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Special:

# Circular Letter

**TO: Health Benefits Officers and Assistants of the State, California State University (CSU), and Contracting Agencies**

**SUBJECT: Eligibility Criteria for Dependents in a Parent-Child Relationship**

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**New Federal Regulations**

As of January 1, 2011, the Patient Protection and Affordable Care Act (Act), as amended by the Health Care and Education Affordability Reconciliation Act of 2010 (Reconciliation Act) prohibits using any criteria other than the relationship between an employee or annuitant and the child to determine eligibility for health benefits.

To conform to Federal law, CalPERS amended California Code of Regulations 599.500 (o) to separate out the definition which was formerly referred to as “economically dependent children.” The amendment does not create any new benefits but removes the “economically dependent” requirement and instead requires that the employee or annuitant certify annually that there exists a “parent-child relationship” as evidenced by the assumption of parental status or parental duties. Coverage for these children is extended up to age 26.

**Effective immediately, an Affidavit of Parent-Child Relationship (HBD-40) must be completed and certified at the time of enrollment for each child and annually thereafter up to age 26.** The Affidavit of Eligibility for Economically Dependent Children form (HBD-35) is obsolete and is no longer accepted.

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**Who is Eligible?**

An employee or annuitant may enroll a child, up to the age of 26, (other than an adopted, step or recognized natural child) if the employee or annuitant:

- Has assumed a parental role
  - Is considered the primary care “parent”
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**Who is Not Eligible?**

An employee or annuitant cannot enroll a child, up to the age of 26 if the child is a:

- Spouse of a recognized natural, adopted, or step-child
  - Foster child
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## Circular Letter (600-011-11), Continued

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### **Affidavit of Parent-Child Relationship**

The employee must submit an *Affidavit of Parent-Child Relationship* (HBD-40) at the time of enrollment for each child and annually thereafter up to age 26.

A copy of the affidavit is attached for your use until the affidavit is made available on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The *Affidavit of Eligibility for Economically Dependent Children* form (HBD-35) is obsolete and is no longer accepted.

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### **Completing the Affidavit of Parent-Child Relationship**

The employee must complete the *Affidavit of Parent-Child Relationship* (HBD-40) and provide any requested documentation.

#### **Employee/Annuitant Information**

- In addition to the basic demographic information, it is vital the date the employee assumed a primary custodial parental role is provided. In addition, the employee must clearly define their relationship to the child.

#### **Child Information**

- In addition to the basic demographic information, it is imperative that the employee provide the Social Security number of the child. Refer to Circular Letter 600-060-10 for additional information regarding the collection of dependent Social Security numbers.

#### **Eligibility**

- The employee must respond either Yes or No to each question in this section and initial after each response.
- The Health Benefit Officer (HBO) must validate each response and initial as confirmation of their validation.

#### **Employee/ Annuitant Signature**

- The employee must certify under penalty of perjury that the information provided is true and correct.

#### **Health Benefits Officer Signature**

- Based on the information provided and any documentation provided or requested, the HBO must either recommend to approve or disapprove the enrollment.

#### **Personnel Officer/Human Resource Manager**

- The Personnel Officer/Human Resource Manager must approve or disapprove each affidavit. Enrollment can not occur unless the Personnel Officer/Human Resource Manager first approves the affidavit.
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## Circular Letter (600-011-11), Continued

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### Eligibility Determination

Based upon the employee's responses to questions 1 through 7, the HBO must determine if a "parent-child relationship" exists as evidenced by the assumption of parental status or parental duties. The HBO can request supporting documentation to assist with the eligibility determination.

Evidence of this relationship may include documentation of assumed responsibilities such as providing shelter, clothing, food, child care or education for the child, as well as assuming parental duties, such as providing permission for school activities, health care services, extracurricular and recreational activities.

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### Enrollment Process

Upon approval from the Personnel Officer/Human Resource Manager, to enroll a child meeting the "parent-child relationship" criteria the employer must:

- Ensure a Health Benefits Plan Enrollment form (HBD-12), and a Declaration of Health Coverage form (HBD-12A), is completed for each change of enrollment.
- Process enrollments in the Automated Communication Exchange System using reason code 203.

### Effective Dates

- The employee has 60 days from the date the employee assumed a primary custodial parental role to request enrollment. If the request is received within 60 days, the child's enrollment is effective the first of the month following receipt of the paperwork.
  - An employee who does not request enrollment within 60 days of assuming a parent-child relationship, can enroll for loss of coverage, late enrollment, or during open enrollment.
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### System Modifications

#### Enrollment

To enroll a child, use reason code 203. Reason code 203 will be updated to reflect the following description:

Abbv Reason	Reason Description
Parent-Child	Parent-Child Rel Established

#### Termination

To delete a child, use reason code 310. Reason code 310 will be updated to reflect the following description:

Abbv Reason	Reason Description
NoParentChild	No Parent-Child Relationship

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## Circular Letter (600-011-11), Continued

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### System Modifications (contd.)

#### System Notices

In addition, these children will be identified as the following on all system generated notices:

- Assumed/Daughter
  - Assumed/Son
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### Currently Enrolled Economically Dependent Children

CalPERS will change the relationship of all children currently enrolled as economically dependent to reflect "Parent-Child".

Employees will be required to certify annually that a "parent-child relationship" exists.

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### Annual Certification

The new regulation requires the employee to certify annually that a "parent-child relationship" exists. Additional instructions on the certification process will be provided at a later date.

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### Affidavit Retention

Maintain the original Affidavit of Parent-Child Relationship (HBD-40), any supporting documentation, and all enrollment forms in the employee's file. These forms should be readily available in the event eligibility is questioned at a future date.

**Note:** Do not send the original or copies of the form to CalPERS.

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### Questions

For up-to-date information about CalPERS and Health Care Reform please refer to the Health Care Reform page on CalPERS On-Line at [www.calpers.ca.gov](http://www.calpers.ca.gov). If you need further assistance, please contact the CalPERS at **888 CalPERS** (or **888-225-7377**).

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Sincerely,

HOLLY A. FONG, Chief  
Office of Employer and Member Health Services

Enclosure  
[Affidavit of Parent-Child Relationship \(HBD-40\)](#)