

## THE RETIREE FUND MEMORANDUM

### Background

U.S. Steel Canada Inc. (“USSC”) provided vision, dental, prescription drugs, hospital accommodation and other health services (referred to herein, with the exception of life insurance benefits, as “OPEBs”) to eligible retirees, and their eligible spouses and beneficiaries (“OPEB Beneficiaries”) on a self-insured “pay as you go” basis. OPEBs available to eligible retirees differed in some respects depending on whether the eligible retirees were unionized or salaried employees prior to retirement, and they differed among the unionized employees depending on the terms of the applicable collective agreements.

USSC filed for *Companies’ Creditors Arrangement Act* (“CCAA”) protection on September 16, 2014. The court-appointed monitor of USSC in the CCAA proceedings is Ernst & Young Inc. (in such capacity, the “Monitor”). The payment of the OPEBs by USSC was suspended (“Suspended USSC OPEB Plan”) effective October 9, 2015 pursuant to a court order following a motion by USSC for business preservation and cash conservation.

Under the Suspended USSC OPEB Plan, eligible OPEB Beneficiaries or service providers (e.g. dentists, pharmacies) submitted OPEB claims directly to Green Shield Canada (together with its affiliates, “Green Shield”). Green Shield adjudicated eligibility and then paid eligible benefits to retirees or reimbursed service providers, as applicable.

As a result of the Suspended USSC OPEB Plan, the Province of Ontario provided money for the establishment of a transition fund (“Transition Fund”) to assist in addressing critical health care needs and to assist in transitioning OPEB Beneficiaries who resided in Ontario to available programs in Ontario.

On August 17, 2016, the United Steelworkers (the “USW”), and the court-appointed representatives of the non-USW active and retired beneficiaries of USSC (the “Representative Counsel”) brought a motion for an order requiring USSC to reinstate the payment of OPEBs (“OPEB Motion”). On August 19, 2016, the Court issued an endorsement that dismissed the OPEB Motion on the condition that USSC make a one-time contribution of \$2.7 million to the Transition Fund or to another fund to be administered on the same terms as the Transition Fund (“OPEB Order”). Reasons for the decision were released September 12, 2016. While the decision of the Court is under appeal, USSC has made the contribution and has set up a fund (the “Retiree Fund”).

### Operation of the Retiree Fund

1. USSC has entered into a transfer payment agreement with Green Shield pursuant to which USSC established the Retiree Fund for the payment of eligible claims to eligible OPEB Beneficiaries on the terms set out below.
2. The Retiree Fund will be available commencing on February 1, 2017 and will continue until the earlier of: (a) the date on which the OPEB Order is reversed on appeal; or (b) the date on which the amounts comprising the Retiree Fund have been used in full; or (c) the date on which a court-approved plan of arrangement with respect to USSC has been

implemented; or (d) as otherwise agreed by USSC, USW, Representative Counsel and the Monitor. The termination of the Retiree Fund will not impact amounts paid out of the Retiree Fund to OPEB Beneficiaries prior to the termination of the Retiree Fund.

3. The structure of the Retiree Fund benefit coverage and payment regime is as follows:

**A. The Reimbursement of \$100.00 of Health Care Claims**

(a) A portion of the Retiree Fund will be used on a first come/first served basis to reimburse each OPEB Beneficiary up to \$100.00 for health services or supplies which were purchased after September 12, 2016 which were not covered by the Transition Fund but which would have been covered under the Suspended USSC OPEB Plan (“**Health Care Claims**”) in accordance with the coverage criteria and terms listed on the attached Appendix “A”.

(b) Submission and administration of Health Care Claims will occur as follows:

- (i) OPEB Beneficiaries that meet the Health Care Claims eligibility criteria listed on the attached Appendix “B” and/or their service providers will be entitled to submit Health Care Claims directly to Green Shield following the same process used under the Suspended USSC OPEB Plan. Claims should be submitted under the retiree’s Green Shield USSC Health Plan Identification Number with the prefix UST.
- (ii) Green Shield will process and adjudicate each Health Care Claim based on the Suspended USSC OPEB Plan coverage criteria.
- (iii) Green Shield will pay eligible Health Care Claims directly to the retiree or the service provider, as applicable.
- (iv) By applying for and accepting reimbursement for a Health Care Claim, each OPEB Beneficiary that receives reimbursement agrees to, and will be deemed to have undertaken to, reimburse the Retiree Fund in the event he/she receives funding for the eligible claim from another source.

**B. The Payment of Out-of-Province Claims**

A portion of the Retiree Fund will be used on a first-come, first-served basis to pay for benefits for OPEB Beneficiaries who reside in Canada but outside the Province of Ontario to match the benefits provided by the Transition Fund to OPEB Beneficiaries who reside in Ontario. Two kinds of benefits will be paid to out-of-province (“**OOP**”) OPEB Beneficiaries: a) prescription medications; and b) emergency dental and other health benefits.

**(I) Prescription Medications for OOP OPEB Beneficiaries:**

(a) Prescription medications for OOP OPEB Beneficiaries will be paid for in accordance with the coverage terms and criteria listed on the attached Appendix “A.” Payment will be limited to: a) reimbursing eligible OOP OPEB Beneficiaries for prescriptions obtained

during the period January 1, 2016 to December 31, 2016 provided that no more than a 12 month supply of a particular drug will be eligible for reimbursement; and b), paying for a 30 day supply of each prescription medication obtained from February 1, 2017 until the Retiree Fund is terminated. Submission and administration of claims for OOP Prescription Medications will occur as follows:

- (i) OOP OPEB Beneficiaries that meet the eligibility criteria listed on the attached Appendix “B” and/or their service providers will be entitled to submit claims for prescriptions directly to Green Shield.
- (ii) For reimbursement for prescriptions that were obtained during the period January 1, 2016 – December 31, 2016, claimants should use a Green Shield benefits claim form and attach both the original pharmacy receipt and the cash receipt for all prescriptions being claimed. Green Shield benefits claim forms can be obtained on the Green Shield Canada web site. Claims should be submitted under the retiree’s Green Shield USSC Health Plan Identification Number, with the prefix USO.
- (iii) For 30 day supplies of prescriptions obtained on and after February 1, 2017, claims can be made following the same process used under the Suspended USSC OPEB Plan. Claims should be submitted under the retiree’s Green Shield USSC Health Plan Identification Number, with the prefix USO.
- (iv) Green Shield will process and adjudicate the claim based on the coverage criteria listed on the attached Appendix “A”.
- (v) Green Shield will pay eligible claims directly to the retiree or the service provider, as applicable.
- (vi) By applying for and accepting coverage each OOP OPEB Beneficiary that receives coverage agrees to, and will be deemed to have undertaken to reimburse the Retiree Fund in the event he/she receives funding for the eligible benefit from both the Retiree Fund and another source, such as a government funded program or a private insurer.

**(II) Emergency Dental and other Health Benefits for OOP OPEB Beneficiaries:**

- (a) A portion of the Retiree Fund will be used for emergency dental and other health benefits for OOP OPEB Beneficiaries in accordance with the coverage terms and criteria set out in the attached Appendix “A”.
- (b) Submission and administration of these claims will occur as follows:
  - (i) OOP OPEB Beneficiaries experiencing economic hardship that meet the eligibility criteria listed on the attached Appendix “B” will be entitled to submit a claim/request for coverage to the Monitor in accordance with the Application Form attached as Schedule “B”. The Monitor will log the

receipt of Application Forms duly received by the Monitor and check that the information provided by the OOP OPEB Beneficiary on the Application Form meets the eligibility criteria listed on the attached as Appendix "B". The Monitor will not be required to independently verify the information or take any steps, other than checking that the information in the Application Form has been completed and the form has been signed.

- (ii) Each Application Form must also attach a Green Shield benefits claim form for use by Green Shield in evaluating and adjudicating the claim. There will be no ability to submit claims through Green Shield's online claims reporting system. Green Shield benefits claim forms can be obtained on the Green Shield Canada web site. Claims should be submitted under the retiree's Green Shield USSC Health Plan number, with the prefix USO.
  - (iii) OPP OPEB Beneficiaries are entitled to coverage under both the \$100 Health Care Claim and OPP coverage as described above. However, if an OOP OPEB Beneficiary wishes to have his/her \$100.00 Health Care Claim applied to his/her claim for Emergency Dental or other Health Benefit, he/she can direct Green Shield to do so on the Application Form.
  - (iv) If the OOP OPEB Beneficiary meets the eligibility criteria listed in the attached Appendix "B", the Monitor will forward the claim/request for coverage to Green Shield, which will process and adjudicate the claim to determine if the claim meets the coverage criteria listed on the attached Appendix "A".
  - (v) Green Shield will pay eligible claims directly to the retiree or the service provider, as applicable.
  - (vi) By applying for and accepting coverage, each OOP OPEB Beneficiary that receives coverage agrees to and will be deemed to have undertaken to reimburse the Retiree Fund in the event he/she receives funding for an eligible benefit from both the Retiree Fund and another source, and the OOP OPEB Beneficiary will be required to confirm such undertaking in its Application Form.
4. The USW and Representative Counsel by written agreement determined the eligibility criteria and uses of the Retiree Fund. Monies held in the Retiree Fund may only be used for benefits that were provided under the Suspended USSC Plan.
  5. Claims for which coverage is available under the Retiree Fund will be paid in the order in which Green Shield completes the evaluation of the claims.
  6. The costs of administration of the Retiree Fund charged by Green Shield will be paid from the Retiree Fund on terms agreed between USSC and Green Shield.

7. Green Shield will report weekly to the Monitor on the operation of the Retiree Fund on terms agreed with the Monitor. In addition, the Monitor has the right to review the books and records of Green Shield relating to the administration of the Retiree Fund.
8. The Monitor will forward such reports to designated representatives of the USW and Representative Counsel (the “**Retiree Representatives**”).
9. The Monitor will convene periodic telephone calls with the Retiree Representatives and Green Shield to discuss the administration of the Retiree Fund, including but not limited to the number of claims received and the number and nature of claims not meeting the criteria under either Appendix “A” or Appendix “B”, and the amounts being paid. If concerns arise with respect to the criteria, the Retiree Representatives will consider whether any such criteria should be amended, or whether, in light of the concerns, a claim should be re-adjudicated.
10. USSC will have no direct role in the administration of benefits payable from the Retiree Fund but will provide such reasonable assistance as may be requested.

## **APPENDIX “A”**

### **BENEFIT COVERAGE CRITERIA FOR RETIREE FUND<sup>1</sup>**

#### **GENERAL COVERAGE CRITERIA (Applies to both \$100 Health Care Claims and OOP Claims)**

1. All payments from the Retiree Fund are subject to the following conditions:
  - i. Payments may be made only to OPEB Beneficiaries that meet the relevant eligibility and coverage criteria as provided in Appendix B.
  - ii. Coverage under the Retiree Fund shall not exceed the coverage provided under the Suspended USSC OPEB Plan as of October 9, 2015.
  - iii. Claims are subject to the same deductibles that were applicable under the Suspended USSC OPEB Plan as of October 9, 2015.
  - iv. The OPEB Beneficiary making a claim must have no alternative public or private sources, such as a spouse’s insurance or government program available to cover the payment of the claim.
  - v. Claims must be received by Green Shield prior to the termination of the Retiree Fund. For greater certainty, even if a claim is received by Green Shield before the termination of the Retiree Fund, it will only be paid if there are sufficient funds in the Retiree Fund to cover it at the time of payment.

#### **ADDITIONAL COVERAGE CRITERIA FOR HEALTH CARE CLAIMS**

In addition to the General Coverage Criteria, above, Health Care Claims are also subject to the following coverage criteria:

1. Reimbursement of health care expense claims, including dental claims, that would have been covered under the Suspended USSC OPEB Plan, but does not include prescription drugs or other benefits included in the Transition Fund or covered by Ontario Drug Benefit Program, Trillium Drug Program or other available sources of coverage (e.g. spousal insurance), provided that:
  - i. The reimbursement limit is \$100.00 per OPEB Beneficiary; and
  - ii. The health care expense must have been incurred on or after September 12, 2016.

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<sup>1</sup> The criteria for the Province's Transition Fund remain unchanged and will be provided in parallel with the Retiree Fund.

## **ADDITIONAL COVERAGE CRITERIA FOR OUT-OF-PROVINCE CLAIMS**

### ***a) OOP Prescription Drug– Coverage Criteria***

In addition to the General Coverage Criteria, above, OOP prescription drug coverage is also subject to the following criteria:

1. Prescription drugs included in the Suspended USSC OPEB Plan and not covered by any other applicable government plan or other available sources of coverage (e.g. spousal insurance), provided that:
  - i. The claim is for reimbursement for prescription drugs purchased during the period January 1, 2016 to December 31, 2016, provided that no more than a 12 month supply of a particular drug will be eligible for reimbursement; or
  - ii. The claim is for reimbursement for prescription drugs purchased on or after February 1, 2017 and prior to the termination of the Retiree Fund. Each claim for each prescription drug by an OPEB Beneficiary is limited to a 30 day supply or less. The next claim will be allowed when an OOP OPEB Beneficiary is 80% of the way through his/her current claim (e.g., day 24 of a 30-day claim) and this will continue until the Retiree Fund is terminated.

### ***b) OOP Emergency Dental and Other Health Expense Claims – Coverage Criteria***

In addition to the General Coverage Criteria, above, OOP Emergency Dental and other Health Expense claims are also subject to the following criteria:

1. The following will be covered:
  - i. Dental claims incurred after January 1, 2016 that would have been covered under the Suspended USSC OPEB Plan provided that they are for: (a) dental extractions and endodontics, (b) major dental services in emergency situations; or (c) the repair of dental appliances; and
  - ii. Other health expense claims incurred after January 1, 2016 that would have been covered under the Suspended USSC OPEB Plan, provided that the coverage sought: (a) is necessary for sustaining life or maintaining self-sufficiency, including repairs or modifications to walkers, wheelchairs or prosthetics, (b) is necessary for preventing a prolonged stay in a hospital (including hospital-style beds at home); or (c) supplements government-funded programs or grants for necessary medical equipment, such as ostomy supplies or wheelchairs.
2. Claims for emergency dental or other health benefits that were required on an emergency basis after October 9, 2015 but before January 1, 2016 may be reviewed and considered for coverage.
3. For greater certainty, the following types of claims fall outside the scope of coverage for Emergency Dental and Other Health Expense Claims:

- i. Routine or Preventative Dental – like regular check-up, teeth cleaning, fluoride
- ii. Routine Vision Care – like regular eye exam
- iii. Routine Hearing Care – like regular hearing test
- iv. Paramedical services – like massage therapy, orthotics, physiotherapy
- v. Semi-private hospital
- vi. Travel insurance
- vii. Out-of province medical costs
- viii. Psychological counseling

## APPENDIX “B”

### RETIREE FUND ELIGIBILITY CRITERIA

#### *General Eligibility Criteria*

1. To be eligible for payment of a claim from the Retiree Fund, an eligible OPEB Beneficiary must be a retiree of USSC or his/her eligible spouse or eligible dependent who was eligible for OPEBs under the Suspended USSC OPEB Plan as of October 9, 2015 or who became a retiree of USSC after October 9, 2015 and, had the USSC OPEB Plan not been suspended, would have been eligible for OPEBs.

#### *Additional Eligibility Criteria for Out- of- Province Benefits*

2. In addition to the general eligibility criteria, to be eligible for reimbursement of out-of-province prescription drug and emergency dental and other health expense claims, an OOP OPEB Beneficiary must:
  - i. Not have a valid Ontario health card; and
  - ii. Reside outside of Ontario, but within Canada.
3. An OOP OPEB Beneficiary who applies for out-of-province emergency dental and other health expense claims must declare that:
  - i. he/she is either unable to pay for the benefit or that payment for the benefit will cause economic hardship;
  - ii. the benefit is medically necessary;
  - iii. there is no provincial plan or insurance plan that will pay for the benefit described above, or if there is a provincial plan or insurance plan that might pay for the benefit described above, the person has applied to that plan or is in the process of applying to that plan; and
  - iv. he/she undertakes to reimburse the Retiree Fund in the event he/she receives funding for the benefit from both the Retiree Fund and another source.
4. Where applications for out-of-province emergency dental and other health expense claims are made, the Monitor will review applications for compliance with the eligibility criteria, and coverage determinations will be made in accordance with the benefit coverage criteria set out in Appendix “A”.

**SCHEDULE B**

**APPLICATION FORM FOR OUT-OF-PROVINCE EMERGENCY DENTAL AND  
OTHER HEALTH EXPENSE CLAIMS**

**Applicant Information**

1. Name: \_\_\_\_\_
2. Address: \_\_\_\_\_ City \_\_\_\_\_  
Province \_\_\_\_\_ Postal Code \_\_\_\_\_
3. Telephone Number(s): \_\_\_\_\_
4. Email Address: \_\_\_\_\_
5. Green Shield USSC Health Plan Identification Number: USO \_\_\_\_\_

**Benefit Applied For (state nature of expense claimed)**

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Medical Professional Providing Benefit**

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\_\_\_\_\_

## CERTIFICATION

Please check the following if true:

- I am a retiree of U.S. Steel Canada Inc. or the eligible spouse or eligible dependent of a retiree of U.S. Steel Canada Inc. and I was eligible to receive post-employment benefits under the USSC post-employment benefit plan as of October 9, 2015 or I became eligible to receive post-employment benefits under the USSC post-employment benefit plan after October 9, 2015.
- I am not a resident of Ontario but am a resident of Canada.
- The benefit described above is medically necessary.
- I am not able to pay the benefit described above, or paying for it would cause me economic hardship.
- There is no provincial plan or insurance plan that will pay for the benefit described above, or there is a provincial plan or insurance plan that might pay for the benefit described above and I have applied to the plan or am in the process of applying to the plan.
- I have attached to this Application Form a completed Green Shield benefits claim form.
- I understand that I may be eligible for reimbursement of \$100.00 for eligible health care expenses. If I am, I would like to have Green Shield apply up to \$100.00 to this claim if it is in excess of what is covered by the OOP Emergency Dental and Other Health Expense Claims.

I, the undersigned Applicant, certify the contents hereof to be true, and I undertake to reimburse the Retiree Fund for any payment I receive from Retiree Fund if I receive funding for the benefit described above from both the Retiree Fund and another source.

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Applicant Signature

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Witness Signature

Submit this form to Attention: USSC Monitor

by fax to: [416-943-2887](tel:416-943-2887)

by e-mail to: [ussc.monitor@ca.ey.com](mailto:ussc.monitor@ca.ey.com)

by mail to: Ernst & Young Inc.

222 Bay St.

P.O. Box 251

Toronto, ON M5K 1J7 Canada

**Note: Green Shield Benefits Claim Form must be attached**

