

February 23, 2016

Dear LLNL Retiree:

There has been more action in our class action suit against the Regents of UC over our healthcare and it seemed time to give you an up date of past events and a schedule for the future, plus some new information that may bear on this matter.

In a case management Conference on February 17th, Judge Hernandez set June 24th for a trial on the matter. The University Counsel asked for extensive delay so they could assemble a large team of experts they deemed necessary, but the Judge scheduled an early date. The Wheels of Justice do grind slow, but they are grinding now. We are very happy with this result.

Some of you have asked why this matters to you as things seem fine so far with coverage provided by LLNS LLC. Our concern all along has not been so much the near term effects on our insurance costs and availability since the contract change, but the long term effects. Those of you coordinated with Medicare through Social Security will have noticed that your premium has increased \$240 this year. Others have seen much larger increases since 2008. Our principal concern has been that we are a small population of about 4500 that grows one year older every year. Our average age now is approximately 73. We may expect our insurance costs to skyrocket in the future and there is no guarantee that the medical plan you now have will be available to you.

Had we remained under UC's plans, we would be combined with a population of over 200,000 that includes not just UC retirees but all current employees as well. Insurers wanting to provide insurance to that pool are required to cover all parties as well. The exact average age of that group is unknown to us but is likely to be 45-50 and may even be becoming younger with time as UC adds staff. We are retaining an actuary to produce an estimate of what the growth in health plan costs may be for us relative to the UC population from which we have been severed. We will share these estimates with you at the appropriate time.

A new factor has entered the stage with the decision by DOE to rebid the contract for Los Alamos. There have been many Blue-Ribbon taskforce reports that question whether the LLC concept has been a failure in terms of producing the management improvement and savings that were promised for it. The accident caused by Los Alamos at the Waste Isolation Pilot Project in New Mexico has resulted in a fine of over \$60M to the LLC and DOE and a multiyear delay in operation of that facility with a potential recovery cost of over \$1B. Whether or not UC would chose to bid alone or as a partner in a new round is not at all clear. What is clear is that both LLCs, LANS LLC and LLNS LLC have no resources other than a single billion dollar plus contract to operate a single facility. Other than that, the LLCs are just rented offices and a few employees with computers and fax machines. Unlike UC, Lockheed Martin, or Bechtel, these are paper entities with no real resources. It is also not

clear that any future contractor, no matter what the business model, would embrace with much enthusiasm the providing of medical care to a population with whom it has no previous emotional or contractual relationship.

These are the reasons why we pursue our suit. We wish to be reinserted into the system that was promised to us during our careers, nothing more. To help protect that option and to support this effort, we encourage you to contribute if you have not done so before. The number who chose to stay in the Class sent a powerful message to the Court. The number who contribute to this case will send a powerful message to the California political system that inevitably influences UC's behavior. If you have not contributed, we encourage you to step off the sidelines and do your share to protect your future. You may remember at the lab that safety was every employee's responsibility. If you saw a hazard, you were obligated to address it. It is in that spirit that we pursue this suit. Please join us.

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(martycr@sbcglobal.net)