

DIRECT PAYMENT AUTHORIZATION (FORM HBD-21)

An employee who is not on regular pay status for a full pay period or more may elect to either cancel their health benefits coverage or continue coverage by paying the premium directly to the health plan (Direct Payment). To elect Direct Payment, an HBD-21 must be completed before the employee's group coverage terminates. A copy of the HBD-21 must be forwarded to the health plan along with a check for the first month's premium by the 10th of the month preceding the coverage month. Failure to submit the payment timely may result in cancellation or a lapse in coverage.

EXAMPLE: Employee enters non-pay status -- 10/15/04
(October pay period pays November premiums)

Completes form HBD-21 prior to -- 11/30/04
(Includes payment for December coverage month)

ACES updated no later than -- 11/30/04

Direct payment may be made by all enrolled employees who are:

- Off regular pay status for any reason. i.e., Leave of Absence, pending approval of disability retirement; or
- Appealing a suspension or dismissal; or
- Terminated due to Lay Off. *

* An employee terminated due to Lay Off may elect to use Direct Payment for up to one year or continue coverage for up to 36 months under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). If the employee elects Direct Payment, they may forfeit their COBRA rights, as COBRA must be elected within 60 days of COBRA notification.

During the employee's leave and while paying directly, the employee may add newly acquired dependents, and also delete family members. Open Enrollment plan changes are allowed during the annual open enrollment period while off pay status, or the employee may defer changing plans within 60 days after returning to regular pay status.

Pay Status Update

The employee's pay status must be updated in the Appointment Change screen using the Automated Communications Exchange System (ACES). The pay status must be updated *prior* to processing an employee's health benefits election (cancel coverage or Direct Pay).

When and Where to Submit Payment for a *Direct Payment* election

The employee must pay the full premium, in advance of the coverage month. A payment must also be made for the month in which the employee returns to work. If the premium rate changes while the employee is paying directly, the new premium amount must be paid to continue the coverage.

After the pay status has been updated and ACES has been updated to reflect the employee's Direct Pay election, the employer must forward the first payment to the health plan with a copy of the HBD- 21. All checks must be made payable to the health plan. Subsequent payments must be mailed to the health plan directly. The health plan will provide instructions to the enrollee on the payment method. (A list of health plans and mailing addresses is attached.)

Please note: CalPERS staff will no longer process HBD- 21s for ACES Users. HBD- 21s submitted to CalPERS will be returned to the employer for processing. Contracting agencies without access to ACES will continue to forward the HBD- 21s to CalPERS for processing. However, a copy of the HBD- 21 and the first payment must be sent directly to the health plan.

COMPLETION OF THE HBD-21 FORM DOES NOT CONSTITUTE COVERAGE. PAYMENT ALONG WITH A COPY OF THE HBD- 21 MUST BE RECEIVED BY THE HEALTH PLAN IN A TIMELY MANNER.

DO NOT SEND FORMS DIRECTLY TO CALPERS UNLESS YOU DO NOT HAVE ACCESS TO ACES.

INSTRUCTIONS FOR COMPLETION OF FORM HBD-21
Off Pay Status - Continue Health Coverage

PART A

ITEMS 1-4 Complete with the appropriate employee information.

PART B

ITEMS 5-6a Enter name, address, plan code and gross premium of the health plan.

ITEMS 6b-6c Enter the month and year to which the first direct pay premium is to be applied.

ITEMS 6d-6e Employee must sign and date the form.

PART C

ITEMS 7-14 Check reason for the direct payment authorization. If Box #14 is checked, an explanation must be entered.

PART D

ITEMS 15 Enter agency name. Under AGENCY, enter CalPERS employer code. Participating schools will also complete UNIT, representing the district.

ITEM 16 Enter the beginning and ending dates that correspond with the dates input in ACES. If the ending date is not available, such as for reasons 8, 13 and 14, allow one full year for direct pay.

Example: Employee applies for disability retirement and is separated on 10/15/04, which is the “from” date in box 16. The employer pays the November 2004 premium out of the October 2004 pay period. The employee starts the direct pay beginning with the December 2004 premium, and it may continue through November 30, 2005 which is the “to” date. The coverage may be extended after November 2005 if the disability retirement application is still pending at that time.

NOTE: If the direct pay dates extend *beyond one year*, a new HBD-21 must be completed.

ITEM 17 Enter the month and year of the last pay period from which a payroll deduction was taken.

NOTE: If the employee enters non-pay status April 10, April should be entered in Item 17, and June in Part B, Item 6b. Deductions from the April pay period pay the May premium.

ITEM 18-20 Health Benefits Officer or Assistant must sign and complete.

OFF PAY STATUS - CANCEL COVERAGE (FORM HBD- 12)

An employee, who is not on regular pay status for a full pay period or more, may elect to cancel their health coverage while off pay status instead of continuing the coverage through Direct Payment.

Pay Status Update

The employee's pay status must be updated in the Appointment Change screen using the Automated Communications Exchange System (ACES). The pay status must be updated prior to the processing of an employee's health benefit election.

To cancel coverage, an employee must complete and submit a form HBD-12 to their employer no later than the last day of the month following the month in which the last payroll deduction was taken. Once the pay status has been updated in ACES, the health account can be updated to reflect the cancellation. Event Code 533, *Off Pay Status (Cancel)*, must be processed through ACES no later than the 20th of the month following the last month on pay status. A copy of the completed and processed HBD-12 must be retained in the employee's file.

EXAMPLE: Employee enters non-pay status -- 10/15/04
(October pay period pays for November premiums)

Completes form HBD-12 prior to -- 11/10/04

ACES updated no later than -- 11/20/04

If the employee elects to resume health coverage upon return to active pay status, an HBD-12 must be completed. The new enrollment must reflect the same health plan and dependents covered prior to the change in pay status, subject to eligibility factors. After ACES has been updated with the return to pay status, ACES must then be updated with Event Code 160, *Return from Off Pay Status (New Enrollment)* during the month the employee returns to pay status to ensure proper health premium payment. A copy of the completed and processed HBD-12 must be retained in the employee's file.

Timely completion and processing of the cancellation and resumption of coverage is necessary to avoid premium discrepancies and retroactive adjustments. If the employee does not elect to resume coverage upon the return to active pay status, a request for re-enrollment will only be allowed during a future Open Enrollment period or under the provisions of the Health Insurance Portability and Accountability Act (HIPAA).

INSTRUCTIONS FOR COMPLETION OF FORM HBD-12
Off Pay Status - Cancel Health Coverage

- ITEMS 1 - 4 Employee must complete with appropriate information.
- ITEM 14 Enter Event Code 533.
- ITEM 15 Enter date employee goes off pay status.
- ITEM 16 Enter second month following the event date.
- ITEMS 20- 21 Employee must sign and date the form.
- ITEMS 28- 34 Enter agency specific information.
- ITEM 35 Enter "EE elects to cancel coverage while off pay status."

The Health Benefits Officer or Assistant must sign the HBD-12 and retain in the employee's file.

HEALTH PLAN ADDRESSES FOR SENDING HBD- 21 & PAYMENT

Blue Shield

Blue Shield of CA
P. O. Box 769022
Woodland, CA 95776-9022

Kaiser

Kaiser Permanente
P. O. Box 7141
Pasadena, CA 91109-7141

Peace Officers Research Association of California (PORAC)

Blue Cross of CA, PORAC Unit
Attn: Doug Espinoza
21555 Oxnard St., Fourth Floor
Woodland Hills, CA 91367

Western Health Advantage

Western Health Advantage
1331 Garden Highway, Suite 100
Sacramento, CA 95833

PERSCare

PERSCare Membership Department
Blue Cross of California
P. O. Box 629
Woodland Hills, CA 91365-4387

PERS Choice

PERS Choice Membership Department
Blue Cross of California
P. O. Box 629
Woodland Hills, CA 91365-4387