Benefits Choices 2009

Open Enrollment is Oct. 20-Nov. 10

It's time to make your benefits decisions for the coming calendar year. Benefits Choices 2009 Open Enrollment will be held from Oct. 20 through Nov. 10. Benefit elections will not be accepted after 5 p.m. (MST) on Nov. 10.

All benefit elections take effect Jan. 1, 2009. **Important:** Employees must have a Cryptocard to access the web-based enrollment tool from a remote location/home.

The articles here provide important Open Enrollment information for employees and retirees and information about the 2009 health plans including monthly premium share amounts. By reading this information along with other Open Enrollment communication materials (employee newsletter, Open Enrollment website, retiree booklet), and understanding the benefit options available to you, you should be able to evaluate and select the plan options that best meet your needs.

For Benefits Choices 2009 web-based Open Enrollment information and resources, visit

What's new for nonrepresented employees in 2009

HBE wants to point out a number of items which take effect Jan. 1, 2009, that are important for you to take note of during this Open Enrollment.

* * *

First, the CIGNA Premier PPO Plan is being eliminated as a plan choice. Employees should carefully evaluate other medical plan options offered; evaluating the provider network, benefit coverage, in-and out-of network coverage, monthly premium share, copay vs. coinsurance and dependent coverage options under each plan. Employees can use the Medical Plans Comparison Chart (mailed to each employee), Medical Plans Estimator Tool, and Open Enrollment website to evaluate plan options. Employees currently in the CIGNA Premier PPO Plan must select a new plan during Open Enrollment to have medical coverage in calendar year 2009.

Second, for employees enrolled in the CIGNA In-Network Plan — the administrator for your prescription drug benefit is changing from CIGNA to Catalyst Rx. In addition, CIGNA In-Network Plan prescription drug benefits will mirror the UnitedHealthcare (UHC) plans. It is important to take time to evaluate and understand how the new Catalyst Rx drug formulary and the prescription coinsurance structure will impact the drugs you purchase. Check out the article titled "Important Rx Drug Benefit Information for CIGNA members" on the bottom right of page 10.

Third, employees enrolled in the UHC Standard and UHC Premier PPO plans and CIGNA In-Network plan, who are taking a specialty medication, must purchase them through the Catalyst Rx Specialty Drug Management Program. This Program will require plan participants to obtain drugs classified as a specialty drug via mail order through the Catalyst Specialty Pharmacy (Walgreens/MedMark), limited to a 30-day supply at the retail coinsurance/copay benefit. Information on this change will be mailed directly from Catalyst Rx to employees' homes in October.

Fourth, employees enrolled in all the plans are encouraged to review plan design changes. All plans have some type of design modifications to copay and/or coinsurance requirements effective in 2009. Plan changes are described on page 8.

Fifth, nonrepresented employees and dependents enrolled in the UHC Standard and UHC Premier PPO Plans and CIGNA In-Network Plan will have access to a New Mexico on-site pharmacy. The new on-site pharmacy will be located in Bldg. 832. You now have three options for finding the best price on your prescription drugs — a retail pharmacy, mail order pharmacy, ***and*** the on-site pharmacy. Refer to the Medical Plan Comparison Chart that will be mailed to your mailstop for coinsurance/copay benefit information. Much more information will be forthcoming in the next couple of months.

Sixth, employees will have a new Dental Care Plan (DCP), which replaces the current

	Delta Dental PPO — reimbursed as a percentage of the Maximum Approved Fees applicable to the Delta Dental PPO network.	Delta Dental Premier Option – reimbursed as a percentage of the Maximum Approved Fees applicable to Delta Dental Premier	Out-of-Network — reimbursed as a percentage of the Maximum Approved Fees applicable to Delta Dental Premier (balance billing protections do not apply)
Preventive Care	100%	100%	100%
Basic and Restorative	80%	80%	80%
Major and Orthodontic (including specified types of implants)	50%	50%	50%

(Continued on next page)

What's new for represented employees in 2009

HBE wants to point out the only change for represented employees, which takes effect Jan. 1, 2009.

2009 Change: Employees enrolled in the CIGNA Premier PPO or In-Network Plan, the administrator for your prescription drug benefit is changing from CIGNA to Catalyst Rx. It is important to take time to evaluate and understand how the new Catalyst Rx drug formulary and the prescription coinsurance structure will impact the drugs you purchase. Check out the article titled "Important Rx Drug Benefit Information for CIGNA members . . . " on page 10.

Represented Employee Dental Plan Options

The Dental Expense Plan (DEP) is the company-paid dental plan for employees and their eligible dependents. DEP covers certain preventive and diagnostic services in full and offers basic reimbursement of covered restorative services with annual and lifetime maximums.

The Dental Deluxe Plan is a voluntary, employee-paid option that covers certain preventive and diagnostic services in full and offers an increased reimbursement.

Dental Plan	Monthly Premium Charge – effective 1/1/09	
Dental Expense Plan	No charge – Company-paid	
Dental Deluxe Plan	Employee	$20
	Employee plus one Class I dependent	$30
	Employee plus two or more Class I dependents	$38

Plan Changes Effective Jan. 1, 2009 — None

• Represented employees refer to your union contract for benefit information. •

More information

Open Enrollment website:
http://oe.sandia.gov (for employees and retirees)
Sandia Labs Customer Service
(http://hbe.sandia.gov)
• **(NM) Benefits Customer Service Center,**
Hours: 8 a.m.-4:30 p.m. 505-844-HBES (4237)
or 1-800-417-2634, ext. 844-HBES (4237)

Retiree enrollment information begins on page 8

HR Self-Service — Web enrollment continues for Open Enrollment 2009

Employees can locate the web enrollment tool through HR Self-Service or through the OE Web Teaser on the Sandia home page.

Do you need to use the web-based Open Enrollment application? **See charts on next**

Steps to take during Open Enrollment

1) Review your current benefits under "Benefits Summary" on the HR Self-Service web internal home page

2) Review the Open Enrollment newsletter and view the Open Enrollment information on the web (http://oe.sandia.gov) at work or home, and evaluate how you want to coordinate benefits with your spouse's benefits (received through his/her employer). Employees will find on the web a wealth of information and tools to assist with benefit selections available this coming year.

3) Attend a benefits fair to speak with the vendors and/or Sandia staff (see page 10 for place, dates and times of benefits fairs.)

4) Determine whether you need to use the web-based Open Enrollment application according to the table below.

Plan ahead — some questions to ask

• Do I need to add or drop any dependents based on the 2009 eligibility changes? Detailed information about current eligibility policy is available on the OE website. Remember, changes made during Open Enrollment are effective Jan. 1, 2009.

• (If married to another Sandian) — Am I satisfied with the current coverage arrangement? Remember that both Sandians must make these changes through the web-based Open Enrollment system. Note: If an active employee is covered as a dependent of a Sandia retiree, the employee will be enrolled in the applicable retiree plan.

• Do I want to open up a Day Care Flexible Spending Account (FSA) for my child's day care next year? Review the Payflex Tax Wizard (www.mypayflex.com) or FSA Summary Plan Description worksheet to determine whether an account or the tax credit is best for you. Remember that these accounts require an election each year.

• Do I expect to have health plan expenses (medical, dental and vision) that will exceed $100 during the next calendar year? Does my child need orthodontic treatment next year? Am I getting Lasik surgery? If so, should I open up a Health Care Flexible Spending Account? Remember that these accounts require an election each year.

• Am I nonrepresented and in the CIGNA Premier PPO Plan? As this plan is being eliminated for 2009, you must go into the HR Self-Service web Open Enrollment system and select another plan.

• Am I nonrepresented and do I want the new Dental Care Plan? Remember that the current Dental Expense and Deluxe Plan participants will automatically be enrolled as participants in the new Dental Care Plan for 2009 unless the participants waive their dental coverage through the HR Self-Service web Open Enrollment system during the Open Enrollment period.

• Do I have enough Voluntary Group Accident insurance, or do I have too much?

• Am I interested in purchasing vacation under the Vacation Buy Plan? Remember that this plan requires an election each year.

• Am I nonrepresented and do I have enough Long-Term Disability Plan insurance? Remember that nonrepresented employees can enroll in the employee paid Long-Term Disability Plus Plan (60% or 70% salary protection) without evidence of insurability during this Open Enrollment.

• Am I retiring next year, and if so, how does this affect my choices?

If you are retiring next year, you might want to visit the Open Enrollment website for retirees at http://oe.sandia.gov to become familiar with the plan options and premium-sharing provisions for retirees.

* * *

Note: For many people, cost is one of the key factors in choosing a medical plan. The Medical Plan Estimator Tool is specifically designed to help nonrepresented employees estimate that cost — looking at both:

• What you are likely to pay for the services and supplies you need during the year ***and***

• The amount that comes out of your paycheck when you enroll in the Sandia Medical Plan

You can find the Medical Plan Estimator Tool online at the following website:

What's new for nonrepresented employees

(Continued from preceding page)

Dental Expense/Deluxe plans. The Dental Care Plan will be a coinsurance plan replacing the schedule-type benefit plans offered today. The DCP will reimburse care as follows:

Expenses, other than preventive and orthodontic, will incur a $50 individual annual deductible (with a $150 family maximum). The annual maximum for all expenses is $1,500 per person. The lifetime orthodontic maximum is $1,800 per person. Sealants for children under 14 will be covered under the preventive benefit. Employees will pay a monthly premium share, on a pre-tax basis, for the new plan.

Family Count	Dental Care Plan
Employee only	$8.00
Employee + 1	$15.00
Employee + 2 or more	$20.00

Important: Employees and your dependents currently enrolled in both the Dental Expense and Deluxe Plans will be automatically enrolled in this plan. Employees who do not want this plan must waive coverage during the Open Enrollment period.

Seventh, employees will move from a three-tier to four-tier salary premium share structure as outlined in the premium-sharing section. Due to the overall level of employee premium sharing increasing from 18% to 19% in 2009 and to 20% in 2010, the four-tier structure will assist employees in the lower tiers. More multitiered salary approaches are becoming more common as employee premium-sharing increases.

Eighth, eligibility guideline policy will be modified as follows:

• A Class I dependent child who is unmarried and age 19 but under age 24 had to be financially dependent on you; effective Jan. 1, 2009, the health care plans will allow you to enroll a dependent child who is unmarried and age 19 but under age 24. Note that there could be potential tax ramifications to this change in dependent eligibility. Please refer to the Open Enrollment website, Dependent Eligibility Info, for more information.

• The criteria to cover an unmarried stepchild is changing from stepchildren living with the primary covered member or domestic partner to an unmarried stepchild living with you at least 50% of the calendar year, or if ages 19 through 23 is a full-time student

• No new Class II dependents can be enrolled in any of the Sandia medical plans.

All eligible Class II dependents currently enrolled under a medical plan may continue enrollment.

• Student intern and faculty sabbatical coverage — Year round student interns who are enrolled in a post-secondary educational program and not covered under another medical plan will be limited to the UHC Standard PPO Plan medical coverage. Year-round student interns currently in the UHC Premier PPO, CIGNA Premier PPO, CIGNA In-Network or Kaiser plans must select the UHC Standard PPO Plan during Open Enrollment to have medical coverage in calendar year 2009. Faculty sabbatical employees will no longer be eligible for health plan coverage.

Ninth, Health Care Flexible Spending Account (formerly known as a Heath Care Reimbursement Spending Account) maximum allowed is increasing from $4,000 to $5,000. The Day Care Flexible Spending Account maximum will remain at $5,000.

Tenth, effective Jan. 1, 2009, the benefit under the employee Sickness Absence Plan (short-term disability) is being reduced from 2080 hours to 1040 hours at full pay, and the Disability Retirement benefit currently under the Retirement Income Plan will no longer be a benefit for employees. Because of this change, employees have an opportunity to enroll in the employee paid Long-Term Disability Plus Plan without evidence of insurability during the 2009 Open Enrollment period (this year only).

Other important changes effective Jan. 1, 2009:

1) Employees who retire after Dec. 31, 2008, will be required to pay the same Dental Care Plan premium share as employees. Employees who retire before Jan. 1, 2009 will receive the Dental Care Plan benefit but will not pay a monthly premium at this time.

2) New and rehired employees who hire in after Dec. 31, 2008, will be required to pay the full premium cost for medical and dental coverage upon becoming retirement eligible.

3) Primary Group Term Life Insurance provided to retirees is changing effective Jan. 1, 2009. Employees retiring on or before Dec. 31, 2008, will receive a Primary Group Term Life Insurance benefit equal to one times their annual base pay. Employees retiring after

Do you need to use the web-based Open Enrollment application?

Represented employees . . .

	Take Action	No Action
Medical Coverage	• To enroll if not currently enrolled • To change your current medical plan • To add or disenroll a dependent • To waive coverage	• No change in your current medical coverage
Dental Coverage	• To enroll if not currently enrolled • To change your current dental plan • To add or disenroll a dependent • To waive coverage	• No change in your current dental coverage
Vision Coverage	• To enroll if not currently enrolled • To add or disenroll a dependent • To waive coverage	• No change in your current vision coverage
Flexible Spending Accounts (FSA) - formerly known as RSA	• To enroll in a Health Care FSA for 2009 *(even if you participated in 2008)* • To enroll in a Day Care FSA for 2009 *(even if you participated in 2008)*	• To not be enrolled for 2009
Vacation Buy Plan	• To enroll for 2009 (*even if you participated in 2008*)	• To not be enrolled for 2009
Voluntary Group Accident Insurance (VGA)	• To enroll, disenroll or change coverage	• No change in your Voluntary Group Accident Insurance Coverage

Nonrepresented employees . . .

	Take Action	No Action
Medical Coverage	• To enroll in a new medical plan if you are currently in the CIGNA Premier PPO Plan • To enroll if not currently enrolled • To change your current medical plan • To add or disenroll a dependent • To waive coverage	• No change in your current medical coverage if you are currently enrolled in the UHC Premier PPO, UHC Standard PPO, CIGNA In-Network Plan or Kaiser Plan
NEW Dental Care Plan Coverage (requires payroll deduction)	• To enroll if not currently enrolled • To disenroll if you do not want the Dental Care Plan in 2009. • To add or disenroll a dependent • To waive coverage	• To be enrolled in the Dental Care Plan if currently enrolled in DEP or DDP
Vision Care Plan Coverage	• To enroll if not currently enrolled • To add or disenroll a dependent • To waive coverage	• No change in your current vision coverage
Flexible Spending Accounts (FSA)	• To enroll in a Health Care FSA for 2009 *(even if you participated in 2008)* • To enroll in a Day Care FSA for 2009 *(even if you participated in 2008)*	• To not be enrolled for 2009
Vacation Buy Plan	• To enroll for 2009 (*even if you participated in 2008*)	• To not be enrolled for 2009
Voluntary Group Accident Insurance (VGA)	• To enroll, disenroll or change coverage	• No change in your Voluntary Group Accident Insurance Coverage
Long-Term Disability Plus Plan	• To increase or decrease current coverage (additional 10% or 20% coverage) • ONE TIME ONLY OPPORTUNITY TO INCREASE COVERAGE	• No change in your Long-Term Disability Plus Plan coverage

Employee medical premium sharing – effective Jan. 1, 2009

Important: Employees are required to determine if their dependent qualifies as a qualified dependent under Internal Revenue Code Section 152 guidelines for the purpose of health care coverage. If your dependent is not a qualified dependent under the tax code, you are required to contact the Benefits Department to determine whether any imputed income may apply for that non-qualified dependent. Please refer to the Open Enrollment website, Dependent Eligibility Info, for more information.

For more information about monthly premium share (Class II, retiree, same-sex domestic partner etc.), visit the HR Self-Service Open Enrollment website at http://oe.sandia.gov.

The table below provides the monthly premium-share amounts for **nonrepresented employees** for each available plan (Plans are described in a table on the next page).

Medical plan and coverage	Tier 1*	Tier 2**	Tier 3†	Tier 4††
CIGNA In-Network plan				
Employee only	$69	$74	$91	$108
Employee and child(ren)	$127	$136	$166	$197
Employee and spouse	$143	$153	$188	$223
Employee, spouse, and child(ren)	$204	$219	$268	$317
UnitedHealthcare Standard PPO plan				
Employee only	$6	$11	$28	$45
Employee and child(ren)	$14	$23	$53	$84
Employee and spouse	$14	$24	$59	$94
Employee, spouse, and child(ren)	$21	$36	$85	$134
UnitedHealthcare Premier PPO plan				
Employee only	$65	$70	$87	$104
Employee and child(ren)	$120	$129	$159	$190
Employee and spouse	$135	$145	$180	$215
Employee, spouse, and child(ren)	$192	$207	$256	$305
Kaiser Permanente HMO plan (CA)				
Employee only	$69	$74	$91	$108
Employee and child(ren)	$127	$136	$166	$197
Employee and spouse	$143	$153	$188	$223
Employee, spouse, and child(ren)	$204	$219	$268	$317

* Tier 1: Base salary of up to $50,000 as of Jan. 1, 2009 ** Tier 2: Base salary of $50,001 to $80,000 as of Jan. 1, 2009
† Tier 3: Base salary of $80,001 to $130,000 as of Jan. 1, 2009 †† Tier 4: Base salary of $130,001 or above as of Jan. 1, 2009

The table below provides the monthly premium-share amounts for **represented employees** for each of the plans.

Medical plan and coverage	
UnitedHealthcare Standard PPO plan	
Employee only	$57
Employee and child(ren)	$103
Employee and spouse	$117
Employee, spouse, and child(ren)	$166
CIGNA In-Network plan	
Employee only	$67
Employee and child(ren)	$121
Employee and spouse	$138
Employee, spouse, and child(ren)	$196
CIGNA Premier PPO plan	
Employee only	$67
Employee and child(ren)	$120
Employee and spouse	$137
Employee, spouse, and child(ren)	$194
UnitedHealthcare Premier PPO plan	
Employee only	$67
Employee and child(ren)	$120
Employee and spouse	$137
Employee, spouse, and child(ren)	$194

2009 nonrepresented employee medical plan options

This section outlines the medical plan choices for 2009 for nonrepresented employees. To view detailed plan information see the Medical Plan Comparison Chart and/or applic-

Employee	UnitedHealthcare Premier PPO	UnitedHealthcare Standard PPO	CIGNA In-Network	Kaiser HMO (CA only)
Type of Plan	Preferred Provider Organization (PPO)	Preferred Provider Organization (PPO)	Exclusive Provider (an HMO look-alike)	Health Maintenance Organization (HMO)
Provider Network in New Mexico	Presbyterian UNMH Independent providers	Presbyterian UNMH Independent providers	Lovelace Health System UNMH Independent providers	Not applicable
In/Out of Network Coverage	Both	Both	In-network only	In-network only
Referrals to specialists required	No	No	No	For some services
Plan Design	Primarily coinsurance	Primarily coinsurance	Primarily Copays	Copays
	Out-of-network deductible	In- and out-of-network deductible	No deductible	No deductible

Plan changes for nonrepresented employee medical plans

UnitedHealthcare Premier PPO

- Office Visit Copay — Primary Care Physician from $15 to $20 copay
- Office Visit Copay — Specialist from $25 to $35 copay
- Allergy Treatment from $25 copay to 15% of negotiated fees
- Chiropractic — from combined Acupuncture/Chiropractic benefit to a separate calendar year $1,000 maximum combined in- and out-of-network
- Acupuncture — from combined Acupuncture/Chiropractic benefit to a separate calendar year $1,000 maximum combined in- and out-of-network
- Hypnotherapy and biofeedback is no longer covered
- Medical expenses incurred internationally will only be covered in-network for emergency care. Other eligible services will be covered under the out-of-network benefit

Pharmacy Benefit Changes

- Mail Order Generic — from $18 copay to 20% of mail order price with $12 minimum and $24 maximum
- Mail Order Preferred Brand — from $65 copay to 30% of mail order price with $50 minimum and $80 maximum
- Mail Order Non Preferred Brand — from $100 copay to 40% of mail order price with a $80 minimum and $120 maximum
- On-Site Pharmacy benefit level – you can receive up to a 30-day supply or up to a 90-day supply at the retail/mail order copay/coinsurance for preferred and non-preferred brand; generic prescriptions will cost $4 for up to a 30-day supply and $12 for up to a 90-day supply
- New Mandatory Specialty Drug Program

UnitedHealthcare Standard PPO

- Office Visit Copay — Primary Care Physician from $15 to $20 copay
- Office Visit Copay — Specialist from $25 to $35 copay
- Allergy Treatment from $25 copay to 20% of negotiated fees (after the deductible)
- Chiropractic — from combined Acupuncture/Chiropractic benefit to a separate calendar year $500 maximum combined in- and out-of-network
- Acupuncture — from combined Acupuncture/Chiropractic benefit to a separate calendar year $500 maximum combined in- and out-of-network
- Hypnotherapy and biofeedback are no longer covered
- Medical expenses incurred internationally will only be covered in-network for emergency care. Other eligible services will be covered under the out-of-network benefit

Pharmacy Benefit Changes

- Mail Order Generic — from $18 copay to 20% of mail order price with $12 minimum and $24 maximum
- Mail Order Preferred Brand — from $65 copay to 30% of mail order price with $50 minimum and $80 maximum
- Mail Order Non Preferred Brand — from $100 copay to 40% of mail order price with a $80 minimum and $120 maximum
- On-Site Pharmacy benefit level — you can receive up to a 30-day supply or up to a 90-day supply at the retail/mail order copay/coinsurance for preferred and non-preferred brand; generic prescriptions will cost $4 for up to a 30-day supply and $12 for up to a 90-day supply
- New Mandatory Specialty Drug Program

CIGNA In-Network

- New Pharmacy Vendor — Catalyst Rx
- Office Visit — Primary Care Physician from $15 to $20 copay
- Office Visit — Specialist from $25 to $30 copay
- Allergy Testing from $25 to $30 copay
- Emergency Room from $100 per visit to $125 per visit
- Outpatient Surgery from $100 to $125 copay
- Chiropractic, Acupuncture, Speech, Physical, and Occupational Therapy from $15 to $20 copay
- Inpatient Admission (Medical and Behavioral Health) — from $200 per day up to $500 maximum to a single $400 copay per admission
- Ambulance from $50 to $75 copay
- Hypnotherapy and biofeedback is no longer covered

Pharmacy Benefit Changes

Retail (maximum 30-day supply)

- Generic — from $10 copay to 20% of retail network price with $6 minimum and $12 maximum
- Preferred Brand — from $30 copay to 30% of retail network price with $25 minimum and $40 maximum
- Non Preferred Brand — from not a covered benefit to 40% of retail network price with a $40 minimum and $60 maximum

Mail Order (maximum 90-day supply)

- Generic — from $20 copay to 20% of mail order price with $12 minimum and $24 maximum
- Preferred Brand — from $60 copay to 30% of mail order price with $50 minimum and $80 maximum
- Non Preferred Brand — from not a covered benefit to 40% of mail order price with a $80 minimum and $120 maximum
- On-Site Pharmacy benefit level — you can receive up to a 30-day supply or up to a 90-day supply at the retail/mail order copay/coinsurance for preferred and non-preferred brand; generic prescriptions will cost $4 for up to a 30-day supply and $12 for up to a 90-day supply
- New Mandatory Specialty Drug Program

Kaiser HMO(California only)

- Office Visit — Primary Care and Specialist visits from $15 to $20 copay
- Outpatient Surgery from $50 to $100 copay
- Inpatient Admission from $250 to $500 copay per admission

Prescription Drug

- Brand Name — Retail from $25 to $30 copay (up to 30-day supply)
- Brand Name — Mail Order $50 to $60 copay (up to 100-day supply

Retiree open enrollment information

What's new for retirees for 2009

HBE wants to point out a number of items which take effect Jan. 1, 2009 that are important for you to take note of during this Open Enrollment.

2009 Changes — high level overview

First, the CIGNA Premier PPO Plan, the CIGNA Senior Premier PPO Plan, and the UnitedHealthcare High Deductible Health Plan are being eliminated as plan choices. Retirees should carefully evaluate the medical plan options offered; evaluating the provider network, benefit coverage, in-and out-of network coverage, monthly premium share, copay vs. coinsurance and dependent coverage options under each plan. Retirees can use the Medical Plans Comparison Chart (mailed to each retiree), Medical Plans Estimator Tool (non-Medicare only), and Open Enrollment website to evaluate plan options. Retirees currently in any of the above mentioned plans must select a new plan during Open Enrollment to have medical coverage in calendar year 2009.

Second, retirees no longer have the option to waive prescription drug coverage.

Third, retirees enrolled in the CIGNA In-Network Plan — the administrator for your prescription drug benefit is changing from CIGNA to Catalyst Rx. In addition, CIGNA In-Network Plan prescription drug benefits will mirror the UnitedHealthcare (UHC) plans. It is important to take time to evaluate and understand how the new Catalyst Rx drug formulary and the prescription coinsurance structure will impact the drugs you purchase. For detailed information check out the article titled "Important Rx Drug Benefit Information for CIGNA members…" on page 10.

Fourth, retirees enrolled in the UHC Premier PPO Plan, the UHC Senior Premier PPO Plan, and the CIGNA In-Network plan, who are taking a specialty medication, must purchase them through the Catalyst Rx Specialty Drug Program. This program will require plan participants to obtain drugs classified as a specialty drug via mail order through the Catalyst Specialty Pharmacy (Walgreens/MedMark), limited to a 30-day supply at the retail coinsurance/copay benefit. Information on this change will be mailed directly from Catalyst Rx to retiree homes in October.

Fifth, retirees enrolled in all the plans are encouraged to review plan design changes. All plans have some type of design modifications to copay and/or coinsurance requirements effective Jan. 1, 2009.

(Continued on next page)

Steps to take during Open Enrollment (retirees):

1) Review the Open Enrollment booklet carefully to learn of any changes in your benefits and premium-share increases and/or to identify any changes in benefits you want to make.

2) Attend an Open Enrollment presentation to learn more about the plans and/or to talk to a medical plan representative (where available).

3) Determine whether you need to complete the Open Enrollment Benefit Change form located in your Open Enrollment booklet according to the table on next page.

IMPORTANT: If you do not want to make any changes, you do not need to do anything. Your coverage(s) and dependent selections will continue into 2009.

Plan ahead — some questions to ask

- Do I need to add or drop any dependents? Detailed information about eligibility is included in the Retiree Open Enrollment booklet. Remember changes made during Open Enrollment are effective Jan. 1, 2009.
- Am I satisfied with my medical plan? Is my physician still in the network? If you are thinking about changing medical plans, you should review the vendor's website to review the list of network providers.

For many people, cost is one of the key factors in choosing a medical plan. The Medical Plan Estimator Tool is specifically designed to help you estimate that cost and is available to non-Medicare retirees. The tool can assist you in looking at both:

- What you are likely to pay for the services and supplies you need during the year *and*
- The amount that comes out of your paycheck when you enroll in the Sandia Medical Plan

You can find the Medical Plan Estimator Tool online at the following website: http://www.sandia.gov/resources/emp-ret/ret-oe/index.html.

- (If married to another Sandian) - Am I satisfied with the current coverage arrangement? Remember that both Sandians must make these changes through the paper-based Open Enrollment Benefit Change Form and/or web-based Open Enrollment system.

Note: If a retiree is a dependent of an employee, the retiree will be enrolled in the applicable employee plan.

- Am I or my spouse turning 65 next year? How does this affect my medical coverage under the different plans? Do I want to switch medical plans based on changes in coverage?

Make your choices early, so that you don't forget and miss the deadline!

• Retirees: Do you need to take a specific action? See chart on next page.•

What's new for retirees for 2009 (cont.)

(Continued from preceding page)

	Delta Dental PPO – reimbursed as a % of the Maximum Approved Fees applicable to the Delta Dental PPO network	Delta Dental Premier Option – reimbursed as a % of the Maximum Approved Fees applicable to Delta Dental Premier	Out-of-Network – reimbursed as a % of the Premier Maximum Approved Fees applicable to Delta Dental Premier (balance billing protections do not apply)
Preventive Care	100%	100%	100%
Basic and Restorative	80%	80%	80%
Major and Orthodontic (including specified types of implants)	50%	50%	50%

Sixth, retirees will have a new Dental Care Plan (DCP), which replaces the current Dental Expense/Deluxe plans. The Dental Care Plan will be a coinsurance plan replacing the schedule type benefit plans offered today. The DCP will reimburse care as follows:

Expenses, other than preventive, will incur a $50 individual annual deductible (with a $150 family maximum). The annual maximum for all expenses is $1,500 per person. The lifetime orthodontic maximum is $1,800 per person. Employees who retired prior to Jan. 1, 2009, will not have at this time a premium share for this plan. Employees that retire after Dec. 31, 2008, will be introduced to premium sharing for the new plan.

Family Count	**Dental Care Plan**
Retiree only	$8.00
Retiree + 1	$15.00
Retiree + 2 or more	$20.00

Important: Retirees and their dependents currently enrolled in the Dental Expense will be automatically enrolled in this plan. Retirees who do not want this plan must waive coverage during the Open Enrollment period.

Seventh, eligibility guideline policy has been modified as follows:

• A Class I dependent child who is unmarried and age 19 but under age 24 had to be financially dependent on you — effective Jan. 1, 2009, the health care plans will allow you to enroll a dependent child who is unmarried and age 19 but under age 24. Note that there could be potential tax ramifications to this change in dependent eligibility. Please refer to the Open Enrollment website, Dependent Eligibility Info, for more information.

• The criteria to cover an unmarried stepchild is changing from stepchildren living with the primary covered member to an unmarried stepchild who lives with you at least 50 percent of the calendar year, or if ages 19 through 23 is a full time student

• No new Class II dependents can be enrolled in any of the Sandia medical plans.

All eligible Class II dependents currently enrolled under a medical plan may continue enrollment.

Retirees will continue to receive an Open Enrollment booklet as well as a Medical Plan Comparison Chart. If you want to make any changes for 2009, you will need to complete the Open Enrollment Change Form included in your Open Enrollment booklet, and mail it to the Sandia Benefits Department (postmarked by midnight November 10). Look for your Benefits Choices Open Enrollment packet to arrive at your home address (for retirees and survivors) the week of Oct. 14. If you do not receive a booklet, please contact the HBES Customer Service Center at 505-844-HBES (4237). If you make

• Retirees: Do you need to take a specific action? See chart below.•

	TAKE ACTION	NO ACTION
Medical Coverage	• To enroll in a new medical plan if you are currently in the **CIGNA Premier, CIGNA Senior Premier PPO Plan, or UHC High Deductible Health Plan** • To enroll if not currently enrolled • To change your current medical plan • To add or disenroll a dependent • To waive coverage	• No change in your current medical coverage if currently enrolled in the UHC Premier PPO, UHC Senior Premier PPO, CIGNA In-Network Plan, Kaiser HMO, Kaiser Senior Advantage, Presbyterian MediCare PPO, or Lovelace Senior Plan
Dental Coverage	• To enroll if not currently enrolled • To add or disenroll a dependent • To waive coverage	• If you want to be enrolled in the new Dental Care Plan

2009 Retiree medical plan options

This section outlines the 2009 medical plan choices. To view detailed plan information see the Medical Plan Comparison Grid, the Retiree Open Enrollment booklet, and/or applicable Summary Plan Description at the OE website outlining specific plan designs/features of the various options.

Non-Medicare options

Non-Medicare	UnitedHealthcare Premier PPO	CIGNA In-Network	Kaiser HMO (CA only)
Type of Plan	Preferred Provider Organization (PPO)	Health Maintenance Organization Look Alike	Health Maintenance Organization (HMO)
Provider Network in New Mexico	Presbyterian UNMH Independent providers	Sandia/Lovelace Health Systems UNMH Independent providers	Not applicable
In/Out of Network Coverage	Both	In-Network only	In-Network only
Referrals to specialists required	No	No	For some services
Plan Design	Primarily coinsurance	Primarily Copays	Copays
	In and Out-of-network deductible	No deductible	No deductible

Plan changes — Non-Medicare

UnitedHealthcare Premier PPO

• Office Visit Copay — Primary Care Physician from $15 to $20 copay
• Office Visit Copay — Specialist from $25 to $35 copay
• Allergy Treatment from $25 copay to 15% of negotiated fees
• Chiropractic — from combined Acupuncture/Chiropractic benefit to a separate calendar year $1,000 maximum combined in- and out-of-network
• Acupuncture — from combined Acupuncture/Chiropractic benefit to a separate calendar year $1,000 maximum combined in- and out-of-network
• Hypnotherapy and biofeedback are no longer covered
• Medical expenses incurred internationally will only be covered in-network for emergency care. Other eligible services will be covered under the out-of-network benefit.

Pharmacy Benefit Changes
• Mail Order Generic — from $18 copay to 20% of mail order price with $12 minimum and $24 maximum
• Mail Order Preferred Brand — from $65 copay to 30% of mail order price with $50 minimum and $80 maximum
• Mail Order Non Preferred Brand — from $100 copay to 40% of mail order price with a $80 minimum and $120 maximum
• New Mandatory Specialty Drug Program

CIGNA In-network

• New Pharmacy Vendor - Catalyst Rx
• Office Visit — Primary Care Physician from $15 to $20 copay
• Office Visit — Specialist from $25 to $30 copay
• Allergy Testing from $25 to $30 copay
• Emergency Room from $100 per visit to $125 per visit
• Outpatient Surgery from $100 to $125 copay
• Chiropractic, Acupuncture, Speech, Physical, and Occupational Therapy from $15 to $20 copay
• Inpatient Admission (Medical and Behavioral Health) — from $200 per day up to $500 maximum to a single $400 copay per admission
• Ambulance from $50 to $75 copay
• Hypnotherapy and biofeedback is no longer covered

Pharmacy Benefit Changes

Retail (maximum 30-day supply)
• Generic — from $10 copay to 20% of retail network price with $6 minimum and $12 maximum
• Preferred Brand — from $30 copay to 30% of retail network price with $25 minimum and $40 maximum
• Non Preferred Brand — from not a covered benefit to 40% of retail network price with a $40 minimum and $60 maximum

Mail Order (maximum 90-day supply)
• Generic — from $20 copay to 20% of mail order price with $12 minimum and $24 maximum
• Preferred Brand — from $60 copay to 30% of mail order price with $50 minimum and $80 maximum
• Non Preferred Brand — from not a covered benefit to 40% of mail order price with a $80 minimum and $120 maximum
• New Mandatory Specialty Drug Program

Kaiser HMO (California only)

• Office Visit — Primary Care and Specialist visits from $15 to $20 copay
• Outpatient Surgery from $50 to $100 copay
• Inpatient Admission from $250 to $500 copay per admission

Retiree premium sharing: See next page

Medicare options

Medicare	UnitedHealthcare Senior Premier PPO	Presbyterian Medicare PPO (NM only)	Lovelace Senior Plan (NM only)	Kaiser Senior Advantage (CA only)
Type of Plan	Preferred Provider Organization (PPO)	Medicare Advantage Preferred Provider Organization (PPO)	Medicare Advantage Health Maintenance Organization (HMO)	Medicare Advantage Health Maintenance Organization (HMO)
Provider Network in New Mexico	Presbyterian UNMH Independent providers	Presbyterian	Lovelace Health Systems	Not applicable
In/Out of Network Coverage	Both	Both	In-Network only	In-Network only
Referrals to specialists required	No	No	No	For some services
Plan Design	Primarily coinsurance	Copays	Copays	Copays

Plan changes — Medicare

UnitedHealthcare Senior Premier PPO

• Chiropractic — from combined Acupuncture/Chiropractic benefit to a separate calendar year $1,000 maximum combined in- and out-of-network
• Acupuncture — from combined Acupuncture/Chiropractic benefit to a separate calendar year $1,000 maximum combined in- and out-of-network
• Hypnotherapy and biofeedback is no longer covered

Pharmacy Benefit Changes
• Mail Order Generic — from $18 copay to 20% of mail order price with $12 minimum and $24 maximum
• Mail Order Preferred Brand — from $65 copay to 30% of mail order price with $50 minimum and $80 maximum
• Mail Order Non-Preferred Brand — from $100 copay to 40% of mail order price with a $80 minimum and $120 maximum
• **New Mandatory Specialty Drug Program**

Presbyterian Medicare PPO (NM only)

In-Network:
No Change

Out-of-Network:
• Office Visit Primary Care and Physical Exams from $30 to $35 copay
• Outpatient Rehabilitation from $30 to $35 copay
• Durable Medical Supplies from $40 to $50 copay
• Prosthetics from $25 to $50 copay
• Vision eye glasses or contacts lenses after cataract surgery from $25 to $50 copay

Prescription Drugs:

From: Copays until you reach $4,050 in out-of-pocket costs. After your yearly out-of-pocket drug costs reach $4,050, you pay the greater of: $2.25 for generic or preferred brand drug treated as generic. All other drugs with prior authorization $5.60 or 5%, whichever is greater

To: Copays until you reach $4,350 in out-of-pocket costs. After your yearly out-of-pocket drug costs reach $4,350, you pay the greater of: $2.40 for generic or preferred brand drug treated as generic. All other drugs with prior authorization $6.00 or 5%, whichever is greater.

Lovelace Senior Plan (NM only)

• Office Visit Primary Care and Annual Routine Physical from $5 to $10 copay

Retiree medical plan premium sharing — Effective Jan. 1, 2009

Retiree premiums vary based on when you retired, your years of service at the time you retired, as well as, the plan and the level of coverage you choose

Important: Retirees are required to determine if their dependent qualifies as a qualified dependent under Internal Revenue Code Section 152 guidelines for purposes of health care coverage (seek advice from your Tax Adviser). If your dependent is not a qualified dependent under the tax code, you are required to contact the Benefits Department to determine whether any imputed income may apply for that non-qualified dependent.

Employees who retired prior to Jan. 1, 1995

Employees who retired prior to Jan. 1, 1995, will not be required to pay a premium share for themselves or any eligible Class I dependents at this time. (Exception: Retirees who retired prior to Jan. 1, 1995, but who currently pay a portion of their medical coverage will continue to do so).

Employees who retired after Dec. 31, 1994, and before Jan. 1, 2003

Employees who retired after Dec. 31, 1994, pay a monthly premium for coverage in Sandia's medical plans. The monthly premium share amount will be deducted from your pension check. Use Table A to find your rate for your selected plans.

Employees who retired after Dec. 31, 2002

Employees who retired after Dec. 31, 2002, pay a percentage of the full premium based on their term of employment. The monthly premium share amount will be deducted from your pension check. To determine your monthly premium, use the tables below.

- Use Table A if you retired with 30+ years
- Use Table B if you retired with 25-29 years
- Use Table C if you retired with 20-24 years
- Use Table D if you retired with 15-19 years
- Use Table E if you retired with 10-14 years

Table A: Employees who retired after Dec. 31, 2002, with 30 or more years

No. of Medicare	UHC Senior Premier PPO	Presbyterian MediCare PPO[1]	Lovelace Senior Plan[1]	Kaiser Senior Advantage Plan[1]
1	$28	$14	$7	$25
2	$56	$28	$13	$51

No. of Non-Medicare	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
1	$73	$72	$60
2	$145	$144	$120
3	$218	$216	$170

Medicare Plan:		UHC Senior Premier PPO	Presbyterian MediCare PPO[3]	Lovelace Senior Plan[2]	Kaiser Senior Advantage Plan
Non-Medicare Plan:		UHC Premier PPO	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
# of Medicare	No. of Non-Medicare				
1	1	$101	$87	$79	$86
2	1	$129	$101	$85	$101
1	2	$173	$159	$151	$136

Table B: Employees who retired after Dec. 31, 2002, with 25-29 years

No. of Medicare	UHC Senior Premier PPO	Presbyterian MediCare PPO[1]	Lovelace Senior Plan[1]	Kaiser Senior Advantage Plan[1]
1	$42	$21	$10	$38
2	$84	$43	$20	$76

No. of Non-Medicare	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
1	$109	$108	$90
2	$218	$216	$181
3	$327	$324	$255

Medicare Plan:		UHC Senior Premier PPO	Presbyterian MediCare PPO[3]	Lovelace Senior Plan[2]	Kaiser Senior Advantage Plan
Non-Medicare Plan:		UHC Premier PPO	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
# of Medicare	No. of Non-Medicare				
1	1	$151	$130	$118	$128
2	1	$193	$152	$128	$151
1	2	$260	$239	$226	$203

1-Rates for Presbyterian MediCare PPO Plan, the Lovelace Senior Plan, and the Kaiser Senior Advantage Plan are subject to change based on Centers for Medicare and Medicaid (CMS) approval.
2-The combination Lovelace Senior Plan with CIGNA In-Network Plan is still available for new enrollment.
3-The combination Presbyterian MediCare with UHC Premier is no longer available for new enrollment. These rates apply only to previous retirees enrolled in these combination plans.

Table C: Employees who retired after Dec. 31, 2002, with 20-24 years

No. of Medicare	UHC Senior Premier PPO	Presbyterian MediCare PPO[1]	Lovelace Senior Plan[1]	Kaiser Senior Advantage Plan[1]
1	$70	$36	$17	$64
2	$140	$71	$34	$127

No. of Non-Medicare	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
1	$182	$180	$150
2	$363	$360	$301
3	$545	$540	$426

Medicare Plan:		UHC Senior Premier PPO	Presbyterian MediCare PPO[3]	Lovelace Senior Plan[2]	Kaiser Senior Advantage Plan
Non-Medicare Plan:		UHC Premier PPO	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
# of Medicare	No. of Non-Medicare				
1	1	$252	$217	$197	$214
2	1	$322	$253	$214	$252
1	2	$433	$399	$377	$339

Table D: Employees who retired after Dec. 31, 2002, with 15-19 years

No. of Medicare	UHC Senior Premier PPO	Presbyterian MediCare PPO[1]	Lovelace Senior Plan[1]	Kaiser Senior Advantage Plan[1]
1	$98	$50	$23	$89
2	$196	$99	$47	$178

No. of Non-Medicare	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
1	$254	$252	$211
2	$508	$504	$421
3	$762	$756	$596

Medicare Plan:		UHC Senior Premier PPO	Presbyterian MediCare PPO[3]	Lovelace Senior Plan[2]	Kaiser Senior Advantage Plan
Non-Medicare Plan:		UHC Premier PPO	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
# of Medicare	No. of Non-Medicare				
1	1	$352	$304	$275	$300
2	1	$450	$354	$299	$353
1	2	$606	$558	$527	$474

Table E: Employees who retired after Dec. 31, 2002, with 10-14 years

No. of Medicare	UHC Senior Premier PPO	Presbyterian MediCare PPO[1]	Lovelace Senior Plan[1]	Kaiser Senior Advantage Plan[1]
1	$126	$64	$30	$115
2	$252	$128	$60	$229

No. of Non-Medicare	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
1	$327	$324	$271
2	$653	$648	$542
3	$980	$972	$766

Medicare Plan:		UHC Senior Premier PPO	Presbyterian MediCare PPO[3]	Lovelace Senior Plan[2]	Kaiser Senior Advantage Plan
Non-Medicare Plan:		UHC Premier PPO	UHC Premier PPO	CIGNA In-Network Plan	Kaiser Permanente Traditional HMO
# of Medicare	No. of Non-Medicare				
1	1	$453	$391	$354	$385
2	1	$579	$455	$384	$454
1	2	$779	$717	$678	$610

Employee benefit fairs

This year, the Health, Benefits, and Employee Services Center will be hosting several benefit fairs for employees. Come and ask your benefit questions of the Sandia health plan vendors and/or the benefits staff. Have your blood pressure checked by Sandia's Preventive Health staff.

New Mexico –

Oct. 22 (Wednesday), Steve Schiff Auditorium Lobby, 10 a.m.-2 pm, (Mountain Time)

Oct. 23 (Thursday), Employee/Spouse Fair at the Winrock Theater, 201 Winrock Center Lobby, 1-2 p.m., (Mountain Time)

Oct. 29 (Wednesday), Steve Schiff Auditorium Lobby, 10 a.m-2 p.m., (Mountain Time)

Nov. 4 (Tuesday), Steve Schiff Auditorium Lobby, 10 a.m.-2 p.m., (Mountain Time)

California –

Oct. 27 (Monday), 904/905 Mezzanine, 10 a.m.-2 p.m. (Pacific Time)

Retiree/survivor Open Enrollment presentations

This year, the Health, Benefits, and Employee Services Center will be hosting several Open Enrollment presentations for retirees/survivors.

Albuquerque

All presentations will be held at the Winrock Theater, 201 Winrock Center, Albuquerque

Non-Medicare-Primary Presentations

Oct. 23 (Thursday) 8:30 a.m.-9:30 am (Mountain Time)

Nov. 5 (Wednesday) 10:30-11:30 a.m. (Mountain Time)

Medicare-Primary Presentations

Oct. 23 (Thursday) 10-11:30 a.m. (Mountain Time)

Nov. 5 (Wednesday) 8:30-10 a.m. (Mountain Time)

Nov. 5 (Wednesday) 1-2:30 p.m. (Mountain Time)

Livermore

All presentations will be held at the Doubletree Club Hotel, 720 Las Flores Road, Livermore

Non-Medicare-Primary Presentation

Oct. 28 (Tuesday) 8-9:30 a.m. (Pacific Time)

Medicare-Primary Presentation

Oct. 28 (Tuesday) 10-11:30 a.m. (Pacific Time)

Important Rx Drug Benefit Information for CIGNA members…

Effective Jan. 1, 2009, members enrolled in a CIGNA plan will receive their prescription drug benefit from Catalyst Rx rather than CIGNA. The Welcome Kit members receive in December will contain new ID cards to use at the pharmacy.

It is important to note that each administrator has its own preferred drug list, therefore, the cost for prescription drugs could change. The preferred drug list identifies which brand name drugs will be dispensed at the lower copay. To find out the preferred/non-preferred brand status of your drugs call Catalyst Rx at 800-854-8851.

Information on mail order prescription refills currently on file with CIGNA as well as other information will be mailed from Catalyst Rx and/or the Sandia Benefits department in the coming months.

Beginning Jan. 1, 2009 CIGNA members must present the Catalyst Rx ID card when using a retail network pharmacy. If you use your CIGNA card, your prescription will be rejected and you will have to pay the full price, which is not eligible for reimbursement. The majority (99%) of the retail network pharmacies that you regularly access will continue to be a part of the network with Catalyst Rx.