

Date: October 3, 2008

Code: TECHNICAL LETTER
HR/Benefits 2008-12

To: Human Resources Directors
Benefit Officers

From: Bruce Gibson 
Senior Director, Benefits
Human Resources Administration

Subject: New CSU Retiree Voluntary Vision Plan

Overview

Audience:	Employees responsible for administering CSU benefits programs
Action Item:	Communicate information to affected employees regarding the new CSU Retiree Voluntary Vision Plan
Affected Employee Groups/Units:	All eligible employees who retire on or after January 1, 2009, from CSU service and current eligible CSU retirees.

Summary

As the result of the passage of Senate Bill 235, the CSU will implement a voluntary vision plan for eligible employees who retire from CSU service and current eligible retirees effective January 1, 2009. This plan will be administered by Vision Service Plan (VSP), the current vision carrier for active employees, and will be fully funded by retired participants who choose to enroll. The initial enrollment in this plan will be processed via a special open enrollment period administered by VSP that will be held October 15, 2008 through December 1, 2008.

Campus designees responsible for administration of CSU benefit programs should review the Technical Letter in its entirety.

General Information

We are pleased to announce a new voluntary vision benefit for eligible California State University (CSU) retirees and their dependents. Senate Bill 235, signed into law last fall, authorized CSU to develop a vision plan to be fully funded by retiree participants who choose to enroll in the Plan. Enrollment and benefits of the CSU Retiree Vision Plan are based on a calendar year cycle (January 1 – December 31). Therefore, the earliest effective date of this new vision benefit will be January 1, 2009.

Vision Service Plan (VSP), the current vision insurance carrier for our active employees, will enroll participants, process plan changes (based on permitting events) and provide ongoing administration of vision benefits and claims on behalf of CSU benefits eligible retirees. Consequently, Benefits Officers are not responsible for processing enrollment(s) in this Plan; however, Benefits Officers are required to communicate information regarding this Plan to eligible retiring employees.

This Plan is available to all benefits eligible CSU retirees and their dependents, who reside in or outside the state of California. The VSP Group Plan Number assigned to this Plan is #30008968.

Distribution:

CSU Presidents
Interim Vice Chancellor, Human Resources

Associate Vice Presidents/Deans of Faculty
Payroll Managers

Monthly Premium Cost of Vision Coverage and Payment Collection

The monthly premium for CSU active employees' vision coverage is fully paid by the CSU. The CSU Retiree Voluntary Vision Plan will be a voluntary benefit and the premium will be fully paid by enrolled retirees with a monthly premium deducted from their retirement warrant issued by CalPERS or CalSTRS. Unlike the CSU vision coverage provided to active employees which has one composite premium rate for all enrollments, the new CSU Retiree Voluntary Vision Plan will have a three-tier rate, allowing participants to enroll eligible dependents of their choice. Monthly premium rates for the CSU Retiree Voluntary Vision Plan are as follows:

Retiree Only (One Party).....	\$9.19
Retiree + One Dependent (Two Party).....	\$16.48
Retiree + Family (Three Party).....	\$17.63

In cases where there is not enough money in the retirement warrant to process a deduction, VSP has agreed to bill affected participants directly.

Vision Benefits Plan Design

With the exception of the Vision Display Terminal (VDT) benefit which is not available under the CSU Retiree Voluntary Vision Plan, the level of benefits provided are comparable to those provided under the current active employees VSP vision coverage as listed below:

- ✓ Exam every calendar year covered in full with a \$10 copay; and
- ✓ Prescription Glasses
 - Lenses covered in full every other calendar year (single vision, lined bifocal and lined trifocal lenses); and
- ✓ Frame of your choice covered up to \$95 every other calendar year; or
- ✓ Contact Lens Care
 - \$120 allowance for contacts and the contact lens exam every other calendar year (includes fitting and evaluation).

Open Enrollment Information

A special open enrollment period will be held from **October 15 – December 1, 2008**. In early October, VSP will mail an open enrollment packet to benefits eligible retirees who currently receive a CalPERS or CalSTRS retirement warrant. Please note: employees who retire on or after September 1, 2008, will not be included in this special mailing. To assist those individuals, the enrollment packet also will be available during the open enrollment period on the CSU Systemwide Benefits Portal under Retiree Benefits at www.calstate.edu/hr/BenefitsPortal.

To assist retirees with the open enrollment process, VSP offers three (3) options. Retirees can either:

1. Visit VSP at www.vsp.com/go/csuretirees 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.

Once the plan year begins (January 1, 2009), retirees will be able to create a user ID and password on VSP's general website at www.vsp.com and the CSU specific website indicated in No. 1 will be discontinued.

Eligibility Information

To be eligible for coverage, a person must meet the following eligibility criteria:

1. Currently either a CalPERS or CalSTRS benefits eligible annuitant or an eligible survivor who is receiving a retirement warrant from either retirement system; or

2. A CSU benefits eligible employee who meets vesting requirements (separates from the CSU at age 50 or older with at least five (5) years of CalPERS service credit, and subsequently retires from the CSU within 120 days of separation from CSU.

If either of the eligibility criteria has been met, the individual has the option to enroll in the CSU Voluntary Vision Plan at the time of retirement, or within sixty (60) days of retirement, or within 60 days of loss of coverage on another vision plan, or during any future open enrollment period.

Please note: Faculty Early Retirement Program (FERP) participants are eligible for employer-paid vision coverage for the duration of the FERP assignment. Consequently, FERP participants are ineligible to enroll in the CSU Retiree Voluntary Vision Plan unless the FERP assignment ends or time base drops below half-time.

Dependent Eligibility Information

Eligibility for CSU retiree dependents mirrors the vision plan rules for active employees, which includes:

- ✓ Legal spouse or Registered Domestic Partner;
- ✓ Dependent Child up to Age 23 or Disabled Child

Coverage for a disabled child may extend beyond age 23, if the child has never married and is incapable of self-support due to a mental and/or physical disability that existed prior to age 23. Satisfactory evidence of the disability must be filed with VSP, in accordance with the carrier's criteria.

Effective Date of Coverage

Eligible CSU retirees can be enrolled in this Plan with an effective date on or after January 1, 2009.

Any enrollment processed after January 1, 2009, will be effective the first of the month following receipt of the VSP enrollment form by VSP. Please note: the sixty (60) day time limits for enrollment based on the appropriate permitting event(s) (e.g., retirement, survivorship, adding/deleting dependents) apply also to retirees.

General Terms of Enrollment

Retirees who enroll in the CSU Retiree Voluntary Vision Plan will be required to maintain enrollment for a minimum period of 12 months. Length of the required enrollment period may be greater depending upon when the retiree enrolls in the Plan. After the implementation date of January 1, 2009, employees who retire and subsequently enroll in this Plan will be required to maintain their enrollment for the balance of the plan year in which they enroll and for 12 months in the following plan year, unless a permitting event occurs to change their enrollment.

Eligible retirees who choose not to enroll during the initial open enrollment period will be eligible to enroll in the Plan during any subsequent open enrollment period, which will be held in the fall of each calendar year.

Impact on Offering COBRA Continuation

Due to the different premium rate structures of the CSU Retiree Voluntary Vision Plan and the eighteen (18) month COBRA option available through the active employee CSU Vision Plan, both options are available to eligible retiring employees and their qualified dependents. Consequently, these employees can enroll in either COBRA or the CSU Retiree Voluntary Vision Plan in order to continue vision benefits into retirement. Therefore, the campus Benefits Office will be required to offer and review both CSU vision insurance coverage options (COBRA, CSU Retiree Voluntary Vision Plan) to eligible employees.

These options apply also to FERP participants (and qualified dependents) who end the FERP assignment or whose time base drops below half-time.

Death of Retiree While Enrolled in the CSU Retiree Voluntary Vision Plan

A retiree's vision coverage ceases at midnight on the date of death. Upon the death of a retiree, enrollment in the CSU Retiree Voluntary Vision Plan may continue for a surviving spouse, or domestic partner and/or underage dependents deemed eligible for a CalPERS or CalSTRS monthly retirement allowance. Eligible survivors may continue enrolled coverage, or can enroll within 60 days of the death, or during any subsequent open enrollment. If the survivor subsequently remarries or obtains another registered domestic partner, the vision benefit will not apply to the new spouse or registered domestic partner. Vision coverage for a surviving spouse or domestic partner deemed ineligible for a monthly retirement allowance as a survivor will cease at midnight on the last day of the month that the retiree's death occurred. In this case, surviving family members may opt to continue vision coverage through the Consolidated Omnibus Budget Reconciliation Act (COBRA).

COBRA Continuation Option for Qualified Beneficiaries under the CSU Retiree Voluntary Vision Plan

The following events qualify eligible qualified beneficiaries enrolled in the CSU Retiree Voluntary Vision Plan for continued coverage for up to a maximum of 36 months:

1. Divorce of a spouse or dissolution of registered domestic partnership from a covered retiree; and/or
2. Termination of a child's dependent status (i.e., dependent reaches age 23, marries, etc.).

COBRA notification and subsequent enrollment(s) will be handled by VSP. A COBRA enrollment form will be available for download on the Benefits Portal. COBRA Rates for this Plan are as follows:

Qualified Beneficiary Only (One Party)	\$9.37
Qualified Beneficiary + One Dependent (Two Party).....	\$16.81
Qualified Beneficiary + Family (Three Party).....	\$17.98

CSU Retirees Currently Enrolled in COBRA Continuation under Group Vision Plan #1229276

Retirees that are currently enrolled in COBRA have the option of enrolling in the CSU Retiree Voluntary Vision Plan during the initial open enrollment period. However, the retiree would be required to cancel COBRA effective January 1, 2009, since retirees cannot be enrolled in both plan options. Retirees that choose not to enroll during the initial open enrollment period will have the option to enroll during any subsequent open enrollment period following his/her COBRA eligibility end date or COBRA cancellation due to non-payment.

If a retiree dies on or after January 1, 2009, while enrolled in the COBRA option for vision coverage, eligible survivors may opt to enroll in the CSU Retiree Voluntary Vision Plan within 60 days of the retiree's death, or during any subsequent open enrollment period, or the survivor(s) may opt to choose COBRA continuation. If, however, the survivor wishes to remain enrolled in COBRA, the survivor would be eligible for COBRA for a period of 36 months.

Enrollment Forms and Evidence of Coverage Booklets

Campuses will receive a supply of enrollment forms for the CSU Retiree Voluntary Vision Plan which can be provided to employees during retirement counseling. An electronic version also will be provided. In addition, the form will be available for download on the Benefits Portal.

VSP will mail Evidence of Coverage (EOC) booklets directly to participants. Campuses will receive two (2) copies of the EOC for informational purposes. The EOC also will be available on the Benefits Portal in the future.

CMS Processing Instructions

Based on the plan design of the CSU Retiree Vision Plan, there is no impact to CMS baseline for Benefits.

Questions regarding this technical letter may be directed to Human Resources Administration at (562) 951-4411. This Technical Letter is available on Human Resources Administration's Web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

BG/mh