Contracting Agency Participation Guide for the CalPERS Health Program

CalPERS

About This Publication

Welcome to the **Contracting Agency Participation Guide** for the CalPERS Health Program.

This guide helps California public agencies and school employers understand the CalPERS Health Program, including how to join and onboard your organization.

Whether you're considering your options or ready to participate, this guide will provide an overview of the information you need.

This publication is one of several resources to help contracting employers choose and use the health program. Additional resources include:

- ***Health Program Guide***
- ***Health Benefit Summary***
- ***Medicare Enrollment Guide***
- ***Public Agency & Schools Health Benefits Guide***
- ***myCalPERS Student Guides***

For more information, required forms, and access to CalPERS publications, visit the CalPERS website at **www.calpers.ca.gov**.

If there are any inconsistencies between this publication and the provisions of the Public Employees' Medical and Hospital Care Act (PEMHCA), the provisions of PEMHCA will apply.

About the CalPERS Health Program

With more than 1.5 million members, CalPERS is the largest employer purchaser of commercial health benefits in California and the second largest in the nation, after the federal government. In 2025, we spent $13.9 billion to purchase health benefits for active and retired members and their families on behalf of the State of California, including California State University, and over 1,100 contracting public agencies and school employers.

Our 13-member Board of Administration oversees the California Public Employees' Medical and Hospital Care Act (PEMHCA), the primary law governing our health program and contracted health plans. The board annually determines health plan availability, covered benefits, health premiums, and copays.

We have a vested interest in the health of our members—not only during their time as employees, but also throughout retirement. This long-term relationship with active and retired members drives the comprehensive, high-quality, and equitable health benefits we provide, helping our members maintain their quality of life no matter what their age.

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CalPERS Health Program

Welcome to the CalPERS Health Program

Dear Employers,

Thank you for your interest in the CalPERS Health Program. We're pleased to share this Contracting Agency Participation Guide with you. Inside, you'll find information about joining our program, becoming a health contracting agency, and getting started.

By contracting with CalPERS, you join over 1,100 public agencies and school employers that rely on us to provide exceptional healthcare to their employees, retirees, and their families. We proudly serve 1.5 million members, providing access to high-quality, affordable, and equitable healthcare.

As California's largest purchaser of employee health benefits, CalPERS offers a wide range of health plans to meet your employees' needs. All our plans feature comprehensive benefits with low out-of-pocket costs. Our program also includes financial incentives to keep costs low and our members healthy that are the strongest in the nation. All of our plans are designed to emphasize primary and preventive care.

We recognize that your employees are your most valuable asset. By contracting with CalPERS, you can be confident that your employees and retirees are being served by one of the nation's most respected health programs.

Don Moulds
Chief Health Director

Benefits for Employers

Contracting with CalPERS for health benefits provides public agencies and school employers with many advantages.

Employer benefits include:

- Low administrative fee (less than 1% of total premium)
- Zero commissions and zero broker fees
- Health coverage throughout California, along with limited plan options available nationwide and worldwide
- California's largest risk pool—with more than 1.5 million members
- 100% employee participation not required
- Prevention, behavioral health services, and wellness programs included in every health plan
- Assistance with new agency onboarding
- CalPERS serves as the health benefits officer (HBO), handling enrollment and customer service for retirees
- CalPERS provides Open Enrollment materials, making it easy to stay informed and explore health plan options
- Training and resources for agency health benefits officers (HBO)
- myCalPERS enrollment and employer billing services
- Convenient electronic payment for all enrolled employees and annuitants
- Customer support through the CalPERS Contact Center

Benefits for Employees

Eligible employees have access to high-quality, equitable healthcare through their employer's participation in CalPERS.

Employee benefits include:

- A selection of high-quality health plan options, including:
  - Health Maintenance Organizations (HMO)
  - Preferred Provider Organizations (PPO)
  - Exclusive Provider Organizations (EPO)
  - Police Officers Research Association of California (PORAC)
- Competitive premiums with low out-of-pocket costs
- An employer contribution toward the monthly health premium
- Health plan choices using either a residential or work ZIP code
- Coverage beginning the first of the month after all enrollment documents are submitted (within 60 days of eligibility)
- Dedicated health plan customer service for healthcare support
- Open Enrollment materials, making it easy to stay informed and explore health plan options
- Access to wellness programs such as gym memberships, nutrition classes, and behavioral health services to support overall well-being
- Health coverage into retirement for eligible employees
- Survivor coverage for those who qualify

Benefits for Retirees

Eligible retirees can continue receiving health benefits through their former employer's participation in CalPERS. Depending on their residential ZIP code, retirees may have access to one or more types of health plans.

Retiree benefits include:

- Certain health plans are available nationwide and worldwide
- Basic or Combination health plans for retirees under age 65
- Medicare Advantage or Supplement to Medicare plans for Medicare-eligible retirees age 65 and older
- An employer contribution toward the monthly health premium
- CalPERS serves as the health benefits officer (HBO), handling enrollment and customer service for retirees
- Dedicated health plan customer service for healthcare support
- CalPERS provides Open Enrollment materials and manages health plan changes, making it easy to stay informed and adjust coverage
- CalPERS and CalSTRS retirees have their portion of the health premium conveniently deducted from their retirement checks
- Customer support through the CalPERS Contact Center
- Access to wellness programs such as gym memberships, nutrition classes, and behavioral health services to support overall well-being
- Survivor coverage for those who qualify

Health Plan Options

CalPERS offers a wide selection of health plans with high-quality provider networks. Basic plans are available for employees, retirees under age 65, and retirees not eligible for Medicare.

Retirees who are eligible for Medicare must enroll in a CalPERS Medicare plan. CalPERS offers Medicare Advantage and Supplement to Medicare plans, with plan availability depending on the retiree's residence.

CalPERS Basic Health Plans

Health Maintenance Organization (HMO) Plans

HMO plans provide a comprehensive range of health benefits, including preventive care. Members select a primary care provider (PCP) from the HMO network, who coordinates your care and provides referrals to specialists. Other than applicable copays, you pay no additional costs for pre-authorized services from network providers.

Except for emergency or urgent care, if you obtain care outside the HMO network without a referral from the health plan, you will be responsible for the total cost of services.

Preferred Provider Organization (PPO) Plans

PPO plans operate like traditional "fee-for-service" health plans. Members either select or are matched with a primary care provider and have access to a network of preferred providers but may choose to see non-preferred providers at a higher out-of-pocket cost. PPO members may also see specialists without a referral. PPO plans have an annual deductible that must be met before certain benefits apply. Members are responsible for coinsurance (a percentage of charges), while the plan pays the remaining allowable amount. For care received outside the PPO network, members must pay any charges above the allowable amount.

Exclusive Provider Organization (EPO) Plans

EPO plans are available in certain California counties and provide the same covered services as HMO plans. Members must use the plan's network of preferred providers but can see doctors and specialists without a referral. EPO plans require copayments for some services, but there is no deductible, no claim forms, and a geographically restricted service area.

Peace Officers Research Association of California (PORAC) Plan

The Peace Officers Research Association of California (PORAC) Association Plan is available for dues-paying employees and retired members. PORAC offers a Basic PPO plan and a Medicare Supplement plan.

Health Provider Disruptions Are Not an Event to Change Health Plans

If the provider network changes during the plan year, because the health plan or health provider terminates their contract or is unsuccessful in negotiating a new contract with the insurer, a member may select another provider, but this is not a qualifying event to change health plans. It is important to remember that no purchaser of healthcare (even CalPERS) can guarantee a continued relationship with a provider if their contract ends with the insurer.

CalPERS Medicare Health Plans

Medicare Advantage HMO Plans

With a Medicare Advantage HMO plan, you work closely with your primary care provider (PCP) to get the care you need. You pay no additional costs, other than applicable copayments, when you receive services from the plan's network of providers. If you go to out-of-network doctors or hospitals, you will have to pay for all services (except for emergency or out-of-area urgent care services). These plans are available only to individuals who live in the plan's service area. To remain a member of a plan, you must continue to reside in the plan's service area.

Medicare Advantage PPO Plans

With a Medicare Advantage PPO Plan, you do not need to select a PCP or obtain referrals to see specialists. Members have access to a network of healthcare providers known as preferred providers. This type of plan allows you the option of seeing non-preferred providers but may require you to pay a higher percentage of the healthcare bill. These plans are available only to individuals who live in the plan's service area. To remain a member of a plan, you must continue to reside in the plan's service area.

Supplement to Medicare Plans

With a Supplement to Medicare plan, you do not need to select a PCP or obtain referrals to see specialists. Members have access to a network of healthcare providers known as preferred providers. If your providers participate in Medicare, your health plan will pay most bills for Medicare-approved services. If any of your providers do not accept Medicare payments, you will have to pay a larger portion of your healthcare bills. You can find out if you will have to pay more by asking your providers.

Combination Plans

CalPERS requires all family members to have the same health carrier. A combination plan means at least one family member is enrolled in a Medicare plan and at least one family member is enrolled in a Basic plan through the same health carrier. If your current Basic plan does not offer a CalPERS-sponsored Medicare plan, a health plan change would be required.

Refer to the ***Medicare Enrollment Guide*** for more information about how the CalPERS Health Program works with Medicare.

Refer to the ***Health Benefit Summary*** for a complete listing of specific health plans and a basic summary of benefits.

How CalPERS Sets Health Plan Premiums

CalPERS sets health premiums annually through our rate development process. We negotiate methodically with health carriers to achieve the most competitive premiums possible for our members and employers.

We compare each plan's premium proposal against actual cost and utilization trends using claims data from our Healthcare Decision Support System (data warehouse) to create baseline premium projections for each plan.

We risk adjust the Basic plan premiums to ensure premiums reflect the value of each plan's provider network and benefit design, rather than the underlying health status of enrolled members. The plan's risk scores are available at **www.calpers.ca.gov**.

Annual Rate Development Timeline

September

The health carriers submit proposals for changes to their existing health plans, service areas, benefit designs, and new plan products. The CalPERS Health Program team also prepares proposals.

November

Changes and proposals are voted on by our board. Approved changes are brought forward into the rate development process.

February

We conduct the annual rate development process with health plans between February and July.

June

We present preliminary premiums to the Pension & Health Benefits Committee in open session.

July

The board approves final health premiums during open session. Adopted premiums take effect January 1.

Regional Premium Pricing

Because California's public agencies and school employers can purchase health insurance from sources other than CalPERS, we price contracting agency premiums based on region.

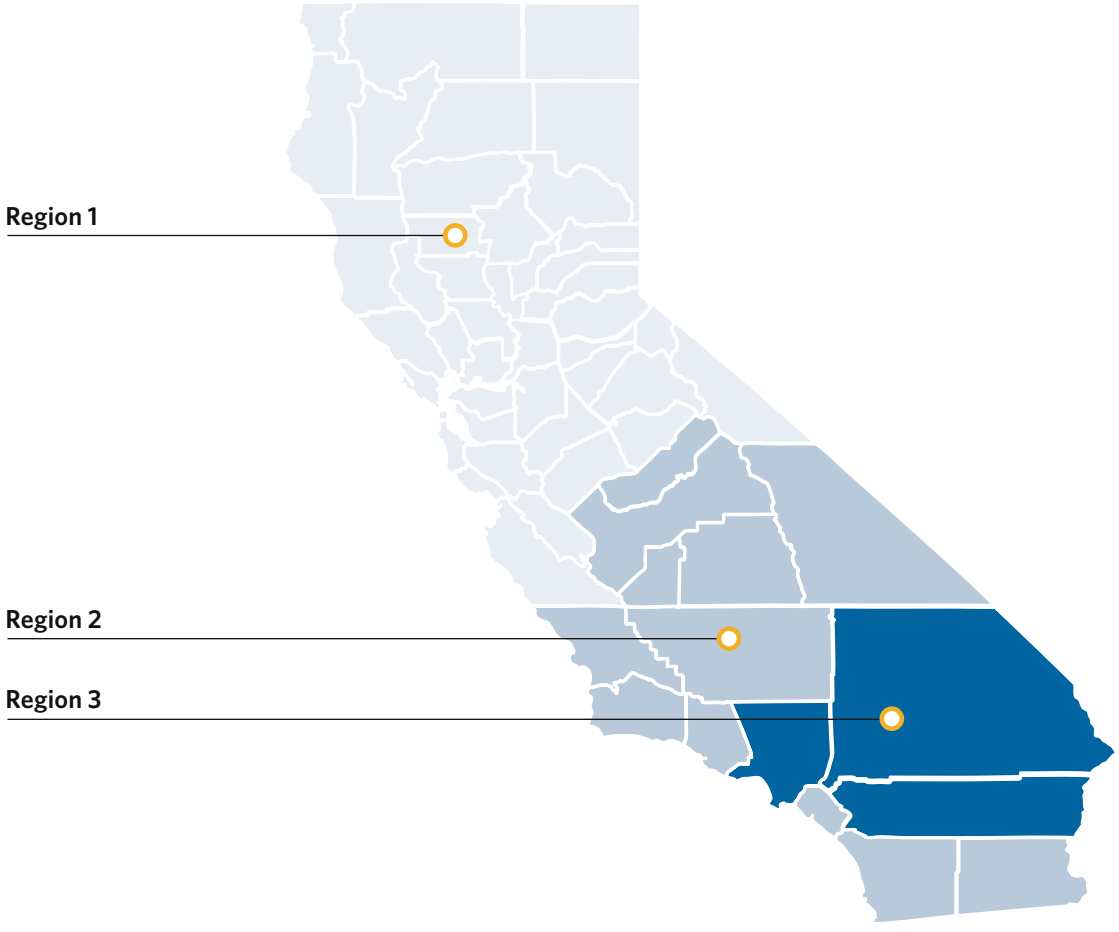
Regional pricing allows CalPERS to offer high-quality health plans to contracting employers with premiums that are competitively priced and aligned with the cost of healthcare in the market.

Without regional pricing, members in low-cost areas could pay premiums above local market rates, and members in high-cost areas could pay less than the cost of care in their area.

Regional pricing only applies to CalPERS Basic plans. While we offer Medicare plans across all our regions, we don't price Medicare premiums regionally.

All contracting agencies within a region pay the same premiums, regardless of enrollment.

CalPERS is evaluating the current three-region pricing model for contracting agency employers. Healthcare costs vary substantially across the state and have changed since the last evaluation of regions. In 2026, CalPERS will model various regional scenarios based on healthcare costs by county and assess the potential impact on premiums for employers and members. The board will vote on any regional changes at the November 2026 meeting of the Pension & Health Benefits Committee. Any changes to regions will take effect January 1, 2028.



Contracting with CalPERS for Health Benefits

Agency Requirements

The CalPERS Health Program is governed by the Public Employees' Medical and Hospital Care Act (PEMHCA). To participate, an agency must meet the eligibility requirements set forth in PEMHCA Section 22920 and agree to comply with all provisions under PEMHCA.

Specifically, an agency must:

- **Be** a public agency, school employer, or 1937 Act County
- **Provide** a qualified retirement system
- **File** a resolution electing to become subject to PEMHCA
- **Contribute** a monthly employer contribution for all eligible active employees and annuitants enrolled in a CalPERS health plan
- **Cover** annuitants for the duration of the agency's PEMHCA participation; retiree health coverage cannot be terminated due to age or after a specified period of time

Who qualifies as an annuitant eligible for CalPERS health?

An annuitant is a retired public employee who receives a monthly allowance from a qualified retirement system, or a survivor who receives that monthly benefit in place of the retiree (PEMHCA Section 22760).

Contract vs. Resolution

PEMHCA contains the Government Code (GC) Sections and California Code of Regulations (CCR) that govern an agency's participation in the CalPERS Health Program.

PEMHCA serves as the official health contract.

A health resolution is the document an agency files to elect or terminate PEMHCA participation, designate the monthly employer contribution, or adopt an optional provision.

Resolution Options

To join the CalPERS Health Program, an agency must adopt a resolution electing to become subject to PEMHCA. The CalPERS Health Contracts Unit prepares the resolution for placement on the agenda of a regular or special meeting of the governing body, where it must be adopted by majority vote.

The agency files the resolution with CalPERS by submitting a digital copy of the signed resolution, followed by mailing the original or a certified copy. The sections below describe the different resolution formats, types, and optional provisions available to contracting agencies.

Resolution Formats

"All" Resolution

Under this single-resolution format, an agency joins the CalPERS Health Program through one resolution that applies to all employees and annuitants. There is one employer contribution that applies to all covered individuals. Participation under PEMHCA must apply to the entire agency and may only be terminated for the agency as a whole.

"By Group" Resolution

Under this multiple-resolution format, agencies with multiple employee groups—or those anticipating future bargaining units— may choose to file a separate resolution electing PEMHCA participation for each recognized employee organization. The employer contribution may vary by employee group. Termination by one group does not affect the participation of the remaining groups.

Resolution Types

New Resolution

An agency files a *new resolution* to elect PEMHCA participation for the entire agency or by employee group. New resolutions may be filed at any time of the year and take effect the first of the month if received by the 10th of the prior month.

Change Resolution

A contracting agency may file a *change resolution* to amend the monthly employer contribution. Change resolutions may be filed at any time of the year and take effect on the first of the second month following receipt.

Optional Provision Resolution

A contracting agency may file additional *optional provision resolutions* to extend coverage to certain employees who would otherwise be ineligible under PEMHCA, or to adopt health vesting requirements. These resolutions may be filed at any time of the year and take effect on the first of the month if received by the 10th of the prior month.

Termination Resolution

A contracting agency must file a *termination resolution* to end its PEMHCA participation and leave the CalPERS Health Program. The resolution must be filed within 60 days after the CalPERS Board announces the final health plan premiums for the upcoming year. This announcement typically occurs in July, making the termination filing deadline in September.

Termination is effective at the end of the current contract year and is irrevocable once filed. There is a five-year waiting period to re-enter the program (PEMHCA Section 22938 and CCR Section 599.515(e)).

The agency's initial resolution format (All or By Group format) determines whether termination applies to the entire agency or only a specific employee group.

Upon termination, all employees, annuitants, dependents, and COBRA participants covered under the affected resolution will lose their CalPERS health benefits. Coverage will cease at the end of the day on December 31.

Optional Provisions

A contracting agency may file additional resolutions to adopt one or more optional provisions provided under PEMHCA. Optional provision resolutions may be filed at any time during the agency's PEMHCA participation and take effect the first of the month if received by the 10th of the prior month.

Less than Half-Time Resolution

PEMHCA allows enrollment for employees who work half time or greater. This provision allows a contracting agency to extend eligibility to employees who work on a less than half-time basis (PEMHCA Section 22807).

Part-Time Faculty Resolution

PEMHCA allows enrollment for employees who work half time or greater. This provision allows a community college district to extend eligibility to part-time faculty that work at least 40% of a full-time teaching assignment (PEMHCA Section 22807.5).

Survivor Resolution

This provision allows a contracting agency to extend eligibility to survivors of active employees who die before becoming eligible for retirement (PEMHCA Section 22819).

Survivor No-Warrant Resolution

PEMHCA requires survivors to receive a monthly allowance to maintain health coverage. For new contracting agencies only, this provision allows survivors of deceased retirees who were enrolled in the agency's prior health insurance program to continue coverage under the CalPERS Health Program, even if they do not receive a monthly allowance (PEMHCA Section 22819.1).

Health Vesting Resolution

Health vesting allows contracting agencies to establish additional service credit criteria an employee must meet to qualify for an employer contribution in retirement.

- **Public agencies** may adopt a 20-year health vesting schedule, where employees earn a percentage of the designated employer vesting contribution based on their total years of CalPERS service credit (PEMHCA Section 22893). Vesting can only apply to employees hired on or after the effective date of the vesting resolution. Refer to *Appendix B* for additional information.

- **School employers** may adopt any health vesting schedule supported by a Memorandum of Understanding (MOU), where employees earn a percentage of the designated employer vesting contribution based on their total years of district service credit (PEMHCA Section 22895). A retroactive vesting basis date can be established by collective bargaining, but vesting cannot apply to employees who retired prior to the effective date of the MOU. Refer to *Appendix C* for additional information.

Elected/appointed officials or managers cannot have a more advantageous vesting schedule than other employees who are in related retirement membership classifications.

PEMHCA prescribes distinct vesting requirements for public agencies and school employers, with variations in vesting eligibility, employer contribution requirements, and the application of vesting to disability retirement. For further details on health vesting, refer to *Appendix B* (public agency vesting) and *Appendix C* (school employer vesting).

Employer Contributions

PEMHCA requires contracting agencies to provide a monthly employer contribution toward the premium for all eligible active employees and annuitants enrolled in a CalPERS health plan (PEMHCA Section 22890). This contribution is designated in the agency's resolution. Agencies may choose either an equal or unequal method of contributions, described below.

Minimum Employer Contribution (PEMHCA Minimum)

PEMHCA establishes a minimum employer contribution, which the CalPERS Board of Administration adjusts annually to reflect changes in the medical care component of the Consumer Price Index, rounded to the nearest dollar. This amount is known as the PEMHCA Minimum. Agencies may designate their contribution at any amount, provided it is not less than the PEMHCA Minimum (PEMHCA Section 22892).

Equal Method

Under this method, the agency contributes the same employer contribution for both active employees and annuitants.

Unequal Method

This method allows a contracting agency to provide a lesser employer contribution for annuitants than for active employees. For the first year, the contribution for annuitants can be as low as $1.00 per month. The contribution for annuitants must then increase annually according to the formula prescribed by PEMHCA Section 22892(c), until it equals the contribution for active employees.

Each year, the contribution for annuitants is calculated by multiplying 5% of the current employer contribution for active employees by the number of years the agency has participated in PEMHCA. The annual increase to this contribution is capped at $100 per year. The chart below illustrates the unequal method of contributions using the PEMHCA Minimum as the employer contribution for active employees.

Illustration of Unequal Method of Contributions

	A	B	C	
Calendar Year	**Monthly employer contribution for active employees (PEMHCA Minimum)**	**Annual Percentage Increase**	**Agency's years of PEMHCA participation**	**Monthly employer contribution for annuitants (calculated by unequal formula)***
2006	$64.60	n/a	Initial Year	$1.00
2007	80.80	x 5%	1	4.04
2008	97.00	x 5%	2	9.70
2009	101.00	x 5%	3	15.15
2010	105.00	x 5%	4	21.00
2011	108.00	x 5%	5	27.00
2012	112.00	x 5%	6	33.60
2013	115.00	x 5%	7	40.25
2014	119.00	x 5%	8	47.60
2015	122.00	x 5%	9	54.90
2016	125.00	x 5%	10	62.50
2017	128.00	x 5%	11	70.40
2018	133.00	x 5%	12	79.80
2019	136.00	x 5%	13	88.40
2020	139.00	x 5%	14	97.30
2021	143.00	x 5%	15	107.25
2022	149.00	x 5%	16	119.20
2023	151.00	x 5%	17	128.35
2024	157.00	x 5%	18	141.30
2025	158.00	x 5%	19	150.10
2026	162.00	x 5%	20	162.00

**Employer contribution for annuitants = employer contribution for active employees x 5% x Years in PEMHCA*

For 2016 (Year 10):

Employer contribution for annuitants = **A** × **B** × **C**

= **125** × **5%** × **10 Years**

= **$62.50**

A contracting agency may change from the unequal method to the equal method. However, once the employer contribution for active employees and annuitants reaches parity—whether by election of the equal method or through increases under the unequal formula—the contribution must remain equal thereafter.

Contribution Examples

Contracting agencies have several choices when designating their monthly employer contribution. Below are some of the more common examples:

Type of Contribution	Description	Examples
PEMHCA Minimum	Identifies the contribution as the minimum employer contribution amount required by law	• $162 for 2026 • $167 for 2027
Total Premium	Identifies the contribution as the full cost of the plan premium in which the member is enrolled (100% employer paid)	
Fixed Amount	Identifies the contribution as a set dollar amount for everyone, or a different amount depending on coverage type	• $800 • $300 single party, $500 two-party, $700 family
Fixed Percentage	Identifies the contribution as a percentage of the plan premium enrolled or a percentage of a specific health plan premium	• 100% Self and 80% Dependents
Match Plan	Identifies the contribution to match a specific health plan premium	• Kaiser Region 1 Basic Plan

A contracting agency may file a change resolution to amend the monthly employer contribution. Change resolutions may be filed at any time of the year and take effect on the first of the second month following receipt.

The contracting agency is responsible for notifying its active employees and annuitants of such changes.

The Contracting Process

Contact CalPERS Health Marketing

Agencies interested in joining the CalPERS Health Program should first contact the CalPERS Health Marketing Unit at **CalPERSHealth@calpers.ca.gov** or (916) 795-1233 to request a presentation about the program. Our team will schedule time to provide a program overview and discuss the following:

- The agency's health insurance needs and coverage expectations
- The cost of CalPERS health plans
- Employer contribution requirements for both active employees and retirees
- Retiree health eligibility criteria
- Enrollment options

Request a Draft Resolution

When the agency determines that the CalPERS Health Program is a fit for the organization, they can request a resolution to elect PEMHCA participation. Our Health Contracts Unit will draft the necessary resolution(s), to be approved by the governing body. In the request for the resolution, the agency must provide:

- Whether the agency is joining "All" or "By Group"
- Employer contribution method and amount
- If the agency wishes to adopt any optional provisions
- Desired effective date
- Person designated to file the resolution
- Governing board meeting date, time, and name
- Names and titles of authorized signatories
- If the employer participates in a qualified retirement system other than CalPERS or CalSTRS, supporting documentation and attestation are required

CalPERS may require submission of MOUs or collective bargaining agreements and reserves the right to review them for PEMHCA compliance.

Submit a Signed Resolution

An agency's governing body must adopt the resolution by majority vote. The signed resolution constitutes a binding agreement to comply with PEMHCA. Once the resolution is signed, the agency must:

- Email a digital copy of the signed resolution to CalPERS
- Mail the signed resolution with original signatures, or a certified copy of the signed resolution bearing the agency's raised seal

CalPERS recommends a 90-day lead time prior to the effective date to allow sufficient time for onboarding.

Onboarding

Upon receipt of the signed resolution, CalPERS begins a 90-day onboarding process, which includes:

- Regular onboarding meetings with the agency and agency's Third-Party Administrator (TPA), if applicable
- Designating the agency's Health Benefit Officer, Health Benefit Assistant, and Health Public Agency Billing contact persons in myCalPERS
- Health Business Rules and myCalPERS training
- Scheduling a health fair (virtual or in-person)
- Creating myCalPERS accounts, if applicable
- Identifying eligible retirees and survivors and distributing enrollment packets
- Processing enrollments manually, online, or by file upload
- Troubleshooting any enrollment issues prior to the agency's contract effective date

Refer to *Onboarding for New Agencies* section for additional information.

120-Day Rule for Retiree Health Benefits

Employees must retire within 120 days of separation to qualify for retiree health benefits. Newly contracting agencies may waive this requirement for existing retirees only. All future retirees must meet the 120-day requirement (PEMHCA Section 22760).

Alternative Health Plans

Contracting agencies may not offer an alternative health plan to any employee group subject to PEMHCA participation (PEMHCA Section 22934).

Health Contract Frequently Asked Questions

Can a contracting agency eliminate employer contributions for retiree health benefits or exclude Medicare-eligible retirees from CalPERS health coverage?

No. Retirees who meet the definition of an annuitant under PEMHCA Section 22760 are eligible to enroll in the CalPERS Health Program and receive the employer contribution designated in the agency's resolution. An individual qualifies as an annuitant if they retire from the agency, retire within 120 days of separation, and receive a monthly retirement allowance. Retiree health coverage cannot be terminated due to age or after a specified period of time.

While your agency may not eliminate retiree health benefits or the associated employer contribution, it may reduce liability through options such as the unequal method or health vesting.

May an agency pass the administrative fee to employees or retirees?

No. PEMHCA requires contracting agencies to bear the costs associated with administering the CalPERS Health Program. Both the employer contribution and the administrative fee are the responsibility of the employer and may not be passed on to members or deducted from payroll (PEMHCA Section 22901).

How is the administrative fee calculated and communicated?

Over the past five years, the administrative fee has fluctuated higher and lower, ranging from 0.33% to 0.08%. The fee is calculated based on the total gross health premiums for both active and retired members. It is billed monthly and should be included in each agency's budget as part of participating in the program. The new administrative fee takes effect in July, once the State of California budget is adopted and is communicated annually via a Circular Letter.

May a contracting agency establish different health vesting criteria for different employee groups?

For public agencies, no. PEMHCA currently allows only a single 20-year health vesting schedule, which must be applied uniformly to all employee groups.

For school employers, yes—provided the vesting schedules are negotiated by each employee group and reflected in their respective MOUs.

Both public agencies and school employers are subject to PEPRA Section 7522.40, which prohibits establishing a more advantageous vesting schedule for management than for employees. For example, a school employer may not require 30 years of service for employees and only 15 years for management. Similarly, a public agency may not apply the 20-year vesting schedule to employees but exclude managers.

If a contracting agency negotiates specific healthcare provisions with employee groups, can those agreed-upon terms be implemented?

No. If the negotiated terms conflict with PEMHCA, the statute takes precedence. PEMHCA is controlling over any MOU, side letter, or local agreement, and non-compliant provisions cannot be implemented (PEMHCA Section 22753).

How does an agency change the employer contribution?

Contracting agencies may file a change resolution to amend the monthly employer contribution at any time of the year. For questions, contact the CalPERS Health Contracts Unit at **HealthContracts@calpers.ca.gov** or **888-CalPERS** (**888**-225-7377).

Onboarding for New Agencies

Once a contracting agency's resolution is approved, CalPERS assists the agency in implementing its participation in the CalPERS Health Program. Agencies should plan for about 90 days to complete onboarding and ensure a smooth enrollment for employees and retirees.

The onboarding timeline may vary depending on the size of the agency. Smaller agencies may need less time, while larger agencies (over 500 employees) or those outside the CalPERS pension program may require more than 90 days to complete the process. CalPERS will assess each agency's specific needs and determine the appropriate timeframe for onboarding. Starting the process early helps prevent coverage gaps and ensures all requirements are met.

The agency is responsible for notifying employees and retirees about changes to their medical benefits. Below are key activities involved in the initial implementation process.

Onboarding Activities

Employer Onboarding Meeting

The Health Marketing Unit will contact the agency to schedule an Employer Onboarding Meeting. This meeting introduces the agency to the CalPERS support team that will facilitate its transition into the program. The Health Marketing Lead Analyst will review the onboarding steps, clarify roles and responsibilities, and explain CalPERS' role. Additional meetings will occur throughout the onboarding process.

Onboarding Support Team

Analysts from the following units may be assigned to support the agency throughout the onboarding process: Health Marketing, Health Contracts, Enrollment and Eligibility, Automation Support, Employer Education and Communications, and myCalPERS Employer Education and Training.

Health Benefits Officer (HBO) Training

CalPERS will provide required training and guides for a new agency's HBO and health benefits team, covering enrollment policies and procedures.

Additional training will cover processing enrollments, running reports, reconciling health statements, and making payments. For more information, visit the **Employer Education** page on the CalPERS website.

Health Fairs

CalPERS will work with the agency to host a health benefits fair during the onboarding process, either in-person or virtually. The health fair is designed to help employees understand their health plan options and choose the plan that best meets their needs.

The Health Marketing Unit will coordinate with you to determine the date, time, and location of the health fair, and health carrier representatives will be available to answer plan-specific questions. It is our goal to ensure everyone has the information they need to make an informed decision.

Upon request, the Health Marketing Unit can also provide a short presentation on the CalPERS Health Program and address employee questions about the transition.

The agency is responsible for informing employees—and, if appropriate, retirees—about the health fair.

Initial Enrollment for Active Employees

When an agency first joins the program, there are three ways to initially enroll active employees and their family members:

Option 1: Online Health Enrollment through myCalPERS

With your approval, employees can use their myCalPERS account to enroll themselves and their dependents in a health plan online. myCalPERS automatically uses the employee's residential ZIP code to determine available health plan options. If an employee prefers to use their work ZIP code for health plan availability, they must complete and

submit a ***Health Benefits Plan Enrollment for Active Employees*** form (HBD-12) to the HBO for processing.

To use online enrollment, employees must have a myCalPERS account. Those without an account must register first.

When employees use online health enrollment, HBOs no longer need to collect the HBD-12 or other hard copy documents as all information will be submitted electronically. It streamlines enrollment, is easy to use, and reduces paperwork.

For more information, visit the **Online Health Enrollment for Active Employees** page on the CalPERS website.

Option 2: Health Benefits Officer (HBO) Manual Enrollment

With the manual enrollment, the agency's HBO collects the HBD-12 and all required documentation from employees and enters the employee and their dependents in a health plan in myCalPERS. Agencies will need to provide the necessary staffing resources to manually enter all employee, dependent, and enrollment information into myCalPERS prior to the effective date.

Online Health Enrollment for CalSTRS and Non-PERS Employees

Employees who are not part of the CalPERS pension program must first have a health-only appointment profile created in myCalPERS before they can register for an account.

Employers can set up this appointment by uploading a file or entering the appointment details manually. Uploading a file may require error correction by the employer if the employee already exists in the myCalPERS system

Once the profile is created, employees can begin the myCalPERS registration process online.

Option 3: File Upload

Agencies may enroll employees in CalPERS health benefits using a file upload. CalPERS offers two file options: **IA50031** and **IA50032**.

IA50031: Used by CalPERS and Non-PERS agencies to create employee profiles, assign health appointments, and enroll employees and dependents in a health plan provided all required forms and documentation have been collected by the HBO. Can be used for both initial and ongoing enrollments. Guidance is provided to support file creation.

IA50032: Used by CalSTRS and Non-PERS agencies to create employee profiles and assign health-only appointments. Health enrollment must be completed separately (HBO manual enrollment or online health enrollment through myCalPERS).

To use either file, the agency or its TPA completes a CalPERS template with required demographic and enrollment information. The completed file is first uploaded to the myCalPERS test environment for validation.

After errors are corrected by the agency, it may request approval to upload the file to production. Once approved, the file is processed in myCalPERS to create employee profiles and appointments—and, for IA50031, enrollments. Agencies should allocate additional time to address and correct any potential errors identified in the production file. CalPERS provides guidance throughout the process.

Agencies with an existing human capital management system may also build a Health Enrollment File in XML to meet myCalPERS security requirements. Agencies choosing this option should have an IT expert (internal or TPA) with experience developing XML files.

Initial Enrollment for Annuitants

Identifying Eligible Retirees and Survivors

Agencies identify eligible CalPERS retirees and survivors by running the *PERS Retiree List Report* in myCalPERS. Refer to the ***myCalPERS Reports Student Guide*** for instructions.

CalPERS will identify eligible CalSTRS retirees and survivors by requesting a list from CalSTRS. It may take up to 30 days for CalPERS to receive the list. We will forward the list to the agency to review and confirm which annuitants are eligible for retiree health. The agency will also designate the appropriate employee group for each person.

Agencies not in the CalPERS or CalSTRS pension programs will identify eligible retirees and survivors and must submit a list of eligible individuals to CalPERS based on PEMHCA eligibility rules at least 45 days prior to the effective date.

Sending Retiree Enrollment Packets

Once retiree health eligibility is confirmed, CalPERS sends enrollment packets to eligible annuitants. Packets include the ***Health Benefits Plan Enrollment for Retirees and Survivors*** form (HBD-30), health premium information, and a self-addressed return envelope.

Enrollment packets are distributed during the agency's onboarding process or when a group is added to an existing contracting agency.

CalPERS acts as the HBO for the annuitants and processes the enrollments. Eligible annuitants may enroll within 60 days of the contracting agency's coverage effective date.

Enrollments processed in myCalPERS are electronically submitted to the health plans within 24–48 hours. Once the health plan receives the enrollment, they will mail identification cards to each enrollee within ten business days.

Working with a Third-Party Administrator (TPA)

Some agencies use a TPA to collect health enrollment information from employees and submit this information to CalPERS. If your agency plans to use a TPA, notify the Health Marketing Lead Analyst so the TPA can be included in onboarding meetings and related processes.

The agency must establish a **Business Partner Relationship** in myCalPERS to grant the TPA appropriate system access. Agencies should clearly understand their responsibilities and those of the TPA and proactively communicate with them to ensure a smooth onboarding process for all parties.

Refer to the ***myCalPERS Business Partner Relationships Student Guide*** for more information.

Secure File Transfer Protocol (sFTP)

Once an agency has onboarded into the program, future health enrollment transactions may be submitted to CalPERS via sFTP. To set up sFTP, call the CalPERS Contact Center.

Enrollment Technical Assistance

During onboarding, the HBO can contact the assigned CalPERS analysts to help with enrollment issues. Analyst contact information will be provided by the CalPERS Health Marketing Unit at the start of onboarding. Following the onboarding period, employers will receive technical assistance through the CalPERS Contact Center.

Deactivating Online Health Enrollment

Agencies may choose to deactivate the Online Health Enrollment feature for employees if they prefer to manage enrollments internally. To request deactivation, the HBO submits an electronic inquiry through myCalPERS.

To submit the inquiry, the HBO must:

1. Log in to myCalPERS with their Business Partner account
2. From the external Business Partner Home page, select the **Common Tasks** folder in the left-side navigation
3. Select the **Submit Inquiry** link
4. Complete the Contact Information section and select Category: **Health Employer Online Permission**
5. Enter the request in the inquiry field **"Deactivate Online Health Enrollment"**
6. Select **Submit**
7. The HBO will receive a confirmation message with the expected response period

After receiving the request, CalPERS will schedule a meeting to review the agency's needs, desired deactivation date, and the impact of deactivation. CalPERS will evaluate the agency's reasons and enrollment processes, then notify the HBO of the determination.

If approved, employees will no longer be able to submit health enrollment transactions online through their myCalPERS account. Agencies will need to inform employees of the change and provide instructions for how to submit enrollment requests.

Onboarding Frequently Asked Questions

What is the onboarding timeframe?

Agencies should plan for about 90 days to complete onboarding and ensure a smooth enrollment for employees and retirees.

Can our agency limit which CalPERS health plans are available to employees?

No. Eligible employees may enroll in any CalPERS health plan available in their work or residential ZIP code.

Does my agency only need to offer coverage to retirees currently enrolled in health benefits?

All retirees and survivors who meet PEMHCA eligibility criteria for health in retirement will be sent an enrollment packet by CalPERS and provided an opportunity to enroll. Retirees do not necessarily have to be currently enrolled in an agency's health benefits to be eligible to enroll into CalPERS Health.

If my agency selects one type of health enrollment option during the initial onboarding, can we change how we enroll employees in the future?

Yes, agencies have the option to change how health enrollments are submitted to CalPERS.

Who holds the responsibility for correcting errors in an uploaded file?

Agencies are responsible for correcting errors for all active employees. CalPERS can assist with dependent, retiree, and survivor error correction during the initial enrollment period.

Billing and Payment

Contracting agencies should understand the billing and payment process. The following information outlines statement timelines, payment deadlines, how to keep payments current, steps for reconciling statements, submitting electronic payments, and accessing available resources.

Adhering to these guidelines helps ensure accurate monthly billing. For CalPERS health contracts, employers are responsible for submitting timely payments and maintaining accurate reporting.

Billing Instructions

What You Are Billed

Contracting agencies are billed monthly for the following:

Billed	For	Note
Full premium	Active employees	Member share of premium is collected by employer
Employer contribution	Retirees/Survivors (CalPERS or CalSTRS)	Member share of premium is deducted by CalPERS or CalSTRS from member's monthly retirement allowance
Full premium	Retirees/Survivors (Non-PERS)	Member share of premium is collected by employer
Full premium	Survivors without an allowance (for agencies that contract for this optional provision)	Member share of premium is collected by employer
Administrative fee	Active employees and Retirees/Survivors	Administrative fee is calculated on Total Active and Retired Premium and paid by the employer

myCalPERS Transaction Cutoff Dates and Employer Bulletins

Transaction cutoff dates vary each month. Transactions processed after the applicable cutoff date will be reflected on a subsequent Health Premium Statement.

Billing cutoff dates are published annually in a Circular Letter and emailed to agency contacts subscribed to Employer Bulletins.

Contracting agencies can subscribe to CalPERS newsletters and alerts to stay up to date on important health and benefits updates. You can customize your subscriptions to receive only Employer Bulletins and other information relevant to your agency. To subscribe, visit **Email Subscriptions** on the CalPERS website.

Health Premium Statement

Health Premium Statements are available in myCalPERS on or about the 15th of each month. A copy of the statement will also be mailed to employers that have selected "Mail" as the Preferred Communication.

Payment is due in full by the 10th of the following month. If the 10th falls on a holiday or weekend, payment is due on the last business day prior to the 10th. Interest will be assessed on late payments (CCR Section 599.515).

It's important to assign a PA Billing contact in myCalPERS to ensure your agency receives Health Premium Statement notifications.

Available contact types include:

- **Health PA Billing** — PERS for agencies with CalPERS/or STRS subscribers
- **Health PA Billing** — Non-PERS for agencies with Non-PERS subscribers

Delinquency

Contracting agencies must remit payment as billed and by the due date. Failure to do so will result in the agency being placed in delinquent status and may subject the agency to interest, penalties, premium deposits, and/or termination (PEMHCA Section 22899).

CalPERS may also terminate an agency's participation if the agency fails, for three months after a demand, to perform any act required under PEMHCA or by board rules or regulations (PEMHCA Section 22939).

Reconciling Your Statement

The *Monthly Employer Billing Roster* is available in the Billing and Payment Summary section in myCalPERS and provides a detailed listing of health premiums billed, including adjustments, for both active and retired subscribers. Verify that eligible members are enrolled in coverage and that enrollment information, such as retirement system and medical group, is accurate.

Discrepancies or errors will be adjusted on a future statement. The agency must pay the full billed amount to avoid interest and penalties.

Remitting Payment by Electronic Funds Transfer (EFT)

- All payments must be made via EFT
- Establish an EFT account in myCalPERS
- Notify the bank that the CalPERS ACH is assigned as an approved payee
- If the EFT payment is submitted before 5 p.m., allow two banking days prior to the due date for payments to be received by CalPERS on time
- If the agency has multiple accounts, complete separate transfers for each account

Resources

- Refer to the ***Health Billing Reconciliation Student Guide*** for guidance on reconciliation
- Refer to the ***myCalPERS Electronic Funds Transfer Student Guide*** for accessing or setting up your EFT account in myCalPERS

Billing Frequently Asked Questions

What are the risks of not reconciling enrollments and billing?

Failure to reconcile may result in inaccurate billing and incorrect enrollment records. Agencies are expected to regularly reconcile accounts to ensure accuracy.

Why is the agency receiving two billing statements?

Statements are issued separately for CalPERS subscribers (including CalSTRS) and for Non-PERS subscribers, such as the elected officials' group, for example.

Why isn't the health statement going to the correct person?

The agency System Access Administrator (SAA) must add that individual as a primary contact for Health PA Billing. If no primary Health PA Billing contact is designated, notifications will be sent to the agency's primary general contact.

Does the agency receive a corrected statement that reflects adjustments?

No. Adjustments made after the cutoff date will appear on a future billing statement. Always pay the full billed amount unless the amount is different in myCalPERS.

The amount due on the health statement is different than the amount in myCalPERS. Which amount should the agency pay?

Pay the amount reflected in myCalPERS. Although uncommon, differences may occur due to adjustments (such as interest-reversal) after the statement is generated.

Why wasn't the agency billed for a newly processed health enrollment?

If the enrollment was entered after the billing cutoff date, it will be billed on the next statement. Refer to the ***myCalPERS Health Enrollment Student Guide***, steps 7–8 for how to view the created (processed) date in the transaction details.

How do we fix a retiree's medical group and employer contribution?

The employer contribution depends on the retiree's assigned medical group. Contact the CalPERS Contact Center to correct the medical group. Any adjustments will appear on a future statement. The correction applies prospectively only.

How can agencies verify retiree mailing addresses for health benefit reimbursements?

Download your agency's health billing roster in myCalPERS. This will generate the Monthly Employer Billing Roster Report, which provides detailed subscriber information, including retiree mailing addresses. Addresses are displayed unless they are marked as secured (restricted).

What training is available for billing reconciliation?

- Refer to the ***Health Billing Reconciliation Student Guide*** for detailed guidance
- Instructor-led and self-paced online classes cover health billing rules and how to access statements and rosters in myCalPERS
- Additional training is available through the myCalPERS Employer Education and Training Unit. For training requests, contact **calpers_employer_communications@calpers.ca.gov.**

Eligibility

A contracting agency's active employees, annuitants (retirees and survivors), and certain family members are eligible to participate in the CalPERS Health Program. The following provides an overview of eligibility. Refer to the ***Health Program Guide*** for detailed information.

Contracting agencies are required to offer all eligible active employees and annuitants the opportunity to enroll in a CalPERS health plan and provide an employer contribution toward their health premiums (PEMHCA Section 22890). CalPERS does not require 100% participation.

Active Employees

Eligibility is based on time base and tenure of an employee's qualifying appointment. Employees must work at least half time and have a permanent appointment or a "limited term" appointment with a duration of more than six months.

Employees have 60 days from the date of their initial appointment to enroll in a health plan. They can enroll themselves or themselves and all eligible family members. There is no probationary or waiting period under PEMHCA. The effective date is the first of the month following the date the health benefits officer receives the enrollment and all required documentation. Employees may also enroll during the Annual Open Enrollment Period or Special or Late Enrollment periods.

A contracting agency may adopt a *less than half-time resolution* to extend eligibility to employees who work on a less than half-time basis. They would receive the same employer contribution as their half time or greater counterparts (PEMHCA Section 22807).

Retirees

Retirees are eligible to enroll in a CalPERS health plan if they meet the following criteria:

- Retire within 120 days of separation from employment
- Receive a monthly retirement allowance (those who elect a lump sum payment are not eligible)
- Were eligible for health benefits at separation (even if not previously enrolled)
- Belong to a bargaining unit or employee group for which the agency maintains PEMHCA participation (PEMHCA Section 22760)

Eligible retirees may decline coverage when an agency first joins the program but remain eligible to enroll during future Open or Special Enrollment periods while the agency contracts with CalPERS.

Agencies with another qualified retirement system must ensure annuitants meet CalPERS eligibility requirements. Non-PERS annuitants cannot enroll until they begin receiving a monthly retirement allowance. CalPERS will bill employers for the full premium, and the agency will be responsible for collecting the retirees' share.

Survivors

Survivors receiving a monthly allowance in place of the retiree are also eligible to enroll if the qualifying retiree met all eligibility criteria for health into retirement (PEMHCA Section 22760). Additionally, survivors must have been eligible dependents at the time of the annuitant's death and continue to qualify as eligible family members.

Eligible survivors can enroll within 60 days of the employee or annuitant's death or during certain Special Enrollment or future Open Enrollment periods.

When first joining the program, a contracting agency may adopt a *survivor no-warrant resolution* to allow survivors who were enrolled in the agency's prior insurance program to continue coverage under CalPERS, even if they do not receive a monthly allowance (PEMHCA Section 22819.1).

Family Members

The terms "family member" and "dependent" are used interchangeably. Eligible family members include:

- Spouse
- Registered domestic partner
- Children (natural, adopted, domestic partner's, or step) up to age 26
- Children up to age 26, if the employee or annuitant has assumed a parent-child relationship and is considered the primary care parent
- Certified disabled dependent children age 26 and older (PEMHCA Section 22775, CCR 599.500)

Elected Officials

Elected officials may be eligible for CalPERS health coverage while serving if the agency adopts a resolution to provide health benefits. During their term, they can enroll in a Basic health plan and receive an employer contribution, just like other active employees.

Once their term ends, most elected officials generally do not continue to qualify for health coverage. If they did not participate in the employer's retirement system, they would not meet the definition of annuitant for continued coverage into retirement (PEMHCA Section 22760).

Disabled Children Over Age 26

A child aged 26 and over who is incapable of self-support because of a mental or physical condition may be eligible to enroll for health coverage. The disability must have existed prior to age 26 and continuously since age 26 as certified by a licensed physician specializing in the dependent's disability.

Completed forms must be submitted to CalPERS for an eligibility determination. Once enrolled for CalPERS health benefits, continuous enrollment is required.

Dependents in a Parent-Child Relationship

A child who is not an adopted, step, or natural-born child may be added to the employee or retiree's health plan up to age 26 if the subscriber assumes parental status or duties. This relationship must be certified by the employer at the time of enrollment and annually on the subscribers' birth month. Foster children are not eligible to enroll in a parent-child relationship.

Recertification is also required when an employee continues their health coverage into retirement. CalPERS is responsible for this recertification once the employee is retired.

Employees have 60 days from the date they assume parental status to enroll the child in a health plan.

Refer to the ***Health Program Guide*** and ***Public Agency & Schools Health Benefits Guide*** for more information.

Eligibility Frequently Asked Questions

Which active employees are eligible for coverage? What about school employees and substitutes?

Active employees with a permanent or limited-term appointment of more than six months who work at least half time are eligible for CalPERS health coverage. Substitute employees generally do not meet these eligibility requirements.

Does CalPERS offer dental and vision benefits?

No, CalPERS provides medical benefits to eligible active employees and retirees. Some of the Medicare plan providers offer a dental and/or vision rider that retirees can add to their plan, but those benefits are coordinated with the health plan and retirees are billed directly by the health plan for the additional rider premium.

Are health premiums for retirees collected pre-tax or post-tax from their CalPERS or CalSTRS retirement benefit?

In accordance with IRC 402(a), the retiree's portion of the health plan premium is deducted from their retirement benefit post-tax.

Who is responsible for sending COBRA notifications to an employee or their dependent?

CalPERS will mail COBRA notifications and forms when a deletion or cancellation is processed in myCalPERS. The employer must also provide employees with COBRA rights within 45 days of separation from employment, or for dependents losing coverage, within 45 days of notification of dependent's ineligibility for coverage.

Who sends the annual Form 1095 to members?

Health plans mail Form 1095 to members who were enrolled in the CalPERS health program during the previous calendar year.

Additional Enrollment Information

Live/Work Rule

Health plan availability is determined by a member's home or work ZIP code.

Active employees may use either their residential ZIP code or their employer's ZIP code to qualify for a health plan (upon initial enrollment, Open Enrollment, or a residential move).

"Working" retirees in a Basic plan may use either their residential ZIP code or their current employer's ZIP code for health plan availability.

Retirees in a Medicare plan must use their residential ZIP code to determine their health plan options.

P.O. Boxes cannot be used in place of residential address. The **Health Plan Search by ZIP Code** tool is available on the CalPERS website to help identify available plans in your area.

Verifying Dependent Eligibility

The agency's HBO is responsible for obtaining all required supporting documentation to verify eligibility before enrollment. The HBO must retain all enrollment forms and supporting documentation for the duration of the employee's employment.

PEMHCA prohibits the enrollment of any ineligible family member. If an ineligible dependent is enrolled, the subscriber will be liable for all costs incurred during the ineligibility period.

Refer to the ***Health Program Guide*** and ***Public Agency & Schools Health Benefits Guide*** for a complete list of enrollment forms supporting documentation.

Employees Electing Not to Enroll

CalPERS does not require 100% participation. Eligible employees who choose not to enroll in a health plan must complete an HBD-12 and select the option to decline CalPERS enrollment. The contracting agency must retain these forms on file.

Dual Coverage *(Enrollment in two CalPERS Health Plans)*

Dual coverage occurs when a member is enrolled both as an individual and as a dependent in a CalPERS health plan. PEMHCA does not permit this duplication of coverage.

If dual coverage is identified, the enrollment that caused the duplication is retroactively canceled. The subscriber will be liable for all costs incurred from the date the dual coverage began.

Employees may be enrolled in both a CalPERS health plan and a health plan provided through a non-CalPERS employer. For example, your spouse may enroll as a dependent in your CalPERS plan and in a plan from their non-CalPERS contracting employer. In this case, the two plans may coordinate benefits.

Split Enrollments

Split enrollments occur when two active or retired CalPERS members who are married or in a domestic partnership each enroll in a CalPERS health plan in their own right, but dependents are divided between the two plans. One parent must carry all dependents on one health plan.

PEMHCA does not permit parents to split enrollment of dependents among two different CalPERS health plans. If split enrollment is identified, the enrollment will be retroactively canceled and the subscriber will be liable for all costs incurred from the date the split enrollment began.

Direct Pay (Off-Pay Status or Temporary Leave)

Direct pay allows employees who are not on regular pay status (such as those on temporary leave without pay) to continue their health coverage. To elect direct pay, the employee must submit a ***Direct Payment Authorization*** form *(HBD-21)* to their employer prior to the start of their leave.

The employer must then update the employee's appointment status and health enrollment in myCalPERS to reflect direct pay enrollment. Once enrolled, the employee is removed from active status on the agency's monthly billing, and the agency will no longer be billed for the health premium. Premium payments are made directly by the employee to the health plan to maintain coverage.

If an employee does not elect direct pay while on off-pay status, the employer must cancel the employee's health benefits. The employee may re-enroll in health benefits upon returning to active pay status.

COBRA (Continuation Coverage)

COBRA allows employees and their dependents to continue health coverage for a limited time under certain circumstances, such as job loss (for reasons other than gross misconduct), reduction in hours worked, death, divorce, and other life events. If an employee and their dependent are eligible for COBRA, the agency must notify the employee. CalPERS will notify eligible retirees.

The eligible employee must complete and return a ***Group Continuation Coverage*** Form (HBD-85) to the HBO for processing within 60 days of notification. Coverage must be continuous from the date that the CalPERS coverage ends. Premium payments are made directly to the health plan.

An employee's cost under COBRA may include an additional fee, but the total cost generally will not exceed 102% of the monthly group premium rate.

Refer to the ***Health Program Guide*** and ***Public Agency & Schools Health Benefits Guide*** for a complete list of enrollment forms supporting documentation.

Coordinating Medicare Coverage with the CalPERS Health Program

Medicare and Active Employees

Employees who work beyond age 65 will remain enrolled in a CalPERS Basic health plan. The employee should contact the Social Security Administration (SSA) to defer enrollment in Medicare Part B until retirement.

Upon retirement, employees may continue their health coverage by enrolling in Medicare Parts A and B with SSA and transitioning into a CalPERS Medicare plan. Employees can enroll in Part A while still working. For guidance on how to transition to a CalPERS Medicare plan or coordinate CalPERS coverage, the member should call the CalPERS Contact Center. For guidance about enrolling in Medicare Parts A and B, contact SSA.

Medicare and Retirees

Retirees age 65 or older who are eligible for premium-free Medicare Part A must enroll in Medicare Parts A and B and pay monthly premiums for Medicare Part B. Retirees over the age of 65 that are enrolled in Medicare Parts A and B must move from a CalPERS Basic health plan to a CalPERS Medicare plan to keep their health coverage through CalPERS. If an employee retires under age 65 and qualifies for Social Security Disability benefits, they may enroll in Medicare Parts A and B, pay monthly premiums for Medicare Part B, and elect to enroll in a CalPERS Medicare Plan.

Retired employees and their dependents who are eligible for Medicare Part A and Part B are prohibited from being enrolled in a CalPERS Basic plan (PEMHCA Section 22844).

Retirees must not decline or stop enrollment in Medicare Part B when they become Medicare eligible, unless they continue working or return to work. Retirees who fail to enroll in Medicare Part B, or who lose coverage due to non-payment or move outside the U.S., will be canceled from the CalPERS Health Program.

Retirees who are not eligible for Medicare may remain enrolled in a CalPERS Basic health plan, but they will be required to submit forms and proof of ineligibility to CalPERS. If approved by CalPERS, the retiree will remain in their CalPERS Basic plan.

Refer to the ***Medicare Enrollment Guide*** for more information.

Appendices

Appendix A: Key PEMHCA Requirements to Know

The CalPERS Health Program is governed by the Public Employees' Medical and Hospital Care Act (PEMHCA). Contracting agencies are subject to PEMHCA, which takes precedence over any Memorandum of Understanding (MOU) (PEMHCA Section 22753).

Following are some key provisions of PEMHCA employers need to know:

Employer Contribution and Administrative Fee

- PEMHCA requires contracting agencies to provide a monthly employer contribution toward the premium for all eligible active employees and annuitants enrolled in a CalPERS health plan (PEMHCA Section 22890). This contribution is designated in the agency's resolution.
- The minimum employer contribution for employees and retirees is set annually by the Board to reflect the change in the medical care component of the Consumer Price Index and is rounded to the next nearest dollar (PEMHCA Section 22982). A Circular Letter announcing the PEMHCA Minimum for the following calendar year is released around May.
- The agency may not pass on the employer contribution or administrative fee to employees or annuitants (PEMHCA Section 22901).

Retiree Health

- The employer contribution is mandatory for eligible annuitants for as long as the agency contracts with CalPERS (PEMHCA Section 22892).
- Only eligible annuitants may enroll in CalPERS health benefits (PEMHCA Section 22760).
- When an agency elects to terminate their health benefits with CalPERS, all employees and annuitants lose their coverage (PEMHCA Section 22938).

Vesting

- Health vesting allows contracting agencies to establish additional service credit criteria an employee must meet to qualify for an employer contribution in retirement (PEMHCA Section 22893 for public agencies and Section 22895 for school employers).
- Public agencies may enact legislation to define vesting criteria for their agency in PEMHCA.

Health Coverage

- Employees may enroll in any health plan available in their work or residential ZIP code.
- Employers may not dictate that employees enroll in a specific plan (PEMHCA Section 22830).
- 100% participation is not required.
- Dual and split enrollments are not allowed (CCR Section 599.502).
- Contracting agencies may not offer an alternative health plan to any employee group subject to PEMHCA participation (PEMHCA Section 22934).
- Agencies may elect to terminate their PEMHCA participation by filing a *termination resolution* no later than 60 days after the CalPERS Board announces the final health plan premiums for the following year. Termination is effective at the end of the current contract year and is irrevocable once filed. There is a five-year waiting period to re-enter the program. Coverage will cease at the end of the day on December 31. (PEMHCA Section 22938 and CCR 599.515(e)).

Appendix B: Public Agency Vesting

Public agencies may establish health vesting criteria that employees must meet to receive an employer contribution in retirement. Here's important information to know:

Vesting for Health Benefits into Retirement

- The Public Employees' Medical and Hospital Care Act (PEMHCA) requires contracting agencies to provide an employer contribution to both active employees and retirees
- Public agencies may also adopt health vesting under PEMHCA Section 22893 to require additional service credit criteria to earn an employer contribution in retirement (vesting contribution)
- Health vesting must follow the 20-year vesting schedule outlined in PEMHCA Section 22893
- The vesting schedule may only apply to employees who are first hired on or after the effective date of the vesting resolution filed with CalPERS
- Vesting must be adopted for elected/appointed officials or managers if adopted for other employees who are in related retirement membership classifications

Service Credit Criteria

- Employees must have at least five years of service credit with the agency, and at least 10 years of total CalPERS service credit, to receive 50% of the vesting contribution
- Another 5% is earned with each additional year of CalPERS service credit
- Purchased service credit, such as Additional Retirement Service Credit, does not qualify since it is not earned service

Employer Contribution for Retirees

- The vesting contribution the employer will pay must be at least the 100/90 State Annuitant Contribution Amounts ($1,084 single, $2,057 two-party, $2,638 family per month for 2026)
- If vesting does not apply, the retiree will receive the employer's standard contribution

Vesting for Disability Retirees

- Persons who are subject to vesting and retire for disability are fully vested regardless of service credit and will receive 100% of the vesting contribution

Opt-in Election

- Public agencies may allow employees first hired prior to the adoption of vesting to voluntarily opt-in and become subject to vesting requirements

Total years of CalPERS service credit	Percentage of vesting contribution	Monthly contribution paid in retirement*		
		Single	Two-Party	Family
10	50%	$542.00	$1,028.50	$1,319.00
11	55%	$596.20	$1,131.35	$1,450.90
12	60%	$650.40	$1,234.20	$1,582.80
13	65%	$704.60	$1,337.05	$1,714.70
14	70%	$758.80	$1,439.90	$1,846.60
15	75%	$813.00	$1,542.75	$1,978.50
16	80%	$867.20	$1,645.60	$2,110.40
17	85%	$921.40	$1,748.45	$2,242.30
18	90%	$975.60	$1,851.30	$2,374.20
19	95%	$1,029.80	$1,954.15	$2,506.10
20	100%	**$1,084.00**	**$2,057.00**	**$2,638.00**

Example

Your Water District (YWD) provides an employer contribution of $500 per month for active employees and retirees. YWD also adopted health vesting under Section 22893 for employees hired on or after January 1, 2015. The vesting contribution is equal to the 100/90 State Annuitant Contribution Amounts ($1,084, $2,057, and $2,638* per month for single, two-party, and family enrollments, respectively). Employees subject to vesting will receive a percentage of the vesting contribution in retirement based on their total years of CalPERS service credit.

YWD 20-Year Vesting Schedule Hired on or after January 1, 2015

 Jack	**Hired January 1, 2010** *(Not subject to vesting)*	N/A	YWD contribution in retirement: **$500**
 Jill	**Hired January 1, 2015** *(Subject to vesting)*	3 years YWD service + 17 years other CalPERS service Does not have minimum 5 years YWD service	YWD contribution in retirement: **$0*** **
 Sam	**Hired January 1, 2015** *(Subject to vesting)*	5 years YWD service + 0 years other CalPERS service Does not have minimum 10 years total CalPERS service	YWD contribution in retirement: **$0*** **
 Sue	**Hired January 1, 2015** *(Subject to vesting)*	5 years YWD service + 10 years other CalPERS service 15 years total qualifies for 75%	YWD contribution in retirement: **$813****

*2026
**75% of $1,084 single enrollment
*** They are still eligible to enroll

Appendix C: School Employer Vesting

School employers may establish health vesting criteria that employees must meet to receive an employer contribution in retirement. Here's important information to know:

Vesting for Health Benefits into Retirement

- The Public Employees' Medical and Hospital Care Act (PEMHCA) requires contracting agencies to provide an employer contribution to both active employees and retirees
- School employers may also adopt health vesting under PEMHCA Section 22895 to require additional service credit criteria to earn an employer contribution in retirement (vesting contribution)
- A vesting schedule and the vesting contribution post-retirement employer contribution are subject to collective bargaining and must be set forth in a Memorandum of Understanding (MOU)
- A vesting schedule may only apply to employees who retire on or after the effective date of the MOU, and may not apply to employees who retire before the effective date of an MOU
- Elected/appointed officials or managers cannot have a more advantageous vesting schedule than other employees who are in related retirement membership classifications

Establishing a Vesting Schedule

- Criteria must be based only upon credited years of service that the employee worked with the school employer and may not include age as a factor
- An employee must have at least five years of credited service with the district to receive a vesting contribution
- Purchased service credit, such as Additional Retirement Service Credit, does not qualify since it is not earned service
- An MOU must state credited years of service the employee must work with the district and the corresponding percentage of employer contribution

Employer Contribution for Retirees

- The vesting contribution is subject to the Collective Bargaining Agreement or MOU and must be at least the PEMHCA Minimum ($162 per month for 2026)
- If vesting does not apply, the retiree will receive the employer's standard contribution

Vesting for Disability Retirees

- The MOU and vesting resolution filed with CalPERS must state whether persons subject to vesting and retire for disability must also meet the service requirement for the vesting contribution

Example

Your Unified School District (YUSD) provides an employer contribution of $500 per month for active employees and retirees. YUSD also adopts health vesting under Section 22895 with a 25-year schedule for employees retiring on or after January 1, 2026. The vesting contribution is the PEMHCA Minimum ($162* per month).

Jesse retired from YUSD on July 1, 2025 and is not subject to vesting. He will receive the standard contribution of $500 per month in retirement. Jane and Jaime both retired from YUSD on July 1, 2026 and are subject to vesting. Jane worked for YUSD for 30 years and meets the service requirement. She will receive the vesting contribution of $162* per month in retirement. However, Jaime only worked for YUSD for 15 years. He is eligible to enroll but does not qualify for the vesting contribution.

YUSD 25-Year Vesting Schedule

Retired on or after January 1, 2026

Jesse

Retired July 1, 2025

Not subject to vesting

YUSD contribution in retirement: **$500**

Jane

Retired July 1, 2026

Subject to vesting

30 years YUSD service

YUSD contribution in retirement: **$162***

Jaime

Retired July 1, 2026

Subject to vesting

15 years YUSD service

YUSD contribution in retirement: **$0**

*in 2026

Appendix D: Definition of Terms

1937 Act Counties

Counties under the County Employees' Retirement Law of 1937 (Government Code Section 31450) commonly referred to the "1937 Act."

Active Employee

A person who is currently employed by a contracting agency and works half time or greater and has an appointment with a duration of more than six months.

Annuitant

A person who has retired within 120 days of separation from employment and who receives a retirement allowance from the retirement system provided by the employer, or a surviving family member who receives the retirement allowance in place of the deceased, or a survivor of a deceased employee entitled to special death benefits and survivor allowance under Section 21541, 21546, 21547, or 21547.7 of the Public Employees' Retirement Law, or similar provisions of any other state retirement system. Additional definitions of an annuitant are contained in Section 22760.

Appointment Date

The date used by an agency to appoint an employee to a position that makes an employee eligible for health benefits.

Association Plan

An Association plan restricts enrollment to dues-paying members of a specific association. CalPERS administers association plans but does not negotiate premiums make plan or benefit design changes. The Association plan available to contracting agencies is the Peace Officers Research Association of California (PORAC).

CalPERS Basic Plan

A CalPERS Basic health benefits plan provides coverage to members who are:

- Under age 65
- Over 65 but still working
- 65 or older but not eligible for Medicare Part A at no cost

CalPERS offers HMO, EPO, and PPO plans. Visit **Plans & Rates** on the website to learn more about these options.

CalPERS Medicare Plan

A CalPERS Medicare health benefits plan provides coverage to members who are:

- Over age 65, retired, and enrolled in Medicare Parts A and B with the Social Security Administration (SSA)
- Under 65, retired, and enrolled in Medicare Parts A and B with the SSA due to an SSA-qualified disability
- Active or retired with End-Stage Renal Disease (ESRD)

CalPERS offers Medicare Advantage HMO, Medicare Advantage PPO, and Medicare Supplement plans. Visit **Medicare & Your CalPERS Health Coverage** on the website to learn more about these options.

The Consolidated Omnibus Budget Reconciliation Act (COBRA)

An Act of 1986 that provides for continuation of group health coverage that otherwise might be terminated. COBRA provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates. This coverage is only available when coverage is lost due to certain events.

Coinsurance

Coinsurance is the percentage of the cost of a covered healthcare service that you pay, and your insurance pays the rest, after your deductible is met. For example, if your coinsurance is 20% of the allowed amount, you pay 20% of the bill and your plan pays 80%.

Combination Plan

A combination plan means at least one family member is enrolled in a Medicare health plan and at least one family member is enrolled in a Basic health plan through the same health carrier. CalPERS requires all family members to have the same health carrier.

Contracting Agency

A public agency, school employer, or 1937 Act County that contracts with CalPERS for retirement benefits, health benefits, or both.

Copay

A fixed dollar amount you pay for a doctor's visit or for receiving a covered service or prescription, usually when you receive the service. The amount can vary by the type of covered healthcare service.

Deductible

The amount you pay for covered services each year before your health plan starts paying. PERS Gold and PERS Platinum Basic plans have an in-network and out-of-network deductible. These deductibles are separate and do not count towards each other. If you seek out-of-network services, the amount you pay does not count towards your in-network deductible. The amount you pay for in-network services does not count towards your out-of-network deductible.

Dependent

An individual—typically a spouse, domestic partner, or child—enrolled or eligible to enroll under a member's health plan.

Dual Coverage

Occurs when a person is enrolled in a CalPERS health plan as a subscriber and as a dependent or as a dependent on two enrollments. Dual coverage is prohibited.

Eligible

A person who is qualified under PEMHCA to be enrolled in a CalPERS health plan.

Employer Contribution

The amount the current or former employer contributes towards the total health premium

Evidence of Coverage (EOC)

The EOC is a document that describes in detail the healthcare benefits covered by the health plan. It provides documentation about what that plan covers and how it works, including how much you pay.

Exclusive Provider Organization (EPO)

EPO plans offer the same covered services as an HMO plan, but you must seek services from the plan's network of preferred providers. You are also able to access physicians and specialists that participate in the network without a referral. You pay copayments for some services, but you have no deductible, no claim forms, and a geographically restricted service area.

Health Benefits Officer (HBO)

A designated, trained agency representative authorized to serve as the primary contact for employee health benefits, sign enrollment forms, process health transactions, and provide health eligibility and enrollment information.

Health Insurance Portability and Accountability Act (HIPAA)

This federal law protects health insurance coverage for workers and their families when they change or lose their jobs. It also includes provisions for national standards to protect the privacy of personal health information.

Health Maintenance Organization (HMO)

A type of health insurance plan that usually limits coverage to care from doctors who work for or contract with the HMO. It generally won't cover out-of-network care except in an emergency or by approval from the health carrier.

In-Network Provider (Preferred Provider, Participating Provider)

A provider who has a contract with your health insurer or plan to provide services to members at negotiated rates.

Medicare

A federal health insurance program for people aged 65 or older and certain younger people with disabilities.

Medicare Advantage Plan

A Medicare-approved health plan from a private insurance company that offers an alternative to Original Medicare. These "bundled" plans include Part A, Part B, and Part D. Plans may offer some extra benefits that Original Medicare doesn't.

Medicare Supplement Plan

Works with Original Medicare to cover costs Medicare doesn't pay (such as deductibles and coinsurance) and includes Part D.

Network (Provider Network)

A group of providers, including doctors and hospitals, that has a contract with a health plan to provide covered services.

Non-PERS

A health contracting agency that provides a qualified retirement system other than CalPERS and CalSTRS.

Open Enrollment Period

A specific period of time when you can enroll in or change health plans, add or remove dependents, or cancel coverage without a qualifying life event.

CalPERS Open Enrollment occurs annually, typically in the fall.

Out-of-Pocket Costs

The portion of payments for covered health services required to be paid by the enrollee, including copayments, coinsurance, and deductibles.

Out-of-Pocket Maximum (Limit)

The most you pay during a policy period (usually a year) before the health insurance or plan begins to pay 100% of the allowed amount.

Preferred Provider

This is a provider that participates in a preferred provider network. You will pay less to visit a preferred provider.

Preferred Provider Organization (PPO)

PPO plans operate like traditional "fee-for-service" health plans. Members either select or are matched with a primary care provider and have access to a network of preferred providers but may choose to see non-preferred providers at a higher out-of-pocket cost. PPO members may also see specialists without a referral. PPO plans have an annual deductible that must be met before certain benefits apply. Members are responsible for coinsurance (a percentage of charges), while the plan pays the remaining allowable amount. For care received outside the PPO network, members must pay any charges above the allowable amount.

Premium

The monthly amount charged by a health plan to provide health benefits coverage.

Primary Care Provider (PCP)

A physician, nurse practitioner, clinical nurse specialist, or physician assistant who provides, coordinates, and helps you access a range of healthcare services.

Provider

A healthcare professional or facility, such as a physician, hospital, skilled nursing facility, medical equipment supplier, laboratory, pharmacy, or therapist.

Public Employees' Medical and Hospital Care Act (PEMHCA)

A California state law that applies to the CalPERS health program, members, employers, and health plans. PEMHCA sets standards for eligibility, coverage, and administration of health benefits to ensure comprehensive healthcare access.

Retiree

A person who has retired within 120 days of separation from employment with the state or a contracting agency and who receives a retirement allowance from the retirement system provided by the employer.

Retirement Date

The date you select on your application to retire from your retirement system.

Separation Date

The last day you were considered an employee in your organization.

Service Area

The geographic area in which your health plan provides coverage. You must reside or work in the health plan's service area to enroll in and remain enrolled in a plan. For some plans, the Medicare service area may not be identical to the Basic service area with the same carrier.

Split Enrollment

A situation where children are split between two parents who are separately enrolled in a CalPERS health plan. Split enrollments are not allowed.

Subscriber

Refers to a person who is the primary enrolled member of a health plan.

Survivor

A family member defined by law as eligible to receive benefits upon the member's death.

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Produced by CalPERS
July 2026.6.1