

**PG&E Employees on Long-Term Disability
Open Enrollment for 2011 Benefits is November 5–19**

What's New for 2011?

For details about these changes, please see the 2011 enrollment materials included in this packet.

Changes for All Employees

Health care coverage for adult children. You can enroll your adult children under age 26 as dependents in your PG&E-sponsored medical, dental and vision plans, with coverage effective January 1, 2011. To be eligible for this coverage, your adult children must be under age 26 as of January 1, 2011, and have no access to other employer-sponsored health care coverage, aside from parental coverage. For the Health Savings Account Medical Plan for Management and A&T Employees, you can enroll your adult children in the plan regardless of their eligibility for other employer-sponsored coverage.

You have until December 4 to enroll your adult children in your PG&E-sponsored health care coverage. This special 30-day enrollment period only applies to enrollment of your adult children who are ages 19 through 25. If you need to enroll an adult child after the regular Open Enrollment period ends but before the special 30-day enrollment period ends, please call the HR Service Center. **You have until November 19 to enroll yourself or other eligible dependents,** or to make changes to your benefit elections for 2011.

Coverage will be effective January 1, 2011, along with any other changes you make during Open Enrollment. If you add your eligible adult children to your health care coverage, you'll be responsible for paying any additional premium contributions for them, if applicable, plus any deductibles, copayments or coinsurance they incur when receiving services. If you live in California, you may be required to pay imputed income taxes on the value of benefits provided to your adult children.

(continued on inside)



Available November 1, 2010

Tobacco Cessation Program

Beginning November 1, you and your dependents who are enrolled in a PG&E-sponsored medical plan can participate in Smokeless, PG&E's free tobacco cessation program. Smokeless is a proven way to become tobacco-free with the American Institute for Preventive Medicine.

After you enroll, you'll receive one year of unlimited coaching by phone, eight weeks of Nicotine Replacement Therapy (gum or patch), a self-help guide and relaxation CDs or tapes.

Smokeless has been implemented at more than 3,000 companies, hospitals and government agencies over the last 23 years, resulting in an employee success rate of 45% after just one year of participation.

To enroll in this free program, call **800-345-2476**, ext. 233 (6 a.m. to 2 p.m. Pacific Time). If you prefer to be called by your coach after 2 p.m. or on weekends, you can indicate that during your first session. **You can enroll anytime beginning November 1, as this program is not part of Open Enrollment.**

For Anthem Blue Cross Members:
**Free Seasonal Flu Shots
at Medco Health
Retail Pharmacies**

Effective October 1, 2010, members of the Anthem Blue Cross and Medco Health-administered medical plans will be able to get their seasonal flu shots at no cost at any of the retail pharmacies that sponsor flu shots in the Medco Health retail pharmacy network. Members should provide their Medco Health ID card to the pharmacy department for claims processing. Members can still get their flu shots through their doctors' offices, too.

Benefit changes for Anthem Blue Cross members:

- **More than 300 generic prescription drugs available free of charge through Medco Health mail order.** Beginning January 1, 2011, if you're enrolled in the Network Access Plan (NAP), Comprehensive Access Plan (CAP) or Basic Plan, more than 300 generic prescription drugs will be available to you free of charge when you order your prescription drugs through Medco Health's mail-order program. Medco Health administers prescription drugs for the NAP, CAP and Basic Plan. Visit www.medco.com/lowcostgenerics to see a list of free generic mail-order drugs or call Medco Health at 800-718-6590.
- **Combined deductibles and out-of-pocket limits for medical care and mental health, alcohol and drug care (MH&AD).** Effective January 1, 2011, amounts you pay out of pocket for eligible medical and MH&AD expenses will apply toward your medical plan deductible and out-of-pocket maximum in the Network Access Plan (NAP), Comprehensive Access Plan (CAP) and Basic Plan, administered by Anthem Blue Cross and ValueOptions. This change is a result of new federal guidelines on the Mental Health Parity and Addiction Equity Act of 2008.

Improved dental and orthodontia benefits for all dental plans. Starting January 1, 2011, the annual maximum dental benefit will increase to \$2,500 (currently \$2,000). In addition, the lifetime maximum benefit for orthodontia treatment will increase to \$2,000 (currently \$1,500). Orthodontia treatment will continue to be covered at 50%. The lifetime benefit maximum for orthodontia treatment already in progress will be subject to Delta Dental's proration rules.

Improved vision benefits. You'll have many improved vision benefits through Vision Service Plan starting January 1, 2011:

- In addition to an annual vision exam, elective contact lenses will be covered up to \$150 every 12 months (if you elect contact lenses, you'll be eligible for a frames allowance 12 months from the date you obtain contact lenses). In 2010, contact lenses are covered up to \$75 in lieu of exams and eyeglasses.
- Frames will be covered up to \$150 every 24 months (currently \$115).
- Ultraviolet and photochromic lenses will be covered at 100% after the copayment (currently not covered).
- Lasik will be covered up to \$250 per eye, per lifetime (currently not covered).

New ID cards for Health Net plan members. Health Net will issue new ID cards for all members enrolled in a Health Net plan as of January 1, 2011. If you're currently enrolled in a Health Net plan and you stay enrolled for 2011, you'll get a new Health Net ID card. Be sure to discard your old card and start using the new one. Your new Health Net ID card will be effective January 1, 2011. If you do not receive your card by the end of January, please contact Health Net directly. You also have the option of printing a copy of your ID card from Health Net's website.

Changes to the percentage you pay toward health care premiums. In 2011, PG&E will continue to pay most of the cost of your health care coverage. You'll pay with before-tax dollars:

- 5% of premiums for the new HSA Medical Plan
- 7.5% of premiums for all other medical plans

PG&E will continue to pay 100% of the cost of dental and vision coverage for you and your enrolled dependents. As in past years, the actual dollar costs for health care premiums have continued to rise, resulting in higher annual premiums for all plans.

Changes to Non-Medicare Benefits

New HSA Medical Plan with special Health Savings Account (HSA). PG&E is introducing a new medical plan for **non-Medicare-eligible individuals**, effective January 1, 2011. The new Health Savings Account Medical Plan (HSA Medical Plan), administered by Anthem Blue Cross, comes with a special, tax-advantaged Health Savings Account (HSA) designed to give you more control over when and how you spend your health care dollars. The HSA Medical Plan is like a traditional PPO plan with a higher deductible. One of the plan's great features is that it pays 100% for preventive care visits and services, as determined by Anthem Blue Cross, and 100% for preventive prescription drugs, as determined by Medco.

The HSA Medical Plan qualifies as a high-deductible health plan under federal guidelines. This allows PG&E to provide a tax-advantaged HSA along with the HSA Medical Plan. ConnectYourCare will administer the HSA.

- When you enroll in the HSA Medical Plan, PG&E will set up and contribute to an HSA for you.
- You have the option of making additional contributions to your account, up to the annual federal contribution limit. As an employee on Long-Term Disability, you can make before-tax contributions through payroll deductions. Or, you can contribute directly to the HSA by electronically transferring funds to ConnectYourCare or by sending checks to UMB Bank, the HSA banking custodian for ConnectYourCare. You can make one-time or recurring contributions and you'll be able to deduct your direct, after-tax contributions from your federal income taxes.
- You can use your HSA to pay for eligible out-of-pocket health care expenses, including the HSA Medical Plan deductible, or you can save the money in your HSA for future health care needs, even after you retire.
- Best of all, the HSA is yours to keep; you never forfeit unused amounts and you own the account the same way you own a personal bank account.

Find out more about how this new benefit can work for you. Read the enclosed 2011 *Benefits Enrollment Guide* for details.





Changes to Medicare Benefits

SmartValue Plan not available in 2011. As a result of changes in federal law, PG&E no longer can offer the SmartValue Medicare Advantage Private Fee-for-Service (PFFS) Plan, administered by Anthem Blue Cross. The Comprehensive Access Plan (CAP), administered by Anthem Blue Cross, is the plan most similar to the SmartValue Plan. If you're currently enrolled in the SmartValue Plan and you do not elect a new plan during Open Enrollment, you'll automatically be enrolled in the CAP effective January 1, 2011. Anthem Blue Cross will mail additional information about this change to your home in the coming days.

Changes for Management and A&T Employees

MedExpert not available for 2011. As a result of low participation, PG&E no longer will offer the MedExpert health advocate service in 2011. If you have symptoms, a medical question, or you're facing surgery, PG&E-sponsored medical plans offer nurse advice lines and decision support services. These 24-hour telephone advice lines are available for you to discuss medical issues with a nurse. Visit your plan's website or call your plan's Member Services department to learn more.

Changes for Union-Represented Employees

Improved employer match for the Retirement Savings Plan (RSP). PG&E's 401(k) plan, also known as the RSP, isn't part of your Open Enrollment election, but there is an improvement you should know about. Starting January 1, PG&E will contribute \$.60 for every \$1 you contribute to the RSP, up to:

- 6% of your eligible pay if you have 3 or more years of service
- 3% of your eligible pay if you have 1–3 years of service

Currently, PG&E contributes \$.50 for every \$1 you contribute. If you're not participating in the RSP, consider enrolling. Visit www.401k.com for information or call Fidelity Investments, the plan administrator, at 877-743-4015.

QUESTIONS?

If you have questions about Open Enrollment or your benefits, contact the HR Service Center:

- E-mail hrbenefitsquestions@exchange.pge.com (please allow 3 full business days for a response)
- Call 415-972-7077 or 800-700-0057

Representatives are available Monday–Friday, 7:30 a.m. to 5 p.m. Pacific Time.

Call volumes are high during Open Enrollment and you may experience delays, so please be patient. If you don't need assistance, there is no need to call; simply follow the instructions in your enrollment materials.