

AT THE RECENT UNION MEETINGS AT WHICH WE DISCUSSED THE RECENT CHANGES TO THE HEALTH CARE PLAN AND THE ELIMINATION OF THE CASH BALANCE PLAN, A NUMBER OF QUESTIONS WERE ASKED TO WHICH WE PROMISED TO OBTAIN THE ANSWERS. WE HAVE DONE SO, AND THE ANSWERS FOLLOW. FIRST WILL BE THE QUESTIONS AND ANSWERS TO THE HEALTH BENEFITS, AND THEN THE QUESTIONS AND ANSWERS REGARDING THE CASH BALANCE AND 401(k).

Health Benefits Questions and Answers

- 1. If children are covered by the participant, as to children between ages 19 to 26, will the Employer (as administered through SBHCS) cover them if they have insurance available at the place of their employment but they do not take it? If they take coverage, can the participant still cover them as secondary?**

Yes, if a dependent child age 19 or older has employer-provided coverage available and waive it or elect it, they can still be covered by the Barnabas Employee Health Plan, as is required by Federal law effective January 1, 2013. If they elect employer coverage, their employer plan is primary. If the child has coverage available but declines it, the participant may cover the child as Employee Plus One or as Family at the normal rates for that coverage without any surcharge, and SBHCS will be primary.

- 2. As to birth control, is "brand" free, even if there is a generic? If not, what will be the charge (is it subject to \$100/deductible and \$45 copay?)**

As is required by Federal law effective January 1, 2013, a birth control drug must be available at no copay in each therapeutic category, but if a generic is available in that category, it is the no copay drug and a brand will be subject to the \$100/annual deductible for brands and the brand co-pay.

- 3. Are the \$30 monthly charge (if the employee does not do the wellness activities) and the \$100 monthly charge (if the spouse has, but does not take, their own employer's insurance), pre-tax or after-tax charges?**

The surcharges are add-ons to basic health plan contributions and will be taken pre-tax, spread equally over all pay periods, whether weekly or biweekly.

- 4. Is HRA a Health Reimbursement Account?**

Yes, legally that is the framework.

- 5. As to the HRA account, does it roll over only once or can it continue for more than one year?**

The HRA will roll and grow over the years. It is 100% employer funded, and no interest will be credited.

- 6. Will there still be a Flex Spending Account or plan?**

Yes, as is permitted under Federal law. The Health Care Spending Account limit was reduced to \$2,500 effective January 1, 2013.

7. How does the HRA interact with the Flex plan? Since the Flex plan is the employee's own pre-tax money, and is lost if not used, then which is used first, Flex or HRA? How does the Health Care System know whether to take money out of HRA to pay or not? When the employee leaves, does the money in the HRA account remain with the Employer or does the employee take it?

Vantagen, our current FSA record keeper, will handle the HRA accounts. They will facilitate employees who have both an HRA and a FSA to elect which to use for specific items. Our Central Billing Office, QualCare, the TPA and Vantagen will coordinate to assure that the new Barnabas Health Deductibles are paid out of HRA funds, if available.

As to the money in the HRA after you leave, if you terminate employment or change medical coverage (regardless of COBRA status or if you incur qualifying expenses after termination), you may submit claims until you exhaust your account balance subject to the following limitations: a) you will not receive ongoing statements indicating your balance (other than the statement of your balance provided when you terminate your employment); b) claims will only be reimbursed for up to 18 months after termination; and c) you may not carry your balance over to a new employer who also has an HRA.

8. Is the HRA limited to paying the Exclusive or Tier I "deductible," or can it be used to pay co-pays? If it is limited to deductibles, then why would an employee need it to roll over since the amount in the account each year would fully satisfy the deductible for each year? If it can be used to pay for co-pays, then again how does that coordinate with Flex plan?

The HRA is designed to cover the expenses of the new Tier 1 Barnabas Health facility deductible in both the Exclusive and Select options. It can be used for copays, and other expenses, and remaining balances are then payable directly by the participant to the provider.

9. In Select, is in-network emergency room covered in full?

No, it is subject to the same ED copay of \$100 as is true for all emergency department utilization, regardless of network affiliation.

10. How will the physicians know our co-pay is waived, (if we have done the 2 out off 3 tasks and now no deductible and exclusive)?

Physician copays are not waived. The new Barnabas Health Deductibles apply to Barnabas Health facility utilization – in patient and/or out patient care, including same day surgery, diagnostic testing and out patient therapies. After those deductibles are satisfied, the usual plan providers apply, so that if a copay is required, it is expected that it will be paid.

11. If spouse gets laid off, can they enroll in the member's plan mid-year?

Yes, that is a Qualifying Life Event per IRC Sec. 125 and the plan. Events that Barnabas Health does not control must be reported to the Barnabas Health Benefits Center within 31 days of occurrence to make such changes.

12. If spouse is self-employed but does not have insurance, will employee have to pay the \$100 monthly fee to cover him or her?

It depends. If he/she is a sole proprietor with no other employees and does not have a health care plan, then no surcharge would apply. If he/she is self-employed running a

business with a number of employees and provides them with health care, then the surcharge would apply. If he/she is self-employed running a business with employees but does not provide health care insurance, then the surcharge would not apply.

13. If both spouses work in Saint Barnabas System, can one be covered under then other's plan or do they both have to have their own coverage? If one can be covered under the other spouse's plan, do both have to do the wellness activities?

Both employees are eligible to participate in the wellness program and have an HRA funded. We encourage them to do so. We do not intend that they incur a spousal surcharge. They should enroll the higher paid of the couple in Employee Only, in which they can earn a \$500 HRA deposit, and the lower paid to take Employee Plus One Dependent or Family for him or herself and the children. That individual could then obtain funding of a \$1,000 HRA deposit.

14. How will HRA be managed? Does employee get card and can they check their balance online? Is it paid directly by System?

Vantagen, the manager of our current Flexible Spending Accounts, will handle the HRA accounts. They will handle the benefits debit cards and provide online access to account information.

15. Do the deductibles apply to the prescription co-pays or only to such costs as hospitalization, tests, etc.?

See #8 and #10 above. The new Barnabas Health Tier 1 Deductibles apply to Barnabas Health facility utilization – in patient and/or out patient care, including same day surgery, diagnostic testing and out patient therapies. After those deductibles are satisfied, the usual plan provisions apply, including prescription copays, so that if a copay is required, it is expected that it will be paid. If the individual is enrolled in the Select option, Tier 1 deductibles will apply to the Tier 2 and 3 deductibles. All covered out of pocket costs, including Tier 1/2/3 deductibles, coinsurance, and copays count toward the out of pocket maximums.

16. If spouse works and takes insurance at his/her employer's place of business, can employee of SBMC still cover the spouse as dependent? If so, will there be a \$100/month fee? Will SBMC be secondary?

Yes, to all three questions.

17. Will our members get a new card that differentiates who is in the plan and who isn't?

Yes, all plan participants will receive new ID cards in time for January 1, assuming they enroll during the formal window, November 13 – 29. If they enroll late, or make post window changes, new ID cards will be issued as soon as is possible. Temporary ID cards can be printed on the Net Benefits web site. Each member receives printed confirmation of their enrollments.

18. If spouse uses Barnabas Health as a secondary coverage mostly for dental, will they be covered and/or do they still have to pay the \$100/month fee?

Dental is separate and elected separately, so an employee can elect Employee Only or coverage with dependents, including the spouse and incur no spousal surcharge. But if they elect medical coverage, with Employee Plus One Dependent or Family and include the spouse, they will incur the surcharge.

19. For our members who use out of network because Barnabas Health cannot provide the services and those services fall under the “inner circle”, will those services be continued?

“Care Not Available in Network” has been a provision since plan inception. If pre-approved by Plan Medical Management, such care is covered at the Tier 1 level. We have specific arrangements for some services known not to be available in the Barnabas Health Network, such as sending pediatric transplants to The Children’s Hospital of Philadelphia and stem cell transplants to Hackensack University Medical Center. Such referrals are arranged by the Plan and are subject to the new Tier 1 deductible.

QUESTIONS REGARDING 401k SAVINGS ACCOUNTS

1. If a nurse was a per diem at any time in her employment at Saint Barnabas, will she be deemed to have that ½ seniority be included in the determination of her years of services for purposes of her automatic and matching contributions?

The plan rule is that any year in which one works 1,000 hours of service is credited as a year of service.

2. What is the Employer’s “automatic” percentage contribution to 401k based on: base pay, including differentials, take home pay for the prior or current year, or for the quarter?

The definition of compensation is not changing. It is the same as is currently the case for both the 401k and Cash Balance pension program. See plan language, below.

The amount of your quarterly Barnabas Health credit depends on your benefit service and your “eligible pay.” For purposes of the Program, eligible pay is your total compensation from your participating Barnabas Health employer, received while you’re an active Program participant. In general, it includes the following:

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| ■ Base pay | ■ Overtime pay |
| ■ Bonuses | ■ Pay while on funeral leave |
| ■ Commissions | ■ Pay while on jury duty |
| ■ Disability pay, if paid directly by your participating employer | ■ Shift differentials |
| ■ Holiday pay | ■ Short-term incentive pay |
| ■ Lump-sum merit increases | ■ Sick pay |
| | ■ Vacation pay |

Eligible pay also includes amounts you contribute to Barnabas Health-sponsored plans covered by Section 401(k), 403(b), 457(b), 457(f), 125 or 132(f) of the Internal Revenue Code, and amounts you elect to defer into a Barnabas Health deferred compensation plan. These amounts, which decrease your taxable W-2 pay, do not decrease your eligible pay under the Program.

If you stop working for Barnabas Health before the end of a calendar quarter, you will receive a Barnabas Health credit based on the eligible pay you received from your participating employer during that quarter. This quarterly Barnabas Health credit will be added to your account balance as of the date your employment ends.

3. What is the Employer's "matching contribution" percentage based upon?

Employee deferrals, up to the maximum. If an employee defers 1% of pay, they'll receive a 0.75% of pay match; 2%, 1.5% and so on, to 4% deferred will be match with 3% of pay.

4. When the employee is making a contribution, what is deemed to be 4% of pay: overtime, differentials, etc. Stated alternatively, what is excluded from pay when the employee determines if he or she has paid the 4% or not, and whether it will be the same that the Employer uses to calculate its 3% match?

There is no change from current plan provision. If the question is about whether one can contribute more heavily at points in the year and not miss match, we do a "true-up" calculation at the end of each year, to see if anyone contributed 4% or more during the year, but lost match due to front or back loading their contribution. If so, the additional match is added in January of the next calendar year.

5. Can the educational sessions be scheduled so that they are not so inconvenient for the nurses' schedules?

We will coordinate through local Human Resources.

6. Please confirm that the "years of service" and "age" factors in the enhanced 401(k) are not frozen and that as employee earns more years of service, the age, the corresponding contributions and matches will apply (i.e., if employee is in the 5-9 years of service category with 30 years of age, and gets contributions and matches based upon that in 2014, then in 2020 the contributions and match will be based upon the category for one with that additional years of service and is age 36).

Service will continue to follow current plan rules, accruing a year of service for each year in which the employee earns 1,000 hours of service. Age is not a factor in calculating benefits beyond the one-time addition of 1% of Automatic Contribution to those who have attained age 50 or more by December 31, 2013. No one will "age into" this category.

For our members who have Legacy and Cash Balance how can we be sure amount is correct?

We provided 4-page individual statements to all active plan participants in NJNU during the implementation of the Cash Balance Program in early 2007. See an example of the last page of each, attached. Fidelity had been record keeper since March 2004, and prior records were transferred from Mellon HR&IS, the prior record keeper. Buck Consultants had been the plan actuaries from the mid 1990s onward and they were involved in testing of data on the 2004 transfer that they supported the generation of the personalized statements. Fidelity took that data as of April 1, 2007 and has continued the record keeping going forward.

Individual participants can see their service and salary history on line at Fidelity's Net Benefits web site. See samples, attached.