



Pension & Health Benefits Committee

Agenda Item 5b

Open Session

November 14, 2023

Item Name: Approval of Health Benefits Program Proposals for the 2025 Plan Year

Program: Health Benefits

Item Type: Action

Recommendation

Approve the following health plan service area expansions for 2025:

- 1) Blue Shield of California Trio service area expansion into 2 counties
- 2) Health Net Salud y Mas service area expansion into 1 county
- 3) Kaiser Permanente Basic service area expansion into 1 county
- 4) UnitedHealthcare SignatureValue Harmony service area expansion into 3 counties
- 5) Western Health Advantage Basic service area expansion into 3 counties

Approve the following benefit design changes for 2025:

- 1) Doula benefit for all pregnant and postpartum members
- 2) Travel benefit for medically necessary care

Executive Summary

This agenda item provides an update on the Health Benefits Program proposals under consideration for the 2025 plan year. The proposals include expansions to service areas and benefit design changes. The proposal evaluations and summaries will be discussed during the November 2023 Pension & Health Benefits Committee (PHBC) meeting with recommendations for action.

Strategic Plan

This item supports the California Public Employees' Retirement System (CalPERS) 2022-2027 Strategic Goal of Exceptional Health Care: Ensure our members have access to equitable, high-quality, and affordable health care.

Background

CalPERS recognizes the need for providing affordable health plans and pharmacy benefits to our Basic and Medicare members. Each year CalPERS brings forth proposals for new plan products, additional coverage areas, benefit design changes, and innovative health programs. As CalPERS is currently preparing the Preferred Provider Organization (PPO) solicitation for the 2025–2029 plan years, the PPO Third Party Administrator was excluded from this process. The proposal packages include applicable pricing, coverage areas, benefit design details, and other program information.

Analysis

The CalPERS team conducted internal analyses to determine if the proposals would be beneficial to the health program and would support our strategic goal of providing exceptional health care. The analysis consists of comparisons of network coverage areas and overlaps, projected Administrative Service Fees (ASF), estimates of capitation and fee-for-service costs, and benefit design changes. The CalPERS team also evaluated the Basic plan service area expansion proposals through its competition model to understand competitive dynamics.

Service Area Expansions

Blue Shield Trio Service Area Expansion into Contra Costa and Shasta Counties

The Blue Shield proposal expands Trio into Contra Costa and Shasta counties. The expansion proposes full coverage of Contra Costa County, and partial coverage (three ZIP codes) of Shasta County. Trio would be one of seven HMO Basic plans available in Contra Costa County and the only HMO plan offered in Shasta County. The three ZIP codes in Shasta County are pending approval by the Department of Managed Health Care (DMHC). There is minimal projected premium impact with this expansion.

Health Net Salud y Mas Service Area Expansion into Imperial County

Health Net proposes a full coverage expansion of Salud y Mas into Imperial County, pending approval from DMHC. Salud y Mas members have access to the Sistemas Medicos Nacionales, S.A. de C.V. (SIMNSA) network in Mexico.

Health plans currently available in Imperial County include Anthem Select, Anthem Traditional, Blue Shield Access+, and PERS Gold and Platinum PPOs. Salud y Mas is currently available in six southern California counties, including San Diego. If approved, the plan will be available in the two Southern counties that border Mexico. The projected premium impact would be \$4.04 per subscriber per month (PSPM) and would be a 0.58% increase on the premium.

Kaiser Permanente Expansion into Monterey County

Kaiser proposes a partial county expansion of its Basic plan into Monterey County. The expansion is pending approval of covered ZIP codes and the provider network from DMHC. The Basic plans currently available in Monterey County are Anthem Select, Blue Shield Trio, and PERS Gold and Platinum PPOs. There is minimal projected premium impact with this expansion.

UnitedHealthcare (UHC) SignatureValue Harmony Service Area Expansion into Contra Costa, Napa, and Solano Counties

UHC proposes expanding Harmony to the counties of Contra Costa (partial coverage), Napa (full coverage), and Solano (partial coverage). Harmony is currently available in five southern California counties in 2023 and will include Santa Clara and Santa Cruz counties in 2024. The projected premium impact would be \$19.64 PSPM and would be a 2.4% increase on the premium.

Western Health Advantage (WHA) Plan Expansion into Fresno, Kings, and Madera Counties

WHA proposes expanding its Basic plan to the counties of Fresno (full coverage), Kings (full coverage), and Madera (full coverage). This proposed expansion would provide an additional low-cost health plan alternative to those members. There is minimal projected premium impact with this expansion.

Benefit Design Changes

Doula Benefit

Doulas provide person-centered, culturally competent non-medical care for pregnant and postpartum members. Doula care encompasses health education, advocacy, physical and emotional non-medical support. Doula care is provided before, during, and after childbirth including support during miscarriage, stillbirth, and abortion. Doula services have been shown to improve outcomes for birthing parents, particularly for those of race and ethnicities at a higher risk of birthing complications. The intent of the benefit is to improve health equity and decrease known disparities in maternal and infant health care, especially for Black, Native American, and Pacific-Islander birthing members.

Doulas have been shown to improve maternal health outcomes, decrease racial disparities in maternity care, and drive cost savings, including reducing utilization of medically unnecessary cesarean sections. Doula care can help reduce the impacts of racism and implicit bias in health care settings by providing individually tailored and client-centered support and advocacy for birthing members. CalPERS will direct health plans to develop targeted outreach on the new benefit to Black, Pacific-Islander, and Native American women, because they have the highest maternal and fetal mortality rates in California.

Of note, California Assembly Bill 904 was recently signed and chaptered into law and will require health plans regulated by the Department of Managed Health Care to develop a maternal and infant health equity program that addresses racial health disparities in maternal and infant health outcomes through the use of doulas by January 1, 2025. Our proposed benefit is aligned with this new law and will apply to both HMO and PPO health plans.

The projected premium impact would be \$0.10 PSPM which is a 0.01% increase on the premium for Basic members.

Travel Benefit for Medically Necessary Care

The purpose of this benefit is to standardize travel and lodging coverage for eligible medically necessary services including, but not limited to, abortion services, gender affirming care, complex surgeries, and cancer care that cannot be accessed within 50 miles from the member's residence for all Basic and Medicare members, up to \$5,000 per occurrence. This includes transportation, lodging, and meals for the member and a companion (both parents/guardians when patient is under 18). Many of our health plans currently offer a travel benefit, but the benefit levels vary. This update standardizes travel benefits and ensures that all members who need to travel further than 50 miles to receive high-quality complex medical services can afford to do so, further improving access and equity.

The projected premium impact would be \$0.27 PSPM for Basic members and \$0.54 PSPM for Medicare members which are a 0.03% and 0.13% increase, respectively.

Budget and Fiscal Impacts

If approved, the proposed changes will impact premiums and health plan contracts for the 2025 plan year.

Benefits and Risks

CalPERS recognizes the need for providing affordable health plans to our Basic and Medicare members by expanding coverage areas and making benefit design changes where it is appropriate and cost-effective. We are meeting member expectations by working with our contracted health plans to expand coverage into underserved areas and by adding benefits and innovative programs that are impactful and cost-effective.

Attachments

Attachment 1 – Approval of Health Benefits Program Proposals for the 2025 Plan Year
PowerPoint

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