Circular Letter
June 4, 2015

TO: ALL PEMHCA CONTRACTING AGENCY HEALTH BENEFIT OFFICERS AND ASSISTANT HEALTH BENEFIT OFFICERS

SUBJECT: HEALTH PREMIUM INTEREST ASSESSMENT

The purpose of this Circular Letter is to provide information to Health Benefit Officers and other personnel staff on the changes to the assessment of interest on delinquent health premiums.

To keep you informed of our efforts, CalPERS has discontinued the delinquency levels described in Circular Letter No: 600-057-11. The following procedures, however, still apply:

- On the 15th of each month, your monthly statement will be uploaded and available in myCalPERS.
- A copy of the statement will be automatically distributed through your preferred delivery method on the 15th of each month.
- As monthly statements are now online, you are responsible for accessing the statement online and submitting your payment in full by the 10th of each month for which your contribution is due, regardless of when you receive the hard copy statement in the mail.
- All invoices must be paid as billed. No adjustment to the bill is permitted.
- Adjustments to invoices will be applied on the future invoice. Any payment received after the 10th of the month (full or partial payment) will be considered delinquent and subject to interest.

If the employer does not pay the entire amount invoiced on or before the 10th calendar day, interest will be applied to the following month’s statement on 100 percent of the outstanding amount past due until the full amount is paid. Interest will be charged at an annual rate of 10 percent pursuant to Government Code Section 22899(c) of the Public Employees’ Retirement Law. The interest assessment will terminate on the date CalPERS receives payment in full for the balance due (initial statement amount and any assessed interest). In addition to the interest assessed, a delinquent penalty of 10 percent may be imposed on all delinquent balances.
The 10 percent delinquency penalty may be assessed until all outstanding balances are paid in full (initial statement amounts and any assessed interest). Moreover, CalPERS may issue a certified letter for Demand for Deposit. The Demand for Deposit requires that the agency pay within 30 days all outstanding receivables, including any assessed interest, penalty, and deposit one month of premiums as a condition to continue participation in the PEMCHA program.

CalPERS reserves all rights and remedies to collect health premiums if not timely paid. This includes, without limitation, the right to recover costs and attorneys’ fees associated with the collection of past due payments.

In addition, any failure to provide a delinquency notice or myCalPERS notation, or any discrepancy between a delinquency notice or myCalPERS notation and applicable law, does not affect the rights of CalPERS to collect payment to which it is entitled.

By paying your receivable via electronic funds transfer (EFT), the risk of delinquency is significantly decreased. The EFT authorization process guide is available on our website. You may set up your EFT account by logging into the myCalPERS system.

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

CHERYL EASON
Chief Financial Officer