

Benefits Choices 2008

Annual Open Enrollment | October 20 - November 9



Dear Sandia Employee:

It's time to start thinking about your benefit needs for the coming year. The Open Enrollment period this year will run from October 20, 2007, through midnight (MST) November 9, 2007. As they did last year, employees will use the Web enrollment system to make any new elections and changes. Be sure to take sufficient time to make your open enrollment elections, as requests made after November 9, 2007, will not be accepted.

During Open Enrollment, you can enroll/disenroll/change your medical plan; enroll/disenroll dependents in all your medical, dental, and/or vision plans; enroll or re-enroll in the Reimbursement Spending Accounts and/or Vacation Buy; and enroll/disenroll/change your Voluntary Group Accident election.

Although not all benefits are eligible for enrollment or change during the open enrollment period, this is a good time to stop and review all your benefits. Some questions to ask yourself - Are my life insurance beneficiary designations up to date? Am I contributing enough to my 401K? Do I need to apply for extra disability insurance coverage?

Sandia continues to offer you a comprehensive benefits package. Being well informed about your benefits is the best tool you have to make sure you are making the most of what is provided to you by Sandia. For example, in this newsletter, learn how to select the best medical plan for you and your family, find out what types of preventive benefits the health care plans provide and how to take advantage of them, and learn how you can save money through the Health Care and/or Day Care Reimbursement Spending Accounts. Be sure to check out your health plans' websites as well.

This newsletter provides you with important information about Open Enrollment 2008. ***Be sure to explore "What's New for 2008" and what elections require your action.*** For additional information beyond what this newsletter provides, visit the Benefits Choices 2008 Web Based Open Enrollment website at <http://oe.sandia.gov> and attend a benefit fair. Note: If you are planning on retiring during 2008, please refer to the Open Enrollment Website for Retirees at the above website.

We hope you find this newsletter, website, and benefit fairs to be valuable resources, providing each of you with assistance on how to make sound benefits decisions for you and your family. We look forward to a successful 2008 Benefits Choices Open Enrollment campaign!

The Benefits Department



what's new for 2008

one NEW PHARMACY BENEFIT MANAGER FOR UHC MEMBERS:

Effective January 1, 2008, for employees enrolled in one of the United Healthcare (UHC) medical plans, the administrator for your prescription drug benefit is changing from PharmaCare to Catalyst Rx.

two VACATION BORROW RULE CHANGE EFFECTIVE JANUARY 1, 2008

How much vacation can you borrow and when can you borrow it?

To learn more about the new pharmacy benefit manager for UHC members and about Sandia's new vacation borrow rule, turn to page 2.

benefit fairs for 2008

ABQ BENEFIT FAIRS

October 22 Area IV, Bldg 962 Lobby • 9 am - 4 pm

October 24 SSA Lobby, Bldg 825 • 9 am - 4 pm

November 5 SSA Lobby, Bldg 825 • 9 am - 4 pm

November 6 Sandia Lab Federal Credit Union, Research Park • 10 am - 3 pm

CA BENEFIT FAIR

October 30 905 Mezzanine • 10 am - 2 pm

What's Inside

- | | | | | | |
|---|---|---|--|----|--|
| 2 | What's New for 2008 | 6 | Ideas To Save Money on Health Care Services • Nine Reasons To Use a Nurse Hotline • Health Plan Nurse Line Contact Numbers | 10 | Dental Plan • Vision Plan • Reimbursement Spending Accounts (RSA) • Voluntary Group Accident Plan • Sandia's Vacation Buy Plan |
| 3 | HR Self Service Web Enrollment Continues for Open Enrollment 2008 • Do You Need To Use the Web-Based Open Enrollment Application? • Health Plan Eligibility | 7 | Preventive Services • Evaluating Networks • Women's Health and Cancer Rights Act of 1998 | 11 | Understanding Your Health Plan Consumer Responsibilities • Disclosure of Creditable Coverage to Medicare Part D Eligible Individuals • Health Insurance and Portability Accountability Act of 1996 |
| 4 | Selecting a Medical Plan | 8 | Monthly Premium Sharing • 2008 Medical Plan Options | 12 | Contacts & Resources |
| 5 | Decision Tools | 9 | Monthly Premium Share Amounts | | |

Annual Open Enrollment

OCTOBER 20 - NOVEMBER 9, 2007



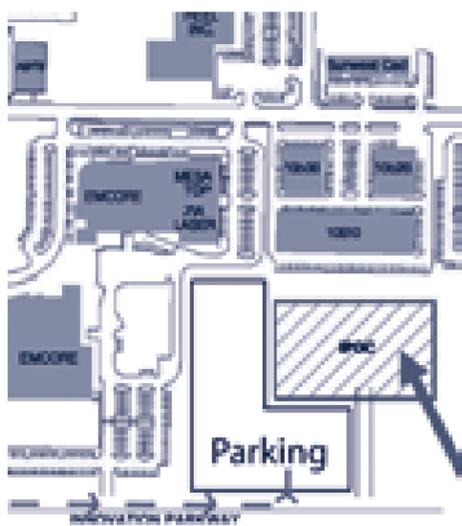
HBE

BENEFITS CUSTOMER SERVICE CENTER

WE'VE MOVED!

The New Mexico Benefits Department and Benefits Customer Service Center have relocated.

We are now located in the Innovation Parkway Office Center (IPOC), 3rd floor, Suite 3G, outside the Eubank Gate.



Hours & Contact Information

New Mexico

Phone: 505 - 844 - HBES (4237)

Toll Free: 1- 800 - 417-2634

Hours: 8:00 am - 4:30 pm

Open Enrollment Website

<http://oe.sandia.gov>



what's new for 2008



one NEW PHARMACY BENEFIT MANAGER FOR UHC MEMBERS: Effective January 1, 2008, for employees enrolled in one of the UnitedHealthcare (UHC) medical plans, the administrator for your prescription drug benefit is changing from PharmaCare to Catalyst Rx.

With Catalyst Rx as the new vendor for UHC members, Sandia was able to obtain very competitive pricing that should help manage copay increases in the future. In addition, Catalyst Rx brings to UHC members the highest level of customer service among the top 10 pharmacy benefit managers in the industry (according to a recent industry survey of employer groups). Catalyst Rx also brings the capability to coordinate with PayFlex, Sandia's Reimbursement Spending Account (RSA) administrator, to minimize the need for UHC members to submit prescription drug expenses to PayFlex for verification purposes under the tax code. For information on RSA, refer to the RSA article on page 10.

Reminder: To receive in-network rates, you must show your new ID card (which you will receive prior to 1/1/2008) to your local pharmacy. The majority (99%) of the retail pharmacies that you regularly accessed will continue to be a part of the network with Catalyst Rx.

Note: The copay structure for 2008 is not changing; however, it is important to note that each administrator has its own preferred drug list. If you are taking medications on an ongoing basis, you are encouraged to review this list to understand the preferred/non-preferred status of your drugs.

You should review all the information that is mailed to you from Catalyst Rx and/or the Sandia Benefits department, as well as review information on the website <http://sandia.gov/resources/emp-ret/spd/rxinfo.html> to become familiar with your prescription drug benefits (and any associated changes). Beginning October 20, to verify that your pharmacy is in the network and to check on the preferred/non-preferred status of the drugs you are currently taking, go to www.catalystrx.com (user id and password is SNL) or call 866-854-8851.

two VACATION BORROW RULE CHANGE EFFECTIVE JANUARY 1, 2008. How much vacation can you borrow and when can you borrow it?

"Borrowing vacation" is vacation hours taken in excess of accruals plus remaining eligibility, putting the employee in a negative balance situation. A change to the vacation borrowing rule for non-represented employees, effective January 1, 2008, will limit the number of "borrowed" hours to 40.

Years of service are taken into account when determining if the employee is in a borrowing situation. Employees on roll for 10+ years are in a borrowing situation when their vacation balance and fiscal year projection is negative. Employees on roll less than 10 years are in a borrowing situation when their vacation balance and any earned but not yet posted vacation is negative. In either case, when the balance is negative, the employee is in a borrowing situation and limited to 40 hours.

Most employees in a negative vacation balance are negative by less than 40 hours. But for those who find themselves needing more time off, Sandia offers other options such as excused unpaid absences, Vacation Donation (for qualifying emergencies), and Vacation Buy Plan.

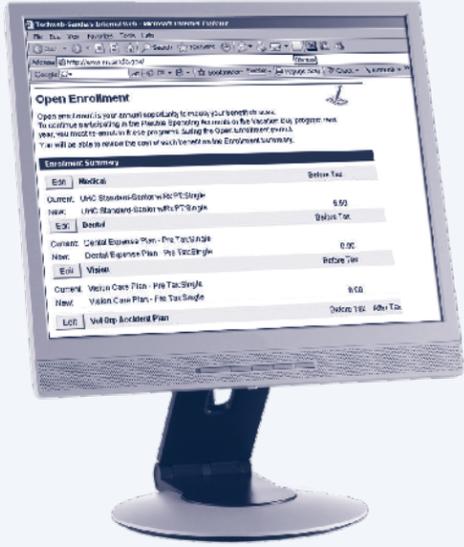
IMPORTANT

New Rx I.D. Card coming in December.

Member Name	Member ID
John Sample	0000000001
Jane Sample	0000000002
Joe Sample	0000000003
Jill Sample	0000000004
Jack Sample	0000000005
Jean Sample	0000000006

For prescription claim inquiries call Catalyst Rx at 1-866-854-8851
www.catalystrx.com

Web Enrollment Continues FOR OPEN ENROLLMENT 2008



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 9.

Benefit elections will not be accepted after midnight (MST) November 9. All benefit elections take effect January 1, 2008. Employees can locate the web enrollment tool through HR Self-Service or through the Open Enrollment (OE) web teaser on the Sandia home page.

HEALTH PLANS ELIGIBILITY

All enrolled primary members are responsible for determining if their dependents meet the eligibility requirements of Sandia's health plans.

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 days of the event, or you will have to wait until the next annual Open Enrollment period to add your dependent.

Disenrolling Eligible Dependents

Enrolled primary members are required to evaluate their dependent(s) eligibility at least annually. When your dependent becomes ineligible, you must disenroll your ineligible dependent within 31 calendar days of the dependent becoming ineligible. The consequences of having an ineligible dependent covered and failing to disenroll a dependent within that time frame are significant; they include, but are not limited to, Sandia taking employment action up to and including termination for fraud as well as you being personally liable to refund to Sandia all health plan claims or fully insured premiums rendered during the ineligible period.

Note: Open Enrollment and qualifying midyear eligible enrollments of dependents require documentation (e.g., birth certificate, marriage certificate, adoption papers, or loss of previous employer coverage). This documentation will be required within 60 days of the qualifying event. Failure to provide this documentation will result in dependent disenrollment from the plan. Note: Sandia audits dependent eligibility to ensure qualifications are being met.

Important Notice Regarding Tax Treatment of Benefits for Dependents

In making your annual benefit elections, please be aware that the Federal tax law may cause some benefits to be taxable in certain circumstances. The Working Families Tax Relief Act of 2004 ("WFTRA") defines two types of dependents for the purposes of health care coverage in the Internal Revenue Code – a "qualifying child" and a "qualifying relative." There are different requirements for each type of dependent, and they are too detailed to describe here. Although Congress apparently did not intend the WFTRA to affect the tax treatment of benefits provided to dependents of employees and retirees, in some circumstances, medical benefits may be taxable. We understand that these requirements are confusing. It is important to contact your tax advisor if you have any questions about how these changes may affect you.

HR Self-Service Web Enrollment

DO YOU NEED TO USE THE WEB-BASED OPEN ENROLLMENT APPLICATION?

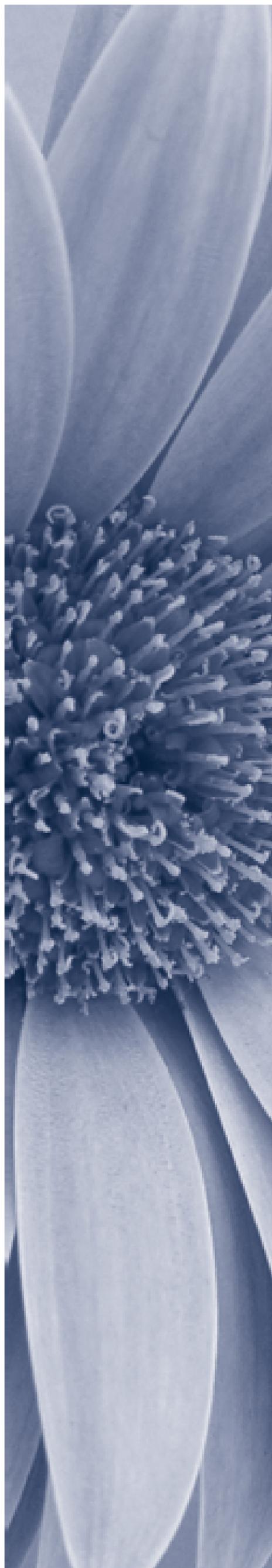


2008 Benefits	Take Action	No Action
Medical Coverage	<ul style="list-style-type: none"> » To enroll if not currently enrolled » To change your current medical plan » To add or disenroll a dependent » To waive coverage 	<ul style="list-style-type: none"> » No change in your current medical coverage
Dental Coverage	<ul style="list-style-type: none"> » To enroll if not currently enrolled » To change your current dental plan » To add or disenroll a dependent » To waive coverage 	<ul style="list-style-type: none"> » No change in your current dental coverage
Vision Coverage	<ul style="list-style-type: none"> » To enroll if not currently enrolled » To add or disenroll a dependent » To waive coverage 	<ul style="list-style-type: none"> » No change in your current vision coverage
Reimbursement Spending Accounts	<ul style="list-style-type: none"> » To enroll in a Health Care RSA for 2008 (even if you participated in 2007) » To enroll in a Day Care RSA for 2008 (even if you participated in 2007) 	<ul style="list-style-type: none"> » To not be enrolled for 2008
Vacation Buy Plan	<ul style="list-style-type: none"> » To enroll for 2008 (even if you participated in 2007) 	<ul style="list-style-type: none"> » To not be enrolled for 2008
Voluntary Group Accident Insurance	<ul style="list-style-type: none"> » To enroll if not currently enrolled » To add or disenroll a dependent » To waive coverage 	<ul style="list-style-type: none"> » No change in your Voluntary Group Accident Insurance Coverage

IMPORTANT

It is your responsibility to thoroughly review your benefit enrollments for 2008 through the web-page "PeopleSoft Open Enrollment" between October 20 to November 9.

This will be your only opportunity to make changes. HBE recommends that you print the "Enrollment Summary Page" as a record of your final elections.



Selecting a Medical Plan

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

Sandia offers a comprehensive set of medical plan choices with the primary goal of meeting our employees' health care needs. This includes provision for broad physician and facility networks and plans designed to include resources that help you maximize the value of your health care dollar. The 2008 medical plan options provide employees with choice, allowing you the ability to select the plan that best meets your needs. For more details on the plans, see page 8.

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 are they in-network?

BENEFIT COVERAGE

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

IN- AND OUT-OF NETWORK COVERAGE

Do you want flexibility to go outside 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 deductible (for Premier PPO plans) 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.

MONTHLY PREMIUM SHARE

How much will a particular plan cost per month?

COVERAGE WHILE ON TRAVEL

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

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?

DEPENDENT COVERAGE

How does the plan cover your eligible children away at college? Do you have a Class II dependent? Only the UHC and CIGNA PPO plans provide Class II dependent coverage. Since the CIGNA In-Network and Kaiser HMO Plans do not provide Class II dependent coverage, you should consider enrolling in a Premier PPO plan.

PRESCRIPTION DRUG

Are your prescription drugs currently listed on the prescription plan formulary? Does the plan cover non-preferred brand name drugs? If not, you may pay more for the drug, or the drug may not be covered. Does the plan require prior authorizations for the drug(s) you are currently taking?

Read on to learn about resources to help you select a medical plan. > > > >



DECISION TOOLS

SANDIA PROVIDES A NUMBER OF TOOLS (DESCRIBED BELOW) TO ASSIST EMPLOYEES WITH THE PROCESS OF EVALUATING THE DIFFERENCES IN THE PLANS OFFERED.

MEDICAL PLANS AT A GLANCE

	<i>UnitedHealthcare Premier PPO</i>	<i>CIGNA Premier PPO</i>	<i>UnitedHealthcare Standard PPO</i>	<i>CIGNA In-Network</i>	<i>Kaiser HMO California Only</i>
Type of Plan	Preferred Provider Organization (PPO)	Preferred Provider Organization (PPO)	Preferred Provider Organization (PPO)	Health Maintenance Organization Look-Alike	Health Maintenance Organization (HMO)
Provider Network in New Mexico	Presbyterian UNMH Independent Providers	Lovelace Health System UNMH Independent Providers	Presbyterian UNMH Independent Providers	Lovelace Health System UNMH Independent Providers	Not Applicable
In/Out Network Coverage	Both	Both	Both	In-Network Only	In-Network Only
Referrals to Specialist Required	No	No	No	No	Some Services
Plan Design	Primarily Co-insurance	Primarily Co-insurance	Primarily Co-insurance	Co-Pays	Co-Pays
	Out of Network Deductible	Out of Network Deductible	In and Out of Network Deductible	No deductible	No deductible

MEDICAL PLANS COMPARISON CHART

You can use the Employee Medical Plans Comparison Chart to compare plan designs (copay, coinsurance, etc.) and other limitations or restrictions identified for each plan. This chart will be sent to all employee mailstops and will be available at Sandia's Open Enrollment Benefit Fairs (see benefit fair schedule). Note: For more descriptive plan coverage details, review the plan Summary Plan Description located on Sandia's external web.

OPEN ENROLLMENT BENEFIT FAIRS

Visit an Open Enrollment Benefit Fair to ask questions of the specific plan vendors.

MEDICAL PLAN ESTIMATOR TOOL

Employees can use the Medical Plan Estimator Tool (available on Sandia's Employee Open Enrollment website) to compare the plans' costs against each other. You simply enter your salary tier information, family coverage level, and the services expected for yourself and your family members during the following calendar year. The tool will calculate an estimate of the total plan cost across all plans offered. The tool gives you a picture of what you are likely to pay for services, supplies, and annual cost of the monthly premium share over the course of the year.

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. The premium share table is included in this Open Enrollment Newsletter (see page 9).

HEALTH PLAN WEBSITES & 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 are considering are in the plan network. In-network verification that physicians and facilities are still in your health plan network should occur throughout the year.

Employees can also use the health plans' websites to find out about important additional resources, benefits, and specialty networks available.

These tools can be found at <http://oe.sandia.gov>

Annual Open Enrollment

OCTOBER 20 - NOVEMBER 9, 2007



CONSUMER HEALTH PLAN TIPS

REASONS TO USE A NURSE HOTLINE

- APPLY SELF CARE SAFELY
- SAVE MONEY
- SAVE TIME
- CALL AT YOUR CONVENIENCE
- FIND AFTER-HOURS CARE
- YOUR CALL IS CONFIDENTIAL
- PEACE OF MIND
- IMPROVE COMMUNICATION WITH YOUR DOCTOR
- LEARN MORE ABOUT CERTAIN HEALTH CONDITIONS



HEALTH PLAN NURSE LINE CONTACT NUMBERS

CIGNA HealthCare 24-Hour Health Information Line
800-244-6224

UnitedHealthcare (UHC) NurseLine
800-563-0416

Kaiser Appointment & Advice
800-464-4000

Can you use a few ideas on how you might save money on health care services?

Preventive Care Tips

Sandia Health, Benefits, and Employee Services encourages you to seek preventive care services for yourself and your covered dependents.

The health plans (except Kaiser) have been designed to cover certain preventive services at 100% when you use in-network providers. Examples of these services include your annual physical (CBC, urinalysis, metabolic profile, diabetes screening, thyroid screening; pap test; PSA test; mammography; colonoscopy; bone density testing; and immunizations, including flu shots, not at pharmacy).

Note: Review your health plan Summary Plan Description (SPD) for complete information on the preventive care benefits covered by your plan.



Although the plans are set up to cover certain preventive care services at 100% in-network, it is important that your physician's office file your medical claim with a preventive ICD-9 code. Why? If the code is not "preventive", the service will be covered as diagnostic and not be covered at the 100% benefit.

Tip! Communicate with your physician and the office staff.

When you call to make an appointment, tell them you are calling for preventive care services. When you get your lab work request from the doctor's office, remind them that you are getting preventive care services. When you check-in at your doctor's office, tell them that you are getting preventive care services. Let your doctor know that your visit is preventive and he/she should code the bill as preventive to have the preventive care service covered at 100%. Bottom line — It is solely up to the provider as to whether the service is coded as preventive or diagnostic.

Prescription Drugs Tips

Want to save money... try these consumer saving ideas.

- » Check out drug prices by contacting local and warehouse pharmacies (e.g., Sam's Club/Costco). Believe it or not, drugs are just like all other consumer products, and the prices can vary from one drug store to another (applicable to the PPO plans). Comparison shop!



» Use the mail order program to purchase maintenance medicines. You can save up to half the cost of retail drug purchases. All the prescription plans have a mail order program that provides, in general, a three month supply for the price of two. If you take a maintenance medication, ask your physician to write the prescription for a 90-day supply with three 90-day refills. Then submit your prescription with your initial profile and you're ready to start saving.

» Consider using generic prescriptions when they are available and medically appropriate. Generic drugs have much lower copays, and the drugs are tested and approved as therapeutically equivalent medicines.

Questions about your health can come up any time, which is why it's important to know who to call when you need advice. With UHC NurseLine, CIGNA HealthCare 24-Hour Health Information Line, or Kaiser Health Plan Advice lines, you can get information and support 24 hours a day, 7 days a week. Each health plan offers services both through the telephone or on the Internet. You can talk confidentially with an experienced registered nurse about any medical concern and reduce your out-of-pocket costs by learning more about practicing self-care. Best of all, it's free!

If you believe your situation requires emergency care, don't delay—go to the emergency room or call 911.



Preventive Services

Are you up to date on your preventive care screenings?

Preventive Services	Allowed Frequency for Medical Plans (except for Kaiser)
Physical Exam	Covered Annually
Dental Exam (under dental plans only)	Two exams and cleanings covered annually
Colonoscopy	Upon turning 50, colonoscopy once every 10 years or more frequently, or under age 50, if you have an immediate family history of colorectal cancer
Fecal Occult Blood Test	Covered annually upon turning age 50
Preventive Services For Women	
Mammography	Baseline covered between ages 35–39 Covered annually upon turning 40
Pap Smear	Covered annually upon turning age 14
Bone Density Test	Covered once every three years upon turning age 50
Preventive Services For Men	
Prostate-Specific Antigen	Covered annually upon turning 50

evaluating networks:

CLAIMS ADMINISTRATORS ARE PUBLISHING PERFORMANCE RATINGS

More health plans, hospitals, and providers are publishing quality and performance ratings. This means that discriminating consumers can evaluate doctors or care centers the same way they comparison-shop for cars and electronics by using the Internet to explore healthcare networks and compare services.



The current reporting of health care quality data is mostly voluntary. However, health plans, employers, consumers, and even the federal government are strongly encouraging health care providers to document their quality of care. So the knowledge sources on the Internet should continue to expand, thereby giving consumers even more information about their health care choices.

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.

WHCRA Benefits:

- » 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.

KAISER
www.kp.org

UNITED HEALTH CARE
www.myuhc.com

CIGNA
www.mycigna.com

Medical Premium Sharing

Good news from the Benefits Department for non-represented UHC and CIGNA PPO members! The premium-share amounts for the UnitedHealthcare (UHC) Standard PPO Plan, the UHC Premier PPO Plan, and the CIGNA Premier PPO Plan are essentially staying flat for 2008.

For non-represented employees, the CIGNA In-Network premium-share amounts are increasing on average by 5%. The CIGNA In-Network Plan required a rate adjustment, as it has been determined that the relative richness (or "value") of the benefits of this plan is actually slightly higher than that of the Premier plans (the other self-insured plans). Note: Individual plan rates for the UHC and CIGNA plans are set to reflect the "value" of the plans (e.g., plan design, in/out-of-network benefits, etc.).

Represented employee premium shares are established according to the provisions in the applicable bargaining agreements.

Kaiser members to see significant increases in their premium-share amounts...while the UHC and CIGNA plans' costs have moderated through better vendor discounts and plan design changes, the insured rates for the Kaiser plan have increased by almost 25% over the last two years. The plan design offered by Kaiser is an "off-the-shelf" product and is developed by Kaiser. Therefore, because of the increased premiums charged to Sandia for the Kaiser HMO, the premium-share rates have been adjusted to better reflect the cost of that Plan and have now been aligned with the CIGNA In-Network Plan.

The monthly premium share amount (for both represented and non-represented employees) will be deducted from your biweekly paycheck in two equal installments each month. The impact of premium costs on take-home pay for all levels is decreased by the tax savings received through the pretax premium plan. Refer to page 9 for premium share amounts.

2008 Medical Plan Options

THIS SECTION OUTLINES YOUR MEDICAL PLAN CHOICES FOR 2008. TO VIEW DETAILED PLAN INFORMATION, SEE THE EMPLOYEE MEDICAL PLANS COMPARISON CHART AND/OR APPLICABLE SUMMARY PLAN DESCRIPTION AT THE OPEN ENROLLMENT WEBSITE.

CIGNA Premier Preferred Provider Organization (PPO) Plan

Plan changes effective January 1, 2008 - None

This plan is administered by CIGNA and offers 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*

Plan changes effective January 1, 2008 - None

This plan is administered by CIGNA and offers 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.

UnitedHealthcare (UHC) Premier and Standard PPO Plans

Plan changes effective January 1, 2008 -

New Pharmacy Benefit Administrator

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 (new pharmacy vendor for 2008!) while behavioral health benefits are provided through United Behavioral Health. Check out the Pharmacy Benefit Administrator changes for UHC plan members article under "What's New for 2008" on page 2 for more information on this change. 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.

Kaiser Permanente HMO Plan—California Only*

Plan changes effective January 1, 2008 - None

This plan is administered by Kaiser Permanente, one of the nation's largest and oldest nonprofit HMOs, and is offered to eligible participants in the Northern California area. This plan offers Sandia California employees a choice of nationally recognized providers within the Kaiser network system. You are not limited to receiving care from just one Kaiser facility; you may pick the plan facility that is most convenient for you.

The Kaiser plan provides members with convenient, one-stop health care since each Kaiser facility integrates primary care and specialist offices, as well as laboratory, pharmacy, and optical services. The plan also provides many valuable member resources, including a 24-hour Advice Line, health education in numerous formats, customized online health improvement programs, and much more. The Kaiser plan is a copay-based plan, which makes it easy to anticipate medical service out-of-pocket costs when needed.

*Class II dependents are not eligible for these plans

Monthly Premium-Share Amounts



Represented Employees

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

Medical Plan and Coverage

UnitedHealthcare Standard PPO plan

Employee only	\$53
Employee and child(ren)	\$96
Employee and spouse	\$109
Employee, spouse, and child(ren)	\$155

CIGNA In-Network plan

Employee only	\$64
Employee and child(ren)	\$114
Employee and spouse	\$130
Employee, spouse, and child(ren)	\$184

CIGNA Premier PPO plan

Employee only	\$63
Employee and child(ren)	\$113
Employee and spouse	\$129
Employee, spouse, and child(ren)	\$182

UnitedHealthcare Premier PPO plan

Employee only	\$63
Employee and child(ren)	\$113
Employee and spouse	\$129
Employee, spouse, and child(ren)	\$182

Non-represented Employees

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

Medical Plan and Coverage

CIGNA In-Network plan

	Tier 1*	Tier 2**	Tier 3†
Employee only	\$69	\$85	\$101
Employee and child(ren)	\$124	\$153	\$182
Employee and spouse	\$142	\$175	\$208
Employee, spouse, and child(ren)	\$200	\$247	\$294

CIGNA Premier PPO plan

Employee only	\$65	\$81	\$97
Employee and child(ren)	\$117	\$146	\$175
Employee and spouse	\$134	\$167	\$200
Employee, spouse, and child(ren)	\$189	\$236	\$283

UnitedHealthcare Standard PPO plan

Employee only	\$7	\$23	\$39
Employee and child(ren)	\$13	\$42	\$71
Employee and spouse	\$15	\$48	\$81
Employee, spouse, and child(ren)	\$21	\$68	\$115

UnitedHealthcare Premier PPO plan

Employee only	\$65	\$81	\$97
Employee and child(ren)	\$117	\$146	\$175
Employee and spouse	\$134	\$167	\$200
Employee, spouse, and child(ren)	\$189	\$236	\$283

Kaiser Permanente HMO plan (CA)

Employee only	\$69	\$85	\$101
Employee and child(ren)	\$124	\$153	\$182
Employee and spouse	\$142	\$175	\$208
Employee, spouse, and child(ren)	\$200	\$247	\$294

* Tier 1: Base salary of up to \$75,000 as of January 1, 2008

** Tier 2: Base salary of \$75,001 to \$150,000 as of January 1, 2008

† Tier 3: Base salary of over \$150,000 as of January 1, 2008

For more information about monthly premium share (Class II, Retiree, Domestic Partner, etc.), visit the Open Enrollment website.

Medical Plans Comparison Charts will be mailed to all employees, are available online, or can be obtained in hard copy by visiting a benefits fair or HBE Customer Service Center.

Vision & Dental

VISION 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 Superior Vision.

**PLAN CHANGES EFFECTIVE:
JANUARY 1, 2008 — NONE**



DENTAL PLANS

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 (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.

**PLAN CHANGES EFFECTIVE:
JANUARY 1, 2008— NONE**

The Dental Deluxe Plan (DDP)

Employee only	\$20
Employee plus one Class I dependent	\$30
Employee plus two or more Class I dependent	\$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.

CURRENT PARTICIPANTS WILL AUTOMATICALLY BE REENROLLED AS PARTICIPANTS IN DDP FOR 2008 UNLESS THE PARTICIPANTS CHANGE THEIR DENTAL COVERAGE TO THE DEP DURING THE OPEN ENROLLMENT PERIOD.



VACATION BUY PLAN

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, Limited Term Employees, and full-time year-round faculty sabbatical employees are eligible to participate in the 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.

IMPORTANT

This plan requires enrollment every year.

VOLUNTARY GROUP ACCIDENT PLAN

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. To find out more about VGA plan details, costs, and enrollment instructions, visit the Open Enrollment website.



REIMBURSEMENT SPENDING ACCOUNTS (RSA)

HEALTH CARE REIMBURSEMENT SPENDING ACCOUNT (HCRSA) 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. You can contribute up to \$4,000 per plan year.

DAY CARE REIMBURSEMENT SPENDING ACCOUNT (DCRSA) 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.

The RSAs are administered in accordance with Internal Revenue Code Section 125 to provide a tax-advantaged way to pay certain eligible out-of-pocket expenses. The accounts allow you to pay your expenses with "pre-tax" dollars,

which means that you get a tax deduction for these expenses before you ever file your tax return. In 2007, 37% of Sandians participated in this program.

The advantage of using RSAs 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 health care expenses and day care expenses through the RSAs, 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!

For more information about RSAs, visit the Payflex website <http://www.mypayflex.com>

IMPORTANT

You must enroll during Open Enrollment to participate in calendar year 2008, even if you participated in an RSA account in 2007.

Plan Changes Effective January 1, 2008—None



UNDERSTANDING YOUR HEALTH PLAN



CONSUMER RESPONSIBILITIES

Employees who choose to be covered by a Sandia health benefit plan are reminded of some important responsibilities.

1 Review your Summary Plan Description to understand your health plan coverages and limitations. You can find out the types of medical or dental services that are covered, require preauthorization or are recommended for predetermination of benefit services. Avoid surprises about services not covered and contact your health plan's customer service center prior to seeking services to determine what will or will not be covered. All Sandia health plan summary plan descriptions can be found at <http://www.sandia.gov/resources/emp-ret/spd/index.html>

2 Review any health plan changes described in your Open Enrollment communications. Each year Sandia Health, Benefits and Employee Services communicates changes that impact specific health plan benefits and/or services. This will help you be prepared for the change when you seek the service, order the prescription, etc.

3 Ask questions if you don't understand a particular aspect of your coverage. Call your health claims administrator or the HBE Customer Support.

4 Notify your health claims administrator about whether or not your dependent(s) have other dental or medical coverage. Each year the health plan administrators are required to confirm and establish the

primary payer for your dependent's health plan claims. Even if your dependents do not have other coverage, it is in your best interest to be proactive and disclose this information annually.

5 Verify that your physicians and facilities are still in your health plan network. Physicians and facilities can decide to discontinue contracts with your health claims administrator at any time during the year. To avoid out-of-network claim issues, make every effort to confirm with the physician's office that they are still in the plan network when you make each appointment or seek services.

6 Review your claim administrator's explanation of benefits or health statements. If you believe there has been an error in processing, contact your claims administrator immediately to resolve issues. This will help reduce future claim issues.

7 Add and/or remove dependents within 31 calendar days from the date of the qualifying event making them eligible or ineligible for coverage under your health care plan (including under your dental, vision, or RSA). Dependent additions or deletions to your plan outside of open enrollment can be made only as a result of a qualifying event. Open enrollment allows you to make dependent changes without a qualifying event.



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.



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, which was mailed to covered members' homes in September, has information about current prescription-drug coverage under the self-insured medical plans and prescription-drug coverage available for people with Medicare. You should read this notice to understand any implications that may apply to you and/or your covered dependents.

contacts & resources

Health, Benefits, and Employee Services (NM)

Customer service: (505) 844-HBES (4237) or (800) 417-2634, ext. 844-HBES

Health, Benefits, and Employee Services (CA)

Customer service: (925) 294-2254

Catalyst Rx

Web site: www.catalystrx.com
Customer service: (866) 854-8851
SNL website: <http://sandia.gov/resources/emp-ret/spd/rxinfo.html>

CIGNA

Sandia Group #3172368

Web site: www.cigna.com
Customer service & CIGNA HealthCare Health Information Line: (800) 244-6224

Delta Dental

Sandia Group #9550

Web site: www.consumertoolkit.com
Customer service: (800) 524-0149

Kaiser (CA)

Sandia Group #7455

Web site: www.kp.org
Customer service: (800) 464-4000

Payflex Systems USA, Inc. Reimbursement Spending Account (RSA)

Web site: www.mypayflex.com
Customer service: (800) 284-4885

Superior Vision

Web site: www.superiorvision.com
Customer service: (800) 923-6766

UnitedHealthcare

Sandia Group #708576

Web site: www.myuhc.com
(use "SNL" for login/password)
Customer service: (877) 835-9855
UHC NurseLine: (800) 563-0416

Voluntary Group Accident Insurance (VGA)

Provider Representative:
Mercer Human Resource Consulting, Clara Hilsenbeck
Customer service: (888) 670-1970 ext. 74240

Benefits Choices

ANNUAL
OPEN
ENROLLMENT

OCTOBER 20 - NOVEMBER 9, 2007



Health
Benefits
Employee Services



Sandia National Laboratories

Annual Open Enrollment Newsletter

Benefits Choices

Annual Open Enrollment | October 20 - November 9

2008

Important information about your annual Open Enrollment Benefits