

MEMORANDUM

PERSONNEL MANAGEMENT LIAISONS

DATE: August 27, 1997  
REFERENCE CODE: 97-032

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

PERSONNEL OFFICERS, PERSONNEL TRANSACTIONS SUPERVISORS AND  
PERSONNEL TRANSACTIONS STAFF

FROM: Department of Personnel Administration  
Benefits Division

SUBJECT: 1997 Dental and FlexElect Open Enrollment Period

CONTACT: William Page, Dental Program Coordinator  
(916) 324-0525 or CALNET 454-0525  
Office Vision: DPA(WHPAGE)  
INTERNET: WHPAGE@SMTP.DPA.CA.GOV

This memorandum contains important information about the 1997 Dental and FlexElect Open Enrollment Period which is scheduled for September 1 through October 15, 1997. Please ensure that employees are made aware of the open enrollment period and provided assistance and necessary forms should they wish to enroll or make any changes to their dental and/or FlexElect enrollment.

IMPORTANT NOTICE - STATE DENTAL PROGRAM

In order to assist you in providing information on current issues relating to the State's Dental Program, a memorandum to all State employees is attached (Attachment I) which provides an update on the following issues: (1) the 1998 Delta Dental (Delta) premium rates; (2) the status of the bidding process for the State's prepaid dental plans; and (3) the status of the Delta Refund. Your assistance in ensuring that the attached employee memorandum is duplicated and distributed to each employee as quickly as possible will be greatly appreciated.

DENTAL PROGRAM INFORMATION

The Department of Personnel Administration (DPA) currently contracts with Delta Dental, DentiCare of California, Inc., Private Medical Care, Inc., (PMI), and Safeguard Health Plan to provide dental insurance for: (1) excluded employees; (2) represented employees in Bargaining Units 1 through 21; and (3) retirees/annuitants.

Exception: Bargaining Units 6 and 13 provide dental insurance to their members through their respective union-sponsored trusts. Unit 5 offers their own indemnity dental plan, but their members may elect to enroll in the State-sponsored prepaid plans.

### Unit 6 - Dental Plan Changes

Effective April 1, 1996, Bargaining Unit 6, California Correctional Peace Officer's Association (CCPOA) changed their indemnity dental carrier from Blue Cross to the CCPOA Primary Dental Plan. CCPOA continues to contract with Dental Net to provide prepaid dental coverage for Unit 6 employees.

### 1998 DELTA PREMIUM RATES

The State is currently in the process of extending our contract with Delta for the 1998 calendar year. Delta has proposed a rate increase of 3.72 percent for 1998. To assist us in determining if any premium increase is warranted, DPA has secured an independent actuary to review the plan's utilization trend and Delta's proposed rate increase. Once this review is completed, we will begin rate negotiations with Delta.

In addition, we will be forming an advisory group of interested parties, which will include representatives from the various bargaining unions, retiree associations, the California Public Employees' Retirement System (CalPERS) and the State Controller's Office (SCO). This advisory group will review the findings of the independent actuary and make recommendations on how any funds that may be remaining in the Delta Refund Account might be utilized to offset any Delta premium increase.

While we are hopeful that we will be able to negotiate a lower rate increase with Delta, we do know that if an increase is necessary it will not exceed the 3.72 percent proposed by Delta. Attachment I contains a chart which reflects what the additional premium cost would be based on a 3.72 percent rate increase.

### 1998 PREPAID DENTAL CONTRACTS

We are also in the final phase of the bidding process for our prepaid dental plans. We have completed our evaluations of the seven proposals received and were prepared to award the contracts to our three current prepaid carriers, DentiCare, PMI and Safeguard. However, two of the companies whose proposals were disqualified have filed protests. While there will be no change in the level of benefits for our prepaid plans and the monthly premium rates will continue to be fully paid by the State, we are unable to officially announce the prepaid carriers for 1998 until this matter is resolved by the Department of General Services.

### STATUS OF THE DELTA REFUND

Refund checks for all active employees and those retired employees who paid a Delta copay as a retiree have been issued. We are currently in the process of working with SCO and CalPERS to refund those employees who paid a copay while in active status but who have subsequently retired. We are also working on a claim form and process to handle approximately 11,000 former employees who paid a Delta copay during the refund period but who are now separated from State service. While it is our goal to have this refund process

completed as quickly as possible, it is very likely that we will be processing claims and issuing refunds to separated employees for the next 2-3 months. In addition, we are also working with other groups whose employees are not paid through the State Payroll System, but who may be entitled to a refund.

Unfortunately, due to the timing of the issues described above, we are unable to provide important information that could impact enrollment or plan changes that employees may wish to make during this open enrollment period. Employees should be advised to make their decisions based on our current dental carriers and premium rates. Once these issues have been resolved departments will be notified and we will allow employees to make necessary changes either through a special open enrollment for dental or through some other process.

**DENTAL AND FLEXELECT PROGRAM INFORMATION**

The Benefits Administration Manual (BAM) contains a variety of information regarding both the Dental and FlexElect Programs. Please refer to BAM Section 500 (Dental Program) and Section 700 (FlexElect Program). It is important that these BAM Sections, the information contained in this memorandum and the attachments listed below be thoroughly reviewed:

- Attachment I - Memorandum to All State Employees  
(Please duplicate and distribute immediately)
- Attachment II - Description of State-sponsored Dental Plans
- Attachment III - Dental Plans - Employee Cost Comparison
- Attachment IV - 1997 Dental Plan Premium Rates
- Attachment V - 1997 COBRA Group Continuation Rates

**DOCUMENT COMPLETION**

Specific open enrollment information regarding permitting event date, effective date and cutoff dates for submission of documents to SCO is provided below:

**Permitting Event Date:** 9/1/97 (Dental)  
Leave Blank (FlexElect)

**Effective Date:** 1/1/98 (Dental and FlexElect)

**Cutoff Dates for Submission of Dental and FlexElect Documents:**

- 10/15/97 - Cutoff date for open enrollment documents to be signed and submitted by employees.
- 11/3/97 - Cutoff date for receipt by SCO of all open enrollment documents.
- 12/5/97 - Cutoff date for receipt by SCO of any documents that were returned to departments for correction.

Your assistance in the following areas will be appreciated and will help to make this open enrollment period a success: (1) inform all employees of the open enrollment period, (2) duplicate and distribute the attached memorandum to all employees, (3) make appropriate Dental and FlexElect Program material available or advise employees how to obtain such material, (4) advise employees of appropriate eligibility and enrollment rules and processes; (5) assist employees in completing enrollment documents, and (6) review and submit enrollment documents by the established due dates as described above.

**QUESTIONS REGARDING DENTAL AND FLEXELECT OPEN ENROLLMENT**

Employees should be directed to contact their departmental Personnel Office if they have any questions regarding this Dental and FlexElect Open Enrollment Period.

Personnel Office staff requiring assistance or clarification of the dental information contained in this memo should call William Page, Dental Program Coordinator, at (916) 324-0525 or CalNet 454-0525. Questions relating to the FlexElect Program should be directed to Janice Yates, Benefits Program Specialist, at (916) 324-0535 or CalNet 454-0535.



Kathie Vaughn  
Chief, Benefits Division

**Attachments**

cc: SCO, Del Delgado/Linda Edwards/Sandra Young  
CALPERS, Gregg Kenney  
STRS  
CAHP DENTAL TRUST  
CCPOA DENTAL TRUST  
DEPARTMENT OF THE MILITARY  
FAIRS AND EXPOSITIONS  
LOS ANGELES COUNTY SUPERIOR COURT JUDGES

State of California

## MEMORANDUM

TO: All State Employees

DATE: August 19, 1997

FROM: Department of Personnel Administration  
Office of the Director

SUBJECT: State Dental Program

The purpose of this memo is to provide an update on the following issues which impact the State's Dental Program: (1) the 1998 Delta Dental (Delta) premium rates; (2) the status of the bidding process for our prepaid dental plans; and (3) the status of the Delta Refund.

1998 Delta Premium Rates

We are currently in the process of extending our contract with Delta for the 1998 calendar year. Delta has proposed a rate increase of 3.72 percent for 1998. To assist the State in determining if any premium increase is warranted, the Department of Personnel Administration has secured an independent actuary to review the plan's utilization trend and Delta's proposed rate increase. Once this review is completed, we will begin rate negotiations with Delta. In addition, we will also be forming an advisory group of interested parties, which will include representatives from the various bargaining unions, retiree associations, the California Public Employees' Retirement System (CalPERS) and the State Controller's Office (SCO). This advisory group will review the findings of the independent actuary and make recommendations on how any funds that may be remaining in the Delta Refund Account might be utilized to offset any Delta premium increase.

While we are hopeful that we will be able to negotiate a lower rate increase with Delta, we do know that if an increase is necessary it will not exceed the 3.72 percent proposed by Delta. Based on our current premium rates, a 3.72 percent increase would result in the following out-of-pocket premiums for employees/retirees:

Adjusted Monthly Delta Premium Based on Proposed 3.72% Increase

Emp Group	Party Code	Current Premium	Proposed New Premium	Proposed State Share	Proposed Employee Copay	Current Employee Copay	Add. Cost
Represented	1	\$31.96	\$33.15	\$24.86	\$8.29	\$7.99	\$0.30
Excluded	1	\$33.36	\$34.60	\$26.31	\$8.29	\$7.99	\$0.30
Represented	2	\$57.88	\$60.03	\$45.02	\$15.01	\$14.47	\$0.54
Excluded	2	\$68.85	\$71.41	\$56.40	\$15.01	\$14.47	\$0.54
Represented	3	\$84.72	\$87.87	\$65.90	\$21.97	\$21.18	\$0.79
Excluded	3	\$97.15	\$100.76	\$78.79	\$21.97	\$21.18	\$0.79

\* Party Code: 1 Party - Employee only; 2 Party - Employee and one dependent;  
3 Party - Employee and two or more dependents.



**1998 Prepaid Dental Carriers**

We are also in the final phase of the bidding process for our prepaid dental plans. We have completed our evaluations of the seven proposals received and were prepared to award contracts to our three current carriers, DentiCare, Private Medical Care, Inc. (PMI) and Safeguard. However, two of the companies whose proposals were disqualified have filed protests. While there will be no change in the level of benefits for our prepaid plans and the monthly premiums will continue to be fully paid by the State, we are unable to officially announce the prepaid carriers for 1998 until this matter is resolved by the Department of General Services.

**Status of Delta Dental Refund**

As many of you are aware, employees/retirees who were enrolled in Delta and had a monthly premium copay deducted from their paycheck during the period of July 1992 through December 1995 are entitled to a refund for a portion of their copay. Refund checks for all active employees and those retired employees who paid a Delta copay as a retiree have been issued. We are currently in the process of working with SCO and CalPERS to refund those employees who paid a copay while in active status but have subsequently retired. We are also working on a claim form and process to handle those employees who paid the Delta copay but who are now separated from State service. In addition, we are working with several other groups who are not paid through the State Payroll System but who have employees/retirees who are eligible for a refund. While it is our goal to have this refund process completed as quickly as possible, it is very likely that we will be issuing refunds and processing claims for separated employees for the next 2-3 months.

Unfortunately, due to the timing of the issues outlined above, we are unable to provide some important information that could impact enrollment or plan changes you may be considering during this upcoming open enrollment period (September 1 through October 15, 1997). As a result, it is recommended that if you are considering making a change to your dental benefit during this open enrollment period, you base your decision on our current carriers and premium rates. Once these issues have been resolved, we will allow employees to make necessary changes either through a special open enrollment for dental or through some other process. We appreciate your patience and understanding of these matters.



David J. Tirapelle  
Director



## ATTACHMENT II

### DESCRIPTION OF STATE-SPONSORED DENTAL PLANS

#### PREPAID DENTAL PLANS

DentiCare, Private Medical Care, Inc. (PMI), Safeguard

DentiCare, PMI, and Safeguard provide dental services through panel member dentists throughout California. Many services are provided at little or no cost to you. There are no deductibles or maximum limitations, as with Delta Dental. You must enroll with a specific dentist, but you may change dentists upon request and/or change dental plans if you move and your plan is no longer available. If you need emergency dental work done and you are outside your service area, you may go to any dentist for the relief of pain and be reimbursed up to \$400 per calendar year within 90 days from the date of treatment. If you are interested in knowing the location of a prepaid dentist in your area, call DentiCare at 1-800-999-2848 or 1-800-926-7828, and PMI at 1-800-422-4234 or 1-800-325-4529, and Safeguard at 1-800-750-4303.

#### INDEMNITY DENTAL PLAN

Delta Dental Plan of California (Delta) - Group #9949

Delta features freedom of choice of dentist, full access to specialty care and guaranteed benefits through member dentists. Your present dentist may be a member of Delta. However, you can see any dentist worldwide and still be covered. Costs are based on California's Usual, Customary and Reasonable (UCR) fees. Member dentists will submit your treatment and/or claim forms to Delta Dental. If you go to a non-participating dentist your reimbursement is based on the fee charged by that dentist or the fee which satisfies the majority of Delta's participating dentists, whichever is less. If you are out of State, you can be reimbursed from an itemized receipt or by submitting any standard claim form. Payment for services on non-participating dentists, will be made directly to you. For more information, contact Delta at 1-800-225-3368.

**Note:** These are brief descriptions and comparisons of the available dental plans. Please consult each carrier's "Evidence of Coverage" booklet or call the carrier for a more detailed explanation.



## STATE-SPONSORED DENTAL PLANS EMPLOYEE COST COMPARISON

The following chart provides a comparison of the employee cost for certain types of procedures. Please consult each carrier's individual brochure for detailed information and plan limitations.

For these procedures:	Delta Dental			PMI Safeguard DentiCare	DentiCare
	Basic		Enhanced	Basic	Enhanced
	Represented Employees	Dependents of Represented Employees	Excluded Employees and Dependents	Excluded & Represented Employees and Dependents	Excluded Employees and Dependents
Diagnostic and Preventive (Two cleanings per 12 month period).	0	0	0	0	0**
Basic Benefits (UCR)	10%	20%	10%	0	0
Crowns	20%	50%	20%	\$50	0
Bridges, Partial & Dentures	50%	50%	50%	\$65 and up	0
Annual Deductible	\$50*	\$50*	\$25*	No deductible	No deductible
Maximum Deductible	\$150 per family		\$100 per family	N/A	N/A
Orthodontia	Delta will pay 50% up to a lifetime maximum of \$1,000 for employee and each dependent for orthodontia. The employee is responsible for any amount over the \$1,000 maximum.			\$1,000 plus up to \$250 for start-up costs	\$1,000 plus up to \$250 for start-up costs
Annual Maximum	\$2,000	\$1,000	\$2,000	No maximum	No maximum

\* Diagnostic and Preventive Benefits are exempt from the deductible.

The DentiCare Enhanced Plan provides for three cleanings per 12 month service period instead of the normal two cleanings.



DENTAL PLAN CARRIERS AND PREMIUM RATES - EFFECTIVE JANUARY 1, 1997

<u>Carrier/Address</u>	<u>Group #</u>	<u>Deduction Codes</u>		<u>Premiums</u>		
		<u>Regular</u>	<u>POP/Flex</u>	<u>1 Party</u>	<u>2 Party</u>	<u>3 Party</u>
<i>State Sponsored</i>						
Delta Dental P.O. Box 7736 San Francisco, CA 94120 1-800-225-3368	9949-Excluded	100-007	351-008	\$33.81*	\$69.30*	\$97.60*
	9949-Represented	100-120	351-007	\$32.41*	\$58.33*	\$85.17*
DentiCare of California, Inc. P.O. Box 30019 Laguna Niguel, CA 92607-0019 1-800-926-7828	901690-Standard	100-070	351-012	\$13.02	\$20.84	\$29.08
	903042-Enhanced	100-014	351-014	\$15.61	\$26.11	\$37.77
PMI 12898 Towne Center Drive Cerritos, CA 90703 1-800-422-4234	0171	100-009	351-009	\$13.91	\$22.54	\$31.01
Safeguard Health Plan P.O. Box 3210 Anaheim, CA 92803-3210 1-800-750-4303	4039	100-016	351-016	\$13.01	\$20.76	\$28.39
<i>Union Sponsored</i>						
CAHP/Blue Cross (RO5)	336817-A	100-013	351-013	\$30.00**	\$53.00**	\$77.00*
CCPOA/Primary Dental Plan (RO6)	N/A	100-245	351-006	\$51.75***	\$51.75***	\$51.75***
CCPOA/Dental Net (RO6)	1121S-A	100-248	351-248	\$51.75***	\$51.75***	\$51.75***
<u>VISION CARRIER AND PREMIUM RATES - EFFECTIVE JANUARY 1, 1997</u>						
Vision Service Plan 3333 Quality Drive Rancho Cordova, CA 95670 1-800-622-7444				\$9.33	\$9.33	\$9.33

\*Employee Share \$7.99/\$14.47/\$21.18

\*\*Employee Share \$6.00/\$9.00/\$13.00

\*\*\*Employee Share \$7.00

(Note: The above dental premiums include the SCO/DPA administrative fee of \$.45. The vision premium includes the SCO/DPA administrative fee of \$.35)

(Rev. 08/97)



COBRA GROUP CONTINUATION RATES\*MONTHLY PREMIUMS EFFECTIVE JANUARY 1, 1997**DENTAL**

<u>Carrier/Address</u>	<u>Plan Type</u>	<u>Covered Persons</u>	<u>1 Party</u>	<u>2 Party</u>	<u>3 Party</u>
Delta Dental Mail to: Total COBRA Services P.O. Box 17059 Irvine, CA 92623 1-800-397-1570	Enhanced	Excluded Employees & Dependents of Excluded Employees	\$34.03	\$70.23	\$99.09
	Basic	Represented Employees	\$32.60	\$59.04	\$86.41
	Basic	Dependents of Represented Employees	\$26.19	\$39.89	\$53.48
DentiCare of California, Inc. P.O. Box 30019 Laguna Niguel, CA 92607-0019 1-800-926-7828	Standard	Represented Employees and Their Dependents	\$12.82	\$20.80	\$29.20
	Enhanced	Excluded Employees and Their Dependents	\$15.46	\$26.17	\$38.07
PMI 12898 Towne Center Drive Cerritos, CA 90703 1-800-422-4234	Basic	Excluded/Represented Employees and Their Dependents	\$13.73	\$22.53	\$31.17
Safeguard Health Plan P.O. Box 3210 Anaheim, CA 92803-3210 1-800-352-4341	Basic	Excluded/Represented Employees and Their Dependents	\$12.81	\$20.72	\$28.50
<b>VISION</b>					
Vision Service Plan P.O. Box 997100 Sacramento, CA 95899-7100 1-800-622-7444	Basic	Excluded/Represented Employees and Their Dependents	\$9.16	\$9.16	\$9.16

**NOTE:** Refer to the Benefits Administration Manual (BAM) Section 400 for complete instructions on the completion and submission of COBRA documents.

\*These premium rates are 102% of current premium, minus the \$.45 administrative fee.

(Rev 08/97)

