2013 Benefit Changes
For Management and A&T Employees
Agenda

• Welcome
• Introduction
• Safety Procedures
• Promoting Health and Quality Care
  New Medical Plan for 2013
• Question and Answer
• You have a Choice
  New Cash Balance Pension
• Question and Answer
Safety Procedures

• Where is the nearest emergency exit?
• Duck, cover, and hold for an earthquake
• Who knows CPR/First Aid?
• Who can call emergency responders?
• Who can meet/greet first responders?
The Purpose of this Meeting is to:

• Let you know what’s happening with the medical plan and the pension plan
• Answer questions you may have
• Let you know where to get more information
• Understand what you need to do next
**Benefit Changes Are Coming!**

**Effective 2013***:

<table>
<thead>
<tr>
<th>Management/A&amp;T</th>
<th>Union-Represented</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New Health Account Plan</td>
<td>• New Health Account Plan</td>
</tr>
<tr>
<td>• Enhanced Life Insurance Options</td>
<td>• Enhanced Life Insurance Options</td>
</tr>
<tr>
<td>• Enhanced Dental Benefits</td>
<td>• Enhanced Dental Benefits</td>
</tr>
<tr>
<td>• New Hearing Aid Benefit</td>
<td>• New Hearing Aid Benefit</td>
</tr>
</tbody>
</table>

**All Employees hired before 1/1/13**

<table>
<thead>
<tr>
<th></th>
<th>All Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Can choose Cash Balance Pension for 2014</td>
<td>• New Hearing Aid Benefit</td>
</tr>
</tbody>
</table>

**All Employees**

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>• Health Net and Blue Shield go away</td>
</tr>
</tbody>
</table>

**All New Hires**

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Automatically enrolled in Cash Balance Pension</td>
</tr>
</tbody>
</table>

***No changes in Retiree Medical***
Promoting Health and Quality Care
New Medical Plan for 2013

Background: Why Change is Needed
We want to improve the health of our employees, but cost is an issue too

• As a group, we are not healthy
  – 42% of PG&E employees are being treated for a chronic condition
  – Large number of PG&E employees do not get recommended screenings or other preventive services
  – Many wait to seek medical attention until they have a major event like heart attack, diabetic episode

• Cost of our current medical program is significantly above national benchmarks
  – Our medical costs have been increasing an average of 8-10% annually
  – Best-performing companies keep their increases to 3% or lower
Promoting Health and Quality Care
New Medical Plan for 2013

Background

Collaborated with unions to jointly develop new medical plan to improve health and lower cost

• Three goals for the Company:
  – Significantly improve quality of care
  – Provide incentives to improve health and wellness
  – Lower average annual cost trend from 8-10% to 3%

• Plan will save costs by improving quality and encouraging more primary and preventive care
Promoting Health and Quality Care
New Medical Plan for 2013

Health Account Plan Components At A Glance

- Continue low 7.5% Cost of Coverage
- Free Preventive Services
- Higher Deductibles and Out-of-Pocket Maximum, but...
- ...Offset by a New Health Account
Promoting Health and Quality Care
New Medical Plan for 2013

What’s Not Changing?

Monthly cost of coverage will continue at 7.5%

• National Average for cost sharing is 20-22%
• Other California Utilities cost sharing ranges between 10-20%

What does this mean to me?

Moving cost share to national average would have increased cost significantly, whether you were to use health care or not.

• Anthem family coverage would increase $2786/yr.
• Kaiser family coverage would increase $2444/yr.
Promoting Health and Quality Care
New Medical Plan for 2013

What’s Changing for 2013?

New Health Account Plan with 2 Administrators

Anthem Blue Cross and Kaiser will implement the new plan design
  – Anthem Blue Cross members will use the same network they use now
  – Kaiser members can stay with the same Kaiser network they use now

Blue Shield and Health Net will be eliminated
  – These plans have low enrollment
  – Members in these plans must chose a new administrator for 2013
  – 97% of Blue Shield and Health Net physicians are also in Anthem Blue Cross
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New Medical Plan for 2013

If you do not enroll during Open Enrollment

- **Anthem Blue Cross and Kaiser members:**
  - You will automatically be re-enrolled with your current administrator (Anthem or Kaiser) with all your current dependents

- **Blue Shield and Health Net members:**
  - You and your currently enrolled dependents will automatically be enrolled with Anthem Blue Cross
Promoting Health and Quality Care
New Medical Plan for 2013

How the New Health Account Plan (HAP) Works

• Focus on Primary Care – 4 free visits per member per year
  • Easy access to higher quality care
  • Choosing a family doctor who knows you and cares about your “whole person” health
  • First choice for everything from chronic disease management to school physicals

• Primary Care Doctors
  • General or family practitioners (including nurses)
  • Internal Medicine doctors
  • Pediatricians
  • OB/GYNs
  • Urgent care
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New Medical Plan for 2013

Other Free Services

• Free preventive services (mammograms, pap smears, colonoscopies, immunizations)

• Free prescription drugs for preventive care and chronic conditions, like insulin for diabetes

• Free maternity and well-baby office visits to age 2
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New Medical Plan for 2013

How the Health Account Plan (HAP) Works

Earning Health Account Credits

- Automatically receive initial credits into your account each year on January 1st
- Financial incentives for making healthy choices
- Earn more credits by taking a health screening, testing tobacco-free or completing a tobacco cessation program, and agreeing to share your test results with the testing agency
- Amount you get depends upon whether you have single or family coverage
- Account is entirely funded by PG&E
Promoting Health and Quality Care
New Medical Plan for 2013

How the Health Account Plan (HAP) Works

Using Health Account Credits

• Pay plan deductibles and other out-of-pocket expenses

• Account can be used for:
  – medical, dental or vision expenses
  – for you or your family members (IRS dependents) whether or not they are enrolled in the plan

• Unused credits roll over year after year and, if you retire from PG&E, can be used for retiree health care expenses if you are eligible for PG&E Retiree Medical Plan

• Can still have Health Care Flexible Spending Account (FSA)
Promoting Health and Quality Care
New Medical Plan for 2013

How the Health Account Plan (HAP) Works

Using Health Care Flexible Spending Account

• Still a “use-it-or-lose-it” account

• Will work with the Health Account

• New administrators:
  – Kaiser (for Kaiser members)
  – Your Spending Account (for Anthem Blue Cross members)

• Will automatically use the Health Care Flexible Spending Account first then Health Account
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New Medical Plan for 2013

Using the Health Account and Health Care FSA

Doctor visit info received by administrator (Kaiser or Anthem)

Deductible, co-insurance, out-of-pocket maximum applied

Health Care FSA dollars or Health Account credits needed are sent to:

Kaiser to pay Kaiser or
Anthem member to pay doctor
### Promoting Health and Quality Care
### New Medical Plan for 2013

## The Health Account

<table>
<thead>
<tr>
<th>Health Account Deposits</th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You automatically get:</td>
<td>$750</td>
<td>$1,500</td>
</tr>
<tr>
<td>If you take a health screening:</td>
<td>$250</td>
<td>$500</td>
</tr>
<tr>
<td>If you test tobacco-free or complete PG&amp;E’s tobacco cessation program:</td>
<td>$250</td>
<td>$500</td>
</tr>
<tr>
<td>Total</td>
<td>$1,250</td>
<td>$2,500</td>
</tr>
<tr>
<td><strong>2014 and beyond</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You automatically get:</td>
<td>$500</td>
<td>$1,000</td>
</tr>
<tr>
<td>If you take a health screening:</td>
<td>$250</td>
<td>$500</td>
</tr>
<tr>
<td>If you test tobacco-free or complete PG&amp;E’s tobacco cessation program:</td>
<td>$250</td>
<td>$500</td>
</tr>
<tr>
<td>Yearly Total</td>
<td>$1,000</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

Remember: If you don’t use all your credits in one year, they roll over!
Promoting Health and Quality Care
New Medical Plan for 2013

A few terms to get us started…

**Annual Deductible**
For services that aren’t free, amount you’re responsible to pay for first before the plan will pay

**Co-insurance**
You pay a percent of the cost of a medical service

**Out-of-Pocket Maximum**
The limit on the amount you have to pay every year
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New Medical Plan for 2013

How the Health Account Plan Works

Annual Deductible

• If you have single coverage, annual deductible is $1,000
• If you have family coverage, annual deductible is $1,000 per person but no more than $2,000 for your entire family

<table>
<thead>
<tr>
<th></th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Maximum 2013 Health Account Credits:</td>
<td>$1,250</td>
<td>$2,500</td>
</tr>
<tr>
<td>Your Annual Deductible:</td>
<td>– $1,000</td>
<td>– $2,000 at the most</td>
</tr>
<tr>
<td>Your 2013 Costs:</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

You have $250 rollover credits
You have $500 rollover credits

Remember: if you earn all your Health Account credits, you’ll have a zero deductible
Promoting Health and Quality Care
New Medical Plan for 2013

How the Health Account Plan (HAP) Works

Coinsurance

• You’ll be responsible for either 10% or 20% of the covered cost and the HAP will pay the other 90% or 80% respectively.

• There are no copayments under the HAP, so instead of paying a flat $10 or $20 copayment at the time of service, you’ll pay 10% or 20% for services that are not free

Don’t panic...
Promoting Health and Quality Care
New Medical Plan for 2013

How the Plan Works

Out-of-Pocket Maximum

• Protects you by limiting how much you are responsible for paying every year
• Once out-of-pocket maximum is reached, all covered services are free for the rest of the year
• Includes all money you spend on covered medical services, prescription drugs and mental health services
• Includes money you take out of your Health Account for medical expenses
• Includes deductible and co-insurance
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New Medical Plan for 2013

How the Plan Works

The HAP pays
100% of your covered costs for the rest of the year after you meet your annual out-of-pocket maximum.
Promoting Health and Quality Care 
New Medical Plan for 2013

How the Plan Works

Out-of-Pocket Maximum

• If you have single coverage, the annual out-of-pocket maximum is $2,400
• If you have family coverage, the annual out-of-pocket maximum is $2,400 per person but no more than $4,800 for your entire family

<table>
<thead>
<tr>
<th>Your Maximum 2013 Health Account Credits:</th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,250</td>
<td>$2,500</td>
<td></td>
</tr>
<tr>
<td>– $2,400</td>
<td>– $4,800 at the most</td>
<td></td>
</tr>
<tr>
<td>&lt;$1,150</td>
<td>&lt;$2,300 at the most</td>
<td></td>
</tr>
</tbody>
</table>

Your 2013 Effective Out-of-Pocket Maximum: <$1,150 at the most>

All covered expenses paid at 100% for the rest of the calendar year!
Promoting Health and Quality Care
New Medical Plan for 2013

The Health Account Plan (HAP)

What’s free?
- Four primary care doctor visits for each enrolled person
- Maternity and well-baby doctor visits
- Medications and lab tests that are on the "free" lists

Which services will cost you 10% with no deductible?
- Primary care doctor visits after your four free visits
- Outpatient mental health visits

What is the deductible?

<table>
<thead>
<tr>
<th></th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Deductible</td>
<td>$1,000</td>
<td>$1,000 / person</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$2,000 / family</td>
</tr>
</tbody>
</table>

What will I pay for all other services after the deductible?

<table>
<thead>
<tr>
<th></th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialists / Hospital Care / Emergency Room</td>
<td>20% after deductible</td>
<td>20% after deductible</td>
</tr>
<tr>
<td>Retail drugs</td>
<td>15% generic after deductible</td>
<td>25% brand after deductible</td>
</tr>
<tr>
<td>Mail-order drugs</td>
<td>10% generic after deductible</td>
<td>20% brand after deductible</td>
</tr>
</tbody>
</table>
Promoting Health and Quality Care
New Medical Plan for 2013

The Health Account Plan (HAP)

<table>
<thead>
<tr>
<th></th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Out-of-Pocket Maximum (includes deductible)</strong></td>
<td>$ 2,400</td>
<td>$ 2,400 / person</td>
</tr>
<tr>
<td></td>
<td>$ 4,800 / family</td>
<td></td>
</tr>
<tr>
<td><strong>Effective Deductibles (if you earn all incentives)</strong></td>
<td>[2013] $ 0</td>
<td>[2013] $ 0</td>
</tr>
<tr>
<td></td>
<td>[2014] $ 0</td>
<td>[2014] $ 0</td>
</tr>
<tr>
<td><strong>Effective Out-of-Pocket Maximum - includes deductible (if you earn all incentives)</strong></td>
<td>[2013] $ 1,150</td>
<td>[2013] $ 2,300</td>
</tr>
<tr>
<td></td>
<td>[2014] $ 1,400</td>
<td>[2014] $ 2,800</td>
</tr>
</tbody>
</table>
Promoting Health and Quality Care
New Medical Plan for 2013

How We Compare: National Benchmarking

<table>
<thead>
<tr>
<th></th>
<th>Deductibles after Health Account</th>
<th>Out-of-Pocket Maximum after Health Account Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>PG&amp;E (2014 and beyond) (assumes maximum incentives)</td>
<td>$0 - Single</td>
<td>$1,400 - Single</td>
</tr>
<tr>
<td></td>
<td>$0 - Family</td>
<td>$2,800 - Family</td>
</tr>
<tr>
<td>Kaiser Foundation Employer Survey</td>
<td>$675 - Single</td>
<td>$2,500 - Single</td>
</tr>
<tr>
<td></td>
<td>$1,521 - Family</td>
<td>$5,000 - Family</td>
</tr>
</tbody>
</table>

Even better the first year! Out-of-Pocket Maximum for 2013 after Health Account Applied:

- $1,150 – Single
- $2,300 – Family
Meet Your New Health Care Advocate

Provant Health Solutions
A new “One-Stop Shop” Wellness and Advocacy vendor, Provant can help you get answers to questions about:

- Treatment options
- Finding quality health care providers
- Claims or billing issues
- Centers of excellence for high-risk conditions
- Anything else related to your health care benefits

Provant support center is now open!
Call 1-866-271-8144
Meet Your New Health Care Advocate

Provant Health Solutions

Other Services from Provant:

• Health screenings onsite at PG&E locations
• Telephonic health coaching
• Extensive online health and wellness portal
• Enhanced programs for tobacco cessation and gym discounts

Provant support center now open!
Call 1-866-271-8144
Health Screenings

• Open to all PG&E Management and A&T employees to earn valuable Health Account credits to offset medical expenses in 2013.
• Completely confidential and free to you as part of our wellness program. Your personal results will not be shared with PG&E.
• Screenings will be held throughout the service territory at PG&E work locations.
• To ensure you have a spot for a screening, you must register. Registration closes 24 hours before the event.
• Registration will be available on the Provant website

More information about registering for a health screening will be sent to your home address by Provant the end of September.
## Other Benefit Improvements

### Miscellaneous Other Benefits

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dental</strong></td>
<td>- New dental implant benefit (85%)</td>
</tr>
<tr>
<td><strong>Hearing Aids</strong></td>
<td>- 80% for medically necessary hearing aids under employee and retiree medical plans</td>
</tr>
</tbody>
</table>
| **Life Insurance** | - Purchase up to 6x annual salary in Supplemental Life insurance  
  - Supplemental Life rates decreased by 20% for 2013  
  - Enroll for up to 2x annual salary during fall enrollment period without answering health questions  
  - Enroll for more than 2x annual salary by answering five health questions; MetLife will decide if you qualify  
  - Dependent Life insurance coverage for spouse and children  
  - Company-paid Basic Accidental Death and Dismemberment (AD&D) coverage  
  - Supplemental AD&D coverage matches Supplemental Life plan |
Want more information? Go to our new website!

2013 Benefit Changes for Management and Administrative & Technical Employees website

• Is open to family members and can be accessed from home or from work

• Includes:
  – A video explaining why changes were needed
  – Detailed overviews of what’s changing
  – Lists of free medications and preventive services under the new Health Account Plan
  – Audio recordings of conference calls about benefit changes
  – A medical expense estimator tool

Go to: www.pge.com/benefitspge
What do you need to do?

Review checklist and take action!
Question & Answer
You have a Choice
New Cash Balance Pension

The important thing to understand is this:

• If you were hired through December 31, 2012, you will, in fact, have a choice.
  – One-time opportunity in summer 2013 to choose to continue the current pension formula or move to the cash balance pension plus enhanced 401(k) benefit.

• New employees hired on or after January 1, 2013, will be automatically enrolled in the new cash balance pension with the enhanced 401(k) benefit.

• The cash balance plan will be the same for Union-represented, Management and A&T employees.
You have a Choice
New Cash Balance Pension

What resources will I have to help me choose?
• Choice campaign will be offered in summer 2013 and will provide:
  – Detailed description of the current and cash balance pension plan design
  – Personalized information on your accrued benefit
  – Online modeling tools and resources
  – A substantial amount of time to gather information and consider your decision
• If you don’t make a choice for cash balance, you will continue earning benefits under the current pension formula
You have a Choice
New Cash Balance Pension

What happens if I choose cash balance?

• Your pension benefits will have two components:
  – Accrued pension under the current formula, frozen as of December 31, 2013, *plus*
  – The cash balance credits earned starting January 1, 2014

• At retirement or termination of employment, both the frozen pension and your cash balance account will be payable to you
  – Frozen pension payable as a monthly lifetime annuity after reaching age 55
  – Cash balance account payable in a lump sum or converted to a monthly lifetime annuity

• Your benefit under the current pension formula will not be “converted” into a cash balance benefit
# Cash Balance Pension

<table>
<thead>
<tr>
<th>Current Program</th>
<th>New Program</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No Changes</strong></td>
<td><strong>Optional for Current Employees</strong></td>
</tr>
<tr>
<td><strong>Pension</strong></td>
<td><strong>Cash balance account of accumulated annual pay credits plus interest</strong></td>
</tr>
<tr>
<td>• Monthly paid pension based on pay and service at retirement</td>
<td></td>
</tr>
<tr>
<td>• Your final 36-month average salary $X$ your total credited service $X$ 1.7%</td>
<td>Annual Pay Credits based on age + service:</td>
</tr>
<tr>
<td></td>
<td>• Less than 40 points 5.00%</td>
</tr>
<tr>
<td></td>
<td>• 40-49 points 6.00%</td>
</tr>
<tr>
<td></td>
<td>• 50-59 points 7.00%</td>
</tr>
<tr>
<td></td>
<td>• 60-69 points 8.00%</td>
</tr>
<tr>
<td></td>
<td>• 70-79 points 9.00%</td>
</tr>
<tr>
<td></td>
<td>• 80 or more points 10.00%</td>
</tr>
<tr>
<td></td>
<td>Annual interest based on 30-year Treasury rates</td>
</tr>
<tr>
<td>• 5-year vesting</td>
<td>3-year vesting</td>
</tr>
<tr>
<td>• Not portable if you leave PG&amp;E before retirement; pension payments can begin at age 55 or later</td>
<td>Portable—once vested, you can elect a lump sum or begin monthly benefits for life whenever your employment ends</td>
</tr>
<tr>
<td>• Early retirement benefit reductions may apply</td>
<td>Full account balance payable when you retire or leave PG&amp;E—regardless of age</td>
</tr>
<tr>
<td>• Monthly annuity for life</td>
<td>Choice of monthly annuity for life or lump-sum distribution</td>
</tr>
<tr>
<td><strong>401(k) Match</strong></td>
<td></td>
</tr>
<tr>
<td>• $0.75 per $1 up to 6% of pay</td>
<td>• $0.75 per $1 up to 8% of pay</td>
</tr>
<tr>
<td></td>
<td>• Automatic enrollment at 8% of pay</td>
</tr>
</tbody>
</table>
Question & Answer
Thank You

Questions?
Email humanresources@exchange.pge.com
Or call Provant at 1-866-271-8144 for medical plan questions