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Circular Letter

TO: CONTRACTING AGENCY HEALTH BENEFITS OFFICER AND ASSISTANTS

SUBJECT: 2011 OPEN ENROLLMENT AND HEALTH BENEFITS INFORMATION

This Circular Letter informs employers about Open Enrollment related dates, health benefit changes, and instructions for processing Open Enrollment transactions.

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Open Enrollment Dates and Health Program Highlights

Open Enrollment Dates

The 2011 Open Enrollment period is from **October 10, 2011, through November 4, 2011**. The effective date of all Open Enrollment transactions is January 1, 2012.

my|CalPERS System Launch

On **September 19, 2011**, CalPERS will launch my|CalPERS, the state-of-the-art system that will enable new capabilities and enhance current functionality. This new system will streamline many CalPERS processes as well as decrease dependency on paper documents.

As we approach the launch of my|CalPERS, ACES will be decommissioned and no longer available. The my|CalPERS system training will provide the instruction you need to conduct health business with CalPERS and help ensure a smooth transition and continuity in services.

The Public Employer Readiness Team (PERT) is dedicated to helping employers prepare for the launch of my|CalPERS. To register for system training, please go to the PERT area of CalPERS On-Line at **www.calpers.ca.gov/pert**. Select **Training and Education** and then select **my|CalPERS Training**.

The Open Enrollment period is scheduled after the launch of my|CalPERS. It is important to register for a Health Enrollment Training Session to learn how to use the new system.

To ensure your agency is ready for the launch of my|CalPERS, visit the PERT area of CalPERS On-Line at www.calpers.ca.gov/pert.

Approved Health Plans

Health Maintenance Organization (HMO) Basic Health Plans

- Blue Shield Access+
- Blue Shield NetValue
- Kaiser Permanente

Exclusive Provider Organization (EPO) Health Plan

- Blue Shield EPO (serves Colusa, Mendocino, and Sierra counties)

Preferred Provider Organization (PPO) Basic Health Plans

- PERS Select
 - PERS Choice
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Approved Health Plans (contd.)

- PERSCare
- Peace Officers Research Association of California (PORAC)¹

¹Members must belong to the specific association and pay dues in order to enroll in any of the association plans.

2012 Benefit Changes

Highlights of the 2012 benefit changes are listed below. These benefit modifications are designed to focus on quality, patient safety, and engaging members in their care. While drug copayments will go up next year in some cases to encourage the use of generic and mail order drugs, they still will fall below the U.S. median for generic and preferred brand drugs, and slightly above the median for non-preferred drugs. Refer to the health plan's Evidence of Coverage (EOC) booklet for a complete explanation of the benefits covered, as well as limitations and exclusions that apply.

Blue Shield NetValue (Basic & Medicare)

- Expanding service area to include Contra Costa County, and withdrawing from Santa Barbara County
- Adding providers in Los Angeles, Riverside, Orange and San Bernardino Counties

Blue Shield 65 Plus (Medicare)

- Expanding service area to include Imperial, San Joaquin, San Francisco, and Nevada Counties

PERS Select (Basic & Medicare)

- Expanding service area to include Marin County

PERS Select/Choice/Care (Basic)

- Expanding the Value Based Site of Care program, which establishes a payment threshold for three additional elective procedures. When members receive service at an outpatient hospital rather than an ambulatory surgery center the following thresholds apply:
 - Arthroscopy - \$6,000 limit
 - Cataract Surgery - \$2,000 limit
 - Colonoscopy - \$1,500 limit

Peace Officers Research Association of California (PORAC)

- Increasing the deductible from \$50 to \$100 for the Medicare Rx Plan

General Pharmacy Benefit Highlights

- Retail co-payments for brand name drugs will increase by \$5.
 - Members may receive a 90-day supply of maintenance medication through mail order for the price of a 60-day retail supply.
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2012 Benefit Changes (contd.)

- Members maintain access to brand name drugs when a Food and Drug Administration approved generic equivalent is available by paying the difference between the cost of the generic and brand name drug. A brand co-payment applies when a prior authorization for the brand name drug is obtained due to medical necessity.
- Exclude discretionary lifestyle drugs from the \$1,000 out-of-pocket maximum for mail order prescriptions.

New Pharmacy Benefit Manager for CalPERS PPO Members

CalPERS has selected CVS Caremark to administer prescription drug benefits for more than 346,000 members of CalPERS self-funded PERS Select, PERS Choice and PERSCare PPOs effective January 1, 2012. CVS Caremark will offer several new benefits:

- A Maintenance Choice Program will allow members to pick up a 90-day supply of medication directly from a CVS pharmacy at a time convenient to them. Members will pay their typical mail order co-pay for a prescription on the same day and be able to talk face-to-face with a pharmacist.
- The Gaps in Care Plus Medical Program will use an integrated medical and pharmaceutical approach to identify potential gaps and omissions in drug and medical therapy for participating CalPERS members.
- Members will be able to save money by choosing “best choice” medications (generics and preferred brands) and 90-day supplies, where appropriate, in the iBenefit personalized mailing program.

2012 Premium Changes

In June 2011, the CalPERS Board of Administration approved a 2012 health rate package that will increase overall premiums by only 4.1 percent.

HMO Plans

- Basic HMO plan premiums will increase an average of 5.3 percent.
- Medicare HMO plans will decrease an average of 0.9 percent.

PPO Plans

- Basic PPO plan premiums will increase an average of 3.0 percent.
- Medicare PPO plans will increase an average of 0.7 percent.

Association Plans

- Basic Association plan premiums will increase an average of 2.7 percent.
- Medicare Association plans will increase an average of 0.9 percent.

(See Attachment A for the 2012 Monthly Premiums for Contracting Agencies)

**2012 State
Annuitant
Contribution
100/90 Formula**

State annuitant contributions are used by some public agencies that match state contribution or utilize the vesting provision under California Government Code section 22893.

The **2012 State** contributions for annuitants shall be an amount equal to 100 percent of the weighted average of the premiums for an employee or annuitant enrolled, for self-alone, in the four **Basic** health plans with the largest State enrollment, excluding family members for the previous year.

Below is a comparison chart for the 2011 and 2012 State contributions:

Party Type	2011	2012
One Party	\$542	\$566
Two Party	\$1,030	\$1,074
Family	\$1,326	\$1,382

Open Enrollment Communications

Open Enrollment Reminders

CalPERS will send the following communications to active employees and annuitants informing them of the 2011 Open Enrollment period dates:

- Mid-August - Open Enrollment packets
- Mid-August - PERSpective article
- October - warrant messages for annuitants
- Late August - Health Plan EOC Postcards
- Early October – Reminder of the Open Enrollment dates

We encourage employers to remind all active employees of the Open Enrollment dates.

Open Enrollment Packet

Enrolled subscribers will be mailed a 2011 Open Enrollment packet on **August 8** and **August 15, 2011**. The 2011 Open Enrollment packet includes:

- **Open Enrollment News** – contains information about this year's Open Enrollment period, as well as highlights of the 2012 health benefit design and co-payment changes.
- **Health Plan Statement** – identifies the health plan in which the subscriber and the subscriber's family members are enrolled as of July 1, 2011.
- **Rate Sheet** – informs members of health plans and rates that may be available to them based on their eligibility ZIP Code.
- **Postcard** – allows members to order the 2012 Health Benefit Summary, Health Program Guide, and the CalPERS Medicare Enrollment Guide.

Subscribers who enrolled in a CalPERS health plan after July 1, 2011, will not receive a Health Plan Statement. New hires or subscribers who did not receive a Health Plan Statement may obtain Open Enrollment publications from their Health Benefits Officer or through CalPERS On-Line at www.calpers.ca.gov.

Postcard Publications Request

Members may request health publications by using the prepaid postcard attached to the Rate Sheet. Postcards must be postmarked by **October 14, 2011**. Requested materials will be mailed within two weeks. The postcard may be used to request the following publications:

- **2012 Health Benefit Summary** – This publication provides valuable information to help make an informed choice about your health plan, compares benefits, covered services, and co-payment information for all CalPERS health plans.
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**Postcard
Publications
Request
(contd.)**

- **Health Program Guide** – This publication describes Basic and Medicare health plan eligibility, enrollment, and choices; provides an overview of CalPERS health plan types and tells you how and when you can make changes.
- **CalPERS Medicare Enrollment Guide** – This publication provides information about how Medicare works with your CalPERS health benefits, including when to enroll in a CalPERS Medicare health plan.

On **August 15, 2011**, the publications will also be available on CalPERS On-Line at www.calpers.ca.gov.

**Online
Resources**

We offer several resources on CalPERS On-Line at www.calpers.ca.gov to help members choose a health plan.

Health Plan Search by ZIP Code

The Health Plan Search by ZIP Code is an online tool that informs employees which plans are available in their area. Employees can enter the ZIP Code for their residential or work address, select the Member Category, and then Search to view the results. This tool is available on CalPERS On-Line. Employers may also use this tool to assist their employees.

Health Plan Chooser

The online Health Plan Chooser lets employees weigh the benefits and costs for each plan, search for specific doctors, and view overall plan satisfaction and quality ratings. The Chooser is available on CalPERS On-Line at www.calpers.ca.gov.

2011 Member Rating Information

The 2011 Member Rating Information describes how other CalPERS members rate the health plans and services and provides tips to assist in making other important decisions, such as choosing a doctor.

**2012 Health
Plan Webinar**

2012 Health Plan Webinar

The *2012 Webinar on Health Plan Design, Rate, and Benefit Changes* will provide employees, retirees, and their dependents the opportunity to receive information from expert representatives of each of the CalPERS health plans. The webinar offers on-demand video and downloadable materials regarding the 2012 health plans, providing participants with convenient 24/7 access from home or office.

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2012 Health Plan Webinar (contd.)

- On **August 4, 2011**, employers can participate in the webinar.
- Beginning on **September 1, 2011**, members and employers can view the pre-recorded webinar.

Refer to Circular Letter 600-041-11 for additional information.

Employer Reports

The Employer Report provides a listing of active employees who were mailed an Open Enrollment packet. Employer Reports will be mailed on **August 10, 2011**. The report contains the following information:

- Agency's employer code and unit code
- Employee's first name, middle initial, and last name
- Employee's address (according to CalPERS records)
- Employee's current health plan and eligibility ZIP Code
- An asterisk identifies active employees with an undeliverable address

Changes submitted after July 1, 2011, will not be reflected on this report.

The Open Enrollment Health Plan Statements for active employees with an undeliverable address on file with CalPERS will be included with your Employer Report for distribution to your employees. See Undeliverable Health Plan Statements for processing instructions.

Undeliverable Health Plan Statements

Active Members

Health Plan Statements for active employees returned by the United States Postal Service as undeliverable will be forwarded to their employers on **September 9** and **September 29, 2011**. Below are instructions for processing undeliverable Health Plan Statements for active employees:

1. Provide the Health Plan Statement and **Member Change of Address Form** to the employee.
 2. Employee submits the **Member Change of Address Form** to update their CalPERS address through their employer.
 3. Employer updates the employee's address within my|CalPERS.
 4. Provide the Health Plan Statement and **Member Change of Address Form** to the employee.
 5. Employee submits the **Member Change of Address Form** to update their CalPERS address through their employer.
 6. Employer updates the employee's address within my|CalPERS.
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**Undeliverable
Health Plan
Statements
(contd.)**

Returned statements that cannot be distributed to employees (e.g., member has permanently separated and did not leave a forwarding address) should be sent for certified destruction to the following address:

CalPERS
Health Account Services
Attn: Undeliverable Health Plan Statements
P.O. Box 942714
Sacramento, CA 94229-2714

Retired Members

Retirees who do not receive a Health Plan Statement, should be directed to contact CalPERS at **888 CalPERS** (or **888-225-7377**) to update their address and to request a 2011 Health Plan Statement.

**Employer
Resources**

Employer Open Enrollment Publication Packets

During the week of August 16, 2011, CalPERS will mail a supply of Open Enrollment publications equivalent to two percent of each agency's enrolled employees. Please use these to distribute to the following groups of employees:

- New hires.
- Employees who are eligible for health benefits, but who are not currently enrolled in a health plan.
- Members whose health enrollments or address changes were recorded after July 1, 2011.

Posters

Informational posters are included with the Open Enrollment packets for employers to post in the Personnel Office.

- Open Enrollment Poster – communicates the Open Enrollment event.
- Health Plan Chooser Poster – communicates the Health Plan Chooser as a tool to help with help health plan selection.

By August 15, 2011, these posters will also be available on CalPERS On-Line at www.calpers.ca.gov.

Employer Responsibilities

Maintaining Current Employee Demographics

It is important for employees to inform their Health Benefits Officer of any change that will impact their health enrollment. This includes timely notification of address or telephone number changes. A change of address may impact an employee's eligibility for a health plan. Additionally, the health plan or CalPERS may need to contact the employee by telephone concerning their health benefits. Outdated contact information may result in employees not receiving important communications about their health benefits.

Judges' and Legislators' Retirement Systems

Information for active and retired Legislators' Retirement System (LRS), Judges' Retirement System (JRS) and Judges' Retirement System II (JRS II) members will not be available in my|CalPERS during the Open Enrollment period. The Judges' and Legislators' Retirement Systems will provide communication specific to the affected ACES users by August 31, 2011, regarding the processing of Open Enrollment transactions for these members.

Submitting Open Enrollment Transactions

Employers must submit all health enrollment transactions using my|CalPERS. Process Open Enrollment transactions as they are requested. Early submission will ensure timely processing of health plan identification cards and proper payroll deductions.

All Open Enrollment transactions must be entered based on the Open Enrollment dates of October 10 through November 4, 2011. Employers will have through **November 18, 2011**, to process all Open Enrollment transactions. If you have any questions, contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Completing the Health Benefits Plan Enrollment Form

Use the guide below to complete the Health Benefits Plan Enrollment form:

Box	Reason Code	Description
14	104	New Enrollment during Open Enrollment
14	170*	Open Enrollment Less Than Half Time Employee New Enrollment
14	206	Adding Dependent during Open Enrollment
14	320	Open Enrollment Delete Dependent
14	400	Changing Plans during Open Enrollment
14	530	Open Enrollment Cancel Coverage

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Completing the Health Benefits Plan Enrollment Form (contd.)

Box	Field	Description
15	Event Date	October 10 – November 4, 2011
16	Effective Date	January 1, 2012
17	Basic Plan	List all persons to be enrolled in the health plan, including dependent SSNs
21	Employee Sign Date	October 10 – November 4, 2011 <i>(include employee's daytime phone number)</i>
33	HBO Received Date	October 10 – November 4, 2011

* New Reason Code available in my|CalPERS.

Rescissions

In my|CalPERS employers will have the ability to rescind health transactions when the effective date of the transaction occurs in the future.

For example, prior to the January 1 effective date, if a participant decides they no longer want to change health plans, employers may rescind the transaction within my|CalPERS. Employees cannot select another health plan, but can rescind the Open Enrollment change and return to the original health plan.

To avoid payroll deduction errors, the rescind transaction must be input into my|CalPERS prior to your agency's payroll cut-off date. Open Enrollment transactions rescinded after the January payroll cut-off date will be adjusted on the February 1, 2012, payroll.

Premium Adjustments

Despite everyone's best efforts, the January 1, 2012, pay warrants for some employees 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.

If an employee's pay warrant **does not** reflect their 2011 Open Enrollment health plan change, advise the employee **not to** continue using their prior plan *after* January 1, 2012. The employer must verify that my|CalPERS reflects the appropriate enrollment, and advise the employee that the payroll discrepancy will be resolved by the first of the next month.

Employees on Leave of Absence

Employees on a leave of absence during the Open Enrollment period may change plans and add/delete dependents. Employees who do not change plans, and add/delete dependents during the Open Enrollment period may do so within 60 days from the date they return to regular pay status.

**COBRA
Enrollees**

Enrollees who are eligible for COBRA continuation coverage may change health plans and add/delete eligible dependents during Open Enrollment. Subscribers enrolled in COBRA as of July 1, 2011, will receive an Open Enrollment packet. Employers must:

- Provide the former employee a **Group Continuation Coverage** form.
 - Process transaction using my|CalPERS.
 - Comply with the effective date rules for completion of the **Group Continuation Coverage** form which are the same as those for the **Health Benefits Plan Enrollment Form**.
 - Notify the employee that premium payments must be sent directly to the health plan, not CalPERS.
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**Retiree
Enrollment
Changes**

Retirees may make changes to their health plan in any of the following ways:

- By calling us toll-free at **888 CalPERS** (or **888-225-7377**) – Interactive Voice Response System (IVR)
- By requesting a change in writing by mail or fax to:

CalPERS
Health Account Services
P.O. Box 942714
Sacramento, CA 94229-2714
FAX (916) 795-3935

Note: Retirees will not have the ability to change their health plan through the **my|CalPERS** website during this year's Open Enrollment period.

Questions

If you have any questions about the information provided in this Circular Letter, please contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

DARRYL WATSON, Chief
Customer Account Services Division

Enclosures

[2012 Monthly Premiums for Contracting Agencies](#)
[2012 COBRA Rates for Contracting Agencies](#)