



California Public Employees' Retirement System
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Distribution: Special

Circular Letter

June 8, 2016

TO: **ALL PEMHCA CONTRACTING AGENCY HEALTH BENEFITS OFFICERS AND ASSISTANT HEALTH BENEFITS OFFICERS**

SUBJECT: **CALPERS CONTRACTING AGENCY ADMINISTRATIVE FEE FOR FISCAL YEAR 2016-17, CONTRIBUTION CHANGE PROCESS AND TERMINATION PROCESS**

Administrative Fee for Fiscal Year 2016-17

The purpose of this circular letter is to inform you effective July 1, 2016, the CalPERS Board of Administration set the Public Employees' Medical and Hospital Care Act (PEMHCA) administrative fee at 0.31 percent (.31%). 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 2016-17. If the budget is not passed until after the release of this Circular Letter, the new administrative fee will be reflected on a future health premium statement, and on a prospective basis only. No retroactive adjustment will occur.

Contribution Change Process

Contracting agencies that wish to revise their monthly employer health contribution must submit a *change resolution*. Change resolutions are effective the first day of the second month following receipt by CalPERS; therefore, they must be filed with CalPERS by November 30, 2016, to be effective on January 1, 2017.

If your agency wishes to change its health contract, email the Health Contracts Unit at HBB_Public_Agency_Contract_Unit@CalPERS.CA.GOV to obtain the necessary change resolution template.

Termination Process

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

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**Termination
Process
(continued)**

Termination resolutions must be received by CalPERS no later than **Monday, August 15, 2016, at 5:00 p.m.**, to be effective on January 1, 2017. Termination resolutions are irrevocable once filed. Terminated agencies may not re-enter PEMHCA for five years from the termination date.

If your agency wishes to terminate its health contract, email the Health Contracts Unit at HBB_Public_Agency_Contract_Unit@CalPERS.CA.GOV to obtain the necessary termination resolution template.

**Fiscal Year
2016-17
Health Billing
Cut-Off Dates**

Attached is a copy of the Health Billing Cut-Off Dates for health coverage months July 2016 through January 2017, for contracting school districts and public agencies.

All employers must key and submit transactions by 11:59:59 p.m. on the cut-off date for each billing month. If a school district or public agency keys and submits a transaction after the cut-off date, the transaction will appear on the subsequent month's statement. Employers must verify all transactions within my|CalPERS to ensure they have been accurately uploaded.

**How
Payments Are
Applied**

To ensure your payments are applied accurately and timely, please include the Remittance Slip with the monthly payment **as billed**.

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

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

**Interest On
Late
Payments**

Payment must be received by the 10th day of each month. If the 10th day falls on a weekend or holiday, then payment must be received by the preceding business day. Interest is assessed on the unpaid receivable balance beginning on the 11th day of the month, at an annual rate of 10 percent until paid in full. Please refer to Circular Letter #600-026-15 at www.calpers.ca.gov for additional information regarding interest and delinquency.

Key Points In Reconciling

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

- Submit approved resolutions for contract changes in a timely manner
- Report health enrollment transactions accurately and timely to ensure transactions will be reflected on the statement (refer to Circular Letter #600-005-16 at www.calpers.ca.gov)
- Confirm health enrollment changes by utilizing the Monthly Employer Billing Roster in my|CalPERS
- Reconcile the monthly statement to the Monthly Employer Billing Roster to ensure coverage of eligible members only and the accuracy of their retirement system and medical group enrollment
- Key permanent separation dates of members or deletion of dependents in my|CalPERS in a timely manner to receive the allowed maximum refund (six months) of health premiums (refer to Circular Letter #600-215-05 at www.calpers.ca.gov)
- Pay each statement on time and as billed, including assessed interest and penalties; any adjustments will reflect on a future statement
- Ensure that there is a Health PA Billing contact listed for your agency. If you need to add one, please select "Primary Contact" to ensure delivery of the monthly statement to the appropriate staff

Questions

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**).

RENEE OSTRANDER, Chief
Employer Account Management Division

Attachment:
2016 Health Billing Cut-Off Dates for Contracting School Districts
and Public Agencies