

State of California

M E M O R A N D U M

To: PERSONNEL MANAGEMENT LIAISONS

Date: November 27, 1989  
Reference Code: 89-70

**THIS MEMORANDUM SHOULD BE IMMEDIATELY DISTRIBUTED TO:**

Personnel Office Staff  
Accounting Office

From: **Department of Personnel Administration**  
Office of the Director

Subject: Health Benefit Premium Rebates

During the month of December, some of your employees will be receiving a rebate of their health benefit premiums for the period from August 1, 1989 through November 30, 1989.

Please copy and enclose a copy of the attached employee letter with each rebate check. For more information on this rebate and eligibility criteria, please refer to the memo dated October 13, 1989 from John Harrigan, State Controller's Office.

Thank you for your assistance in this matter.



David J. Tirapelle  
Director

JENA549



## DEPARTMENT OF PERSONNEL ADMINISTRATION

OFFICE OF THE DIRECTOR

315 "S" STREET, NORTH BUILDING, SUITE 400

POST OFFICE BOX 944234

SACRAMENTO, CA 94244-2340



December 1989

Dear State Employee:

The enclosed check is a rebate on your health benefit premiums for the period from July 1, 1989 through November 30, 1989. In addition, beginning December 1, 1989 the amount of out-of-pocket premium deducted from your monthly pay check will be reduced. This reduction will continue until June 30, 1990.

This rebate is the result of Governor Deukmejian signing Senate Bill 1264 (Ch. 1388, Stats. of 1989). That bill increased the 1989/90 fiscal year State employer contribution for health benefit premiums for enrollees who reside in areas where only a fee-for-service health plan option is available. The actual funding level will cover 90% of the monthly PERS Care premium. To be eligible, an employee's home address must be in an eligible area as determined by the Public Employees' Retirement System and as reflected by the State Controller's Office records on October 6, 1989.

This rebate represents a one year only increase in the State employer contribution and a corresponding reduction in your health benefit premium. No future special augmentations to the State employer contribution are anticipated. The Administration, as well as the PERS Board of Administration, is keenly aware however of the limited choice and high premium cost for individuals who live in certain parts of the State as well as out-of-state. In an attempt to find a solution to this problem, the PERS Board, PERS staff, the State employee organizations and DPA are working together to develop a low cost alternative to the PERS Care plan. Although the focus has been on lowering the premiums of all PERS Care members, all parties recognize that the top priority is to lower the premiums of those employees and retirees with no choice to PERS Care.

This rebate is not subject to State and Federal taxes or retirement contributions except for those individuals who are enrolled in the Flexelect program for the 1989 calendar year. Because Flexelect participants' health premiums have been deducted on a pre-tax basis, rebates for Flexelect participants will be subject to Federal and State taxes but not retirement contributions. If you have placed money in a MedElect account to cover out-of-pocket premiums for the 1989 calendar year, it will be necessary for you to report this rebate as income when you file your 1989 income taxes.

If you have any questions regarding the criteria used to determine which employees received this rebate, please contact your Personnel Office.

Sincerely,

A handwritten signature in cursive script that reads "David J. Tirapelle".

David J. Tirapelle  
Director

JENA549

