



## MEDICARE PART D CREDITABLE COVERAGE NOTICE

### **Medicare-Eligible Participants: Important Notice About Your Prescription Drug Coverage and Medicare**

**This is a legally required notice that PG&E must provide annually to all employees, retirees and surviving dependents eligible for PG&E-sponsored medical coverage. Please read this notice and keep it where you can find it. No other action is required.**

This notice has information about your current prescription drug coverage under plans sponsored by Pacific Gas and Electric Company (PG&E) and your options under Medicare's prescription drug coverage (called Part D). This information can help you decide if you want to join a Medicare prescription drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

- 1.** Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
- 2.** PG&E has determined that the prescription drug coverage offered by the Pacific Gas and Electric Company Health Care Plan for Active Employees and by the Pacific Gas and Electric Company Health Care Plan for Retirees and Surviving Dependents is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and therefore is considered creditable coverage. Because your existing coverage is creditable coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

### **When can you enroll in a Medicare drug plan?**

You can enroll in a Medicare drug plan when you first become eligible for Medicare and each year from October 15 to December 7.

However, if you decide to drop your PG&E-sponsored coverage or if you lose your current creditable prescription drug coverage through no fault of your own, you also will be eligible for a two-month Special Enrollment Period (SEP) to enroll in a Medicare drug plan.

### **What will happen to your current medical coverage if you decide to enroll in a Medicare drug plan?**

Prescription drug coverage is included in all PG&E-sponsored medical plans. Every medical plan that PG&E currently offers to Medicare-eligible participants has a higher prescription drug benefit than the basic Medicare Part D benefit.

If you decide to enroll in a Medicare drug plan that is not sponsored by PG&E (in other words, a plan not offered by PG&E during the enrollment period), **your PG&E-sponsored medical and prescription drug benefits will be terminated.**

### **Can you re-enroll in a PG&E-sponsored medical plan at a later date?**

Eligible retirees and employees on Long-Term Disability who enroll themselves and their dependents in a non-PG&E Medicare drug plan will not be able to re-enroll in a PG&E-sponsored medical plan until the next Open Enrollment.

Surviving dependents who enroll in a non-PG&E Medicare drug plan will not be able to re-enroll in a PG&E-sponsored plan at any time.

PG&E-sponsored medical plans with prescription drug coverage and Medicare Advantage Plans are available during Open Enrollment for eligible retirees, currently enrolled surviving dependents and employees on Long-Term Disability.

### **When will you pay a higher premium (penalty) to enroll in a Medicare drug plan?**

If you drop or lose your current PG&E coverage and you don't enroll in a Medicare drug plan within 63 continuous days after your PG&E-sponsored coverage ends, you may have to pay a higher premium (a penalty) to later enroll in a Medicare drug plan.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go 19 months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

### **Where can you find more information about PG&E-sponsored coverage?**

For more information about this notice or your current PG&E-sponsored prescription drug coverage, visit Mercer BenefitsCentral<sup>SM</sup> or call the PG&E Benefits Service Center. **Note:** You'll get this notice each year before the next period you can enroll in a Medicare drug plan. You'll also get this notice if PG&E-sponsored prescription drug coverage changes. You may request a copy of this notice at any time.

### **Where can you find more information about your options for Medicare prescription drug coverage?**

Detailed information about Medicare plans that offer prescription drug coverage is in the *Medicare & You* handbook. You'll get a copy of the handbook in the mail every year from Medicare. You also may be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit **[www.medicare.gov](http://www.medicare.gov)**.
- For personalized help, call your state Health Insurance Assistance Program (see the inside back cover of your copy of the *Medicare & You* handbook for their telephone number).
- Call **1-800-633-4227 (1-800-MEDICARE)**. TTY users should call **1-877-486-2048**.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit **[www.socialsecurity.gov](http://www.socialsecurity.gov)** or call **1-800-772-1213 (TTY 1-800-325-0778)**.

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#### **KEEP THIS CREDITABLE COVERAGE NOTICE**

This is a legally required notice about your benefits. Please read this notice carefully and keep it where you can find it.

If you decide to enroll in a Medicare drug plan, you may be required to provide a copy of this notice when you enroll to show that you have maintained creditable coverage. If you have maintained creditable coverage, you will not be required to pay a higher premium (a penalty).