



P.O. Box 942714  
Sacramento, CA 94229-2714  
**(888) CalPERS** (or **888-225-7377**)  
TTY: for Speech & Hearing Impaired (916) 795-3240  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

Date: June 23, 2011  
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Distribution: **IIB & VII**

# **Circular Letter**

Special:

**TO: ALL PEHMCA CONTRACTING AGENCY HEALTH BENEFIT OFFICERS AND ASSISTANT HEALTH BENEFIT OFFICERS**

**SUBJECT: CALPERS CONTRACTING AGENCY ADMINISTRATIVE FEE FOR FISCAL YEAR 2011/2012, RESOLUTION CHANGE PROCESS, TERMINATION PROCESS, AND BILLING CUT-OFF DATES**

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## **Administrative Fee For Fiscal Year 2011/2012**

Effective July 1, 2011, the CalPERS Board of Administration set the Public Employees' Medical and Hospital Care Act (PEMHCA) administrative fee to 0.36 percent. The administrative fee is calculated on total active and total retired health premiums each month.

**NOTE:** The new administrative fee becomes law upon passage of the State of California budget for the fiscal year 2011-12. If the budget is not passed until after the release of this Circular Letter, the new administrative fee and a retroactive adjustment will be reflected in a future health premium invoice in a line item under the description "Administrative Costs."

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## **Contracting Agency Resolution Change Process**

Agencies wanting to change current resolutions based on new premiums, modified Memorandum of Understanding (MOU), or legislation, must submit approved resolution changes by **November 4, 2011, at 5:00 p.m.** This will ensure an effective date of January 1, 2012. Resolutions submitted after November 30, 2011, may not be processed in time for a January 1, 2012, effective date.

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## **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 2012 contract year. The resolution electing to terminate must be filed with:

Health Account Services  
P.O. Box 942714  
Sacramento, CA 94229-2714

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**Contracting  
Agency  
Termination  
Process (cont.)**

The deadline for receipt of the resolution at CalPERS is **August 15, 2011, at 5:00 p.m.** and is irrevocable after the filing of the resolution. Terminations are effective on January 1, 2012, and the re-entry period to PEMHCA is five years from the termination date.

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**2011/2012  
Health Billing  
Cut-Off Dates**

Attached is a copy of the Health Billing Cut-Off Dates for billing months September 2011 through February 2012 for contracting school districts and public agencies.

All Automated Communication Exchange System (ACES) and my|CalPERS (after September 19, 2011) batch transactions must be keyed and submitted by 3:00 p.m. 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 2011** invoice, employers must key and submit transactions by the following timeframes:

- School districts: **July 29, 2011, by 3:00 p.m.**
- Public agencies: **August 10, 2011, by 3:00 p.m.**

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 and my|CalPERS batches to ensure that they have been accurately uploaded.

**NOTE:** Judges and Legislative Retirement System employers will have access to ACES after September 19, 2011, and can continue to use ACES until my|CalPERS Release 2.

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**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).

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**How Payments  
Are Applied  
(cont.)**

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*.

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**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 [HBD-12A] forms on file for all employees)
  - Confirm health enrollment changes by utilizing ACES Participant Status Change Report and Participant Report (ACES through August 18, 2011, and my|CalPERS the Monthly Billing Roster beginning September 19, 2011)
  - 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](http://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 10<sup>th</sup> day of each month
  - The ACES Information Web Site ([www.calpers.ca.gov](http://www.calpers.ca.gov)) contains information regarding the Public Agency Billing function. Beginning September 19, 2011, employers should access the Monthly Billing Summary page in my|CalPERS
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**Questions**

We look forward to continuing our relationship with you in 2012. 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**).

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Sincerely,

DARRYL WATSON, CHIEF  
Customer Account Services Division

Enclosure  
[2011/2012 Health Billing Cut-Off Dates for Contracting School Districts and Public Agencies](#)