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Special:

**TO: HEALTH BENEFIT OFFICERS AND ASSISTANTS OF THE
STATE, CALIFORNIA STATE UNIVERSITY AND
CONTRACTING PUBLIC AGENCY**

FROM: HEALTH BENEFITS INFORMATION FOR 2003

Renewal of Health Plan Contracts

On April 17, 2002, the CalPERS Board of Administration approved the health benefits plans for the 2003 contract year with an average increase of 25 percent for the Basic plans, and 40 percent for Medicare plans. PERSCare and PERS Choice premiums will increase an average of 20 percent for Basic and six percent for Medicare. Association plan premiums will increase an average of 21 percent for Basic and 19 percent for Medicare. (Please see Attachment 1 for the plan specific rates.)

The following HMOs will be available in 2003: Blue Shield Access+ HMO, Health Plan of the Redwoods, Kaiser Permanente, and Western Health Advantage. Universal Care must achieve full compliance with the financial reserve and solvency requirements of the Department of Managed Health Care by May 1, 2002 to be available to CalPERS members in 2003. Health Net and PacifiCare will not be continued in 2003.

CalPERS will also continue to offer two PPO plans, PERSCare and PERS Choice and three association plans, California Association of Highway Patrolmen (CAHP), California Correctional Peace Officers Association (CCPOA), and Peace Officers Research Association of California (PORAC). (The CAHP and PORAC plans are PPOs; the CCPOA plan is an HMO.) Members must belong to and pay dues to the respective association in order to enroll in these association plans.

HMO Plan Changes

In selecting HMOs for 2003 and approving final rates, the Board focused on the following objectives:

- Maintaining the current benefit design.
- Maintaining the 2002 HMO service areas and prevent nearly 16,000 members from losing HMO options.
- Maintaining broad provider choices for members—assuring that as many members

- as possible will be able to remain with their current primary care physician.
- Minimizing cost increases for members and employers.

The Board achieved the best total value for the greatest number of CalPERS members by discontinuing two of the three largest network HMOs in 2003—Health Net and PacifiCare. In 2003, Blue Shield Access+ HMO will be available in all 40 counties currently served by Blue Shield, Health Net and PacifiCare. Blue Shield Access+ HMO will not serve the following counties currently served by Health Net on a limited basis: Amador, Lassen and Tehama.

The current contract with these plans remains effective through December 31, 2002. Your employees who are now enrolled in Health Net or PacifiCare must select a new health plan for 2003 during the 2002 Open Enrollment period.

Open Enrollment Period

The strategy for the 2002 Open Enrollment period and details on completing enrollment forms, plan codes and geographic service area information will be included in a Circular Letter to you in May or June.

In preparation for 2002 Open Enrollment, CalPERS asks that you take the following preliminary steps to ensure that you and your employees will receive all communications relative to this upcoming Open Enrollment period:

- Communicate now with your employees that Health Net and PacificCare will not participate in the CalPERS Health Benefits Program for 2003. Recommend your employees immediately research the providers and health plans that will be available to them in 2003. Information on provider networks, formulary drugs and health plans are available at the following CalPERS web site link:
www.calpers.ca.gov/health/providers.htm.
- Encourage employees to verify that as their employer, you have their correct mailing address on file.
- Provide changes to your agency's address and Health Benefit Officer information by completing Attachment 2 and returning it to CalPERS as indicated.

Completing these steps before Open Enrollment will ensure that you and your employees receive all information and materials distributed for Open Enrollment and provide your employees sufficient time to select a new health plan for the 2003 contract year.

To assist you with answering employee's questions, we have attached a four-page "**CalPERS Fact Sheet**" with information on the 2002-2003 Health Care Environment (Attachment 3). You may make copies of this attachment and distribute to your employees.

CalPERS Web Site

Find out what's new at CalPERS on-line. Our web-site is updated continuously to provide you and your employees with the most current, up-to-date information. Circular Letters, program changes, forms, Open Enrollment information and news releases are all available on the CalPERS web site.

Automated Communications Exchange System (ACES)

CalPERS would like to offer you the opportunity to submit your Health (**HBD-12**) and Membership (**AESD-1**) enrollments and changes online! The CalPERS Automated Communications Exchange System (**ACES**) provides you with an efficient and less costly process for conducting business with CalPERS. Via an internet connection, employers can exchange health, membership and payroll information with CalPERS in a highly secure environment.

In an effort to connect all employers who are interested in learning how to process CalPERS health and membership information electronically, we will be hosting ACES training sessions. CalPERS invites your organization to take advantage of this special opportunity. Through these special training sessions, you will be able to:

- Start using ACES as soon as you complete the training course.
- Process health (HBD-12) and/or membership (AESD-1) transactions faster and more efficiently.
- Network with other Health and/or Membership agency representatives, and discuss how ACES can help streamline your business processes.

If your agency is interested in registering for ACES training sessions, or need more information about ACES, please see the ACES information page at:
www.calpers.ca.gov/aces.

If you have any questions concerning this Circular Letter, please call our CalPERS Customer Contact Center at (800) 352-2238.

Respectfully,

Tom Fischer, Chief

Health Benefit Services Division