

## KEEP HEALTH CARE COSTS DOWN

We are all aware of rising health care costs. There are some things that you can do to help cut your health care costs. Here are some helpful hints:

### 1. USE EMERGENCY SERVICES ONLY FOR EMERGENCIES

The emergency room is more expensive than a doctor's visit and should be used only for serious, life threatening problems, not for routine health care.

### 2. HAVE TESTS DONE AS AN OUTPATIENT.

You may be able to avoid spending extra days in the hospital by having blood tests, X-rays, and other routine lab tests done before you are admitted.

### 3. BUY GENERIC DRUGS

Generic drugs are chemically the same as brand name products, but are usually much less expensive. However, generic drugs are not recommended for everyone. Ask your physician or pharmacist.

### 4. CHECK YOUR MEDICAL BILLS

Keep records of your medical treatment and compare them with the bill you receive for accuracy. Contact your physician or Blue Cross/Blue Shield with questions.

### 5. KNOW YOUR INSURANCE COVERAGE

Find out which services and supplies are covered and which are not. By using your benefit options wisely, you can sometimes avoid unnecessary medical expenses.



## BENEFITS SUMMARY

The dedication and hard work of the people of Clayton Homes, Inc. have contributed greatly to its growth and success. Your efforts enable us to enjoy a comprehensive benefit program that helps to protect you and your family.

This is a summary description of the coverage and cost of our basic benefits program and offers several optional programs that you may want to consider. The benefits described in this pamphlet along with others, such as the 401(k) plan, provide additional security today and tomorrow as you grow with Clayton Homes.

We believe we offer excellent programs to help meet your needs. We will continually seek quality, mutually-affordable programs for our people and their families.

Thank you for being a key part of the success of Clayton Homes.

Kevin Clayton  
President and CEO

## BENEFIT QUESTIONS AND ANSWERS

- Q :** May I purchase life insurance even if I don't participate in the Clayton Homes basic health insurance program?
- A :** Yes. You may elect the life insurance only option and purchase term life insurance equal to one times your annual earnings for a weekly premium of \$1.90.
- Q :** If I do not elect coverage as a new hire, will there be another opportunity for me to do so?
- A :** If you do not elect coverage within the first 120 days of employment, you will not be able to in the future unless you provide proper proof of a Qualifying Event within 90 days of the event. Examples of Qualifying Events are: marriage, divorce, birth or adoption of a child, or a change in spouse's insurance relating to an employment change.
- Q :** When can I make changes to the benefits I elect?
- A :** You can only make changes (to include canceling coverage) to your benefit elections during the "annual change period". At any other time, you can only make changes if you provide proof of a Qualifying Event within 90 days of the event. Remember, the only time you can elect medical coverage is within the first 120 days of employment or within 90 days of a Qualifying Event, not during the "annual change period".
- Q :** I must wait 12 months from my date of hire before my pre-existing condition will be covered. Is there any way to cover my pre-existing condition sooner?
- A :** Team members enrolling in the medical plan must wait 12 months before pre-existing conditions will be covered. For new hires, the 12 months begins on your date of hire/rehire. For non-new hires, the 12 months begins on the coverage effective date. To have your pre-existing condition covered sooner, provide a "Certificate of Prior Coverage" to the Human Resources Department from your previous carrier(s). If there is no more than a 63-day lapse in coverage, the 12 months will be reduced by the amount of time you spent with the other plan(s).
- Q :** Can I get just life insurance and the short-term disability buy-up without electing the Basic Plan?
- A :** You can elect life insurance and/or the short-term disability buy-up without electing the basic plan if your spouse works for Clayton Homes and covers you on his/her Clayton Homes' medical insurance plan. If your spouse does not work for Clayton Homes, you cannot get short-term disability for hourly team members unless you elect the Basic Plan; you can get the life insurance by electing the Life Only option.
- Q :** What is the advantage of adding the Dental Type III Buy-Up coverage to my basic dental plan?
- A :** The Type III plan adds coverage for major services \*(dentures, crowns and bridgework) to your basic dental plan. This plan covers 50% for these services, with a maximum of \$1,250 of coverage per person per year. The \$25 per person annual calendar year deductible applies.
- \* Team members have the option of saving money by using a Blue Cross network dentist.
- \* Neither dental plan covers orthodontia (braces).

## CLAYTON HOMES BASIC INSURANCE PLANS AND OPTIONS

	PLAN	ELIGIBILITY	ENROLLMENT	EFFECTIVE DATE	NOTES
Medical	Basic Plan = medical, dental, life, AD&D, disability, vision discount	You must be at full-time status working 30 or more hours per week and wait 3 months plus one day after your date of hire.	Must apply for coverage within first 120 days of employment, or within 90 days of a Qualifying Event	<u>New hires</u> : 3 months plus one day after date of hire  <u>Non-new hires</u> : date of Qualifying Event	Medical plan is a PPO plan, which means you get the best benefits when you use PPO doctors and hospitals. \$300 Medical Deductible plan has an annual calendar year deductible of \$300 per individual with a family maximum of \$900. \$500 Medical Deductible plan has an annual calendar year deductible of \$500 per individual with a family maximum of \$1,500. Co-Insurance increases if you do not use PPO providers.  If you decline coverage as a new hire, you cannot enroll at a later time unless you have a Qualifying Event. Changes to or cancellations of insurance can only be made each year during the annual change period, except in case of a Qualifying Event. Examples of Qualifying Events are marriage, divorce, and birth of a child or change in spouse's insurance relating to an employment change. You must supply proof of the Qualifying Event and act within 90 days of the event in order to make changes.  Prescriptions do not apply towards the deductible and co-pay for generic prescriptions is \$5.00 and 25% of the cost for brand name prescriptions.
Life Insurance	Life and Accidental Death & Dismemberment (AD&D) – <i>included with Basic Plan</i> Life insurance only	Same as medical plan eligibility, and must be enrolled in basic plan.	Same as above	Same as above	Basic coverage is equal to one times your previous year's Clayton Homes W-2 earnings or base rate annualized ( <i>rounded to lower thousand</i> ) with a maximum of \$50,000 and a minimum of \$20,000. Dependent coverage ( <i>\$3,500 for each person covered on your medical plan</i> ) is included with the basic plan.
	Additional life	Eligible only if not enrolled in basic plan. Same as medical plan eligibility.	Same as above	Same as above	Basic coverage is equal to one times your previous year's Clayton Homes W-2 earnings or base rate annualized ( <i>rounded to lower thousand</i> ) with a maximum of \$50,000 and a minimum of \$20,000. Accidental Death and Dismemberment (AD&D) coverage is included in this option equal to one times the base life amount.
		Eligible if enrolled in basic plan or life only plan. Same as medical plan eligibility.	Same as above	Same as above	You may purchase an additional 1, 2, 3, 4 or 5 times your base coverage with a total maximum of \$250,000. Requests to increase coverage may be subject to medical underwriting before coverage is approved.  Additional life is only available in multiples of your base life amount.
Dental	Dental – <i>included in Basic Plan</i>	Same as medical plan eligibility, and must be enrolled in basic plan.	Same as above	Same as above	Plan covers 100% of cleaning and fluoride treatments* with no deductible. After a \$25 per person annual calendar year deductible (\$75 maximum per family), plan covers 80% of costs* for basic services like fillings, extractions, and root canals with a maximum calendar year benefit of \$1,250.  *Amount covered varies depending upon whether the dentist is in-network or out-of-network.
	Optional Type III dental coverage	Same as medical plan eligibility, and must be enrolled in basic plan.	Same as above	Same as above	Type III covers dentures, crowns, and bridgework at 50% of costs *. Neither dental plan covers orthodontia (braces).  *Team members have the option of saving money by using a Blue Cross network dentist.
Short-Term Disability	Base short-term disability for hourly/ commissioned sales team members – <i>included in Basic Plan.</i>	Same as medical plan eligibility, and must be an hourly/commissioned sales person enrolled in basic plan.	Same as above	Same as above	Benefit of \$100 per week for a maximum of 26 weeks. Benefits begin on first day of disability for an accident and on the eighth day for an illness.
	Short-term disability buy-up for hourly/ commissioned sales team members	Same as medical plan eligibility, and must be an hourly/commissioned sales person enrolled in basic plan.	Same as above	Same as above	Increases basic benefit from \$100 per week to 60% of current eligible earnings (maximum \$500 per week benefit).
	Short-term disability for salaried team members	Salaried person who has worked 3 months plus one day after hire/rehire date.	Enrollment not required	Same as above	Benefit per calendar year is 15 workdays paid at 100% of eligible earnings, 50 workdays paid at 60% of eligible earnings.
Long-Term Disability	Long-term disability – hourly/commissioned sales	Hourly/commissioned sales person	Same as above	Same as above	Effective after short-term disability coverage expires (26 weeks). Extends benefits, at 60% of base weekly earnings, for an additional 104 weeks beyond the original 26 weeks. Requests to elect this coverage after the first 120 days of employment may be subject to medical underwriting before coverage is approved.
	Long-term disability – salaried	Salaried person who has worked 3 months plus one day after hire/rehire date.	Enrollment not required	Same as above	After 90 days of disability, benefits are paid at 60% of base monthly earnings (different monthly maximums apply) up to age 65.
Vision		Same as medical plan eligibility, and must be enrolled in basic plan.	Same as above	Same as above	Plan covers a comprehensive vision exam every 12 months. Participants may select eyeglass frames once every 24 months and lenses every 12 months. Contacts may be selected in lieu of eyeglasses. For maximum benefits, participants should use a UnitedHealth Care Network provider.