or after January 1, 2001 with a service pension.</li> </ul>	An amount based on your years of <b>net credited</b> service as of the earlier of December 31, 2003 or your retirement date and the Maximum Company Contribution.
On or after October 1, 2000 with a disability pension.	75% (90% if retired prior to October 1, 2001) of the Maximum Company Contribution, regardless of years of service.
October 1, 2000 through December 31, 2003 and is at least age 50 with 15 years of <b>net credited service</b> but not eligible for a service or disability pension.	0%; you pay 100% of the group rate.
On or after January 1, 2004 and age plus <b>net credited service</b> equal at least 60 with at least 5 years of <b>net credited service</b> but not eligible for a service or disability pension.	0%; you pay 100% of the group rate.

### **Retiree Contribution**

Your retiree contribution is the difference between the actual total cost of coverage (which changes annually to reflect the actual claims experience of the plan, health care cost inflation, and any plan design changes) and Avaya Inc.'s contribution. You are responsible for the increase in the cost of coverage from one year to the next. Conversely, if the cost of coverage decreases from year to year, the savings are passed on to you in the form of lower costs.

### **The Annual Deductible**

The annual **deductible** is the amount you may be required to pay each year before benefits for **covered** expenses can begin. Three separate **deductibles** (medical option, **Mental Health and Chemical Dependency Program** and **Prescription Drug Program**) may apply each year if you are **covered** under the Standard **POS** or **Salaried Retiree Indemnity** option. Your medical option, the type of service or supply (medical, mental health and **chemical dependency** or prescription drugs) and whether care is received **in-network** or **out-of-network** determines whether a particular **deductible** applies.

Expenses applied toward the **deductible** under one part of the medical program do not count toward satisfying **deductibles** under other programs. For example, **covered** expenses under the **Salaried Retiree Indemnity** option do not count toward the **deductibles** under the **Mental Health and Chemical Dependency Program** or the **Prescription Drug Program** and vice versa. There are generally no **deductibles** under the **HMO** option. Expenses applied toward the **deductible** while actively employed are generally counted toward the **deductible** in the year of retirement. You may need to submit proof of expenses paid to receive credit for previous expenses; contact **Aetna** Member Services for more information.

**Standard POS and Salaried Retiree Indemnity Options Deductibles**

You *do not* pay an annual **deductible** for **in-network** care received under the Standard **POS** option if it is provided by a **network provider**.

Generally, you and your **covered dependents** *must* satisfy a **deductible** each calendar year if you receive **out-of-network** care under the Standard **POS** option, or you are **covered** under the **Salaried Retiree Indemnity** option.

Your **deductible** is based on your medical option. The following chart shows you how this works.

	Standard POS Option		Salaried Retiree Indemnity Option**
	In-Network	Out-of-Network	
Annual <b>Deductible</b> *	None	\$500/individual, \$1,000/two-person or family**	\$250/individual, \$500/two-person, \$750/family**
<p>* The <b>deductible</b> under your medical option is in addition to any <b>deductible</b> you may be required to pay under the <b>Prescription Drug Program</b> and the <b>Mental Health and Chemical Dependency Program</b>.                      ** Once the family limit is reached by any combination of <b>covered</b> family members, the <b>deductible</b> is satisfied for all family members for the rest of the calendar year. Under the <b>Salaried Retiree Indemnity</b> option, if several <b>covered</b> individuals are injured in the same accident, only one <b>deductible</b> will apply for all <b>covered</b> expenses related to the accident for that calendar year.</p>			

For more information, see “Expenses You Pay That Do Not Count Towards the Deductible.”

## **Mental Health and Chemical Dependency Program Deductible**

You *do not* pay an annual **deductible** under the **Mental Health and Chemical Dependency Program** for **in-network** treatment of mental health or **chemical dependency** conditions. However, you and each of your **covered dependents** must pay a \$400 **deductible** each calendar year before reimbursement for **out-of-network** benefits can begin. The annual **deductible** does *not* apply if you or a dependent are **Medicare**-eligible, and **Medicare** is the primary payor and the Medical Plan is the secondary payor.

This **deductible** is in addition to any **deductibles** you may be required to pay under the Standard **POS** or **Salaried Retiree Indemnity** option and the **Prescription Drug Program**.

For more information, see “Expenses You Pay That Do Not Count Towards the Deductible.”

## **Prescription Drug Program Deductible**

You *do not* pay an annual **deductible** under the **Prescription Drug Program** for prescriptions filled at **participating pharmacies** or through Aetna Rx Home Delivery. For prescriptions filled at non-participating pharmacies, you must pay a \$100 **deductible** for each **covered** individual, up to a maximum of \$300 per family, each calendar year.

This **deductible** is in addition to any **deductibles** you may be required to pay under the Standard **POS** or **Salaried Retiree Indemnity** option and the **Mental Health and Chemical Dependency Program**.

For more information, see “Expenses You Pay That Do Not Count Towards the Deductible.”

## **Expenses You Pay That Do Not Count Towards the Deductible**

Certain expenses that you pay do not count towards the **deductibles** under the Standard **POS** option, **Salaried Retiree Indemnity** option, **Prescription Drug Program** and **Mental Health and Chemical Dependency Program**. These include:

- Charges for expenses that are not **covered** under your medical option, **Prescription Drug Program** or **Mental Health and Chemical Dependency Program** (see “Exclusions”)
- Any charges above the **allowable amount**
- Any penalties for failure to obtain **precertification** (see “Precertification”)

- **Copayments** for **in-network** or **coinsurance** for **out-of-network** services

**Coinsurance**

**Coinsurance** is a cost sharing method in which the Medical Plan and you each pay a percentage of the cost for **covered** services. Your **coinsurance** is your share of the cost for **covered** expenses after you satisfy any applicable **deductible**.

Generally, you will pay a percentage of the cost for **covered** services if:

- You receive **in-network** services other than office visits, such as hospital maternity, lab, X-ray under the Standard **POS** option,
- You receive **out-of-network** care under the Standard **POS** option,
- You are **covered** under the **Salaried Retiree Indemnity** option, or
- You receive prescriptions filled through **participating pharmacies**, non-participating pharmacies or **Aetna Rx Home Delivery** under the **Prescription Drug Program**.

The amount of your **coinsurance** is based on your coverage option. The following chart shows you how this works.

	<b>Standard POS</b>		<b>Salaried Retiree Indemnity Option</b>
	<b>In-Network</b>	<b>Out-of-Network</b>	
<b>Coinsurance</b> (up to the <b>out-of-pocket maximum</b> )	None for office visits; 10% of the <b>prenegotiated rate</b> for other services	30% of the <b>allowable amount</b>	20% of the <b>allowable amount</b>
See the “Mental Health and Chemical Dependency Program” and “Prescription Drug Program” sections for <b>coinsurance</b> amounts for those programs.			

For more detailed information about the required **coinsurance** for prescription drugs, see “Prescription Drug Program.”

**Copayments**

A **copayment** is a set dollar amount that you pay to the **provider** at the time of service. **Copayments** apply for the following:

- **In-network** care under the Standard **POS** option,
- Emergency room visits and **out-of-network hospital** admissions under the Standard **POS** option,
- **In-network** treatment of mental health or **chemical dependency** conditions under the **Mental Health and Chemical Dependency Program**,
- **Out-of-network hospital** admissions for treatment of mental health or **chemical dependency** conditions under the **Mental Health and Chemical Dependency Program**, or
- Certain **covered** services under the **HMO** option (varies by **HMO**).

For more detailed information about some of the required **copayments**, see “Appendix B”, and “Mental Health and Chemical Dependency Program.”

**Out-of-Pocket Maximum**

The **out-of-pocket maximum** is the maximum amount you are required to pay each calendar year for **covered** services. Separate **out-of-pocket maximums** apply for your medical option, and the **Mental Health and Chemical Dependency Program**. Expenses applied toward the **out-of-pocket maximum** while actively employed are generally counted toward the **out-of-pocket maximum** in the year of retirement. You may need to provide proof of expenses paid to receive credit for previous expenses. Call **Aetna Member Services** for more information.

**Standard POS or Salaried Retiree Indemnity Option Out-of-Pocket Maximums**

Your **out-of-pocket maximum** is based on your medical option and whether you receive **in-network** or **out-of-network** care. The following chart shows you how this works.

	Standard POS Option		Salaried Retiree Indemnity Option
	In-Network**	Out-of-Network	
<b>Annual Out-of-Pocket Maximum*</b>	\$1,250/individual \$2,500/two-person or family**	\$2,500/individual \$5,000/two-person or family	\$2,500/individual \$5,000/two-person or family
<p>* Once you or a <b>covered dependent</b> reach the individual maximum, most <b>covered</b> expenses are paid at 100% of the <b>allowable amount</b> for that individual for the rest of the calendar year. Once you reach the family maximum, most <b>covered</b> expenses are paid at 100% of the <b>allowable amount</b> for all <b>covered</b> family members for that calendar year. This <b>out-of-pocket maximum</b> is in addition to any <b>out-of-pocket maximums</b> under the <b>Mental Health and Chemical Dependency Program</b>.</p> <p>** The <b>in-network out-of-pocket maximum</b> does not include <b>in-network</b> or <b>out-of-network hospital</b> admission <b>copayments</b> and <b>deductibles</b>.</p>			

## Mental Health and Chemical Dependency Out-of-Pocket Maximum

Your **out-of-pocket maximum** under the **Mental Health and Chemical Dependency Program** depends on whether you receive **in-network** care coordinated through the **Behavioral Health Coordinator** or **out-of-network** care. The following chart shows you how this works.

	Precertified In-Network **	Out-of-Network
<b>Annual Out-of-Pocket Maximum*</b>	\$750 per individual	None
* This <b>out-of-pocket maximum</b> is in addition to any <b>out-of-pocket maximums</b> under your medical option. ** Once you have paid \$750 in eligible expenses under the <b>Mental Health and Chemical Dependency Program</b> , <b>in-network providers</b> should not charge you any more <b>copayments</b> for the remainder of that calendar year. If you pay an <b>in-network provider</b> any amounts after meeting your <b>out-of-pocket maximum</b> , have the <b>provider</b> reimburse you.		

## Expenses You Pay That Do Not Count Towards the Out-of-Pocket Maximum

Certain expenses you must pay do not count towards the **out-of-pocket maximums** under the Standard **POS** option, **Salaried Retiree Indemnity** option, **Prescription Drug Program** and **Mental Health and Chemical Dependency Program**. These include:

- Charges for expenses that are not **covered** under your medical option, **Prescription Drug Program** or **Mental Health and Chemical Dependency Program**
- Any charges above the **allowable amount**
- Any penalties for failure to obtain **precertification**
- **Copayments** for certain **in-network** or **out-of-network** services (including office visits) under the Standard **POS** option
- Expenses applied toward any required **deductibles**

## HMO Option

Generally, if you are **covered** under the **HMO** option, you only pay a **copayment** to the **provider** at the time of service if required. This amount may vary by **HMO** or type of service. There are usually no **deductibles** or **coinsurance** amounts under the **HMO** option.

### **The Allowable Amount**

The **allowable amount** is the portion of a **provider's** charge that is eligible for partial or full reimbursement under the Medical Plan. No benefits are paid for charges that exceed the **allowable amount**.

Charges for **covered** services are always within the **allowable amount** if:

- You are **covered** under the Standard **POS** option and **in-network** care is provided or coordinated by a **network provider**,
- You are **covered** under the Standard **POS** or **Salaried Retiree Indemnity** option and precertified **in-network** treatment of a mental health or **chemical dependency** condition is coordinated through **Aetna** under the **Mental Health and Chemical Dependency Program**,
- You use a **NAP network provider** under the **Salaried Retiree Indemnity** option or **out-of-network** under the Standard **POS** option, or
- You use a **participating pharmacy** under the **Prescription Drug Program**.

Your **provider's** charges may exceed the **allowable amount** if:

- You receive **out-of-network** care under the Standard **POS** option and you do not use a **NAP provider**,
- You use non-**NAP network providers** under the **Salaried Retiree Indemnity** option,
- You receive treatment for a mental health or **chemical dependency** condition **out-of-network** under the **Mental Health and Chemical Dependency Program**, or
- You utilize a non-participating retail pharmacy.

You are responsible for paying any amounts that exceed the **allowable amount**, in addition to any **deductibles, copayments** or **coinsurance** amounts that may apply.