

State of California

MEMORANDUM

TO: PERSONNEL MANAGEMENT LIAISONS **DATE:** February 2, 2004
REFERENCE CODE: 2004-006

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Accounting Officers
Budget Officers
Personnel Officers
Personnel Transactions Supervisors

FROM: Department of Personnel Administration
Benefits Division

SUBJECT: Rural Health Care Equity Program Premium Reimbursement

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Effective January 1, 2004, the amounts for the reimbursable portion of employees' health premiums under the Rural Health Care Equity Program (RHCEP) increased as follows:

2004		
1 Party - \$39.29	2 Party - \$78.37	3 Party - \$100.69

For information purposes, the 2003 reimbursements were:

2003		
1 Party - \$32.80	2 Party - \$65.68	3 Party - \$84.61

These reimbursements are automatically issued to eligible employees, and no claim forms are required. Reimbursements for co-insurance and deductible expenses still require claim forms.

These payments are made in accordance with Government Code section 22825.01(f)(1), which states that the RHCEP must "... subsidize the preferred provider plan premiums for the employee, by an amount equal to the difference between the weighted average of board-approved

health maintenance organization (HMO) premiums and the lowest board-approved preferred provider plan (PPO) premium ...". Due to changes in HMO and PPO premium rates in January 2004, the RHCEP monthly premium reimbursements were changed accordingly.

The RHCEP portion of premium reimbursements are issued monthly using a two-month lag. The new premium reimbursement calculation for the December 2003 pay period health deduction (issued January 1, 2004 for January 2004 coverage) will be included in the February 2004 pay period check (issued March 1, 2004). These rates will be in effect through the November 2004 pay period.

In order to effectively administer the premium reimbursements, it is critical that eligible employees have accurate, up-to-date address information on file, and that they report all health plan enrollment changes promptly to their personnel offices. It is also important that the Employee Action Request (EAR) and the Health Benefit Plan Enrollment Form (HBD 12) are current.

Questions regarding the portion of premium reimbursements should be directed to Lisa Hatten with the Department of Personnel Administration at (916)327-1092.

Debbie Endsley, Acting Chief
Benefits Division