

Understanding Your Health Care Benefits



Although Con Edison currently sponsors the Retiree Health Program, the information in this brochure does not alter the company's rights to change or terminate the program at any time due to changes in laws governing employee benefit plans, the requirements of the Internal Revenue Code, Employee Retirement Income Security Act, or for any other reason. The company is not obligated to contribute to any fixed amount or percentage of program costs.

UNDERSTANDING YOUR HEALTH CARE BENEFITS

The benefits you receive are of great value to you and your family. In an effort to help you understand your Retiree Health Program, please read this brochure carefully so that you can take full advantage of the program and learn how to save on health care costs.



As the cost for health care continues to increase, it's more important than ever to learn about your program and how to save money. Health care costs have been rising by an average of 18 percent a year. In 2002, the Con Edison Retiree Health Program cost approximately \$70 million.

All of your benefits are described in detail in your summary plan description (SPD) *Your Retiree Health Program* (July 1997).

Types of Health Care Coverage

The Con Edison Retiree Health Program provides you with the following types of health plans:

- Type 1: A supplemental medical plan with UnitedHealthcare if you are age 65 and eligible for Medicare (or qualify for Medicare disability benefits),
- Type 2: A Preferred Provider Organization (PPO) plan with UnitedHealthcare if you are under age 65 and non-Medicare eligible,
- Type 3: A Health Maintenance Organization (HMO).

Choosing UnitedHealthcare Options

The UnitedHealthcare plan covering you or your dependents takes into account your age and Medicare eligibility. Medicare is the federal health insurance program for retirees who are age 65 and older and individuals who qualify under the Medicare disability rules.

Type 1: If you're age 65 (and eligible for Medicare)...

If you or your spouse are eligible for Social Security and are age 65, you automatically qualify for Medicare and you must enroll in Medicare as your primary coverage. The Con Edison Retiree Health Program works together with your Medicare coverage and it will automatically offset Medicare-approved charges for reimbursement.

Medicare has two parts: Part A hospital insurance and Part B supplemental medical insurance, which provides reimbursement for doctors and related services. If you are eligible for Medicare, Part A is free, but you must pay a monthly premium for Part B. (Medicare will pay for many of your health care expenses, but not all of them.) Under the Retiree Health Program, Medicare Parts A and B are your primary hospital and medical coverage, therefore, all claims should first be submitted to Medicare.

After you receive a reply from Medicare, you should submit your claim to UnitedHealthcare along with the Explanation of Medicare Benefits (EOMB). If you are eligible for Medicare, you can make your claim process easier and more efficient by enrolling in Medicare Direct. This program eliminates the need for you to submit claim forms and

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EOMBs to UnitedHealthcare. After your doctor's office submits the claim to Medicare, Medicare will automatically process your claim and submit their EOMB directly to UnitedHealthcare for secondary processing. A Medicare Direct enrollment form was included with the letter regarding your provider change in December. You can enroll at anytime by filling out the enrollment form and returning it to UnitedHealthcare or by calling 1-800-638-5199 to request a form.

Type 2: If you're under age 65 (and non-Medicare eligible)... If you are under age 65 and non-Medicare eligible, UnitedHealthcare provides your primary coverage. You can also use UnitedHealthcare's Preferred Provider Organization (PPO) plan. When you visit a doctor in the PPO, no claim form is required. All you pay is a co-payment for the office visit. Since UnitedHealthcare has negotiated a discounted fee with the provider, the company's cost for the service you receive is also reduced.

You can also use doctors who aren't participating in the program (they're called "out-of-network" or "non-participating provider"). If you choose to use out-of-network doctors, your reimbursement for their services will depend on whether you have met the annual deductible. Here's how it works: When you visit a non-participating provider, you first pay an annual deductible. Once you've met your deductible, you'll be reimbursed for 80% of reasonable and customary charges (see definitions on page 15). If your doctor does not file claims electronically, you'll have to submit a claim form to UnitedHealthcare for reimbursement.

Choosing an HMO

Type 3: If you plan on choosing a HMO... If you plan on choosing a HMO, your HMO arranges for your health care either directly in its own group practice and/or through doctors and other health care professionals under contract. With an HMO, you can choose one doctor to serve as your primary care physician (PCP). This doctor manages your health care needs and provides most of your medical care, referring you to specialists and other health care professionals as needed. When you use a participating provider, you will be charged a small co-payment. Generally, services outside of the HMO are not covered unless approved by the HMO, or if services are for emergency care.



Con Edison Retiree Health Care Highlights

The following chart is for your reference. It contains information about your program changes effective February 1, 2003, and highlights the major benefits available under your Retiree Health Program.

	Benefits
<i>Hospital</i>	Semi-private room and board Annual deductible Emergency room Hospice care (inpatient/outpatient)
<i>Medical</i>	Physician Services - Office visit co-pay - Annual deductible - Annual out-of-pocket limit Preventive Care - Annual physical (your co-payment) - Mammography (your co-payment) Ambulance
<i>Vision Care</i>	
<i>Prescription Drug</i>	Annual deductible (per family) Your co-payment Mail-order (for up to 90-day supply)

Non-Medicare Eligible	Medicare Eligible
Covered in full	Covered in full
50% of Medicare Part A deductible	50% of Medicare Part A deductible
Covered in full for accidental injury and for serious illness	Covered in full for accidental injury and for serious illness
365 days/lifetime	365 days/lifetime
\$ 18 (for PPO Providers)	N/A
\$ 500 (for non-PPO providers)	\$ 500
\$ 3,000	\$ 3,000
Not covered	Not covered
Covered in full after deductible	Covered in full after deductible
After deductible, you pay 20%	After deductible, you pay 20%
1 routine eye exam/ 1 pair eyeglasses every 24 months	1 routine eye exam/ 1 pair eyeglasses every 24 months
\$ 100	\$ 100
\$ 10 generic	\$ 10 generic
\$ 18 name-brand	\$ 18 name-brand
\$ 8 generic	\$ 8 generic
\$ 14 name-brand	\$ 14 name-brand



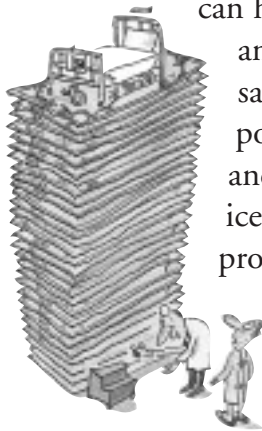
Monthly Medical Retiree Contributions

	Retiree or Surviving Spouse		Dependents (<i>Spouse and/or other dependents</i>)	
	Retiree Health	HMO	Retiree Health	HMO
Non-Medicare Eligible	\$102	\$60	\$147	\$86
Medicare Eligible	\$25	\$0	\$35	\$0

Prescription Plan Monthly Premium	Retiree or Surviving Spouse	Dependents (<i>Spouse and/or other dependents</i>)
	\$30	\$ 20

How to Save On Health Care

As the cost for health care continues to increase, it has become more important to learn about your plan and how to save money. Becoming an active and educated consumer can help decrease the cost of the program to you and to the company. Consumers spend thousands of dollars each year out of their own pockets for services that may not be covered, and the program pays for more expensive services when participants do not use network providers. Using your plan services wisely will allow you to have access to valuable medical benefits at a lower cost than if you were to purchase them on your own. Here are some steps you can take:



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- Avoid unnecessary medical tests. Ask your doctor what the proposed tests are for, if they are necessary, and what they will cost.
- Use emergency services only for emergencies. Emergency services are valuable in trauma or life-threatening situations, but are very expensive and inefficient for routine care. Ask yourself if this is a true emergency and, if not, seek care through your regular doctor.
- Stay healthy. You can avoid doctor visits by exercising regularly and maintaining good nutrition.
- Ask for generic drugs whenever possible. Name-brand drugs generally cost more than their generic equivalent. For example, the following are costs for a month's supply for some common prescriptions:



Name-Brand Drug (<i>indication</i>)	Name-Brand Cost	Generic Cost	Price Difference (%)
Glucophage (diabetes)	\$78.26	\$70.04	10.5
Prozac (depression)	\$91.04	\$77.86	14.5
Vasotec (hypertension)	\$93.68	\$75.57	20.0

As consumers, you immediately save when you choose a generic drug because your cost is lower. According to the Food and Drug Administration (FDA), generic drugs contain exactly the same active ingredients as the name-brand

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drug and are just as safe and effective. Your prescription plan provider, Caremark, Inc., states that the reason name-brand drugs are more expensive than generics is because manufacturers' patents give them market exclusivity. When patents or other periods of exclusivity on name-brand drugs expire, manufacturers can apply to the FDA to sell generic versions.

- When using the mail-order program for long-term medications, ask your doctor to write, "90-day supply" for maintenance medications (drugs taken on a regular or long-term basis to treat such conditions as heart disease, high blood pressure, ulcers, arthritis, emphysema, diabetes or other continuing medical problems). Caremark must fill your prescription for the exact quantity of medication that your doctor prescribes.
- Study your Retiree Health Program booklet: it contains important information on your coverage, outlines services that are offered by the plan, and stipulates services that are not covered. The more information you have, the more wisely you can spend your health care dollars. UnitedHealthcare offers you a treatment cost estimator (available on <http://www.myuhc.com>) that will help you manage health care costs and provide you with estimates of out-of-pocket costs for both in- and out-of-network providers.



- Learn as much as you can about your medical needs. Ask your doctor for information about your condition. By doing your own research, you may discover more options and be better pre-

pared to decide, in consultation with your doctor, the course of treatment that is best for you. To learn more, you can use UnitedHealthcare's live nurse chat line, which offers you an opportunity to speak with registered nurses. It's available 1-866-202-4852.



Frequently Asked Questions (FAQs)

Q. Why is the company no longer using Aetna/US Healthcare to administer the Retiree Health Program?

A. As part of a recent review, we assessed the administration of the retiree medical program. As a result of this assessment, we found that UnitedHealthcare could administer the program efficiently and offer you additional services including:

- a nurse chat line that offers customized interaction with registered nurses available at 1-866-202-4852 and
- a treatment cost estimator (available on <http://www.myuhc.com>) that will help you manage health care costs and provide you with estimates of out-of-pocket costs for both in- and out-of-network providers.

Although Con Edison has had a long-term relationship with Aetna/US Healthcare, we believe that the administration of the medical program and retirees' needs would be better served by changing to UnitedHealthcare.

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Q. So, UnitedHealthcare will now be administering my health program?

A. Yes. As of February 1, 2003, UnitedHealthcare will administer your program. UnitedHealthcare offers a comprehensive medical and hospital plan with a national network of hospitals, physicians, and other providers. Many of the doctors and hospitals in the Aetna/US Healthcare network are also available in the UnitedHealthcare network. For a provider listing, you can visit the UnitedHealthcare web site at <http://www.provider.uhc.com>.

Q. How will my claims be processed?

A. Your claims will be processed using the same guidelines as Aetna employed. However, claims should now be sent to:
UnitedHealthcare
P.O. Box 740800
Atlanta, GA 30374-0800
1-800-638-5199

Q. Why is the company raising the cost of my health care program?

A. The cost of health care has become increasingly expensive. Health care costs will continue to rise annually and will outpace inflation significantly. According to *USA Today*, employers are seeing double-digit inflation in insurance premiums, resulting in companies cutting benefits for those already in retirement or increasing the amount retirees contribute toward health care. Due to this increase, only 34% of large companies offer retiree health coverage, down from 66% in 1988, according to the Kaiser Family Foundation. Among large companies, 29% offer early retirees (those younger than 65) health coverage, according to the Mercer/Foster Higgins survey of health plans.

Although the company is not obligated to contribute to the health care program, Con Edison is making some plan design changes to continue to offer you access to a valuable benefit program.

Q. What is the cost of my annual deductible?

A. Effective February 1, 2003, your annual medical deductible under UnitedHealthcare will increase from \$300 to \$500 per person and from \$900 to \$1,500 per family.

Q. What is the cost of my annual out-of-pocket limit and office visit co-payment?

A. The annual out-of-pocket maximum amount will increase from \$2,000 to \$3,000 per person (this includes your annual deductible). If you are non-Medicare eligible, your participating provider office visit co-payment will increase from \$10 to \$18.

Q. What are the costs of my prescription drug deductible and co-payments?

A. Effective February 1, 2003, the annual prescription drug deductible per family will increase from \$50 to \$100. Your co-payment for generic drugs will increase from \$8 to \$10 and from \$12 to \$18 for name-brand drugs. The mail-order co-payment will increase from \$5 to \$8 for generic drugs and from \$5 to \$14 for name-brand drugs. In addition, the mail-order program will provide a 90-day supply of long-term medications per prescription instead of a 180-day supply.

Q. What are my new monthly contributions to my health program?

A. If you are Medicare-eligible, there will be no change to your monthly medical plan contribution at this time.

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The following chart illustrates your monthly contribution if you are non-Medicare eligible. If you are a retiree or surviving spouse who is non-Medicare eligible, your monthly plan premium will increase from \$80 to \$102. If you are non-Medicare eligible and covering a dependent, your total monthly contribution will be \$249 (\$102 + \$147).

Medical Plan Monthly Premium	Retiree or Surviving Spouse		Dependents (<i>Spouse and/or other dependents</i>)	
	From	To	From	To
Non-Medicare Eligible	\$ 80	\$ 102	\$ 115	\$ 147

The chart below illustrates your monthly prescription drug contribution. There will be no change at this time to the \$30 monthly contribution for retirees or surviving spouses. However, for retirees or surviving spouses who include a spouse and/or other dependents under their coverage, your monthly contribution for the prescription drug plan (now \$30) will increase to \$50.

Prescription Plan Monthly Premium	Retiree or Surviving Spouse		Dependents (<i>Spouse and/or other dependents</i>)	
	From	To	From	To
Non-Medicare Eligible	\$30	No change	\$0	\$20

Q. *If I am Medicare-eligible, what are my monthly contributions to the health program?*

A. If you are Medicare-eligible, your monthly medical plan contribution will stay the same. If you are a retiree or surviving spouse, you currently contribute \$25 a month, and if you have dependents, your monthly contribution is \$60.

Definitions

Co-payment: The amount you pay at the time you receive the service.

Deductible: The amount you must pay each year before the plan pays.

Out-of-pocket expense: Portion of health services that must be paid for by a participant, including the deductible and 20% coinsurance. Co-payments and charges exceeding reasonable and customary fees do not accumulate to the out-of-pocket expenses and are not covered.

Out-of-pocket limit: The maximum amount a participant pays out-of-pocket for the plan year.

Outpatient care: Care given to a person for surgery in a hospital's outpatient department, in an ambulatory surgical center, or in a physician's office.

Premium: The amount you or Con Edison pays in exchange for coverage.

Provider: Any licensed person (doctor, nurse, dentist) or institution (hospital or clinic) that provides medical care.

Reasonable and Customary Charges: The amount charged for a service or supply that is the average cost for that service in a specific geographical area where the service or supply was furnished.

Summary Plan Description (SPD): Each benefit plan has a plan document or insurance contract explaining the provisions of the plan. A Summary Plan Description is an abridged version of the plan documents or insurance contracts that govern the plan. SPDs are distributed to participants to help them understand the main features of the plans.



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