

# 2024 Preliminary Health Maintenance Organization and Preferred Provider Organization Plan Premiums

## Open Session Agenda Item 5a

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June 21, 2023

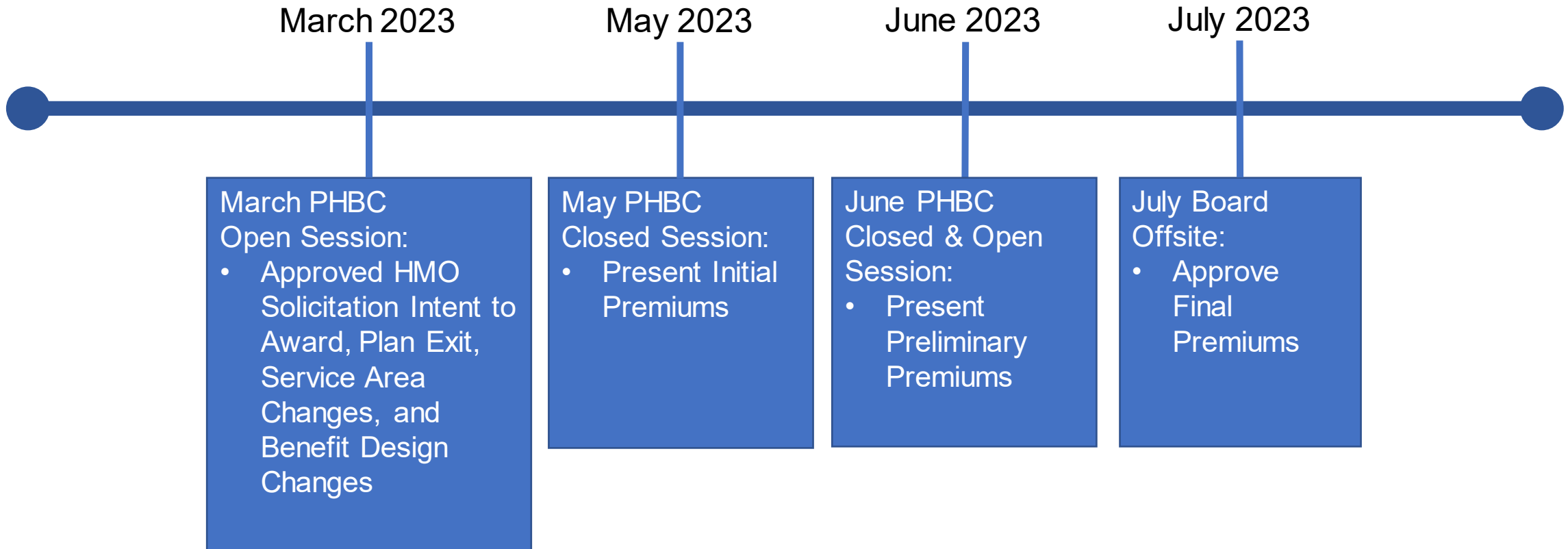
### Agenda

- Timeline
- Program Updates
- Overview
- Weighted Premium Averages
- Cost Influencers and Major Trends
- Basic HMO and PPO Plans
- PPO Options, Impacts, and Recommendations
- Medicare Advantage and Medicare Supplement Plans
- Next Steps



**Equitable,  
High-Quality,  
Affordable  
Health Care**

# 2024 Health Plan Rate Development Timeline

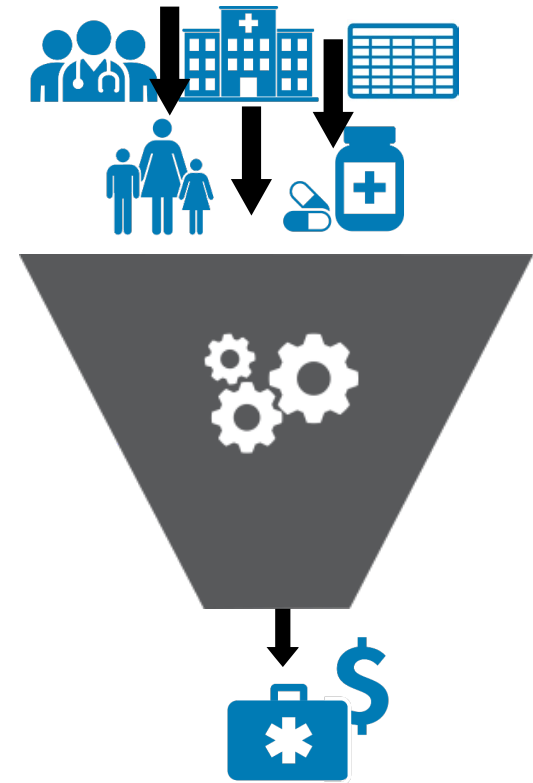


### Program Updates

- Service Area Expansions
- Benefit Design Changes
- Health Plan Exit

# How We Set Health Premiums

- Create baseline projection for each plan using claims data
- Compare baseline to health plan's proposed rate
- Require plans to justify their projections and assumptions
- Apply changes in population, risk, benefit designs
- Validate projections with outside actuaries
- Reconcile and negotiate with the plans and PBM
- Risk adjust premiums



# 2024 Preliminary HMO and PPO Plan Premiums

## 2024 Basic Plan Premiums

Basic Plan	2023 Premium	Preliminary 2024 Premium Two Risk Pools (Current)	Percent Change from 2023	Preliminary 2024 Premium One Risk Pool Two-Year Phase In	Percent Change from 2023	Preliminary 2024 Premium One Risk Pool Three-Year Phase In with PPO Benefit Design Changes	Percent Change from 2023
Anthem Blue Cross Select HMO	\$903.85	\$976.08	7.99%	\$992.93	9.86%	\$987.18	9.22%
Anthem Blue Cross Traditional HMO	\$1,116.65	\$1,190.58	6.62%	\$1,211.33	8.48%	\$1,204.24	7.84%
Blue Shield Access+ HMO and EPO	\$842.61	\$882.58	4.74%	\$897.63	6.53%	\$892.49	5.92%
Blue Shield Trio HMO	\$760.71	\$801.23	5.33%	\$814.92	7.13%	\$810.24	6.51%
Health Net Salud y Más	\$631.89	\$650.03	2.87%	\$660.56	4.54%	\$656.96	3.97%
Kaiser Permanente	\$852.68	\$953.22	11.79%	\$969.82	13.74%	\$964.15	13.07%
Kaiser Permanente Out of State	\$1,155.43	\$1,312.45	13.59%	\$1,312.45	13.59%	\$1,312.45	13.59%
Sharp Performance Plus	\$764.96	\$824.23	7.75%	\$837.91	9.54%	\$833.24	8.93%
UnitedHealthcare SignatureValue Alliance	\$841.72	\$873.39	3.76%	\$887.96	5.49%	\$882.98	4.90%
UnitedHealthcare SignatureValue Harmony	\$722.28	\$755.51	4.60%	\$767.96	6.32%	\$763.70	5.73%
Western Health Advantage HMO	\$760.17	\$798.42	5.03%	\$811.81	6.79%	\$807.23	6.19%
<b>Basic HMO Weighted Average Change</b>			<b>9.60%</b>		<b>11.49%</b>		<b>10.84%</b>
PERS Gold	\$766.11	\$913.59	19.25%	\$854.70	11.56%	\$859.31	12.17%
PERS Platinum	\$1,083.89	\$1,292.70	19.26%	\$1,209.35	11.57%	\$1,215.87	12.18%
<b>Basic PPO Weighted Average Change</b>			<b>19.26%</b>		<b>11.57%</b>		<b>12.17%</b>
<b>Total Basic Weighted Average Change</b>			<b>12.12%</b>		<b>11.53%</b>		<b>11.21%</b>

## 2024 Medicare Plan Premiums

Medicare Plan	2023 Premium	Preliminary 2024 Premium	Percent Change from 2023
Anthem Medicare Preferred PPO	\$413.59	\$405.83	-1.88%
Blue Shield Medicare PPO	\$361.90	\$392.68	8.51%
Kaiser Permanente Senior Advantage	\$283.25	\$324.79	14.67%
Kaiser Permanente Senior Advantage Out of State	\$274.03	\$318.43	16.20%
Kaiser Permanente Senior Advantage Summit	\$336.29	\$386.55	14.95%
Kaiser Permanente Senior Advantage Summit Out of State	N/A	\$380.21	N/A
Sharp Direct Advantage HMO	\$249.79	\$256.53	2.70%
UnitedHealthcare Group Medicare Advantage PPO	\$299.68	\$341.72	14.03%
UnitedHealthcare Group Medicare Advantage Edge PPO	\$357.70	\$366.01	2.32%
Western Health Advantage MyCare Select HMO	\$331.11	\$268.62	-18.87%
<b>Medicare Advantage Weighted Average Change</b>			<b>13.17%</b>
PERS Gold	\$392.71	\$406.60	3.54%
PERS Platinum	\$420.02	\$448.15	6.70%
<b>Medicare Supplement Weighted Average Change</b>			<b>6.62%</b>
<b>Total Medicare Weighted Average Change</b>			<b>9.55%</b>

## Statewide 2023-24 Weighted Average Premium Change for Basic and Medicare Plans

Health Coverage Type	Preliminary 2024 Premium <u>Two Risk Pools (Current)</u> Percent Change from 2023	Preliminary 2024 Premium <u>One Risk Pool</u> <u>Two-Year Phase In</u> Percent Change from 2023	Preliminary 2024 Premium <u>One Risk Pool</u> <u>Three-Year Phase In with</u> <u>PPO Benefit Design</u> <u>Changes</u> Percent Change from 2023
Basic HMO	9.60%	11.49%	10.84%
Basic PPO	19.26%	11.57%	12.17%
<b>Total Basic</b>	<b>12.12%</b>	<b>11.53%</b>	<b>11.21%</b>
Medicare Advantage	13.17%	13.17%	13.17%
Medicare Supplement	6.62%	6.62%	6.62%
<b>Total Medicare</b>	<b>9.55%</b>	<b>9.55%</b>	<b>9.55%</b>
<b>Overall* (Total)</b>	<b>11.78%</b>	<b>11.27%</b>	<b>10.99%</b>

\*The overall weighted average premium percent change excludes Associations.





# Cost Influencers and Major Trends

### **Cost Influencers and Major Trends**

- Medical inflation
- Additional Basic PPO surcharge to replenish Health Care Fund
- Continued high pharmacy cost
- Decreased Federal Medicare Reserve

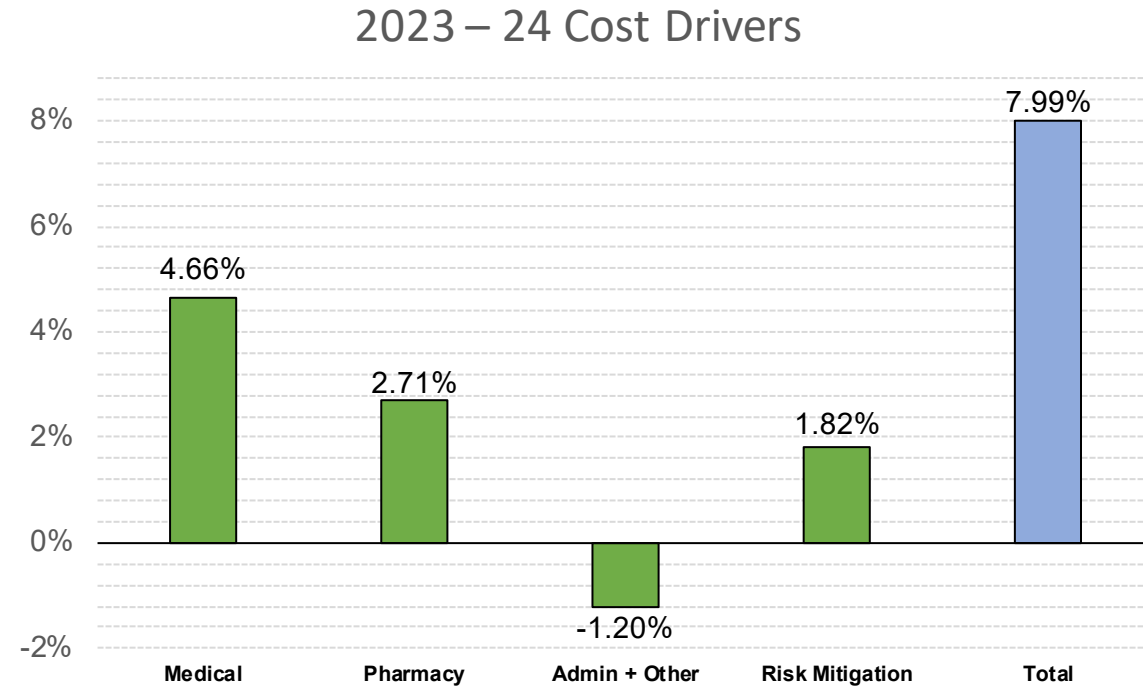


# Basic HMO and PPO Plans

# 2024 Preliminary HMO and PPO Plan Premiums

## Anthem Blue Cross Select HMO (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2024	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$903.85	\$937.05	0.9753	\$39.03	\$976.08	7.99%

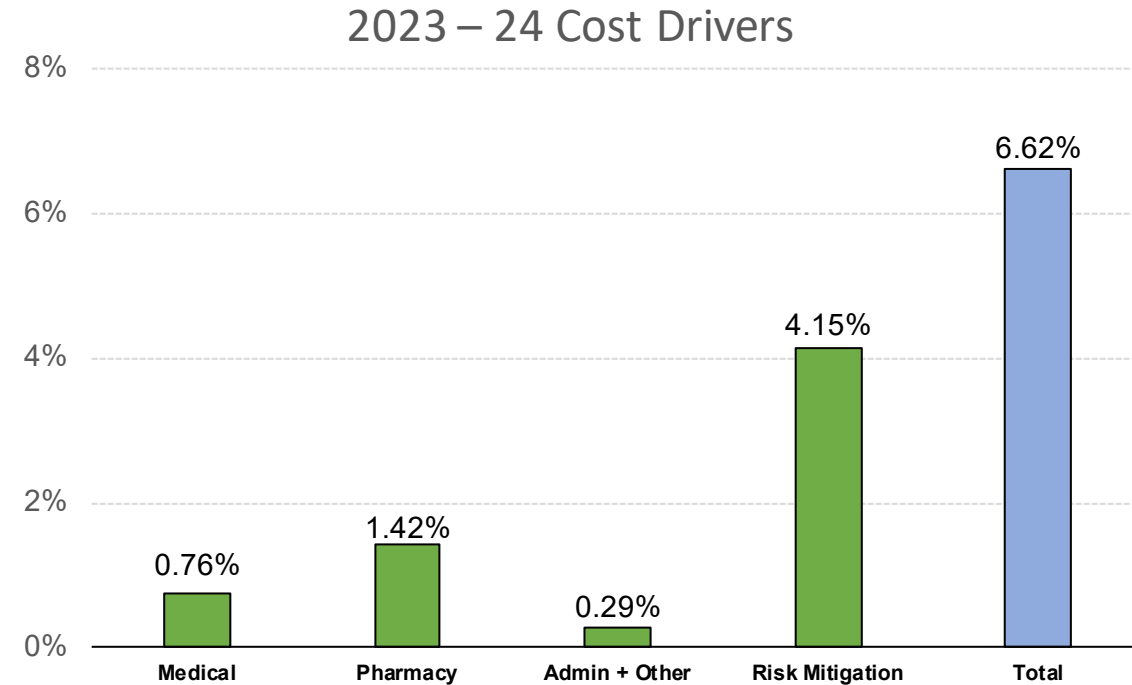


**2023 Total Covered Lives: 38,479**

# 2024 Preliminary HMO and PPO Plan Premiums

## Anthem Blue Cross Traditional HMO (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2024	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$1,116.65	\$1,367.24	1.1750	(\$176.66)	\$1,190.58	6.62%

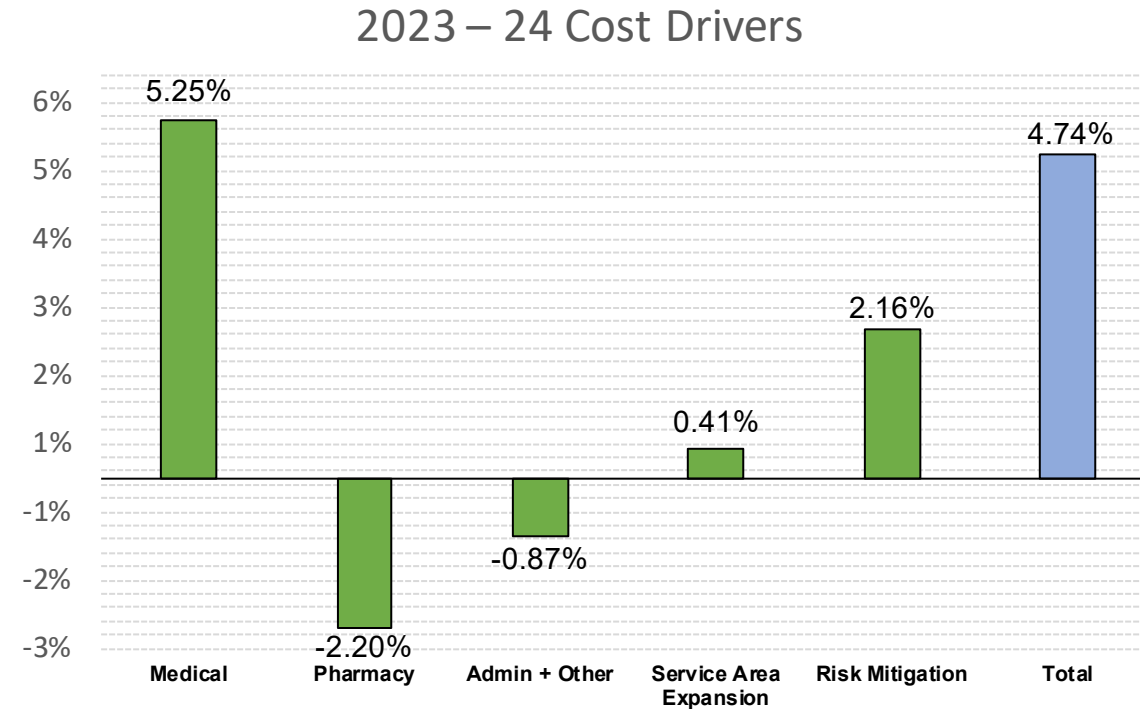


2023 Total Covered Lives: 10,980

# 2024 Preliminary HMO and PPO Plan Premiums

## Blue Shield Access+ HMO and EPO (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2024	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$842.61	\$1,116.68	1.3052	(\$234.10)	\$882.58	4.74%

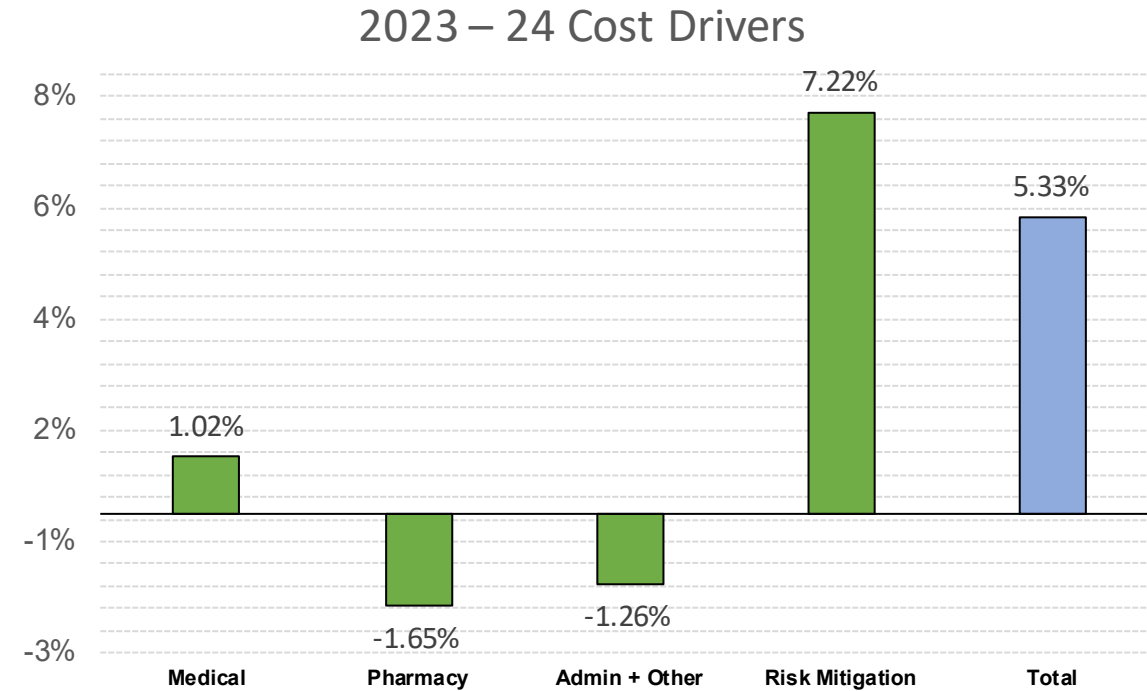


2023 Total Covered Lives: 94,876

# 2024 Preliminary HMO and PPO Plan Premiums

## Blue Shield Trio HMO (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2024	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$760.71	\$715.19	0.9023	\$86.04	\$801.23	5.33%

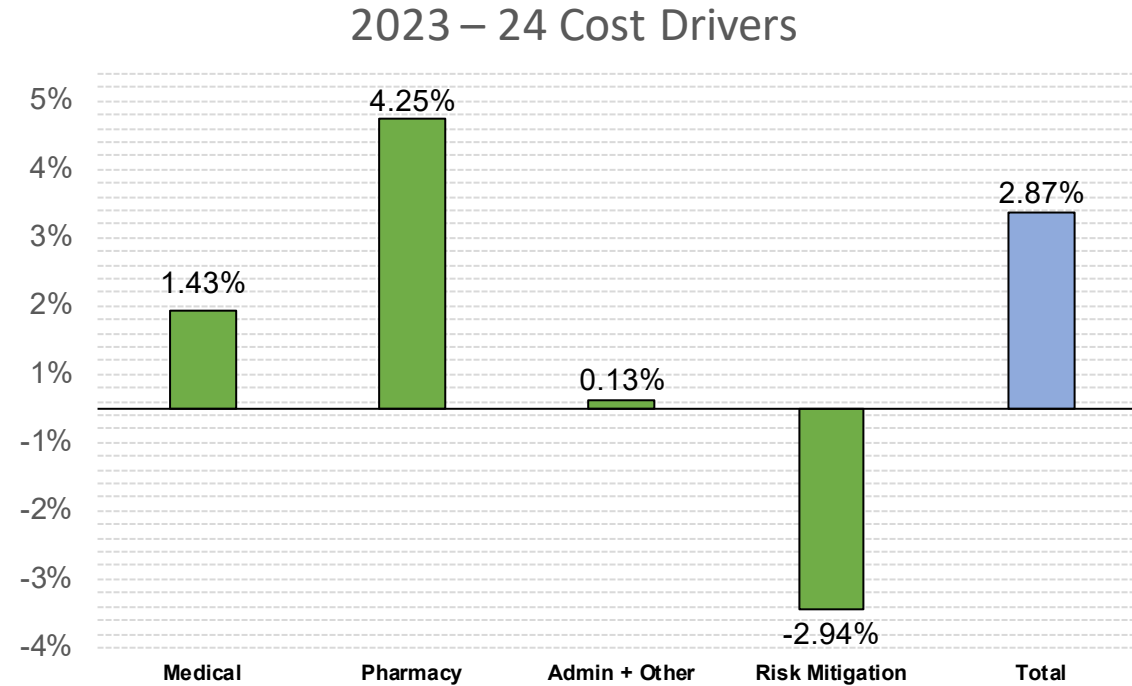


2023 Total Covered Lives: 30,179

# 2024 Preliminary HMO and PPO Plan Premiums

## Health Net Salud y Mas (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2024	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$631.89	\$519.09	0.7898	\$130.94	\$650.03	2.87%



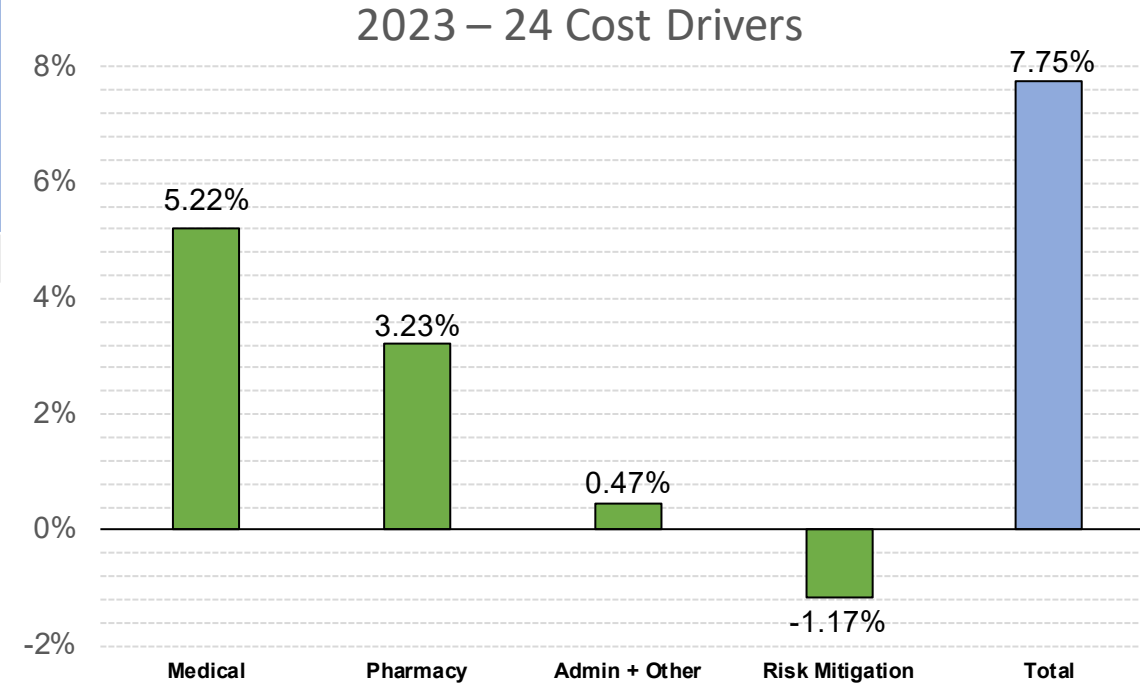
2023 Total Covered Lives: 11,920



# 2024 Preliminary HMO and PPO Plan Premiums

## Sharp Performance Plus (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2023 <sup>1</sup>	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$764.96	\$743.02	0.9092	\$81.21	\$824.23	7.75%

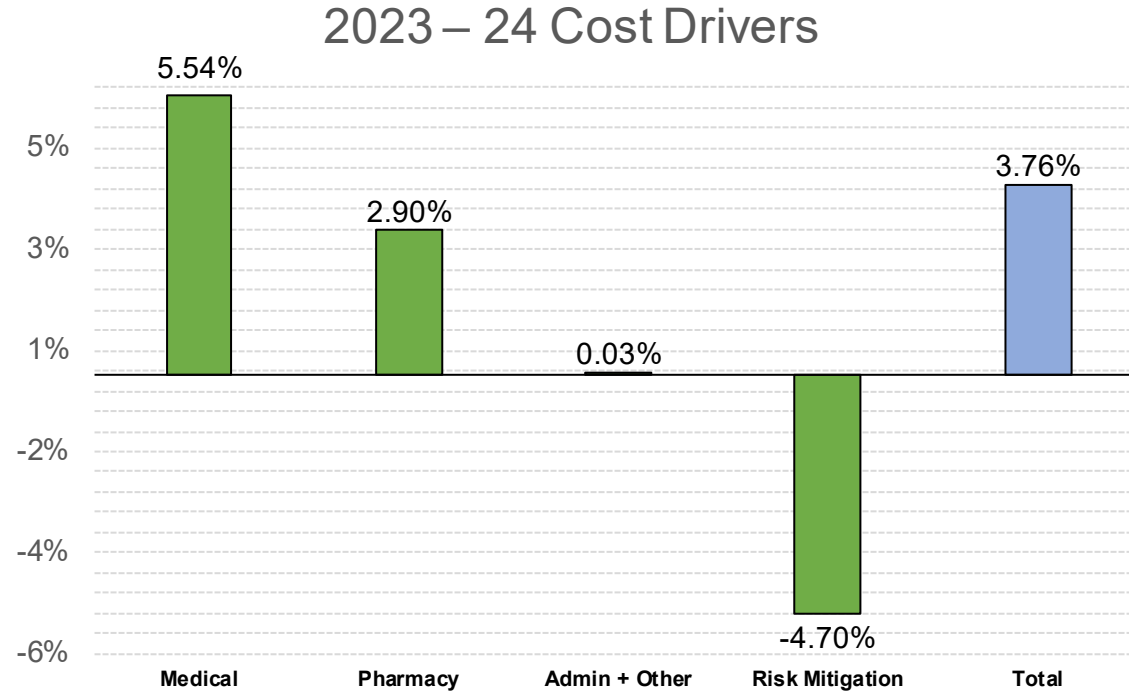


2023 Total Covered Lives: 14,502

# 2024 Preliminary HMO and PPO Plan Premiums

## UnitedHealthcare SignatureValue Alliance (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2024	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$841.72	\$919.76	1.0775	(\$46.37)	\$873.39	3.76%

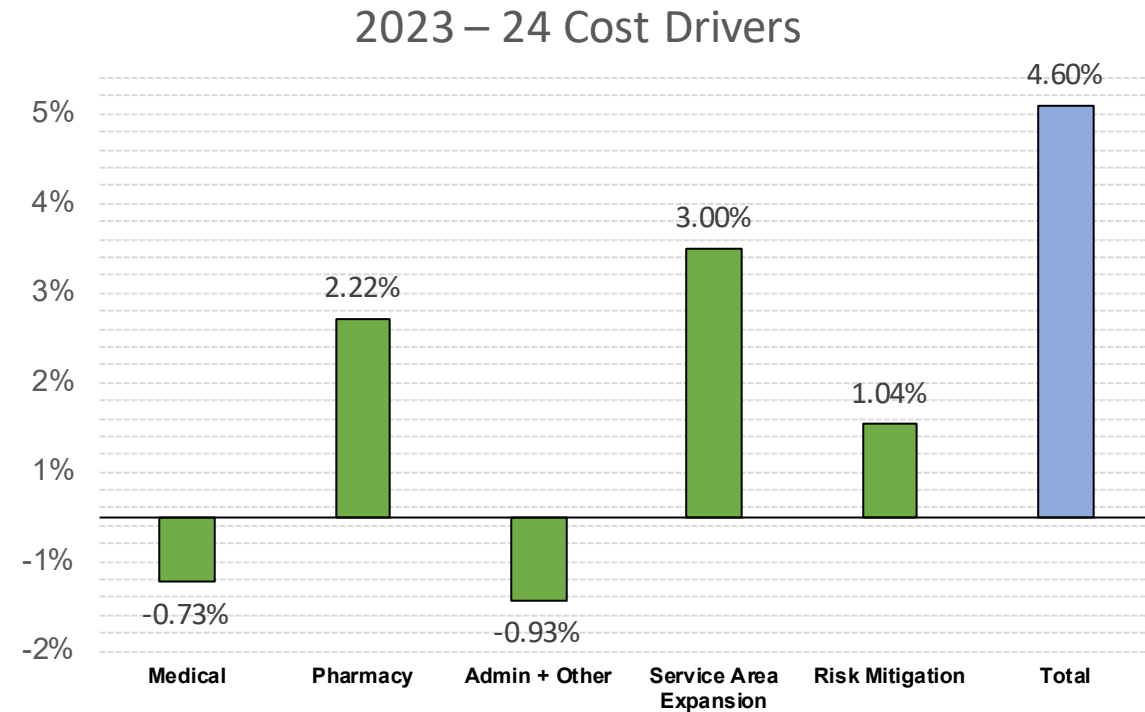


2023 Total Covered Lives: 72,126

# 2024 Preliminary HMO and PPO Plan Premiums

## UnitedHealthcare SignatureValue Harmony (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2024	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$722.28	\$702.68	0.9406	\$52.83	\$755.51	4.60%



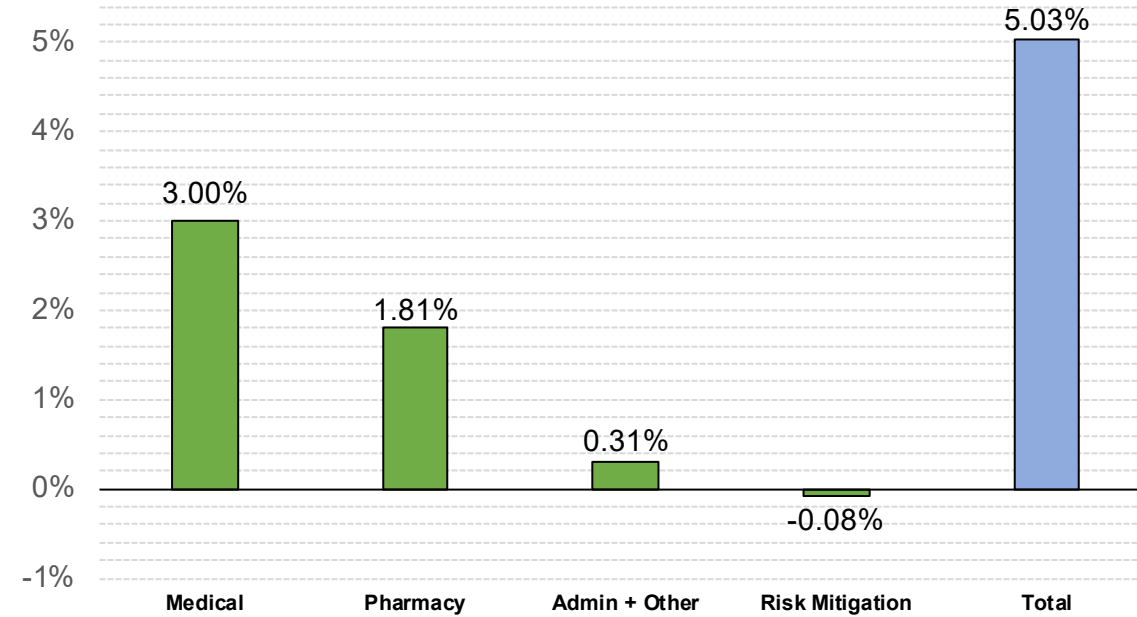
2023 Total Covered Lives: 4,336

# 2024 Preliminary HMO and PPO Plan Premiums

## Western Health Advantage HMO (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2024	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$760.17	\$851.60	1.0919	(\$53.18)	\$798.42	5.03%

2023 – 24 Cost Drivers

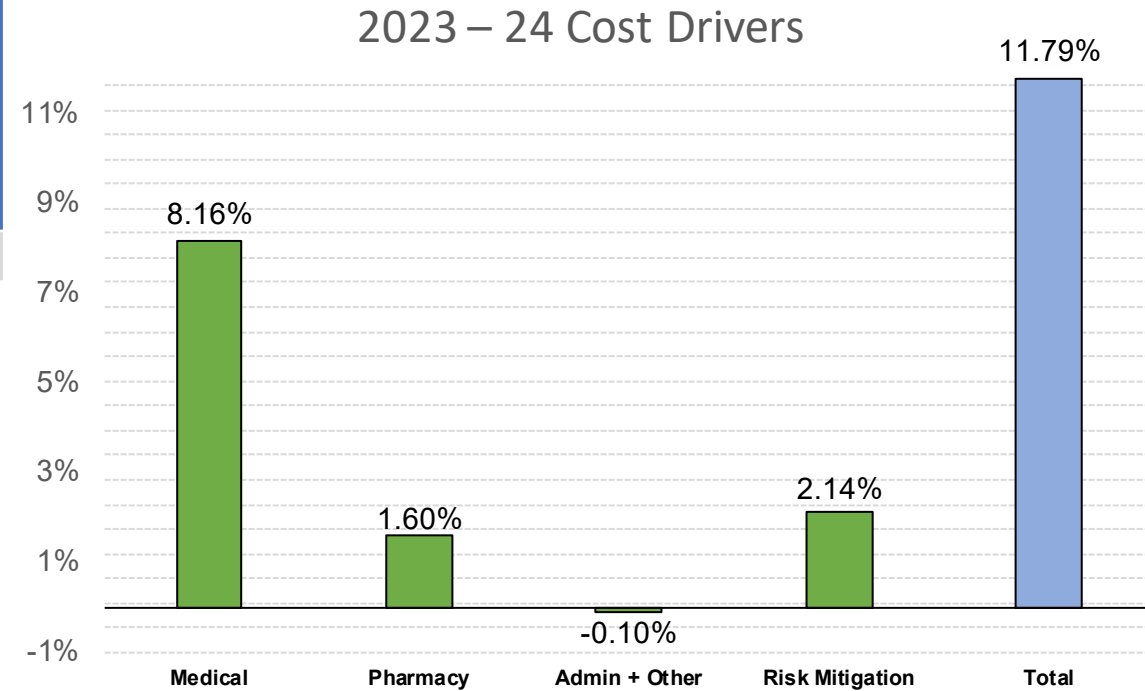


2023 Total Covered Lives: 15,967

# 2024 Preliminary HMO and PPO Plan Premiums

## Kaiser Permanente (Basic)

2023 Premium	2024 Premium Before Risk Mitigation	Adjusted Risk Score for 2024	Risk Mitigation Impact	Preliminary 2024 Premium	Percent Change from 2023
\$852.68	\$885.23	0.9423	\$67.99	\$953.22	11.79%



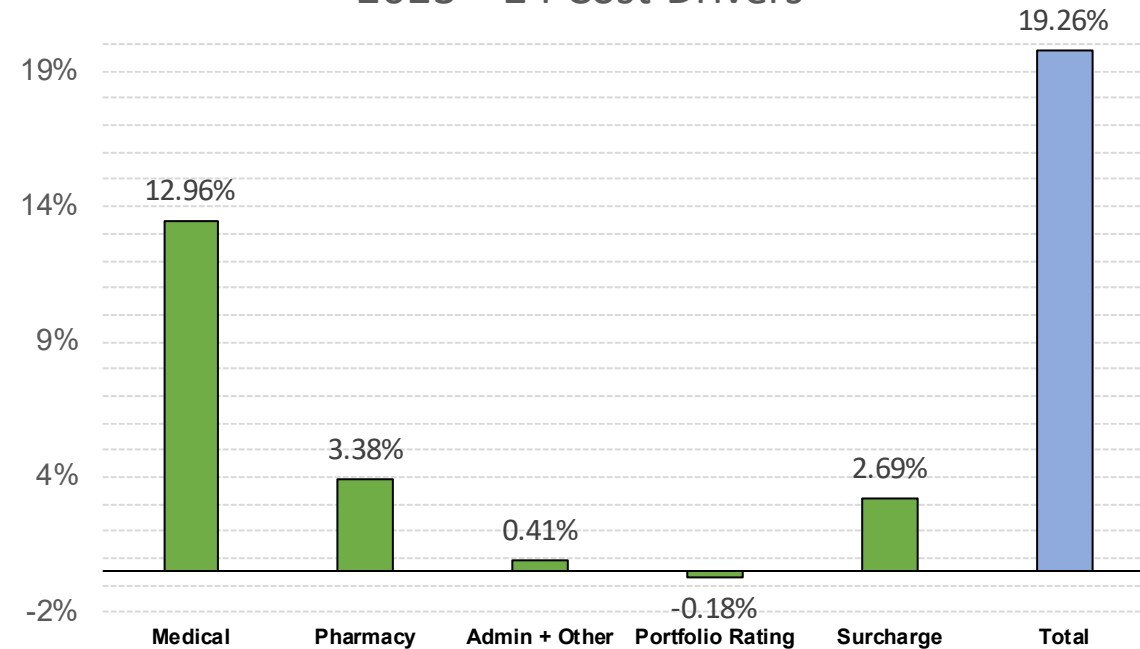
2023 Total Covered Lives: 550,099

# 2024 Preliminary HMO and PPO Plan Premiums

## PERS Gold and Platinum (Basic)

Plan	2023 Premium	Preliminary 2024 Premium	Change In Premium from 2023 (\$)	Change in Premium from 2023 (%)
PERS Gold	\$ 766.11	\$ 913.59	\$ 147.48	19.25%
PERS Platinum	\$ 1,083.89	\$ 1,292.70	\$ 208.81	19.26%
Basic PPO-Overall				19.26%

2023 – 24 Cost Drivers



### 2023 Total Covered Lives

PERS Gold: 135,028  
 PERS Platinum: 129,168



## PPO Options, Impacts, and Recommendations

# Importance of Sustainable PPOs In the Program



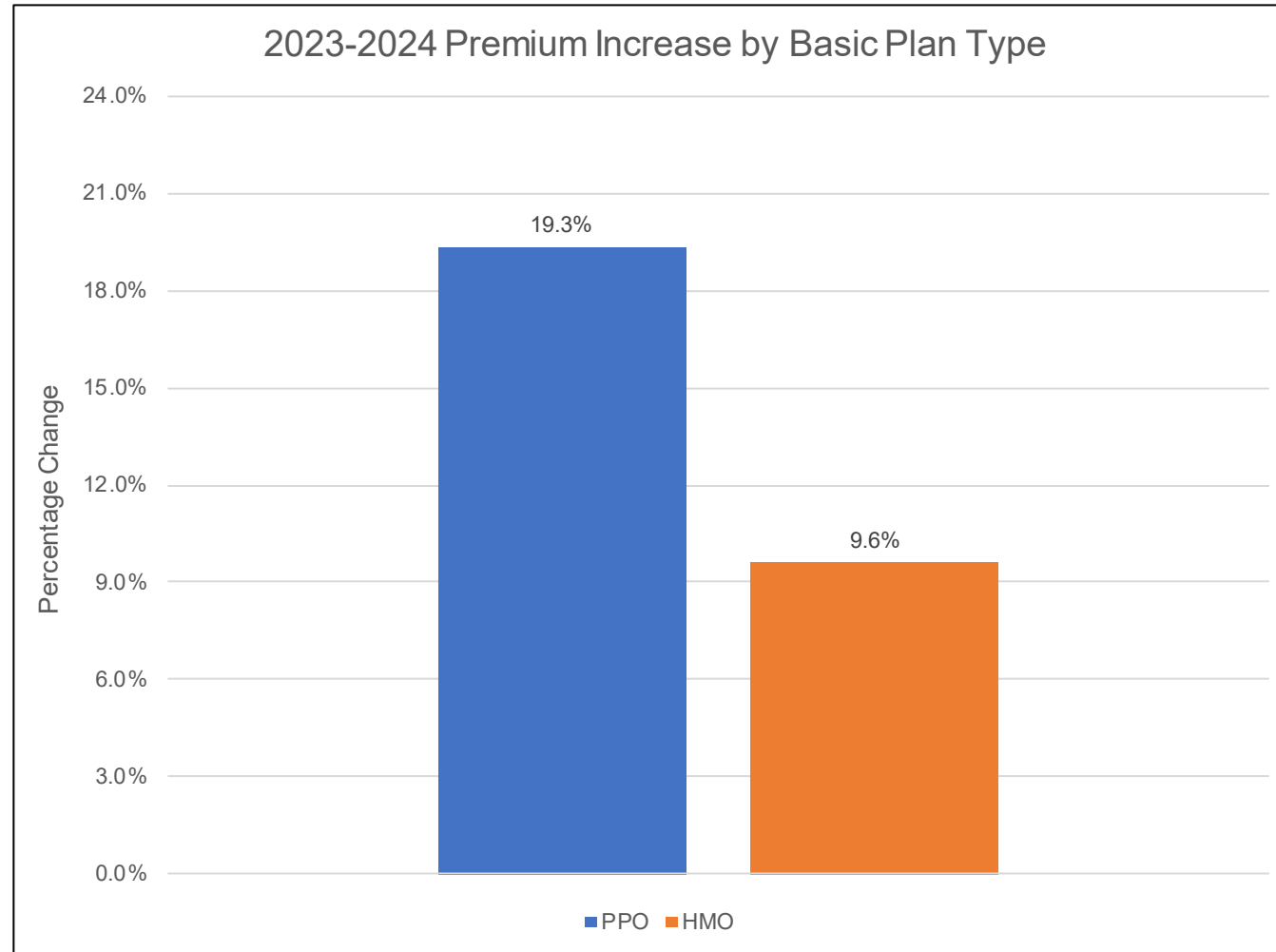
Provides choice for members to see the providers they want



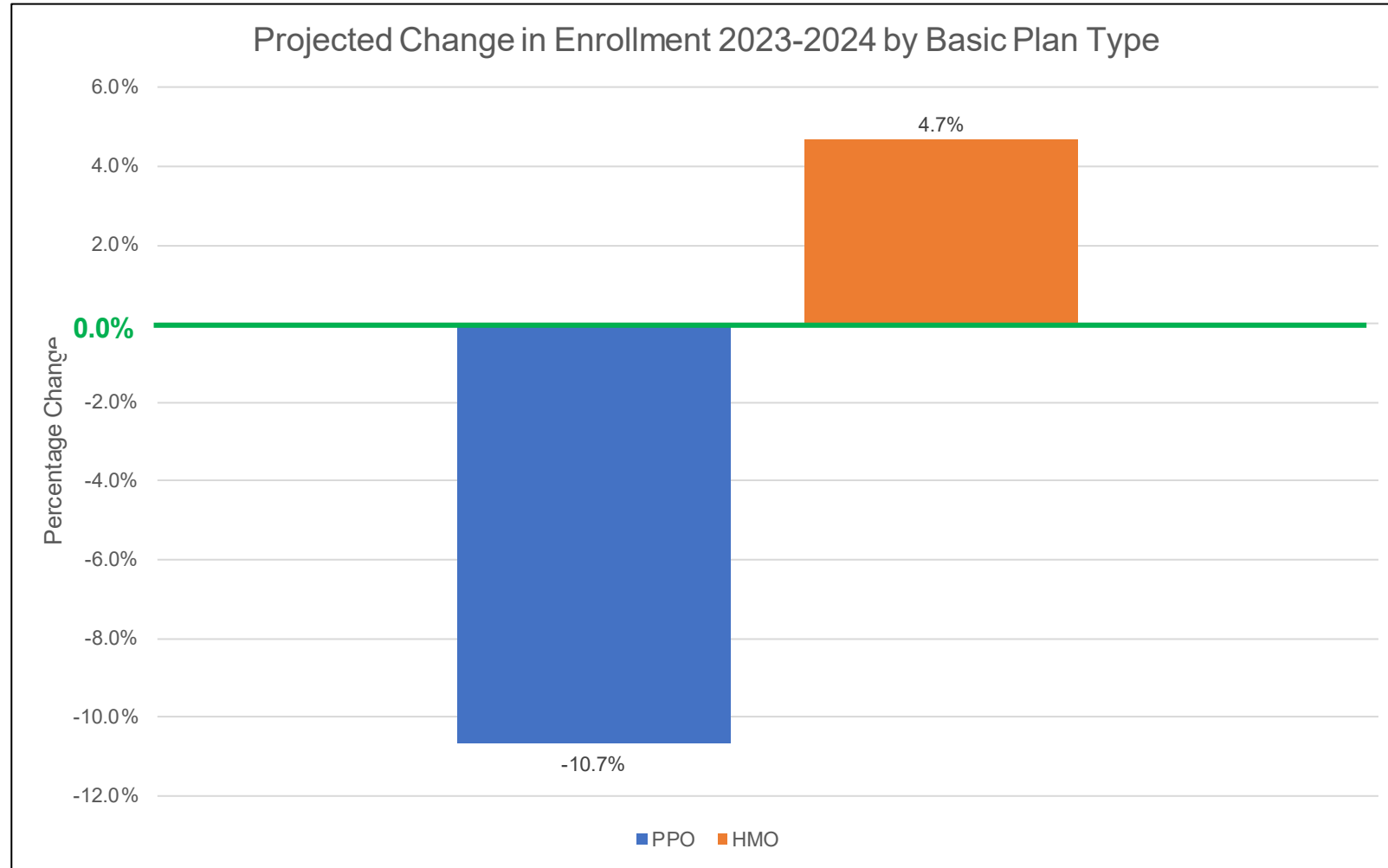
Provides the lowest cost plan option to 25% of members and in all counties, Gold is one of four lowest cost plans available



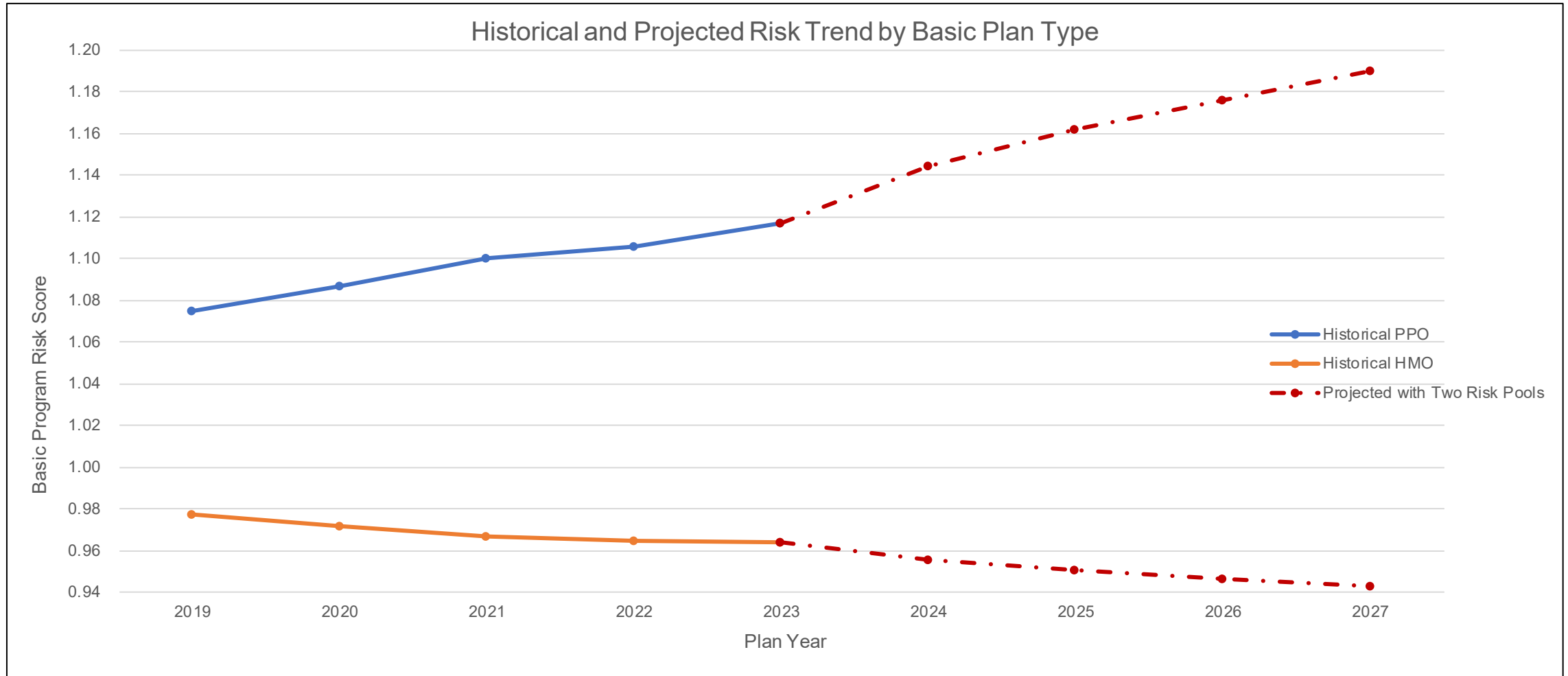
# The PPO Challenge – Long-Term Sustainability



# The PPO Challenge – Long-Term Sustainability

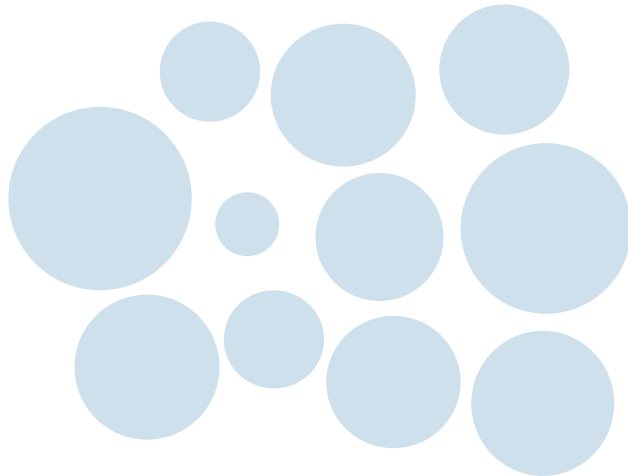


# The PPO Challenge – Diverging Risk Trends



# Recommended Basic Plan Risk Adjustment Progression

2019-21



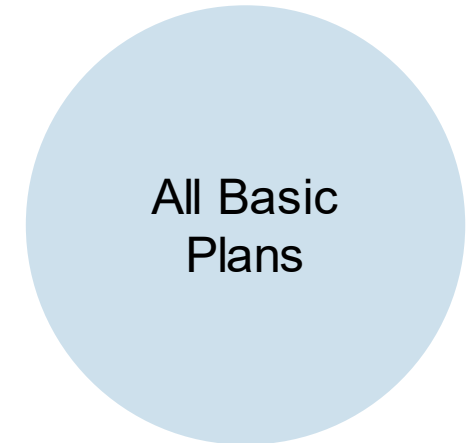
- Individual and separate risk pools for each plan
- No risk adjustment
- Unstable plan level enrollment

2022-23



- Risk Mitigation Strategy adopted
- Two risk pools for risk adjustment
- Transparent, using industry methodology
- Unstable program level enrollment

2024-26



- Stable program level enrollment
- Brings CalPERS into alignment with industry best practices

# Health Care Fund: Time to Rebuild Sufficient PPO Reserves

Current  
**Two Risk Pools**



One Risk Pool  
**Two-Year Phase In**



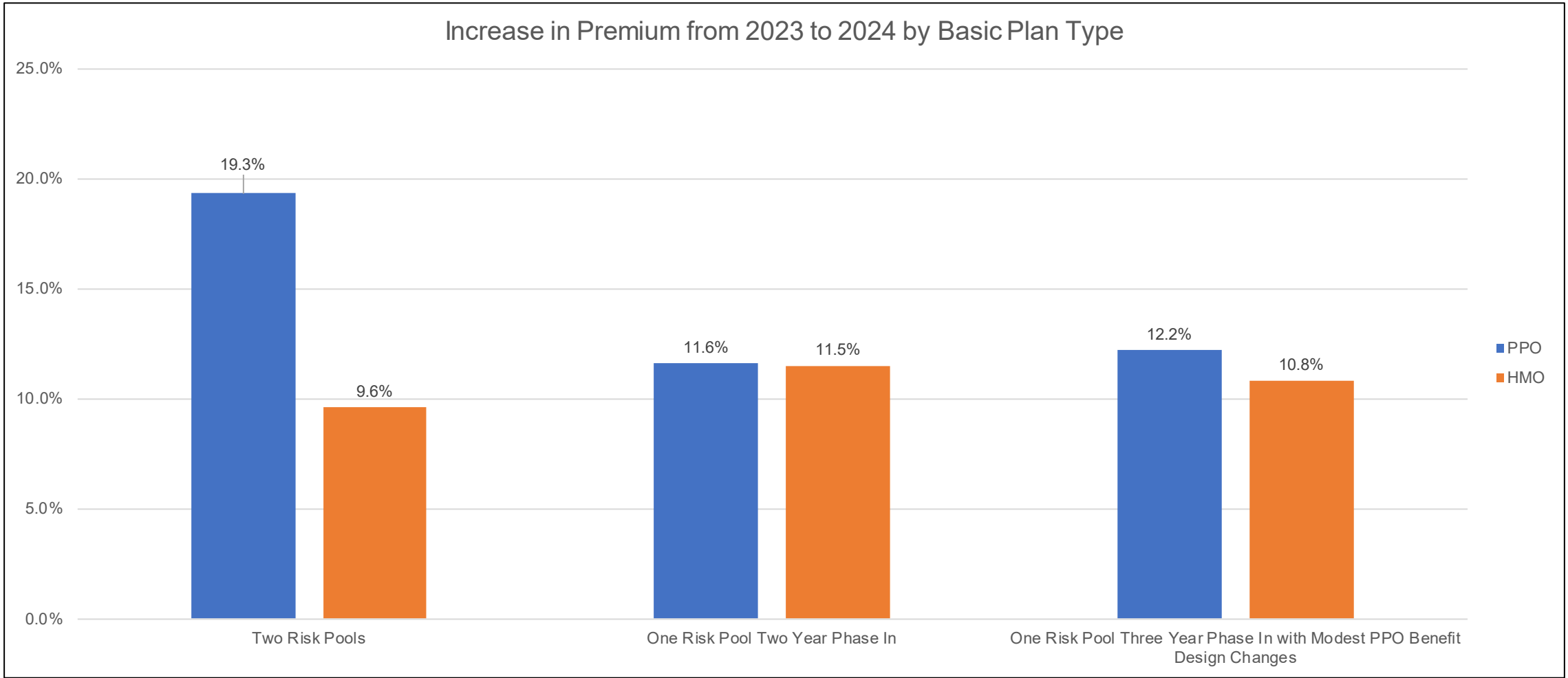
One Risk Pool  
**Three-Year Phase In**



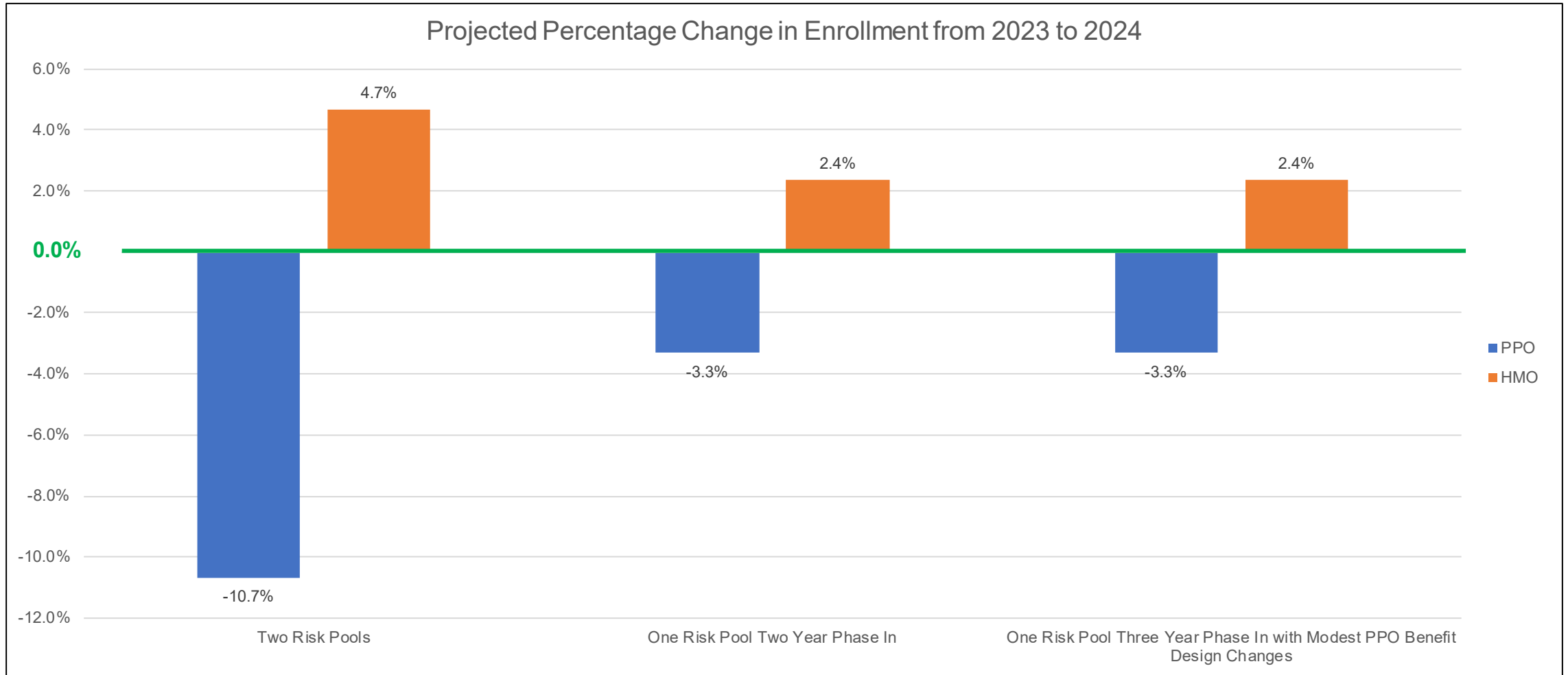
## HCF Reserve Policy:

If the assets for an individual PPO plan are at or below 110% and no lower than 90% of the reserve amount at the end of a plan year, no action will be taken.

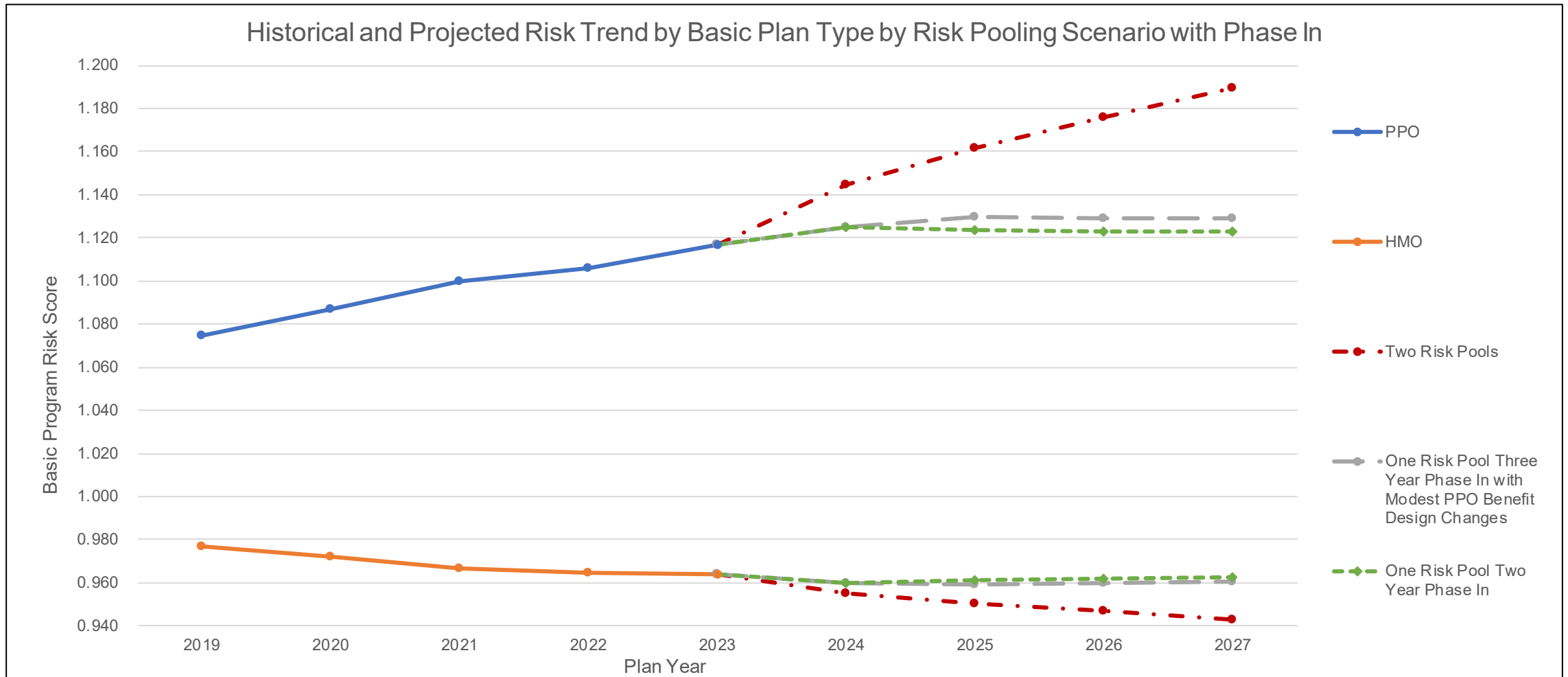
# Premium Increases by Scenario



# Estimated Enrollment Impact by Scenario



# Estimated Risk by Scenario





## PPO Benefit Design Change Options – One Risk Pool

		Current Benefits	Two-Year Phase In No Benefit Changes	Three-Year Phase In with Benefit Changes
Benefit Design Elements	<b>Platinum</b>			
	OON Deductible	\$500	\$500	\$2,000
	<b>Gold</b>			
	OON Deductible	\$1,000	\$1,000	\$2,500
<b>Impact to 2023-2024 Premium Increase</b>				
Benefit Design Impact		N/A	N/A	-1.2%
Network Adjustments		N/A	N/A	-0.6%
Risk Pooling Impact		N/A	-7.7%	-5.3%
<b>Total Impact</b>		<b>N/A</b>	<b>-7.7%</b>	<b>-7.1%</b>
<b>2023-2024 Premium Increase</b>		<b>19.3%</b>	<b>11.6%</b>	<b>12.2%</b>

# Options Summary

	Two Risk Pools (Current)	One Risk Pool Two-Year Phase In	One Risk Pool Three- Year Phase In  Modest PPO Benefit Design Changes
<b>Impact to Premium from 2023</b>			
PPO	19.3%	11.6%	12.2%
HMO	9.6%	11.5%	10.8%
<b>Estimated Change in Enrollment from 2023</b>			
PPO	-10.7%	-3.3%	-3.3%
HMO	4.7%	2.4%	2.4%
<b>Estimated Program Risk at Full Phase In</b>			
Effective Year	2024	2025	2026
Risk Differential	19.8%	16.9%	17.6%

### Recommendation



To support the sustainability of the CalPERS PPO while minimizing impact on 2024 HMO premiums, transition to one risk pool over a three-year phase in while adopting modest PPO benefit design changes.

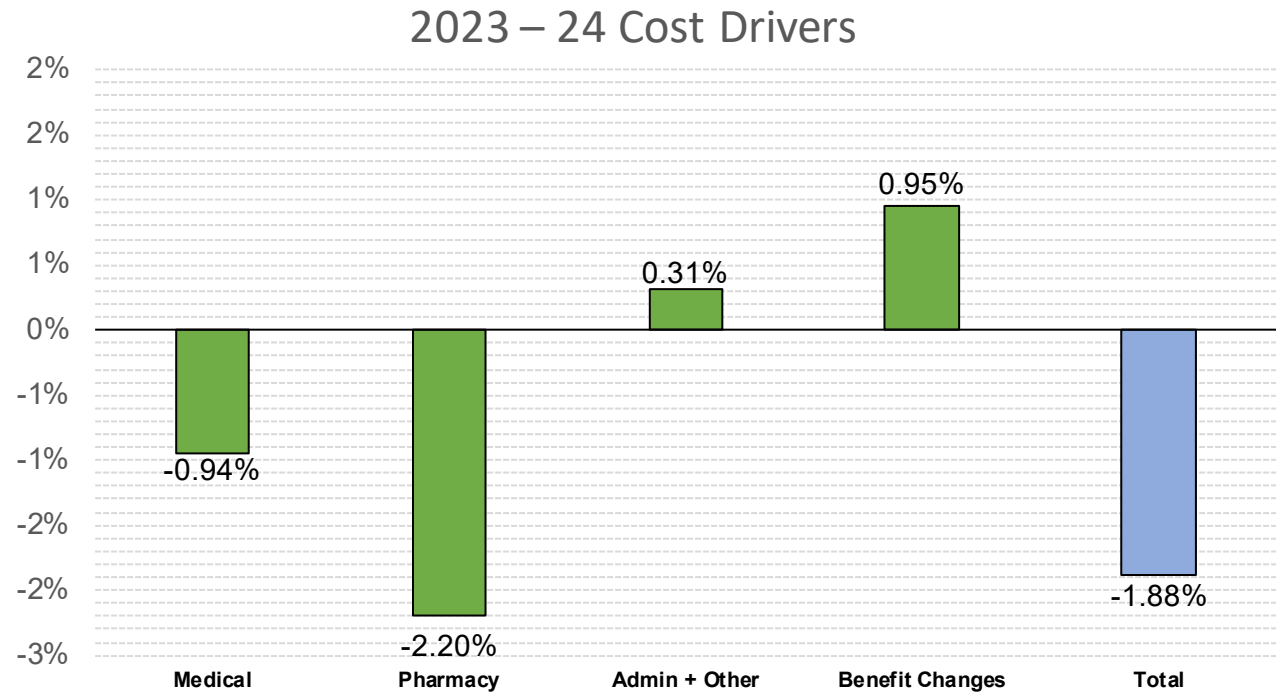


# Medicare Advantage and Medicare Supplement Plans

# 2024 Preliminary HMO and PPO Plan Premiums

## Anthem Blue Cross Medicare Preferred PPO

2023 Premium	Preliminary 2024 Premium	Change in Premium from 2023 (\$)	Change in Premium from 2023 (%)
\$413.59	\$405.83	(\$7.76)	-1.88%

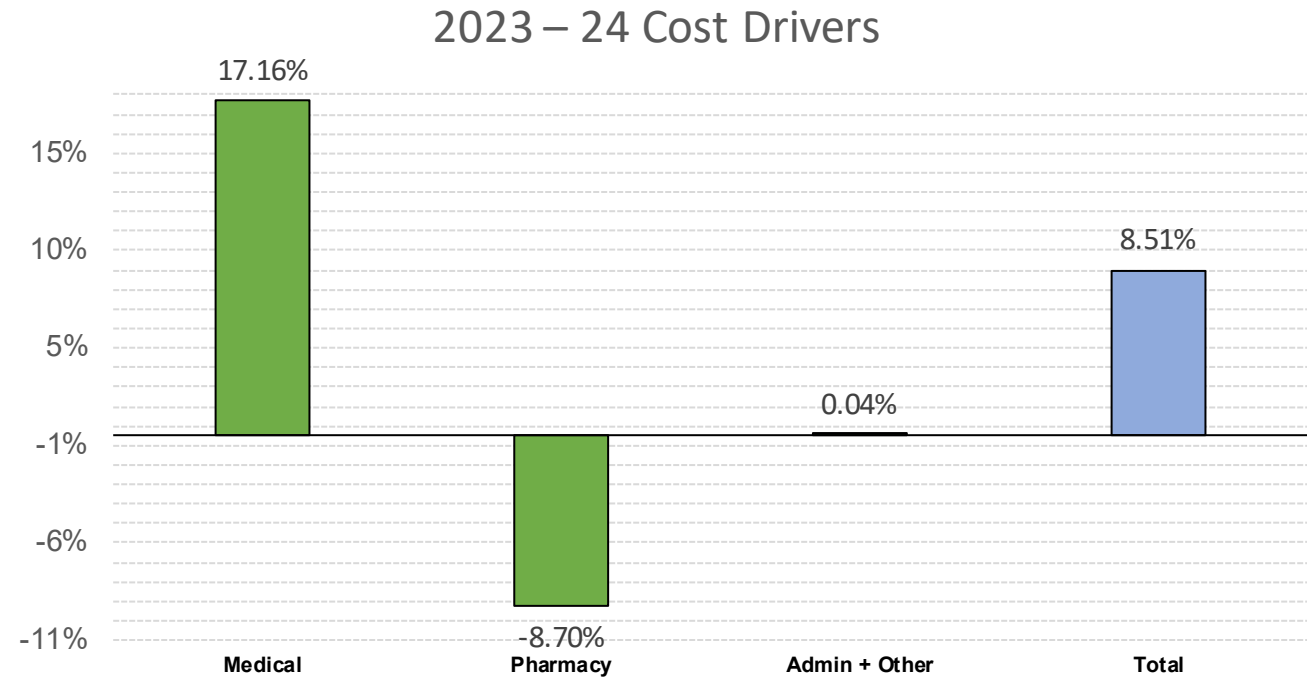


2023 Total Covered Lives: 6,274

# 2024 Preliminary HMO and PPO Plan Premiums

## Blue Shield Medicare PPO

2023 Premium	Preliminary 2024 Premium	Change in Premium from 2023 (\$)	Change in Premium from 2023 (%)
\$361.90	\$392.68	\$30.78	8.51%

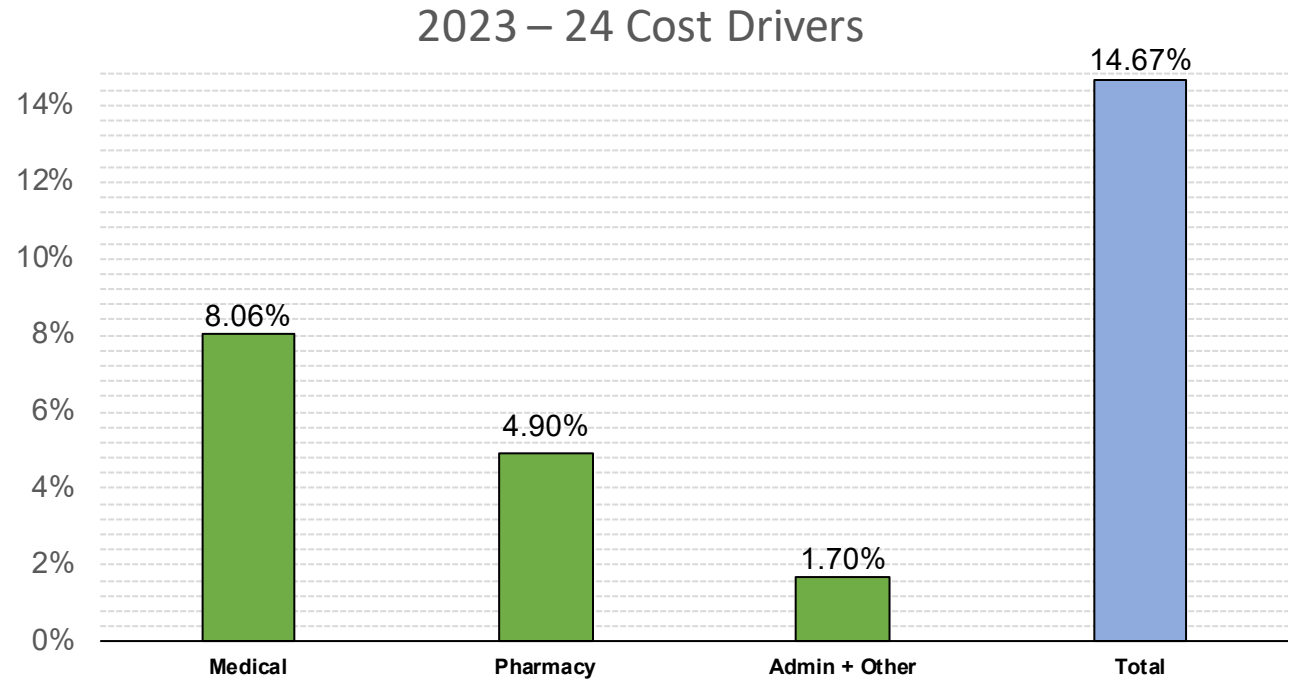


2023 Total Covered Lives: 3,251

# 2024 Preliminary HMO and PPO Plan Premiums

## Kaiser Permanente Senior Advantage (Medicare)

2023 Premium	Preliminary 2024 Premium	Change in Premium from 2023 (\$)	Change in Premium from 2023 (%)
\$283.25	\$324.79	\$41.54	14.67%

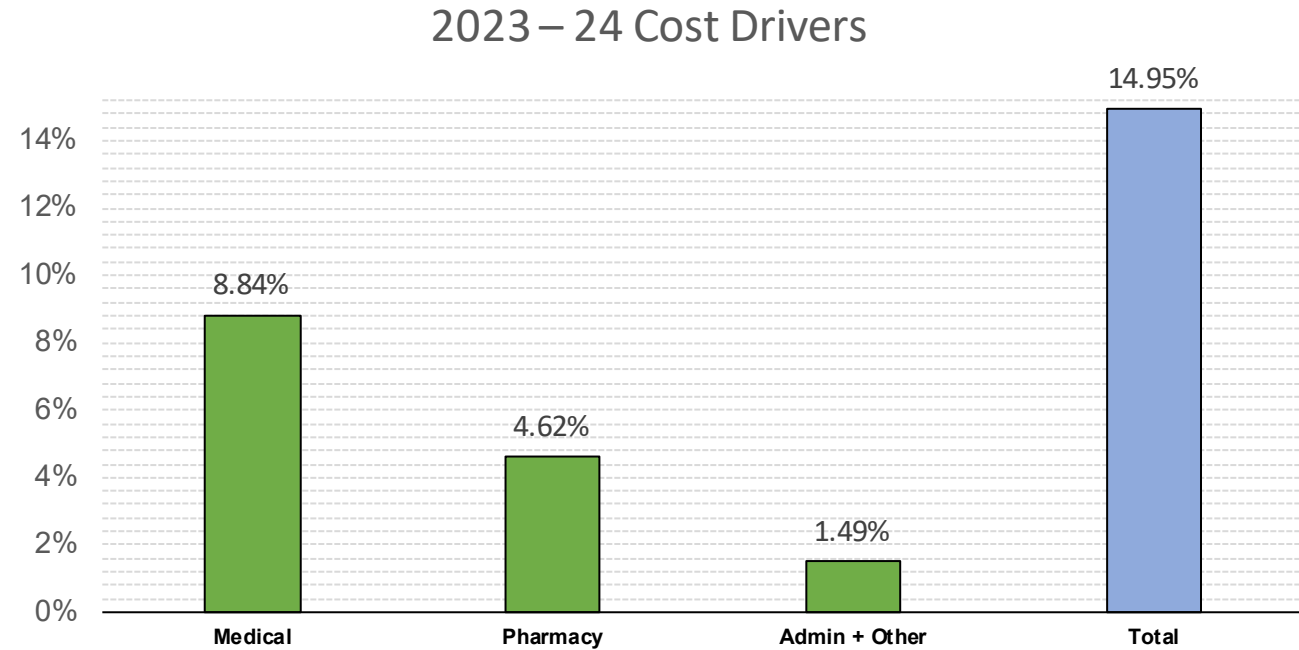


2023 Total Covered Lives: 108,541

# 2024 Preliminary HMO and PPO Plan Premiums

## Kaiser Permanente Senior Advantage Summit (Medicare)

2023 Premium	Preliminary 2024 Premium	Change in Premium from 2023 (\$)	Change in Premium from 2023 (%)
\$336.29	\$386.55	\$50.26	14.95%



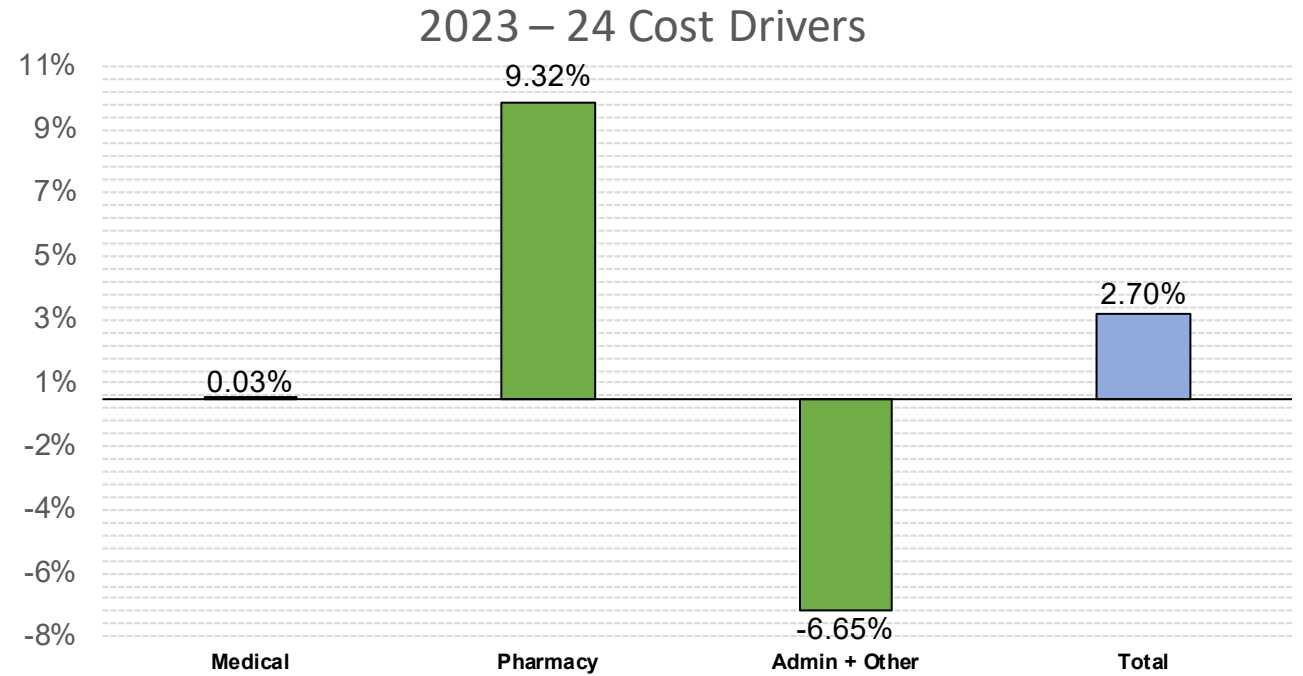
2023 Total Covered Lives: 5,749



# 2024 Preliminary HMO and PPO Plan Premiums

## Sharp Direct Advantage HMO (Medicare)

2023 Premium	Preliminary 2024 Premium	Change in Premium from 2023 (\$)	Change in Premium from 2023 (%)
\$249.79	\$256.53	\$6.74	2.70%

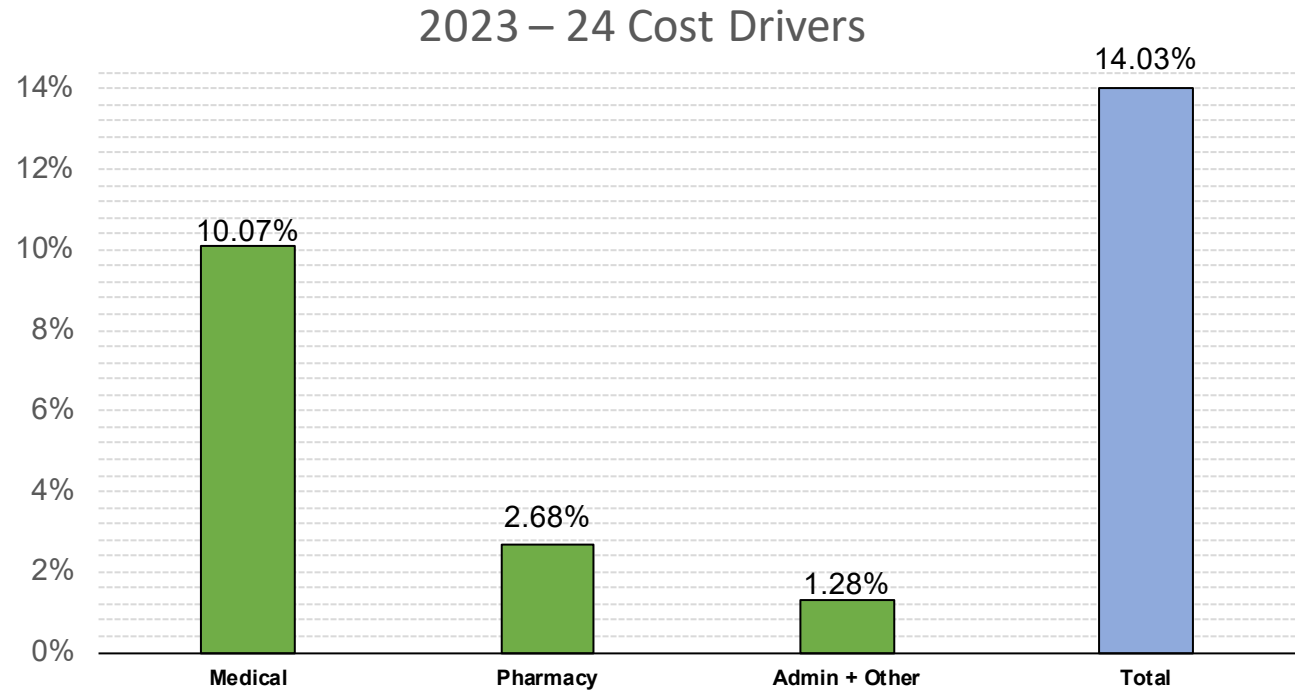


2023 Total Covered Lives: 342

# 2024 Preliminary HMO and PPO Plan Premiums

## UnitedHealthcare Group Medicare Advantage PPO

2023 Premium	Preliminary 2024 Premium	Change in Premium from 2023 (\$)	Change in Premium Over 2023 (%)
\$299.68	\$341.72	\$42.04	14.03%

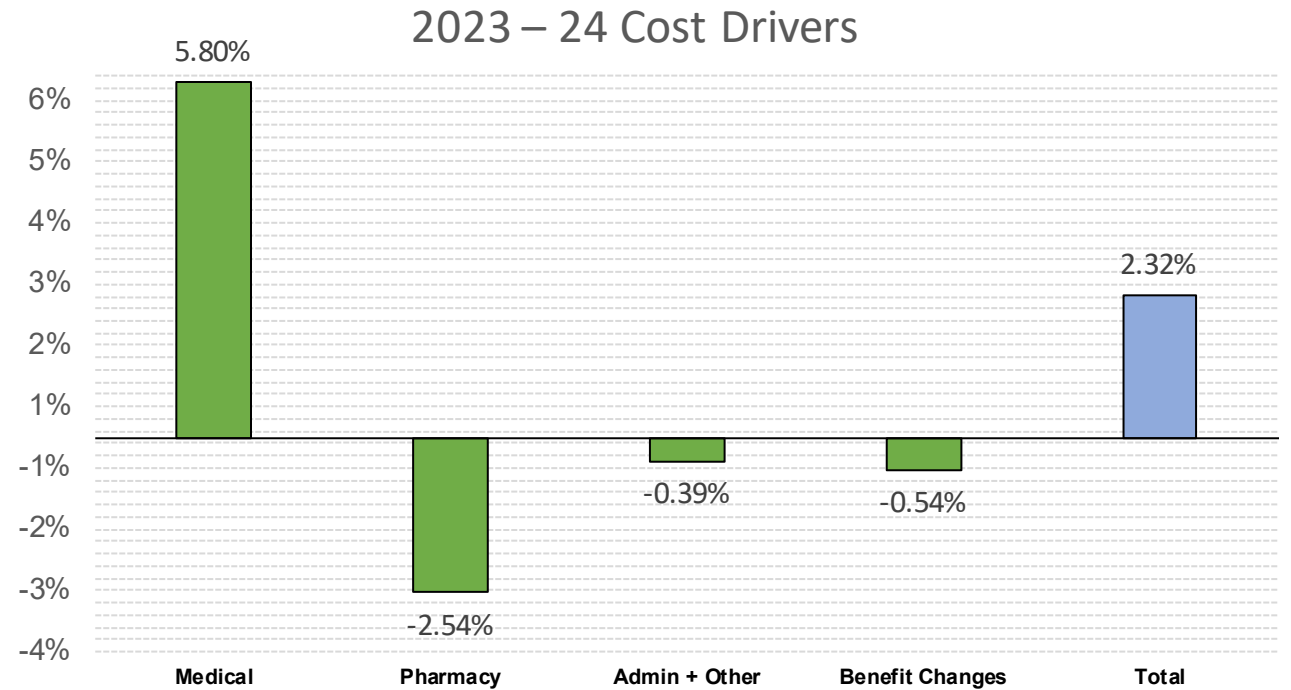


2023 Total Covered Lives: 44,047

# 2024 Preliminary HMO and PPO Plan Premiums

## UnitedHealthcare Group Medicare Advantage Edge PPO

2023 Premium	Preliminary 2024 Premium	Change in Premium from 2023 (\$)	Change in Premium from 2023 (%)
\$357.70	\$366.01	\$8.31	2.32%

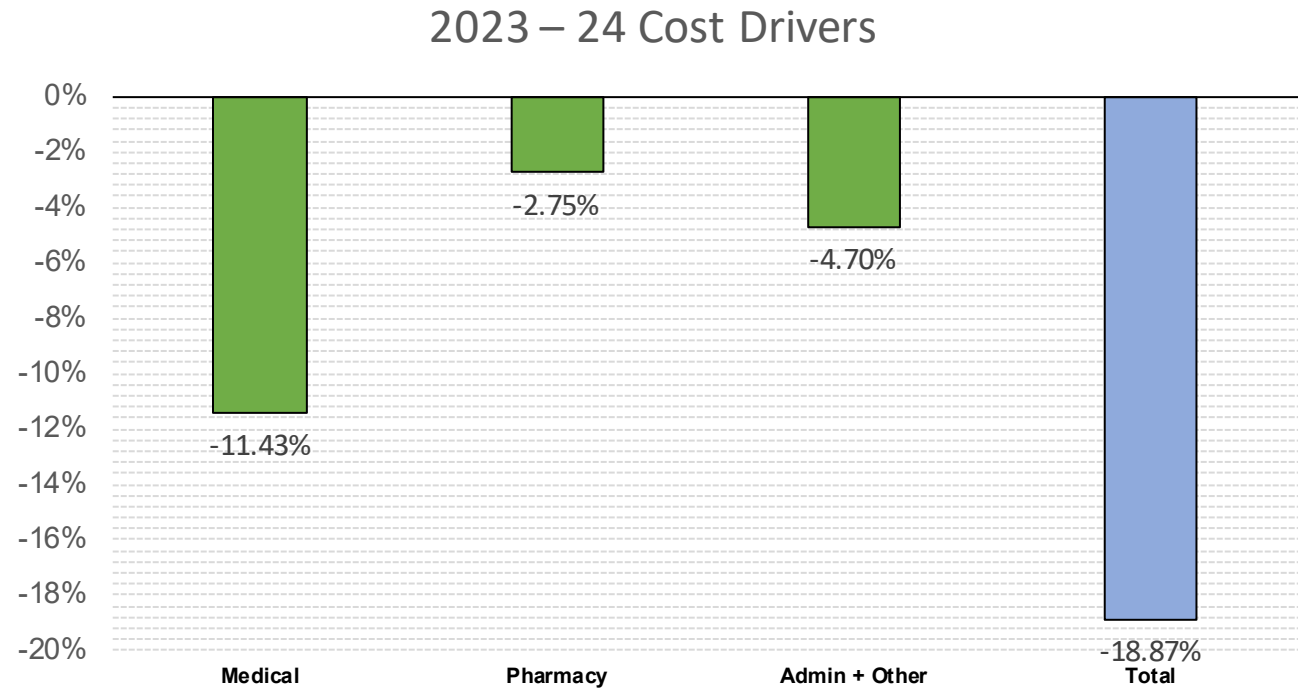


2023 Total Covered Lives: 3,715

# 2024 Preliminary HMO and PPO Plan Premiums

## Western Health Advantage MyCare Select HMO (Medicare)

2023 Premium	Preliminary 2024 Premium	Change in Premium from 2023 (\$)	Change in Premium from 2023 (%)
\$331.11	\$268.62	(\$62.49)	-18.87%

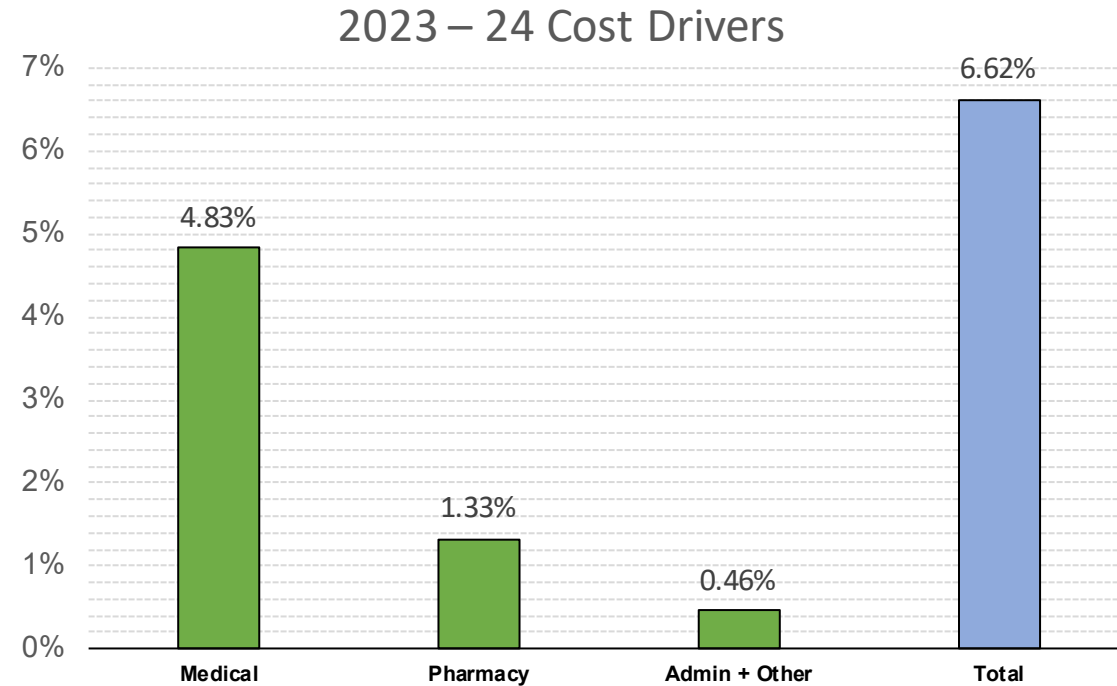


**2023 Total Covered Lives: 298**

# 2024 Preliminary HMO and PPO Plan Premiums

## PERS Gold and Platinum Medicare Supplement Plans

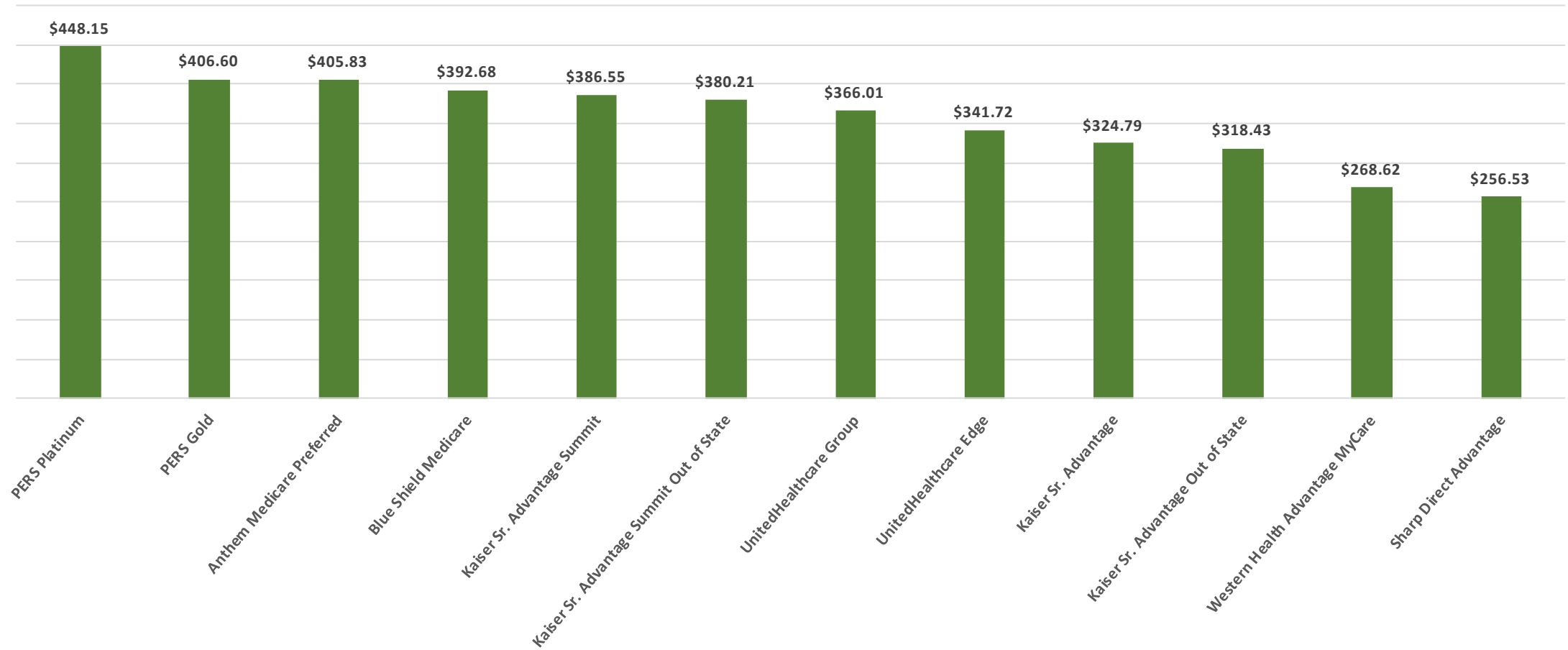
Plan	2023 Premium	Preliminary 2024 Premium	Change in Premium from 2023 (\$)	Change in Premium from 2023 (%)
PERS Gold	\$392.71	\$406.60	\$13.89	3.54%
PERS Platinum	\$420.02	\$448.15	\$28.13	6.70%
Medicare Supplement-Overall				6.62%



### 2023 Total Covered Lives

**PERS Gold Medicare Supplement: 4,071**  
**PERS Platinum Medicare Supplement: 148,586**

### 2024 Portfolio Preliminary Premium Levels - Medicare Advantage and Medicare Supplement Plans



## Next Steps

