



Agenda Item 6b

June 12, 2012

ITEM NAME: Approval of 2013 Health Maintenance Organization Plans Rates

PROGRAM: Health Benefits

ITEM TYPE: Action

RECOMMENDATION

Staff recommends the Pension & Health Benefits Committee approve the proposed 2013 Health Maintenance Organization (HMO) rates for Kaiser Permanente and Blue Shield of California, with the benefit change described in agenda item 6a.

EXECUTIVE SUMMARY

Proposed HMO premium rates for 2013 are provided in attachment 1. Blue Shield's NetValue service area will expand to include Marin, Sonoma, Humboldt, and Stanislaus counties.

BACKGROUND

Blue Shield of California and Kaiser Permanente submitted initial 2013 HMO rates in April 2012. CalPERS staff conducted an analysis of each rate proposal and met numerous times with each health plan to review its rate development methodology and underwriting documentation. Staff also used the Health Care Decision Support System (HCDSS) to validate and question each plan's utilization experience and projected trends.

CalPERS also employed Mercer Human Resource Consulting to provide independent health actuarial consultation and to conduct an independent assessment of each health plan's rate proposal, provide input on market trends, and assist staff in rate negotiations.

ANALYSIS

Blue Shield's NetValue plan is expanding its service area to include Marin, Sonoma, Humboldt, and Stanislaus counties.

The integrated healthcare model (based on the successful Blue Shield / Hill Physicians / Dignity Health pilot project) is expanding to Santa Cruz and Los Angeles counties, bringing the total number of CalPERS individuals covered by this model to more than 84,000.

Blue Shield's Medicare Advantage plan (GMAPD) is expanding to cover more zip codes in Contra Costa County.

Kaiser Permanente will be working in partnership with CalPERS to develop new pilots that increase member engagement and participation in health programs and make people aware of the numerous health care options that are available to them.

BENEFITS/RISKS

Staff recommend approval of the proposed HMO premiums so that work can begin on systems changes and member communications for the 2013 Open Enrollment period, and so that 2013 premiums can be communicated on a timely basis to the State's Department of Finance and our contracting public agencies.

ATTACHMENTS

Attachment 1a – State 2013 Health Premiums

Attachment 1b – Contracting Agencies 2013 Health Premiums

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