



OCTOBER 31, 2007

VIA EMAIL [DAVID.BANELLI@EMSC.NET] AND REGULAR MAIL

David Banelli,
Vice President Labor Relations
American Medical Response
6200 South Syracuse Way # 200
Greenwood Village, CO 80111

Re: Northern California Health Insurance

Dear Mr. Banelli:

As my recent email communications to you made clear, NEMSA cannot accept AMR's attempt to increase health care premiums by as much as one hundred percent for members in the Northern California bargaining unit who have the Anthem plan and over one hundred and forty percent for employees on the Kaiser plan. While we all realize the cost of health care in American is rising, increases of over one hundred percent in a single year are unprecedented. We do not believe AMR can legitimately substantiate such increases on any objective basis. The notation that premiums for the Anthem Consumer PPO plan could increase in such dramatic fashion contradicts every assertion made by AMR in support of that plan, not only in Northern California, but across the country. The fact that AMR would now seek to force such premium increases on the membership without any advance notice to NEMSA defies rational explanation.

In separate communications, I requested that AMR provide NEMSA with information about the proposed premium rate increases, including the company's purported justification for the wholesale fleecing of the membership. So far the company has only disclosed the premium information, which incidentally is inaccurately calculated. Absolutely no explanation of how AMR settled on the premiums was provided. Rest assured that simply ignoring the issue will not make it go away and buying more time to concoct a dubious explanation only makes matters worse.

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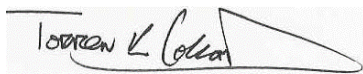
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When AMR proposed the Anthem Consumer PPO plan for Northern California, you repeatedly asserted the plan would allow the company to control costs and avoid the premium increases previously endured under other health insurance plans. You pointed to the 20-30% annual increases in health insurance premiums with other plans and stated the Anthem Consumer PPO plan would avoid those kinds of increases in the future. More recently, AMR's Vice President of Benefits made multiple presentations across the country and asserted that many employees moving to the Anthem Consumer PPO plan would see decreases in their health insurance premiums. Given the fact that premium increases for other plans have not approached the inflated amounts proposed for the Northern California bargaining unit, we cannot help being suspicious of these increases.

We can only assume from AMR's glaring contradictions, and inability to justify the incredulous increases, that the proposed gouging is actually an attempt by the company to make economic gains by improperly manipulating the premiums. At a minimum it is clear evidence that the company's health benefits dog and pony show during contract negotiations is nothing less than a bad faith misrepresentation. Inducing employees to accept a health plan based on false representations in order to maximize company profits certainly says a lot about the company's false façade of caring about its employees. Under the circumstances, we cannot dismiss the possibility that such tactics, if substantiated, may constitute actionable unfair business practices and run afoul of consumer protection laws.

As you well know, the parties never contemplated such dramatic increases in health insurance premiums during what we assumed were good faith bargaining sessions. By any standard, such increases constitute a substantial change in terms and conditions of employment. We do not believe the company can proceed with the proposed increases unilaterally. If the company remains determined to proceed with such increases, NEMSA demands to bargain over the matter. Since there are many unanswered questions surrounding the proposed premium increases, we demand the company not implement any increases in the meantime. We also request that AMR immediately provide all information pertaining to the Anthem Consumer PPO plan and Kaiser plans within the Northern California bargaining unit and across the county, including detailed information about the plan design, rate structure, premium calculations, formulas, market analysis and any other information that could plausibly explain the proposed premium rate increases.

Respectfully,



Torren Colcord, President
National EMS Association (NEMSA)

cc: Tim Talbot
Tom Wagner

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