

2013 EMPLOYEE BENEFITS GUIDE

Cumberland Heights is proud to offer their employees the following competitive benefits program. This benefits guide has been designed to provide you with an overview of your benefits for the 2013 plan year which ends December 31, 2013.

Your Enrollment Deadline is: ___ / ___ / ___

NEW ENROLLMENT PROCESS

Cumberland Heights employees enroll by submitting paper forms for their 2013 benefits. You will be able to review and print a confirmation of your benefits and cost through the ADP Payroll-Benefits system after the effective date of coverage. We will refer to the enrollment system and website as "ADP" throughout this guide.

Who is eligible?

You are benefits-eligible at Cumberland Heights if you are a Part-Time Regular Employee scheduled in the payroll system for 30-39 hours per week, or if you are a Full-Time Regular Employee schedule in the payroll system for 40 hours per week.

Additional paper forms may be required for voluntary plans. Please see the supplemental life section in this guide, and see the enclosed Colonial Life information instructions.

WELLNESS PROGRAM

Cumberland Heights cares about their employees' health.

A Wellness Program was introduced at the end of 2011 and continues to evolve into 2013.

The progress of the Health Risk Assessment and how employees will benefit from participation will be shared later in a separate communication.

All employees eligible this year to enroll in the medical plan after January 1, 2013 are not required to qualify for the discounted "Wellness" medical premium rate. You may elect the Wellness medical rate without having to do anything special for the rest of 2013; however, you are encouraged to participate in all the Wellness Program activities throughout the year. You may set and achieve some goals early and not have to wait for your first full year. More details will be available soon in a separate letter and will be posted soon on bulletin boards and ADP.

➤ **MEDICAL – UnitedHealthcare (UHC)**

Both medical options cover the same general medical and prescription plan benefit, but the cost, deductible, coinsurance, and copays differ.

Eligible Domestic Partners may be covered in the medical plan but exclusions exist for Health Savings Accounts. You need to contact Human Resources for additional information and complete additional forms before electing spouse medical coverage for a domestic partner.

Medical Option 1 - associated with the Health Reimbursement Arrangement <input type="checkbox"/> \$1,500 individual calendar year in-network deductible plan	Medical Option 2 - associated with the Health Savings Account <input type="checkbox"/> \$2,500 Individual calendar year in-network deductible plan
<input type="checkbox"/> \$3,000 family calendar year in-network deductible plan	<input type="checkbox"/> \$5,000 family calendar year in-network deductible plan
<input type="checkbox"/> \$3,500 individual calendar year in-network out-of-pocket maximum (includes deductible)	<input type="checkbox"/> \$3,500 individual calendar year in-network out-of-pocket maximum (includes deductible)
<input type="checkbox"/> \$7,000 family calendar year in-network out-of-pocket maximum (includes deductible)	<input type="checkbox"/> \$7,000 family calendar year in-network out-of-pocket maximum (includes deductible)
<input type="checkbox"/> Preventive office visits and preventive lab, tests, and x-ray paid at 100% with no copay at network providers. (see summary)	<input type="checkbox"/> Preventive office visits and preventive lab, tests, and x-ray paid at 100% with no copay at network providers. (see summary)
<input type="checkbox"/> Pharmacy copays of \$10 for generic (tier 1), \$35 for preferred brand (tier 2), and \$60 for non-preferred brands (tier 3). Copays do not apply to the deductible or out-of-pocket maximum. See UHC Summaries on ADP for details about this coverage.	<input type="checkbox"/> All covered charges apply to the deductible. Prescriptions are full cost and apply to the deductible until the deductible is met. Once the deductible is met, Pharmacy copays apply at: \$10 for generic (tier1), \$35 for preferred brand (tier 2), and \$60 for non-preferred brands (tier 3). The copay does apply to the out-of-pocket maximum. See UHC Summaries on ADP for details about this coverage.

Option 2 is very different from Option 1 in that it includes a higher deductible and no copays at the beginning. Since the HSA accumulates one deposit at a time, and the prescriptions may cost more up front, Option 2 can cause a cash flow problem for some, even though the premium is lower.

Simply put: At the beginning of the year, you pay all medical claims and full UHC-negotiated cost for prescriptions until you meet your deductible. When your \$2,500 single deductible is met, medical claims start being paid at 100%. And at that point, prescriptions begin to cost the applicable copay of \$10 or \$35 or \$60. Then if your prescription copays total \$1,000 in that year, you've met your out-of-pocket maximum of \$3,500 and prescriptions will also be covered at 100% for the rest of the year.

In-network Preventive Services are covered at 100%, but there is no Preventive coverage if you go out of the UHC network for Preventive Services. Be very careful to confirm the provider is a "UnitedHealthcare Choice Plus Network Provider" before each appointment by calling the UHC customer services number on your card.

Medical bi-weekly payroll deductions

2013 PPO w/Health Reimbursement Arrangement	Option 1 (Wellness)	Option 1 (Non-Wellness)
Employee only	\$72.95	\$87.54
Employee & Spouse/Partner	\$221.88	\$266.25
Employee & Child(ren)	\$190.19	\$228.22
Family	\$316.98	\$380.38

2013 HDHP w/Health Savings Account	Option 2 (Wellness)	Option 2 (Non-Wellness)
Employee only	\$53.62	\$64.35
Employee & Spouse/Partner	\$181.28	\$217.53
Employee & Child(ren)	\$155.38	\$186.46
Family	\$258.98	\$310.78

Eligible domestic partners may be covered in the Medical plan Option 1 and HRA, and Medical Plan Option 2. However, if you elect Option 2 the IRS does not allow Health Savings Accounts to be used for anyone's health expenses other than the employee, spouse (as described by IRS), and children who are on qualified plans. Cumberland Heights cannot deposit the spouse portion of the fund into the HSA account when a domestic partner is covered on Medical Option 2 because the IRS does not recognize a domestic partner as a spouse for tax purposes, so HSA and Flexible Spending Account funds cannot be used for domestic partners or for children of domestic partners.

You need to contact Human Resources for additional information and complete additional forms before electing spouse medical coverage for a domestic partner. Health Reimbursement Arrangements (HRAs) are regulated somewhat differently and domestic partners' deductible-type medical expenses are reimbursable if eligible and enrolled in Medical Option 1.

Read – Verify – Confirm

- **Use Choice Plus UnitedHealthcare network providers** to get the best coverage at the best rates and avoid more costs which may not go toward your out-of-pocket expenses.
- **Give providers your medical card** (EVEN IF THE INSURANCE IS NOT PAYING YET) so claims will be filed and applied to your deductible.
- **Read about your coverage.**

All eligible individual deductible claims will count toward the Family Deductible, but an individual will not have to pay more than their individual Deductible before the plan starts paying the coinsurance amount, even if they have other family members enrolled.

Visit www.myuhc.com for a network provider listing. Select “Find a Physician” at the top of the page, then choose “UHC Choice Plus” when prompted to “Select a Plan”. After you receive your member card, register on the website with your card number to see claims online, get health and wellness information, plus more features too numerous to list. Also, create your health history record which you can print and take to doctor appointments.

Read the Medical Plan Summary of Benefits and Certificate of Coverage on ADP to see coverage details and exclusions, and to see what requires “**prior authorization**” or “**pre-service approval**”.

If you are enrolling for medical coverage for the first time, your UHC medical identification cards will be mailed after all necessary information has been submitted.

Health Reimbursement Arrangement (HRA) - Pittman & Associates

You are only **eligible for the HRA if you elect Medical Plan Option 1**. To help employees meet the first part of their Option 1 Medical Plan deductible, the Cumberland Heights Employee HRA Plan will prefund a reimbursement account for employees enrolled in Option 1 of the Medical Plan.

For those enrolled in Medical Option 1, Cumberland Heights will pre-fund the employee’s HRA account with \$1,000 for Employee Only coverage; \$1,750 for Family coverage.

- For midyear enrollees, the HRA is prorated to \$83.33 per month of coverage in 2013 for Employee Only; \$145.84 for Family. Example: Employee/Spouse medical coverage beginning 4/1/12 will result in the HRA account being pre-funded for \$1,312.56
- For HRA purposes Family coverage represents employee plus any covered dependents (Employee/Spouse or Employee/Child(ren) or Family).

HRA dollars are reimbursable by debit card transactions at most medical providers (e.g. doctors, clinics, hospitals). Paper reimbursement is available if a medical provider does not accept the MasterCard debit card, or if you paid for services after you were covered, but before you received the card.

The HRA Plan does not reimburse prescription, vision or dental expenses. HRA funds are for the current plan year 2013 expenses, and cannot be used to pay for last year’s bills or carried over to the next plan year. Unused HRA funds are forfeited at the end of the plan year.

For new enrollees, 1 MasterCard debit card will be mailed if the medical election is Employee Only; 2 debit cards are sent if the spouse is a covered dependent in Option 1 Medical.

Replacement cards cost \$10.00 and must be ordered through Deb Wilburn at dwilburn@cbjw.net. An additional card can be purchased for \$10 for a covered dependent child who is at least age 18. This fee is charged by the vendor.

Qualified expenses (which cannot be paid by the card) can be reimbursed by check if you submit a valid HRA claim after coverage begins. The claim can be processed by submitting a Pittman & Associates HRA reimbursement form and a UnitedHealthcare (UHC) EOB (Explanation of Benefits). (See forms on ADP)

You will receive a debit card agreement with each card explaining in detail that you will be required to repay any ineligible use of funds.

Health Savings Account (HSA) – Pinnacle Bank

You may open an HSA during this enrollment event only if you elect Medical Plan Option 2 and are eligible for an HSA according to the U.S. Treasury Dept. and IRS regulations.

Important Points to Remember Regarding HSA's:

You must meet the criteria below in order to open or participate in a Health Savings Account:

- ❖ You must be enrolled in an HDHP (High Deductible Health Plan).
- ❖ You cannot be enrolled in a medical/healthcare FSA (Flexible Spending Account).
- ❖ You cannot be entitled to and enrolled in a Medicare plan.
- ❖ You cannot be enrolled in another medical plan that is NOT an HDHP.**
- ❖ You cannot be claimed as a dependent on another person's tax return.

If you elect Cumberland Heights Medical Option 2 and open an HSA, Cumberland Heights will make scheduled deposits (according to the chart below), into an eligible employee's HSA account for the months the employee continues to be enrolled in the Cumberland Heights Employee Medical Plan Option 2 for 2013.

Employee Only	\$38.47 each payroll during 2013	to a maximum of \$1,000
Family	\$67.31 each payroll during 2013	to a maximum of \$1,750

(For HSA purposes Family coverage represents employee plus any covered dependents.)

You may deposit your own pre-tax payroll dollars into the HSA by opening a Pinnacle HSA account. You may change your payroll deposit once each month.

Your HSA deposit combined with the Employer contribution cannot exceed the maximum allowable amounts set for 2013 set by the IRS based on the medical election:

- \$3,250 for Employee or Employee/Partner
- \$6,450 for Employee/Spouse, Employee/Child(ren), Family

An additional \$1,000 may be deposited for the year by employees 55 or older.

You may use your HSA to pay for qualified medical expenses that you and your eligible dependents incur which are not covered by the UHC medical plan, or you may use your HSA funds to pay for other qualified unreimbursed healthcare expenses (e.g. dental, vision, pharmacy, certain prescribed over-the-counter medications and some first-aid expenses). Refer to the attached list.

Other Important Points to Remember Regarding HSA's:

- Money that's deposited into your HSA account is yours even if you leave the employment of Cumberland Heights.
- Your HSA funds remain in your account year to year until you use them – the "Use It or Lose It" rule does not apply!
- Pinnacle is the financial institution through which Cumberland Heights' employees may establish their HSA and receive the scheduled company deposits and make payroll tax-free deposits. With your HSA debit card, you will be able to access your HSA funds. You may also purchase printed checks from Pinnacle.
- Because the HSA is an IRS-regulated plan, you will want to keep all receipts for items/services purchased with HSA funds to have on record should you ever get audited by the IRS.

- Should you use your HSA funds for items that are not considered eligible expenses as listed under IRS Section 213(d), you will have to pay taxes on those purchases and will incur a penalty.
- Due to the current IRS tax code HSA funds may NOT be used on healthcare goods/services for domestic partners or children of domestic partners.

Saving money is always wise, but not everyone will be able to manage the high deductible plan if they have a lot of expenses to pay before the HSA balance is built up. Please consider both plans carefully for your particular situation before electing this option.

You will not be able to change from medical plan option to the other medical plan option midyear after the enrollment period closes.

You need to read all the enclosed material to see if you qualify for an HSA and understand the limits and responsibilities of opening an HSA account before electing this option. You need to read and carefully complete the Pinnacle HSA application and submit the form, plus a clear copy of your driver's license - front & back – to your Benefits Representative, Deb Wilburn, dwilburn@cbjw.net.

See additional HSA information at

- <http://www.irs.gov/pub/irs-pdf/p969.pdf>
- <http://www.treasury.gov/Pages/Search.aspx?k=hsa&s=allsites>

NOTE: When comparing Flexible Spending Healthcare Accounts (FSA) to Health Savings Accounts (HSA), you need to know there is an important difference on whose expenses are eligible to be reimbursed.

- FSA reimbursements can be for any eligible dependent (according to the IRS the Cafeteria Summary Plan Description (SPD). Only list your eligible dependents in ADP.
- HSA funds are only for healthcare expenses for you and your eligible dependents according to IRS (and not enrolled in Medicare). They do not have to be enrolled in this medical plan, but they cannot be enrolled in an unqualified plan elsewhere.

See the partial list of allowable expenses from IRS Publication 502 for eligible expenses for Health Savings Accounts and Flexible Spending Accounts which is also available online at www.irs.gov. It is also available in the benefit documents on ADP. This list is usually updated on the government website at the end the year for the current year tax filing season.

DENTAL – MetLife

- Preventive & Diagnostic services such as cleanings and exams are covered at 100%.
- Basic in-network services, such as fillings and extractions, are covered at 80%.
- Major in-network services, such as dentures and crowns are covered at 50%.
- Calendar year deductible of \$50.00 Individual and \$150 Family (applies to Basic and Major services only)
- Calendar year maximum of \$1,750

See the Dental Plan Summary for details and the differences in out-of-network coverage. The Dental Summary Plan Description (SPD) is available on ADP.

You do not need a dental ID card, though a generic dental information card is available from your benefits representative. Notify your provider before your exam that you are enrolled in MetLife's PDP (Preferred Dentist Program).

2013 Election	Dental bi-weekly payroll deduction
Employee Only	\$15.00
Employee & Spouse	\$39.00
Employee & Child(ren)	\$39.00
Family	\$39.00

VISION – Humana

Cumberland Heights offers a comprehensive voluntary vision plan at an affordable cost through Humana.

- Lenses every 12 months; Frames every 24 months
- \$20 Exam Copay, \$20 Materials Copay
- \$45 allowance for Frames, \$110 allowance for Contacts every 12 months

Check www.HumanaVisionCare.com for participating providers and coverage information. The plan covers at a different level when you see non-participating providers and you need to file your own claim after purchasing from a non-network provider.

2013 Election	Vision bi-weekly payroll deduction
Employee Only	\$2.96
Employee + Spouse	\$5.93
Employee + Child(ren)	\$5.64
Family	\$8.86

See the Humana Vision Plan Summary on ADP for more coverage details. Vision information cards will be sent to those who elect coverage for the first time. If you lose your card, you may call 1-866-537-0229 to request a replacement id card.

Basic Life AD&D Coverage - Humana (Kanawha – KMG America)

\$25,000 of employer-paid Basic Life/AD&D coverage is provided for all benefit eligible employees and paid by Cumberland Heights. Benefit eligible employees are automatically enrolled for this coverage but you do need to enter a beneficiary in the ADP system. See the Humana Life Plan Summary on ADP for more details.

Voluntary-Supplemental Life and AD&D Coverage - Humana (Kanawha – KMG America)

The Employee Supplemental term life is optional and is in addition to the \$25,000 of Basic Life coverage which Cumberland Heights provides. Employees cannot cover a spouse or child on the Humana plans who are also a benefits-eligible employee of Cumberland Heights.

ANY INCREASE IN SUPPLEMENTAL LIFE AFTER YOUR FIRST OPPORTUNITY TO ENROLL REQUIRES AN EOI (Evidence of Insurability) form and be approved by Humana/Kanawha.

Employees may elect from \$10,000 to \$500,000 for employee supplemental life. The employee election is guaranteed-issue up to \$100,000 when elected by an eligible employee within their initial 30-day enrollment period (e.g. new hire). If you elect more than \$100,000 for yourself, you should request an EOI form from your Benefits Representative, Deb Wilburn.

- Voluntary Life is available for your Spouse in increments of \$5,000 up to 50% of Employees' approved coverage to a maximum of \$250,000. The Spouse life cost is based on the employee's age. The spouse election is guaranteed issue up to \$25,000 when elected within their initial 30-day enrollment period (e.g. new hire or marriage).
- Child(ren) Voluntary Life (no AD&D) is available for dependent children up to age 19 (24 if full time student) for \$10,000. The employee must be covered to have voluntary life coverage for spouse and or child(ren). Health evidence is not required for children coverage but cannot be added until the employee is covered.

You do not have to elect the Supplemental AD&D, but if you do, it must be for the same amount as the approved employee or spouse coverage.

(Example: Elect Employee Life \$100,000, or you can elect Employee Life \$100,000 with \$100,000 AD&D; Spouse Life \$50,000 or Spouse Life \$50,000 with \$50,000 AD&D.

If you elect Supplemental Life coverage for yourself above the guaranteed issue amount of \$100,000, you need to request a Humana EOI form (Evidence of Insurability) from your Benefits Representative. If you add Spouse Life coverage above the guaranteed issue amount of \$25,000, you need to complete a separate EOI form for your spouse.

Long Term Disability (LTD) – Humana

See the Humana LTD summary on ADP for more information. Plan details are shown in the Humana certificate of coverage which is also on ADP.

This employee benefit is paid 100% by Cumberland Heights.

- Covers 60% of monthly salary to a monthly maximum benefit of \$10,000
- 90-day benefit waiting period
- Coverage is reduced for employees age 70 and over

No election is necessary. You are covered first of the month following your entering a benefit eligible class of Full Time Regular or Part Time Regular. The Humana certificate of coverage is on ADP. If you are interested in purchasing Short Term Disability coverage see the material in the Colonial benefit package.

Flexible Spending Arrangements (FSA) – Pittman & Associates

To contribute to an FSA for Health Care and/or Dependent Care a new election must be made each year. **The maximum amount you can save in a FSA for 2013 was reduced to \$2,500 by the IRS.**

- Eligible employees may enroll in a healthcare **Flexible Spending Arrangement (FSA)** and set aside up to **\$2,500** of your payroll earnings on a pre-tax basis to pay for unreimbursed prescription, medical, dental and vision expenses. A prescription is required to reimburse the cost of over-the-counter medications. A debit card will be issued to use at point of sale. A partial list is available on ADP of FSA reimbursable items from IRS Publication 502. Paper claim forms are available on ADP if your provider does not process MasterCard electronic debit cards.
- If you elected Medical Option 2, you are not eligible to contribute funds to an FSA Healthcare arrangement.
- Eligible employees may enroll in a **Dependent Care Assistance Program (DCAP)** allowing you to elect up to \$5,000 on a pre-tax basis to pay for child care expenses or adult day care expenses for a qualified dependent according to IRS regulations. See www.irs.gov/s-129 for qualifying details of day care reimbursement funds.
The benefits debit card does not access the dependent care funds.

Elect the amount of payroll you will redirect by entering the annual amount in the Dependent Care election area on ADP. You will find Pittman & Associates DCA claim forms on ADP.

IRS "use it or lose it" rules apply to both FSA and DCAP accounts. There is no carry over or roll over for either of these two funds. Claims for reimbursement must be filed no later than March 31 for the previous plan year expenses.

You cannot make changes through the year unless you have a qualified change in family status as explained in the Cafeteria Plan SPD and briefly list on page 10 of this guide.

(Flexible Spending Account may also be referred to in documents as a Flexible Spending Arrangement.)

Colonial offers outstanding voluntary benefit products priced affordably. These benefits are individual policies issued directly to the employee and the premium is deducted from your payroll. You can read brochures on ADP about each plan.

- | | |
|--------------------------------|---------------------------|
| ➤ Short Term Disability | ➤ Critical Illness |
| ➤ Accident Care | ➤ Medical Bridge |
| ➤ Cancer | |

Your current Colonial Life policies will remain the same if you do not meet with a Colonial Life representative or submit an application for a change of coverage. You may call Colonial at 1-800-325-4368 if you have claims or coverage questions.

If you are adding new coverage or making any changes, you need to meet with a Colonial Representative or request an application form from your benefits representative, Deb Wilburn.

- ***If you elect either medical option, you are able to get a free benefit. You need to complete a Colonial application to get the basic \$500 Medical Bridge coverage which is paid by Cumberland Heights. Colonial also has other voluntary benefits you can review - Short Term Disability, Accident, Cancer, and Critical Illness. That information is included in this packet.***
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Cumberland Heights pays the premium for the employee \$500 Hospital Confinement (Medical Bridge) coverage for all employees enrolled in the Cumberland Heights Employee Medical Plan Option 1 or Option 2, but you need to elect the coverage on the Colonial form. You may buy up to \$1000 level of the Hospital Confinement coverage for

yourself and it is guaranteed issue with no need to answer health questions ONLY when elected by new benefit eligible employees.

If you apply for any other Colonial coverage for yourself (except Accident), or you add coverage after your initial enrollment, you need to answer all health questions for each type of coverage you add or increase. If you apply for any coverage for your eligible dependent spouse or children, you do need to answer health questions for them for any coverage.

CONTACTS:

Deb Wilburn at The Crichton Group is the dedicated Benefits Administrator and **Benefits Representative** for all employees of Cumberland Heights. Contact information:

Deb Wilburn
The Crichton Group
3011 Armory Drive, Suite 250
Nashville, TN 37204

(615) 687-2855 direct
(615) 687-2856 fax
dwilburn@cbjw.net email

Carroll Bagwell is the Human Resources Director at Cumberland Heights (615-432-3024).

Choose Carefully!

NOTE: After your enrollment period ends, you cannot make changes to your coverage for the remainder of the plan year 2013 unless you experience a **qualified change in family status**, or Life Event such as:

- Loss or gain of coverage through your spouse's employer plan;
- Loss of eligibility of a covered dependent;
- Death of your covered spouse or child;
- Birth or adoption of a child;
- Marriage, divorce, or legal separation or annulment;
- Or other qualified event according to IRS or DOL regulations as listed in the cafeteria plan.

You have **30** days from the date of a Life Event to make changes to your current election. If you do not notify Deb Wilburn or Carroll Bagwell and submit required change forms within 30 days of your qualifying event, the next opportunity for changing your benefits elections will be the following Annual Enrollment Period for 2014. Employees are also responsible for notifying the Benefits Representative when dependent eligibility changes.

All benefits in all plans end on the date an employee is no longer active in a benefits-eligible class with the following exceptions: Medical, Health Reimbursement Arrangement, Vision, and Dental coverages end the last day of the month in which an employee terminates employment or becomes ineligible. HRA and FSA debit cards are inactivated effective on the eligibility change date or termination date.

COBRA continuation may be available for Medical, Dental, Vision, Flexible Spending Account for Healthcare, and Healthcare Reimbursement Arrangement coverage for employees and dependents according to government regulations. UnitedHealthcare Services is the COBRA Administrator and sends COBRA notices to eligible plan participants after coverage ends. (<https://www.uhcservices.com/CobraApp/Logon.aspx>)

Dependent Children are your natural born children, step children living with you, adopted children, or children whom the court has appointed you as their legal guardian: up to age 24 on voluntary life benefit plan, up to age 26 for medical, dental, vision, FSA and HRA benefits.

This information is prepared for Cumberland Heights Employee Benefits Plan Year beginning January 1, 2013, ending December 31, 2013. The Cumberland Heights Employee Welfare Benefit Plan SPDs, and the Cafeteria Plan SPDs and Plan Documents which explain eligibility, pretax benefit deductions reducing taxable wages, employee rights and the Plan Administrator's responsibilities in detail are available on the Cumberland Heights ADP benefits website. A printed copy is available upon request through the Benefits Administrator.

While every effort was taken to accurately summarize the employee benefits in this overview, discrepancies or errors are always possible. If any discrepancies arise, the carrier certificates of coverage or plan document will be the governing document. For detailed plan information, please refer to the carrier plan certificates of coverage on the Cumberland Heights ADP benefits website which is accessible to all employees through the Cumberland Heights intranet home page. Employees can contact their Human Resources Department at 432-3022 to request assistance in accessing the ADP website.