

2013 Health & Welfare Benefit Plan Changes Questions & Answers 1 June 1, 2012

General:

Q1) Who are Incumbent Retirees/Employees and who are Non-Incumbent Retirees/Employees?

A1) An Incumbent Retiree or Employee is someone who is either:

- An active participant in the SRNS, LLC Multiple Employer Pension Plan (Pension Plan) and has either met eligibility for the SRNS or SRR Retiree Medical Plans or
- An active employee still working for SRNS or SRR and accruing additional age and service towards Retiree Medical eligibility.

(Incumbent employees are primarily employees previously hired by a member of the WSRC Team and (1) rolled over to SRNS on 8/1/2008, (2) were hired by a member of the WSRC Team before 12/9/2009 and rolled over to SRR on 7/1/2009 and (3) a few internal group moves of employees from WSRC to SRNS and SRNS to SRR during the SRR transition.)

A Non-Incumbent Retiree or Employee is someone who is either:

- A deferred vested retiree who left employment before meeting eligibility (age/service) for the SRNS or SRR Retiree Medical Plans or
- Was hired by SRNS on or after 08/01/2008, or hired by SRR on or after 07/01/2009

(Non-Incumbent employees are primarily employees who did not roll over to SRNS or SRR, (except as noted) and were (1) hired by SRNS on or after 8/1/2008, (2) hired by WSRC on or after 12/9/2008 and rolled over to SRR on 7/1/2009, or (3) hired by SRR on or after 7/1/2009. A retired employee of the WSRC Team, SRNS or SRR hired by either SRNS or SRR is hired as a Non-Incumbent employee for the purposes of benefit eligibility going forward. Any employees transferred in to either SRNS on or after 8/1/2008 or SRR on or after 7/1/2009 from their parent companies or affiliates are also considered Non-Incumbent employees.)

Incumbent Medicare-Eligible Retirees:

Q2) Will I need to pay taxes on the contribution money?

A2) Under current Internal Revenue Code (IRC) rules, the contribution, which will be deposited in a Retiree Reimbursement Account (RRA) are not taxable if used for eligible medical/dental/vision expenses or Medicare premiums. You can get more information about eligible health care expenses from IRS Publication 502, "Medical and Dental Expenses," available by calling 1-800-829-3676 or viewing it online at <http://www.irs.gov/pub/irs-pdf/p502.pdf>.

Q3) Will the RRA contribution be adjusted annually based on inflation?

A3) No, the RRA contribution amount will be reviewed periodically.

Q4) Do I have to use My Medicare Advocate (MMA) to receive the Contribution?

A4) Yes, Retirees will be required to use MMA to receive the RRA contribution and receive the funds. There are many advantages in using MMA such as personalized, confidential and unbiased assistance from licensed MMA Advocates. Your Advocate will help you compare individual Medicare plans from a variety of well-known insurance companies based your specific medical, prescription drug and budgetary needs. Once you select a health plan that's best for you, your Advocate will assist you with enrollment. Through the MMA website, you also can compare supplemental Medicare plans on your own based on your personal situation. Your Advocate will guide you on how to coordinate payment of insurance premiums and other expenses from your RRA.

Q5) How will I receive my contribution?

A5) The contribution will be deposited in an RRA, which will be set up for you if you enroll in a medical plan through MMA. You will receive more information regarding the RRA and its use later this year.

Q6) Will I receive an Initial One-Time Contribution of \$500 every year?

A6) No, the RRA will be seeded with an Initial **One-Time** contribution of \$500 lump sum payment, only for Eligible Retirees and/or Eligible Dependents who are enrolled in Medicare Parts A and B during 2013, and who enroll in a supplemental Medicare plan through MMA.

Q7) Can I carry over any remaining funds in my RRA to the next year?

A7) Yes, your unused RRA funds will roll over from year-to-year, in accordance with current IRS rules.

Q8) If I am retired and Medicare eligible but my spouse is not Medicare eligible, will my spouse and/or dependent(s) remain in the SRNS or SRR Pre-Medicare Retiree Medical Plan until they become Medicare eligible?

A8) Eligible Dependents (spouse and/or children) will remain in the SRNS or SRR Retiree Medical Plan until they become Medicare eligible or lose eligibility. If your spouse is Medicare eligible before you, your spouse will qualify for the Retiree Reimbursement Account RRA and you will remain in the SRNS or SRR Pre-Medicare Retiree Medical Plan until you become Medicare eligible. Your spouse will work with MMA to obtain individual Medicare coverage.

Q9) Do these changes affect people who retired under DuPont?

A9) **These changes do not impact the DuPont Retiree Programs.** They only impact those individuals who retired under the WSRC Team (including BSRI, BNG, BWXT) who were eligible for retiree medical benefits - which are now the Savannah River Nuclear Solutions, LLC Retiree Medical Plans. The changes also impact those who retired directly from SRNS and SRR and are eligible for retiree medical benefits from SRNS or SRR.

Q10) As a military retiree, I have TRICARE for life. The plan changes state that to qualify for the RRA, retirees will be required to use My Medicare Advocate services to select and enroll in individual Medicare coverage. With TRICARE, am I still eligible for the RRA?

A10) Yes, you will be able to purchase a low (or no) cost premium supplemental Medicare plan through My Medicare Advocate to give you access to the \$2,400 contribution. If you are retired (or retiring in 2012 or

2013) and become Medicare eligible by 12/31/2013, you will be eligible for the initial \$500 Initial One-Time Contribution (which would also apply to a Medicare eligible spouse).

Q11) Is there a group of approved providers from which we must choose supplemental coverage or are we free to choose the provider of our choice?

A11) Yes, you are free to choose the plan of your choice offered through MMA). MMA will ask your questions to determine your health care and prescription drug needs to help you compare plan choices. You can request that MMA expand the search to another provider or plan. MMA partners with the majority of high-quality providers offering individual Medicare plans.

Q12) Can I obtain a dental plan through MMA?

A12) Some Medigap and/or Medicare Advantage Plans may have dental coverage. MMA also has stand-alone dental plans that you may want to consider. You may use your RRA for medical, dental, and vision premium payments, co-pays, co-insurance and any other IRS-allowable expenses (that satisfy IRC Section 213).

Q13) If both the retiree and spouse are in a joint RRA, can leftover monies from one spouse be used for the other?

A13) Yes, the RRA funding for a married couple reflects two times the individual RRA contribution amount, and can be comingled in a joint account for that couple. Payments from that joint account for premiums and expenses do not have to be individual-specific. Upon the death of the retiree or spouse, the surviving individual (if also in the RRA) would have access to the full remaining balance of the joint account. Upon the death of both the retiree and spouse, the funds will revert back to the employer (SRNS and/or SRR).

Q14) If my spouse is Medicare eligible before I am, which name will be on the RRA?

A14) The RRA would be established as an individual account in the Medicare eligible spouse's name, just as it would be in a surviving spouse or retiree-only situation. When the retiree/spouse becomes Medicare eligible, it becomes a joint account.

Q15) If I am a Non-Incumbent employee, will I be eligible to receive the Contribution?

A15) No, you will not be eligible for the RRA Contribution if you are a Non-Incumbent employee. However, you may still utilize MMA services to help you elect a medical plan if you are/when you become Medicare eligible.

Q16) If I am an Incumbent employee and I terminated employment before acquiring the required age and/or service to retire under the Early, Normal or Optional provisions of the SRNS Defined Benefit Pension Plan, will I be eligible to receive the Contribution?

A16) No, you will not be eligible for the Contribution if you are not eligible for benefits under Normal, Early or Optional retirement provisions of the SRNS Defined Benefit Plan. However, you may still utilize MMA services to help you elect a medical plan if you are/when you become Medicare eligible.

Incumbent Pre-Medicare Eligible Retirees:

Q17) What is the current Pre-Medicare Retiree cost share percentage? What is the future cost sharing ratio?

A17) The current cost share is approximately 15% for Pre-Medicare Retirees. This percentage will be increased to a target of 25% over the next 5 years.

Q18) What will my spouse's premium be if I have the RRA and my spouse is not Medicare eligible and remains in the Pre-Medicare Retiree Plan with single coverage?

A18) The premium is based on the number of people covered:

- Spouse is not yet Medicare eligible, you would pay the "Retiree" single rate,
 - Spouse+1 child, you would pay the "Retiree+1" rate,
 - Spouse+2 or more children, you would pay the Retiree Family rate
- If your spouse is Medicare eligible first, then your spouse will be in the Retiree Reimbursement Account (RRA) as an individual and you will remain in the Pre-Medicare Retiree Plan until you become Medicare eligible, with the same rate tiers as noted above.

Q19) What plan design changes affect me?

A19) As a Pre-Medicare Retiree, you and your eligible dependents will be affected by the 2013 changes listed under the Active / Pre-Medicare Retiree Plan design changes as described in the May 14, 2012 employee communications:

- Requirement for Prescription Drug Authorizations for some medications,
- Penalty for non-generic medications when generics are available, and
- Requirement for pre-certifications for certain diagnostic imaging procedures.

Your 2013 premiums will increase to the new rates listed in the May 14, 2012 communication.

Active Employees:

Q20) What is the current Active employee cost share percentage?

A20) Approximately 25%

Q21) If I am an active full service [or fulltime] employee, but I am also eligible for Medicare (or my Spouse is Medicare eligible) - will I (my Spouse) remain in the Active employee plan or will I (or my Spouse) be transferred into the RRA with the Contribution?

A21) Full Service SRNS and SRR active employees and their dependents will remain eligible for the SRNS and SRR active employee plan. The SRNS and SRR health plans for covered active employees and their dependents are primary (pay first) before Medicare (except for End Stage Renal Disease which follows special Medicare rules.) The RRA and the services of My Medicare Advocate apply only to Incumbent *Retirees* who are also Medicare eligible and/or who have Medicare eligible dependents.

Q22) As an active employee, which changes affect me?

A22) As an active employee, you and your eligible dependents will be affected by the 2013 changes listed under the Active / Pre-Medicare Retiree Plan design changes as described in the May 14, 2012 employee communications:

- Requirement for Prescription Drug Authorizations for some medications,
- Penalty for non-generic medications when generics are available, and
- Requirement for pre-certifications for certain diagnostic imaging procedures.

Your 2013 premiums will increase to the new rates listed in the May 14, 2012 communication.

Plan Changes:

Q23) Are the deductibles for the Medical Plans (Pre-Medicare & Active Plans) increasing?

A23) For 2013, the deductibles for Standard and Prime will remain the same. For 2014, deductibles will increase by \$200 Single and \$400 Family for both the Standard and Prime Plans. The Basic Plan deductible follows the Internal Revenue Code for High Deductible Plans combined with a Health Savings Account. The 2013 deductible is \$1,250 for single coverage and the 2014 has not been released.

You can earn wellness credits in 2013 to offset 2014 deductibles. The details about earning wellness credits in 2013 are being finalized and will be communicated during the open enrollment period later this year.

Q24) Where can we find more specific information about the 2013 pharmacy and other changes?

A24) Additional information on the 2013 benefit changes has been posted to:

- SRS Internal Website – InSite, Benefits Section (Services -- Human Resources -- Human Resources Home –Benefits -- 2013 Open Enrollment),
- SRNS External Website, and
- SRS Retiree Association Website

If you have any questions, contact the SRNS Benefits Solutions Center at (803) 725-7772 or (800) 368-7333 or send an email to Service-Center@srs.gov.

While SRNS and SRR intend to continue providing comprehensive benefits programs, the companies reserve the right to modify or terminate any of the benefit plans at any time. For more information on the procedures to modify or terminate benefit plans, refer to the Plan Documents. The Companies will provide advance notification of any future benefit changes.