



# NEWS TO USE

*A newsletter for PERSI employers*

May 2009

- Personal Information
- Memo of Understanding
- Rate Increase

## PROTECTING PERSONAL INFORMATION

Privacy is an important issue, especially in today's environment. All of us want our personal information guarded...often to prevent identify theft, but also to put an end to telemarketers, impede scam artists, and even stop former classmates from contacting us about a class reunion. Regardless of the reason, safeguarding personal information is critical. PERSI is often asked by employers (and others) to provide member information for a variety of reasons. While PERSI can accommodate some limited requests, generally personal information cannot be shared with anyone other than the individual member. When it comes to protecting the personal data of members and retirees, in addition to internal policies PERSI is subject to statute including Idaho Code Sections 59-1316(1) and 9-340C.

### Active Members

Much of the active member information in the PERSI database comes from employers through the transmittal process. When an employer contacts PERSI for personal information on an employee, only payroll information can be provided. Nothing more than information originally provided to PERSI by the employer (e.g., date of birth, address, etc.) can be

released. Personal data such as beneficiaries, retirement or purchase of service estimates, and other non-payroll information cannot be shared with anyone other than the member. The best way for employers to obtain personal data is to request it directly from their employees. PERSI is not trying to hinder employers, but must protect the personal information of members.

### Retired Members

When it comes to retirees, PERSI has similar restrictions. Employers and others may have legitimate reasons and good intentions for wanting retiree information, but PERSI can only release the name and PERSI identification number to anyone other than the retiree. For example, employers have requested retiree information for the purpose of sending insurance change notices. PERSI applauds employers for wanting to assist their retirees; nevertheless, personal information cannot be released. Instead, PERSI suggests employers do one of two things: 1) contact the appropriate insurance carrier to gather the personal information; or 2) let the insurance carrier handle the notification process; after all, an insurer most likely has a current mailing list for the clients it insures. And if a

retiree comes back to you (as the former employer) asking about insurance updates, direct him/her to his/her insurance carrier...the appropriate place to ensure accurate information is provided.

### Beyond Protecting Member Information

Protecting the sensitive data of PERSI members and retirees goes beyond what can and cannot be released to employers. PERSI adheres to stringent internal protocols, including database access controls for staff, using encrypted files, requiring passwords for viewing account information, installing and using the latest firewall software, continual monitoring of our system for hackers and viruses, and utilizing secure channels for moving and storing back-up tapes. PERSI regularly reviews its processes to ensure best practices are used. In short, every measure is taken to protect against unauthorized or unlawful use of member information.

If you have questions about PERSI's policy on releasing personal information, please contact the Employer Service Center toll-free at 1-866-887-9525 or 208-287-9525 from the Treasure Valley area.

# MEMO OF UNDERSTANDING ISSUED

## -school districts and insurance vendors to sign agreement with PERSI -

PERSI continually looks at its policies and procedures to determine if they are still effective and cost-efficient. One area of focus has been the processing of retiree insurance deductions. The insurance deduction program at PERSI began with just five vendors; over the years it has grown to include more than 40 insurers. As a result, the program has become extremely complicated and complex. PERSI is now at a point where it has become functionally impossible to continue supporting insurance vendors as in the past.

PERSI has statutory authority under Idaho Code to administer an unused sick leave program for Idaho school districts and state agencies. The program allows PERSI retirees to pay for various health and dental programs (that have been approved as group plans sponsored by PERSI employers) from their unused sick leave account. PERSI can currently process payments for life, vision, dental, health, prescription drug, and long term care insurance from the sick leave program.

Due to the substantial increase in the number of insurers, and because of system limitations, PERSI has had to make some changes. Over time, PERSI has allowed deductions to continue from a retiree's monthly benefit even when the sick leave balance had been

depleted. This practice will continue; but if the deductions are stopped by the retiree, they **cannot** be restarted if the **sick leave balance** has been exhausted. This is a change to current policy. To clarify administration of the retiree insurance program, another significant change was the creation of a *Memo of Understanding* (MOU) to define roles and responsibilities for the entities involved (i.e., schools, insurers, and PERSI).

To eliminate redundancies, automate most insurance processing, reduce confusion, and remove PERSI from the role as a third-party administrator, the following are among the changes being implemented:

- PERSI will no longer serve as a point of contact for resolving insurance issues. Problem resolution is the responsibility of the insurance providers because they have a contractual agreement with the school districts.
- If PERSI retirement is not set up for a new retiree by his/her insurance premium due date, the retiree may be direct billed for a period of time.
- New retirees with no sick leave balance **will not** be able to set up an automatic insurance deduction from their monthly benefit.

The MOU explains the administration of retiree insurance deductions from PERSI retiree payroll. Some of the key factors include:

- **Employers** are responsible for informing retirees of the administrative role of employers, insurers, and PERSI; designating a point of contact to handle employer-specific issues for retirees; referring retirees to the insurer regarding enrollment, rates, terminations and other changes; and ensuring vendors report timely and accurate information to PERSI.

- **Insurers** are responsible for communicating enrollment, rates, eligibility, premium adjustments, and other similar information directly to retirees, and for reporting timely and accurate information to PERSI in a standard format specified by PERSI.

- **PERSI** is responsible for timely and accurate deduction of insurance premiums as specified by insurance vendor electronic billing, for quickly responding to error corrections, and for returning deduction reports to vendors and employers in a timely fashion.

PERSI staff members are already visiting school districts and insurance vendors throughout the state to secure signed MOUs. PERSI has also started referring retirees with insurance questions to the employer-designated points of contact and insurance vendors. MOU questions should be directed to PERSI's insurance specialist by calling the Employer Service Center at 1-866-887-9525 or 208-287-9525.

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## POSSIBLE CONTRIBUTION RATE INCREASE

By Idaho State Code, PERSI must consider a rate increase if the amortization period for the system's unfunded liabilities exceeds 25 years. PERSI currently exceeds that limit and anticipates little change to the situation by the end of the fiscal year (June 30, 2009). Data from the annual actuarial study due out in the fall will determine the true amortization period, at which time the PERSI board will decide whether and how much to increase rates. If the rate is increased, it will most likely go into effect July 1, 2011. It could happen earlier, but at this time PERSI does not believe that will happen.