



## Agenda Item 9

February 17, 2016

**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 2015 open enrollment period. In total, 145,802 (10.33 percent) of the California Public Employees' Retirement System (CalPERS) Total Covered Lives (TCLs) changed plans. During the previous 2014 open enrollment period, 88,521 TCLs (6.34 percent) changed plans. Movement into lower cost health plans will result in a net premium savings of \$87.2 million in 2016.

### **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 member plan choices during the 2015 open enrollment period.

### **BACKGROUND**

Every year, CalPERS reports the results of open enrollment. This year's results show a trend of increased transfer rates compared to previous years. In 2013, the transfer rate was 5.05 percent. That rate increased to 6.34 percent in 2014 and reached 10.33 percent in 2015. This increase in transfer rates is the result of one or more health plans increasing premiums in any given year. However, specific to 2015, the implementation of a single, non-Kaiser Medicare Advantage Preferred Provider Organization (PPO) plan increased plan movement as members transitioned out of the non-Kaiser Health Maintenance Organization (HMO) Medicare products into the UnitedHealthCare Group Medicare Advantage PPO Plan.

### **ANALYSIS**

CalPERS measured the impact of the 2015 open enrollment period by comparing the number of members changing plans effective January 1, 2016 to the December 2015 enrollment counts. This comparison highlights changes due to open enrollment.

Anthem Exclusive Provider Organization (EPO) Del Norte had a net gain of 33 TCLs, with transfers coming from PERS Choice (54 percent) and PERS Select (46 percent).

Anthem EPO Monterey had a net gain of 748 TCLs, with 76 percent of transfers coming from PERS Choice.

Anthem HMO Select had a net gain of 2,942 TCLs, with 72 percent of transfers coming from Blue Shield NetValue.

Anthem HMO Traditional had a net gain of 2,740 TCLs, with 69 percent of the transfers coming from Blue Shield plans.

California Correctional Peace Officers Association (CCPOA) had a net gain of 1,155 TCLs, with 62 percent of transfers coming from Blue Shield plans.

Health Net Salud y Mas had a net gain of 564 TCLs, with 67 percent of transfers coming from Blue Shield plans.

Health Net Smart Care had a net gain of 11,799 TCLs, with 76 percent of transfers coming from Blue Shield plans.

Kaiser had a net gain of 13,364 TCLs, with 69 percent of transfers coming from Blue Shield plans.

PERS Select had a net gain of 3,204 TCLs, with transfers coming from PERS Choice (52 percent) and Blue Shield plans (30 percent).

PERSCare had a net gain of 5,327 TCLs, with transfers coming from Blue Shield plans (69 percent) and PERS Choice (21 percent).

Sharp had a net gain of 982 TCLs, with 66 percent of transfers coming from Blue Shield plans.

United Healthcare had a net gain of 62,458 TCLs, with 89 percent of transfers coming from Blue Shield plans.

Blue Shield Access+ had a net loss of 41,829 TCLs, with transfers going to United Healthcare (67 percent), PERS plans (15 percent) and Kaiser (8 percent).

Blue Shield EPO had a net loss of 425 TCLs, with transfers going to United Healthcare (67 percent) and PERS plans (32 percent).

Blue Shield NetValue had a net loss of 59,926 TCLs, with transfers going to United Healthcare (38 percent), Kaiser (14 percent), Anthem Blue Cross plans (13 percent), Health Net SmartCare (12 percent), and Blue Shield Access+ (12 percent).

California Association of Highway Patrolmen (CAHP) had a net loss of 54 TCLs, with transfers going to Kaiser (58 percent) and PERS Choice (19 percent).

PERS Choice had a net loss of 2,922 TCLs, with transfers going to PERS Select (32 percent), PERS Care (16 percent), Kaiser (15 percent) and United Healthcare (9 percent).

Peach Officers Research Association of California (PORAC) had a net loss of 157 TCLs, with transfers going to PERS plans (48 percent), Kaiser (21 percent), and United Healthcare (10 percent).

The number of members enrolled in an HMO health plan decreased by 0.77 percent and members in a PPO plan increased by 1.79 percent.

The table below summarizes the net enrollment changes in each plan.

| Health Plan            | Net Change TCL |
|------------------------|----------------|
| Anthem EPO Del Norte   | 33             |
| Anthem EPO Monterey    | 748            |
| Anthem HMO Select      | 2,942          |
| Anthem HMO Traditional | 2,740          |
| BSC Access+            | (41,829)       |
| BSC EPO                | (425)          |
| BSC NetValue           | (59,926)       |
| CAHP                   | (54)           |
| CCPOA                  | 1,155          |
| Health Net Salud y Mas | 564            |
| Health Net SmartCare   | 11,799         |
| Kaiser                 | 13,364         |
| Kaiser Out of State    | (3)            |
| PERS Choice            | (2,922)        |
| PERS Select            | 3,204          |
| PERSCare               | 5,327          |
| PORAC                  | (157)          |
| Sharp                  | 982            |
| United Healthcare      | 62,458         |

#### **OPEN ENROLLMENT ANNUAL NET PREMIUM IMPACT**

The total estimated savings is determined by comparing members' 2016 premium amount of the new plan to the 2016 premium amount of the former plan. For Medicare plans that are cancelled effective January 1, 2016, the estimated savings is calculated using the proposed 2016 premiums for the former plan, which were the set premiums if the single Medicare carrier was not implemented.

The total estimated annual premium savings is \$87.2 million. Basic plans accounted for \$66.6 million of savings which represents 98,065 TCLs, while Medicare plans accounted for \$20.6 million of savings which represents 47,737 TCLs. The savings

from Basic plans are largely due to members transferring out of Blue Shield Access+ and Blue Shield NetValue into lower cost health plans. The estimated net savings for Medicare plans include open enrollment selections and members moving from discontinued Medicare plans.

**BUDGET AND FISCAL IMPACT**

There is a cost savings to the State of California and the public agencies due to lower premiums and membership moving into lower cost plans.

**BENEFIT/RISKS**

There are no risks to CalPERS as a result of the changes members made.

**ATTACHMENTS**

Attachment 1: “*All Total Covered Lives (TCLs) Transfers*” provides the count of member transfers in and out of health plans.

Attachment 2: “*Annual Premium Cost/Savings Report*” provides the premium cost savings due to 2015 Open Enrollment.

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