

IMPORTANT HEALTHCARE MEMORANDUM

November 20, 2014

Your healthcare plan is an important component of your total compensation package. Many employers have discontinued offering a health plan -- we continue to offer this important benefit to our employees. In 2010, President Obama signed into law the Patient Protection and Affordable Care Act ("Act"). Over the last four years, this mandate has substantially increased the amount and level of coverage we provide employees and their dependents, while increasing plan costs. The most beneficial and costly enhancements of the Act since 2010 are:

- Mandatory Preventive Care
- Decreased Out of Pocket Maximums
- No Annual or Lifetime Limit

For 2015, a substantial modification to the Act is that prescription co-pays now count towards your out-of-pocket maximum. Health plan costs are estimated to increase in 2015 by 12%. To keep healthcare benefit costs as low as possible for employees, deductibles and payroll contributions have been adjusted in response to the Act. The impact to your weekly payroll contribution is between \$6 to \$11, depending on whether you choose single, double or family coverage.

Health Plan Options: You will have three (3) plans to choose from: Low Deductible, Standard Deductible, and High Deductible. See the attached page to determine which plan best fits your needs.

Open Enrollment Period: Employees wishing to elect a different plan option must make such election during the open enrollment period through December 15, 2014. If you have questions regarding benefits or plan changes, email benefits@cherokeeinsurance.com.

Summary of Benefits Coverage (SBC): Your SBC and Uniform Glossary are available on-line at www.uacl.com/universal_benefits.aspx under "Benefits Info". The SBC summarizes key features of the plan and will help you understand your coverage. Additional insurance and benefit information is also available on the website.

Health Insurance Marketplace: U.S. Healthcare Exchanges may offer affordable alternatives to your employer plan.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that fulfills your needs and meets your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may be eligible for a tax credit that lowers your monthly premium.

How Can I Get More Information?

For more information about the coverage offered by your employer, please check your benefit plan description or contact Cherokee Insurance Company at (800) 201-0450, or benefits@cherokeeinsurance.com.

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage and cost. Visit HealthCare.gov for more information, including an online application for health insurance coverage.

Your employer's coverage meets the minimum value standard, and the cost of coverage to you is intended to be affordable based on federal guidelines. Your employer intends your coverage to be affordable, nevertheless, you may still be eligible for a premium discount or tax credit through the Marketplace. The Marketplace will use your household income and other factors to determine whether you are eligible for a premium discount. If your wages vary from week to week, you are newly employed mid-year, or if you have other income losses, you may qualify for a premium discount.

2015 Benefits Outline

Flexible Spending Account “FSA” (New Carryover Provision for 2015)

An FSA allows you to set tax-free dollars aside for healthcare expenses not covered by your medical plan (e.g., lasik surgery, glasses/contacts, deductibles, and co-pays). The 2015 maximum allowed amount is \$2,500. When you incur these expenses, you are reimbursed from your FSA. For example, if you enroll in the FSA for \$1,000, \$20 per week for 50 weeks will be deducted tax free from your check (net after tax amount to you is approximately \$15). The \$20 is credited to your FSA; as you incur out-of-pocket expenses, submit them for reimbursement from your FSA. There is also an FSA for daycare expenses. For additional information and enrollment forms, go to www.uacl.com/universal_benefits.aspx

FSA Carry Over Provision: If during 2015, you do not use all your elected FSA funds, you can carry up to \$500 over to 2016. This new provision eliminates part of the “use it or lose it rule” and makes it easier for you to estimate medical costs with less risk of forfeiture. This new provision provides a 12-month grace period for up to \$500. The prior (2014) 2 ½ month grace period provision is eliminated.

Fidelity Investments 401k Retirement Savings Plan

Your Fidelity Investments 401k plan is a beneficial, tax-advantaged savings tool. By contributing to a 401k plan, you defer federal and state income taxes until withdrawal. Your tax deferral is 20% to 35% of the dollars you contribute. We encourage you to participate in the 401k plan and invite you to visit www.401k.com to evaluate the investment strategies and options that best meet your personal needs.

Dental Plan (No Plan Changes for 2015)

Your dental deductible is \$100. For reasonable and customary costs, the plan continues to cover 100% for preventive care, 80% for basic services, and 50% for major services.

Dental Employee Weekly Benefit Contribution

<u>Single</u>	<u>Double</u>	<u>Family 3</u>	<u>Family 4</u>	<u>Family 5+</u>
\$6	\$12	\$16	\$18	\$20

Medical Plan Options

Your new deductibles, out-of-pocket, and employee contributions are listed below. If you wish to maintain your current plan, “**Do Nothing**”. If you wish to elect a different plan, email your revised election form to benefits@cherokeeinsurance.com.

<u>Deductible Plan</u>	<u>In-Network Single/ Family Deductible</u>	<u>In-Network Coverage %</u>	<u>In-Network Out-of- Pocket Maximum</u>
Low	\$1,200 / \$2,400	85%	\$6,450 / \$12,900
Standard	\$1,600 / \$3,200	75%	\$6,450 / \$12,900
High	\$2,000 / \$4,000	70%	\$6,450 / \$12,900

Medical Employee Weekly Benefit Contribution

<u>Deductible Plan</u>	<u>Single</u>	<u>Double</u>	<u>Family 3</u>	<u>Family 4</u>	<u>Family 5+</u>
Low	\$78	\$112	\$126	\$136	\$144
Standard	\$60	\$84	\$94	\$104	\$114
High	\$46	\$60	\$66	\$74	\$82

Prescription Plan (No Plan Changes for 2015)

Generic Retail:	Co-Pay:	Low Deductible: \$15	Standard Deductible: \$20	High Deductible: \$25
Generic Mail:	Co-Pay:	Low Deductible: \$30	Standard Deductible: \$40	High Deductible: \$50
Brand Retail:	Co-Pay:	Low Deductible: 30%	Standard Deductible: 40%	High Deductible: 50%
Brand Mail:	Co-Pay:	Low Deductible: 25%	Standard Deductible: 35%	High Deductible: 45%