

**Department of Personnel Administration
Memorandum**

TO: Personnel Management Liaisons (PML)

| | |
|--|--------------------------------------|
| SUBJECT: New State Retiree Vision Program and Special Open Enrollment Period | REFERENCE NUMBER: 2007-008 |
| DATE ISSUED: 03/05/07 | SUPERSEDES: |

This memorandum should be forwarded to:

**Personnel Officers
Personnel Transactions Supervisors
Personnel Transactions Staff**

FROM: Department of Personnel Administration
Benefits Division

CONTACT: Lisa Hatten, Retiree Vision Program Analyst
(916) 323-2712
Fax: (916) 322-3769
Email: LisaHatten@DPA.CA.GOV

The State will now offer a Retiree Vision Program (established under AB 2242, Chapter 611) to all eligible employees who retire from state service and current retirees/annuitants. This PML provides important information regarding the new Retiree Vision Program and a Special Open Enrollment Period. The earliest effective date for enrollment into the Retiree Vision Program is July 1, 2007. It is very important that you provide information to your employees regarding the new retiree vision benefit and ensure that they understand that their current vision coverage is not affected. Instructions for the Special Open Enrollment are provided on pages 4 and 5.

RETIREE VISION PROGRAM

The Department of Personnel Administration (DPA) contracts with Vision Service Plan (VSP) to provide this vision benefit to all eligible State retirees, annuitants, and their eligible dependents. At the time of retirement the Personnel Office will be required to offer the Retiree Vision Program to their eligible retiring employees.

Currently, State employees' vision coverage is fully paid by the State. The Retiree Vision Program is a voluntary benefit and the premium will be fully paid by enrolled retirees with a monthly deduction taken from their retirement warrant. Unlike the state-sponsored vision coverage provided to active employees which has one composite premium rate for all enrollments, the new Retiree Vision Program will have a three-tier rate with Party Code (PC) 1, PC 2, and PC 3. Retiring employees will be able to enroll eligible dependents of their choice. The level of benefits that are provided under the Retiree Vision Program are the same as those provided under the current active employees VSP vision coverage.

Please pay special attention to the information on pages 3 and 4 regarding the requirement to maintain enrollment in the Retiree Vision Program for a minimum of 12 months and the impact to offering COBRA continuation of vision coverage to retiring employees.

Eligibility

State employees who at the time of separation for retirement were enrolled in a health, dental, or vision plan, and retired within 120 days from their date of separation will be eligible to enroll in the Retiree Vision Program. Those employees who were not enrolled in a health, dental, or vision plan at the time of separation for retirement, but were eligible for enrollment as an employee at the time of separation for retirement, and retired within 120 days from their date of separation will also be eligible to enroll in the Retiree Vision Program.

Employees who were employed with the State at the time of separation for retirement as one of the following are eligible for this program:

- (1) Civil service employee of the State;
- (2) Elected member of the Legislature;
- (3) Legislative employee;
- (4) Constitutional officer; and
- (5) Employee of the judicial branch of the government.

Note: Annuitants of the California State University and University of California systems may not participate in this program.

New Enrollments

Effective immediately, the Personnel Office must provide a DPA 695 Enrollment Form to retiring employees who want to enroll in the Retiree Vision Program. The Personnel Office will need to provide assistance to complete the form and send the form to VSP. VSP will process the enrollment form based on the effective date reflected on the form. For retirements occurring prior to July 1, 2007, the earliest effective date for enrollment is July 1, 2007.

Retiree Vision Plan Deduction and Enrollment Authorization (DPA 695)

The Retiree Vision Plan Deduction and Enrollment Authorization (DPA 695) will be used to enroll retiring employees in the Retiree Vision Program. The DPA 695 is available as a fill and print document on DPA's website at <http://www.dpa.ca.gov/benefits/health/vision.shtm>. For your information a copy of the DPA 695 (Attachment A) is provided with this PML.

All completed DPA 695 enrollment forms should be sent to VSP at the following address for processing:

Vision Service Plan (VSP)
Attn: Client Services - Mailstop 229
P.O. Box 997100
Sacramento, CA 95899-7100

You may also fax the DPA 695 to VSP at fax number (916) 463-9031.

60-Day Enrollment Period

Retiring employees will have 60 days from their retirement date to complete and submit a DPA 695 to their Personnel Office. It is the Personnel Office's responsibility to advise your employees of the 60-day enrollment time limit.

Eligible employees, who do not wish to enroll in the Retiree Vision Program within the 60 day time limit, must be advised that they will not be able to enroll until the next open enrollment period. These employees must complete Section C, and sign/date the DPA 695. This form, declining enrollment, should be retained in the employee's personnel file. No further action is required by the Personnel Office. **Do not submit the DPA 695 to SCO, CalPERS, or DPA.**

Effective Date of Enrollment

The effective date of enrollment is the first day of the month after the DPA 695 is received by VSP. There is no retroactivity.

Example:

| Date of Retirement | Date DPA 695 received by VSP | Effective Date of Enrollment in Retiree Vision Program |
|--------------------|------------------------------|--|
| 08/06/07 | 09/13/07 | 10/01/07 |

(Keep in mind that if the employee is enrolled in the vision benefit for active employees, the State will pay the vision premium for the month of September.)

12-Month Minimum Enrollment Period

Based on the effective date of the enrollment, there is a required minimum 12-month enrollment period. This means that once the enrollment is established, the retiree (and eligible dependents, if any) will not be allowed to cancel his/her enrollment for a minimum period of 12 months from the effective date of enrollment. VSP will monitor the 12-month enrollment period and ensure that the enrollment is not cancelled or changed during the 12-month period.

Example:

| Date of Retirement | Date of Loss of State Paid Vision Coverage | Effective Date of Enrollment in Retiree Vision Program | End of 12-Month Enrollment Period * |
|--------------------|--|--|-------------------------------------|
| 08/06/07 | 09/30/07 | 10/01/07 | 10/01/08 |

* At the end of the 12-month period, the retiree will be able to cancel or make changes to his/her Retiree Vision Program coverage during the next open enrollment period. If the retiree experiences a permitting event that allows a change in coverage outside an open enrollment period, he/she must contact VSP in order to request a cancellation or change in coverage.

Allowable Permitting Events

If retirees and/or dependents experience an allowable permitting event outside of the annual open enrollment period then they must contact VSP in order make appropriate changes to their vision enrollment. Allowable permitting events for the Retiree Vision Program are reflected in the Permitting Event Code Chart (Attachment B).

Retiree Vision Program Premiums

Premiums for the Retiree Vision Program will be fully paid by the enrolled retirees and a monthly deduction will be taken from their retirement warrant. Following are the Retiree Vision Program monthly premiums that go into effect July 1, 2007.

| <u>Party Code (PC)</u> | <u>Monthly Deduction</u> |
|--|--------------------------|
| PC 1 (Retiree only) | \$8.78 |
| PC 2 (Retiree plus one dependent) | \$17.12 |
| PC 3 (Retiree plus two or more dependents) | \$18.43 |

Impact on Offering COBRA Continuation Coverage

Because the premium structure in the Retiree Vision Program is different from the active employees' State-sponsored vision benefit, the Personnel Office must continue to offer COBRA continuation coverage to retiring employees and their eligible dependents to continue their State-sponsored vision plan. Retiring employees can choose to enroll in either the Retiree Vision Program or COBRA; they cannot enroll in both the COBRA continuation vision coverage and the Retiree Vision Program at the time of retirement.

BAM Vision Section 1200

We are currently revising the on-line BAM Vision Program Section 1200. Procedures regarding the Retiree Vision Program will be included in the revision.

SPECIAL OPEN ENROLLMENT PERIOD

A Special Open Enrollment will be held **April 1, 2007 through April 30, 2007**. All enrollments during this period will be effective July 1, 2007. Active State employees will not participate in this special open enrollment. DPA recently mailed a letter and a VSP vision benefit brochure that included an enrollment form to State retirees and annuitants. For your information a copy of the letter (Attachment C) is provided with this PML. A copy of the vision benefit brochure is available on DPA's website at <http://www.dpa.ca.gov/benefits/health/vision.shtm>.

VSP will process all enrollments during this special open enrollment. There will be three options that may be utilized by retirees/annuitants to enroll:

1. Visit VSP at www.vsp.com/go/stateofca and complete the online enrollment form, or
2. Call VSP at 1-800-877-7195 and speak to a Member Services Representative, or
3. Complete and mail the VSP Enrollment Form.

These enrollment options were included in the letter sent to retirees (Attachment C). The VSP open enrollment form is different than the new DPA 695, which you will use to enroll retiring employees in the Retiree Vision Program.

Annual Open Enrollment Periods

DPA will notify State retirees and annuitants regarding the Retiree Vision Program Annual Open Enrollment Period, which will coincide with the open enrollment period for Health, FlexElect, CoBen, and Dental benefits. Retirees/annuitants will be able to enroll, cancel, or make changes to their vision coverage during open enrollment periods. VSP will process all open enrollment transactions.

PERSONNEL OFFICES

Please provide your employees with information regarding the new Retiree Vision Program and assist retiring employees who want to enroll in the Retiree Vision Program. If you need assistance to answer your employees' questions, please call Lisa Hatten, Retiree Vision Program Analyst, at (916) 323-2712.

/s/ Greg Beatty

Greg Beatty
Chief

Attachments

State of California – Department of Personnel Administration

RETIREE VISION PLAN DEDUCTION AND ENROLLMENT AUTHORIZATION

DPA Form 695 (New 02-2007)

Please type or use ballpoint pen, print clearly – send completed forms to vision plan vendor.

See General Terms of Enrollment and Privacy Statement on back.



| | | | |
|---------------------|----------------|-------------|---|
| Last Name: _____ | First _____ | MI _____ | Social Security Number: _____ - _____ - _____ |
|---------------------|----------------|-------------|---|

| | |
|---|---|
| Type of Action <input type="checkbox"/> ← New Enrollment | Mailing Address (Number and Street) _____ City _____, State ____ Zip Code _____ |
|---|---|

Section B – Dependent Information (if no dependents, skip **Section B** and go to **Section C**)

| Name | Relationship | Social Security Number | Date of Birth |
|-------|--------------|------------------------|---------------|
| _____ | _____ | ____ - ____ - ____ | ____ - ____ |
| _____ | _____ | ____ - ____ - ____ | ____ - ____ |
| _____ | _____ | ____ - ____ - ____ | ____ - ____ |
| _____ | _____ | ____ - ____ - ____ | ____ - ____ |

If more dependents, attach additional pages; only eligible, authorized dependents may use the plan.

Section C – Enrollment Election

Check Appropriate Box:

← I elect to enroll in a vision plan as shown above and authorize deduction to be made from my retirement warrant by my retirement system to cover my share of the cost of enrollment as it is now or may be in the future. *Furthermore, the vision plan vendor is authorized to transmit and my retirement system is authorized to accept enrollment data from the vision plan vendor. My retirement system shall consider my appearance on enrollment data in any form from the vision plan vendor as my authorization and agreement to initiate and make continuing deductions from my retirement warrant for payment of premiums for a minimum 12 month period. I understand that depending on the enrollment date, my enrollment period may be greater than 12 months.*

← I do not wish to enroll into the Retiree Vision Plan.

I have read and understand the general terms of enrollment. (See reverse side - page 2):

Retiree's Signature: _____ Date Signed: _____

Section D (For Employing Agency Use only)

| | | | | |
|--|--|---|--|--------------------------|
| 1. Deduction Code | 2. Party Code | 3. Retiree Premium Deduction Amount \$ | 4. Effective Date of Enrollment ____/____/____ | 5. BU/CBID at Retirement |
| | 6. Permitting Event Date ____/____/____ | 7. Permitting Event Code 50 | 8. Agency Name | Unit Code Agency Code |
| 9. Remarks New Enrollment – Retiring From State Separation Date: Retirement Date: | 10. Agency Telephone Number: () | 11. Date of Agency Signature: ____/____/____ | 12. I hereby certify under penalty of perjury as follows: That I am the duly appointed, qualified and acting officer of the herein named agency and that I am authorized to make this certification; that the employee named herein is eligible for enrollment into the State Retiree Vision Plan. Authorized Agency Signature: _____ | |

RETIREE VISION PLAN DEDUCTION AND ENROLLMENT AUTHORIZATION

DPA Form 695 (New 02-2007)

Page 2

PRIVACY NOTICE:

The Information Practices Act of 1977 (Civil Code Section 1798.17) and the Federal Privacy Act (Public Law 93-579) require that this notice be provided when collecting personal information from individuals. Information requested on this form is used by the vision plan vendor and the California Public Employees' Retirement System (CalPERS), Judges' and Legislators' Retirement Systems (JRS/LRS), the California State Teachers' Retirement System (CalSTRS), and the California State Military Retirement System (MRS) for the purposes of identification and insurance coverage processing. It is mandatory to furnish all information requested on this form except for employee's gender and marital status, which may be furnished on a voluntary basis and are used by the vision insurance company for statistical and actuarial purposes. Failure to provide the mandatory information may result in the vision insurance enrollment action not being processed or being processed incorrectly.

The State's contracted vision plan vendor and the CalPERS/JRS/LRS/CalSTRS/MRS require the retiree's/annuitant's social security number and name for identification purposes. Legal references authorizing maintenance of this information include Government Code Sections 1151 and 1153, Sections 6011 and 6051 of the Internal Revenue Code, and Regulation 4, Section 404.1256, Code of Federal Regulations under Section 218, Title II of the Social Security Act. Information provided on the form will be forwarded to the vision plan vendor providing coverage for the employee. Copies of the Vision Plan Enrollment Authorization are maintained in confidential files of the State's contracted vision plan vendor and with CalPERS/JRS/LRS/CalSTRS/MRS for five years. Employees have the right of access to copies of their Vision Plan Enrollment Authorizations upon request. Send requests to: Department of Personnel Administration, Benefits Division, Attention: Retiree Vision Program, 1515 S Street, North Building, Suite 400, Sacramento, CA, 95814.

General Terms of Enrollment – Please read carefully:

Retirees/Annuitants enrolling into this program will be restricted to maintaining enrollment for a minimum period of 12 months. Length of enrollment may be greater depending upon when you enroll into the plan. A plan year runs from January 1 of any year through December 31 of the same calendar year. Employees retiring and enrolling into this program will be restricted to maintaining their enrollment for the balance of the plan year in which they enroll and must maintain enrollment for 12 months in the following plan year unless a permitting event occurs to change their enrollment. Permitting event policy is established by the plan administrator, the Department of Personnel Administration.

Only eligible dependents may be enrolled into this plan with the retiree/annuitant. Should you as the eligible retiree/annuitant enroll ineligible dependents, or otherwise maintain ineligible dependents on your plan, you may be held liable for the cost of any and all claims for services rendered. An ineligible dependent is any person you have enrolled onto your vision benefits plan or otherwise maintained on your vision benefits and is not considered an eligible dependent under the enrollment rules of the Department of Personnel Administration. Should you have questions related to enrollment under this program, you may contact the Department of Personnel Administration at: (916) 323-2712.

**Vision Care Program for State Annuitants
PERMITTING EVENTS CODES/EFFECTIVE DATES**

EFFECTIVE DATES RULES:**Standard: First day of the month after the DPA 695 is received by VSP.****Mandatory: First day of the month following the event.****Open Enrollment: First day of the next plan year.****ENROLLMENT/CHANGES/CANCELLATION**

| Permitting Event | Permitting Event Code | Permitting Event Date | Effective Date of Action | Time Limit to File Document |
|---|-----------------------|-------------------------------------|--------------------------|---|
| Eligible retiree/annuitant new enrollment into retirement | 50 | Retirement Date | Standard | 60 days from event/retirement date |
| New enrollment of retiree/annuitant through open enrollment | 51 | First day of Open Enrollment Period | Open Enrollment | Open Enrollment Period |
| Addition of new spouse/domestic partner, newborn, adopted child, step child; change of custody or adding child who has become economically dependent on employee including economic dependency created through a court order. | 51a | Date Signed | Standard | 60 days from event |
| Voluntary cancellation (open enrollment only) | 52a | Date Signed | Open Enrollment | Open Enrollment Period |
| Cancellation due to death of retiree/annuitant - no survivor | 52b | Date of Death | Mandatory | 60 days from Date of Death |
| Cancellation due to death of retiree/annuitant and survivor declines continuation of vision benefits | 52c | Date Signed | Standard | First day of the month following the event (eligible for COBRA) |
| Cancellation due to loss of eligibility (non-eligible survivor) COBRA offered | 52d | Date of Event | Mandatory | First day of the month following the event (eligible for COBRA) |
| Deletion of dependent due to loss of eligibility: <ul style="list-style-type: none"> • non-eligible survivor • divorce • dependent over age 23 (and not certified disabled prior to age 23), child no longer economically dependent • legal separation • termination of domestic partnership • death of retiree/annuitant – COBRA offered | 53 | Date of Event | Mandatory | First day of the month following the event (eligible for COBRA) |

DEPARTMENT OF PERSONNEL ADMINISTRATION**BENEFITS DIVISION**

1515 "S" STREET, NORTH BUILDING, SUITE 400
SACRAMENTO, CA 95814-7243



March 1, 2007

ATTACHMENT C

Dear State Retiree/Annuitant:

As a State of California retiree and/or annuitant, you are eligible to enroll in the new State Retiree Vision Program, which is being offered through VSP. The Retiree Vision Program provides vision care coverage for you and your eligible dependents.

When can I enroll?

The enrollment period is April 1 – April 30, 2007. If you enroll, your election is effective July 1, 2007 through December 31, 2008 (18 months). If you don't enroll by April 30, your next opportunity to enroll in eyecare coverage is fall 2007 with a January 2008 effective date.

How can I enroll?

You have three convenient options:

1. Visit VSP at www.vsp.com/go/stateofca and complete the online enrollment form; or,
2. Call VSP at 1-800-877-7195 and speak to a Member Services Representative; or,
3. Complete and mail the enclosed VSP Enrollment Form.

How do I pay for the vision benefit?

The cost will be deducted directly from your State retirement warrant. If you do not have enough in your warrant to cover the cost, you will be billed directly by VSP. See the enclosed VSP brochure for the monthly cost of the benefit and an enrollment form.

After I enroll, how do I use my vision benefit?

Using your vision benefit is easy:

1. Find a VSP network doctor at vsp.com or call VSP Member Services at 1-800-877-7195;
2. Make an appointment and tell the doctor you are a VSP member;
3. Your doctor will handle the rest!

For more information about VSP, please refer to the enclosed materials or visit vsp.com. If you have questions regarding this information you may call VSP at 1-800-877-7195.

Sincerely,

/s/ Greg Beatty

Greg Beatty, Chief (A)
Benefits Division

Enclosure