



California Public Employees' Retirement System
 P.O. Box 942715
 Sacramento, CA 94229-2715
(888) CalPERS (or **888-225-7377**)
 TTY: (877) 249-7442
 www.calpers.ca.gov

Reference No.:
 Circular Letter No.: 600-010-13
 Distribution: VII
 Special:

Circular Letter

March 11, 2013

TO: CONTRACTING AGENCY HEALTH BENEFITS OFFICERS AND ASSISTANT HEALTH BENEFITS OFFICERS

SUBJECT: CONTRACTING AGENCY MINIMUM EMPLOYER CONTRIBUTION CALCULATION FOR 2014

Background

The Minimum Employer Contribution was originally established as a specific dollar value with specified increases from calendar years 2004 through 2008. Starting in calendar year 2009, the calculated adjustments are based upon the medical care component of the Consumer Price Index-Urban (CPI-U).

California Government Code 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCA)¹ establishes the contracting agencies' minimum health premium contribution for their participating active membership. In addition, this section provides that "commencing January 1, 2009, the employer contribution shall be adjusted annually by the Board to reflect any changes in the medical care component of the CPI-U and shall be rounded to the nearest dollar." The table below displays annual increases of the Minimum Employer Contribution for active members.

Calendar Year	Employer Contribution
2010	\$105.00
2011	\$108.00
2012	\$112.00
2013	\$115.00
2014	\$119.00

Continued on next page

¹ California Government Code § 20000, et seq.

Employer Contribution, Continued

Inflation Rate Changes

In January 2013, the US Bureau of Labor Statistics determined that the annual percentage change in the medical care component of the CPI-U for 2012 was 3.7 percent. The table below provides an inflation comparison of medical care rates.

Medical Care Inflation		
Year	Index	Percent
2008	351.054	3.7
2009	375.613	3.2
2010	388.436	3.4
2011	400.258	3.0
2012	414.924	3.7

Calculation of the 2014 Minimum Employer Contribution

Using the 3.7 percent increase in the medical care component of the CPI-U, the Minimum Employer Contribution for Calendar Year 2014 is \$119.00. See calculation below.

$(\$115.00 \times 3.7\% = \$4.26 + \$115.00 = \$119.26, \text{ rounded to } \$119.00).$

Questions

If you have any questions about this Circular Letter, please call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

KAREN DeFRANK, Chief
Customer Account Services Division