



Consent

Agenda Item 4c

August 14, 2012

ITEM NAME: Self-Funded Health Plans 2012 1st Quarter Financial Report

PROGRAM: Health Benefits

ITEM TYPE: Information Consent

EXECUTIVE SUMMARY

The overall financial position of the Self-Funded Preferred Provider Organization (PPO) health plans remains stable. The ongoing financial results for the program assets are positive, providing assurance that the rates approved by the Board for the 2012 plan year were sufficient to fund benefits and to maintain adequate reserves.

BACKGROUND

This report is to provide the Pension and Health Benefits Committee with a quarterly update on the financial status for the six CalPERS Self-Funded PPO health plans.

ANALYSIS

At the end of the first quarter of 2012, the overall combined loss ratio for the self-funded health plans was 3 percent below break-even. This compares to 12 percent above break-even at the end of calendar year 2011, and 2 percent below break-even for the first 3 months of 2011. There was an overall underwriting gain of \$15.4 million for all 6 self-funded PPO health plans.

The medical claims experience for PERS Choice Basic increased during 2011 while PERSCare Basic decreased. In particular, PERS Choice Basic increased significantly during the last three months of 2011. Staff will monitor this closely during the next few months.

Assets for the program are currently \$629.8 million, which is an increase of \$47.6 million from the assets at the end of 2011.

Total reserves for the program are \$445.8 million, which is a decrease of \$24.9 million over the reserves at the end of 2011. Assets above the actuarial reserve requirements are \$184.1 million, which is an increase of \$72.5 million for the first quarter. Overall, the self-funded PPO health plans have a ratio of assets to reserves of 141 percent.

ATTACHMENTS

Attachments 1 through 7 provide key graphical analyses of financial and historical data. Appendices A, B, C, D, and E display background data used to generate the analyses in Attachments 1 through 7.

GARY MCCOLLUM
Senior Life Actuary
Actuarial Office

ANN BOYNTON
Deputy Executive Officer
Benefit Programs Policy and Planning