



SANDIA NATIONAL LABORATORIES' DISCLOSURE OF MEDICARE PART D CREDITABLE COVERAGE NOTICE

Important Notice from Sandia National Laboratories About Your Prescription Drug Coverage and Medicare for 2009

This notice has information about your current prescription drug coverage with Sandia National Laboratories and prescription drug coverage available for people with Medicare. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. At the end of this notice is information about where you can get help to make decisions about your prescription drug coverage. **Please read this notice carefully and keep it where you can find it.**

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. Sandia National Laboratories has determined that the prescription drug coverage offered by the UnitedHealthcare (UHC) Premier PPO, the UHC Standard PPO Plan, the CIGNA In-Network Plan, the Kaiser HMO, and the UHC Senior Premier PPO Plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

Note: If you enroll in the Presbyterian MediCare PPO Plan, the Lovelace Senior Plan or the Kaiser Permanente Senior Advantage Plan for 2009, you will automatically be enrolled in the new Medicare Part D prescription drug benefit through the Plan and will receive all of your prescription drugs through the plan you selected. This Notice does not apply to those enrolled in these Plans.

WHEN CAN YOU JOIN A MEDICARE DRUG PLAN?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15th through December 31st.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

WHAT HAPPENS TO YOUR CURRENT COVERAGE IF YOU DECIDE TO JOIN A MEDICARE DRUG PLAN?

Your current medical coverage through Sandia National Laboratories pays for other health expenses in addition to prescription drug. If you and/or your dependents enroll in a Medicare drug plan, you and/or your dependents will still be eligible to receive medical and prescription drug benefits. If you and/or your dependents enroll in a Medicare drug plan, in general, the following guidelines listed below apply. (Note: There are exceptions for Medicare domestic partners of employees as well as those plan participants who have End Stage Renal Disease. Please contact Sandia HBES at the number listed below for more information.)

If you are an active employee and are enrolled in the UnitedHealthcare (UHC) Premier PPO Plan, the UHC Standard PPO Plan, or the CIGNA In-Network Plan, you are required to obtain your outpatient prescription drug benefits through your Sandia plan first. You can then file on a secondary basis with your Medicare drug plan. Class II dependents of employees who are eligible for Medicare are required to obtain their outpatient prescription drugs through their Medicare drug plan first. Sandia coverage may pay on a secondary basis.

If you are a retiree, survivor, long-term disability terminnee or COBRA participant and are enrolled in the UHC Senior Premier PPO Plan, you are required to obtain your outpatient prescription drugs through your Medicare drug plan first. You may file any non-covered expenses with the UHC Senior Premier PPO Plan for coverage on a secondary basis.

If you are an active employee and enroll in the Kaiser Permanente Traditional HMO, you are required to obtain your prescription drugs through your Sandia coverage first. You can file on a secondary basis with your Medicare drug plan.

Important: You can only waive prescription drug coverage by waiving the entire medical plan coverage for yourself and your dependents. Remember, if you do waive your coverage, you can only re-enroll in the medical plan coverage during the next Open Enrollment Period.

WHEN WILL YOU PAY A HIGHER PREMIUM (PENALTY) TO JOIN A MEDICARE DRUG PLAN?

You should also know that if you drop or lose your coverage with Sandia National Laboratories and don't enroll in a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to enroll in a Medicare drug plan later.

If you go 63 days or longer without creditable prescription drug coverage, your monthly premium may go up at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to enroll.

FOR MORE INFORMATION ABOUT THIS NOTICE OR YOUR CURRENT PRESCRIPTION DRUG COVERAGE...

Contact the Sandia Health, Benefits, and Employee Services Customer Service Center at 505-844-HBES (4237) or 800-417-2634, then 844-HBES for further information. NOTE: You will receive this notice annually. You will also get it before the next period you can enroll in Medicare drug plan, and if this coverage through Sandia National Laboratories changes. You also may also request a copy of this notice at any time.

FOR MORE INFORMATION ABOUT YOUR OPTIONS UNDER MEDICARE PRESCRIPTION DRUG COVERAGE...

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans.

For more information about Medicare prescription drug plans:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the “Medicare & You” handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit the Social Security Administration (SSA) on the web at www.socialsecurity.gov, or you can call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Creditable Coverage notice. If you decide to enroll in one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

Date: October 1, 2008 Name of Entity/Sender: Sandia National Laboratories Contact – Position/Office: Benefits Department Address: 1515 Eubank S.E., Albuquerque, NM 87123 Phone Number: 505-844-HBES (4237)
