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Date: August 17, 2005
Reference No.:

Circular Letter No.: 600-243-05
Distribution: **IIB**

Special:



Circular Letter

TO: State and California State University Health Benefits Officers and Assistants

SUBJECT: Health Benefits Information and the 2005 Open Enrollment Period

This letter addresses the following topics:

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- Renewal of Health Plan Contracts
- Determining Your Employees' Health Plan Eligibility
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- 2006 Health Plan Benefit Changes
- Assisting Members with Finding a Physician or Other Provider

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PART I

Open Enrollment Period

The Open Enrollment period begins September 15, and ends October 15, 2005.

Renewal of Health Plan Contracts

The CalPERS Board of Administration approved the health plan premiums and benefit structure for the 2006 contract year as follows:

- Basic plan premiums will increase an average of 8.7 percent, with an average decrease of 7.0 percent for Medicare plans.
- PERSCare and PERS Choice Basic plan premiums will increase an average of 9.5 and Medicare plans will increase by 18.6 percent.
- Association Basic plan premiums will increase an average of 8.3 percent and there will be no increase for Association Medicare plans.
- CalPERS retained the same HMO plans for 2006 as were available for 2005: Blue Shield Access+ HMO and EPO, Kaiser Permanente, and Western Health Advantage.
- CalPERS will continue to offer two PPO plans: PERS Choice and PERSCare.
- CalPERS will continue to offer three association plans: California Association of Highway Patrolmen (CAHP); California Correctional Peace Officers Association (CCPOA); and Peace Officers Research Association of California (PORAC). To enroll in an association plan members must belong and pay dues to the association.

Note:

See **Attachment 1** for CalPERS 2006 Health Premium Rates.

Determining Your Employees' Health Plan Eligibility

ZIP codes are used to determine the health plans and regions in which your employees are eligible to enroll. Employees may choose either their home or current work address ZIP code to establish their eligibility. Retirees cannot use the address of the agency they retired from to establish eligibility. See the *Health Plan Search by ZIP Code Web Site Tool* on page 11 of this letter for more information as to how members and employers can find out which health plans are available based on ZIP codes.

Health Plan Contract Year

The contract year for all CalPERS health plans is January 1, 2006, through December 31, 2006.

2006 Health Plan Benefit Changes

Benefit Changes effective January 1, 2006

- Blue Shield, Kaiser, and Western Health Advantage will have no service area or benefit changes.
- Blue Shield will add two hospitals to the Blue Shield CalPERS provider network: Hoag Memorial Hospital Presbyterian in Newport Beach (Orange County) and St. Mary Medical Center in Long Beach (Los Angeles County).
- The CAHP, CCPOA, and PORAC Association plans will have benefit changes. Members may contact each association for more information.
- The CCPOA plan will be administered by Blue Shield of California and will be available in five additional counties: Butte, Glenn, Imperial, Mariposa, and San Luis Obispo. CCPOA's current partial coverage of Nevada County (limited to new dependents of existing members) will be opened to new subscribers.
- PERS Choice and PERSCare Basic Health Plans will add a Smoking Cessation Program; a Telemedicine Pilot Program to connect members living in designated rural areas in California with specialists; and Centers of Expertise (COE) for mandatory use by members having bariatric surgical procedures.

Assisting Members with Finding a Physician or Other Provider

If your members need help finding a new primary care physician (PCP) or identifying hospitals in their health plan's network, please direct them to the health plan's on-line physician directory or the plan's Member Services Department for assistance. Members can change their primary care physician any time during the year. The effective date of the change will be the first of the following month.

- Members who are enrolling in Blue Shield, Western Health Advantage or CCPOA should indicate their choice of PCP when completing the *Health Benefits Plan Enrollment* form (HBD-12). Blue Shield and Western Health Advantage also offer an on-line *CalPERS Personal Physician Selection* form.
- Members enrolling in Kaiser, PERS Choice, PERSCare, CAHP or PORAC do not need to choose a PCP, nor do Blue Shield members in EPO counties (Colusa, portions of El Dorado, Lake, Mendocino, Plumas and Sierra).

Assisting Members with Finding a Physician or Other Provider (continued)

Please encourage members who are choosing a PCP to call the provider's office to verify they are accepting new patients. All provider changes are effective the first day of the following month. Blue Shield, Western Health Advantage and CCPOA will issue new member ID cards whenever members change their PCP.

PART II

The Annual Health Plan Statement

CalPERS mailed Annual Health Plan Statements to all members on **July 27, 2005**. The 2005 Health Plan Statement includes the following information:

- Member's current health plan
- Dependents enrolled in this plan
- ZIP code (home or current work) used to determine health plan eligibility
- Health plan premium rates
- Benefit changes for 2006
- Pre-paid postcard for ordering Open Enrollment packets and other useful booklets

Note:

- Members whose health enrollments were processed after **July 1, 2005**, will not receive a health plan statement.
- New hires or members who did not receive a health plan statement may obtain an Open Enrollment packet from their personnel office.

Returned Health Plan Statements

Active Employees – Statements returned to CalPERS because of an incorrect address will be sent to the employee's Health Benefits Officer/Assistant to be distributed to the employee. Health Benefits Officers/Assistants are asked to have these employees complete a change of address form to ensure future mailings reach the employee in a timely manner. Statements that cannot be distributed to the employee (e.g., member has since permanently separated and did not leave a forwarding address) must be returned to CalPERS to be destroyed. You may mail these undeliverable statements to:

CalPERS
Office of Employer and Member Health Services
Attn: Returned Health Plan Statements
P.O. Box 942714
Sacramento, CA 94229-9901

The Annual Health Plan Statement (continued)

Retired members – Statements returned to CalPERS because of an incorrect address will be destroyed. Retirees who did not receive their health plan statement may call CalPERS at **(888) CalPERS (225-7377)** to update their address and request a duplicate health plan statement.

Health Plan Statement Employer Reports

CalPERS mailed the Employer Reports to employers on **July 27, 2005**. The reports list all active employees who were mailed a 2005 health plan statement and contain the following information:

- Agency's employer code and unit code
- Member's first name, middle initial and last name
- Member's address (CalPERS records)
- Member's Social Security Number
- Member's current health plan and eligibility ZIP code

Note:

Any address changes submitted after **July 1, 2005**, will not be reflected on this report. If an employee needs to update their address, have the employee submit your agency's change of address form.

Open Enrollment Packets and Other Useful Booklets for Members

Members will be mailed Open Enrollment packets and other related Open Enrollment booklets **upon request** by using the pre-paid postcard included with their health plan statements. Open Enrollment packets and booklets will be mailed to members beginning **August 15 through September 27**, on a flow basis, as postcard requests are received. It will take approximately 10 to 12 business days for mailing time. Please note the pre-paid postcard expires on **September 12, 2005**. All requests processed by CalPERS on the last day of the postcard will be received by members no later than **September 27, 2005**.

The Open Enrollment Packet contains the following booklets:

- *Health Plan Decision Guide*
- *Health Benefit Summary*

Members may also request the following individual booklets:

- *Health Program Handbook*
- *Understanding Medicare and Your CalPERS Health Benefits*
- *Quality Report*

Open Enrollment Packets and Other Useful Booklets for Members (continued)

Note:

All Open Enrollment publications will be available on-line at www.calpers.ca.gov by **September 12, 2005**. If the publications are available sooner, we will notify you through an electronic broadcast message. You may also check our Web site for updated Open Enrollment related information.

Open Enrollment Packets and Other Useful Booklets for Employers

CalPERS will mail Open Enrollment packets equivalent to two percent of each agency's enrolled employees on **August 18, 2005**. Please use these packets for the following groups:

- Members who are eligible for health benefits, but who are not currently enrolled in a health plan
- New hires
- Members whose health enrollments or address changes were recorded after **July 1, 2005**

Additional supplies of Open Enrollment Packets will be available on **August 30, 2005**.

To order additional Open Enrollment materials, contact:

CalPERS Agency Request Unit
Phone: (916) 795-1493
Fax: (916) 795-3281
Web Site: www.calpers.ca.gov
E-mail: Public_Agency_Requests@calpers.ca.gov

Be sure to include your agency's name and address, a contact person, telephone number and the quantity of each item requested.

The Health Plan Chooser

CalPERS has a Web-based tool, the **Health Plan Chooser**, which helps members to determine which CalPERS health plan best suits their needs. The Health Plan Chooser is available all year round; updated information for 2006 will be available on **September 1, 2005**. Members can access the Health Plan Chooser tool at **www.calpers.ca.gov**. The tool provides members with a means to compare health plans by:

- Plan costs
- Quality
- Covered services
- Plan rules
- Available doctors, by plan

Retiree Health Plan Changes

Retirees can make health plan changes in any of the following ways:

- The on-line service, **Retiree Health Plan Change**, will be available on our Web site only during the Open Enrollment period. The tool is located under **Health Program, Application Process**.
- The telephone **Interactive Voice Response System** accessed by calling CalPERS at **(888) CalPERS (225-7377)** and only available during the Open Enrollment period.
- Submission of the **Open Enrollment Change Request Form for Retirees** (HBD-30), available on our Web site. The form can be mailed to the Office of Employer and Member Health Services, P.O. Box 942714, Sacramento, CA, 94229-2714, or faxed to (916) 795-3935.

PART III

Open Enrollment Procedures

Health Benefit Enrollment Form (HBD-12) completion

Please complete Open Enrollment HBD-12 forms as follows:

Box 11	Primary Care Physician (HMO Only)	Providing this information will assist in the timely issuance of identification cards.
Box 14	Reason Code	
	104	New Enrollment During Open Enrollment
	206	Adding Dependent During Open Enrollment
	320	Open Enrollment Delete Dependent
	400	Changing Plans During Open Enrollment
	530	Open Enrollment Cancel Coverage
Box 15	Permitting Event Date	September 15 - October 15, 2005
Box 16	Effective Date	January 1, 2006
Box 21	Employee Sign Date	September 15 - October 15, 2005. Please include employee's daytime phone number
Box 33	HBO Received Date	September 15 - October 15, 2005

Note:

This chart may also be used by ACES users.

Employees on Leave of Absence (LOA)

Employees on a LOA during Open Enrollment may change plans and/or add dependents. Employees who do not change plans or add dependents during Open Enrollment may do so within 60 days after the date they return to regular pay status.

- LOA and paying direct – Employees must complete a Health Benefit Enrollment (HBD-12) form and Direct Payment Authorization (HBD-21) form. For dependent changes with no change in plan code or party rate, use the HBD-12 only.
- LOA not paying direct – Employees must complete an HBD-12 to make a plan or dependent change.

COBRA Enrollees

Enrollees who are eligible for health coverage through COBRA may change health plans and/or add eligible dependents during Open Enrollment. Enrollment changes are completed on a COBRA Form (HBD-85). The effective date rules for completion of the HBD-85 are the same as those for the HBD-12. COBRA rates are calculated at no more than 102 percent of the health plan's premium rate. Please see **Attachment 2** for 2006 COBRA Rates.

Open Enrollment Procedures (continued)

Submitting Enrollment Transactions

Submit your Open Enrollment transactions as they are completed. Early submission into the ACES System assists in the timely issuance of identification cards and ensures that proper payroll deductions will be made. If you need assistance with the ACES System or have any enrollment and eligibility questions, please contact CalPERS at **(888) CalPERS (225-7377)**.

If you are not on the ACES electronic enrollment program, you may mail your enrollment forms to:

FOR DELIVERY BY U.S. POSTAL SERVICE	FOR DELIVERY BY EXPRESS SERVICE/ DIRECT DELIVERY
CalPERS Office of Employer and Member Health Services P.O. Box 942714 Sacramento, CA 94229-2714	CalPERS Central Mail Room 400 P Street, Room 2220 Sacramento, CA 95814 (916) 795-3043

All forms submitted to CalPERS for Open Enrollment updates must be received before **October 31, 2005**, to ensure proper entry into the system for the beginning of the 2006 benefit year.

Automated Communications Exchange Users (ACES)

All ACES transactions must be keyed and submitted for update based on the Open Enrollment dates of **September 15 through October 15**. Users will have additional time after the close of the Open Enrollment period for transaction input. All Open Enrollment ACES transactions must be completed by **October 31, 2005**.

Rescissions

Employees may request to have an Open Enrollment change rescinded through **December 31, 2005**. However, CalPERS must receive the rescinding HBD-12 form by **December 1, 2005**, to avoid payroll deduction errors.

Premium Adjustments

If a member's **January 1, 2006** pay warrant does not reflect the proper premium payment, the premium payment will be adjusted during a subsequent pay period. Be sure the system reflects the appropriate enrollment, and advise the member that the payroll discrepancy will be resolved by the first of the next month.

Open Enrollment Procedures (continued)

Health Plan Identification Cards

Health plans will make every effort to ensure members who changed health plans receive their new identification cards prior to **January 1, 2006**. Members who have not received identification cards for their new plan should **not** continue to use their prior plan after **January 1, 2006**. Members should first contact the new health plan for assistance in getting new I.D. cards. If the plan cannot resolve the problem, the member may then contact CalPERS at **(888) CalPERS (225-7377)** for assistance.

Sequencing Transactions

If you are an ACES user, it is important to key in your transaction based on the earliest effective date.

Example:

You have a member who wants to add a newborn child effective November 1, 2005 and also make an Open Enrollment change effective January 1, 2006. You must key in the newborn child first and then key in the Open Enrollment transaction the following day. If you key in the Open Enrollment transaction first, you will not be able to add the dependent and will have to call our ACES Hotline at **(888) CalPERS (225-7377)** for assistance.

If you are not an ACES user, please submit the following:

- Two HBD-12 forms to CalPERS for processing: one form to add the newborn and another form for the Open Enrollment change.
- Staple both forms together, and in the “remarks section” number the forms as “1 of 2” and “2 of 2.”

2006 State Annuitant Contribution Formula (100/90 Formula)

The 2006 State contributions for annuitants shown below are calculated based on the weighted average of the premiums for the four health plans with the largest enrollment of active and retired members in the Basic plan. For comparison, the 2005 state contributions are also shown.

	2005	2006
One Party	\$362	\$394
Two Party	\$679	\$738
Family	\$858	\$933

Note:

The 100/90 Formula shown above is for agencies that have adopted the “State Vesting Formula.”

Health Plan Search By ZIP Code Web Site Tool

The service area chart in the *Health Plan Decision Guide* indicates each health plan’s general service area by county. To be eligible to enroll in a specific health plan, the employee or annuitant must live or currently work in the health plan’s service area as specified in the service area chart. You can find out what plans are available in 2006 in each ZIP code by using the *Health Plan Search By ZIP Code Web Site Tool* at www.calpers.ca.gov, on **September 1, 2005**.

A Portable Document Format (PDF) of the 2006 Health Plan ZIP Code list is located on the CalPERS Web site under the Health Benefits Program. Agencies that do not have Internet access may call CalPERS at **(888) CalPERS (225-7377)** to determine whether a particular ZIP code is included in a plan’s service area or order a printed copy of the State Plans’ associated ZIP code listing. Please allow 10 – 12 business days for mailing time.

Note:

- Health plans are available to members based on their eligibility ZIP code. Members may use either their home or current work address ZIP code to establish eligibility.
- Retirees cannot use the address of the agency from which they retired to establish eligibility.

Health Fairs

To schedule a Health Fair for your agency, contact each health plan's representative directly **(See Attachment 3)**. The representatives' telephone numbers are to be used only to schedule Health Fairs. We recommend that you contact the health plan's representative as soon as possible to determine their availability.

If you have any questions about the information provided in this Circular Letter, please contact CalPERS at **(888) CalPERS (225-7377)**.

ORIGINAL SIGNED BY:

Holly A. Fong, Chief
Office of Employer & Member Health Services

Attachments