



## Agenda Item 15

February 20, 2013

**ITEM NAME:** Health Open Enrollment Results

**PROGRAM:** Health Benefits

**ITEM TYPE:** Information

### **EXECUTIVE SUMMARY**

This agenda item reports the movement of members into different health plans based on the results of the 2012 open enrollment period.

### **STRATEGIC PLAN**

This item supports Goal A: "Improve long-term pension and health benefit sustainability," by educating employers and stakeholders to make informed decisions about retirement security and health care. This information item summarizes the impact of the Board's strategic decisions on member plan choices during the 2012 open enrollment period.

### **BACKGROUND**

Every year, CalPERS reports the results of open enrollment. Changes approved by the Board of Administration for the 2013 plan year, which may have contributed to the open enrollment changes, include:

- Blue Shield NetValue expanded its service area to Marin, Sonoma, Humboldt, and Stanislaus counties.
- PERS Select expanded its service area to Alameda, Placer, and Solano counties. PERS Select is now available in every county in California.

### **ANALYSIS**

The impact of the 2012 open enrollment period is measured by comparing the number of members changing plans to the December 2012 enrollment counts. January 2013 enrollment counts are not used because they include additional plan changes outside of open enrollment.

During the 2012 open enrollment, 19,911 (3.1 percent) of CalPERS subscribers changed plans. This represents 46,323 (3.4 percent) of Total Covered Lives (TCL).

Among the 19,911 transferring subscribers:

- 18,711 (3.9 percent) are Basic plan subscribers,
- 1,200 (0.7 percent) are Medicare plan subscribers, and

- 13,677 (69 percent) of total transferring subscribers moved into lower cost plans.

### **Transfers In & Out of Health Plans**

In total, Blue Shield declined by 3,256 TCLs, which excludes members moving between Access+ and NetValue.

- Access+ lost 11,764 TCLs, with more than half moving to NetValue, 20 percent enrolling in a CalPERS self-funded plan, and 16 percent joining Kaiser.
- NetValue increased by 8,505 TCLs with 59 percent coming from Access+.
- NetValue's expansion into Marin, Sonoma, Humboldt, and Stanislaus counties gained 3,358 new TCLs, and 66 percent of those members reside in Humboldt County.

Preferred Provider Organization (PPO) plan total membership changed slightly, due to the majority of transferring subscribers selecting another PPO plan option.

- PERS Select increased its membership base by 14,955 TCLs, with 88 percent coming from PERS Choice. This is a 52 percent increase in the membership of this self-funded program. In addition, PERS Select added 303 TCLs in Alameda, Placer, and/or Solano counties.

Kaiser increased by 2,222 new TCLs, with 60 percent transferring from Blue Shield, and 28 percent from PERS Choice.

Total membership in a Health Maintenance Organization (HMO) fell by 1,034 TCLs.

### **Annual Net Premium Impact**

Total premium savings is \$12.5 million, which includes, \$9.6 million from public agency members and \$2.9 million from State members.

Public agency premium savings includes, \$7.5 million from PPO members and \$2.1 million from HMO members.

PPO members represent 89 percent of the premium savings from public agencies, largely coming from Northern Region (\$4.3 million) and Los Angeles Region (\$2.4 million).

The PPO plans' \$9.7 million net savings include 72 percent of 9,774 transferring subscribers selecting lower cost plans. Subscribers transferring out of PERSCare

and PERS Choice equates to \$11.6 million savings, which is offset by \$1.9 million from new PERS Select members.

Blue Shield's \$3.9 million premium savings is net from \$5.9 million Access+ savings and \$2 million from new NetValue members. Premium savings results from 75 percent of 7,888 transferring subscribers selecting lower cost health plans.

Kaiser's premium cost increased by less than \$1 million.

### **ATTACHMENTS**

Attachments 1a and 1b show the total net increase and decrease of subscribers and TCLs, by plan, transferring during open enrollment.

Attachment 2 details the health plan net changes compared to December enrollment counts of subscribers and TCLs from one health plan to another.

Attachments 3 illustrate the year-to-year enrollment changes by subscribers, TCLs, and health plans.

Attachment 4 shows the number of subscribers transferring to higher and lower plan options with annual premium impact.

### **January 2013 Member Distribution**

Attachment 3 compares the total enrollment of subscribers and TCLs between January 2012 to 2013. CalPERS membership increases with 34,807 total TCLs. Thirty-three new public agencies joining during 2012 contributes 13,607 TCLs.

---

DOUG P. McKEEVER, Chief  
Health Policy Research Division

---

ANN BOYNTON  
Deputy Executive Officer  
Benefit Program Policy and Planning