



California Public Employees' Retirement System
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Circular Letter

June 24, 2013

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

SUBJECT: CALPERS CONTRACTING AGENCY ADMINISTRATIVE FEE FOR FISCAL YEAR 2013-14, RESOLUTION CHANGE PROCESS, TERMINATION PROCESS AND BILLING CUT-OFF DATES

Administrative Fee For Fiscal Year 2013-14

Effective July 1, 2013, the CalPERS Board of Administration set the Public Employees' Medical and Hospital Care Act (PEMHCA) administrative fee to 0.33 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 2013-14. 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

Contracting agencies that need to change employer health benefit contributions for January 1, 2014, must submit resolution(s) approved by their governing board, **no later than November 30, 2013, 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 30th will not be processed for an effective date of January 1, 2014.

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 2014 contract year. The resolution electing to terminate must be filed with:

Customer Account Services 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 at CalPERS is **Monday, August 19, 2013, at 5:00 p.m.** and is irrevocable after the filing of the resolution. Terminations are effective on January 1, 2014. Terminated agencies may not re-enter PEMHCA for five years from the termination date.

2013/2014 Health Billing Cut-Off Dates

Attachment 1 provides the Health Billing Cut-Off Dates for billing months August 2013 through January 2014 for contracting school districts and public agencies.

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 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 monthly statements 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 transactions will be reflected on the statement (retain
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**Key Points In
Reconciling
(cont.)**

- 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 and the accuracy of their retirement system and medical group enrollment
 - Timely key permanent separation and retirement 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
 - Update the **Health PA Billing** contact type in my|CalPERS and select “Primary” and “Main” to ensure delivery of the monthly statement to the appropriate staff
 - Refer to the Monthly Billing Summary Page in my|CalPERS for information regarding the Public Agency Billing function

**Retroactive
Health
Premium
Adjustments**

Circular Letter 600-215-05, *Limiting Retroactive Reimbursement Liability for Health Premiums*, describes CalPERS policy of reimbursing employers for up to six months for a retroactive health premium adjustment. Determining the six months period is based upon when the transaction that results in a retroactive health premium adjustment is input into my|CalPERS,

When an employer inputs the transaction into my|CalPERS by the cut-off date, the health enrollment change would be captured in time to be reflected on the bill for the next coverage month. The six month retroactive adjustment period would be calculated starting from the current month. Example: The employer inputs the transaction on April 7. The six month retroactive adjustment period will begin with April and the employer will be reimbursed for April, March, February, January, December and November.

If the transaction is input into my|CalPERS on April 20, the employer will have been billed for May coverage, which is due and payable by May 10. my|CalPERS will calculate the six months beginning with May and reimburse the employer for May, April, March, February, January, and December.

Attachment 2 provides the important cut-off dates for PERS, non-PERS and STRS active members and dependents, PERS retirees and STRS retirees.

**Late Payment
Interest**

A late payment occurs when an agency fails to pay a receivable in full by the 10th of the month for which it is due. Interest will automatically be assessed on any receivable past due on a daily basis at an annual rate of 10 percent until the receivable is paid in full. The interest assessment will terminate on the date CalPERS Fiscal Division receives payment in full for the balance due (initial statement amount and any assessed interest).

Questions

We look forward to continuing our relationship with you in 2014. 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**).

KAREN DeFRANK, Chief
Customer Account Services Division

Enclosures:

[2013/2014 Health Billing Cut-Off Dates for Contracting School Districts and Public Agencies \(PDF, 18 KB\)](#)

[2013/2014 Cut-Off Dates Used in Calculating Six-Month Retroactive Health Premium Adjustments \(PDF, 38 KB\)](#)