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## Circular Letter

February 26, 2013

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

SUBJECT: **DEPENDENT ELIGIBILITY VERIFICATION PROJECT**

In this Circular Letter, we are letting you know about the upcoming Dependent Eligibility Verification (DEV) project, three new reason codes in my|CalPERS for use during this project, and a sample memorandum for you to send to your employees with information about the DEV project.

### **Background**

In an effort to control rising health care costs and promote CalPERS health benefits sustainability, we will conduct a dependent eligibility verification of our membership. The verification project will help CalPERS:

- Verify eligibility of currently enrolled dependents
- Educate employers and employees on the definitions of eligible and ineligible dependents
- Keep costs in check by reducing future claims and employer contribution costs resulting from removing ineligible dependents from coverage.

### **Project Overview**

With the help of an outside vendor, CalPERS will require members who have one or more dependents receiving health benefits to verify their dependents' eligibility. The verification period is July 2013 through December 2014. During this time, members must provide supporting documentation to verify that their dependents (excluding disabled dependents\*) are currently eligible for CalPERS health benefits. Members who do not submit proper dependent verification documents to the vendor during this time **will have these dependents disenrolled from their health plan and may be subject to incurred costs**. As an employer, you will be able to access online reports from the vendor's secure web portal. These reports will identify ineligible dependents to be disenrolled. **Health Benefits Officers (HBOs) will disenroll ineligible active employee dependents**. CalPERS will disenroll ineligible retiree dependents.

\*Does not apply to disabled dependents if mandatory event rules occur (e.g. divorce, dissolution of domestic partnership)

Before the verification process begins, CalPERS will allow an amnesty period for members to voluntarily disenroll ineligible dependents on a prospective (future) basis. This avoids the risk that coverage could be cancelled retroactively during the Verification Period, which could potentially make your employees financially liable for costs incurred.

Amnesty, as used in this communication, does not apply to employer-initiated disciplinary action for wrongful conduct or criminal investigations, if applicable. The amnesty period for the DEV project runs from now through June 30, 2013. **By June 30, 2013, HBOs must have disenrolled all ineligible dependents.** Please communicate to your employees that they must request amnesty disenrollment in a timely manner to allow for processing **prior to June 30, 2013.**

During amnesty, active members may disenroll ineligible dependents by returning (by mail or in person) a completed *Amnesty Disenrollment Document* to their HBO. Retired members may disenroll ineligible dependents in any of these ways:

- Going online to my|CalPERS
- Calling CalPERS at **888 CalPERS** (or **888-225-7377**)
- Completing, signing, dating and mailing an *Amnesty Disenrollment Document* to CalPERS
- Completing, signing, dating and submitting an *Amnesty Disenrollment Document* to a CalPERS Regional Office.

Around mid-March, all members will receive communication about the DEV project, including the amnesty disenrollment and verification processes, as well as follow-up communication throughout the entire verification period.

You will be contacted when your specific verification cycle starts. Prior to that, our contracted vendor will offer training webinars to educate you on the verification process and the support that will be available to you throughout the verification period. Those employer webinars are tentatively scheduled to start around April or May. You will receive more information about the webinars, including dates, in the near future.

### **New DEV Reason Codes**

To facilitate the amnesty period and verification process, we developed three new reason codes in my|CalPERS to track ineligible dependent disenrollment/enrollment activities. These codes will be available March 4, 2013.

- Code 326 (Amnesty Disenrollment) — HBOs should use the Amnesty Disenrollment code on a flow basis, when members request ineligible dependent disenrollment until June 30, 2013. HBOs must receive *Amnesty Disenrollment Documents* in time to complete the transaction. Be sure to notify your employees that the cancellation must be *complete* prior to June 30, 2013.
- Code 327 (Dependent Eligibility Verification) — HBOs should use the Dependent Eligibility Verification code to delete ineligible dependents identified through verification findings from July 1, 2013 through June 30, 2015. HBOs will be able to

access the vendor's web portal to extract reports detailing which dependents should be disenrolled.

- Code 173 (COBRA Dependent Eligibility Verification) — HBOs should use the COBRA Dependent Eligibility Verification code when members request COBRA coverage for dependents who are disenrolled during the amnesty period through Code 326 and Code 327 or due to verification findings. This code can be used from the start of amnesty and through June 30, 2015.

### **Sample Memorandum**

To help you highlight for your employees the importance of the DEV project, attached to this Circular Letter is a sample memorandum outlining the DEV project and the amnesty period. We encourage you to tailor this memo and provide it to your employees, as it encourages them to review the definition of an eligible dependent and remove any dependents not meeting the criteria.

Thank you for your cooperation. If you have any questions, please visit the my|CalPERS employer website or call the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

### Enclosures

[Sample Memorandum](#) (PDF, 24 KB)