

Your Employee Benefits Guide

ABC Company, Inc



Effective May, 2016 - April 30, 2017

Welcome to the 2017 ABC Company, Inc Benefit Program

ABC Company Inc. recognizes the importance of providing a comprehensive benefits program to our full-time benefit eligible employees. Therefore, we have developed a comprehensive benefits package that delivers quality and value while satisfying the diverse needs of our workforce. This benefits summary is specifically designed to help eligible regular full-time employees further understand the highlights of the benefits options offered to you for the coming plan year. In this benefits summary employees will be able to review:

- A description of ABC's Comprehensive Employee Benefit Program Including
 - Medical Insurance
 - Dental Insurance
 - Vision Insurance
 - Health Savings Account
 - Flexible Spending Account
 - 401 (k) Retirement Plan
 - Basic Life and AD&D
 - Voluntary Life and AD&D
 - Additional Benefits
- Important annual notices that ABC must provide all benefit eligible employees
- Important phone numbers and websites to help employees manage their benefits

Eligibility

In order to be eligible, employees must average 30 hours or more per week. New employees become eligible on the first day of the month after completing 30 days of continuous employment. Eligible employees may also elect to cover a spouse and/or dependents up to age 26 for health insurance.

Change in Family Status

All benefit selections are binding except in the event you have a "change in family status." If one of these situations occurs, you have 30 days to notify Human Resources and complete the appropriate paperwork. If you do not make the change within the 30 days following the event, your next opportunity to make a change will occur during the open enrollment period.

Examples of status changes include:

- Marriage or divorce
- Birth or death of dependent
- Adoption
- Loss of eligibility for insurance
- Spouse's employment or termination of employment
- Unpaid leave of absence of employee or spouse
- Reduction or increase in hours worked from part-time to full-time

Medical Insurance Summary

ABC offers employees medical coverage through Insurance Company of America. For complete details of each medical plan refer to the text of the official SPD available through ABC's Human Resources Department. Unless stated otherwise, the following benefits are available only to regular full-time employees.



| | HSA Plan | |
|--|----------------------|----------------------|
| | In-Network | Out-of-Network |
| Calendar Year Deductible | | |
| Individual | \$3,000 | \$6,000 |
| Family | \$6,000 | \$12,000 |
| Coinsurance | 80% | 50% |
| Calendar Year Out-of-Pocket | | |
| Individual | \$3,500 | \$8,000 |
| Family (Include Deductible) | \$7,000 | \$16,000 |
| Medical Office Visits (Primary Care/Specialists) | 80% after deductible | 50% after deductible |
| Inpatient & Outpatient Services | 80% after deductible | 50% after deductible |
| Preventive Care (Children & Adult Services) | Plan pays 100% | 50% after deductible |
| Emergency Care | 80% after deductible | 80% after deductible |
| Urgent Care | 80% after deductible | 50% after deductible |
| Diagnostics (Lab/X-ray/MRI) | 80% after deductible | 50% after deductible |
| Prescription Drugs (30-day supply) | | |
| Generic Brand | | 50% after deductible |
| Brand Name | 80% after deductible | |
| Specialty | | Penalty |
| Mail Order Drugs (30-day supply) | | |
| Generic | | |

Dental

ABC offers dental benefits to all eligible employees. ABC's dental plan is administered by Best Dental. Please refer to the chart below for a brief summary of your dental benefits.

| Dental Plan | |
|----------------------|----------------------|
| Benefit | |
| Plan Year Deductible | \$25 per participant |
| Plan Year Maximum | \$1,500 |
| Preventive Care | 100% |
| Basic Services | 80% |
| Major Services | 50% |



Vision

Happy vision plan allows you to choose an ophthalmologist or optometrist from their national network, or you may use any licensed provider of your choice.

| Vision Plan | |
|--|--|
| Benefit | |
| Eye Exam Deductible | \$10 copay (every 12 months) |
| Materials Copay | \$25 |
| Lenses (single vision lined bifocal/ trifocal and polycarbonate for dependent children) | Covered at 100% Every 12 months |
| Frame | \$130 allowance (every 24 months) 20% of remaining balance |
| Contact Lenses& Exam | \$130 allowance (every 12months) 15% of remaining balance |



Basic Life and AD&D

ABC provides basic term life and accidental death and dismemberment (AD&D) through The Insurer at no cost to you. Surviving family members often utilize life insurance proceeds to pay final expenses, meet costs of living, and pay down debt. The basic term life and AD&D insurance program provides \$25,000 in group term life and AD&D for each employee.

ABC also provides an option for Basic Dependent Life in the amount of \$5,000 (not to exceed 50% of the Employee Basic Life Insurance).

Voluntary Life and AD&D

In addition to life and AD&D coverage provided by ABC, you may opt to buy additional term life and AD&D insurance through The Insurer for yourself and your family. You, the employee, must be enrolled and purchase supplemental coverage for yourself in order for your spouse and children to be eligible for this coverage. If you opt to enroll in Voluntary Life and AD&D during open enrollment, you must indicate the desired coverage amount(s) when completing your enrollment form and any premiums for coverage will be paid via payroll deduction. For coverage over the guarantee issue amounts shown below, you may also be asked to complete an evidence of insurability form for the insurance carrier's consideration. You can choose how much coverage you need within the following guidelines:

| Voluntary Life and AD&D | Guarantee Issue | Maximum Coverage Available |
|---------------------------------|-----------------|---|
| Employee - \$10,000 increments | \$100,000 | 5x annual salary up to \$500,000 |
| Spouse - \$5,000 increments | \$30,000 | No more than 1/2 employee's election |
| Child(ren) - \$2,000 increments | \$10,000 | \$10,000 (over age 6 months) \$1,000 (age 14 days to 6 months) |

Health Saving Account (HSA)

ABC offers employees a Health Savings Account (HSA), which allows employees to save money for medical expenses and emergencies. The Internal Revenue Service (IRS) regulates the amount that can be deposited into Health Savings Account. For 2017, the total contribution limits are \$3,350 per individual, and \$6,750 per family. Contributions can be made as pre-tax payroll deductions. Catch-up contributions of an additional \$1,000 can be made by account holders who are age 55 or older, and are not enrolled in Medicare.

ABC will deposit \$50 per month into your Health Savings Account at the beginning of every month.



NOTE: Employees must open and maintain a Health Savings Account to be eligible for the contribution made by ABC.

Benefits of opening a Health Savings Account

Encourages you to save money for medical expenses and emergencies.

Offers Tax Benefits:

- Contributions are tax deductible
- Earnings grow tax-deferred
- Distributions for qualifying medical expenses are tax free
 - Provides a way employers may contribute to their employee's health savings
 - Allows money to accumulate since unused HSA balances can be carried over from year to year
 - Lets you roll over funds directly from a medical savings account
 - Functions like a checking account
- Make unlimited transactions using checks or FREE debit card
- Earn interest on your HSA balance
- Monitor your HSA with Online Banking

Health Savings Account Fees

- No account-opening fee
- No debit card fee
- No monthly service fee as long as you maintain a monthly average balance of at least \$1,500 in your HSA. If average balance falls below \$1,500, then a \$2 maintenance fee will be incurred that month.

Waiving Medical Coverage

If you choose to waive participation in ABC's Medical plan, you are eligible to receive \$150 (taxable) per month. You must provide proof of other Group Coverage or Healthcare Exchange coverage to receive this payment. You must have been employed by ABC on the last day of the previous month to receive the payment at the beginning of the following month.

Flexible Spending Account (FSA)

ABC offers a Flexible Spending Account (FSA) to all employees. You may contribute up to \$2,550 per year into your Health FSA. When you use your FSA, you use tax-free dollars for most medical (if not on the ABC HSA plan), dental and vision care expenses that are not covered by insurance (such as co-pays, deductibles, co-insurance responsibilities, and certain doctor prescribed over-the-counter medications). Please keep in mind that if you contribute more than the amount of your actual expenses, you may lose your money at the end of the year. This is known as the IRS "use it or lose it" rule. We encourage you to be conservative but realistic when deciding how much to contribute to your FSA.

Additionally, you may contribute to a Dependent Care FSA. You may contribute up to \$5,000 per year into your Dependent Care FSA. This is in addition to the \$2,550 you can contribute into your Health FSA for eligible medical, dental, and vision expenses. When you use the dependent Care FSA, you use tax-free dollars to pay for out-of-pocket, work-related dependent day care. You can use the account if you are a single parent, if you and your spouse both work or, in some situations, if your spouse goes to school full-time. The IRS "use it or lose it" rule applies to Dependent Care FSA as well.



Paid Time Off (PTO)

Paid Time Off (PTO) is available to cover your needs for time away from work including: vacation, illness, holidays, funerals, or other leaves. Temporary, seasonal and emergency employees do not earn PTO.

The longer you remain with ABC the larger the multiplier will be. For full-time and part-time employees, the accrued PTO hours are calculated by multiplying physical hours worked for each pay period (excluding overtime) by the appropriate multiplier. The following chart gives examples of PTO hours earned during the twelve-month period from one anniversary to the next anniversary by full-time employees. Please refer to PTO policy for additional information

| Years of Service | Multiplier Per Hour Paid | Maximum You May Earn If Working 2,080 Hours |
|--|---------------------------------|--|
| Less than 1 year | .05 | 104 hours |
| More than 1 year but less than 3 years | .067 | 140 hours |
| More than 3 years but less than 5 years | .086 | 178 hours |
| More than 5 years but less than 10 years | .10 | 208 hours |
| More than 10 years | .125 | 260 hours |

401(k) Retirement Plan

All full and part-time employees, 21 years or older who have worked at least 1,000 hours, are eligible to participate in ABC's 401(k) plan on the first day following one year of service. Entry dates for this plan are January 1, April 1, July 1, and October 1 of each year. This plan allows employees to make tax-deferred savings for retirement and is vested immediately. HMH currently matches 100% of the employee's plan contribution of up to 3% of the employee's annual pay.

Vesting Schedule

Vesting describes the percentage of your total account balance available to you, subject to legal and plan requirements. Employee contributions are always 100% vested. Employer contributions are subject to the following vesting schedule.

| Years of Service | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------|------|------|------|------|------|------|------|
| Vested Percentage | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Employee and Employer Contributions

There are no loans in this plan, and rollover contributions are not permitted by employees. Employees can make pre-tax contributions up to 50% of compensation (subject to annual legal dollar limit - \$18,000 for 2016).

Account Information

Participants may obtain account information (i.e. account balances, future investment elections, exchange and loan information) by calling the Plan's Interactive Voice Response System, or online. Materials will be provided shortly after your enrollment form has been processed.

Important Notices

Federal regulations require ABC to provide benefit eligible employees with the following notices:

Private Health Information

A portion of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) addresses the protection of confidential health information. It applies to all health benefit plans. In short, the idea is to make sure the confidential health information that identifies (or could be used to identify you) is kept completely confidential. This Individually identifiable health information is known as “protected health information” (PHI), and will not be used or disclosed without your written authorization, except as described in the Plans HIPAA Privacy Notice or as otherwise permitted by federal and state health information privacy laws. A copy of the Plan’s Notice of Privacy Practices that describes the Plan’s policies, practices and your rights with respect to your PHI under HIPAA is available from our medical plan provider. For more information regarding this notice, please contact Human Resources or the medical plan directly.

Women’s Health and Cancer Rights Act

CABC’s medical plan, as required by Women’s Health and Cancer Rights Act of 1998, provides benefits for mastectomy-related services. These services include:

- All stages of reconstruction of the breast on which the mastectomy was performed
- Surgery and reconstruction of the other breast to produce asymmetrical appearance
- Prosthesis and treatment of physical complications resulting from mastectomy (including lymphedema)

This coverage will be provided in consultation with the attending physician and the patient, and will be subject to the same annual deductibles and coinsurance provisions that apply to the mastectomy. For more information, contact your medical plan provider.

Individual Coverage Mandate

Effective January 1, 2014, Federal law requires that you have Health Care coverage or you are subject to an income tax penalty. You can enroll in CABC’s health plan, or you may want to consider visiting www.healthcare.gov for information on health plans available through the Healthcare Marketplace in your area.

Special Enrollment Rights

If you are declining enrollment for yourself or your dependents (including your spouse) because of other health insurance coverage, you may be able to enroll yourself and your dependents in a health plan you or your dependents lose eligibility for that other coverage (or if the employer stops contributing towards you or your dependent's other coverage). However, you must request enrollment within 30 days after you or your dependent's other coverage ends (or after the employer stops contributing toward other coverage).

In addition, if you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may be able to enroll yourself and your dependents, provided that you request enrollment within 30 days after marriage, birth, adoption, or placement for adoption. For more information, please contact Human Resources.

Notice of Prescription Drug Coverage

ABC provides a "Notice of Prescription Drug Creditable Coverage" to all Medicare-eligible participants on an annual basis. This notice will state whether or not the ABC medical plan is or is not, on average, as generous as the standard Medicare Prescription Drug Coverage.

Premium Assistance Under Medicaid

Children's Health Insurance Program (CHIP)

If you or your children are eligible for Medicaid or CHIP and you are eligible for health coverage from your employer, your State may have premium assistance program that can help pay for coverage. These States use funds from their Medicaid or CHIP programs to help people who are eligible for these programs, but also have access to health insurance through their employer. If you or your children are not eligible for Medicaid or CHIP, you will not be eligible for these premium assistance programs.

If you or your dependents are NOT currently enrolled in Medicaid or CHIP, and you think you or any of your dependents might be eligible for either of these programs, you can contact your State Medicaid or CHIP office or www.insurekidsnow.gov to find out how to apply. If you qualify, you can ask the State if it has a program that might help you pay premiums for an employer-sponsored plan.

Once it is determined that you or your dependents are eligible for premium assistance under Medicaid or CHIP, as well as eligible under your employer plan, your employer must permit you to enroll in your employer plan if you are not already enrolled. This is called a "special enrollment" opportunity, and you must request coverage within 60 days of being determined eligible for premium assistance. If you have questions about enrolling in your employer plan, you can contact the Department of Labor electronically at www.askebsa.dol.gov.

Nebraska-Medicaid

Website: www.ACCESSNebraska.ne.gov

Phone: 1-800.383.4278