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Sacramento, CA 94229-2714
888 CalPERS (or **888-225-7377**)
TTY 800-735-2929
www.calpers.ca.gov

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Circular Letter

Special:

TO: CONTRACTING AGENCY HEALTH BENEFITS OFFICERS AND ASSISTANTS

SUBJECT: HEALTH BENEFITS INFORMATION AND THE 2007 OPEN ENROLLMENT PERIOD

This letter addresses the following topics:

PART I

- Open Enrollment Period
- Approved Health Plans
- Health Plan Contract Year
- 2008 Basic Health Plan Benefit Changes
- Assisting Employees With Finding a Physician or Other Provider

PART II

- The 2007 Health Plan Statements
- Returned Health Plan Statements
- The 2007 Health Plan Statement Employer Reports
- Open Enrollment Packets and Other Useful Booklets
- The Health Plan Chooser Tool
- Determining Your Employees' Health Plan Eligibility
- Retiree Health Plan Changes

PART III

- Guide for Completing the Health Benefit Plan Enrollment Form (HBD-12)
- Employees on Leave of Absence (LOA)
- COBRA Enrollees
- Submitting Enrollments Transactions
- Automated Communication Exchange Users (ACES)
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- Premium Adjustments
- Health Plan Identification Cards
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- State Annuitant Contribution Formula for 2008 (100/90 formula)
- Health Plan Search by ZIP Code Web Site Tool
- Health Fairs

PART I

**Open Enrollment
Period**

The 2007 Open Enrollment period begins **September 17th**, and ends on **October 12th, 2007**.

**Approved Health
Plans**

The CalPERS Board of Administration approved the health plan premium and benefit structure for the **2008** contract year as follows:

- CalPERS approved the Blue Shield of California and Kaiser Permanente HMO contracts.
- Blue Shield of California will offer a new Blue Shield NetValue health plan **in addition** to the current Blue Shield Access+ HMO health plan. Please see page 4 for coverage areas.
- CalPERS approved a new self-funded Blue Cross PERS Select plan **in addition** to the two current PPO plans, PERSCare and PERS Choice. Please see page 6 for coverage areas.
- CalPERS approved the Peace Officers Research Association of California (PORAC) plan. Members must belong to, and pay dues to PORAC, in order to enroll in this plan.
- Basic HMO plan premiums overall, will increase an average of 7.39 percent, and Medicare plans will decrease an average of -1.61 percent
- PERSCare and PERS Choice Basic premiums will increase an average of 4.15 percent and Medicare plans will increase by 6.67 percent.
- Association Basic plan premiums will increase an average of 10.81 percent and Medicare plans will decrease by -2.27 percent.

NOTE: See **Attachment 1** for CalPERS 2008 Health Premium Rates.

**Health Plan
Contract Year**

The contract year for all CalPERS health plans is January 1, through December 31, 2008.

**2008 Basic
Health Plan
Benefit Changes**

	Co-Pays		
	Kaiser and Blue Shield HMOs	Current	Change
Office Visit		\$10	\$15
Preventive Care Visits (Members enrolled in the basic Blue Shield or Kaiser Permanente HMO plan will have no co- payment for most preventive care services.)		\$10	Free Preventive Care Co-payments are waived for preventive care visits (i.e., periodic health exams, maternity care, pre/post natal care, well baby visits, immunizations, hearing evaluations, allergy testing and treatment) Note: Blue Shield will have no co-pay for allergy testing, but Kaiser will still charge a \$15 co-pay for allergy testing
Emergency Room		\$50 (waived if admitted)	No change
Urgent Care Co-payment		Kaiser \$10 Blue Shield \$25	\$15 (standardized among all HMO's)
Out-of-pocket maximums		Kaiser \$1,500/\$3,000 Blue Shield currently has no out of pocket maximums	\$1,500/\$3,000 (standardized among all HMO plans)
Pharmacy co- pays		Retail: \$5 generic \$15 brand name \$45 non-formulary Mail Order: \$10 generic \$25 brand name \$75 non-formulary Note: Kaiser is \$5/\$15	No change

Note: These changes do not apply to the CalPERS Medicare plans or the Association plans.

**2008 Basic
Health Plan
Benefit
Changes,
Continued**

Blue Shield NetValue

Blue Shield will offer a new Blue Shield NetValue HMO plan which has a smaller network of medical groups, but offers a significantly lower premium while still providing the same quality of care and comprehensive benefits to CalPERS members. The Blue Shield NetValue plan includes 50 percent of the Primary Care Physicians and 49 percent of the Specialists and OB/GYN Physicians in the current Blue Shield Access+ physician network. This new plan will be offered **in addition** to the current Blue Shield Access+ HMO plan.

Blue Shield NetValue will be available in 17 counties: El Dorado, Fresno, Kern, Kings, Los Angeles, Madera, Nevada, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Joaquin, Santa Barbara, Ventura and Yolo. Some counties will have only partial access and members should contact Blue Shield Member Services at (800) 334-5847 or www.blueshieldca.com to determine whether their ZIP Code is included in the NetValue service area.

Blue Shield Withdrawal From Four Counties

To combat continually increasing health costs in certain rural counties, the 2008 benefit design package includes the withdrawal of Blue Shield's Access+ HMO plan from four counties (Lake, Napa, Plumas, and certain areas of El Dorado). Some members may still have another HMO option available. Where no other HMO plan is available, members will have the added choice of a new PERS Select PPO, or the current PERS Choice or PERSCare PPO plans.

CalPERS will send a letter to Blue Shield members notifying them that if they do not select a new health plan during the Open Enrollment period, they will automatically be enrolled in the PERS Choice Preferred Provider Organization (PPO) health plan. Members can refer to their 2007 Open Enrollment packet to review this plan's deductibles, co-payments and benefits.

If members do not wish to be enrolled in the PERS Choice PPO health plan, they must select a new health plan. Active employees should contact their Health Benefits Officer or Personnel Office to initiate a health plan change.

**2008 Basic
Health Plan
Benefit
Changes,
Continued**

Blue Shield Withdrawal From Four Counties, Continued

Retired employees can log into the CalPERS Web site at www.calpers.ca.gov, or, if they prefer, they can always call and talk to us toll free at 888 CalPERS (or 888-225-7377) or use our Interactive Voice Response System to make their health plan change. (See “Retiree Health Plan Changes” on page 10 of this letter for further information.)

Western Health Advantage (WHA)

Western Health Advantage (WHA) will not be available as a CalPERS health plan in 2008. WHA serves Colusa, El Dorado, Placer, Sacramento, Solano, and Yolo Counties. CalPERS made a business decision to consolidate HMO plans in the greater Sacramento region and not contract with WHA for the 2008 contract year. This decision supports our pursuit of health care cost containment through better risk management and better cost controls. In addition, this will enable CalPERS to undertake a more strategic co-managed approach with our remaining health plans and ensure the best total value to the greatest number of CalPERS members.

CalPERS will freeze new WHA enrollments on September 1, 2007.

CalPERS’ members will still have access to quality health care in the affected counties by enrolling in another CalPERS HMO plan, where available, or one of the PPO plans during the 2007 Open Enrollment period.

Note: See page 6 for PERS Select Service Area.

CalPERS will send a letter to WHA members notifying them that if they do not select a new health plan during the Open Enrollment period, they will automatically be enrolled in the PERS Choice Preferred Provider Organization (PPO) health plan. Members can refer to their 2007 Open Enrollment packet to review this plan’s deductibles, co-payments and benefits.

If members do not wish to be enrolled in the PERS Choice PPO health plan, they must select a new health plan. Active employees should contact their Health benefits Officer or Personnel Office to initiate a health plan change.

Retired employees can log into the CalPERS Web site at www.CalPERS.ca.gov, or, if they prefer, they can always call and talk to us toll free at **888 CalPERS** (or **888-225-7377**) or use our Interactive Voice Response System to make their health plan change. (See “Retiree Health Plan Changes” on page 10 of this letter for further information.)

**2008 Basic
Health Plan
Benefit
Changes,
Continued**

PERS Select

CalPERS will offer a new self-funded PERS Select PPO plan administered by Blue Cross of California, **in addition** to the current statewide PERS Choice and PERSCare plans. PERS Select provides a high efficiency network of physicians and will be a lower cost option for members who value the freedom of choice offered through a PPO plan design.

PERS Select utilizes the Blue Cross Select PPO physician network which is a subset of the Blue Cross PPO network utilized by PERS Choice and PERSCare. Approximately 50 percent of the Blue Cross PPO network of physicians participates in the Select PPO network. A PERS Select member should check to see if their chosen physician is participating in the Select PPO Network before seeking services. Members can contact Blue Cross Member Services at (877) 737-7776 or www.bluecrossca.com to determine whether their ZIP Code is included in the PERS Select service area.

PERS Select is not available to members who live out-of-state. PERS Select is only available to members who live or work in 54 of the 58 California counties. PERS Select is not available to members in Alameda, Marin, Placer, or Solano counties.

**Assisting
Employees with
Finding a
Physician or
Other Provider**

If your employees need help finding a new Primary Care Physician (PCP) or identifying hospitals in their health plan's network, please direct them to the health plan's online physician directory or the plan's Member Services Department for assistance. Members can change their Primary Care Physician any time during the year. The effective date of the change will be the first of the following month.

- Employees who are enrolling in Blue Shield should indicate their choice of PCP when completing the *Health Benefits Plan Enrollment* form (HBD-12). Blue Shield offers an online *CalPERS Personal Physician Selection* form.
- Employees enrolling in Kaiser Permanente, PERS Choice, PERS Select, PERSCare, or PORAC do not need to choose a PCP.

Please encourage employees who are choosing a PCP to call the provider's office to verify they are accepting new patients. Blue Shield will issue new member ID cards whenever members change their PCP.

Note: For specific information on service areas and benefit coverage for all of the CalPERS health benefit plans, please refer to the **Health Benefit Summary** (HBD-110).

PART II

The 2007 Health Plan Statements

CalPERS will mail all enrolled members their 2007 Health Plan Statements during the month of **August 2007**. The 2007 Health Plan Statement includes the following information:

- Enrolled member's current health plan
- Family members enrolled in this plan
- ZIP Code (home or current work) used to determine health plan eligibility.

NOTE:

- Members enrolled in a CalPERS health plan after **July 1, 2007**, will not receive a Health Plan Statement.
 - New hires or members who did not receive a Health Plan Statement may obtain an Open Enrollment packet from their Health Benefits Officer or Personnel Office.
-

Returned Health Plan Statements

Active Employees

- Statements returned to CalPERS because of an incorrect address will be forwarded to the employee's Health Benefits Officer/Assistant to be distributed to the employee.
- CalPERS is asking Health Benefit Officers/Assistants to have these employees complete a change of address form to ensure future mailings reach the employee in a timely manner.
- Statements that cannot be distributed to the employee (e.g., member has since permanently separated and did not leave a forwarding address) must be forwarded to CalPERS to be destroyed. You may mail these undeliverable statements to:

CalPERS
Office of Employer and Member Health Services
Attn: Returned Health Plan Statements
P.O. Box 942714
Sacramento, CA 94229-2714

Retired Members

- Statements returned to CalPERS because of an incorrect address will be destroyed.
 - Retirees who did not receive their Health Plan Statement, may call CalPERS at **888 CalPERS** (or **888-225-7377**) to update their address and request a 2007 Health Plan Statement.
-

**The 2007 Health
Plan Statement
Employer
Reports**

CalPERS will mail employer reports to employers around **August 10, 2007**. The reports list all active employees who were mailed a 2007 Health Plan Statement. The reports contain the following information:

- Agency's employer code and unit code.
- Employee's first name, middle initial and last name.
- Employee's address (CalPERS records).
- Employee's current health plan and eligibility ZIP Code.

NOTE:

- Any address changes submitted after **July 1, 2007**, will not be reflected on this report.
- If an employee needs to update their address, have the employee complete your agency's change of address form.

**Open
Enrollment
Packets and
Other Useful
Booklets**

For Members

CalPERS will mail an Open Enrollment packet to all members. The 2007 Open Enrollment packet contains the following:

- Personalized 2007 Health Plan Statement
- Premium rate sheet and return postcard
- *Open Enrollment News* publication (**see Attachment 4**)

Members **may request** other Open Enrollment-related booklets by using the prepaid postcard included with their 2007 Health Plan Statement and rate information. It will take approximately 10 to 12 business days for the requested materials to be received. Please note the prepaid postcard expires on **September 10, 2007**.

Booklets which members must individually request with the postcard are:

- *Health Program Guide* and *Health Benefits Summary*
- *Your Health Plan, Your Doctors, and You: The Prescription for Quality Health Care* (formerly the Quality Report)

Note: Western Health Advantage members and Blue Shield members in Lake, Napa, Plumas, and certain areas of El Dorado county will receive the *Health Program Guide*, *Health Benefit Summary*, and the *Your Health Plan, Your Doctors, and You: The Prescription for Quality Health Care* books along with their Open Enrollment packets.

All Open Enrollment books will also be available on the CalPERS Web site at www.calpers.ca.gov by the week of August 20, 2007.

**Open
Enrollment
Packets and
Other Useful
Booklets,
Continued**

For Employers

CalPERS will mail a supply of Open Enrollment packets equivalent to two percent of each agency's enrolled employees. Please use these packets for the following groups:

- Employees who are eligible for health benefits and are looking to enroll this year.
- New hires
- Employees who are enrolled in health benefits but did not receive an Open Enrollment packet.

To order additional Open Enrollment materials, contact:

CalPERS Agency Request Unit
Phone: (916) 795-1493
FAX: (916) 795-3281
Email address: Public_Agency_Requests@calpers.ca.gov

Be sure to include your agency's:

- Name and address
- A contact name
- Telephone number
- The quantity of each item ordered

NOTE: Additional supplies of Open Enrollment packets will be available for you to order the last week of August 2007.

**The Health Plan
Chooser Tool**

CalPERS has a web-based tool, the **Health Plan Chooser**, that allows members to determine which CalPERS health plan best suits their needs. Members can access the **Health Plan Chooser** tool at www.calpers.ca.gov. The tool provides members with a means to compare health plans using:

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

**Determining
Your
Employee's
Health Plan
Eligibility**

ZIP Codes are used to determine the health plans in which your employees are eligible to enroll. Employees and working retirees may choose either their home or current work address ZIP Code to establish their eligibility. Retirees cannot use the address of the agency they retired from to establish their eligibility. Members and employers may use the online service, **Health Plan Search by ZIP Code** Web site tool to find out which health plans are available based on ZIP Code. See page 14 of this document for more information about this online service.

**Retiree Health
Plan Changes**

Retirees do not need to call CalPERS to make a change to their health plan during Open Enrollment. From **September 17th through October 12th, 2007**, they can “self-serve” by going to the CalPERS Web site at www.calpers.ca.gov and choosing the “**my|CalPERS**” link. If they have registered to use our online services in the past, there is no need for them to re-register. They can use their existing User ID and Password. If they have not registered for online access yet, they will have to register at “**my|CalPERS**” first before using our online health benefit services. This is a simple and secure process. Once registered at **my|CalPERS**, retirees may change their health plan online by clicking on the “**My Health Summary**” link, and then selecting the “**Change My Health Plan**” link.

- Retirees may also call our **Interactive Voice Response System (IVR)** at **888 CalPERS** (or **888- 225-7377**) or,
- Submit an **Open Enrollment Change Request Form for Retirees** (HBD-30) which is available in the *Health Program Guide* or on the CalPERS Web site. They may submit the form as follows:
 - Return by FAX (916) 795-3935, or
 - Mail directly to:

CalPERS
Office of Employer and Member Health Services
P.O. Box 942714
Sacramento, CA 94229-2714

PART III

Open Enrollment Procedures

**Guide for
Completing the
Health Benefits Plan
Enrollment Form
(HBD-12)**

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 17 – October 12, 2007
Box 16	Effective Date	January 1, 2008
Box 21	Employee Sign Date	September 17 – October 12, 2007 <i>Please include employee's daytime phone number.</i>
Box 33	HBO Received Date	September 17 – October 12, 2007

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

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.

- LOA and paying direct:
 - You must complete a *Health Benefits Plan Enrollment* form (HBD-12) and *Direct Payment Authorization* (HBD-21) form.
 - For dependent changes with no change in plan code or party rate, use the HBD-12 form only.
- LOA not paying direct:
 - You must complete an HBD-12 form to make a plan or dependent change.

Open Enrollment Procedures, Continued

COBRA Enrollees

Enrollees who are eligible for health coverage through COBRA may change health plans and/or add eligible dependents during Open Enrollment.

- Enrollment changes are completed on a Group Continuation Form (HBD-85).
- A HBD-85 must be submitted to the Employer within 60 days of notification. Premium payments should be sent to the health plan, not to CalPERS
- The effective date rules for completion of the HBD-85 form are the same as those for the HBD-12 form.
- COBRA rates are calculated at no more than 102 percent of the health plan's premium rate. Please see **Attachment 2** for 2008 COBRA Rates. (Under certain conditions, California law permits an extension of COBRA benefits up to 36 months. The Cal-COBRA extension premium cannot exceed 110 percent of the health plan premium rate.)

Submitting Enrollment Transactions

Submit your Open Enrollment transactions as they are completed. Early submission into the **Automated Communication Exchange Systems (ACES)** will ensure timely issuance of identification cards and that proper payroll deductions will be made. If you have any questions about ACES, contact CalPERS at **888 CalPERS** (or **888-225-7377**).

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

FOR DELIVERY BY U.S. POSTAL SERVICE	FOR DELIVERY BY EXPRESS SERVICE/DIRECT DELIVERY
CalPERS Office of Employer and Member Health Services P.O. Box 942714 Sacramento, CA 94229-2714	CalPERS Central Mailroom 400 Q Street Sacramento, CA 95811 (916) 795-3043

NOTE: All forms submitted to CalPERS for Open Enrollment updates must be received before **October 19, 2007**, to ensure proper update into the system for the beginning of the 2008 health benefit year.

Open Enrollment Procedures, Continued

Automated Communications Exchange Users (ACES)

All Automated Communications Exchange Users (ACES) transactions must be keyed and submitted for update based on the Open Enrollment dates of **September 17, through October 12, 2007**. Users will have additional time after the close of the Open Enrollment period for transaction input. All Open Enrollment ACES transactions must be completed by **October 19, 2007**.

Rescissions

Employees may request to have an Open Enrollment change rescinded through **December 31, 2007**. However, CalPERS must receive the rescinding HBD-12 form by **December 1, 2007**, to avoid payroll deduction errors.

Premium Adjustments

Despite everyone's best efforts, the **January 1, 2008**, pay warrants for some members 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.

If a member's pay warrant **does not** reflect their 2007 Open Enrollment health plan change, the member should **not** continue to use their prior plan *after January 1, 2008*. Be sure the system reflects the appropriate enrollment, and advise the member that the payroll discrepancy will be resolved by 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, 2008**. Members, who have not received identification cards for their new plan, should **not** continue to use their prior plan *after January 1, 2008*. Members should first contact the new health plan for assistance in getting new I.D. cards. If unresolved, members may then contact the CalPERS Customer Service and Education Division at **888 CalPERS** (or **888-225-7377**) for assistance.

Open Enrollment Procedures, Continued

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 an employee who wants to add a newborn child effective November 1, 2007, and also make an Open Enrollment change effective January 1, 2008.

1. You must key in the newborn child first, and
2. Key in the Open Enrollment transaction the following day.
3. If you key in the Open Enrollment transaction first,
4. You will not be able to add the dependent, and
5. You will need to call our ACES Hotline at **888 CalPERS** (or **888-225-7377**) for assistance.

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

- Two HBD-12 forms to CalPERS for processing;
 - o One HBD-12 form to add the newborn child, and
 - o One HBD-12 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”.

State Annuitant Contribution Formula for 2008 (100/90 formula)

State annuitant contributions are used by some public agencies participating in vesting schedules. The 2008 **State** contributions for annuitants shown below are calculated based on the weighted average of the premiums for an employee or annuitant enrolled for self-alone in the Basic plan offering of the four health plans with the largest State enrollment excluding family members for the previous year. For comparison, the 2007 State contributions are also shown.

	2007	2008
One Party	\$439	\$471
Two Party	\$823	\$886
Family	\$1,042	\$1,129

Open Enrollment Procedures, Continued

Health Plan Search by ZIP Code Web site Tool

The service area charts located in the *Health Program Guide* and the *Health Benefit Summary* indicate each health plan's general service area by county. To be eligible to enroll in a specific health plan, the employee or annuitant must live or currently work in the health plan's service area as specified in the service area charts.

By mid-August, the **Health Plan Search by ZIP Code** Web site tool will be available at www.calpers.ca.gov. Employers with Internet access will be able to assist their employees by inputting the employee's work or home address ZIP Code and retrieving a list of health plans from which the employee can choose.

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

Health Fairs

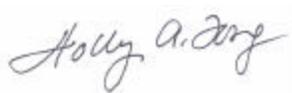
The online "**Open Enrollment Health Fair Reservation System**" provides employers with a web-enabled single point of service portal to schedule your employee health fairs. This registration system allows you to schedule health fairs with all available CalPERS health plans simultaneously, providing you with "one-stop-shopping" and better equips our health plans to manage their attendance at these events.

You can access this online system by clicking on a link at the CalPERS Web site at www.calpers.ca.gov or at www.healthfairregistration.com. For further information, please refer to Circular Letter 600-030-07 dated June 1, 2007. You can access this Circular Letter at the CalPERS Web site at www.calpers.ca.gov, and then click on Circular Letters in the left hand column of the screen.

Note: A listing for each health plan representative is provided on **Attachment 3** for agencies who do not have Internet access.

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

Sincerely,

A handwritten signature in cursive script that reads "Holly A. Fong". The signature is written in black ink and is positioned to the left of a vertical line.

Holly A. Fong, Chief
Office of Employer & Member Health Services

Attachments