



February 23, 2011

# LM HealthWorks Plan Overview and Resources

This is the Company's proposal to conclude collective bargaining for a labor agreement to succeed the contract between the parties which was effective March 2, 2008. This proposal is in addition to and supplements formal agreements already reached during these negotiations between the parties.

Except as specifically modified by this proposal, and its previously agreed upon by the parties during these negotiations, all terms and conditions of the printed Agreement will remain the same.

In all instances, qualified benefit plan language is the controlling document. Nothing contained herein or expressed by the parties orally or in writing constitutes a waiver/deviation from the plan agreement.



# Today's Agenda

- *LM HealthWorks* Plan Features and Highlights
  - **Why *LM HealthWorks*? Why Change?**
  - **How the Plan Works**
  - **Health Resources and Services**
  - **Customer Service and Support**
- Questions & Answers

## **Meeting Goal:**

*Help you understand how the LM HealthWorks Plan works and the tools and resources available to you.*

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# Why *LM HealthWorks*? Why Change?

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# Need for Change

- Health care premiums increasing at a rate five times faster than inflation – Double-digit cost growth for over a decade
- Lockheed Martin spends about \$1.2 billion annually (2010) on health care for U.S. active, retired and expatriate employees and dependents – and it continues to increase
- Economic forces are making corporations take a hard look at how to contain growth in health care costs and many simply shift costs or cut benefits
- Customers demanding we take action to control health costs
- Increasing costs continue to eat into employee paychecks and competitiveness of Lockheed Martin

Health care is a critical issue for U.S. and employers

# Need for Change (cont'd)

- While health care costs have been increasing at twice the overall rate of inflation, the HMO model has not delivered improved health and wellness for our population
  - LM disease burden is higher than average for our demographics
  - 47% of LM covered population have chronic conditions and are driving 75% of cost
  - Large opportunity for improvement in health and cost

# LM Approach: Mission Health

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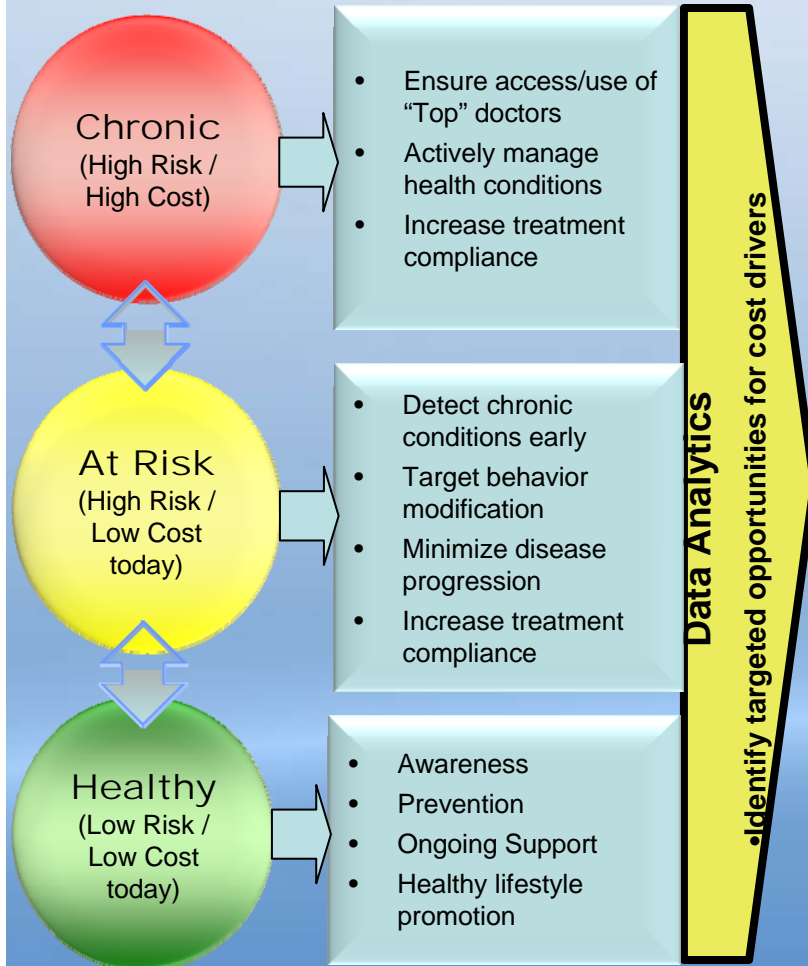
# Mission Health

How we'll move from treating illness to a culture of health

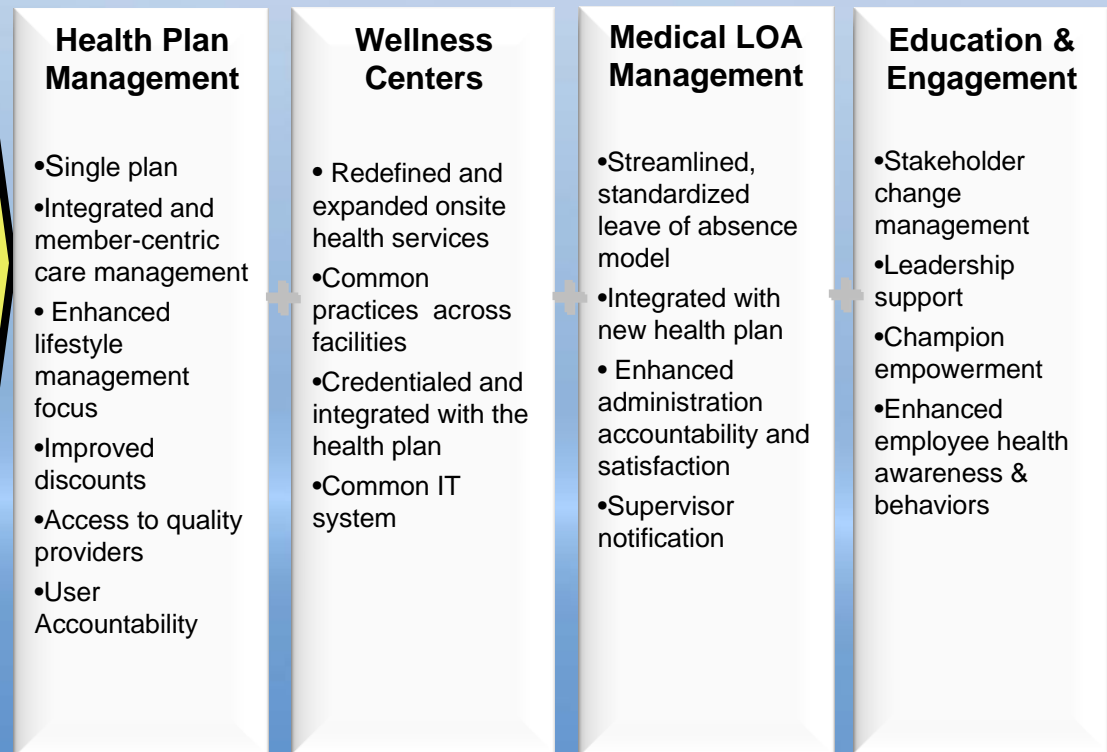
- Enhance employees' level of wellness and quality of life
- Respect employee privacy at all times and have access only to aggregate Plan data (not an individual's data) to help focus on problems common to our population
- Engage in long-term partnership with employees to improve health and wellness and – over time – slow the rate of cost growth that affects all of us
- Make investments that count in employee health and wellness
  - Education with trusted tools, resources and programs
  - Plan incentives and features for better health

# Health and Wellness Key Strategies

## Target Populations and Approach



## Integrated Health & Wellness Operations







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# *How the Plan Works*

Combining comprehensive coverage with best-in-class resources.

# Importance of LMC's Mission Health

*We're in this Together*

**For those who are:**

**The goals are:**

***Healthy***

- *Healthy living*
- *Health status and risk awareness*
- *Prevention*

***At Risk***

- *Healthy living*
- *Early detection*
- *Reduce risks*

***Living with  
Acute and/or  
Chronic Illness  
and/or Injury***

- *Healthy living*
- *Access to most appropriate care and providers*
- *Follow-through on appropriate care management, treatment, prescription drug use*

**Results...**

- *All are healthier*
- *Individual and company costs are managed*
- *LM is stronger for the future*

# LM HealthWorks Plan

*It's more than just coverage*



- Lockheed Martin's commitment to your health and well-being, put into action
- A safety net that protects against the high cost of health care, while encouraging proactive health management
- Access to a world of tools, resources, programs and one-on-one support to help you get healthy and stay healthy

# ***LM HealthWorks Plan***

## ***What's In It for LMC and for Employees?***

### **Best in Class Partners Delivering Coordinated Care and Service**

#### ***Aetna***

for large network of premier providers and claims paying

#### ***Healthways***

for health coaching on lifestyle risks and chronic conditions, and other care management resources

#### ***Medco***

for prescription coverage

### **Best Value For Money**

Leveraging LMC's ***strength in numbers*** for value purchasing of health services

***AND***

A ***self-insured*** plan means LMC and employees benefit by using the Plan wisely, living well and managing cost

# LM HealthWorks Plan Key Advantages

## 1 A focus on helping you know more, stay well, and manage conditions

- **100% coverage for covered preventive care and wellness**
- Nurse line and health coaches give personalized assistance
- Information and tools like the Personal Health Assessment to understand risks, identify conditions early

## 2 Large network of providers

- **Substantial overlap with current HMO networks**
- Lower costs when in-network

## 3 Freedom to choose any licensed provider

- **In-network or out-of-network**
- **No referrals needed**

## 4 Financial protection

- **Out-of-pocket maximum caps your annual expense**

## 5 Opportunity for savings

- A **HealthFund account** to offset out-of-pocket costs and incent healthy behaviors
- Best rates from **in-network providers** and top-tier specialists
- **Prescription drug program** with low-cost generic options and mail order service

# Preventive Care

- The *LM HealthWorks* Plan pays 100% of the cost of covered preventive care services such as:
  - ✓ Well-child care
  - ✓ Routine physical exams
  - ✓ Immunizations
  - ✓ Cancer screenings
- It's care to help you and your family stay healthy and identify potential problems early.

# HealthFund

## *Getting You Started*

- The HealthFund is an account set up for you to help with covered medical expenses.
- LMC provides an initial one time credit for 2012.
  - \$250 - Employee Only coverage
  - \$500 - Employee + 1 or Employee + 2 or more
- You can earn additional credits in your HealthFund by participating in programs and demonstrating healthy behaviors
- When you have medical expenses during the year, they are paid automatically from your HealthFund.
- Any money left in account at year end rolls over to your HealthFund for next year



# HealthFund Healthy Actions

- You can add to your HealthFund by completing certain Healthy Actions.
- The Healthy Actions and amount of credits that can be earned are:

Health Actions	HealthFund Credits – Employee	HealthFund Credits – Spouse/Dom. Partner
Complete Personal Health Assessment	\$200	\$200
Complete Tobacco Non-User Certification	\$50	\$50
Sign up for Physical Activity Tracking Tool	\$50	Not Applicable
Maximum for These Healthy Actions	\$250	\$250



# Deductible

The dollar amount you are responsible for paying each year before Plan benefits start

	In-Network	Out-of-Network
<b>Employee-only</b>	<b>\$650</b>	<b>\$1,500</b>
<b>Employee + 1</b>		
Individual	\$650	\$1,500
Family	\$1,300	\$3,000
<b>Employee + 2 or more</b>		
Individual	\$650	\$1,500
Family	\$2,000	\$4,500

- Money in your HealthFund will count toward helping you meet your deductible
- Preventive care and prescription drug benefits start immediately – no need to meet your deductible first

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# Coinsurance

## Your share of the cost of care

- After you meet the annual deductible, the Plan will pay a percentage and you will pay a percentage (your coinsurance)

	<b>Your Coinsurance</b>	<b>Lockheed Martin's Share</b>
Use of in- network providers*	<b>15%</b>	<b>85%</b>
Use of out-of-network providers	<b>35%</b>	<b>65%</b>

\* Even greater savings are possible when you use Aexcel®-designated specialty providers, when available

## Coinsurance for prescriptions depends on

- Type of drug
- Where prescription is filled
  - Network retail pharmacy
  - Mail order service

# Out-of-Pocket Maximum

The most you will pay for your share of the Plan's covered expenses

	<b>In-Network</b>	<b>Out-of-Network</b>
<b>Employee-only</b>	<b>\$1,500</b>	<b>\$5,000</b>
<b>Employee + 1</b>		
<b>Individual</b>	<b>\$1,500</b>	<b>\$5,000</b>
<b>Family</b>	<b>\$3,000</b>	<b>\$10,000</b>
<b>Employee + 2 or more</b>		
<b>Individual</b>	<b>\$1,500</b>	<b>\$5,000</b>
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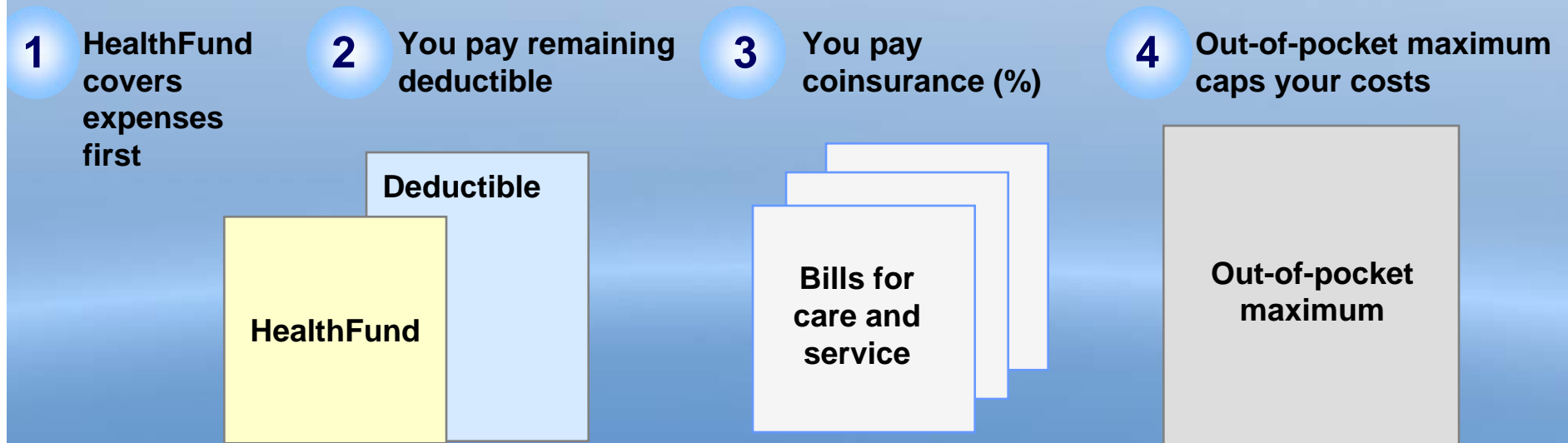
*Cost  
protection  
for you!*

- In- and Out-of-Network maximums do not cross-apply
- Deductible, amounts above reasonable and customary (R&C), non-covered expenses and prescription drug costs do not apply

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# How They Work Together

1. As you incur health care expenses, they are first paid from your HealthFund, and these amounts count toward your deductible
2. If your HealthFund is depleted before your deductible is met, you pay until you meet the deductible
3. After you meet your deductible, you pay coinsurance until you reach your out-of-pocket maximum
4. The Plan then pays 100% of your health care costs for the remainder of the calendar year



# Prescription Drug Benefits

- Prescription drug benefits provided through Medco
- When you fill a prescription, you pay a percentage of the cost — your coinsurance
  - Generic drug
  - Preferred brand drug (one listed on the Plan's formulary)
  - Non-preferred brand drug (one that is not on the Plan's formulary)
- Options for filling your prescription
  - Fill short-term prescriptions (up to a 30-day supply) at participating retail pharmacies
  - Use the mail-order service to fill prescriptions for medications you use on a continuing basis (up to a 90-day supply)



*No deductible required  
for prescription drugs!*

# Prescription Drug Plan Details

Type of Drug Prescribed	Your Share of the Cost	
	Retail Network Pharmacy (up to 30-day supply)	Mail Order (up to 90-day supply)
Generic	10%, up to \$25 maximum	10%, up to \$50 maximum
Preferred Brand-Name	30%, up to \$75 maximum	30%, up to \$150 maximum
Non-preferred Brand-Name	50%, up to \$175 maximum	50%, up to \$350 maximum

- ✓ Vast majority of drugs included on Medco's formulary are consistent with current formularies.
- ✓ Claims filled at a non-participating retail pharmacy will be reimbursed at a 50% coinsurance.



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# *Health Resources and Services*

You can manage your health and your health care with tools, resources, programs, and coaching from leading health and wellness organizations.



# Coordinating Care and Resources

*You will start here*



## Care Navigator

Your single point of contact for answers, information and referrals to other Plan resources

*If you need more help, you may be directed here*



## Care Advocate

Helps you find the Right Care, and use the Plan's services and programs to your advantage

- Find the right doctors and health care facilities
- Help you understand recommended tests, treatments and medications
- Facilitate the transfer of medical records, X-rays and lab results to a new doctor
- Coordinate transfers between hospitals and other medical facilities
- Schedule appointments, and book transportation and lodging
- Arrange diagnostic tests



# Personalized Support



## Nurse Line

Help or guidance with a health concern, symptom or an important health care decision

- Available 24/7
- Staffed by experienced registered nurses
- Answers to health questions
- Explanation of treatment options and medical terms
- Suggestions for self-care
- Help understand a specific diagnosis or condition
- Comfort and reassurance

## Health Coaching

Help to take action on a particular health risk or manage a chronic condition

- Free, confidential, coaching via telephone
- Coaches are health educators, dietitians, nurses or other trained professionals
- Better understand your health risks and how they affect your life
- Get answers to pressing health concerns
- Find support in your journey to better health
- Gain more control over your health
- Set goals, track progress, adjust goals
- Receive educational materials by mail or from online resources

# Personalized Support



## Maternity Management

Information and support for a healthier pregnancy

- Online and telephonic support
- Answers to questions about pregnancy and delivery
- Educational materials on pregnancy-related issues, such as breastfeeding and postpartum depression
- Information about healthy eating and exercise during pregnancy

## Personal Health Assessment

- Secure online questionnaire
- Covers your current lifestyle and habits, recent biometrics (such as blood pressure and cholesterol measurements) and other health-related factors
- Provides a description of health risk factors you may have
- Provides your personal health score
- Helps you to build your HealthFund balance

# Resources

To learn more about how the Plan works, check out the *LM HealthWorks* Plan Web site, [www.lmhwpplan.com](http://www.lmhwpplan.com).



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# More Online Tools

## Use the online Aetna Navigator® to make the most of your *LM HealthWorks* Plan

- ✓ Check your HealthFund balance
- ✓ Check the status of a claim
- ✓ Request a medical ID card
- ✓ Estimate the cost of care
- ✓ Use the hospital comparison tool
- ✓ Review Explanations of Benefits (EOB's)
- ✓ Access the PHA and other Healthy Actions
- ✓ Access Aetna SmartSource<sup>SM</sup>
- ✓ Contact Member Services

## Use Medco's prescription drug Web site

- ✓ Find local participating pharmacies
- ✓ Compare prescription medication costs
- ✓ Look up drugs on the formulary
- ✓ Review the highlights of your prescription drug benefits
- ✓ Request Medco prescription card

## Use DocFind, the online provider directory

- ✓ See if your doctor is in the network
- ✓ Look up network doctors
- ✓ Find provider information
- ✓ Find and use Aexcel®-designated providers
- ✓ Look into the plan's Transition of Care provision

# What Each Individual Can Do

## Know more.

Be aware of your current health status and risk factors.

## Stay well.

Take advantage of preventive care, and take every opportunity to live a healthy life.

## Right care.

Use your health benefits and programs wisely. Make sure you get the *Right Care* from the right doctors when you need it.

## Follow through.

Become more active, more involved and more insistent to get the most out of office visits and other health services.

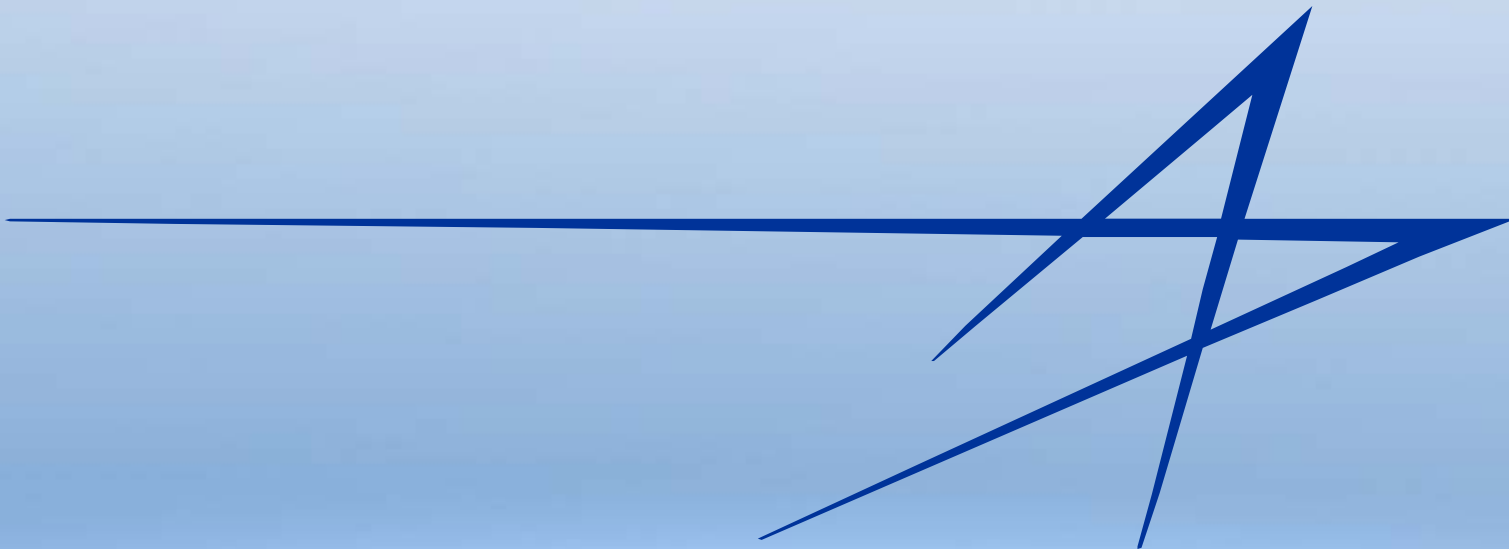
**Most importantly, know that you have help. Use the benefits and programs of The *LM HealthWorks* Plan to help you take action and achieve your health goals**





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# *Answering Your Questions*



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