

TO: All Full-time Direct and Part-time 30+ Direct Belcan Employees
FROM: Mike Wirth
DATE: November 3, 2014
SUBJECT: 2015 Annual Benefit Election Period

As you have undoubtedly heard in the media, the health care industry continues to operate with uncertainty. 2014 was again a volatile year in the medical insurance market with many unknowns ahead of us. Almost universally, companies are experiencing significant increases in their medical premiums for 2015.

Largely due to your efforts to stay healthy and be smart consumers of health services, we have been fortunate to be able to avoid large increases to our Plans over the last several years. Each year, however, brings new challenges to achieve our goals of providing attractive plan options at a reasonable price. For 2015, we have made some changes aimed at achieving these goals, while keeping our plan viable for the long term. The highlights are below:

- The \$600 PPO remains a \$600 PPO.
- The \$1,500 High Deductible Health Plan remains a \$1,500 HDHP. **Attached to this plan is a Health Savings Account, which functions like an IRA savings account for current or future health care expenses. Belcan will match your contribution to the HSA dollar-for-dollar up to a maximum of \$400 single/\$800 employee +child(ren), employee + spouse or family. You must contribute in order to receive this match. You may also make your own contributions up to \$3,350 for single and \$6,650 for 2 person/family. Money contributed by both of us to your HSA is your money and will roll over year-to-year.**
- In order to reward those who maintain good health and/or are wise consumers of health care, we are incentivizing participation in our HDHP. We believe you'll find the opportunities that exist in this plan very appealing.
- In order to address the ever increasing cost of prescription drugs, pharmacy benefits will change as follows:
 - There is now an out-of-pocket maximum of \$2,000 single/\$4,000 family. Previously there was no out-of-pocket maximum on drugs.
 - Now a 4 tier vs a 3 tier program. New co-pays are \$10/\$35/\$70/25% (\$250 max) with mail order 2.5x. Previously co-pays were \$10/\$30/50% (\$50 min/\$100 max) with mail order 2x.
 - Mail order is now mandatory for maintenance drugs.
 - If generic is available, that is the level which will be covered. Any cost in excess of generic becomes your responsibility if you or your doctor choose not to go the generic route.
- Emergency room co-pay increases to \$250 from \$100.
- As many other companies do, Belcan has an "other employer provided insurance provision". What this means is that if you have a spouse who has insurance available through their employer, then the spouse is not eligible to enroll in Belcan's plan. This helps keep costs reasonable for all of us.
- Considering this plan provision, we felt it only fair that employees whose spouses are not subject to this provision, and thus are eligible for our plan, should contribute somewhat more to the cost of their coverage. We are phasing this in gradually starting this year.
- In addition, we have also moved to a 4 tier plan from a 3 tier plan in order to better reflect the actual cost of coverage between children and spouses. As a result, we now have tiers for Employee, Employee + Child(ren), Employee + Spouse, and Family (Family includes spouse and children).
- We will continue our wellness program, with the intention in the future of rewarding those who participate in wellness initiatives.
- **In order to keep health insurance affordable for you, Belcan makes a substantial contribution to the cost of these Plans and is absorbing a significant portion of the rate increase for 2015.**

OPTIONS

Belcan's flexible benefits program continues to offer you many options in 2015.

- Anthem Blue Cross and Blue Shield provides coverage for the Medical plan. Visit their website @ www.anthem.com.

- Delta Dental provides coverage for the Dental plan. Visit their website @ www.deltadental.com.
- Prudential provides coverage for the Long-Term Disability, Short-Term Disability, Employee, Spouse and/or Children Term Life, and Employee, Spouse and/or Children Accidental Death & Dismemberment plans. Visit their website @ www.prudential.com.
- National Vision Administrators provides coverage for the vision plan. Visit their website @ www.e-nva.com
- Chard Snyder now administers the Flexible Spending Accounts for Unreimbursed Medical Expenses and Dependent Daycare Expenses. Visit their website at www.chard-snyder.com.
- PNC Bank administers the Health Savings Accounts.

SUMMARY OF 2015 PLAN CHANGES

The **\$600 PPO medical** plan will increase your before-tax cost 7% - 22%. On a before-tax basis this equates to \$43 (family), \$33 (employee and spouse), \$11 (employee and child(ren)) and \$6 (single) per check more than last year

The **\$1,500 HDHP medical** plan may either **decrease** your before tax cost <7%> or increase your before-tax cost 8% - 12%. On a before-tax basis, this equates to approximately \$13 (family), \$13 (employee and spouse,) <\$8> (employee and child(ren)) and <\$4> (single) per check **less** or more than last year.

If you would choose **to change your election to the 2015 \$1,500 HDHP from the 2014 \$600 PPO**, it would **decrease** your before-tax cost approximately <19%> - <33%>. On a before-tax basis, this equates to approximately <\$50> (family), <\$29> (employee and spouse), <\$49> (employee and child(ren)) and <\$25> (single) per check **less** than last year.

Other Coverages:

- **Dental** – No plan changes and premium **decreased** 2%
- **Long-Term Disability** – No Plan changes and premium remained the same.
- **Short-Term Disability** –No Plan changes and premium remained the same.
- **Term Life** – No Plan changes and premium remained the same.
- **Accidental Death & Dismemberment** – No plan changes and premium remained the same.
- **Vision** - No plan changes and premium remained the same.
- **Flexible Spending Accounts** - The healthcare FSA maximum remains at \$2,500 and the dependent daycare FSA maximum remains at \$5,000. The healthcare FSA minimum is \$5/week and the dependent daycare FSA minimum is \$10/week.
- **Vacation Purchase Plan** – You may purchase from 8 to 40 hours of vacation and pay for it over your 26 paychecks. (Engineering and Corporate only)

All benefit summaries are available on the BSwift online enrollment site (www.unum_belcan.bswift.com), the HR Intranet (<http://intranet.belcan.com>), and on the Microsoft Outlook HR Bulletin Board.

All additional literature regarding all plans is available on the BSwift site and the HR Intranet.

SCHEDULE

Our annual benefit election period for insurance changes is being offered to all full-time direct and certain part-time (working at least 30 hours per week) direct employees from **November 10 through December 8**. Elections made for 2015 will be effective for one year beginning January 1, 2015, and ending December 31, 2015, with premium adjustments reflected in paychecks effective the week beginning December 22, 2014 (checks dated January 7, 2015 or January 8, 2015 depending on your pay cycle), except for FSA's, which are effective the 1st paycheck of 2015 which this year is the same as when the new insurance rates are effective.

If you do not enroll during Annual Enrollment, all of your coverages from 2014 will roll over to 2015, with the exception of Health Care FSA and Dependent Care FSA accounts, which legally must be terminated.

ONLINE ENROLLMENT

For 2015 we have the same online enrollment site called Unum BSwift. Just log on to this website and complete your annual enrollment online.

In conclusion, we are pleased to be able to continue to offer a competitive insurance program, and we believe we have made reasonable adjustments in order to keep our Plans reasonably priced and stable. In addition, we will continue to place more emphasis on health and wellness to promote a culture of fitness and health. If we stay healthy and continue to be wise consumers of medical care, our health care can remain affordable. While many companies are choosing to eliminate coverage entirely, Belcan remains committed to providing quality healthcare insurance options for our employees.

If you have any questions regarding the 2015 benefits program, please call Human Resources @ 513-985-7787 and we will be happy to help you explore your options.