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Circular Letter

Special:

TO: CONTRACTING AGENCY HEALTH BENEFITS OFFICER AND ASSISTANTS

SUBJECT: 2009 OPEN ENROLLMENT AND HEALTH BENEFITS INFORMATION

This Circular Letter informs employers about Open Enrollment related dates, health benefit changes, and instructions for processing Open Enrollment transactions.

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Open Enrollment Dates and Health Program Highlights

Open Enrollment Dates

The 2009 Open Enrollment period is from **September 14, 2009, through October 9, 2009**. The effective date of all Open Enrollment transactions is January 1, 2010.

Approved Health Plans

Health Maintenance Organization (HMO) Basic Health Plans

- Blue Shield Access+
- Blue Shield NetValue
- Kaiser Permanente

Exclusive Provider Organization (EPO) Health Plan

- Blue Shield EPO (serves Colusa, Mendocino, and Sierra counties)

Preferred Provider Organization (PPO) Basic Health Plans

- PERS Select
- PERS Choice
- PERSCare
- Peace Officers Research Association of California (PORAC)¹

¹Members must belong to the specific association and pay dues in order to enroll in any of the association plans.

2010 Benefit Changes

Highlights of the 2010 benefit changes are listed below. Refer to the Evidence of Coverage booklets for a complete listing of changes.

- New Medicare Advantage plan (65 Plus) offered by Blue Shield replaces Blue Shield’s Supplement to Medicare in Los Angeles, Orange, San Luis Obispo, and Ventura counties, and parts of Riverside, San Bernardino, Kern, Fresno, Madera, and Santa Barbara counties
 - Blue Shield NetValue (Basic & Supplement to Medicare) – now available in Imperial, San Francisco, San Luis Obispo, and parts of San Mateo counties
 - Kaiser Permanente (Basic) – eliminating chiropractic benefits; increasing co-payments for 31-100 day supply of drugs
 - PERS Select/Choice/Care (Basic) – expanding benefits for transplants
 - PORAC (Basic) – adding coverage for HIV testing; expanding benefits for transplants
-

2010 Premium Changes

In June, the CalPERS Board of Administration approved a 2010 health rate package that will increase overall premiums by 2.9 percent.

2010 Premium Changes (contd.)

CalPERS health plan premiums for contracting agencies are rated by regions and reflect the actual cost of health care in those regions. To help stabilize health premiums, the CalPERS Board of Administration approved splitting the Bay Area/Sacramento region into two regions in 2010.

- **Sacramento region** will consist of El Dorado, Sacramento, and Placer counties.
- **Bay Area region** will include Alameda, Amador, Contra Costa, Marin, Napa, Nevada, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Sutter, Yolo, and Yuba counties

Employees previously enrolled in the Bay Area/Sacramento region will be enrolled in either the Sacramento region or Bay Area region based on their health plan eligibility ZIP Code.

(See Attachment A for the CalPERS 2010 Contracting Agency Health Premium Rates)

2010 State Annuitant Contribution 100/90 Formula

State annuitant contributions are used by some public agencies participating in the vesting schedule.

The **2010 State** contributions for annuitants shall be an amount equal to 100 percent of the weighted average of the premiums for an employee or annuitant enrolled, for self-alone, in the four **Basic** health plans with the largest State enrollment, excluding family members for the previous year.

Below is a comparison chart for the 2009 and 2010 State contributions:

Party Type	2009	2010
One Party	\$478	\$493
Two Party	\$909	\$936
Family	\$1,167	\$1,202

Open Enrollment Communications

Member Open Enrollment Packet

Enrolled subscribers will be mailed a 2009 Open Enrollment Packet on **August 17 and 24, 2009**. The 2009 Open Enrollment Packet includes:

- **Open Enrollment News** – contains information about this year’s Open Enrollment Period, as well as highlights of the 2010 health plan benefit design or co-payment changes.
- **Health Plan Statement** – identifies the health plan in which the subscriber and the subscriber’s family members are enrolled as of July 1, 2009.
- **Rate Sheet** – informs members of health benefit plans and rates available to them based on their ZIP Code eligibility.

Member Open Enrollment Packet (contd.)

- **Postcard** – to order the Health Program Guide and Health Benefit Summary, or the CalPERS Medicare Enrollment Guide.

Subscribers who enrolled in a CalPERS health plan after July 1, 2009, will not receive a Health Plan Statement. New hires or subscribers who did not receive a Health Plan Statement may obtain an Open Enrollment packet from their Health Benefits Officer or Personnel Office.

Health Plan Statement Alerts

The Health Plan Statements will include customized alerts providing information or prompting the subscriber to take action. The two alerts that will appear are:

Out of Service Area Alert

There are over 2,500 subscribers identified, based on their ZIP Code eligibility, as out of the service area for the health plan they are enrolled in. These subscribers will receive the following alert on their 2009 Health Plan Statement:

Our records indicate you are enrolled in a health plan or regionally rated health plan that is not available in your eligibility ZIP Code of record. **You must change your health plan or health plan region during Open Enrollment or CalPERS will administratively change your health plan enrollment.**

Employers must work with employees to make necessary corrections to their health plan or eligibility ZIP Code. If the employee fails to update their health plan or health plan region, CalPERS will administratively change their health plan enrollment.

Economic Dependents

This alert is informational. There are over 12,000 subscribers identified as having one or more family members enrolled on their health plan as “economically dependent” children. These subscribers will receive the following alert on their Health Plan Statement:

Our records indicate you have family members enrolled who are certified as economically dependent children. Beginning in 2010, you will be required to recertify each economic dependent annually. **Failure to comply will result in the child’s cancellation of health coverage. You will receive instructions when it is time for recertification.**

We anticipate this process will start with the implementation of the new my|CalPERS. Further instructions will be provided to employers and subscribers at a later date.

Postcard Publications Request

Members may request health publications by using the prepaid postcard attached to the Rate Sheet. Postcards must be postmarked by **September 25, 2009**. By the third week in August, the publications will also be available on CalPERS On-Line at www.calpers.ca.gov. Requested materials will be

**Postcard
Publications
Request
(contd.)**

mailed within two weeks. The postcard may be used to request the following publications:

2010 Health Program Guide and 2010 Health Benefit Summary – These publications are packaged together and provide an overview of the CalPERS Health Program; describe health plan eligibility, enrollment, and choices; and compare benefits, covered services, and co-payment information.

2010 CalPERS Medicare Enrollment Guide – This publication describes the relationship between Medicare and the CalPERS Health Program; summarizes the different parts of Medicare; and explains how and when to choose your CalPERS Medicare health plan.

**Online
Resources**

2010 Your Health Care, Your Choices – A new publication only available on CalPERS On-Line at www.calpers.ca.gov. This publication provides valuable information to help you choose a health plan, select doctors, and understand differences between the different types of plans.

Health Plan Chooser

The online Health Plan Chooser lets employees weigh the benefits and costs for each plan, search for specific doctors, and view overall plan satisfaction and quality ratings. The Chooser is available on CalPERS On-Line at www.calpers.ca.gov.

Health Plan Search by ZIP Code

The Health Plan Search by ZIP Code is an online tool that tells employees which plans are available in their area. Employees can enter the ZIP Code for their residential or work address, select the Member Category, and then “Search” to view the results. This tool is also available on CalPERS On-Line.

Employers with Internet access may assist their employees by inputting the employee’s work or residential address ZIP Code and retrieving a list of health plans from which the employee can choose. Employers who **do not** have Internet access may call CalPERS at **888 CalPERS** (888-225-7377) to determine whether a particular ZIP Code is included in a plan’s service area and may order a hard copy of the CalPERS health plans associated ZIP Code listing.

**Employer
Reports**

The Employer Report provides a listing of active employees who were mailed an Open Enrollment Packet. Employer Reports will be mailed on **August 18, 2009**. The report contains the following information:

- Agency’s employer code and unit code
- Employee’s first name, middle initial, and last name
- Employee’s address (according to CalPERS records)
- Employee’s current health plan and eligibility ZIP Code
- Active employees with an undeliverable address

Changes submitted after July 1, 2009, will not be reflected on this report.

Employer Reports (contd.)

Open Enrollment Packets for active employees with an undeliverable address on file with CalPERS will be included with your Employer Report for distribution to your employees. These employees must submit a *change of address* form to update their address through their employer. In response, the employer must also update the employee’s address with the State Controller’s Office (SCO). The SCO address is considered the address of record and is used to update CalPERS records.

Undeliverable Health Plan Statements

Active Members

Health Plan Statements for active employees returned by the United States Postal Service as undeliverable will be forwarded to their employers on **September 9 and 16, 2009**. Below are instructions for processing undeliverable Health Plan Statements for active employees:

1. Provide the Health Plan Statement and *change of address* form to the employee.
2. Update the change of address through SCO and the Automated Communication Exchange System (ACES).
3. Return statements that cannot be distributed to employees (e.g., member has permanently separated and did not leave a forwarding address) to CalPERS for certified destruct to the following address:

CalPERS
Office of Employer and Member Health Services
Attn: Undeliverable Health Plan Statements
P.O. Box 942714
Sacramento, CA 94229-2714

Retired Members

If CalPERS cannot find an updated address, the undeliverable health plan statement will be certified destruct. Retirees, who did not receive their Health Plan Statement, should be directed to contact CalPERS at **888 CalPERS** (888-225-7377) to update their address and to request a 2009 Health Plan Statement.

Employer Resources

Employer Open Enrollment Packets

In the latter part of August, CalPERS will mail a supply of Open Enrollment packets equivalent to two percent of each agency’s enrolled employees. Please use these to distribute to the following groups of employees:

- New hires.
- Employees who are eligible for health benefits and are looking to enroll this year.
- Employees who are enrolled in health benefits but did not receive an Open Enrollment packet.

Employer Resources (contd.)

Additional supplies will also be available to order the last week of August 2009. To order additional Open Enrollment materials, contact:

CalPERS Agency Request Unit
 Phone: (916) 795-1493
 FAX: (916) 795-3281
 Email address: Public_Agency_Requests@calpers.ca.gov

Be sure to include your agency's:

- Name and address
- A contact name
- Telephone number
- The quantity of each item ordered

Posters

Two informational posters are included with the Open Enrollment packets for employers to post in the Personnel Office.

- Open Enrollment Poster – communicates the Open Enrollment event.
- Health Plan Chooser Poster – communicates existence of the Health Plan Chooser as a tool to help with help health plan selection.

By the third week in August, these posters will also be available on CalPERS On-Line at www.calpers.ca.gov.

Health Fairs

Use the *Open Enrollment Health Fair Registration Scheduling Tool* at www.calpers.ca.gov to request the attendance of CalPERS Health Plan Partners at your employee fairs. (See Attachment B for a listing of health plan representatives)

With the scheduling tool, you will be able to:

- Request a scheduled appearance from our Health Plan Partners: Anthem Blue Cross, Blue Shield of California, and Kaiser Permanente.
- Download health plan educational and informational materials.
- Access online training through a webinar.

Please note the following important events scheduled for the 2009 Open Enrollment year.

- Open Enrollment Health Fair Registration scheduling tool available to all employers: June 22, 2009 – August 14, 2009
- Open Enrollment Health Fairs Conducted: August 31, 2009 – October 9, 2009

Employer Responsibilities**Health Plan Eligibility**

Active employees or working CalPERS retirees may enroll in a health plan using either a residential or work ZIP Code. A P.O. Box cannot be used to establish eligibility, but may be used for mailing purposes. To enroll in a

Health Plan Eligibility (contd.)

Medicare Advantage plan, a residential address is required. Retired CalPERS members may select a health plan in their residential ZIP Code area. They cannot use the address of the employer from which they retired to establish ZIP Code eligibility. Working retirees may use the ZIP Code of a current employer for eligibility unless enrolled in a Medicare Advantage plan which requires use of their residential ZIP code for eligibility.

If a residential ZIP Code is used for eligibility, all enrolled dependents must live in the health plan’s service area. If a work ZIP Code is used for eligibility all enrolled dependents must receive all covered services (except emergency and urgent care) within the health plan’s services area, even if they do not live in that service area.

Refer employees to use the online service, the Health Plan Search by ZIP Code, available at www.calpers.ca.gov.

Submitting Enrollment Transactions

Non-ACES Users

If you do not have access to ACES, mail your Open Enrollment transaction forms to CalPERS no later than **October 16, 2009**, to ensure all 2010 transaction requests are processed.

If sent by	Then mail to:
U.S. Postal Service	CalPERS Office of Employer & Member Health Services P.O. Box 942714 Sacramento, CA 94229-2714
Express Service/ Direct Delivery	CalPERS Central Mailroom Attn: Office of Employer & Member Health Services 400 Q Street Sacramento, CA 95811 (916) 795-3043

ACES Users

Submit ACES Open Enrollment transactions as they are requested. Early submission into ACES will ensure timely processing of health plan identification cards and proper payroll deductions.

All ACES transactions must be keyed and submitted for update based on the Open Enrollment dates of September 14 through October 9, 2009. Users will have through **October 16, 2009**, to process all Open Enrollment transactions through ACES. If you have any questions about ACES, contact our Employer Contact Center at **888 CalPERS** (888-225-7377).

Sequencing Transactions

ACES users must key in transactions based on the earliest effective date. **Warning:** If Open Enrollment transactions are keyed into ACES first, then other enrollment transactions such as, add/delete dependents cannot be processed. For assistance, contact our Employer Contact Center at **888 CalPERS** (888-225-7377).

Submitting Enrollment Transactions (contd.)

Example

An employee wants to add a newborn child effective November 1, 2009, and also make an Open Enrollment change effective January 1, 2010. To enter transactions into ACES:

1. You must key in the newborn child first, then
 2. Key in the Open Enrollment transaction the following day.
- Non-ACES users must submit a *Health Benefits Plan Enrollment* form (HBD-12) to CalPERS for each enrollment request. One to add the newborn and another 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”.

Completing the Health Benefits Plan Enrollment Form

Use the guide below to complete the Health Benefits Plan Enrollment form:

Box	Reason Code	Reason Code Description
11	Primary Care Physician (HMO Only)	Providing this information will assist in the timely issuance of health plan identification cards.
14	104	New Enrollment during Open Enrollment
14	206	Adding Dependent during Open Enrollment
14	320	Open Enrollment Delete Dependent
14	400	Changing Plans during Open Enrollment
14	530	Open Enrollment Cancel Coverage
15	Permitting Event Date	September 14 – October 9, 2009
16	Effective Date	January 1, 2010
21	Employee Sign Date	September 14 – October 9, 2009 <i>(include employee’s daytime phone number)</i>
33	HBO Received Date	September 14 – October 9, 2009

Rescissions

To avoid payroll deduction errors, CalPERS must receive the rescinding *Health Benefits Plan Enrollment* form (HBD-12) by **December 1, 2009**. Open Enrollment rescind requests received between December 1 and December 31, 2009, will be adjusted on the February 1, 2010, payroll.

Premium Adjustments

Despite everyone’s best efforts, the January 1, 2010, pay warrants for some employees may not reflect the proper premium payment due to unavoidable processing delays during Open Enrollment. If this happens, the premium payment will be adjusted during a subsequent pay period.

If an employee’s pay warrant **does not** reflect their 2009 Open Enrollment health plan change, advise the employee **not to** continue using their prior plan *after* January 1, 2010. The employer must verify that ACES reflects the appropriate enrollment, and advise the employee that the payroll discrepancy will be resolved by the first of the next month.

Employees on Leave of Absence (LOA) Employees on a LOA during the Open Enrollment period may change plans and add/delete dependents. Employees who do not change plans, and add/delete dependents during the Open Enrollment period may do so within 60 days from the date they return to regular pay status.

COBRA Enrollees Enrollees who are eligible for COBRA continuation coverage may change health plans and add/delete eligible dependents during Open Enrollment. Employers must:

- Provide the former employee a *Group Continuation form (HBD-85)*.
- Accept completed *Group Continuation forms (HBD -85)* within 60 days of notification.
- Comply with the effective date rules for completion of the Group Continuation form which are the same as those for the *Health Benefits Plan Enrollment form (HBD-12)*.
- Premium payment must be sent directly to the health plan, not CalPERS.

The COBRA premium cannot exceed 102 percent of the group monthly premium rate (see Attachment C for COBRA Rates). Under certain conditions, California law permits an extension of COBRA benefits up to 36 months. This CAL-COBRA extension premium cannot exceed 110 percent of the current group rate. Enrollees must coordinate CAL-COBRA directly with the health plan.

Finding a Primary Care Physician (PCP) Employees may need assistance with finding a new Primary Care Physician (PCP) or identifying hospitals in their health plan's network.

Direct employees to the health plan's online physician directory or the plan's Member Services Department for assistance. Employees may change their PCP any time during the year; however, they must choose a PCP within their health plan's network. The effective date of the change will be the first of the following month.

- Employees enrolling into Blue Shield or CCPOA should indicate their choice of PCP when completing the *Health Benefits Plan Enrollment form (HBD-12)*. Blue Shield offers an online *CalPERS Personal Physician Selection form*.
- Employees enrolling into Kaiser Permanente, PERS Select, PERS Choice, PERSCare, CAHP, or PORAC do not need to choose a PCP.

Please encourage employees choosing a PCP to call the provider's office to verify that new patients are being accepted. Blue Shield and CCPOA will issue new member ID cards whenever members change their PCP.

Address Changes-Active Employees are responsible for informing their Health Benefits Officer directly of any change that will impact their health enrollment. This includes timely notification of any change to their address or telephone number.

**Enrollment
Changes-
Retired**

Retirees may make changes to their health plan in any of the following ways:

- Through my|CalPERS at <http://my.calpers.ca.gov> – register first and then log in each time they visit. Once registered, they can change their health plan by selecting the “My Health Summary” link, and then selecting the “Change My Health Plan” link.
- By calling us toll-free at **888 CalPERS** (888-225-7377) – Interactive Voice Response System (IVR)
- By writing to us at P.O. Box 942714, Sacramento, CA 94229-2714
- By completing the *Health Benefits Plan Enrollment for Retirees form (HBD-30)*-located in the *2010 Health Program Guide* and the *2010 Medicare Enrollment Guide* publications. Return the completed form by mail or fax to:

CalPERS
Office of Employer and Member Health Services
P.O. Box 942714
Sacramento, CA 94229-2714
FAX (916) 795-3935

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

Sincerely,

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