



# Circular Letter

P.O. Box 942714  
Sacramento, CA 94229-2714  
Toll Free: (888) CalPERS (225-7377)  
Telecommunications Device for the Deaf  
No Voice (916) 795-3240  
www.calpers.ca.gov

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Distribution:

Special:

**TO:** Health Benefit Officers and Assistants of the State and California State University

**SUBJECT:** Health Benefits Information and the 2004 Open Enrollment Period

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- Health Plan Contract Year
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## PART I

### Renewal of Health Plan contracts

The CalPERS Board of Administration has approved health plan premiums and benefit structures for the 2005 contract year. Premium increases are:

- Basic plans will increase an average of 11.3 percent, with an average decrease of 10.7 percent for Medicare plans.
- PERSCare and PERS Choice premiums will increase an average of 6.4 percent for Basic and Medicare plans will decrease by 12.5 percent.
- Association plan premiums will increase an average of 6.7 percent for Basic and 0.5 percent for Medicare.
- CalPERS retained the same HMO plans for 2005 as were available for 2004: Blue Shield of California Access + HMO and EPO; Kaiser Permanente; and, Western Health Advantage.

CalPERS will 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 plans.

#### **NOTE:**

Health plans are available to members based on their Eligibility ZIP code.

### Health Plans Contract Year

The contract year for the CalPERS-sponsored health plans is January 1, 2005 to December 31, 2005.

### 2005 Benefit Changes

- CalPERS HMO plans (Blue Shield, Kaiser and Western Health Advantage) have no benefit changes in 2005.
- Effective January 1, 2005, PERS Choice and PERSCare members will pay a higher copayment for maintenance drugs if they do not use mail order after the second fill of a prescription. If members continue to use a retail pharmacy for maintenance drugs, the

## 2005 Benefit Changes (continued)

higher mail order copayment will apply (\$10 generic; \$25 preferred; and \$75 non-preferred). PERS Choice members will receive only a 30-day supply (compared to the 90-day mail order supply) and PERSCare members will receive only a 34-day supply (compared to the 90-day mail order supply). Affected members will receive more information about this change from Caremark, the pharmacy benefit manager for PERS Choice and PERSCare.

- Two association plans, CAHP and CCPOA, also have benefit changes in 2005. Members should contact each association for more information.
- Subject to approval by the Department of Managed Health Care (anticipated action by July 30, 2004), CalPERS will exclude up to 34 hospitals from the Blue Shield-CalPERS 2005 provider network. As a result, some members will have to change providers to remain with Blue Shield, while others may retain their provider by signing up for a PPO health plan. Affected members will receive more information from Blue Shield prior to the start of Open Enrollment.

## PART II

### Annual Health Plan Statement

We will mail the 2004 Health Plan Statement to State members on July 27, 2004. It will include the following information:

- Member's current health plan
- Dependents enrolled in this plan
- ZIP code (home or current work) used to determine the health plan eligibility
- Health plan premium rates
- Benefit changes for 2005
- Pre-paid postcard for the ordering of Open Enrollment packets and other useful booklets.

#### NOTE:

Any members whose CalPERS health enrollments were made on or prior to **July 2, 2004**, will receive a Health Plan Statement. Any new hires or members who do not receive a Health Plan Statement may obtain an Open Enrollment Packet from their personnel office. CalPERS will mail Open Enrollment Packet supplies to employers beginning **August 18, 2004**. Please allow 4-5 business days for mailing time.

## Annual Health Plan Statement (continued)

### **Returned Health Plan Statements**

**Active Employees** – Statements returned to CalPERS because of an incorrect address will be sent to the employee's Health Benefits Officer/Assistants to be distributed to the employee. Health Benefit Officers/Assistants are asked to have these employees complete a change of address form to ensure future mailings reach the employee. Statements that cannot be distributed to your employee (e.g. member has since permanently separated and did not leave a forwarding address, etc) must be forwarded to CalPERS to be certified destroyed. You may mail these undeliverable statements to:

CalPERS  
Office of Employer and Members Health Services  
Attn: Returned Health Plan Statements  
P.O. Box 942714  
Sacramento, CA 94229-9901

**Retired members** – Statements returned to CalPERS because of an incorrect address will be certified destroyed by CalPERS. Members who did not receive their health plan statement, may call CalPERS at (888) CalPERS (225-7377) to update their address and request a duplicate Annual Health Plan Statement be mailed to them.

### Health Plan Statement Employer Reports

New for the year 2004, are Health Plan Statement Employer Reports. CalPERS will have these reports mailed directly to your agency beginning July 27, 2004. The reports will provide a list of all active employees who were mailed a Health Plan Statement, and contain the following information:

- Agency's Employer Code and Unit Code
- Member's first name, middle initial and last name
- Member's address as recorded in our records
- Member's Social Security Number
- Member's current Health Plan and Eligibility ZIP code

These reports will identify the address used to mail your employees' Health Plan Statements. Any address changes submitted after **July 1, 2004** will not be reflected on this report. If your employee needs to update their address, have the employee submit an Employee Action Request form.

## **Open Enrollment Packets and other useful booklets**

### **For State members**

CalPERS will mail 2004 Open Enrollment Packets and other booklets upon member request only, beginning **August 16, 2004**. We will fulfill requests on a "flow" basis as we receive the postcards. CalPERS will ship Open Enrollment Packets first and mail other booklets separately to arrive shortly after the Open Enrollment Packets. Please note the postcard for your employees to order Open Enrollment materials expires on **September 1, 2004**.

It will take approximately 10-12 business days for members to receive the requested materials.

The Open Enrollment Packet contains the following booklets:

- Health Plan Decision Guide
- Health Benefit Summary

Members must individually request the following booklets which are not included in the Open Enrollment Packet:

- Health Program Handbook
- Understanding Medicare and Your CalPERS Health Benefits
- Quality Report

### **NOTE:**

All Open Enrollment booklets will be available for view online effective **September 15, 2004**.

### **For Agencies**

Beginning **August 18, 2004**, we will send each agency a supply of Open Enrollment Packets equivalent to two percent of that agency's enrolled employees. You should use these packets for the following groups:

- Those eligible for health benefits, but not currently enrolled
- Newly-hired employees
- Any members whose health enrollments or changes of address were not recorded on or prior to July 2, 2004

To order additional open enrollment materials contact:

CalPERS Agency Request Unit  
Phone: (916) 658-1493  
Fax: (916) 326-3281  
Web Site: [www.calpers.ca.gov](http://www.calpers.ca.gov)

### Open Enrollment Packets and other useful booklets (continued)

Be sure to include your agency's name and address, a contact person, telephone number and the quantity of each item ordered.

**NOTE:**

Additional supplies of Open Enrollment Packets will not be available for you to order until **August 30, 2004**.

### The Health Plan Chooser

CalPERS has a Web-based education tool known as the **Health Plan Chooser** which provides information to assist members in the health plan decision making process. The tool provides members with a means to compare health plans using:

- Plan costs
- Quality
- Covered services
- Plan rules
- Available doctors, by plan

To access this link the member may visit our Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

### Retiree Health Plan Changes

Retirees can make health plan changes using one of the following options:

- Call (888) CalPERS (225-7377)
- Complete the Retiree Request to Change Plans (HBD-30) form located in the Health Plan Decision Guide in the Open Enrollment Packet and mail or FAX the form to CalPERS.

**NOTE:**

The Retiree Health Plan Change tool which allows retirees to submit health plan changes on line will not be available this year.

**PART III**

**Open Enrollment Procedures**

Please complete Open Enrollment HBD-12 forms as follows:

**NOTE:** The chart below may also be used by ACES users.

Box 11	Primary Care Physician (HMO Only)	Providing this information will assist in the timely issuance of identification cards.
Box 14	Reason Code	
	104	New Enrollment during Open Enrollment
	206	Adding dependent during Open Enrollment
	320	Open Enrollment Delete Dependent
	400	Changing plans during Open Enrollment
	530	Open enrollment Cancel Coverage
Box 15	Permitting Event Date	September 15 - October 15, 2004
Box 16	Effective Date	January 1, 2005
Box 21	Employee Sign Date	September 15 - October 15, 2004 Please include employee's daytime phone number
Box 33	HBO Received Date	September 15 - October 15, 2004

**State Permanent Intermittent Employees**

State Permanent Intermittent (PI) employees may not enroll as “new” during Open Enrollment. PI eligibility is based on the completion of the required hours during the designated control period. PI employees who are currently enrolled may add eligible family members and/or change health plans during Open Enrollment.

**Employees on Leave of Absence (LOA)**

Employees on a LOA during Open Enrollment may change plans and/or add dependents. Employees who do not change plans or add dependents during Open Enrollment may do so within 60 days from the date they return to regular pay status.

**Open Enrollment Procedures (continued)**

- LOA and paying direct – LOA and paying direct transactions may be completed using the ACES System. If your agency does not use ACES, you must complete a Health Benefit Enrollment form (HBD-12), and Direct Payment Authorization form (HBD-21). For dependent changes with no change in plan code or party rate, use the HBD-12 only.
- LOA not paying Direct – LOA not paying direct transactions may be completed using the ACES System. If your agency does not use ACES, you must complete an HBD-12 to make a plan or dependent change.

**COBRA Enrollees**

Enrollees who are eligible through COBRA may change health plans and/or add eligible dependents during Open Enrollment. Enrollment changes may be completed using the ACES System. If your agency does not use ACES, you may complete a COBRA form (HBD-85). The effective date rules for completion of the enrollment forms are the same as those for Active State employees. COBRA rates are calculated at 102% percent of the health plan's premium rate. (See Attachments for COBRA rates)

**Submitting Enrollment Actions:**

Submit your Open Enrollment transactions as they are completed. Early submission into the ACES system assists the health plan in the timely issuance of identification cards, and ensures that proper payroll deductions will be made.

If you are not on the ACES electronic enrollment program, you may mail your enrollment forms to:

<b>U.S. POSTAL SERVICE</b>	<b>EXPRESS SERVICE/ DIRECT DELIVERY</b>
<b>CalPERS Office of Employer and Member Health Services P.O. Box 942714 Sacramento, CA 94229-2714</b>	<b>CalPERS Central Mail Room 400 P Street, Room 2220 Sacramento, CA 95814 (916) 326-3044</b>

***All forms submitted to CalPERS for Open Enrollment update must be received before October 22, 2004 to ensure proper update into the system.***



## **Open Enrollment Procedures (continued)**

### **Automated Communications Exchange Users (ACES)**

All ACES transactions must be keyed and submitted for update based on the Open Enrollment dates of September 15<sup>th</sup> through October 15<sup>th</sup>. Users will have additional time after the close of the Open Enrollment period for transactional input. However, all Open Enrollment ACES transactions must be completed by **October 29, 2004**.

### **Rescissions**

Employees may request to have an Open Enrollment change rescinded through **December 31, 2004**. However, CalPERS must receive the rescinding HBD-12 form by **December 1, 2004**, to avoid payroll deduction errors.

### **Premium Adjustments**

Despite everyone's best effort, the January 1, 2005, pay warrants may not reflect the proper premium payment due to unavoidable processing delays during Open Enrollment. If this happens, the premium payment will be adjusted during a subsequent pay period. Be sure that the system reflects the appropriate enrollment, and advise your member that the payroll issues will resolve themselves on the first of the next month.

### **Health Plan Identification Cards**

Health plans will make every effort to ensure members who changed health plans receive their new identification cards prior to January 1, 2005. If these members have not received identification cards for their new plan, they should not continue to use their prior plan after January 1, 2005. To resolve this problem, members should first contact the new health plan and inquire about the issuance of cards. You may then contact the CalPERS Customer Contact Center for assistance in resolving the problem.

### **Sequencing Transactions**

If you are an ACES user, it is important to key in your transaction based on the earliest effective date.

Example:

You have a member who wants to add a newborn child effective 11/1/04 and also make an Open Enrollment change effective 1/1/05. You must key in the newborn child first then key in the Open Enrollment transaction the following day. If you key in the Open Enrollment transaction first, you will not be able to add the dependent and will have to call our ACES Hotline for assistance.

## Open Enrollment Procedures (continued)

If you are not an ACES user, please submit the following:

- Two HBD-12 forms to CalPERS for processing; one form to add the newborn and another form for the Open Enrollment change.
- Staple both forms together and in the “remarks section” number the forms as “1 of 2” and “2 of 2.”

## 2005 State Annuitant Contribution Formula (100/90 Formula)

The 2005 State contributions for annuitants shown below are calculated based on the weighted average of the premiums for the four health plans with the largest enrollments of active and retired members in the Basic plan. For comparison, the 2004 state contributions are also shown.

	2005	2004
<b>One Party</b>	\$362	\$331
<b>Two Party</b>	\$679	\$621
<b>Family</b>	\$858	\$780

## Health Plan Search by ZIP code On-line Service

The service area chart in the Health Plan Decision Guide indicates each health plan’s general service area by county. To enroll in a specific health plan, the employee or annuitant must live or currently work in the health plan’s service area. You can find out what plans are available in each ZIP code by using our *Health Plan Search by ZIP code Online Service* which will be available by **September 1, 2004**. The member’s Social Security Number is needed to identify whether the member is a state or contracting agency member so the tool can retrieve the appropriate health plans.

Agencies that do not have Internet access may call CalPERS at (888) CalPERS (225-7377) to determine whether a particular ZIP code is included in a plan’s service area or to order a hard copy of the State or Regional Plans associated ZIP Code listing.

## Health Fairs

To schedule a Health Fair for your agency, contact each health plan's representative directly. One of the attachments provides a listing of each plan's representative, including telephone numbers.

The representatives' telephone numbers are to be used ONLY to set up Health Fairs. We recommend that you contact the health plan's representatives as soon as possible to determine their availability.

If you have any questions about the information provided in this Circular Letter, please contact the CalPERS Customer Contact Center at (888) CalPERS (225-7377).

Sincerely,

Curtis Howard, Chief  
Office of Employer & Member Health Services

### Attachments (7)

- 2005 Premium Rates
- 2005 PERS Choice & PERSCare Benefit Changes -- Outpatient Prescription Drug Program
- Sample of the Annual Health Plan Statement
- Sample of the Health Plan Statement Employer Report
- COBRA-Rates
- List of Health Plan Representatives
- Reason Code Chart