



California Public Employees' Retirement System
 P.O. Box 942714
 Sacramento, CA 94229-2714
(888) CalPERS (or 888-225-7377)
 TTY: for Speech & Hearing Impaired (916) 795-7442

Reference No.:
 Circular Letter No.: 600-23-12
 Distribution: **IIB & VII**
 Special:

Circular Letter

June 29, 2012

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

SUBJECT: CALPERS CONTRACTING AGENCY ADMINISTRATIVE FEE FOR FISCAL YEAR 2012/2013, RESOLUTION CHANGE PROCESS, TERMINATION PROCESS AND BILLING CUT-OFF DATES

Administrative Fee For Fiscal Year 2012/2013

Effective July 1, 2012, the CalPERS Board of Administration set the Public Employees' Medical and Hospital Care Act (PEMHCA) administrative fee to 0.25 percent. The administrative fee is calculated on total active and total retired health premiums each month.

NOTE: The new administrative fee becomes law upon passage of the State of California budget for the fiscal year 2012/13. If the budget is not passed until after the release of this Circular Letter, the new administrative fee and a retroactive adjustment will be reflected in a future health premium statement in a line item under the description "Administrative Costs."

Contracting Agency Resolution Change Process

Agencies wanting to change current resolutions based on new premiums, modified Memorandum of Understanding (MOU), or legislation, must submit approved resolution changes by **November 2, 2012, at 5:00 p.m.** This will ensure an effective date of January 1, 2013. Resolutions submitted after November 30, 2012, may not be processed in time for a January 1, 2013, effective date.

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 2013 contract year. The resolution electing to terminate must be filed with:

Health Account Services
 P.O. Box 942714
 Sacramento, CA 94229-2714

Continued on next page

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

The deadline for receipt of the resolution at CalPERS is **August 13, 2012**, at **5:00 p.m.** and is irrevocable after the filing of the resolution.
Terminations are effective on January 1, 2013, and the re-entry period to PEMHCA is five years from the termination date.

**2012/2013
Health Billing
Cut-Off Dates**

Attached is a copy of the Health Billing Cut-Off Dates for billing months July 2012 through June 2013 for contracting school districts and public agencies.

All employers must key and submit transactions by 5:00 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 a subsequent month's statement. Employers must verify all transactions within my|CalPERS to ensure that they have been accurately uploaded.

**How Payments
Are Applied**

CalPERS wants to ensure your payments are applied accurately and timely. Please send a copy of the Remittance Slip with the monthly payment, **as billed** using Electronic Fund Transfer (EFT) or mail, and indicate on it to which Receivable ID your payments are applied.

Underpayments: If an employer does not pay the full amount provided under *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*.

**Key Points In
Reconciling**

Contracting school districts and public agencies are strongly encouraged to reconcile their invoices monthly to ensure all enrollments are accurately reflected for active and retired employees. Reconciliation ensures employers are accurately billed, only eligible members are receiving benefits, and provides CalPERS the ability to negotiate lower health care costs. Below are helpful reminders for a successful reconciliation.

- Submit approved resolutions for contract changes timely
 - Report health enrollment transactions accurately and timely to ensure
-

**Key Points In
Reconciling
(cont.)**

- transactions will be reflected on the statement (retain Health Benefits Plan Enrollment [HBD-12] and Declaration of Health Coverage [HBD-12A] forms on file for all employees)
- 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
 - Timely key permanent separation dates of members or deletion of dependents in my|CalPERS to receive the allowed maximum refund (6 months) of health premiums (refer to Circular Letter #600-215-05 at www.calpers.ca.gov)
 - Pay timely the full amount of each statement including assessed interest and penalties; any adjustments will be credited on a subsequent statement
 - Payments must be received by the 10th day of each month
 - Refer to the Monthly Billing Summary Page in my|CalPERS for information regarding the Public Agency Billing function
-

Questions

We look forward to continuing our relationship with you in 2013. If you have any questions regarding the information provided in this Circular Letter, please contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

KAREN DeFRANK, Chief
Customer Account Services Division

Enclosure

[2012/2013 Health Billing Cut-Off Dates for Contracting School Districts and Public Agencies](#) (PDF, 20 KB)