

Addendum to the Initial Statement of Reasons

PURPOSE

Section 599.500 (o): Technical, clarifying amendments. Striking out the phrase “parent-child” to avoid confusion with the preceding subsection.

Section 599.500 (o): To clarify that when certifying PCR dependents, members will be required to submit documents that substantiate the parental role within that PCR, in addition to the Affidavit of Parent-Child Relationship (Affidavit) form.

The statement preceding subdivision 599.500 (o)(1) introduces for members and employing offices that certification of a PCR requires specified documents.

Section 599.500 (o)(1): To codify current enrollment practices, stating that the signed Affidavit form is one of the necessary documents required to certify the PCR.

Section 599.500 (o)(1)(A): A tax return unequivocally confirms the existence of a parental role over a child under the age of 19; To prepare for the changes, employees and annuitants are allowed time to meet the new requirements and allowed to submit other types of supporting documentation in the interim. Consistent with tax laws, the dependent must live with the employee or annuitant and rely on the taxpayer for financial support.

Section 599.500 (o)(1)(B): To allow employees and annuitants with PCR dependents between 19 and 26 some flexibility in the types of documents required to substantiate their parental role, as not all children can be claimed as a tax dependent due to age limitations. Also, the language reflects that the dependent must be either financially or economically dependent upon the employee or annuitant, in the event the dependent is attending school full-time and does not live with the employee or annuitant.

The purpose of the concluding paragraph is to mirror existing regulatory language regarding termination of a family member from a health plan. Section 599.506, Termination of Enrollment, provides parameters on the effective termination date for dependents.

NECESSITY

Section 599.500 (o)(1):

Existing regulations state that members involved in PCRs must annually certify their assumption of parental duties for that child, yet it does not stipulate what type of documentation is necessary to confirm the existence of those parental duties.

The language listed here is necessary as it specifically identifies the Affidavit, and identifies the types of supporting documents required to enroll a PCR dependent and confirm the existence of the employee or annuitant’s assumed parental duties. The inclusion of this sentence will clarify the meaning of certification, and ensure all employees and annuitants wishing to add a PCR dependent are submitting a CalPERS-approved Affidavit, in addition to specified documentation to substantiate their parental role over the child.

Section 599.500 (o)(1)(A): Based on federal law regarding tax dependents (26 U.S. Code § 152). Since CalPERS provides health benefits to children up to age 26, and since federal tax requirements establish the qualifying child age limit at 18 (or 23 if attending school full-time), the proposed PCR documentation requirements differ by age. All children in the “under 19” age group qualify as a tax dependent; therefore, a tax return is required to confirm eligibility as a PCR dependent.

Section 599.500 (o)(1)(B): Based on federal law regarding tax dependents (26 U.S. Code § 152). It is important to single out PCR dependents between age 19 and 26, as not all children in this age group qualify as a tax dependent.

Section 599.500 (o)(1)(B)(i): This sentence stipulates that a tax return listing the child is not mandatory, as not all children in between age 19 and 26 can be claimed as a tax dependent due to age limits. If a tax return is provided, it will be acceptable for enrollment; however, in the absence of a tax return, documents that substantiate financial or economic dependence will be required to verify eligibility upon enrollment. If attending school full-time, the employee or annuitant does not have to indicate a shared residence.

Section 599.500 (o)(1)(B)(ii), (I), and (II): Based on federal law regarding tax dependents (26 U.S. Code § 152). If an employee or annuitant does not or cannot claim their PCR dependent on their taxes due to age, then it is important to state that to qualify as a PCR dependent in this age group (19-26), the employee or annuitant must still substantiate the PCR dependent’s financial or economic dependence upon them. Thus, the language here is based on the federal requirements for claiming a qualifying relative as a tax dependent, mirroring both residency and financial dependence requirements.

Concluding paragraph:

Reference of the termination notice is necessary in order to be consistent with existing regulations regarding termination of health enrollment. Notice to employees and annuitants in this section is warranted so that the employing office has authority to disenroll a PCR dependent in the event an employee or annuitant does not submit documentation or submits insufficient documentation.

Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State’s Environment

CalPERS believes the adoption of this regulation benefits the health and welfare of California residents by ensuring program integrity and sustainability of the CalPERS health benefit program, which covers more than 1.3 million active and retired state, local government, and school employees, and their family members.

Forms Incorporated By Reference

CalPERS Affidavit of Parent-Child Relationship form