

2009 Health & Welfare Benefits for Medicare Eligible Retirees



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Agenda



- Health and Welfare benefits cost trends
- Health and Welfare Working Group activities and results
- Medical benefits changes for Medicare retirees



Health & Welfare benefits



- Nationally, healthcare costs have increased 8% – 10% per year for the past decade
- LLNL healthcare costs continue to increase substantially
 - \$35M increase from 2007 to 2008 (40%)
 - Driven by demographics/geography/utilization
 - Estimated almost \$20M increase from 2008 to 2009 if no changes are made (13%)
 - Driven by utilization
- Decided to pro-actively evaluate our health & welfare benefits options
- Working Group commissioned by Lab Director and Deputy Director

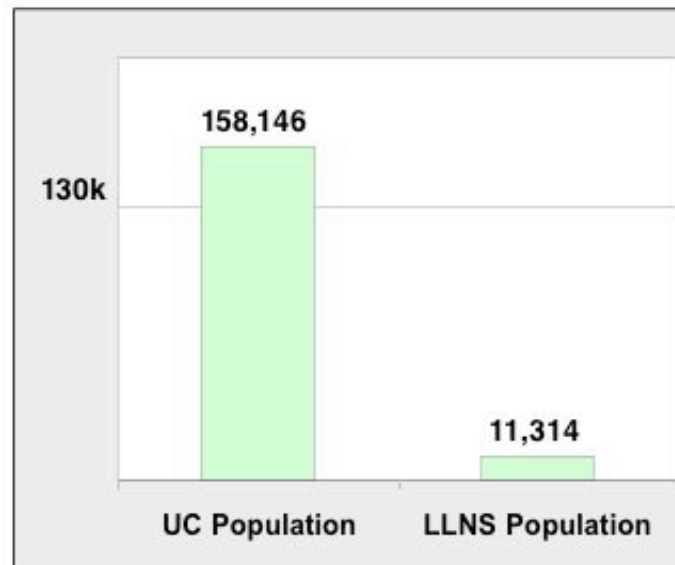
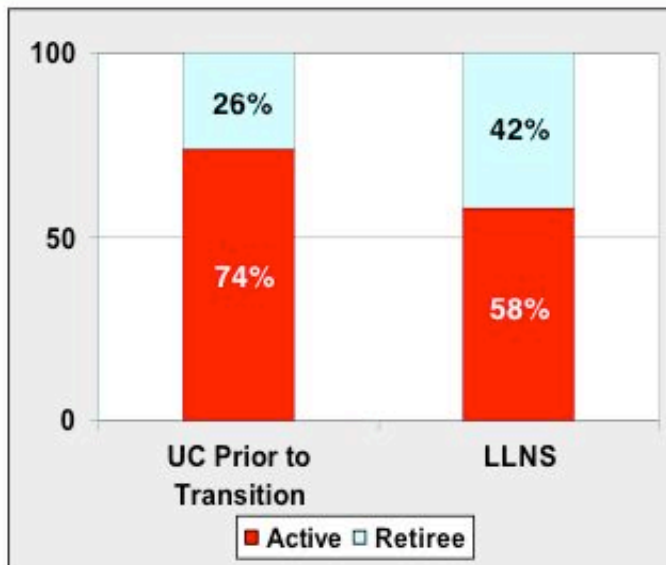




- Reviewed current health & welfare plans
- Reviewed and modified existing philosophies/strategies
- Assessed a range of competitive opportunities
- Developed recommendations consistent with Lab's desire to maintain a cost-effective, competitive health & welfare benefits package
 - Balanced between cost, flexibility and impact on individuals
- Recommendations to be implemented during 2009 open enrollment



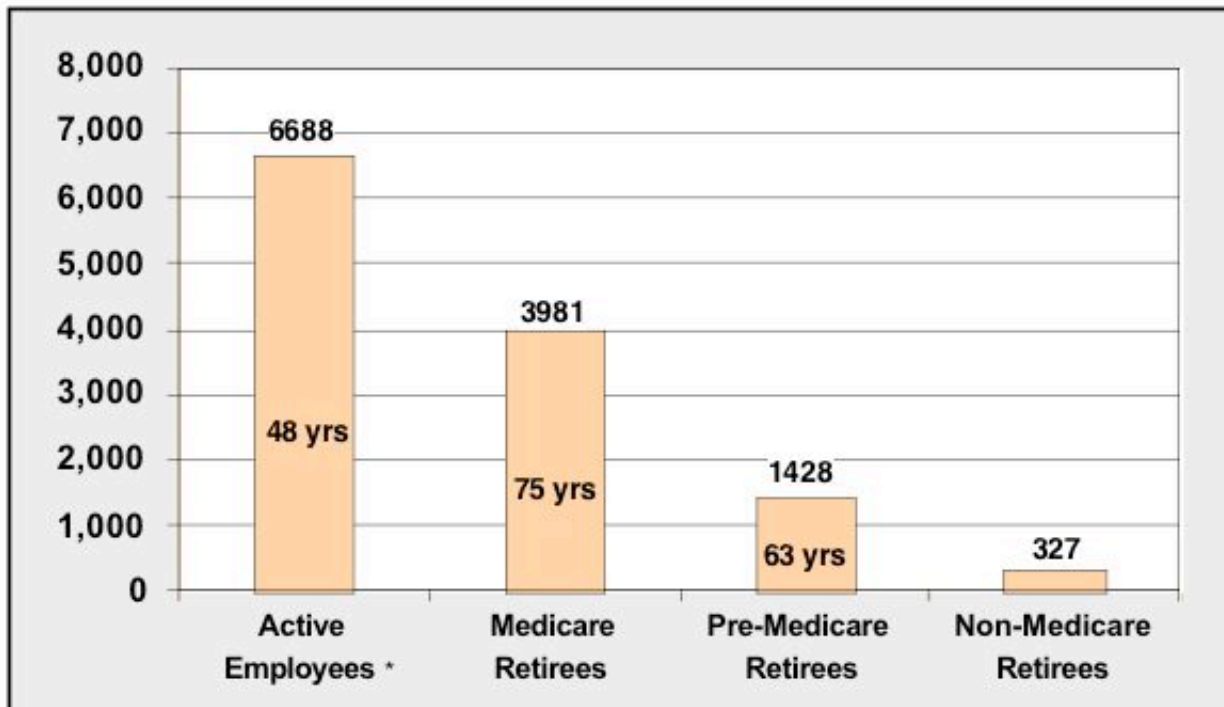
LLNL demographics indicate a different plan design than UC



Average age	UC (yrs)	LLNS (yrs)
Active Employees	43	48
Retirees	69	71



LLNS participants are diverse





Dental, Vision and Legal changes

- Dental plans generally remain the same
 - Free to retirees (20+ years of service)
 - Changes to co-pays, plan design for Dental Care USA
 - Make any changes through Hewitt
- New Vision plan (VSP) – free to retirees
 - 20% discount on exams and glasses
 - 15% discount on contact lens services, excluding materials
 - Laser surgery discount
 - Varies – average 15% discount
- Legal plan remains the same
 - Allows new enrollments this Open Enrollment
 - Last opportunity for enrollment was in 2004

