

STATE OF CALIFORNIA

KATHLEEN CONNELL,  
CONTROLLER OF CALIFORNIA

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OFFICE OF STATE CONTROLLER  
PERSONNEL/PAYROLL SERVICES DIVISION  
300-Capitol Mall  
P.O. Box 942850  
Sacramento, CA 94250-5878

Date: January 4, 1999

PAYROLL LETTER # 99-001  
CIVIL SERVICE ONLY

To: All Agencies in the Uniform State Payroll System

From: Ralph Zentner, Chief  
Personnel/Payroll Operations Bureau

Re: METHOD OF COLLECTION CHANGE FOR MEDICAL BENEFIT ADMINISTRATIVE FEES

The State Controller's Office is changing the method of collection for the health related benefits (health, dental and vision) administrative fees. The State's Flexible Benefit Plan, which includes Consolidated Benefits and the Premium Only Plan (POP), is considered one program for administrative purposes. Therefore, the State Controller's Office is streamlining the method used for collecting the fees. Beginning with the December pay period, a single monthly administrative fee of \$1.11 per participant is established

Previously, the Department of Personnel Administration and the State Controller's Office costs were recovered through service charges for each dental and vision deduction (included in the respective premiums) and a per employee fee for participants in the POP. These various administrative fees are replaced by a single per employee charge.

The change in method of collection is intended to be revenue neutral. Departments have been paying a combined \$1.15 per month for the majority of their employees (\$0.45 for dental, \$0.35 for vision, and \$0.35 for POP), now a flat \$1.11 is assessed for all employees who have one or more of the health related benefits. This administrative fee will be reviewed and revised annually.

The monthly per capita charge will be established and charged to the employer via payroll deduction/organization code 356-002. The employer paid administrative fee will be listed on the Earnings Statement/Direct Deposit Advice under the heading "HLTH/FLEX" of the Employer Contributions segment. The administrative fee charge, in the accounting system Clearance System, will be listed under the Object of Expenditure code 103134

NOTE: The fee charged by CalPERS (.5% of the health premium) for administering the health benefit program at CalPERS will continue to be deducted.

If you have any questions regarding this Payroll Letter, please contact Bob Curry at (916) 322-7953 or CALNET 492-7953.

RZ:BC:SW/PMAB