



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 2008

Medicare prescription drug coverage became available in 2006 to everyone with Medicare through Medicare prescription drug plans and Medicare Advantage Plans that offer prescription drug coverage. All Medicare prescription 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.

Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from November 15th through December 31st. Beneficiaries leaving employer/union coverage may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan. You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

This notice has information about your current prescription drug coverage with Sandia National Laboratories and prescription drug coverage available for people with Medicare. It also explains the options you have under Medicare prescription drug coverage and can help you decide whether or not you want to enroll. 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.**

Note: If you enroll in the Presbyterian MediCare PPO Plan, the Lovelace Senior Plan or the Kaiser Permanente Senior Advantage Plan for 2008, 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.

Sandia National Laboratories has determined that the prescription drug coverage offered under the UnitedHealthcare (UHC) Premier PPO Plan, the CIGNA Premier PPO Plan, the UHC Standard PPO Plan, the CIGNA

In-Network Plan, the Kaiser Permanente HMO, the UHC High Deductible Health Plan, the UHC Senior Premier PPO Plan and the CIGNA Senior Premier PPO Plans is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and is considered Creditable Coverage.

Because your existing coverage through the UnitedHealthcare (UHC) Premier PPO Plan, the CIGNA Premier PPO Plan, the UHC Standard PPO Plan, the CIGNA In-Network Plan, the Kaiser Permanente HMO, the UHC High Deductible Health Plan, the UHC Senior Premier PPO Plan and the CIGNA Senior Premier PPO Plans is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare prescription drug coverage.

What happens to your coverage if you enroll in a Medicare prescription drug plan...

If you and/or your dependents enroll in a Medicare prescription drug plan, you and your dependents will still be eligible to receive all of your current medical and prescription drug benefits. The prescription drug benefits you receive through the Medicare prescription drug plan will be coordinated with the prescription drug coverage you have with Sandia National Laboratory according to federal law. The same rules for coordination of your medical benefits and Medicare apply to your prescription drug benefits and Medicare (with the exception of Class II dependents of active employees). Refer to your Summary Plan Description. The UnitedHealthcare (UHC) Premier PPO Plan, the CIGNA Premier PPO Plan, the UHC Standard PPO Plan, the CIGNA In-Network Plan, the UHC High Deductible Health Plan, the UHC Senior Premier PPO Plan and the CIGNA Senior Premier PPO Plan may pay for outpatient prescription drugs obtained through your Medicare prescription drug plan on a secondary basis. If you enroll in a Medicare prescription drug plan and you are enrolled in the Kaiser Permanente HMO, there is no secondary coverage for outpatient prescription drugs obtained from your Medicare prescription drug plan.

If you are a retiree, survivor, or Long-Term Disability Terminée and you enroll in a Medicare prescription drug plan and would like to waive prescription drug coverage for you and your dependents through the UnitedHealthcare (UHC) Premier PPO Plan, the CIGNA Premier PPO Plan, the UHC Senior Premier PPO Plan or the CIGNA Senior Premier PPO Plan, you need to do so during Open Enrollment. However, remember that you can only re-enroll in the prescription drug coverage during the next Open Enrollment period.

If you have any questions about what happens to your coverage if you enroll in a Medicare prescription drug plan, please contact the Sandia Health, Benefits, and Employee Services Customer Service Center at 505-844-HBES (4237) or 800-417-2634, then 844-HBES.

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

If you go 63 days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage; your monthly premium will go up at least 1% per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. You'll have to pay this higher premium as long as you have Medicare 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 and at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage, and if this coverage through Sandia National Laboratories changes. You also may request a copy.

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 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.

For people with limited income and resources, extra help paying for Medicare prescription drug coverage is available. Information about this extra help is available from the Social Security Administration (SSA) online at www.socialsecurity.gov, or you can call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this notice. If you enroll in one of the new plans approved by Medicare that offer prescription drug coverage, you may be required to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.

Date: October 1, 2008
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