



**Pacific Gas and
Electric Company**

LETTER AGREEMENT NO. 14-43-PGE

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
LABOR RELATIONS
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925.974.4401

STEPHEN RAYBURN
DIRECTOR AND CHIEF NEGOTIATOR

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 2547
VACAVILLE, CALIFORNIA 95696
707.452.2700

TOM DALZELL
BUSINESS MANAGER

October 6, 2014

Mr. Tom Dalzell, Business Manager
Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P.O. Box 2547
Vacaville, CA 95696

Dear Mr. Dalzell:

The Mental Health Parity and Addictions Equity Act of 2008 (MHPAEA) requires insurers and group health plans (Plans) to ensure that the coverage offered for Mental Health/Substance Abuse (MHSA) treatments and services is no more restrictive than the coverage offered for medical and surgical treatments and services. MHPAEA expanded the mental health parity requirements that had been in place since 1996.

The Final MHPAEA regulations were issued late last year with a compliance date of January 1, 2015. Most recently, the Company reassessed the active employee and retiree medical plans for both quantitative and nonquantitative compliance.

To achieve compliance with the Final Rule, there are two changes:

- 1) The mental health and substance abuse benefits provided under the PG&E-sponsored Health Account Plan (HAP) must be revised to remove the Kaiser HAP penalty for failure to notify ValueOptions of inpatient substance abuse treatment so that MHSA benefits are on par with medical/surgical benefits under Kaiser HAP. No other MHSA benefit plan provisions are affected. In addition, the other employee medical plan options sponsored by PG&E (Anthem NAP/CAP and Kaiser EPO / Sr. Advantage) do not require changes at this time.
- 2) Health Net HMO, which is available to non-Medicare eligible retirees and surviving dependents, will be adding inpatient and outpatient substance abuse benefits. This will be in addition to the current coverage for substance abuse benefits provided through ValueOptions. Health Net has confirmed the Medicare COB and Seniority Plus plans are exempt from MHPAEA. Thus, there are no changes required for Health Net COB or Health Net Seniority Plus.

The effective date of the benefit plan changes is January 1, 2015. In the future, if there are changes in the mental health substance abuse network and/or administrator, the Company will review the MHSA benefit provisions with the Union.

Pursuant to Subsection 500.5 of the Physical Agreement and 25.5 of the Clerical Agreement – Conflict of Law, in the event any provision of the Benefits Agreement is suspended or declared inoperative due to a conflict with Federal or State law, regulation or executive order, the parties shall meet within 30 days to negotiate a substitute provision.

The Attachment A provides the proposed change to the current MHSA benefits for 2015. The Summary of Benefits Handbook will be updated to reflect these changes.

If you agree, please so indicate in the space provided below and return one executed copy of this letter to the Company.

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By: Michelle Lee for
Stephen A. Rayburn
Director and Chief Negotiator

The Union is in agreement.

LOCAL UNION NO. 1245, INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

October 14, 2014

By: Tom Dalzell
Tom Dalzell
Business Manager

ATTACHMENT A

Health Account Plan (HAP), Administered by Anthem Blue Cross and Kaiser

Proposed January 1 2015 changes:

For the Kaiser HAP, the \$300 penalty for failure to notify within 48 hours will be removed for inpatient substance abuse treatment received from ValueOptions. Under Kaiser HAP, there currently is no dollar amount penalty for failure to notify for similar inpatient medical stays.

Proposed changes are shown in redline in the table below:

2015 HEALTH ACCOUNT PLAN (HAP) MENTAL HEALTH / SUBSTANCE ABUSE BENEFITS	
Outpatient Mental Health	<ul style="list-style-type: none"> • No deductible; you're responsible for 10% of covered charges for additional visits • Anthem HAP: ValueOptions provides this care • Kaiser HAP: Kaiser provides this care
Inpatient Mental Health	<ul style="list-style-type: none"> • 80% after deductible • Anthem HAP: ValueOptions provides this care. Requires preauthorization by ValueOptions; \$300 penalty if you fail to notify within 48 hours; no limit on number of stays • Kaiser HAP: Kaiser provides this care
Outpatient Substance Abuse	<ul style="list-style-type: none"> • No deductible; you're responsible for 10% of covered charges for additional visits • Anthem HAP: ValueOptions provides this care • Kaiser HAP: Kaiser provides this care
Inpatient Substance Abuse	<ul style="list-style-type: none"> • 80% after deductible • Anthem HAP: ValueOptions provides this care. Requires preauthorization by ValueOptions; \$300 penalty if you fail to notify within 48 hours; no limit on number of stays • Kaiser HAP: ValueOptions provides detoxification and residential inpatient treatment. Requires preauthorization by ValueOptions; \$300 penalty if you fail to notify within 48 hours; no limit on number of stays

Health Net HMO

For Retires and Surviving Dependents Non-Medicare Eligible Members

Proposed January 1 2015 changes:

Health Net HMO will add coverage for inpatient and outpatient substance abuse treatment. Participants will also continue to receive coverage from ValueOptions for substance abuse.

Proposed changes are shown in redline in the table below:

2015 HEALTH NET HMO MENTAL HEALTH / SUBSTANCE ABUSE BENEFITS	
Outpatient Mental Health	<ul style="list-style-type: none"> • \$10 copay/visit • No visit limit
Inpatient Mental Health	<ul style="list-style-type: none"> • No charge • No limit on number of stays
Outpatient Substance Abuse	Coverage through ValueOptions network only, not or HMO: <ul style="list-style-type: none"> • \$10 copay/visit (individual) • \$5 copay/visit (group) • No visit limit
Inpatient Substance Abuse	Coverage through ValueOptions network only, not or HMO. ValueOptions treatment requires preauthorization by ValueOptions. <ul style="list-style-type: none"> • 100% • No limit on number of stays