



Board of Administration Offsite

2024 State Annuitant Contribution Formulas and Association Plan Premiums

July 18, 2023

Item Name: 2024 State Annuitant Contribution Formulas and Association Plan Premiums

Program: Health Benefits

Item Type: Information

Executive Summary

This agenda item provides CalPERS Board of Administration (Board) the 2024 State Annuitant Contribution amounts and the 2024 Association plan premiums. The Board annually reviews the premium and benefit proposals for the three Association plans offered to certain CalPERS members. The California Association of Highway Patrolmen (CAHP), California Correctional Peace Officers Association (CCPOA), and Peace Officer Research Association of California (PORAC) offer plans exclusively to members of these associations.

Strategic Plan

This item supports the CalPERS 2022-2027 Strategic Goal of Exceptional Health Care: Ensure our members have access to equitable, high-quality, and affordable health care.

Background

State Annuitant Contribution

There are two groups of annuitants: "Basic Annuitants" who are enrolled in a CalPERS Basic health plan. And "Medicare annuitants," who are enrolled in a CalPERS Medicare plan. These two groups fall under different state contribution formulas, based on their date of hire and bargaining unit. The three state annuitant health formulas are:

- 100/90 that includes Basic and Medicare Annuitants hired prior to 2016 or 2017
- 80/80 for Basic Annuitants, hired on or after January 1, 2016 or 2017
- 80/80 formula for Medicare Annuitants, hired on or after January 1, 2016 or 2017

The final annuitant contributions are calculated by applying the contribution formulas, either the 100/90 or 80/80, to the weighted average premiums of the top four plans. The determination of the top four plans is different for each formula listed above.

The top four Basic plans for the 100/90 formula are determined based on total subscriber enrollment across all Basic plans in the portfolio. This does not include dependents.

For 80/80 Basic Annuitants, the top four Basic plans for this formula are determined based on active state civil service subscriber enrollment, excluding family members.

For the 80/80 Medicare Annuitants, the state contribution is developed based on the premiums for only Medicare members and on state annuitant enrollment in Medicare plans.

Association Plan Premiums

Government Code Section 22850(g)(1) gives the Board authority to offer and continue offering association plans for certain CalPERS members, so long as they meet the minimum standards prescribed by the Board (2 CCR 599.509).

The Association health plans are responsible for ensuring that their premiums and benefit changes are appropriate and that their reserve funds are adequate for their continued operations.

The CAHP health plan is a self-insured Preferred Provider Organization (PPO) plan, administered by Anthem Blue Cross. The CCPOA health plans are a fully-insured Health Maintenance Organization (HMO) and Medicare supplement PPO plan, administered by Blue Shield of California. The PORAC health plan is a self-insured PPO plan, administered by Anthem Blue Cross.

Analysis

State Annuitant Contributions for 2024

The four largest Basic health plans used to calculate the 100/90 formula contribution for annuitants enrolled in a Basic or Medicare plan are Kaiser Permanente, PERS Platinum, PERS Gold, and Blue Shield Access+. Blue Shield Access+ replaces UnitedHealthcare SignatureValue Alliance for 2024.

The four largest Basic health plans used to calculate the 80/80 formula contribution for annuitants enrolled in a Basic plan are Kaiser Permanente, PERS Gold, UnitedHealthcare SignatureValue Alliance, and Blue Shield Access+. Blue Shield Access+ replaces PERS Platinum for 2024.

The four largest Medicare health plans used to calculate the 80/80 formula contribution for Medicare annuitants for 2024 are CAHP, Kaiser Permanente Senior Advantage, PERS Platinum, and UnitedHealthcare Group Medicare Advantage. There are no changes to the top four plans from 2023.

Association Plan Premiums

For the 2024 plan year, the CAHP health plan is increasing the number of chiropractic/acupuncture visits allowed from 20 to 30 visits per year.

Budget and Fiscal Impacts

State Annuitant Contribution

The 2024 health plan premiums are expected to change the State's contributions for 100/90 state annuitants, 80/80 Medicare state annuitants and the 80/80 Non-Medicare (Basic) state annuitants.

The 80/80 state annuitant contributions for Non-Medicare (Basic) annuitants will have minimal fiscal impact on the state budget due to the small number of members that are currently enrolled.

Association Plan Premiums

In general, the aggregate increase to premiums would result in increases to costs for members and employers. Specific increases and decreases to individual members are dependent upon member plan selection and employer contribution levels.

The Association plan premiums have no budgetary or fiscal impact to CalPERS since CalPERS does not administer the Association plans.

Benefits and Risks

State Annuitant Contribution

There are no risks associated with this information item.

Association Plan Premiums

The approval of the 2024 Association plan premiums allows CalPERS to provide the State's Department of Finance and our contracting public agencies the 2024 health premiums in a timely manner so work can begin on systems updates and member communication for the 2024 Open Enrollment period.

Materials:

Attachments will be provided under separate cover just prior to the Board Offsite meeting on July 18, 2023.

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