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**TO: HEALTH BENEFIT OFFICERS AND ASSISTANTS OF THE
STATE, CALIFORNIA STATE UNIVERSITY AND
CONTRACTING PUBLIC AGENCIES**

**SUBJECT: IMPORTANT 2002 OPEN ENROLLMENT PROCEDURES AND
CHANGES**

This letter addresses the following topics:

- Health Plan Changes
- Service Area Additions
- 2002 Enrollment Information and Procedures
- 2003 State Annuitant Contribution Formula
- Health Fairs
- Open Enrollment Seminars
- Administrative Fee (Public Agency Only)

HEALTH PLAN CHANGES

The following HMOs will be available in 2003: Blue Shield of California and Kaiser Permanente. Western Health Advantage also will continue as a CalPERS plan in 2003, but will be frozen to new enrollment in 2003.

In 2003, Blue Shield will offer an Exclusive Provider Organization (EPO) product in Colusa, Lake, Mendocino, Plumas and Sierra counties. The Blue Shield EPO Plan benefits will be the same as the HMO Plan, but members must seek services from the Blue Shield PPO network of physicians and are not required to select a personal physician.

CalPERS also will continue to offer two Preferred Provider Organization (PPO) plans, PERSCare and PERS Choice, and three Association plans, California Association of Highway Patrolmen (CAHP), California Correctional Peace Officers Association (CCPOA), and Peace Officers Research Association of California (PORAC). (The CAHP and PORAC plans are PPOs; the CCPOA plan is an HMO.) Members must belong to and pay dues to the respective association in order to enroll in these Association plans.

Health Net; Health Plan of the Redwoods; PacifiCare of California, Arizona and Nevada; and Universal Care will not be offered as CalPERS health plans in 2003. The current

contract for these plans remains effective through December 31, 2002, although new enrollment will no longer be accepted in these plans as of September 1, 2002.

Health Maintenance Organization premiums will increase on average of 26 percent for the Basic plans, and 41 percent for Medicare plans in 2003. PERSCare and PERS Choice premiums will increase an average of 20 percent for Basic and six percent for Medicare. Association plan premiums will increase an average of 21 percent for Basic and 19 percent for Medicare. See 2003 Health Plan Rate

SERVICE AREA ADDITIONS

Blue Shield is in the process of obtaining the required amendments of its license to expand its HMO coverage into the following counties: Glenn, Imperial, Mariposa and Napa.

In addition, Blue Shield is in the process of developing an EPO product that will be available in Colusa, Lake, Mendocino, Plumas, and Sierra counties.

2002 OPEN ENROLLMENT INFORMATION AND PROCEDURES

Open Enrollment will be held from September 3 through October 18, 2002. The health plan contract year is January 1, 2003 through December 31, 2003. During Open Enrollment, eligible employees and annuitants may enroll in health plans, change plans, or add family members. The effective date of all Open Enrollment transactions will be January 1, 2003.

Health Benefit Officers/Assistants are responsible for completing the *Health Benefit Plan Enrollment form* (HBD-12) or *COBRA Enrollment form* (HBD-85) for their agency's active employees and COBRA enrollees.

Unless the member chooses another plan during Open Enrollment all current Health Net, Health Plan of the Redwoods, PacifiCare of California, and Universal Care members will be enrolled automatically in Blue Shield if they live in counties served by Blue Shield. To ensure uninterrupted service, these members must choose a personal physician for each covered family member—even if they'd like to stay with their same doctor. Members who do not select a physician will be assigned one. Blue Shield will provide members with *Physician Selection* forms online, by mail and at health fairs. *Physician Selection* forms need to be completed by members and returned to Blue Shield by October 18, 2002. Additional forms will be available for Health Benefit Officers to order via Blue Shield's Web site at www.mylifepath.com/calpers. Health Benefit Officers and Assistants should inform current Health Net, Health Plan of the Redwoods, PacifiCare of California and Universal Care members of these required actions.

Note: During Open Enrollment, Health Net, Health Plan of the Redwoods, PacifiCare of California and Universal Care current enrollees who do not want to enroll with Blue Shield of California must complete a *Health Benefits Plan Enrollment form* (HBD-12) to change to another plan.

Retired members enrolled in PacifiCare of Arizona and Nevada will be enrolled automatically in PERS Choice unless they choose another plan during the Open

Enrollment period.

Retirees can make health plan changes using the following options:

- Select the *CalPERS Health Plan Retiree Change* tool on the CalPERS Web site, complete and submit to easily change health plans.
- Call 1-800-352-2238 and select the menu option "*Health*" to access information or make a health plan change without talking to a representative.
- Complete the *Retiree Request to Change Plans* (HBD-30) form located in the *Health Plan Decision Guide* of the Open Enrollment packet, and mail or fax this form to CalPERS as indicated.

Packet Changes

We've changed the content of the Open Enrollment packets. The following booklets are **not** included in the Open Enrollment packets this year:

- *Health Plan Quality and Performance Report*
- *Health Program Handbook*
- *Understanding Medicare & Your CalPERS Health Benefits*

Enrolled employees, COBRA enrollees and retirees may request any of these booklets using the pre-paid postcard that will be enclosed in the Open Enrollment packet mailed to their homes. This postcard is valid only through November 15, 2002. These booklets also will be available by mid-September on the CalPERS Web site for viewing and printing.

Note: The generic open enrollment packets you will receive from CalPERS will not include the pre-paid postcard.

Initially, employers will be shipped a supply of the *Health Program Handbooks* (HBD-99) and *Understanding Medicare & Your CalPERS Health Benefits* (HBD-100) booklets in October 2002 and then whenever these booklets are revised. Given these changes, the *Health Program Handbook* should be issued to your newly hired employees along with a generic open enrollment packet. Give the *Understanding Medicare & Your CalPERS Health Benefits* (HBD-100) booklet to employees upon separation for retirement.

Since there have been no changes regarding eligibility for enrollment for 2003, we ask that you use your supply of the *Health Program Handbook* until your new supply is received. The current version of the Handbook can be found on the CalPERS Web site and in last year's Open Enrollment packet.

Mailing Dates

Open Enrollment packets will be mailed to the homes of all enrolled members (including COBRA enrollees) beginning August 19 and through August 23, 2002. At this same time a supply of generic packets will be sent to your agency addressed to the individual designated as the Health Benefits Officer. Your agency will receive a supply equivalent to two percent of your eligible enrolled employees. These packets should be used for the following employees:

- Those who may not receive them at home
- Those who are eligible for health benefits but not currently enrolled
- Newly hired employees

Ordering Additional Open Enrollment Materials

If you need to order additional Open Enrollment packets, booklets, or any Health Benefits forms, contact the CalPERS Agency Request Unit at (916) 658-1493. You may also FAX your request to (916) 326-3281. Always include your agency name, a contact person, a telephone number, the agency's mailing address, and the quantity of the item you are ordering.

Special Document Completion Instructions for Terminating Health Plans

Remember! You do not have to complete an enrollment document for those employees who currently are enrolled in Health Net, Health Plan of the Redwoods, PacifiCare of California, or Universal Care if they want to enroll in Blue Shield of California. CalPERS will automatically move those enrollees affected by the loss of their plan to Blue Shield of California. However, they must submit the *Physician Selection* form as instructed by October 18, 2002. If they do not select a personal physician Blue Shield will assign them one. **You will complete a *Health Benefits Enrollment form (HBD-12)* or ACES transaction only if the affected employee does not want to be enrolled in Blue Shield of California and chooses another health plan.** However, you must complete a *Health Benefit Enrollment form (HBD-12)* or ACES transaction for those employees who request to add or delete family members. The effective date of all changes will be January 1, 2003.

Health Benefit Enrollment Form (HBD-12) Completion

Please complete Open Enrollment HBD-12 forms as follows:

Box 11	Primary Care Physician (HMO Only)	Providing this information will assist in the timely issuance of identification cards.
Box 14	Reason Code	
	104	New enrollment during Open Enrollment
	206	Adding dependent during Open Enrollment
	400	Changing plans during Open Enrollment
	28a*	Change plan/add family member during Open Enrollment
Box 15	Permitting Event Date	September 3-- October 18, 2002
Box 16	Effective Date	January 1, 2003

Box 21	Employee Sign Date**	September 3—October 18, 2002 Please include a daytime phone number
Box 33	HBO Received Date	No later than October 18, 2002

*Use code 28a for plan change/add dependent.

PLEASE include your *employee's* daytime telephone number on the HBD-12 form next to the employee's signature.

Note: State Permanent Intermittent (PI) employees may **not** enroll as "new" during the Open Enrollment period. PI eligibility is based on the completion of the required hours during the designated control periods. PI employees who are currently enrolled may add eligible family members and/or change health plans during Open Enrollment.

Employees on Leave of Absence (LOA)

Employees on a LOA during Open Enrollment may change plans and/or add dependents. Employees who do not change plans or add dependents during Open Enrollment may do so within 60 days from the date they return to regular pay status.

- *LOA and paying direct* -- You must complete a *Health Benefit Enrollment* (HBD-12) form and *Direct Payment Authorization* (HBD-21) form. For dependent changes with no change in plan code or party rate, use the HBD-12 only.
- *LOA not paying direct* – You must complete an HBD-12 to make a plan or dependent change.

COBRA Enrollees

Enrollees who are eligible through COBRA may change health plans and/or add eligible dependents during the Open Enrollment period. Enrollment changes are completed on a *COBRA Form* (HBD-85). The effective date rules for completion of the enrollment forms are the same as for Active State employees. COBRA rates are calculated at 102 percent of the health plan's premium rate. COBRA Rates

Submitting Forms

Submit your Open Enrollment forms as they are completed. Early submission helps the health plan in the timely issuance of identification cards. Submit forms to:

US POSTAL SERVICE	EXPRESS SERVICE/ DIRECT DELIVERY
<p>CalPERS Health Benefit Services Division Eligibility & Enrollment Section P.O. Box 942714</p>	<p>CalPERS Central Mail Room 400 P Street, Room 2220 Sacramento, CA 95814</p>

Automated Communications Exchange System Users (ACES)

All ACES transactions must be keyed and submitted for update based on the Open Enrollment dates and deadlines.

Rescissions

If an employee wishes to rescind an Open Enrollment change, CalPERS must receive the rescinding HBD-12 form by December 31, 2002. Rescissions may delay the arrival of identification cards.

Premium Adjustments

The January 1, 2003, pay warrants may not reflect the proper premium payment due to unavoidable processing delays during Open Enrollment. If this happens, the premium payment will be adjusted during a subsequent pay period. Members who changed health plans and have not received identification cards **should not continue to use the prior plan** after January 1, 2003. You should contact HBSD for assistance in resolving the problem.

Multiple HBD-12s

During the next few months, you may be preparing enrollment forms that **add or delete dependents that may affect the dependent information on the Open Enrollment form that you have prepared for January 1**. The effective dates and the dependent information for enrollment and Open Enrollment changes must be coordinated.

Example: Employee has a child on November 15, 2002. The employee changed health plans during Open Enrollment (September 3 through October 18, 2002), and you have completed and submitted the enrollment form to change plans. Complete one HBD-12 to add the newborn child effective December 1, 2002. The newborn will be added to the existing plan, and CalPERS enrollment system will automatically add the newborn to the new health plan effective January 1, 2003.

When completing enrollment forms to delete family members with the **same effective date** as an Open Enrollment change, use the following procedure:

- Complete an HBD-12 form deleting the dependent effective January 1, 2003.
- Complete a second HBD-12 to change health plans and/or add family members effective January 1, 2003.
- Staple the two enrollment forms together.
- In "Remarks," number the forms as "1 of 2" and "2 of 2".

2003 STATE ANNUITANT CONTRIBUTION FORMULA

The 2003 State contribution for annuitants shown below is calculated based on the

weighted average of the premiums for the four health plans with the largest enrollments of active and retired members in the Basic plan. For comparison, the 2002 state contribution is also shown.

	2003*	2002
One Party	\$288	\$216
Two Party	\$537	\$411
Family	\$665	\$525

* Depending on the outcome of the current budget process for 2003, the State contribution for retirees could be reduced slightly (by no more than \$1).

ZIP CODE ACCESS

The service area chart in the *Health Plan Decision Guide* indicates each health plan's general service area by county. To be eligible to enroll in a specific health plan, the employee or annuitant must live or work in the health plan's service area as specified in the service area chart. Please use the ZIP code search program available on the CalPERS Web site to determine the employee's eligibility for a health plan. The ZIP codes for the health plan service areas in 2003 will be available on the Web site by September 3, 2002. For agencies that do not have Internet access, call CalPERS Customer Center at (800) 352-2238 to determine whether a particular ZIP code is included in a plan's service area.

HEALTH FAIRS

To schedule a Health Fair for your agency, contact the health plan representatives directly. Health Fair Contacts provides a listing of each plan's representative, including telephone numbers. The representatives' telephone numbers are to be used **ONLY** to set up Health Fairs. We recommend that you contact the plans' representatives as soon as possible to determine their availability.

OPEN ENROLLMENT SEMINARS

Regrettably, CalPERS will not be able to offer in 2002 the Open Enrollment Seminars that we have offered for the past four years. Our staff thoroughly enjoyed meeting and working with those of you who attended these sessions in the past. We want to take this year off to study the effectiveness of the seminars and consider the resources needed for the seminars. At the conclusion of this study, CalPERS management will determine whether we can offer these sessions next year.

ADMINISTRATIVE FEE (Public Agency Only)

*The administrative fee for the January 1, 2003, contract year continues at 0.5 percent of the total gross monthly premium.

*Depending on the outcome of the current budget process for 2003, the administrative fee

could be reduced to 0.2 percent for Fiscal Year 2002/03.

New Reason Codes for Using the Work ZIP Code

New Reason Codes to identify health enrollments based on the Employer ZIP code were implemented June 23, 2002. The new codes will replace the three Reason Codes created in 2001 (151, 412 and 413).

When the Employer ZIP code is used to qualify a request for *New Health Enrollments* or *Change of Health Plan*, use the Reason Code that accommodates the reason for the enrollment. In box 4B of the *Health Benefits Enrollment form* (HBD-12) enter the words "*Employer ZIP.*"

New Reason Codes to add "**a new**" or "**terminate the existing eligibility**" ZIP code also have been implemented. Reason Codes 480 and 481 were created to terminate an existing eligibility ZIP code, to change an existing ZIP code and to add an eligible ZIP code without changing the health plan. These transactions will add a new event to the Health Inquiry screens. This information is viewable in Participant Inquiry screens.

Adding a New Eligibility ZIP Code or Changing an Existing Eligibility ZIP Code Without Changing Plans

- Submit a HBD-12 with the new Reason Code 480. The Permitting Event Date is the date the address changed. The effective date of change will be the first of the month following the address change. On the enrollment document always include the new effective date and the ZIP code. Indicate in the Comment Section of the HBD-12 if this enrollment is based on the Employer ZIP code. If there is already an eligible ZIP code, this process will automatically terminate it the day prior to the new Eligibility ZIP code effective date.

Terminating an Eligible ZIP Code Without Changing Plans

- Submit an HBD-12 with the new event code 481. The Permitting Event Date is the date the Eligibility ZIP code was no longer effective. The Effective Date will be the first of the month following the event.

Bargaining Unit 06 Cadets

Reason Code 153 was created to allow the enrollment of Bargaining Unit 06 Cadets who are Permanent Intermittent (PI) employees. This Reason Code will allow the cancellation using event code 500 and 502 during the control periods and/or loss of eligibility.

If you have any questions about the information provided in this Circular Letter, please contact the CalPERS Customer Contact Center at (800) 352-2238.

Tom Fischer, Chief
Health Benefit Services Division