2009 Benefits Choices

OPEN ENROLLMENT

Represented (Union) Employee Newsletter 2009

in this issue

OCTOBER 20 - NOVEMBER 10, 2008

Sandia National Laboratories

Health Benefits Employee Services HBE

HR Self-Service—**Web Enrollment** Continues for Open Enrollment 2009

It's time again to make your benefit election decisions for the coming calendar year. The web enrollment system will be available from October 20 through November 10. Benefit elections will not be accepted after 5:00 pm (MST), November 10. All benefit elections take effect January 1, 2009. Employees can locate the web enrollment tool through HR Self-Service on the internal web page. It is your responsibility to thoroughly review your benefit enrollments for 2009 through the web-page "PeopleSoft Open Enrollment" between October 20 through November 10. This will be your only opportunity to make changes.

Important: A cryptocard is required if you want to make your elections from a remote location or home.

Spouse/Employee Fair

Thursday, October 23,
1:00 pm – 2:00 pm
Winrock Theatre, 201 Winrock Center in Albuquerque

benefit fairs for 2009

Albuquerque

October 22 *10 am - 2 pm*
Steve Schiff Auditorium, Bldg. 825

October 29 *10 am - 2 pm*
Steve Schiff Auditorium Bldg. 825

November 4 *10 am - 2 pm*
Steve Schiff Auditorium Bldg. 825

Presentation Agenda

12:30 pm -1:30 pm
Flexible Spending Accounts (formerly referred to as Reimbursement Spending Accounts)

What's changing for me in 2009?

- **CIGNA Premier PPO Plan** and **CIGNA In-Network Plan;** the administrator for your **prescription drug benefit is changing from CIGNA to Catalyst Rx**
- **Medical monthly premiums are increasing (premium share is still 16.5% of the full premium)**

Review Class I and Class II Dependent Eligibility Annually...

It's Important!

Class I and Class II Dependent Eligibility requirements can be found on the Represented (Union) Open Enrollment Website

All enrolled primary members are responsible for determining if their dependents meet the eligibility requirements of Sandia's health plans. This is very important as Sandia reserves the right to conduct dependent eligibility audits to ensure an enrolled dependent is eligible for coverage under the terms of the plans.

The consequences of having an ineligible dependent covered and failing to disenroll a dependent within the allowed time frame are significant; they include

- Your ineligible dependent's coverage will be retroactively terminated, effective the end of the month in which the dependent became ineligible
- You will be held liable to refund to Sandia for all health care plan claims or monthly premiums rendered during the ineligible period,
- Sandia is not liable to repay you for any health care plan monthly premium share(s) paid by you during the ineligible period
- Sandia may take employment disciplinary action up to and including termination
- Your dependent could lose any rights to temporary, continued health care coverage under COBRA.

Important: Employees are required to determine if their dependent qualifies as a qualified dependent under Internal Revenue Code Section 152 guidelines (see IRS Publication 502 for more information) 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.

ENROLLING ELIGIBLE DEPENDENTS

You can add eligible dependents to your medical plan when you first enroll in the plan or during the annual Open Enrollment period. You can enroll dependents during the plan year ONLY when you experience a qualified life event, such as marriage, birth or loss of other coverage, that allows enrollment in the plan. Please refer to the Pre-Tax Premium Plan booklet for qualifying Mid-Year Election Change Events. The change must be made within 31 calendar days of the event or you will have to wait until the next annual Open Enrollment period to add your dependent.

DISENROLLING INELIGIBLE DEPENDENTS

You can also disenroll dependents during the Open Enrollment period. During the year, if your dependent becomes ineligible for any reason, you must disenroll your ineligible dependent within 31 calendar days of the dependent becoming ineligible.

VACATION BUY PLAN

Need work/life balance? – Buy some extra time in 2009! Sandia's Vacation Buy Plan (VBP) allows participants to purchase vacation on a pre-tax basis. By participating in VBP, employees can spread out the financial impact of purchasing additional paid time off over the course of a calendar year.

All regular employees, Post-docs, and Limited Term Employees, are eligible to participate in VBP. Eligible employees may purchase between 8 and 44 hours, deducted evenly from biweekly paychecks throughout the calendar year. Any unused bought vacation is sold back in the last paycheck in December at the same rate as purchased. This program requires re-enrollment every year.

VOLUNTARY GROUP ACCIDENT PLAN

Is your family protected? An accident insurance plan you may want to consider. Voluntary Group Accident Insurance (VGA) is accident insurance that you may purchase for a monthly premium rate. Coverage is available in amounts ranging from $10,000 to $300,000, in units of $5,000 (maximum $300,000 combined total among three plan options). The three plan options are as follows: employee only, family plan, and employee-only common carrier coverage. Look here to find out more about VGA plan details, costs, and enrollment instructions.

Dental Plans for Represented (Union) Employees

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 (DDP) is a voluntary, employee-paid option that covers certain preventive and diagnostic services in full and offers an increased (approximately 25%) reimbursement of covered restorative services, as well as increased annual and lifetime maximums. ***If you are not currently enrolled in the DDP this is your opportunity to elect this option.***

Dental Deluxe Plan Premiums

Monthly premiums you will be responsible for:

- Employee — $20
- Employee plus one Class I dependent —$30
- Employee plus two or more Class I dependents — $38

Payroll deductions will be taken on a pre-tax basis

- Premiums will be deducted from your biweekly paycheck in two equal installments each month.

Important: Plan Changes Effective January 1, 2009—None

IMPORTANT!

Current participants will automatically be reenrolled as participants in DDP for 2009 unless the participants change their dental coverage to the DEP during the open enrollment period.

Vision Care Plan

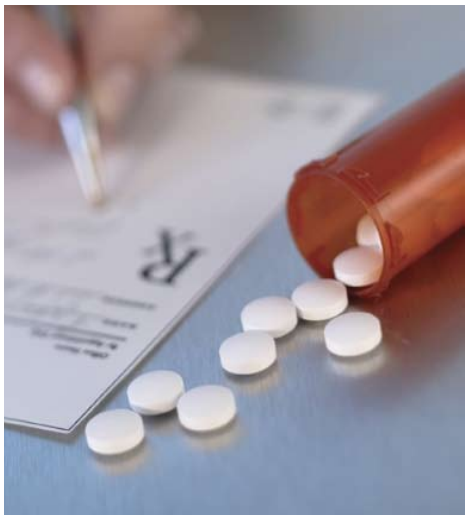
Have annual optical needs? Save some dollars by using the Sandia Vision Care Plan.
The Vision Care Plan is the company-paid vision plan. The Vision Plan is a basic benefit designed to encourage regular eye examinations, assist with the expenses for needed eyeglass frames and corrective lenses, and help offset the cost of additional eyewear purchases through a network provider. Currently, the Vision Plan is administered by Davis Vision.

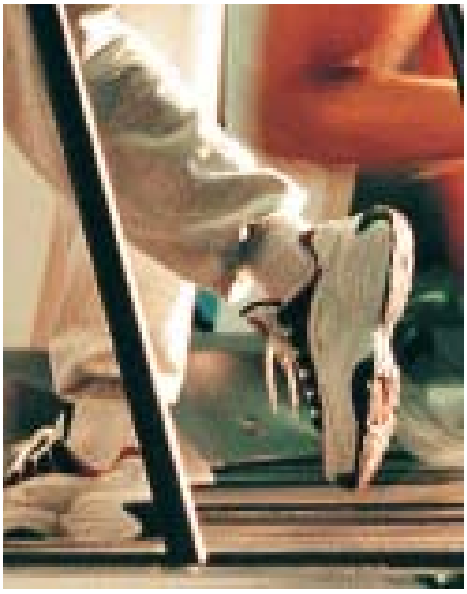
Plan Changes Effective January 1, 2009— None



Your Next Steps

Benefit Options	Take Action via HR-Self Service	No Action Required
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 Reimbursement Spending Accounts	» 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	» To enroll, disenroll or change coverage	» No change in your Voluntary Group Accident Insurance Coverage





SELECTING A MEDICAL PLAN

What to consider when choosing the medical plan that's right for you.

YOU MAY WANT TO CONSIDER THE FOLLOWING WHEN CHOOSING A MEDICAL PLAN:

PROVIDER NETWORKS

How far are you willing to travel to see a network provider? In NM, do you use Lovelace or Presbyterian doctors? Do you use facilities outside of NM? Do you use centers of excellence and which one is in-network?

BENEFIT COVERAGE

Does the plan cover what you need (e.g. infertility, acupuncture, behavioral health)? Are there any benefit limitations on the service(s) you will need?

IN- AND OUT-OF-NETWORK COVERAGE

Do you want flexibility to go outside of the network? The PPO plans offer employees the ability to seek care both in- and out-of-network. Seeking services out-of-network does come with a higher price tag as you have to meet a modest deductible (for Premier PPO plan) and a significant deductible (for UHC Standard PPO Plan). Co-insurance is at the highest level with Sandia covering 70% of usual and customary and anything charged above the usual and customary also comes out of your pocket. In addition, your out of pocket maximum is higher.

COPAY VS. COINSURANCE

Do you want a plan that is set up primarily with copays offering a fixed payment when you seek services? Are you comfortable with a plan that is set up with co-insurance payments where you are responsible for a percentage of the cost for service?

COVERAGE WHILE ON TRAVEL

When my family is on travel within the United States or on international travel, how will the plan cover emergency, urgent care or follow-up care?

DEPENDENT COVERAGE

How does the Plan cover my children away at college? Since the CIGNA In-Network and Kaiser HMO Plans only offer in-network benefits, enrolling in a PPO with both in- and out-of-network benefits may be more beneficial.

MONTHLY PREMIUM SHARE

How much will a particular plan cost per month?

HEALTH PLAN WEBSITE AND NETWORK DIRECTORIES:

Employees can use the health plan's physician/facility directories to locate current in-network providers.

It is important to make sure that the physicians and facilities you and your family use are in the plan network you are considering. In-network verification that physicians and facilities are still in your health plan network should occur throughout the year.

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MEDICAL PLANS AT A GLANCE

Employee	UnitedHealthcare Premier PPO	CIGNA Premier PPO	UnitedHealthcare Standard PPO	CIGNA In-Network
Type of Plan	Preferred Provider Organization (PPO)	Preferred Provider Organization (PPO)	Preferred Provider Organization (PPO)	Exclusive Provider Organization (HMO Look-Alike)
Provider Network in New Mexico	Presbyterian UNMH Independent Providers	Lovelace Health Systems UNMH Independent Providers	Presbyterian UNMH Independent Providers	Lovelace Health Systems UNMH Independent Providers
In/Out Network Coverage	Both	Both	Both	In-Network Only
Referrals to Specialist Required	No	No	No	No
Plan Design	Primarily Co-insurance	Primarily Co-insurance	Primarily Co-insurance	Co-Pays
	Out of Network Deductible	Out of Network Deductible	In- and out-of-network deductible	No deductible
Prescription Drug Program Administrator	Catalyst Rx	Catalyst Rx	Catalyst Rx	Catalyst Rx

Continued from page 6

Employees can also use the health plan's website to find out about important additional resources, benefits and specialty networks available under each plan.

MEDICAL PLANS COMPARISON CHART: You can use the Employee Medical Plan Comparison Chart (which will be mailed to your mail stop) to compare plan designs (copay, coinsurance, etc.) and other limitations or restrictions identified for each plan.

Note: For more descriptive plan coverage details, review the plan Summary Plan Description located on Sandia's external web.

MONTHLY PREMIUM SHARE TABLE: Use the monthly premium share table to evaluate the monthly cost of each plan. The table will show what your monthly premium share will be according to your salary tier and level of coverage for employee.

OPEN ENROLLMENT BENEFITS FAIRS: Visit an Open Enrollment Benefits Fair to ask questions of the specific plan vendors.

MEDICAL PLAN OPTIONS >>

This section outlines your medical plan choices for 2009. To view detailed plan information see the Represented (Union) Employee Health Plans Comparison Chart and/or applicable plan descriptions at the OE website, or refer to the medical plan Summary Plan Descriptions.

CIGNA Premier Preferred Provider Organization (PPO) Plan

Plan changes effective January 1, 2009 - New Pharmacy Benefit Administrator - See Catalyst Rx Article on this page

This plan is administered by CIGNA and provides the CIGNA HealthCare Open Access Plus network. Members can see either an out-of-network (non-contracted) provider or any provider in CIGNA's nationwide network of providers. You do not need a referral from a primary care physician to see a specialist. In New Mexico, CIGNA HealthCare contracts with the Lovelace Health System, the University of New Mexico, and with independent providers. The listing of contracted providers under this plan can be found at www.cigna.com.

CIGNA In-Network Plan

Note: Class II dependents are not eligible for this plan.

Plan changes effective January 1, 2009 - New Pharmacy Benefit Administrator - See Catalyst Rx Article on this page

This plan is administered by CIGNA and provides the CIGNA HealthCare Open Access network. Members can see any in-network specialist without a referral from a primary care physician. Benefits are available only from CIGNA-contracted providers. There is no coverage for out-of-network services except in the case of emergency or urgent care. Any follow-up care must be given by an in-network provider. This is a Health Maintenance Organization (HMO) look-alike plan. Members pay copays for services, and there are coverage limits for chiropractic/acupuncture, therapies (speech, physical, and occupational), and behavioral health. In New Mexico, CIGNA HealthCare contracts with the Lovelace Health System, the University of New Mexico, and with independent providers. The listing of contracted providers under this plan can be found on www.cigna.com.

Catalyst Rx Takes Over Prescription Drug Administration for CIGNA Premier and CIGNA In-network Plans

CIGNA members will see a change in administrator for prescription drug benefit from CIGNA to Catalyst Rx. It is important to take time to evaluate and understand how the new Catalyst Rx drug formulary impacts the drugs you purchase. To find out if your prescription drug is preferred or not, call Catalyst Rx at (866) 854-8851. Also, Lovelace Pharmacies are in the Catalyst Rx network. Details on the transition of your mail order prescription(s) will be provided by Catalyst Rx via communication to your home, so watch for this!

UnitedHealthcare (UHC) Premier and Standard PPO Plans

Plan changes effective January 1, 2009 - None

These plans are administered by UnitedHealthcare (UHC). The plans allow members to see any licensed provider, although benefits are greater when care is received from a UHC network provider. No referrals are necessary in these open-access plans. You do not need a primary care physician to act as a "gatekeeper." There are in-network and out-of-network benefits within these plans. Prescription drug benefits are offered through Catalyst Rx while behavioral health benefits are provided through OptumHealth Behavioral Solutions.

In New Mexico, UHC contracts with Presbyterian and the University of New Mexico as well as independent providers such as Southwest Medical Group and First Choice. To view providers that are in the network under the UHC plans, go to www.myuhc.com and enter SNL as user ID and password.

MONTHLY PREMIUM-SHARE AMOUNTS FOR REPRESENTED (UNION) EMPLOYEES

The following table provides the 2009 monthly premium-share amounts for represented employees for each of the plans. Premiums are taken on a pretax basis.

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

FLEXIBLE SPENDING ACCOUNTS (FSA)

formerly Reimbursement Spending Accounts

HEALTHCARE FLEXIBLE SPENDING ACCOUNT (HCFSA) allows you to set aside pre-tax dollars to pay for eligible medical, dental, and vision expenses that are not reimbursed under your health benefits plan. Examples of eligible expenses are: deductibles, coinsurance, copayments for doctors' visits and prescription drugs, certain over-the-counter drug expenses and dental fees.

2009 Plan Changes – None

DAY CARE FLEXIBLE SPENDING ACCOUNT (DCFSA) allows you to set aside money to pay for the care of a dependent child before the money is taxed as income. Eligible dependent care expenses include: day care facility and local day camp fees for qualified dependents, and baby-sitting fees for at-home care of qualified dependents while you and your spouse are working.

2009 Plan Changes – None

IMPORTANT!

If you are married, you and your spouse are limited to $5,000 annually if you file a joint tax return, or to $2,500 each if you file separate returns.

So why hassle with a Flexible Spending Account (FSA)?

The advantage of using FSAs is that you do not pay federal income or Social Security tax on the money in these accounts. In most states, you don't need to pay state taxes on this money either. Thus, by paying your out-of-pocket healthcare expenses and daycare expenses through the FSAs, you can lower your taxes. You add dollars to your net income, which means that you have more take home pay and more money in your pocket! Essentially you can give yourself a raise.

You must enroll during Open Enrollment to participate in calendar year 2009, even if you participated in an FSA account in 2008.

Click here for more information about FSAs.

Health Insurance and Portability Accountability Act of 1996 Special Enrollment Periods

The Health Insurance and Portability Accountability Act of 1996 (HIPAA) provides rights and protections for participants in group health plans. Under HIPAA, if you waive or drop coverage for yourself and your covered dependents because of other health insurance coverage, and you and/or your covered dependents involuntarily lose eligibility for that coverage, you may be able to enroll yourself and your eligible dependents in a Sandia health plan. To do so, you must request enrollment and notify Benefits within 31 calendar days of the loss of coverage.

In addition, if you are not enrolled in a Sandia-sponsored medical plan and you acquire a new eligible dependent as a result of marriage, birth, adoption, placement for adoption, or obtaining legal guardianship, you may be able to enroll yourself and your eligible dependents in a Sandia health plan. Again, you must request enrollment and notify Benefits within 31 calendar days of the effective date following the event.

GOT QUESTIONS?

Health, Benefits, and Employee Services (NM)

Ask a Question at http://hbe.sandia.gov

Customer Service: (505) 844-HBES (4237)

or (800) 417-2634, ext. 844-HBES (4237)

Click here to get a comprehensive list of important Benefit Contacts.

Health Benefits Employee Services
HBE

Disclosure of Creditable Coverage to Medicare Part D Eligible Individuals

Each year, Sandia is required to provide a "Notice of Creditable Coverage" to all members enrolled in self-insured medical plans to explain how the prescription-drug coverage provided by their medical plans compares to Medicare's prescription-drug coverage. This notice, sent with the email containing this newsletter, has information about current prescription-drug coverage under the self-insured medical plans and prescription-drug coverage available for people with Medicare. You are encouraged to read this notice to understand any implications that may apply to you and/or your covered dependents.

Women's Health and Cancer Rights Act of 1998

The Women's Health and Cancer Rights Act (WHCRA) provides protections for individuals who elect breast reconstruction after a mastectomy and requires employers to inform health plan participants annually about this Act. Under WHCRA, group health plans offering mastectomy coverage must also provide certain services relating to the mastectomy.

If you have had or are going to have a mastectomy, you may be entitled to certain benefits under WHCRA. For individuals receiving mastectomy-related benefits, coverage will be provided in a manner determined in consultation with the attending physician and the patient, for the following:

- All stages of reconstruction of the breast on which the mastectomy was performed
- Surgery and reconstruction of the other breast to produce a symmetrical appearance
- Prosthesis
- Treatment of physical complications of the mastectomy, including lymphedema

These benefits will be subject to the same deductibles and coinsurance applicable to other medical and surgical benefits provided under your medical plan.