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Circular Letter

TO: CONTRACTING AGENCY HEALTH BENEFITS OFFICER AND ASSISTANTS

SUBJECT: 2010 OPEN ENROLLMENT AND HEALTH BENEFITS INFORMATION

This Circular Letter informs employers about Open Enrollment related dates, health benefit changes, and instructions for processing Open Enrollment transactions.

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Open Enrollment Dates and Health Program Highlights

Open Enrollment Dates

The 2010 Open Enrollment period is from **September 13, 2010, through October 8, 2010**. The effective date of all Open Enrollment transactions is January 1, 2011.

Approved Health Plans

Health Maintenance Organization (HMO) Basic Health Plans

- Blue Shield Access+
- Blue Shield NetValue
- Kaiser Permanente

Exclusive Provider Organization (EPO) Health Plan

- Blue Shield EPO (serves Colusa, Mendocino, and Sierra counties)

Preferred Provider Organization (PPO) Basic Health Plans

- PERS Select
- PERS Choice
- PERSCare
- Peace Officers Research Association of California (PORAC)¹

¹Members must belong to the specific association and pay dues in order to enroll in any of the association plans.

2011 Changes

Highlights of the 2011 benefit changes are listed below. These benefit modifications promote more appropriate use of medical products and services, such as encouraging use of over-the-counter alternatives to prescription drugs and establishing a 50 percent co-insurance for discretionary drugs used to treat sexual dysfunction. Refer to the Evidence of Coverage booklets for a complete listing of changes.

- Blue Shield Access+/NetValue (Basic) – adding a \$250 co-pay for use of an outpatient hospital instead of an ambulatory surgery center for gastrointestinal endoscopy, spinal injections, and cataract surgery
- Blue Shield NetValue (Basic & Medicare) – offering coverage to Santa Cruz and Santa Clara counties, and expanding access in San Mateo County
- Blue Shield Access+/NetValue (Basic & Medicare) – excluding non-formulary brand prescription co-pays from the out-of-pocket maximum, and increasing non-formulary brand waiver co-pay
- Blue Shield 65 Plus (Medicare) – expanding coverage in San Bernardino and Riverside counties

2011 Changes (contd.)

- Kaiser Permanente (Medicare) – increasing co-pays for more than a 30-day supply of prescription drugs
- PERS Select (Basic) – increasing co-insurance for hospitals not in the PERS Select Hospital Network
- PERS Select/Choice/Care (Basic) – encouraging use of high-quality, cost-effective hospitals for hip and knee joint replacements, and adding a \$250 per-admission co-pay for bariatric surgeries not performed in a Center of Excellence (out of state only)
- PERS Select/Choice/Care (Basic & Medicare) – excluding non-preferred brand prescription co-pays from the out-of-pocket maximum, and increasing non-preferred brand waiver co-pay

2011 Premium Changes

In June 2010, the CalPERS Board of Administration approved a 2010 health rate package that will increase overall premiums by only 9.1 percent.

HMO Plans

Basic HMO plan premiums will increase an average of 10.6 percent. Medicare HMO plans will have an average increase of 0.2 percent.

PPO Plans

Basic PPO plan premiums will increase an average of 8.7 percent. Medicare PPO plans will have a 5.6 percent premium increase.

Association Plans

Basic Association plans will have an average 7.2 percent increase. Medicare Association plans will have an average 4.2 percent increase.

(See Attachment A for the CalPERS 2011 Contracting Agency Health Premium Rates)

2011 State Annuitant Contribution 100/90 Formula

State annuitant contributions are used by some public agencies that match state contribution or utilize the vesting provision under California Government Code section 22893.

The **2011 State** contributions for annuitants shall be an amount equal to 100 percent of the weighted average of the premiums for an employee or annuitant enrolled, for self-alone, in the four **Basic** health plans with the largest State enrollment, excluding family members for the previous year.

Below is a comparison chart for the 2010 and 2011 State annuitant contributions:

Party Type	2010	2011
One Party	\$493	\$542
Two Party	\$936	\$1,030
Family	\$1,202	\$1,326

Open Enrollment Communications

Member Open Enrollment Packet

Enrolled subscribers will be mailed a 2010 Open Enrollment Packet on **August 16 and August 23, 2010**. The 2010 Open Enrollment Packet includes:

- **Open Enrollment News** – contains information about this year’s Open Enrollment Period, as well as highlights of the 2011 health benefit design and co-payment changes.
- **Health Plan Statement** – identifies the health plan in which the subscriber and the subscriber’s family members are enrolled as of July 1, 2010.
- **Rate Sheet** – informing members of health benefit plans and rates available to them based on their eligibility ZIP Code eligibility on record.
- **Postcard** – allows member to order the 2011 Health Benefit Summary and Health Program Guide, or the CalPERS Medicare Enrollment Guide.
- **Health Care Reform Information Insert** – informs members of the opportunity to extend dependent coverage up to the age of 26 pursuant to National Health Care Reform.

Subscribers who enrolled in a CalPERS health plan after July 1, 2010, will not receive a Health Plan Statement. New hires or subscribers who did not receive a Health Plan Statement may obtain an Open Enrollment packet from their Health Benefits Officer or Personnel Office.

Postcard Publications Request

Members may request health publications by using the prepaid postcard attached to the Rate Sheet. Postcards must be postmarked by **September 24, 2010**. By the third week in August, the publications will also be available on CalPERS On-Line at www.calpers.ca.gov. Requested materials will be mailed within two weeks. The postcard may be used to request the following publications:

2011 Health Benefit Summary – This publication provides valuable information to help choose a health plan, select doctors, and understand the differences between the different types of plans. It compares health plan benefits, covered services, and co-payment information.

Health Program Guide – This publication describes Basic and Medicare eligibility, enrollment, and the types of health plan choices available.

CalPERS Medicare Enrollment Guide – This publication describes the relationship between Medicare and the CalPERS Health Program; summarizes the different parts of Medicare; and explains how and when to choose your CalPERS Medicare health plan.

Online Resources

2010 Member Rating Information

The 2010 Member Rating Information describes how other CalPERS members rate the health plans and services and provides tips to assist in making other important decisions, such as choosing a doctor.

Health Plan Chooser

The online Health Plan Chooser lets employees weigh the benefits and costs for each plan, search for specific doctors, and view overall plan satisfaction and quality ratings. The Chooser is available on CalPERS On-Line at www.calpers.ca.gov.

Health Plan Search by ZIP Code

The Health Plan Search by ZIP Code is an online tool that informs employees and employers which plans are available in their area. Employees can enter the ZIP Code for their residential or work address, select the Member Category, and then "Search" to view the results. This tool is available on CalPERS On-Line and on my|CalPERS.

Employers with Internet access may assist their employees by inputting the employee's residential or work address ZIP Code and retrieving a list of health plans from which the employee can choose. Additionally, they can download a PDF file from CalPERS On-Line. Employers who **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. They may order a hard copy of the list of CalPERS health plans availability by ZIP Code or download the list online at www.calpers.ca.gov.

Employer Reports

The Employer Report provides a listing of active employees who were mailed an Open Enrollment Packet. Employer Reports will be mailed on **August 16, 2010**. The report contains the following information:

- Agency's employer code and unit code
- Employee's first name, middle initial, and last name
- Employee's address (according to CalPERS records)
- Employee's current health plan and eligibility ZIP Code
- Active employees with an undeliverable address

Changes submitted after July 1, 2010, will not be reflected on this report.

Open Enrollment Packets for active employees with an undeliverable address on file with CalPERS will be included with your Employer Report for distribution to your employees. These employees must submit a **Member Change of Address Form** to update their address through their employer.

Undeliverable Health Plan Statements

Active Members

Health Plan Statements for active employees returned by the United States Postal Service as undeliverable will be forwarded to their employers on

California Public Employees' Retirement System
www.calpers.ca.gov

**Undeliverable
Health Plan
Statements
(contd.)**

September 8 and September 15, 2010. Below are instructions for processing undeliverable Health Plan Statements for active employees:

1. Provide the Health Plan Statement and **Member Change of Address Form** to the employee.
2. Update the change of address through the Automated Communication Exchange System (ACES).
3. Return statements that cannot be distributed to employees (e.g., member has permanently separated and did not leave a forwarding address) to CalPERS for certified destruct to the following address:

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

Retired Members

If CalPERS cannot find an updated address, the undeliverable health plan statement may be certified destruct. Retirees who did not receive their Health Plan Statement, should be directed to contact CalPERS at **888 CalPERS** (or **888-225-7377**) to update their address and to request a 2010 Health Plan Statement.

**Employer
Resources**

Employer Open Enrollment Packets

During the week of August 23, 2010, CalPERS will mail a supply of Open Enrollment publications equivalent to two percent of each agency's enrolled employees. Please use these to distribute to the following groups of employees:

- New hires.
- Employees who are eligible for health benefits and are looking to enroll this year.
- Employees who are enrolled in health benefits but did not request Open Enrollment publications and cannot access them online.

Additional supplies will also be available to order the last week of August 2010. 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

Employer Resources (contd.)

Posters

Two informational posters are included with the Open Enrollment packets for employers to post in the Personnel Office.

- Open Enrollment Poster – communicates the Open Enrollment event.
- Health Plan Chooser Poster – communicates existence of the Health Plan Chooser as a tool to help with health plan selection.

By the third week in August, these posters will also be available on CalPERS On-Line at www.calpers.ca.gov.

Health Fairs

Open Enrollment Health Fairs have been scheduled for August 30, 2010, through October 8, 2010.

Employer Responsibilities

Change of Address and Telephone Number – Active Member

Remind employees that they are responsible for informing their Health Benefits Officer directly of any change that will impact their health enrollment. This includes timely notification of any change to their address or telephone number. It is important for employees to keep their HBO informed of any changes. A change of address may impact an employee's eligibility for a health plan. Additionally, the health plan or CalPERS may need to contact the employee by telephone concerning their health benefits. Outdated contact information may result in employees not receiving important communications about their health benefits.

Retroactivity

Retroactive transactions occur when the eligibility status for a member or dependent changes due to death, marital status, changes in employment and other circumstances, and the change is not reported in a timely manner. These transactions often result in a difference between the premiums paid and the premiums that should have been paid if the transaction had been properly reported.

California Code of Regulations (CCR), sections 599.502(f)(2) and 599.506(c)(1), limit the liability of health plans for reimbursement of health premiums to members and employers to the amount of excess health premiums paid for a period of up to six months prior to the date on which the action is processed and recorded, pursuant to the member's request for retroactive cancellation or deletion of the ineligible family member.

Timely notification requires a collaborative effort between employers, members and CalPERS. Employers are then responsible for exercising due diligence in reporting changes from members to CalPERS, as well as advising CalPERS of employment changes to covered members, in a timely manner.

Employers who do not record a member deletion or cancellation in a

California Public Employees' Retirement System

www.calpers.ca.gov

Retroactivity (contd.) **timely manner are not entitled to retroactive benefit premiums beyond six months from the date the cancellation is processed and recorded.**

Refer to Circular Letter no. 600-215-05, Limiting Retroactive Reimbursement Liability for Health Premiums, for additional information.

Dependent Social Security Numbers A new circular letter is currently in development and will be released soon. It will provide detailed information about the requirement for subscribers to provide Social Security numbers for all dependents upon enrollment or changes to enrollment.

Health Care Reform The Patient Protection and Affordable Care Act (Act), as amended by the Health Care and Education Affordability Reconciliation Act of 2010, expands health coverage for various groups and provides mechanisms to lower costs and increase benefits for Americans with health insurance. The most significant provisions with near-term impacts to CalPERS employers and the members are extension of dependent coverage up to the age of 26 and Early Retirees Reinsurance Program. Please refer to circular letters 600-034-10, CalPERS & Health Care Reform, 600-049-10, Contracting Agencies – Early Retiree Reinsurance Program Comparison, and 600-043-10, Extension of Dependent Coverage up to the Age of 26, for detailed information and instructions.

Health Plan Eligibility Active employees or working CalPERS retirees may enroll in a health plan using either a residential or work ZIP Code. A P.O. Box cannot be used to establish eligibility, but may be used for mailing purposes. To enroll in a Medicare Advantage plan, a residential address is required.

Retired CalPERS members may select a health plan in their residential ZIP Code area. They cannot use the address of the employer from which they retired to establish ZIP Code eligibility. Working retirees may use the ZIP Code of a current employer for eligibility unless enrolled in a Medicare Advantage plan which requires use of their residential ZIP code for eligibility.

If a residential ZIP Code is used for eligibility, all enrolled dependents must live in the health plan's service area. If a work ZIP Code is used for eligibility all enrolled dependents must receive all covered services (except emergency and urgent care) within the health plan's services area, even if they do not live in that service area.

Refer employees to use the online service, the Health Plan Search by ZIP Code, available at www.calpers.ca.gov.

Submitting Enrollment Transactions **Non-ACES Users**
If you do not have access to ACES, mail your Open Enrollment transaction forms to CalPERS no later than **October 15, 2010**, to ensure all 2011 transaction requests are processed.

Submitting Enrollment Transactions (contd.)

If sent by	Then mail to:
U.S. Postal Service	CalPERS Office of Employer & Member Health Services P.O. Box 942714 Sacramento, CA 94229-2714
Express Service/ Direct Delivery	CalPERS Central Mailroom Attn: Office of Employer & Member Health Services 400 Q Street Sacramento, CA 95811 (916) 795-3043

ACES Users

Submit ACES Open Enrollment transactions as they are requested. Early submission into ACES will ensure timely processing of health plan identification cards and proper payroll deductions.

All ACES transactions must be keyed and submitted for update based on the Open Enrollment dates of September 13 through October 8, 2010. Users will have through **October 15, 2010**, to process all Open Enrollment transactions through ACES. This year an exception is allowed for enrollments related to eligible dependent coverage pursuant to Health Care Reform. Please refer to Circular Letter No. 600-043-10. If you have any questions about ACES, contact our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sequencing Transactions

ACES users must key in transactions based on the earliest effective date. **Warning:** If Open Enrollment transactions are keyed into ACES first, then other enrollment transactions such as, add/delete dependents cannot be processed. For assistance, contact our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Example

An employee wants to add a newborn child effective November 1, 2010, and also make an Open Enrollment change effective January 1, 2011. To enter transactions into ACES:

1. You must key in the newborn child first, then
2. Key in the Open Enrollment transaction the following day.

Non-ACES users must submit a **Health Benefits Plan Enrollment Form** (HBD-12) to CalPERS for each enrollment request. One to add the newborn and another 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".

Completing the Health Benefits Plan Enrollment Form

Use the guide below to complete the Health Benefits Plan Enrollment form:

Box	Reason Code	Reason Code Description
11	Primary Care Physician (HMO Only)	Providing this information will assist in the timely issuance of health plan identification cards.
14	104	New Enrollment during Open Enrollment
14	206	Adding Dependent during Open Enrollment
14	320	Open Enrollment Delete Dependent
14	400	Changing Plans during Open Enrollment
14	530	Open Enrollment Cancel Coverage
15	Permitting Event Date	September 13 – October 8, 2010
16	Effective Date	January 1, 2011
17	Basic Plan	Listing all persons to be enrolled in the health plan, including dependent SSNs
21	Employee Sign Date	September 13 – October 8, 2010 <i>(include employee's daytime phone number)</i>
33	HBO Received Date	September 13 – October 8, 2010

Rescissions

To avoid payroll deduction errors, CalPERS must receive the rescinding *Health Benefits Plan Enrollment Form* (HBD-12) by **December 1, 2010**. Open Enrollment rescind requests received between December 1 and December 31, 2010, will be adjusted on the February 1, 2011, payroll.

Premium Adjustments

Despite everyone's best efforts, the January 1, 2011, pay warrants for some employees 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 an employee's pay warrant **does not** reflect their 2010 Open Enrollment health plan change, advise the employee **not to** continue using their prior plan *after* January 1, 2011. The employer must verify that ACES reflects the appropriate enrollment, and advise the employee that the payroll discrepancy will be resolved by the first of the next month.

Employees on Leave of Absence

Employees on a leave of absence during the Open Enrollment period may change plans and add/delete dependents. Employees who do not change plans, and add/delete dependents during the Open Enrollment period may do so within 60 days from the date they return to regular pay status.

COBRA Enrollees

Enrollees who are eligible for COBRA continuation coverage may change health plans and add/delete eligible dependents during Open Enrollment. Employers must:

**COBRA
Enrollees
(contd.)**

- Provide the former employee a **Group Continuation Coverage** (HBD-85) form.
- Accept completed **Group Continuation Coverage** (HBD-85) forms within 60 days of notification.
- Comply with the effective date rules for completion of the **Group Continuation Coverage** form which are the same as those for the **Health Benefits Plan Enrollment Form** (HBD-12).
- Notify the employee that premium payments must be sent directly to the health plan, not CalPERS.

The COBRA premium cannot exceed 102 percent of the group monthly premium rate (see Attachment B for COBRA Rates). Under certain conditions, California law permits an extension of COBRA benefits up to 36 months. This CAL-COBRA extension premium cannot exceed 110 percent of the current group rate. Enrollees must coordinate CAL-COBRA with the health plan directly.

Note: Refer to CL 600-020-10, America Recovery and Reinvestment Act of the Consolidated Omnibus Budget Reconciliation Act, as amended by the Temporary Extension Act of 2010 and Continuing Extension Act of 2010 for ARRA COBRA subsidy requirements.

**Finding a
Primary Care
Physician**

Employees may need assistance with finding a new Primary Care Physician (PCP) or identifying hospitals in their health plan's network.

Direct employees to the health plan's online physician directory or the plan's Member Services Department for assistance. Employees may change their PCP any time during the year; however, they must choose a PCP within their health plan's network. The effective date of the change will be the first of the following month.

- Employees enrolling into 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 into Kaiser Permanente, PERS Select, PERS Choice, PERSCare, or PORAC do not need to choose a PCP.

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

**Enrollment
Changes –
Retiree**

Retirees may make changes to their health plan in any of the following ways:

- Through my|CalPERS at <http://my.calpers.ca.gov> – register first and then log in each time they visit. Once registered, they can change their health plan during Open Enrollment by selecting the "My Health Summary" link, and then selecting the "Change My Health Plan" link.

**Enrollment
Changes –
Retiree
(contd.)**

- By calling us toll-free at **888 CalPERS** (or **888-225-7377**) – Interactive Voice Response System (IVR)
- By writing to us at P.O. Box 942714, Sacramento, CA 94229-2714
- By completing the **Health Benefits Plan Enrollment for Retirees** (HBD-30) form – available online at **www.calpers.ca.gov**. Return the completed form by mail or fax to:

CalPERS
Office of Employer and Member Health Services
P.O. Box 942714
Sacramento, CA 94229-2714
FAX (916) 795-3935

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,

HOLLY A. FONG, Chief
Office of Employer and Member Health Services

Attachment A: [Contracting Agency Health Premium Rates](#) (PDF, 251 KB)
Attachment B: [COBRA Rates](#) (PDF, 233 KB)