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Circular Letter

October 1, 2014

TO: ALL STATE AND CALIFORNIA STATE UNIVERSITY HEALTH BENEFITS OFFICERS AND ASSISTANT HEALTH BENEFITS OFFICERS

SUBJECT: OFF-PAY STATUS: HEALTH ENROLLMENT PROCEDURES

Purpose This Circular Letter supersedes Circular Letter 600-053-08 and covers the following topics:

- Off-Pay Status - Employer Responsibility and Process
 - Return to Pay Status - Reinstatement of Health Benefits
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OFF-PAY STATUS

Employer Responsibility and Process Follow these steps for employees who are on off-pay status and no longer eligible for the state employer contribution:

NOTE: To ensure all records are updated appropriately, all 5 steps below must be followed.

Step	Action
1	Update the employee appointment status in my CalPERS to reflect off-pay status.
2	Consult with employees, advising of possible options to continue or cancel health coverage. Provide employees with the appropriate forms, in accordance with Step 3 .

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OFF-PAY STATUS: HEALTH ENROLLMENT PROCEDURES, Cont.**Employer
Responsibility
and Process
(cont.)**

Step	Action			
3	Notify employee of health benefit options: Direct Pay or Cancel health coverage.			
	Direct Pay	Employees on off-pay status may elect to continue their health benefits by completing the Direct Pay Authorization form, (HBD-21). The employee must pay the entire monthly premium directly to their health plan. To keep continuous coverage and avoid a break in coverage, these payments are to be made in advance of the coverage month for which they are paying. A payment must also be made for the month the employee returns to work.		
	Cancel Health Coverage	Employees on off-pay status, who choose to cancel their coverage, must complete the Health Benefit Plan Enrollment form, (HBD-12).		
4	If unable to counsel employee in person, send a copy of each form to the employee via certified mail. The employee has 30 days to exercise their option to be placed on Direct Pay or Cancel Coverage. Follow-up with employees who do not submit forms. If an employee fails to respond within 30 days, you must process an administrative cancellation of coverage.			
5	Process the employee's direct pay enrollment or cancellation of coverage using the following table:			
	If the employee...	Then the employer uses myCalPERS...	Reason Code	Form
	elects to delete dependent(s) ¹ and elects Direct Pay ²	an "optional delete" and then a health event type of "change premium payment method"	311 704-710	HBD-12 HBD-21
	elects Direct Pay ²	a health event type of "change premium payment method"	704-710	HBD-21
elects to cancel all coverage	a "off pay status cancel"	533	HBD-12	

OFF-PAY STATUS: HEALTH ENROLLMENT PROCEDURES, Cont.**Employer
Responsibility
and Process
(cont.)**

Step	Action			
	If the employee...	Then the employer uses my CalPERS...	Reason Code	Form
5 (cont.)	fails to select an option or does not respond within 30 days	to process administrative "off pay status cancel"	533	HBD-12 add remarks "administrative cancellation"
<p>¹ Re-enrolling deleted dependents is allowed only during an Open Enrollment period, as a result of a qualifying event, or under the provisions of the Health Insurance Portability and Accountability Act (HIPAA).</p> <p>² To avoid a break in coverage, update my CalPERS to reflect the direct payment election no later than the last day of the month following the last month on pay status.</p> <p>The employer must retain a completed Direct Pay Authorization form, (HBD-21) in the employee's file and send a copy to the appropriate health plan. The health plan will contact the employee and provide instructions regarding subsequent payment information; including payment method, amount due, due date, and other related information.</p> <p>Failure to pay premiums directly to the health carrier will result in cancellation of the health coverage. The employee will be responsible for the costs associated with services received during a non-coverage period.</p>				

IMPORTANT: Please do not mail completed forms to CalPERS. Employers must process their employee's health benefit enrollment requests and archive forms in the employee's file. If CalPERS receives a completed health benefit enrollment form, it will be returned to the employer for processing.

RETURN TO PAY STATUS

Reinstatement of Health Benefits To reinstate an employee's health benefits upon return to regular pay status, the pay status must first be updated in my|CalPERS.

Follow these steps to reinstate health benefits:

If while on off-pay status the employee ...	Then the employer...	Reason Code	Form
elected Direct Pay	processes a health event type "Change Premium Payment Method", health event reason "Change to deduct-Return to Work" in my CalPERS.	712	None
cancelled health coverage	processes health event type "New Enrollment", health event reason "Return from Off Pay Status" in my CalPERS within 60 days of return to pay status.	160	HBD-12*

*The **Health Benefits Plan Enrollment** form, (HBD-12) must reflect the same health plan and dependents covered prior to the change in pay status, subject to eligibility factors.

The employee and employer will be responsible for retroactive premiums, if my|CalPERS is updated after the SCO cut-off period in which the employee returns to pay status. SCO cut-off is typically the 3rd week of the month. Adjustments for retroactive premiums will be made during a future pay period.

Questions If you have any questions, please contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sue Kane, Acting Division Chief
Customer Account Services Division