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# Circular Letter

September 27, 2011

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

**SUBJECT: PUBLIC AGENCY BILLING UPDATES**

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**Purpose** This circular letter highlights some of the billing changes you will notice with my|CalPERS.

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**Statements Available in my|CalPERS** Your statements are now conveniently located online in my|CalPERS.

- On the 15<sup>th</sup> of each month, your monthly statement will be uploaded and available in my|CalPERS.
- Hard copies of the statement will be automatically mailed on the 15<sup>th</sup> of each month.
- As the statements are now available online, you are responsible for accessing the statement online and submitting your payment in full by the 10<sup>th</sup> of each month for which your contribution is due, regardless of when you receive the hardcopy statement in the mail.

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**Statement Detail** The first statement you receive through my|CalPERS (for payment due by November 10, 2011) will not have your payment history. Instead, you will see a total balance due. Your payment history will begin with the second statement from my|CalPERS (for payment due by December 10, 2011).

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**Delinquent Payment** If an invoice is not paid in full by the 10<sup>th</sup> of the month the contribution is due the invoice will be considered delinquent. You will automatically be assessed interest at an annual rate of 10 percent. The interest is based upon the number of times an agency has been delinquent in any 12-month period. The agency will be assigned the appropriate delinquency level for each delinquency, as outlined below.

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**Delinquent  
Payment  
(cont.)**

***Background***

Section 22899 (a) of the Public Employees' Medical and Hospital Care Act (PEMHCA) states, in relevant part:

The contributions required of a contracting agency, along with contributions withheld from salaries of its employees, shall be forwarded monthly, no later than the 10<sup>th</sup> day of the month for which the contribution is due.

And, Section 22899 (c) of PEMHCA states:

If a contracting agency fails to remit the contributions when due, the agency may be assessed interest at an annual rate of 10 percent and the costs of collection, including reasonable legal fees, when necessary to collect the amounts due. In the case of repeated delinquencies, the contracting agency may be assessed a penalty of 10 percent of the delinquent amount. That penalty may be assessed once during each 30-day period that the amount remains unpaid. Additionally, the contracting agency may be required to deposit one-month's premium as a condition of continued participation in the program.

***Delinquency Levels and Consequences Defined***

**Level One Delinquent**

An agency is considered Level One Delinquent if it fails to pay a receivable in full by the 10<sup>th</sup> 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 invoice amount and any assessed interest).

**Level Two Delinquent**

An agency is considered Level Two Delinquent if it fails to pay a receivable in full by the 10<sup>th</sup> of the month for which it is due a second time within a twelve consecutive month period. Interest will continue to be automatically 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 invoice amount and any assessed interest).

**Delinquent  
Payment  
(cont.)**

**Level Three Delinquent**

An agency is considered Level Three Delinquent if it fails to pay a receivable in full by the 10<sup>th</sup> of the month for which it is due a third time within a twelve consecutive month period. Interest will continue to be automatically assessed on any receivable past due on a daily basis at an annual rate of 10 percent until the receivable is paid in full.

**In addition to the interest assessed, a delinquent penalty of 10 percent will be automatically imposed on all delinquent balances.** The 10 percent delinquent penalty may be assessed monthly until all outstanding balances are paid in full. The interest assessment will terminate on the date CalPERS Fiscal Division receives payment in full for the balance due on all outstanding receivables (initial invoice amount, any assessed interest, and penalty).

**Level Four Delinquent**

An agency is considered Level Four Delinquent if it fails to pay a receivable in full by the 10<sup>th</sup> of the month for which it is due a fourth time within a twelve consecutive month period. Interest on any receivable past due will continue to be automatically assessed on a daily basis at an annual rate of 10 percent until the receivable is paid in full.

**In addition to the interest charged, a certified letter of Demand for Deposit will be automatically issued.** The Demand for Deposit requires that the agency pay all outstanding receivables, including any assessed interest, and deposit an additional one month of premiums as a condition to continue participation in the program within 30 days. The Demand for Deposit will be based on the most current premiums of active and retired members.

**Termination**

If CalPERS does not receive the deposit within 30 days from the Demand letter, CalPERS will proceed to terminate the agency's health contract (Government Code Section 22939).

CalPERS will notify the agency via certified mail of its intent to recommend termination of the agency's health contract to the CalPERS Board of Administration (Board). If approved by the Board, the agency's contract will be terminated the first of the month following a 90-day period from the issuance of Demand for Deposit letter.

**Delinquent  
Payment  
(cont.)**

***Electronic Funds Transfers***

You can significantly lower the risk of becoming delinquent by paying your receivable via electronic funds transfer (EFT). The Electronic Funds Transfer Authorization Agreement is available at the Forms and Publications Center, CalPERS Health Benefits Program Forms, on CalPERS Online.

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**Judges'  
Retirement  
System**

**NOTE:** Current billing policies and procedures will remain in force for members of the Judges' Retirement System until the active and retired judges are integrated into the new my|CalPERS system in 2012.

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**Questions**

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**).

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DARRYL WATSON, Chief  
Customer Account Services Division