

May 28, 2003

Retiree Communications

Dear PNNL Retiree:

We recently held a Retiree Communications Forum in Richland in response to several specific questions and to solicit ideas for improving our future communications with retirees. We received many great ideas from this forum and wanted to share them with all retirees. Attached is the forum agenda, minutes, a Benefits contact list, and a web site address where you will find more detailed information. If you do not have access to the Internet, please contact us and we will mail you a copy of the slide presentations and answer questions as needed.

Retiree Health Care

As you may know, health care costs have spiraled to new heights in recent years, with little relief in sight. I want to assure you that Battelle's management is making every effort to manage and mitigate these rising costs. These challenges are real and we know that you may feel the effect of these spiraling impacts each time you visit the doctor, fill a prescription, or seek medical attention.

Our cost control strategy at Battelle, like many companies, has been to increase our reliance on large national health care providers who establish networks of doctors and providers and who can negotiate discounted fees for medical services. These discounts can be significant compared with normal provider charges, up to one-third below standard charges, in some cases.

Our previous plan did not allow for this form of leverage or cost management, which necessitated the change for 2003. Our new design allows us to take advantage of better processing technology, faster claim servicing, and access to health databases & expanded networks for some plan participants. We also hope to provide more timely notice to participants in the future, should other plan changes become necessary.

Communications Forum Summary

The April 14th forum was a successful first step to reinvigorate our relationship with our retiree community and we identified several ways to improve communications for 2003. A number of specific follow-up actions from this meeting are listed below:

- **Forum Minute Summary.** Minutes and presentation summaries are attached and being sent to all retirees. More detailed versions of the actual presentation may be viewed by accessing the PNNL Benefits website (<http://benefits.pnl.gov/>) and selecting the RETIREES section on the left side of the screen. Check these out and let us know if you require more information or background.

- **Retiree Website.** Some retirees were not aware that the above benefit website exists, and is an important information resource to those with Internet access. Please take a look when you have time, as we will use it to communicate retiree information on a range of subjects. As many PNNL retirees travel or live outside of Washington State, this website is a valuable resource to find instant updates on what is going on or being planned.
- **Retiree Health Fair.** A special retiree health fair will be offered and available to all PNNL retirees and spouses during October, 2003. This event will offer you the opportunity to meet directly with medical and dental plan sponsors, talk with benefit specialists, and ask questions to health care representatives. For those not able to attend, watch the Retiree Website for details about the fair and what resources or materials are available and may be ordered.
- **Plan Education.** An important part of the Retiree Health Fair will include explanations on plan changes, as well as how medical deductibles work, how out-of-pocket amounts are calculated, how prescription coverage and/or related co-pays are affected, etc. The Forum will provide an opportunity for medical providers to hear directly from retirees about plan problems and/or utilization issues. Your attendance is solicited and will be appreciated.
- **Retiree Input.** Retiree input will be sought through a variety of means to better understand concerns and gather input on administrative and service issues. An effort will be made to allow retirees to comment and share their perspectives on ways to improve our plans.
- **Executive & Management Forums.** We are considering other forums or information exchanges with executive management to facilitate increased interactions, and will announce plans or actions taken in early 2004.

If you have questions about any of the above information, please feel free to contact one of our Benefit Section Staff, whose contact information has been attached. We are striving to improve communications with our retirees and we value your many years of dedicated service to PNNL.

Sincerely yours,

<original signed by>

Leonard K. Peters
Director

Attachment (2)