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Health Benefits

Circular Letter

September 4, 2020

Circular Letter: 600-046-20

Distribution: Special

To: All Health Benefits Officers and Assistant Health Benefits Officers
Subject: Distribution of 2021 Summary of Benefits and Coverage Notice to New Employees

Purpose

The purpose of this Circular Letter is to inform all health benefits officers and assistant health benefits officers about the requirement to distribute the attached 2021 Summary of Benefits and Coverage (SBC). This notice is required to be sent to each new employee on the date they become eligible to enroll in a CalPERS health plan. This distribution requirement is consistent with section 2715 of the Affordable Care Act (ACA) and corresponding regulations.¹

SBC Notice

The 2021 SBC notice provides information on how to access CalPERS health plans' SBCs, as well as the federal government's glossary of common health insurance terms. The SBC and glossary are designed to help your employees better understand and compare their health plan options in order to make more informed choices. Insert your school/agency's letterhead at the top of the attached notice prior to distribution.

¹ CalPERS staff continues to assess laws and regulations related to ACA, which may affect contracting agencies and other employers. While we make every effort to assist employers via Circular Letters, these letters are informational only and general in nature with respect to the ACA. Keep in mind, this Circular Letter does not constitute ACA-related legal advice. For legal advice regarding the ACA, consult your organization's legal counsel.

Background

Under the ACA, persons who receive private health care insurance, such as those employed by CalPERS-contracted public agencies, schools, state agencies, and the California State University system, must have access to health plan SBCs and the glossary. Accordingly, the federal government has issued regulatory guidance, frequently asked questions, and templates relating to the matter. In the June 2015 final rule, the federal government set forth that failure to provide the SBCs and glossary could result in a \$1,000 penalty per offense.²

Each CalPERS Basic health plan has developed an SBC. During open enrollment, CalPERS posts the SBCs and glossary on our website, along with information on how to obtain free paper copies directly from the health plans.

Distribution Requirement

New employees not already enrolled in a CalPERS health plan must receive the attached 2021 SBC notice on the date they become eligible for enrollment, which is typically, for most but not all, the first day of employment.³ The notice provides internet addresses and phone numbers for all CalPERS health plans where newly eligible employees can access the SBCs and glossary.

CalPERS updates the notice annually to reflect any health plan changes. The notice will also be available in the ***Public Agency & Schools Health Benefits Guide***⁴ and the ***State Health Benefits Guide***.⁵ Ensure your newly eligible employees are provided with the most recent version of the notice on the date they become eligible to enroll in a CalPERS health plan.

Additional Resources

For final regulations and additional information about SBC requirements, visit the [Department of Labor](#)⁶ website. If you have questions, contact our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Marta Green, Division Chief
Health Plan Research and Administration Division

Attachment: 2021 Summary of Benefits and Coverage Notice Template⁷

² 45 CFR 147.200(e)

³ 45 CFR 147.200(a)(ii)(B)

⁴ <https://www.calpers.ca.gov/docs/forms-publications/pas-health-guide.pdf>

⁵ <https://www.calpers.ca.gov/docs/forms-publications/state-health-guide.pdf>

⁶ <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/affordable-care-act/for-employers-and-advisers/summary-of-benefits>

⁷ <https://www.calpers.ca.gov/docs/2021-sbc-notice.pdf>