



**SUBJECT: OPEN ENROLLMENT FOR 2004**

This year open enrollment for our benefit plans begins Nov. 1 and runs through midnight Pacific Standard Time (PST) Nov. 30, 2003, for UC Laboratory employees and retirees. Open Enrollment will be conducted on-line for all active employees this year. The system will be functional during the Thanksgiving holiday to give you maximum access. However, there will not be staff support during the holiday. So we encourage you to make your enrollment choices early in November when staff will be available to assist you. I strongly encourage you to review the open enrollment materials early and attend at least one of the open enrollment presentations by the Benefits and Employment Services staff. These presentations will be announced at <http://int.lanl.gov/worklife/benefits/health/openenrollment/OEpres.shtml> online.

UC will mail the open enrollment materials on or about Oct. 14. Instructions for completing your enrollment form online will be included in open enrollment materials. You will be able to enroll from any computer that is connected to the Internet. If you need help completing the on-line form, you may contact a Benefits and Employment Services representative for assistance. If you do not have access to a computer you may go to the Benefits and Employment Services office in Technical Area 3, Building 261, second floor, to use a kiosk computer.

This memo focuses on premium changes for the new insurance plans. Subsequent communications will provide more information on plan design. Employees stationed in Nevada and elsewhere who participate in local plans, will receive information about those plans separately from the University of California. However, the Nevada test site employees as well as Washington D.C. employees will now be eligible to participate in the new Exclusive Provider Organization Plan (EPO), which replaces the old HMO.

**PREMIUM CHANGES FOR 2004 PLANS**

Health-care costs have gone up significantly again this year. This is a national trend for all employers and employees. An article that recently appeared in the Washington Post states that employers are experiencing an average of 13.9 percent cost increases and are having to pass on these costs to employees in premium increases. The article quotes a recent survey conducted by the Kaiser Family Foundation and the Health Research and Educational Trust, which queried 2,808 public and private employers. In the article, the rise in health care costs is attributed to increases in the cost of prescription drugs, hospital stays and physician services, as well as efforts by health insurers to boost profits. There also are other big drivers such as a spike in certain illnesses such as cardiopulmonary illness. Please see an article on the Healthcare: Pathways to Change web site at <http://int.lanl.gov/source/worklife/benefits/pathways/premiums.shtml> online. Cost for Laboratory employees similarly rose this year. However, the university has again

increased the contribution to employee benefits by 10 percent over last year's contribution. In addition, we greatly appreciate the fact that DOE/NNSA also has continued their demographic/geographic subsidy and those contributions helped to keep premiums from increasing as much as our increase in costs.

To keep premiums at a manageable level for all employees, several changes were made to the cost structure of the plans. The premiums have been structured into four salary bands as follows:

- **\$40,000 and below** annually
- **\$40,001 to \$80,000** annually
- **\$80,001 to \$120,000** annually
- **more than \$120,000** annually

This was done to balance the disproportionate percentage of cost in premiums paid by lower paid employees.

The following tables provide 2004 employee premium amounts.

## 2004 Monthly Employee Premiums

| Employees with Annual Salary \$40,000 and Under |               |                           |                   |               |
|---|---------------|---------------------------|-------------------|---------------|
| <i>Plan</i>                                     | <i>Single</i> | <i>Adult + Child(ren)</i> | <i>Two Adults</i> | <i>Family</i> |
| <b>Select EPO</b>                               | \$36.71       | \$66.08                   | \$77.08           | \$106.45      |
| <b>Options PPO NM</b>                           | \$116.50      | \$209.70                  | \$244.64          | \$337.84      |
| <b>Options PPO National/OOA</b>                 | \$25.81       | \$46.47                   | \$54.21           | \$74.86       |
| <b>Core Plan-NM</b>                             | \$0           | \$0                       | \$0               | \$0           |
| <b>iPlan</b>                                    | \$40.71       | \$73.28                   | \$85.49           | \$118.06      |

| Employees with Annual Salary \$40,001 to \$80,000 |               |                           |                   |               |
|---|---------------|---------------------------|-------------------|---------------|
| <i>Plan</i>                                       | <i>Single</i> | <i>Adult + Child(ren)</i> | <i>Two Adults</i> | <i>Family</i> |
| <b>Select EPO</b>                                 | \$44.71       | \$80.48                   | \$93.88           | \$129.65      |
| <b>Options PPO NM</b>                             | \$124.50      | \$224.10                  | \$261.44          | \$361.04      |
| <b>Options PPO National/OOA</b>                   | \$33.81       | \$60.87                   | \$71.01           | \$98.06       |
| <b>Core Plan-NM</b>                               | \$0           | \$0                       | \$0               | \$0           |
| <b>iPlan</b>                                      | \$48.71       | \$87.68                   | \$102.29          | \$141.26      |

| Employees with Annual Salary \$80,001 to \$120,000 |               |                           |                   |               |
|--|---------------|---------------------------|-------------------|---------------|
| <i>Plan</i>  | <i>Single</i> | <i>Adult + Child(ren)</i> | <i>Two Adults</i> | <i>Family</i> |
| <b>Select EPO</b>                                  | \$53.71       | \$96.68                   | \$112.78          | \$155.75      |
| <b>Options PPO NM</b>                              | \$133.50      | \$240.30                  | \$280.34          | \$387.14      |
| <b>Options PPO National/OOA</b>                    | \$42.81       | \$77.07                   | \$89.91           | \$124.16      |
| <b>Core Plan-NM</b>                                | \$0           | \$0                       | \$0               | \$0           |
| <b>iPlan</b>                                       | \$57.71       | \$103.88                  | \$121.19          | \$167.36      |

| Employees with Annual Salary More Than \$120,000 |               |                           |                   |               |
|--|---------------|---------------------------|-------------------|---------------|
| <i>Plan</i>                                      | <i>Single</i> | <i>Adult + Child(ren)</i> | <i>Two Adults</i> | <i>Family</i> |
| <b>Select EPO</b>                                | \$63.71       | \$114.68                  | \$133.78          | \$184.75      |
| <b>Options PPO NM</b>                            | \$143.50      | \$258.30                  | \$301.34          | \$416.14      |
| <b>Options PPO National/OOA</b>                  | \$52.81       | \$95.07                   | \$110.91          | \$153.16      |
| <b>Core Plan-NM</b>                              | \$0           | \$0                       | \$0               | \$0           |
| <b>iPlan</b>                                     | \$67.71       | \$121.88                  | \$142.19          | \$196.36      |

**\*For retiree premiums, please see Open Enrollment web site at the following url: <http://www.lanl.gov/worklife/benefits/health/openenrollment/OErates.shtml>**

### **PLAN DESIGN CHANGES FOR 2004**

As announced, a new health care vendor was selected to manage our self-funded insurance plans this year. That new vendor is United Healthcare. The new plans offer national networks that will provide a choice in providers to ensure you and your family receive quality health care. The designs have been completed and you will be receiving more information about those plans within a few days. Recently, a Daily Newsbulletin story was published that describes these plans in general terms. The story can be found at <http://www.lanl.gov/orgs/pa/newsbulletin/2003/09/24/text02.shtml> online.

I want to thank you for your ongoing interest in providing Lab management and the Benefits and Employment Services office with feedback regarding your insurance needs. We will continue to solicit your feedback as we work to find better solutions to your health care needs while attempting to keep rates down. I also urge you to invest in your own good health by participating in the Lab's fitness programs. The first step in prevention of illness (and therefore reduction in health care costs) is to exercise, eat right and maintain a healthy work/life balance. To access information about the Laboratory's fitness programs, please go to <http://int.lanl.gov/worklife/health/index.shtml> online.

Please be on the lookout for your open enrollment benefits packet which is expected to be mailed to you on Oct. 14 from the University of California. If you have questions after you read your packet of information, please call the Benefits and Employment Services Office at 667-1806.

The Laboratory's benefits staff will receive training on the new plan coverage on Oct. 15-16, so please hold your questions until after that date.

For more information after having read open enrollment packet materials, go to <http://www.lanl.gov/worklife/benefits/> online.