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Circular Letter

September 25, 2014

TO: **ALL PEMHCA HEALTH BENEFITS OFFICERS AND ASSISTANT HEALTH BENEFITS OFFICERS**

SUBJECT: **CORRECTION – 2015 HEALTH BENEFIT SUMMARY BOOKLET FOR PREFERRED PROVIDER ORGANIZATIONS EFFECTIVE 2015**

The purpose of this Circular Letter is to provide information about the federal 2015 combined maximum out-of-pocket (OOP) limits for essential health benefits, and inform you of a correction to the **2015 Health Benefit Summary** booklet regarding Maximum Calendar Year Co-pay amounts for CalPERS Preferred Provider Organization (PPO) plans.

Under the Affordable Care Act (ACA), the U.S. Department of Health and Human Services (HHS) established the following annual maximum OOP limits for essential health benefits:

- \$6,600 for self-only coverage
- \$13,200 for family coverage.

These maximum OOP limits include both medical and pharmacy covered services. It is important to note that the ACA OOP limits apply to **covered services only**. HHS will update its annual limit on cost-sharing on a yearly basis.

On page 17 of the **2015 Health Benefit Summary**, CalPERS included the 2015 OOP limits in the PPO plans in the Maximum Calendar Year Co-pay section. The **correct** 2015 PPO Maximum Calendar Year amounts for medical deductibles and co-insurance are as follows:

- \$500 individual/\$1,000 family deductible
- \$3,000 individual/\$6,000 family co-insurance for PERS Select & PERS Choice
- \$2,000 individual/\$4,000 family co-insurance for PERSCare

September 25, 2014

To comply with the ACA, CalPERS is implementing maximum OOP limits for all medical and pharmacy costs. Effective in 2015, these new limits include the OOP limits identified above. The new limits, which include deductibles, co-payments, and co-insurance, are as follows:

- \$4,600 individual/\$9,200 family for all medical; and
- \$2,000 individual/\$4,000 family for all pharmacy.

CalPERS' new maximum OOP limits are a benefit to our members, protecting them from out-of-pocket health care costs which could have exceeded the newly established ACA limits. To provide an example of this, please see the enclosed maximum OOP illustration using PERS Choice for an individual comparing the 2014 plan year with no limits, to the 2015 plan year with the new OOP limits in place.

If you have any questions, please call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

DOUG P. MCKEEVER, Chief
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Enclosure

Maximum Out Of Pocket Illustration

PERS Choice Cost Sharing (Individual)

Medical Benefits	Standard Deductible Limit	\$50 ER Visit Deductible Limit	Coinsurance Limit	\$20 Doctor Visit Copayments Limit	Maximum Out Of Pocket (OOP)
2014	\$500	None	\$3,000	None	None / Unlimited
2015	\$500	None	\$3,000	None	\$4,600

Pharmacy Benefits	Mail Order Preferred Drug Copayment Limit	All Other Prescriptions Copayment Limit			Maximum Out Of Pocket (OOP)
2014	\$1,000	None			None / Unlimited
2015	\$1,000	None			\$2,000

Cost Sharing Terminology

Deductible: paid in full by the member before the plan will pay anything.

Coinsurance: member pays 20% of cost after the deductible, up to the coinsurance limit.

Copayment: member pays this amount instead of deductible or coinsurance.

Maximum OOP: maximum amount the member can be liable for during the benefit year (\$6,600 individual / \$13,200 family).