



## Summary of Benefit Changes for 2010

This notice constitutes a Summary of Material Modifications (SMM) to the online *Alexander & Baldwin Benefits Handbook*, effective January 1, 2010. This notice supersedes any previous communications. The benefits handbook will be updated to reflect these changes. If you have any questions about this notice, contact your local Human Resources representative.

| FlexSolutions   |   |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
|---|---|---------|----------|--------------------------------------|--------------------------------|-----------------------------------|--|--------------------------------|--|---------|----------|------------------------------------|--|------------|--|
| Eligibility – Definition of Domestic Partners in California | Domestic partners of enrolled employees are eligible for <i>FlexSolutions</i> if the partnership is registered with the state of California or is a legal union of two persons of the same sex, other than marriage, that was validly formed in another jurisdiction, if the legal union is substantially equivalent to a domestic partnership registered with the California Secretary of State.   |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
| Covering Non-Tax Dependents                                 | <p>Due to Internal Revenue Code (IRC) restrictions, the contribution A&amp;B makes toward the cost of benefits for individuals who are not eligible for tax-free coverage – such as domestic partners or domestic partner children (if eligible under the Plan), and certain children over age 23 who otherwise are eligible for <i>FlexSolutions</i> benefits – generally will be treated as taxable income to the employee. Also, any contribution an employee makes toward the cost of such coverage must be paid for on an after-tax basis. However, these rules will not apply if the domestic partner, partner’s child or employee’s child qualifies for tax-free coverage under the IRC and their tax status is certified by submitting a completed <i>A&amp;B Domestic Partner Tax Dependency Certificate Form</i>.</p> <p>If an employee can claim a federal tax exemption for a domestic partner or child, he or she is eligible for tax-free coverage. However, the domestic partner may be eligible for tax-free coverage in certain other situations. For more information about eligibility for tax-free coverage, refer to IRS Publications <a href="#">17</a> and <a href="#">501</a> available at <a href="http://www.irs.gov">www.irs.gov</a> or consult a tax advisor.</p> <p>Note that the value of the benefits for domestic partners who meet certain state definitions is excluded from applicable state and/or local income and payroll taxes. If that is the case, any imputed income amounts will not be included in the employee’s income for such state and/or local tax purposes. For example, in California, legally married same-sex spouses (and their children) married between June 17, 2008, and November 4, 2008 are eligible for tax-free coverage for California tax purposes. For more information, contact your local Human Resources Representative.</p> |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
| Health Care Benefits (Hawaii)                               |   |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
| HMSA Preferred Provider Plan (PPO Plan)                     | <ul style="list-style-type: none"> <li>Certain screening tests for ages 50 and older are covered as follows: <table border="1"> <thead> <tr> <th>Service</th> <th>Coverage</th> </tr> </thead> <tbody> <tr> <td>Sigmoidoscopy – one every five years</td> <td>80% at participating providers</td> </tr> <tr> <td>Colonoscopy – one every ten years</td> <td>70% after annual deductible at non-participating providers</td> </tr> <tr> <td>Fecal occult Blood Test (FOBT)</td> <td></td> </tr> </tbody> </table> </li> <li>Mental health/substance abuse treatment has no visit limitations; benefit coverage is similar to other medical services: <table border="1"> <thead> <tr> <th>Service</th> <th>Coverage</th> </tr> </thead> <tbody> <tr> <td>Inpatient (Semi-private room rate)</td> <td>Regular hospital benefits for hospital facility services<br/>90% for psychiatrist/ psychologist services at participating providers<br/>70% after annual deductible for psychiatrist/ psychologist services at non-participating providers</td> </tr> <tr> <td>Outpatient</td> <td>90% at participating providers<br/>70% after annual deductible at non-participating providers</td> </tr> </tbody> </table> </li> <li>Prescription drug coverage requires no copayment for oral chemotherapy drugs.</li> </ul>   | Service | Coverage | Sigmoidoscopy – one every five years | 80% at participating providers | Colonoscopy – one every ten years | 70% after annual deductible at non-participating providers | Fecal occult Blood Test (FOBT) |  | Service | Coverage | Inpatient (Semi-private room rate) | Regular hospital benefits for hospital facility services<br>90% for psychiatrist/ psychologist services at participating providers<br>70% after annual deductible for psychiatrist/ psychologist services at non-participating providers | Outpatient | 90% at participating providers<br>70% after annual deductible at non-participating providers |
| Service   | Coverage  |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
| Sigmoidoscopy – one every five years                        | 80% at participating providers  |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
| Colonoscopy – one every ten years                           | 70% after annual deductible at non-participating providers  |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
| Fecal occult Blood Test (FOBT)                              |   |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
| Service   | Coverage  |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
| Inpatient (Semi-private room rate)                          | Regular hospital benefits for hospital facility services<br>90% for psychiatrist/ psychologist services at participating providers<br>70% after annual deductible for psychiatrist/ psychologist services at non-participating providers  |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |
| Outpatient  | 90% at participating providers<br>70% after annual deductible at non-participating providers  |         |          |                                      |                                |                                   |  |                                |  |         |          |                                    |  |            |  |



Health Care Benefits (Hawaii)

HMSA Health Plan Hawaii Plus HMO Plan

- Annual out-of-pocket maximum: \$2,500/individual; \$7,500/family.
- Office visits: 100% after \$15 copayment.
- Mental health/substance abuse treatment has no visit limitations; benefit coverage is similar to other medical services:

| Service                               | Coverage                            |
|---------------------------------------|-------------------------------------|
| Inpatient<br>(Semi-private room rate) | 100% after \$75 copayment per day   |
| Outpatient                            | 100% after \$15 copayment per visit |

- Prescription drug coverage requires no copayment for oral chemotherapy drugs.
- Skilled nursing facility: 100% of semi-private room rate; limited to 60 days per benefit period.
- Other copayment changes:

| Service   | Coverage   |
|---|--|
| <b>At the Doctor's Office</b>   |  |
| Hearing Exams   | 100% after \$15 copayment  |
| Injections<br>(Outpatient Hospital and Office)                                    | 100% after \$15 copayment  |
| Organ and Tissue Transplants, Organ Donations<br>(Outpatient Hospital and Office) | 100% after \$15 copayment  |
| Routine Immunizations<br>(Travel immunizations not covered)                       | 100% after \$15 copayment, or 100%, no copayment if part of a preventive care office visit |
| Non-Routine Mass Immunizations  | 50% of eligible charge   |
| <b>At the Hospital</b>  |  |
| Emergency Room<br>(True Emergency, within Hawaii)                                 | 100% after \$75 copayment  |
| Semi-Private Room and Board   | 100% after \$75 copayment per day  |
| Blood and Blood Products  | 100%, no copayment   |
| <b>Other Services</b>   |  |
| Contraceptives  | 50% of eligible charge   |
| Diabetic Supplies   | 50% of eligible charge   |
| Outpatient X-Ray and Lab Services   | 90% of eligible charge   |
| Dialysis and Supplies   | 90% of eligible charge   |
| Implanted Internal Items<br>(Prosthetics, Devices and Aids)                       | 100%, no copayment   |



Health Care Benefits (Hawaii)

Kaiser Permanente HMO Plan

- Annual out-of-pocket maximum: \$2,500/individual; \$7,500/family.
- Mental health/substance abuse treatment has no visit limitations; benefit coverage is similar to other medical services:

| Service                            | Coverage                            |
|------------------------------------|-------------------------------------|
| Inpatient (Semi-private room rate) | 100% after \$75 copayment per day   |
| Outpatient                         | 100% after \$15 copayment per visit |

- Other copayment changes:

| Service  | Coverage  |
|--|---|
| <b>At the Doctor's Office</b>                            |   |
| Well Child Care  | 100%, no copayment  |
| Preventive Care Exam (including preventive OB/GYN exam)  | 100%, no copayment, limit 1 per calendar year. Routine immunizations and flu shots 100% covered.  |
| <b>At the Hospital</b>                                   |   |
| Emergency Room (True Emergency, within Hawaii)           | 100% after \$75 copayment   |
| Semi-Private Room and Board                              | 100% after \$75 copayment per day   |
| Inpatient X-Ray and Lab Services                         | 100%, no copayment  |
| Blood and Blood Products                                 | 100%, no copayment  |
| <b>Other Services</b>                                    |   |
| Prescription Drugs – Retail (up to a 30-day supply)      | 100% after \$15 copayment at Kaiser Permanente pharmacies for generic and brand name on formulary |
| Prescription Drugs – Mail Order (up to a 90-day supply)  | 100% after \$30 copayment for maintenance drugs on formulary                                      |
| Vision Care  | 100% after \$15 copayment; eyewear covered up to plan allowances                                  |
| Outpatient Dialysis                                      | 90% of eligible charge  |
| Implanted Internal Items (Prosthetics, Devices and Aids) | 100%, no copayment  |

- Diabetic supplies not covered under either the prescription drug or durable medical equipment, internal and external prosthetic devices, and hearing aid riders. However, diabetes equipment is covered at 50% of eligible charge under diabetes equipment benefit.



| Health Care Benefits (Mainland)                       |  |
|---|--|
| CIGNA Low Option Open Access Plan                     | <ul style="list-style-type: none"> <li>Network annual deductible is \$1,000/individual and \$3,000/family.</li> <li>Non-Network annual deductible is \$2,000/individual and \$6,000/family.</li> <li>Non-Network hospital confinement deductible is \$1,000.</li> <li>Non-Network benefits are based on 110% of the Maximum Reimbursable Charge (MRC) designated by CIGNA.</li> </ul>  |
| CIGNA High Option Open Access Plan                    | <ul style="list-style-type: none"> <li>Network annual deductible is \$300/individual and \$600/family.</li> <li>Non-Network annual deductible is \$500/individual and \$1,200/family.</li> <li>Office visit copayment is \$20 (\$35 for specialist).</li> <li>Non-Network benefits are based on 110% of the Maximum Reimbursable Charge (MRC) designated by CIGNA.</li> </ul>  |
| CIGNA Network HMO Plan                                | <ul style="list-style-type: none"> <li>Office visit copayment is \$20 for Primary Care Physician (PCP); \$30 for specialist.</li> <li>Hospital admission copayment is \$300.</li> <li>Outpatient surgery requires a \$150 facility copayment.</li> </ul>   |
| Kaiser HMO  | <ul style="list-style-type: none"> <li>Office visit copayment is \$20.</li> <li>Hospital admission copayment is \$250.</li> <li>Retail prescription drugs require a \$30 copayment for brand name drugs.</li> <li>Mail order prescriptions require a \$20 copayment for generic drugs and \$60 copayment for brand name drugs.</li> <li>Vision care is covered at 100% after a \$20 copayment; eyewear is covered up to a \$175 plan allowance.</li> </ul> |
| Health Care Benefits (All Plans)                      |  |
| Mental Health Parity and Addiction Equity Act of 2008 | <ul style="list-style-type: none"> <li>This legislation requires that mental health and substance abuse coverage have the same benefits as other medical care, so all Alexander &amp; Baldwin medical plans are removing the limits on the number of outpatient visits or inpatient stays someone might have when seeking mental health or substance abuse treatment.</li> </ul>   |
| Vision Benefits                                       |  |
| Vision Service Plan                                   | <ul style="list-style-type: none"> <li>Frames and contact lenses are covered up to \$130 if you visit a VSP doctor.</li> <li>Additional (unlimited) prescription eyeglasses and non-prescription sunglasses will be discounted by 30% if you purchase them on the same day as your eye exam from the same VSP doctor.</li> </ul>   |
| Health Care Reimbursement Account                     |  |
| Higher Contribution Limit                             | <ul style="list-style-type: none"> <li>You can contribute up to \$5,000 in pre-tax dollars to your Health Care Reimbursement Account. The plan allows you to direct tax-free money, deducted from your regular paychecks, to a special account to pay for common types of health care expenses.</li> </ul>   |



### Important Health Care Legislation

#### Extended Dependent Medical Coverage During Student Medical Leaves

Effective January 1, 2010, A&B will extend medical coverage for dependent children if they lose eligibility for coverage because of a medically necessary leave of absence from school. Coverage may continue for up to a year, unless your child's eligibility would end earlier for another reason.

Extended coverage is available if a child's leave of absence from school – or change in school enrollment status (for example, switching from full-time to part-time status) – starts while the child has a serious illness or injury, is medically necessary and otherwise causes eligibility for student coverage under the plan to end. Written certification from the child's physician stating that the child suffers from a serious illness or injury and the leave of absence is medically necessary may be required.

If your child will lose eligibility for coverage because of a medically necessary leave of absence from school and you want his or her coverage to be extended, contact your local HR Representative as soon as the need for the leave is recognized.

#### Notice of Special Enrollment Rights for Medical Coverage

If an employee declines enrollment in an A&B medical plan for himself or herself, or for a dependent (including a spouse) because of other health insurance coverage, the employee or dependents may be able to enroll in an A&B medical plan without waiting for the next open enrollment period if the employee:

- Loses other coverage. The employee must request enrollment within 31 days after the loss of other coverage.
- Gains a new dependent as a result of marriage, birth, adoption, or placement for adoption. The employee must request enrollment within 31 days after the marriage, birth, adoption, or placement for adoption.
- Loses Medicaid or Children's Health Insurance Program (CHIP) coverage because the individual is no longer eligible. The employee must request enrollment within *60 days* after the loss of such coverage.

In addition, you may enroll in an A&B medical plan if you become eligible for a state premium assistance program under Medicaid or CHIP. You must request enrollment within *60 days* after you gain such coverage.

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This notice highlights significant changes to A&B's online benefits handbook for the above plans. Additional provisions may also apply in accordance with the terms of each benefit plan.