



Clarification Regarding Appendix 1

August 23, 2012

Dear Member,

If you are in a Company-administered Health and Welfare plan the Final Offer refers to Appendix 1. Appendix 1 is the summary plan description of the Company-administered plans.

If you receive your Health and Welfare from Taft-Hartley (union-administered) plans Appendix 1 does **not** apply to you.



HOSTESS MEMBER UPDATE

August 23, 2012

Health Insurance Proposal Explanation

The company's "Last, Best and Final Offer" includes a 17 percent immediate reduction in employer contributions, paid either on a weekly or monthly basis depending on the plan involved, for Teamsters members that currently receive health insurance through Taft-Hartley plans (union-administered plans), and will affect these covered members in one of three ways, as illustrated below:

- 1) The 17 percent contribution reduction could be shifted entirely to members. To figure out the cost shift to members, multiply the employer's contribution to the plan by .17. ($\$ ___ \text{ weekly/monthly contribution} \times .17$). This amount is the increased cost to members.
- 2) The particular Taft-Hartley plan could adjust deductibles or benefits to account for the reduced employer contribution. Benefit adjustments may have to be adopted by the Taft-Hartley fund, and likely would take a period of time after ratification to adopt. If plans adopt benefit reductions then members may not see an increase in monthly premiums but would likely see some reduction in benefits.
- 3) Or a combination of benefit reductions and premium increases could be adopted. For example, Taft-Hartley contributions by the company may be reduced by 7 percent, with the remaining 10 percent reduction needed to get to 17 percent getting passed on to members. ($\$ ___ \text{ weekly/monthly contribution} \times .10$). This amount is the increased cost to members.

For members in the company plan, the Summary Plan Description which is Appendix 1 of the Last, Best and Final Offer describes the new changes from the current plan that also achieves the same cost savings to the 17 percent proposal for the Taft-Hartley plans. The new company plan also does not provide retiree coverage on a go forward basis. Current retirees covered by the company plan will keep their coverage under this proposal.

2012 HOSTESS BRANDS HEALTH & WELFARE PLAN - SUMMARY OF BENEFITS

MEDICAL PLAN (CIGNA OAP or BCBS PPO)	IN NETWORK	OUT OF NETWORK
Annual Deductible		
- Individual	\$500	\$900
- Family Maximum	\$1,500	\$2,700
Annual Out-of-Pocket Maximum		
- Individual	\$2,000	\$6,000
- Family Maximum	\$5,000	\$15,000
Lifetime Maximum	Unlimited	Unlimited
Doctor's Office Visits		
- Primary Care Physicians (PCP)/Specialist	\$25 co-pay	40% after deductible
- Specialist Physicians	\$40 co-pay	40% after deductible
Preventive Care		
- Routine Physical Exam	Covered at 100%	40% after deductible
- Well-Baby/Well Child Care	Covered at 100%	40% after deductible
- Well Woman OB-GYN visits	Covered at 100%	40% after deductible
- Immunizations (including flu shots)	Covered at 100%	40% after deductible
Maternity Care Services (employees and dependent spouses)		
- Initial Visit	\$25 co-pay	40% after deductible
- Subsequent Pre-Postnatal visits	20% after deductible	40% after deductible
- Delivery	20% after deductible	40% after deductible
Other Services		
- Routine Eye Exam and Refractions	\$40 co-pay	40% after deductible
- Outpatient Lab & X-ray	20% after deductible	40% after deductible
- Emergency Room	\$100 co-pay, then 20% after deductible	40% after deductible
- Urgent Care	\$40 co-pay	40% after deductible
- Chiropractic/Therapy (up to 60 days/yr.)	\$40 co-pay	40% after deductible
- Home Health Care and Hospice	20% after deductible	40% after deductible
Hospital Care		
- Inpatient	20% after deductible	40% after deductible
- Outpatient	20% after deductible	40% after deductible
Mental Health		
- Inpatient	20% after deductible	40% after deductible
- Outpatient	\$25 co-pay	40% after deductible
Prescription Medications (30 day supply)		
- Generic	\$8 co-pay	N/A
- Preferred	30% co-insurance to - \$35 min. / \$100 max.	
- Non-preferred	50% co-insurance to - \$55 min. / \$100 max.	
Prescription Medications (Mail order - 90 day supply)		
- Generic	\$20 co-pay	N/A
- Preferred	30% co-insurance to - \$87.50 min. / \$250 max.	
- Non-preferred	50% co-insurance to - \$137.50 min. / \$250 max.	

APPENDIX 1

DENTAL PLAN	IN NETWORK	OUT OF NETWORK
Annual Deductible - Individual	\$25 (combined in and out of network)	\$25 (combined in and out of network)
Annual Maximum Benefit - Individual	\$1,500 (combined in and out of network)	\$1,500 (combined in and out of network)
Class I: Preventive and Diagnostic Services - Oral Exams and Cleanings - X-Rays • Full Mouth (1 every 3 years) • Bitewing (1 set per calendar year) - Flouride application (2 per calendar year) • Limited to dependent children under 19 - Space Maintainers (limited to non-orthodontic treatment)	2 visits covered at 100% - no deductible (subject to annual max.)	2 visits covered at 100% - no deductible (subject to annual max.)
Class II: Basic Restorative Services - Fillings, root canal therapy, periodontal scaling, denture adjustments and repairs, extractions, anesthetics, oral surgery	20% after deductible	20% after deductible
Class III: Major Restorative Services - Crowns, dentures, bridges	50% after deductible	50% after deductible
Class IV: Orthodontia - Lifetime maximum - Applies to dependent children less than 26 years of age	\$1,500 (combined in and out of network)	\$1,500 (combined in and out of network)
Class V: T.M.J. Disease	50% after deductible	50% after deductible

VISION PLAN	IN NETWORK	OUT OF NETWORK
Co-pay - Examination - Materials (lenses and Frames)	\$10 \$25	Up to \$30 Allowance N/A
Benefit Frequency - Examination - Lenses - Frames - Contacts (in lieu of lenses & frames)	12 months 12 months 24 months 12 months	12 months 12 months 24 months 12 months
Covered Services - Lenses • Single Vision Lens • Bifocal Lens • Trifocal Lens - Frames • Retail Frame Equivalent - Contact Lenses • Elective	100% after co-pay 100% after co-pay 100% after co-pay 100% up to \$110 allowance 100% up to \$110 allowance (in lieu of frames)	Up to \$25 allowance Up to \$40 allowance Up to \$55 allowance Up to \$55 allowance Up to \$88 allowance

ELIGIBILITY

Full-time employees regularly scheduled to work at least 30 hours per week are eligible for coverage. Coverage begins on the first day of the month following 30 calendar days of employment. Coverage ends on the last day of the month following the employee's last day worked. If an employee is disabled, coverage will continue through the disability period or a maximum of 6 months, whichever comes first. If the employee is unable to return to work at that time, he/she will be offered COBRA coverage.

EMPLOYEE COST SHARE

	<u>Effective 1/1/12</u>
MEDICAL (Cigna OAP or BCBS PPO)	
- Employee Only	\$15.97
- Employee + Children	\$28.76
- Employee + Spouse	\$32.77
- Employee + Family	\$63.89
DENTAL (Delta or Cigna)	
- Employee Only	\$2.20
- Employee + Children	\$5.49
- Employee + Spouse	\$4.38
- Employee + Family	\$9.87
VISION	
- Employee Only	\$1.12
- Employee + Children	\$2.23
- Employee + Spouse	\$2.12
- Employee + Family	\$3.28

Employees may choose to elect any or none of the Medical, Dental and Vision Plans.

As an alternative to the medical plan above, employees may choose the Consumer Driven Health Plan (CDHP) on pages 4 & 5.

Employees will have their choice of dental vendors Cigna Dental or Delta Dental.

Spousal Surcharge: \$100 per month employee surcharge if spouse has available coverage through their employer

Smoker Surcharge: \$1000 per year per smoker (employee and/or spouse)

\$100/yr. preventive care reimbursement for employee

Employees may purchase Supplemental Life Insurance, AD&D Insurance, LTD Insurance, Legal Services, Flexible Spending Accounts and Pet Insurance.

Benefit changes and employee premiums are subject to change January 1 of each year.

APPENDIX 1

CDHP MEDICAL PLAN (Cigna or BCBS)	IN NETWORK	OUT OF NETWORK
Annual Deductible		
- Individual	\$1,300	\$2,600
- Family Maximum	\$2,600	\$5,400
Annual Out-of-Pocket Maximum		
- Individual	\$4,000	\$6,000
- Family Maximum	\$8,000	\$12,000
Lifetime Maximum	Unlimited	Unlimited
Doctor's Office Visits		
- Primary Care Physicians (PCP)/Specialist	20% after deductible	40% after deductible
- Specialist Physicians	20% after deductible	40% after deductible
Preventive Care		
- Routine Physical Exam	Covered at 100%	40% after deductible
- Well-Baby/Well Child Care	Covered at 100%	40% after deductible
- Well Woman OB-GYN visits	Covered at 100%	40% after deductible
- Immunizations (including flu shots)	Covered at 100%	40% after deductible
Maternity Care Services (employees and dependent spouses)		
- Initial Visit	20% after deductible	40% after deductible
- Subsequent Pre-Postnatal visits	20% after deductible	40% after deductible
- Delivery	20% after deductible	40% after deductible
Other Services		
- Routine Eye Exam and Refractions	20% after deductible	40% after deductible
- Outpatient Lab & X-ray	20% after deductible	40% after deductible
- Emergency Room	20% after deductible	40% after deductible
- Urgent Care	20% after deductible	40% after deductible
- Chiropractic/Therapy (up to 60 days/yr.)	20% after deductible	40% after deductible
- Home Health Care and Hospice	20% after deductible	40% after deductible
Hospital Care		
- Inpatient	20% after deductible	40% after deductible
- Outpatient	20% after deductible	40% after deductible
Mental Health		
- Inpatient	20% after deductible	40% after deductible
- Outpatient	20% after deductible	40% after deductible
Prescription Medications (30 day supply)	After deductible is met:	
- Generic	\$8 co-pay	N/A
- Preferred	30% co-insurance to	
	- \$35 min. / \$100 max.	
- Non-preferred	50% co-insurance to	
	- \$55 min. / \$100 max.	
Prescription Medications (Mail order - 90 day supply)	After deductible is met:	N/A
- Generic	\$20 co-pay	
- Preferred	30% co-insurance to	
	- \$87.50 min. / \$250 max.	
- Non-preferred	50% co-insurance to	
	- \$137.50 min. / \$250 max.	

CDHP EMPLOYEE COST SHARE	
	<u>Effective 1/1/12</u>
MEDICAL (Cigna or BCBS CDHP)	
- Employee Only	\$4.32
- Employee + Children	\$6.76
- Employee + Spouse	\$9.96
- Employee + Family	\$35.68

Employees will have their choice of dental vendors Cigna Dental or Delta Dental.

Spousal Surcharge: \$100 per month employee surcharge if spouse has available coverage through their employer

Smoker Surcharge: \$1000 per year per smoker (employee and/or spouse)

\$100/yr. preventive care reimbursement for employee

Employees may purchase Supplemental Life Insurance, AD&D Insurance, LTD Insurance, Legal Services, Flexible Spending Accounts and Pet Insurance.

Employees under a CDHP are eligible to participate in a Health Savings Account (HSA). This account is employee funded with pre-tax dollars used to pay for medical expenses – both immediate and future.

Benefit changes and employee premiums are subject to change January 1 of each year.