



Pension and Health Benefits Committee Agenda Item 5f

February 14, 2017

Item Name: Public Agency Recruitment and Retention for the Health Benefit Program

Program: Health Benefits

Item Type: Information Consent

Executive Summary

The Committee was last updated on February 17, 2016, regarding our marketing and retention strategies for Public Agencies and School Employers. Public Agencies and School Employers represent approximately 41 percent of the 1.4 million lives covered under the Public Employees' Medical and Hospital Care Act (PEMHCA) program. This agenda item states that this year we contracted with 20 new agencies with 44 employee groups adding 13,877 new Total Covered Lives (TCLs). In August 2016, 13 agencies with 33 employee groups (totaling 7,666 TCLs) terminated their coverage. Moreover, staff administratively terminated 64 agencies that were dissolved, merged, or no longer had any employees to enroll. This equates to a 99 percent retention rate.

Strategic Plan

This agenda item supports Strategic Plan Goal A to improve long-term pension and health benefit sustainability. The Employer Account Management Division (EAMD) Health Marketing Unit consults with prospective and existing employers to raise awareness of the California Public Employees Retirement System (CalPERS) Health Program so that they may make informed decisions about healthcare options unique to Public Agency and School Employers.

Background

CalPERS is the largest purchaser of public employee health benefits in California, and the second largest public purchaser in the nation after the federal government. CalPERS' Health Benefits program, or the PEMHCA program, provides benefits to more than 1.4 million public employees, retirees, and their families. This item is an annual update from EAMD providing the status of recruitment and retention efforts over the last year.

Analysis

Our health benefits program remains attractive to public agencies and schools. EAMD participated in multiple events to support our marketing efforts to grow the program. In Attachment 1, Public Agency and Schools Program Growth and Loss chart displays the growth and loss total of covered lives TCL between 2013 and 2016. The following summarizes the results:

- EAMD added 20 new agencies with 44 employee groups to the program in 2016, and an additional 2 new agencies with 19 employee groups for 2017.

- The program enrolled over 13,877 new TCLs in 2016 and has enrolled 6,039 new TCLs at the time of this agenda for 2017.
- Agency retention was 99 percent; 13 terminating agencies with 33 employee groups resulted in a loss of 7,666 total covered lives as of January 1, 2017. Combined with new agency activity of 13,877 TCLs in 2016, and 6,039 TCLs in 2017, this resulted in an overall gain of 6,211 TCLs in 2016 and 6,039 TCLs in 2017 for a total of 12,250 TCL's added to the program at the time of this agenda item.
- Staff completed a full review of all contracts in the system and identified 64 agencies that were either dissolved, merged, and/or were no longer using the CalPERS Health Program. Staff formally terminated these contracts as part of an administrative clean up activity. These 64 agencies had no covered lives to report.

The departing agencies cited a variety of reasons for leaving such as increases in employer contributions for active and retired members, the desire for a low premium high deductible health plan, as well as, flexibility with contract vesting, and future liability concerns. Regardless of these issues, the program experienced an increase in the number of new contracting agencies. Attachment 2 lists the agencies that terminated from our program effective January 1, 2017. In Attachment 3, we provide a list of the agencies that joined PEMHCA in 2016 with their associated TCL counts.

The process and activities involved in contracting with a new agency takes anywhere from 30 days to 3 years to complete. Some of the factors that contribute to this extended timeline include Other Post Employer Benefits (OPEB), negotiations with represented groups, current benefits, and contract terms. The Health Marketing Unit regularly presents to multiple levels within a prospective organization including Human Resources, Risk Management, Benefits Committee, Labor Representation, Controller/CFO, retirees, as well as, active members, Administrative staff, and the agency's governing board. Health Marketing's role is to clearly understand the agency's current and historical agreements, any obstacles or issues and provide consultative information and possible solution options available provided they are within PEMHCA compliance.

Throughout 2016, EAMD, in coordination with our health plan partners, and CalPERS Regional Office staff participated in numerous events contributing to the success of our marketing efforts. These efforts included attending 14 conferences, delivering 121 presentations to prospective agencies, presenting 16 workshops at Regional Offices, and providing assistance in coordinating 1,083 open enrollment health fairs. These efforts allow us to create new contacts and maintain contacts with employers that we have an established relationship with. By continuing these efforts we are able to cultivate more relationships with employers to increase the potential for future contracting opportunities.

EAMD is pleased with the addition of the new agencies to PEMHCA and its successful outreach efforts. In support of our strategic goals for health benefit sustainability, we will continue to offer a high quality, accessible, and affordable program to our employers and members.

Moving forward through 2017 and 2018 we will be inviting all existing, prospective and terminated agencies to attend one of our workshops in their geographic area.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable.

Attachments

Attachment 1 – CalPERS Health Benefits Program Public Agency Growth and Loss

Attachment 2 – Calendar Year 2017 PEMHCA Terminating Total Covered Lives

Attachment 3 – Calendar Year 2016 PEMHCA New Total Covered Lives

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