

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: July 26, 2006

PAYROLL LETTER #06-013
Civil Service Only

TO: All Agencies in the Uniform State Payroll System

FROM: DON SCHEPPMANN, Interim Chief
Personnel/Payroll Services DivisionRE: **HEALTH DEPENDENT VESTING FOR BARGAINING UNITS 2 AND 7**

Effective July 1, 2006, employees in Bargaining Units 2 and 7 are subject to a new Health Dependent Coverage Vesting schedule as described in the Department of Personnel Administration Personnel Management Liaison Memo dated July 12, 2006. (Reference Code Number: 2006 – 022).

The new Health Dependent Coverage Vesting schedule requires that employees new to State service and hired into Bargaining Units 2 or 7 on or after July 1, 2006 attain 24 months of State service before the maximum employer contributions can be paid for health dependent coverage. The State Controller's Office (SCO) will track and adjust the coverage rates as follows.

VESTING SCHEDULE

Beginning July 1, 2006, the SCO will identify employees newly hired to State service in Units 2 or 7 with no prior State service. The SCO will begin tracking the 2-year dependent coverage vesting period. All employees subject to dependent vesting will be placed at the appropriate coverage level as follows.

Service Months	Employer Contribution
1 to 12	50%
13 to 24	75%
25 or more	100%

ELIGIBILITY

The Health Dependent Coverage Vesting schedule applies to new employees hired on or after July 1, 2006 having a collective bargaining designation of R02, E02, R07 or E07. This does not apply to employees designated as C02, M02, S02, C07, M07 or S07.

CONSOLIDATED BENEFITS

Bargaining Units 2 and 7 employees participate in the Consolidated Benefits Program. Employees subject to the Health Dependent Coverage Vesting will continue to be enrolled in the Consolidated Benefits Program. As such, the Department of Personnel Administration has established separate monthly CoBen Benefit Allowance amounts for employees subject to the Health Dependent Coverage Vesting as follows:

\$544 for a 2-party health enrollment
\$663 for a family enrollment

These rates incorporate the 50% vesting schedule. The 75% vesting schedule will be published by DPA at a future date.

There is no change to the health, dental and vision eligibility criteria or the enrollment processes. The deduction codes and premiums remain the same. The full premium cost of the employee's health, dental and vision benefits will continue to be offset by the employee's CoBen Benefit Allowance. Employees will continue to receive cash excess if applicable.

VIEWDIRECT

The SCO is developing a Health Dependent Vesting report that will be accessible via ViewDirect in the near future. The report is to assist departments in answering employee questions, determining employee-vesting status and identifying when an employee's vesting rate level will change. Notification will be provided when the report is available on ViewDirect.

CONTACTS

Revisions to the Payroll Procedures Manual are forthcoming. Questions regarding this letter may be directed to Sandy Westlake at (916) 324-9008 or by email at swestlake@sco.ca.gov. Questions regarding Health Dependent Vesting administration should be directed to DPA at (916) 324-3438.

DS:SW:PMAB