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Health Benefits

Circular Letter

June 26, 2018

Circular Letter: 600-045-18

Distribution: Special

To: All PEMHCA Contracting Agency Health Benefits Officers, Assistant Health Benefits Officers, Health Enrollment, and Health PA Billing Contacts

Subject: Contracting Agency Administrative Fee for Fiscal Year 2018-19, Contribution Change Process, and Termination Process

Purpose

The purpose of this Circular Letter is to inform you of the contracting agency administrative fee for fiscal year 2018-19, the contribution change process, and the termination process.

Administrative Fee

The CalPERS Board of Administration has reduced the Public Employees' Medical and Hospital Care Act (PEMHCA) administrative fee from 0.33 percent to 0.23 percent for fiscal year dating July 1, 2018 to June 30, 2019. The administrative fee is calculated on the total active and retired gross health premiums and billed to contracting agencies monthly.

Contribution Change Process

Contracting agencies wishing to revise their monthly employer health contribution must submit a change resolution. Change resolutions are effective the first day of the second month following receipt by CalPERS; therefore, they must be filed with CalPERS by November 30, 2018, to be effective on January 1, 2019.

Contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**) and request a call back from our Health Resolution and Compliance Representative to obtain the necessary change resolution template.

Termination Process

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

Termination resolutions must be received by CalPERS no later than August 20, 2018, at 5:00 p.m., to be effective on January 1, 2019. Termination resolutions are irrevocable once filed. Terminated agencies may not re-enter PEMHCA for five years from the termination date.

Contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**) and request a call back from our Health Resolution and Compliance Unit to obtain the necessary termination resolution template.

2018 Health Billing Cut-Off Dates

The billing cut-off dates for the remainder of calendar year 2018 are provided below. A full year of billing cut-off dates are provided to contracted agencies every January.

All employers must key and submit transactions by 11:59 p.m. on the cut-off date for each billing month. If a contracting 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 myCalPERS to ensure they have been accurately uploaded.

2018 Health Billing Cut-Off Dates

Contracting School Districts and Public Agencies

| Coverage Month | STRS Employees and Annuitants | PERS and OTHER Employees and Annuitants | Statement Available | Payment Due |
|----------------|-------------------------------|---|---------------------|-------------|
| 07/2018 | 06/05/2018 | 06/13/2018 | 06/15/2018 | 07/10/2018 |
| 08/2018 | 07/03/2018 | 07/11/2018 | 07/17/2018 | 08/10/2018 |
| 09/2018 | 08/07/2018 | 08/13/2018 | 08/15/2018 | 09/10/2018 |
| 10/2018 | 09/04/2018 | 09/12/2018 | 09/15/2018 | 10/10/2018 |
| 11/2018 | 10/02/2018 | 10/10/2018 | 10/16/2018 | 11/09/2018 |
| 12/2018 | 11/06/2018 | 11/07/2018 | 11/15/2018 | 12/10/2018 |
| 01/2019 | 12/04/2018 | 12/12/2018 | 12/15/2018 | 01/10/2019 |

How Payments Are Applied

All payments are mandated to Electronic Funds Transfer (EFT) only. Agencies may submit their EFT payment by logging in to my|CalPERS at my.calpers.ca.gov and follow the prompts on the Payment Summary page.

Underpayments:

The Total Payment Due includes the current Receivable ID, any past due Receivable ID(s), and assessed interest from any prior delinquent month(s).

If you do not pay the full amount provided under Total Payment Due of your billing statement, CalPERS will apply the payment we receive to the current period only, and not to any past due amounts.

If you want to have your payment applied to a prior delinquency, you must specify the Receivable ID to which your payment should apply. Unless you specify the Receivable ID to which your payment should apply, we will continue to assess interest on the delinquent receivable.

If you provide documentation that confirms a payment was received on time and in full, the interest will be reversed.

Overpayments:

If you overpay the Total Payment Due amount when there is not a past due Receivable ID, the current Receivable ID will be paid and closed and credit will be applied to a future Receivable ID.

Interest on Late Payments

Payment must be received by the 10th day of each month. If the 10th day falls on a weekend or holiday, the payment must be received by the preceding business day. Interest is assessed on the unpaid receivable balance beginning on the 11th day of the month at an annual rate of 10 percent until paid in full. Refer to Circular Letter #600-026-15 at www.calpers.ca.gov for additional information regarding interest and delinquency.

Key Points in Reconciling

Contracting agencies 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 with the ability to negotiate lower health care premiums. Below are helpful reminders for a successful reconciliation:

- Submit approved resolutions for contract changes in a timely manner.
- Report health enrollment transactions accurately and timely to ensure transactions will be reflected on the statement. (Refer to Circular Letter #600-002-18 at www.calpers.ca.gov.)
- Confirm health enrollment changes by using the Monthly Employer Billing Roster in mylCalPERS.
- Reconcile the monthly statement to the Monthly Employer Billing Roster to ensure coverage of eligible members only, and the accuracy of their retirement system and medical group enrollment.
- Key permanent separation dates of members or deletion of dependents in mylCalPERS in a timely manner to receive the allowed maximum refund (six 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 reflect on a future statement.
- There are now two PA Billing contacts. Ensure that there is a Health PA Billing – PERS and/or Health PA Billing – Non-PERS contact listed for your agency. If you need to add one, select “Primary Contact” to ensure proper delivery of the monthly statement.

Questions

We look forward to continuing our relationship with you in 2019. If you have any questions regarding the information provided in this Circular Letter, contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Rob Jarzombek, Chief
Health Account Management Division