



Pension & Health Benefits Committee

Agenda Item 5c

March 15, 2022

Item Name: Proposed Revisions to the Public Employees' Medical and Hospital Care Act (PEMHCA) Regulations: Definition of Parent-Child Relationships.

Program: Health Benefits

Item Type: Action Consent

Recommendation

Approve staff's recommendation to make revisions to Section 599.500, subdivision (o) of the PEMHCA Regulations to clarify Parent-Child Relationships (PCR) dependent eligibility.

Executive Summary

The proposed regulatory action will remove ambiguity from determining PCR dependent eligibility by implementing clear enrollment eligibility criteria and required primary and secondary supporting documentation needed to establish a PCR relationship for California Public Employees' Retirement System (CalPERS) health plan subscribers. The change will streamline the enrollment processes for State and contracting agency members and employers.

Strategic Plan

This proposal supports the 2017-22 CalPERS Strategic Plan to simplify programs to improve service, streamline operations to gain efficiencies, improve productivity, and reduce complexity across the enterprise.

Background

In 2015, the CalPERS Board of Administration voted to approve regulatory changes to Section 599.500, subdivision (o) that clarified health enrollment eligibility standards for a PCR dependent and changed the Affidavit of Parent-Child Relationship (Affidavit). The PCR regulatory language clarified that the Affidavit was required for initial enrollment and annual recertifications, along with requiring subscribers to submit specific documents that substantiated their parental role within that PCR. The existing regulation, however, does not clearly define the types of supporting documentation required.

Analysis

Employees and annuitants or “subscribers” are required to submit a signed Affidavit of Parent-Child Relationship form (HBD-40) at the time of enrollment and annually thereafter, until the child reaches age 26. By signing this form, the subscriber agrees to provide supporting documentation to certify a child is financially dependent upon the employee or annuitant for more than fifty percent (50%) of their support. However, the existing regulation does not clearly define the types of supporting documentation required.

For PCR dependents 18 and under, a copy of the first page of a subscriber’s tax return from the previous tax year listing the child as a dependent is required. In lieu of a tax return for a time not to exceed one tax filing year, the subscriber can submit other documents that substantiate the child’s financial dependence. However, the regulation does not currently specify what criteria to use for those employees or annuitants who are not required to file taxes and are unable to provide a copy of the first page of their tax return.

This lack of clarity leads to confusion among impacted subscribers. It also makes it difficult for CalPERS and employer’s to properly assess an individual’s financial dependence on the subscriber and ultimately determine PCR eligibility.

The proposed regulatory amendments specify the required primary and secondary supporting documentation required to certify that a child is financially dependent on the subscriber and clarifies that the supporting documentation must contain the PCR dependent’s name and may not be older than sixty (60) calendar days from the date of signature of the Affidavit of Parent-Child Relationship. The amendments will also provide guidance for individuals who are not required to file an income tax return. Lastly, the Affidavit of Parent-Child Relationship (HBD-40) form, which is currently incorporated by reference in regulation 599.500, subdivision o, is removed and various provisions currently set forth within the form will be included in the body of the regulation. This will provide CalPERS the ability to make non-substantive formatting changes to the form as needed without having to go through the formal rule making process.

Budget and Fiscal Impacts

None

Benefits and Risks

The benefits of this proposed regulation are:

- Clarifies PCR eligibility criteria and minimizes confusion among members, employers, and CalPERS team members as to who qualifies as a family member for CalPERS health benefits coverage.
- Streamlines and clarifies health program guidelines and operations for employers and members.
- Increases transparency and ensures that only eligible PCR dependents are enrolled in the health program.

No risks have been identified.

Attachments

Attachment 1 – Proposed Regulatory Action by CalPERS

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