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Health Benefits

Circular Letter

June 26, 2019

Circular Letter: 600-031-19

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 2019-20, Contribution Change, and Termination Processes, and Health Billing dates

Purpose

The purpose of this Circular Letter is to inform you of the contracting agency administrative fee for fiscal year 2019-20, and the contribution change and the termination processes.

Additionally, this letter provides health billing cutoff dates and other information about your health bill.

Administrative Fee

The CalPERS Board of Administration has increased the Public Employees' Medical and Hospital Care Act (PEMHCA) administrative fee from 0.23 percent to 0.27 percent for the fiscal year of July 1, 2019 – June 30, 2020. The administrative fee is calculated on the total active and retired gross health premiums and billed to contracting agencies monthly.

Note: The new administrative fee becomes law upon passage of the State of California budget for the fiscal year 2019-20. If the budget is not passed until after the release of this Circular Letter, the new administrative fee will be reflected on a future health premium statement and on a prospective basis only. No retroactive adjustment will occur.

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, 2019, to be effective on January 1, 2020.

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 approves the health premiums for the new contract year.

Termination resolutions must be received by CalPERS no later than August 19, 2019, at 5:00 p.m. to be effective on January 1, 2020. 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**) to request a change or termination resolution template from our Health Resolutions and Compliance Unit.

2019 Health Billing Cutoff Dates

The current billing cutoff dates for the remainder of calendar year 2019 are provided below. A full year of billing cutoff dates are provided to contracted agencies every January.

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

**2019 Health Billing Cutoff Dates
 Contracting School Districts and Public Agencies**

Coverage Month	STRS Employees and Annuitants	PERS and OTHER (Non-PERS) Employees and Annuitants	Statement Available	Payment Due
07/2019	06/04/2019	06/12/2019	06/15/2019	07/10/2019
08/2019	07/09/2019	07/10/2019	07/16/2019	08/09/2019
09/2019	08/06/2019	08/07/2019	08/15/2019	09/10/2019
10/2019	09/10/2019	09/11/2019	09/17/2019	10/10/2019
11/2019	10/08/2019	10/09/2019	10/15/2019	11/08/2019
12/2019	11/03/2019	11/06/2019	11/15/2019	12/10/2019
01/2020	12/03/2019	12/11/2019	12/17/2019	01/10/2020

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 following 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 each 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. The 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, 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

We strongly encourage contracting agencies to reconcile their monthly statements to ensure all enrollments are accurately reflected for active and retired members. Reconciliation ensures that employers are accurately billed, and only eligible members are receiving benefits. 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 utilizing the Monthly Employer Billing Roster in my|CalPERS.
- 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 my|CalPERS 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 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 2020. 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