



October 18, 2011

Dear BNL Retirees, Participants on Long-term Disability (LTD), and Eligible Family Members:

### **IMPORTANT CHANGES TO MEDICAL PLAN FOR 2012**

Brookhaven National Laboratory (BNL) is pleased to continue to offer a comprehensive medical benefits package for eligible participants. You will receive a booklet outlining these benefits as well as open enrollment information in late October, in advance of this year's November 1-18 open enrollment period. Please read this booklet carefully as it contains important information for you and your family. This letter is to make you aware of some of the changes.

For many of you, the Lab has been able to provide coverage without requiring you to pay a monthly premium. We accomplished this by managing the plans to make them as cost-effective as possible despite dramatically rising costs nationally.

Despite our best efforts, we are no longer able to fully absorb the ever-increasing costs of providing retiree medical coverage. Starting January 1, 2012, all participants will share in the cost of medical benefits. While some of you already share the benefits premium cost, for many others this will be a new cost. Based on national trends, we do expect that this premium share will continue to increase in coming years.

Reports about the increasing costs of healthcare and healthcare reform continue to dominate the nation's headlines. As we began planning our benefits program for 2012, we took into consideration the following information:

- Healthcare costs nationally increase approximately 10 to 15 percent each year. Over the past three years, BNL's costs of providing medical coverage for participants have increased an average of 9 percent annually. All projections indicate that these cost increases will continue.
- In 2010, the average cost per BNL retiree per year for medical benefits was \$9,519. Over 70 percent of our retiree population made no out-of-pocket contributions toward retiree medical premiums. The remainder pays 20% or less of the cost of the medical premiums based on their retirement/LTD date.
- According to the HayGroup, an independent healthcare advisor, only 48 percent of employers offer retirement healthcare coverage. Of those employers offering coverage to retirees age 65 and older, HayGroup found that 90 percent require contributions for single coverage and 94 percent require it for family coverage.

Requiring all BNL participants to share in the cost was not an easy decision for us. In 2012, BNL will pay between 80 and 90 percent of medical premiums for retirees, which is significantly higher than the average at most U.S. Department of Energy laboratories and in the marketplace. Plan participants will pay the remaining 10-20 percent of the monthly premium cost based on their retirement/LTD date and union/non-union status. Additional information on how this affects you, along with other plan changes, will be included in your open enrollment package.

I think it is important for you to have as much information as possible about these changes to make informed decisions about your healthcare choices. Please watch for the following opportunities to learn more.

- 2012 Retiree Open Enrollment Booklet – mailed to you by the end of October
- Retiree Open Enrollment Meetings – 9-10 a.m., Thursday, November 3 and Thursday, November 10, in Berkner Hall Auditorium
- Benefits Fair – 11 a.m.-2 p.m., Thursday, November 3 and Thursday November 10, in Bldg. 400 Lobby
- Further Details – a letter in December that will include how to make monthly premium payments and when to expect your identification cards.

Should you have any additional questions, please do not hesitate to contact the BNL Benefits Office at 631-344-2877, 631-344-5126, 631-344-2881, or 1-800-353-5321.

Sincerely,



Sam Aronson  
Laboratory Director