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Special:

# **Circular Letter**

TO: CONTRACTING AGENCY HEALTH BENEFIT OFFICERS & ASSISTANT HEALTH BENEFIT OFFICERS

SUBJECT: CALPERS CONTRACTING AGENCY ADMINISTRATIVE FEE FOR FISCAL YEAR 2008/2009 AND RESOLUTION PROCESS

## **Administrative Fee for Fiscal Year 2008/2009**

Effective July 1, 2008, the CalPERS Board of Administration set the Public Employees' Medical and Hospital Care Act (PEMHCA) administrative fee at 0.45%. The administrative fee is calculated on total active and total retired health premiums each month.

Upon passage of the State of California's Fiscal Year 2008-2009 budget, this new administrative fee will become law, and reflected in a future Health Premium Invoice. The new administrative fee and a retroactive adjustment will be reflected in a line item under the description "Administrative Costs."

## **Contracting Agency Termination Process**

Contracting agencies may elect to terminate their participation in PEMHCA by filing a resolution passed by a majority vote of their governing body. The resolution must be filed no later than 60 days after the CalPERS Board approves the health premiums for the 2009 contract year. The resolution electing to terminate must be filed with:

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

The deadline **for receipt of the resolution at CalPERS is August 18, 2008, at 5:00 PM**, and is irrevocable after the filing of the resolution. Terminations are effective on January 1, 2009, and the re-entry period to PEMHCA is five years from the termination date.

**Contracting Agency Resolution Change Process**

Agencies wanting to change current resolutions based on new premiums, modified MOUs, or legislation must submit approved resolution changes by **November 10, 2008, at 5:00 PM**. This will ensure an effective date of January 1, 2009. Resolutions submitted after November 10<sup>th</sup> may not be processed in time for a January 1, 2009, effective date.

It has been our pleasure to provide public agencies with the highest quality health care available at the lowest fees possible. In 2009, CalPERS will continue this tradition with an overall premium increase of 4.3 percent for its entire health care package of plans – the smallest increase in more than a decade. In comparison, a recent report by Hewitt Associates, a human resources consulting firm, indicates Health Maintenance Organization premiums for 2009 are likely to increase an average of 12 percent in California.

We look forward to continuing our partnership with you in 2009. If you have any questions regarding this information, please call our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sincerely,

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