



Board of Administration Offsite

2022 State Annuitant Contribution Formulas

July 13, 2021

Item Name: 2022 State Annuitant Contribution Formulas

Program: Health Benefits

Item Type: Information

Executive Summary

This agenda item provides the CalPERS Board of Administration (Board) the State Annuitant Contribution amounts for the 2022 plan year.

Strategic Plan

This item supports the CalPERS 2017-2022 Strategic Goal “High-Quality Affordable Health Care.”

Background

Government Code Section 22871 specifies the State employer contribution for State annuitants’ health benefits shall be calculated based on 100 percent of the weighted average of the premiums of the four largest health benefit plans in the CalPERS portfolio.

Government Code Sections 22871.3(a) and 22871.3(b) modify the State’s Annuitant Contribution Formula for State employees, hired on or after January 1, 2016 and January 1, 2017. The effective date depends on the member’s bargaining unit.

Government Code Section 22871.3(a) specifies “the employer contribution for each annuitant enrolled in a Basic plan shall be an amount equal to 80 percent of the weighted average of the health benefit plan premiums for an employee or annuitant enrolled for self-alone, during the benefit year to which the formula is applied, for the four health benefit plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer contribution shall be an amount equal to 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four health benefit plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year.”

Government Code Section 22871.3(b) specifies “the employer contribution for each annuitant enrolled in a Medicare health benefit plan in accordance with Section 22844 shall be an amount equal to 80 percent of the weighted average of the health benefit plan premiums for an annuitant enrolled in a Medicare health benefit plan for self-alone, during the benefit year to which the formula is applied, for the four Medicare health benefit plans that had the largest state annuitant enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer contribution shall be an amount equal to 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four Medicare health benefit plans that had the largest state annuitant enrollment, excluding family members, during the previous benefit year. If the annuitant is eligible for Medicare Part A, with or without cost, and Medicare Part B, regardless of whether the annuitant is actually enrolled in Medicare Part A or Part B, the employer contribution shall not exceed the amount calculated under this subdivision.”

The 80/80 State Annuitant Contribution formula applies to State employees in Bargaining Unit 9 or 10 that were hired on or after January 1, 2016. For all other bargaining units, the 80/80 State Annuitant Contribution formula applies to State employees hired on or after January 1, 2017.

Analysis

The enrollment utilized in calculating 100/90 and 80/80 state contributions, varies based on government code. Specifically, the 100/90 state contribution is based on state active and annuitant enrollment excluding dependents; the 80/80 Basic state contribution is based on active state civil service enrollment excluding dependents; and the 80/80 Medicare contribution is based on state annuitant enrollment excluding dependents.

The four largest Basic health plans used to calculate the 100/90 contribution for annuitants enrolled in a Basic or Medicare plan for 2022 are Kaiser Permanente, UnitedHealthcare SignatureValue Alliance, Blue Shield Access+ Health Maintenance Organization (HMO), and California Correctional Peace Officers Association (CCPOA) South. Note that California Correctional Peace Officers Association (CCPOA) South replaces PERS Choice in 2022 as one of the four largest Basic health plans used to calculate employer contributions for this group of annuitants.

The four largest Basic health plans used to calculate the 80/80 contribution for annuitants enrolled in a Basic plan for 2022 are Kaiser Permanente, UnitedHealthcare SignatureValue Alliance, Blue Shield Access+ Health Maintenance Organization (HMO), and California Correctional Peace Officers Association (CCPOA) South. Note that California Correctional Peace Officers Association (CCPOA) South replaces PERS Select in 2022 as one of the four largest Basic health plans used to calculate employer contributions for this group of annuitants.

The four largest Medicare health plans used to calculate the 80/80 contribution for annuitants enrolled in a Medicare plan for 2022 are Kaiser Permanente Senior Advantage, UnitedHealthcare Group Medicare Advantage, California Association of Highway Patrolmen (CAHP), and Anthem Medicare Preferred.

Note that California Association of Highway Patrolmen (CAHP) and Anthem Medicare Preferred, replace PERS Choice and PERSCare Medicare Supplement plans in 2022 as two of the four largest Medicare health plans used to calculate employer contributions for this group of annuitants.

Budget and Fiscal Impacts

The 2022 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.

Benefits and Risks

There are no risks associated with this information item.

Materials:

Materials will be provided under separate cover just prior to the Board of Administration Offsite meeting on July 13, 2021.

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