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Special:

Circular Letter

**TO: ALL PEMHCA CONTRACTING AGENCY HEALTH BENEFIT OFFICERS
& ASSISTANT HEALTH BENEFIT OFFICERS**

**SUBJECT: CALPERS CONTRACTING AGENCY ADMINISTRATIVE FEE FOR
FISCAL YEAR 2010/2011, RESOLUTION CHANGE PROCESS, AND
BILLING CUT-OFF DATES**

ADMINISTRATIVE FEE FOR FISCAL YEAR 2010/2011

Effective July 1, 2010, the CalPERS Board of Administration set the Public Employees' Medical and Hospital Care Act (PEMHCA) administrative fee to 0.37 percent. The administrative fee is calculated on total active and total retired health premiums each month.

Upon passage of the State of California's fiscal year 2010-11 budget, this new administrative fee will become law, and reflected in a future health premium invoice. The new administrative fee and a retroactive adjustment will be reflected in a line item under the description "Administrative Costs."

CONTRACTING AGENCY RESOLUTION CHANGE PROCESS

Agencies wanting to change current resolutions based on new premiums, modified Memorandum of Understanding (MOUs), or legislation must submit approved resolution changes by **November 8, 2010 at 5:00 pm**. This will ensure an effective date of January 1, 2011. Resolutions submitted after November 30, 2010 may not be processed in time for a January 1, 2011 effective date.

CONTRACTING AGENCY TERMINATION PROCESS

Contracting agencies may elect to terminate their participation in PEMHCA by filing a resolution passed by a majority vote of their governing body. The resolution must be filed no later than 60 days after the CalPERS Board approves the health premiums for the 2011 contract year. The resolution electing to terminate must be filed with:

Office of Employer and Member Health Services
P.O. Box 942714
Sacramento, CA 94229-2714

California Public Employees' Retirement System
www.calpers.ca.gov

The deadline for receipt of the resolution at CalPERS is **August 16, 2010 at 5:00 PM**, and is irrevocable after the filing of the resolution. Terminations are effective on January 1, 2011, and the re-entry period to PEMHCA is five years from the termination date.

2010 HEALTH BILLING CUT-OFF DATES

Attached is a copy of the Health Billing Cut-Off Dates for billing months September 2010 through February 2011 for contracting school districts and public agencies.

All Automated Communication Exchange System (ACES) batch transactions must be keyed and submitted by 3:00 pm on the cut-off date for each billing month.

Cut-off dates differ for school districts and public agencies; for example, in order for a batch transaction to appear on the **September 2010** invoice, employers must key and submit transactions by the following timeframes:

- School districts: **July 30, 2010 by 3:00 pm.**
- Public agencies: **August 10, 2010 by 3:00 pm.**

If a school district or public agency keys and submits a transaction after the cut-off date, the transactions will appear on the following month's invoice. In addition, employers must verify all transactions within ACES batches to ensure that they have been accurately uploaded.

HOW PAYMENTS ARE APPLIED

CalPERS wants to ensure your payments are applied accurately and timely. Please send a copy of the invoice with the monthly payment, **as billed** using Electronic Fund Transfer (EFT) or mail.

Underpayments: If an employer does not pay the full amount provided under *Total Payment Due*, the payment received will be applied to the current period only and not to any past due amounts. The *Total Payment Due* includes the current *Invoice ID*, any past due *Invoice ID* and assessed interest and penalties from any prior delinquent month(s).

Please advise CalPERS prior to payment date, if payments need to be applied to prior months, as we will continue to assess interest on a past due month's *Invoice IDs*. CalPERS will reverse assessed interest, if employers can provide documentation that payment was received timely and in full.

Overpayments: If an employer overpays the *Total Payment Due* amount and there is not a past due *Invoice ID*, the current *Invoice ID* will be paid and closed, and the remaining credit will be applied to a future *Invoice ID*.

KEY POINTS IN RECONCILING

Contracting school districts and public agencies are strongly encouraged to reconcile their invoices monthly to ensure all enrollments are accurately reflected for active and retired employees. Reconciliation ensures employers are accurately invoiced, that only eligible members are receiving benefits, and provides CalPERS the ability to negotiate lower health care costs. Below are helpful reminders for a successful reconciliation.

- Submit approved resolutions for contract changes timely
- Report health enrollment transactions accurately and timely to ensure transactions will be reflected on the invoice (retain Health Benefits Plan Enrollment [HBD-12] and Declaration of Health Coverage [HB-12A] forms on file for all employees)
- Confirm health enrollment changes by utilizing ACES' Participant Status Change Report and Participant Report
- Reconcile invoices monthly to ensure coverage of eligible members only
- Report the timely separation of members or deletion of dependents to receive the allowed maximum refund (6 months) of health premiums (refer to Circular Letter #600-215-05 at www.calpers.ca.gov)
- Pay timely the full amount of each invoice including assessed interest and penalties; any adjustments will be credited on a subsequent invoice
- Payments must be received by the 10th day of each month; allow two banking days from the debit date for EFT payments to be received
- The ACES Information Web Site (www.calpers.ca.gov) contains information regarding the Public Agency Billing function

We look forward to continuing our relationship with you in 2011. If you have any questions regarding the information provided in this Circular Letter, please contact our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sincerely,

Holly A. Fong, Chief
Office of Employer and Member Health Services

Attachment - 2010 Health Billing Cut-Off Dates for Contracting School Districts and Public Agencies



2010 Health Billing Cut-Off Dates Contracting School Districts and Public Agencies

| Billing Month* | School Districts | Public Agencies |
|-----------------------|-------------------------|------------------------|
| September | 07/30/10 | 08/10/10 |
| October | 08/31/10 | 09/10/10 |
| November | 09/30/10 | 10/08/10 |
| December | 10/29/10 | 11/10/10 |
| January 2011 | 11/30/10 | 12/10/10 |
| February 2011 | 12/31/10 | 01/10/11 |

Important Note

ACES batch transactions are picked up Monday thru Friday at 3:00 pm, excluding State holidays.

ACES batch transactions are picked up at 1:00 pm between the first day of the designated Open Enrollment period thru December 31st.

(*) Billing cut-off dates for January through August 2010 were provided on Circular Letter #600-007-10.