



Pension and Health Benefits Committee Agenda Item 10

February 14, 2017

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 2016 Open Enrollment period. In total, 105,419 (7.35 percent) of the California Public Employees' Retirement System (CalPERS) Total Covered Lives (TCLs) changed plans. During the previous 2015 Open Enrollment period, 109,318 TCLs (7.74 percent) changed plans.¹ Movement into lower cost health plans will result in a net premium savings of \$95.0 million in 2017.

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 2016 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 2014, the transfer rate was 6.34 percent. That rate increased to 7.74 percent in 2015 and slightly dropped to 7.35 percent in 2016. The increase in premiums (Blue Shield in 2015 and 2016) greatly influences the transfer rates in any given year.

Analysis

CalPERS measured the impact of the 2016 Open Enrollment period by comparing the number of members changing plans effective January 1, 2017 to the December 1, 2016 enrollment counts. This comparison highlights changes due to Open Enrollment.

The following plans experienced a net gain in enrollment:

Anthem Exclusive Provider Organization (EPO) Del Norte had a net gain of 21 TCLs, with transfers coming from PERS plans (92 percent).

Anthem EPO Monterey had a net gain of 603 TCLs, with 78 percent of transfers coming from PERS Choice.

¹The February 17, 2016 Agenda Item 9 reports 10.33%; this figure includes administrative transfer movements.

California Association of Highway Patrolmen (CAHP) had a net gain of 20 TCLs, with transfers coming from Kaiser (38 percent) and PERS plans (23 percent).

California Correctional Peace Officers Association (CCPOA) – North had a net gain of 696 TCLs, with 75 percent of transfers coming from Blue Shield of California (BSC) plans.

CCPOA – South had a net gain of 537 TCLs, with 41 percent of transfers coming from BSC plans and 34 percent from PERS plans.

Health Net Salud y Mas had a net gain of 1,582 TCLs, with 35 percent of transfers coming from UnitedHealthcare (UHC) and 32 percent from BSC plans.

Health Net SmartCare had a net gain of 20,807 TCLs, with 54 percent of transfers coming from BSC plans.

Kaiser had a net gain of 17,374 TCLs, with 47 percent of transfers coming from BSC plans and 16 percent from UHC.

Peace Officers Research Association of California (PORAC) had a net gain of 126 TCLs, with transfers coming from BSC plans (37 percent) and PERS plans (35 percent).

PERS Select had a net gain of 2,153 TCLs, with transfers coming from PERS Choice (41 percent) and BSC plans (31 percent).

PERSCare had a net gain of 2,279 TCLs, with transfers coming from PERS Choice (50 percent) and BSC plans (19 percent).

Sharp had a net gain of 302 TCLs, with 66 percent of transfers coming from BSC plans.

UHC had a net gain of 16,796 TCLs, with transfers coming from BSC plans (81 percent), PERS plans (8 percent), and Anthem Blue Cross Health Maintenance Organization (HMO) plans (7 percent).

The following plans experienced a net loss in enrollment:

Anthem HMO Select had a net loss of 527 TCLs, with transfers to Health Net SmartCare (55 percent) and Kaiser (23 percent).

Anthem HMO Traditional had a net loss of 3,726 TCLs, with transfers going to Health Net SmartCare (22 percent) and Kaiser (22 percent).

BSC Access+ had a net loss of 16,507 TCLs, with transfers going to UHC (33 percent), Kaiser (18 percent), and Health Net SmartCare (17 percent).

BSC EPO had a net loss of 11 TCLs, with 90 percent of the transfers going to PERS plans.

PERS Choice had a net loss of 4,003 TCLs, with transfers going to PERS Select (27 percent), PERSCare (23 percent), Kaiser (18 percent) and UHC (10 percent).

During the 2016 Open Enrollment period, 15,818 BSC NetValue subscribers voluntarily enrolled in another plan. This resulted in the transfer of 38,520 TCLs to other available health plans. Of

those that were transferred during Open Enrollment, 33 percent moved to UHC, 15 percent moved to Kaiser, and 10 percent moved to BSC Access+.

The number of members enrolled in an HMO health plan decreased by 0.25 percent, members in a Preferred Provider Organization (PPO) plan increased by 0.29 percent, and members in Association plans increased by 1.36 percent.

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

| Health Plan | Net Change TCL |
|------------------------|----------------|
| Anthem EPO Del Norte | 21 |
| Anthem EPO Monterey | 603 |
| Anthem HMO Select | (527) |
| Anthem HMO Traditional | (3,726) |
| BSC Access+ | (16,507) |
| BSC EPO | (11) |
| BSC NetValue | (38,520) |
| CAHP | 20 |
| CCPOA North | 696 |
| CCPOA South | 537 |
| Health Net Salud y Más | 1,582 |
| Health NetSmartCare | 20,807 |
| Kaiser | 17,374 |
| Kaiser Out of State | (2) |
| PERS Choice | (4,003) |
| PERS Select | 2,153 |
| PERSCare | 2,279 |
| PORAC | 126 |
| Sharp | 302 |
| UnitedHealthcare | 16,796 |

Open Enrollment Annual Net Premium Impact

The total estimated savings is determined by comparing members' 2017 premium amount of the new plan to the 2017 premium amount of the former plan.

The total estimated annual premium savings is \$95.0 million. Basic plans accounted for \$95.6 million of savings which represents 103,556 TCL, while Medicare plans accounted for the \$566,000 increase in cost which represents 1,863 TCL. The savings from Basic plans are largely due to members transferring out of BSC Access+ and BSC NetValue into lower cost health plans. The estimated increase from Medicare plans are the result of members moving to PERSCare.

Blue Shield of California NetValue Plan Exit

In addition to the changes based on the results of the 2016 Open Enrollment that took effect on January 1, 2017, the CalPERS Board of Administration approved BSC's request to terminate



the BSC NetValue HMO plan. Effective January 1, 2017, the BSC NetValue plan is no longer offered to CalPERS members and as a result, 76,465 members were enrolled in other available health plans. Of the 76,465 who were enrolled in BSC NetValue, 38,520 participated during the 2016 Open Enrollment. Subscribers enrolled in BSC NetValue who did not voluntarily enroll in an available health plan during the 2016 Open Enrollment period were administratively transferred to BSC Access+. If zip code restrictions prevented subscribers from enrolling in BSC Access+, they were enrolled in another qualifying plan.

The table below displays a summary of members (subscribers and dependents) who were administratively transferred from BSC NetValue to other health plans.

| 2016 Health Plan | New Health Plan Effective 01/01/2017 | | | |
|---------------------|--------------------------------------|-------------|-------------|---------------|
| | Anthem HMO Select | BSC Access+ | PERS Choice | Total |
| BSC NetValue | 1 | 37,919 | 25 | 37,945 |

Budget and Fiscal Impact

There is a cost savings to the State of California and the public agencies due to members moving into lower cost plans during Open Enrollment.

Benefit/Risks

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

Attachments

Attachment 1: “2016 Open Enrollment All Total Covered Lives Transfers” provides the count of member transfers in and out of health plans during the 2016 Open Enrollment.

Attachment 2: “2016 Open Enrollment Subscriber Annual Premium Cost/Savings Report” provides plan level detail of the premium cost savings due to the 2016 Open Enrollment.

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