



Consolidated Edison Company
of New York, Inc.
4 Irving Place
New York NY 10003
www.conEd.com

October 2010

Dear Retiree:

Your Con Edison Retiree Health Program ("Program") offers you valuable health care benefits during your retirement. The Con Edison Program spent approximately \$113.5 million during the 12 months ending September 30, 2010, and we expect costs to increase over the next 12 months. Rising health care costs provide significant challenges to the company and our health care providers. As a result, the company is revising some of the Program features to mitigate some of the expected cost increases, and your contribution to Program costs will also increase effective January 2011. Please take the time to read through this information carefully.

Patient Protection and Affordable Care Act

As you are aware, the new health care reform law will require certain health care plans to make benefit changes. We have reviewed the law (the Patient Protection and Affordable Care Act) and the changes required for 2011 (including extended coverage for a dependent child up to age 26) do **not** apply to the Program. If there are changes in the future, we will communicate those changes to you.

Company Contributions to the Program

The company recognizes the importance of providing you with a quality health care program and makes contributions toward a portion of the cost of the Program. Retirees' contributions pay for the remainder of the Program costs based on a cost sharing formula.

The company's contribution for a given year is based on the amount of its previous year's contribution, plus a cost of living adjustment as measured by the change in the Consumer Price Index (CPI). From September 2009 to September 2010, there was a 1.68% increase in the CPI as compared to the previous 12-month period. As a result, the company's contribution to Program costs for 2010 increase by 1.68% in 2011.

Retiree Contributions to the Program

Medical costs for the CIGNA plan are projected to increase by 4% and by 7% for prescription drugs in 2011. Our HMO carriers have notified us of significant premium increases for 2011. Since the company's 2011 contribution will not be sufficient to cover expected Program costs, there will be an increase in your monthly contribution starting in January 2011. The increase is detailed in the attached Schedule of Contributions.

Although Con Edison is not obligated to contribute to the Program, at the end of each year, the cost allocation between the company and retirees will be reviewed and adjusted as described in this letter. The information in this letter does not alter the company's right 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. Con Edison is not obligated to contribute to any fixed amount or percentage of program costs.

Program Feature Changes

The following benefit changes to the Program features will also be made to mitigate some of the expected cost:

Medical Plan Changes

- Network physician office co-pays increases from \$18 to \$25 per office visit
- Annual medical deductible increases from \$500 per person/\$1,500 per family to \$550 per person and \$1,650 per family
- Annual out-of-pocket maximum per person increases from \$3,000 to \$3,100

Prescription Drug Plan Changes

- Increase in retail brand-name co-pay from \$22 to \$24
- Increase in mail order brand-name co-pay from \$14 to \$20
- Increase in mail order generic co-pay from \$8 to \$10

General Medical Plan Reminders

Effective January 1, 2010, CIGNA became the health plan administrator for hospital and medical care benefits offered to retirees of Con Edison and Orange and Rockland. Making the transition to CIGNA allowed the company to continue to provide retirees with comprehensive, high-quality health care coverage.

Here are a few highlights:

- Enhanced wellness and behavioral health benefits.
- No need for referrals to specialists in or out of the CIGNA network.
- 24-hour customer service and nurse line.
- A broad range of highly-recognized in-network facilities (and the doctors associated with them) are in the CIGNA network, including Memorial Sloan-Kettering, Hospital for Special Surgery, Westchester Medical Center, Quest Diagnostics, and LabCorp.

Important Note for Medicare Eligible Retirees: If you are enrolled in Medicare, your CIGNA benefits will be secondary to Medicare. Therefore, using network providers does

not pertain to you. However, to reduce your out-of-pocket expenses, you should use providers that accept Medicare assignment whenever possible.

General Prescription Drug Coverage Reminders

Prescription drug coverage is provided by CVS/Caremark. What you pay for generic or brand-name prescription drugs depends on where you fill your prescription. In general, you will pay less for:

- Generic versus brand-name prescription drugs;
- Filling maintenance medications (90-day supply) at a CVS pharmacy or through Caremark's mail order service program; and
- Prescription drugs you receive through a retail pharmacy that is in the CVS/Caremark network.

Get 20% off on select CVS brand items

Your CVS/Caremark prescription drug coverage provides you with a CVS/Caremark Extra Care Health card. You can use it to receive discounts of up to 20% on select over-the-counter CVS brand items, such as ibuprofen, nasal decongestant, and more. If you do not already have a card, you can call 1-800-601-6364 to request one.

2011 Open Enrollment

If you wish to change your retiree health care coverage effective January 1, 2011, for example, from an HMO to CIGNA or from one HMO to another, call Employee Benefits and request a Con Edison Retiree Health Benefits Enrollment/Change Form and Medicare (HCFA) form if you are on Medicare. A completed form must reach Employee Benefits no later than **December 15, 2010**.

Important reminder: If you decide to not participate in the Program in 2011, you will not be eligible to participate in the future unless you or your spouse/domestic partner are covered under another employer's group health plan (not an individual policy) during the interim period.

Medicare Part D Credible Coverage Notice Coverage

Also enclosed is a **Creditable Coverage Notice** pertaining to Medicare Part D. This notice pertains to retirees who are Medicare eligible and currently covered under the Retiree Health Program and to retirees who have a dependent spouse/same-sex domestic partner or child who is covered by Medicare or Medicaid and is currently covered or eligible for coverage under the Retiree Health Program. Please read the notice and file it in a safe place in case you or one of your dependents enrolls in Medicare Part D in the future.

Coverage Provided For Reconstructive Surgery Following Mastectomy

The **Women's Health and Cancer Rights Act of 1998**, a federal law, requires group health care plans to provide coverage for reconstructive surgery and prostheses following mastectomies.

The law also requires participants be notified annually of the benefit provisions under the company's health care plans for reconstructive surgery following a mastectomy. Benefits for a medically necessary mastectomy include:

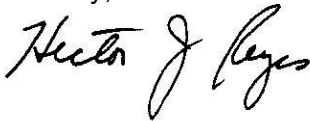
- reconstruction of the breast on which the mastectomy has been performed
- surgery and reconstruction of the other breast to produce a symmetrical appearance
- prostheses
- treatment of physical complications of all stages of mastectomy, including lymphedemas.

This coverage is provided in consultation with the attending physician and the patient and is subject to the same annual deductibles and coinsurance provisions that apply for the mastectomy.

If you have any questions about coverage for mastectomies and reconstructive surgery, please call CIGNA at 1-800-244-6224 or contact your HMO.

If you have any questions, please call Employee Benefits at 1-800-582-5056, Monday through Friday from 9:00 a.m. to 4:00 p.m.

Sincerely,



Hector Reyes
Director
Benefits and Compensation

This letter serves as a summary of material modifications (SMM) and notice of terms to participants as required by federal law. The changes described are also subject to any plan documents, including contracts between Con Edison and the firms that insure and/or administer the plans. In the event of any conflict between this message and any plan documents, the plan documents will prevail.

Schedule of Contributions as of January 1, 2011

Retirees With Pensions of \$1,000 or Less per Month

Hospital and Medical (CIGNA)	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
<i>If you retired AFTER May 31, 1988:</i>				
Medicare-eligible	\$ 26	\$28	\$35	\$35
Not Medicare-eligible	\$125	\$130	\$178	\$184

If you retired BEFORE June 1, 1988:

Medicare-eligible	\$ 26	\$28	\$35	\$35
Not Medicare-eligible	\$103	\$117	\$155	\$177

HMOs	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
<i>If you retired AFTER May 31, 1988:</i>				

Medicare-eligible

Aetna/US Healthcare	\$85	\$89	\$85	\$89
HIP	\$85	\$89	\$85	\$89
SecureHorizons (Oxford)	\$85	\$89	\$85	\$89
BlueMedicare (Florida)	\$ 0	\$0	\$0	\$0

Not Medicare-eligible

Aetna/US Healthcare	\$146	\$197	\$197	\$251
HIP	\$119	\$128	\$161	\$161
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A

If you retired BEFORE June 1, 1988:

Medicare-eligible

Aetna/US Healthcare	\$85	\$89	\$85	\$89
HIP	\$85	\$89	\$85	\$89
SecureHorizons (Oxford)	\$85	\$89	\$85	\$89
BlueMedicare (Florida)	\$ 0	\$0	\$0	\$0

Not Medicare-eligible

Aetna/US Healthcare	\$146	\$197	\$197	\$251
HIP	\$119	\$128	\$133	\$145
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A

Prescription Drugs (CVS/Caremark)	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
	\$51	\$54	\$51	\$54

The Power of Your Benefits - Plan Year 2011

Retiree Health Program

CIGNA Hospital/Medical/Vision Plan Highlights

	Open Access Plus Copay Plan Retirees Under 65 or Non-Medicare Eligible		Open Access Plus Copay Plan Retirees Over 65 or Under 65 and on Medicare
	In-Network	Out-of-Network	Medicare Eligible
Annual Inpatient Hospital Deductible	50% of Medicare Part A deductible	50% of Medicare Part A deductible	50% of Medicare Part A deductible
Inpatient Hospital/Skilled Nursing Facility Admission*	After hospital deductible, plan pays 100% of Semi-private room and board up to 365 days per diagnosis	After hospital deductible, plan pays 80% of Semi-private room and board up to 365 days per diagnosis	After hospital deductible, plan pays 100% of Semi-private room and board up to 365 days per diagnosis
Annual Medical Deductible	N/A	\$550	\$550
Physician Office Visits	\$25 office visit copay	After annual medical deductible, plan pays 80%	After annual medical deductible, plan pays 80%
Annual Out-of-Pocket Max	N/A	\$3,100 per person	\$3,100 per person
Routine Physical Exams and Immunizations**	Not Covered	Not Covered	Not Covered
Routine Mammograms	Plan pays 100%, no copay	Plan pays 100% no deductible	Plan pays 100%, no deductible
Outpatient Surgery	Plan pays 100%, no copay	Plan pays 100% no deductible	After medical deductible, plan pays 80%
Outpatient Mental Health	After \$25 office visit copay, plan pays 100%	After medical deductible, plan pays 80%	After medical deductible, plan pays 80%
Vision	1 routine eye exam, 1 pair eyeglasses every 24 months	1 routine eye exam, 1 pair eyeglasses every 24 months	1 routine eye exam, 1 pair of eyeglasses every 24 months. No need to coordinate with Medicare
CVS/CAREMARK PRESCRIPTION PLAN			
	Non-Medicare Eligible		Medicare Eligible
Annual Prescription Deductible	\$100		\$100
Retail Co-payment	\$12 generic \$24 name-brand		\$12 generic \$24 name-brand
Mail Order Co-payment	\$10 generic \$20 name-brand		\$10 generic \$20 name-brand

Plan payments for covered health services are based on reasonable and customary charges

* Custodial care is not a covered health service

** Shingles vaccination is covered

COVERAGE PROVIDED FOR RECONSTRUCTIVE SURGERY FOLLOWING A MASTECTOMY

This notice is required by a federal law called the **Women's Health and Cancer Rights Act of 1998**. This notice is to inform you about how the Women's Health and Cancer Rights Act of 1998 applies to the health plans maintained by Consolidated Edison Company of New York, Inc., and Orange and Rockland, and the CEI non-regulated subsidiaries ("a CEI Health Plan"). In accordance with the Women's Health and Cancer Rights Act, please know that the CEI Health Plans provide the following coverage for necessary medical and surgical benefits with respect to a mastectomy:

- Reconstruction of the breast on which the mastectomy has been performed.
- Surgery and reconstruction of the other breast to produce a symmetrical appearance.
- Prostheses and treatment of physical complications of all stages of mastectomy, including lymphedemas.

This coverage for reconstructive surgery following a mastectomy is provided in consultation with the attending physician and the patient. Coverage is subject to the same annual deductibles and coinsurance provisions applicable to other such medical and surgical benefits provided under the particular CEI Health Plan under which you are a participant.

If you have any questions, call your health care provider.



**CREDITABLE COVERAGE DISCLOSURE NOTICE
For Calendar Year 2011**

To Retirees, Spouses, Domestic Partners, Surviving Spouses, and Dependents Who Are Covered Under the Consolidated Edison Retiree Prescription Drug Plan

Important Notice from Consolidated Edison Company of New York, Inc.
About Your Prescription Drug Coverage and Medicare

Please note that this notice only pertains to you if:

- You are Medicare eligible (over age 65 or considered disabled by the Social Security Administration) and currently covered or eligible for coverage under one of the health plans sponsored by Con Edison for retired employees, or
- You have a dependent spouse/domestic partner or child who both is covered by Medicare or Medicaid and currently covered or eligible for coverage under one of the health plans sponsored by Con Edison for retired employees.

Effective January 1, 2006, the federal government began sponsoring a prescription drug program for individuals participating in Medicare Parts A and B called Medicare Part D.

Con Edison, as required by Medicare Part D guidelines, is notifying all participants in the Con Edison Retiree Prescription Drug Plan that the benefits provided under the Con Edison Retiree Prescription Drug Plan are, on average, expected to pay out as much as the standard Medicare prescription drug coverage. Coverage under another prescription drug plan, such as the Con Edison Retiree Prescription Drug Plan, that is, on average, expected to pay out as much as the standard Medicare prescription drug coverage will pay under Medicare Part D is known as "Creditable Coverage."

While you have Creditable Coverage, you can decline coverage under Medicare Part D and if you decide to enroll in Medicare Part D in the future, you will not be assessed a late payment charge by the Center for Medicare and Medicaid Services (CMS). This letter serves as your "Notice of Creditable Coverage." If you are covered under the Con Edison Retiree Prescription Drug Plan, you have Creditable Coverage.

- Enrollment for Medicare Part D for the 2011 calendar year begins November, 2010 and runs through December 31, 2011. If you elect the Con Edison Retiree Prescription Drug Plan for 2011, you will have Creditable Coverage and you can choose to delay enrollment in Medicare Part D without paying a Medicare Part D late enrollment penalty. As long as you maintain Creditable Coverage, you will not be assessed a late enrollment penalty if you choose to enroll in Medicare Part D at a later date. Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare. If you leave employment during the year, you may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.
- If you enroll or your dependent enrolls in Medicare Part D for the 2011 calendar year, you or your dependent cannot maintain coverage in the Con Edison Retiree Prescription Drug Plan. If you or one of

your dependents enrolls in Medicare Part D, you must disenroll them from the Con Edison Retiree Prescription Drug Plan. To disenroll yourself or your dependent from prescription coverage, fill out the form below. You will be able to re-enroll in the Con Edison Retiree Prescription Drug Plan in the future during each annual open enrollment.

- Under the Medicare rules, if you go 63 days or longer without any prescription drug coverage, and then elect to participate in a Medicare Part D plan, your monthly Medicare Part D premium will go up at least 1% per month for every month that you did not have any prescription drug coverage. For example, if you go 19 months without prescription drug coverage, your premium will always be at least 19% higher than what most other people pay. You'll have to pay this higher premium as long as you have Medicare Part D coverage. In addition, you may have to wait until the next November to enroll.

For more information about this notice or your current prescription drug coverage, call Employee Benefits at 1-800-582-5056. NOTE: You will receive this notice annually and at other times in the future, for example during the next enrollment period for Medicare Part D or if this coverage changes. You may request a copy of this notice at any time.

For more information about your options under Medicare Part D, call 1-800-MEDICARE (633-4227) or visit their web site at www.medicare.gov. To find out if you qualify for low-income benefits, call Social Security at 1-800-772-1213 or visit their web site at www.socialsecurity.gov.

If you no longer wish to continue yours or your dependent's coverage under the Con Edison Retiree Prescription Drug Plan because you want to enroll in the new Medicare Part D program, fill out the form below and send it to Employee Benefits. Remember that you cannot elect coverage in the Con Edison Retiree Prescription Drug Plan if you elect Medicare Part D. You will still be eligible to enroll in Con Edison's health benefits (medical, hospital, dental, and vision) if you choose to enroll in Medicare Part D.

Medicare Part D Prescription Drug Plan Coverage

Name _____ Employee Number _____ Social Security Number _____

__ I wish to disenroll from the Con Edison Retiree Prescription Drug Plan because I will be enrolling in Medicare Part D for January 1, 2011. I understand that by choosing Medicare Part D I cannot participate in the Con Edison Retiree Prescription Drug Plan in January 2011.

Signature _____ Date _____

__ I currently receive my prescription drugs under Medicaid.

Signature _____ Date _____

__ I have a dependent child/spouse/domestic partner who is covered by Medicare and is enrolling in Medicare Part D. I authorize Con Edison to change my coverage category in the prescription portion of the Retiree Prescription Drug Plan.

Signature _____ Date _____

Please return this form to Con Edison, 4 Irving Place, Employee Benefits Room 1100, New York, NY 10003, Attn: Medicare Part D