



California Public Employees' Retirement System
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Circular Letter

July 21, 2015

TO: **ALL PEMHCA CONTRACTING AGENCY HEALTH BENEFITS OFFICERS AND ASSISTANT HEALTH BENEFITS OFFICERS**

SUBJECT: **CALPERS CONTRACTING AGENCY ADMINISTRATIVE FEE FOR FISCAL YEAR 2015-16, RESOLUTION CHANGE PROCESS AND TERMINATION PROCESS**

Administrative Fee for Fiscal Year 2015-2016

The purpose of this circular letter is to inform you effective July 1, 2015, the CalPERS Board of Administration set the Public Employees' Medical and Hospital Care Act (PEMHCA) administrative fee to 0.32 percent (.32%). The administrative fee is calculated on total active and total retired health premiums each month.

Contracting Agency Resolution Change Process

Agencies that need to change employer health benefit contributions for January 1, 2016, must submit resolution(s) approved by their governing board, **no later than November 30, 2015, at 5:00 p.m.** Contribution changes are effective the first of the second month following receipt by CalPERS; therefore, resolutions filed with CalPERS after November 30, 2015, will not be processed with an effective date of January 1, 2016.

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 2016 contract year. The resolution electing to terminate must be filed with:

Employer Account Management Division
Health Contract Services
P.O. Box 942714
Sacramento, CA 94229-2714

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**Contracting
Agency
Termination
Process
(cont.)**

The deadline for receipt of the resolution by CalPERS is **Monday, August 17, 2015, at 5:00 p.m.** and is irrevocable after the filing of the resolution. Terminations are effective on January 1, 2016. Terminated agencies may not re-enter PEMHCA for five years from the termination date.

**Fiscal Year
2015-2016
Health Billing
Cut-Off Dates**

All employers must key and submit transactions by 11:59 p.m. on the cut-off date for each billing month. If a school district or public agency keys and submits a transaction after the cut-off date, the transaction will appear on the subsequent month's statement. Employers must verify all transactions within my|CalPERS to ensure they have been accurately uploaded.

**How
Payments Are
Applied**

To ensure your payments are applied accurately and timely, please include the remittance slip with the monthly payment **as billed**.

Underpayments: If an employer does not pay the full amount provided under the *Total Payment Due By*, the payment received will be applied to the current receivable only and not to any past due amounts. The *Total Payment Due By* includes the amounts associated with the current *Receivable ID*, any past due *Receivable ID(s)* and any assessed interest and penalties from prior delinquent month(s).

Overpayments: If an employer overpays the *Total Payment Due By* amount and there is not a past due *Receivable ID*, the current *Receivable ID* will be paid and closed, and the remaining credit will be applied to a future *Receivable ID*.

**Interest On
Late
Payments**

Payments must be received by the 10th day of each month. Interest is assessed on the unpaid receivable balance beginning on the 11th day of the month at an annual rate of 10 percent (10%) until paid in full. If the 10th falls on a weekend or holiday, the payment must be received by the preceding business day.

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Key Points In Reconciling

Contracting school districts and Public Agencies (PA) are strongly encouraged to reconcile their monthly statements to ensure all enrollments are accurately reflected for active and retired members. Reconciliation ensures that employers are accurately billed, only eligible members are receiving benefits, and provides CalPERS the ability to negotiate lower health care premiums. Below are helpful reminders for a successful reconciliation:

- Submit approved timely resolutions for contract changes
 - Report health enrollment transactions accurately and timely to ensure transactions will be reflected on the statement (refer to Circular Letter #600-074-14 at www.calpers.ca.gov)
 - Confirm health enrollment changes by using the Monthly Employer Billing Roster in my|CalPERS
 - Reconcile the monthly statement to the Monthly Employer Billing Roster to ensure members are enrolled in the correct retirement system and medical group
 - Key permanent separation dates of members or deletion of dependents in my|CalPERS in a timely manner to receive the allowed maximum refund (6 months) of health premiums (refer to Circular Letter #600-215-05 at www.calpers.ca.gov)
 - Pay each statement on time and as billed, including assessed interest and penalties; any adjustments will be reflected on a future statement
 - Ensure that there is a Health PA Billing contact listed for your agency. If you need to add one, please select "Primary Contact" in my|CalPERS to ensure delivery of the monthly statement to the appropriate staff
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Questions

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

RENEE OSTRANDER, Chief
Employer Account Management Division