



Pension and Health Benefits Committee Agenda Item 5

June 14, 2016

Item Name: Approval of 2017 Health Maintenance Organization Plan Rates

Program: Health Benefits

Item Type: Action

Recommendation

Staff recommends that the Pension and Health Benefits Committee (PHBC) approve the proposed 2017 Health Maintenance Organization (HMO) rates for Anthem Blue Cross, Blue Shield of California, Health Net of California, Kaiser Permanente, Sharp Health Plan, and UnitedHealthcare and Medicare Advantage rates for Kaiser Permanente and UnitedHealthcare.

Executive Summary

This agenda item provides the PHBC the proposed 2017 Basic HMO and Medicare Advantage premiums for California Public Employees' Retirement System (CalPERS). Also covered in this agenda item are the benefit design clarification and changes for the 2017 rates.

Strategic Plan

This item supports Strategic Goal Plan A "Improve long-term pension and health benefit sustainability."

Background

Anthem Blue Cross, Blue Shield of California, Health Net, Kaiser, Sharp and UnitedHealthcare submitted initial 2017 health plan rates earlier this year. Since then, CalPERS has rigorously verified and analyzed these submissions against plan-related data and invoice documentation available to CalPERS in order to arrive at the rates being presented today.

Closure of Blue shield NetValue

Blue Shield is no longer offering NetValue to CalPERS members starting in 2017. In order to mitigate member-provider disruption, existing NetValue members that do not affirmatively elect an alternative plan during the 2017 Open Enrollment will be automatically enrolled into Blue Shield Access Plus.

County Expansions/Contraction

Health Net Smartcare is expanding into Marin County and Kaiser (non-Medicare) is expanding into Santa Cruz County. In addition, UnitedHealthcare is expanding within San Luis Obispo, Madera, Riverside, San Bernardino, and San Diego Counties.

Anthem HMO Select will no longer offer coverage within Butte County, but Anthem HMO Traditional will still be available in Butte County.

Benefit Clarifications and Changes for 2017

The benefit changes for 2017 include the following:

Diabetes Prevention: Staff has required all plans to implement a diabetes prevention program that meets the Centers for Disease Control and Prevention “Diabetes Prevention Recognition Program Standards and Operating Procedures,” at no additional cost to members. This benefit is designed to reach pre-diabetic plan members to prevent or reduce the onset of Type 2 diabetes.

Welvie: Welvie is an online tool that helps educate members on unnecessary and inappropriate surgeries. Staff recommends discontinuation of the Welvie program for the Blue Shield and Anthem HMOs in 2017 due to high cost and low participation.

Vision and Dental Benefit: CalPERS staff recommends authorizing Kaiser to offer a dental rider for contracting agency members enrolled in its Medicare plan. The current package of benefits under Kaiser’s Medicare plan includes a vision benefit. The dental rider will be at the member’s option to purchase directly from Kaiser. CalPERS will not be responsible for enrollment and will not have any financial obligation for this benefit.

Silver&Fit Benefit: Staff recommend that the Kaiser Silver&Fit benefit be added to its Medicare plan at a proposed cost of \$2.45 Per Member Per Month. The addition of the Silver&Fit benefit to the Kaiser Medicare plan ensures that both Medicare Advantage plans offered by CalPERS provide a health and wellness program, which is expected to contribute to improved health and long-term cost moderation.

Budget and Fiscal Impacts

For the 2017 plan year, the proposed rates will increase employee and employers contribution. For the State of California, the increase will be determined in accordance with Government Code section 22871 et seq, of the Public Employees' Medical and Hospital Care Act.

For contracting agencies, the increase will be determined based on each agency's negotiated contribution amount.

Benefits and Risks

Staff recommends approval of the proposed HMO benefit and premiums so that work can begin on systems changes and member communications for the 2017 Open Enrollment period, and so that the 2017 premiums can be communicated on a timely basis to the State's Department of Finance and contracting agencies.

Attachments

Attachment 1 – 2017 State and Contracting Agencies Health Premiums – HMOs only

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