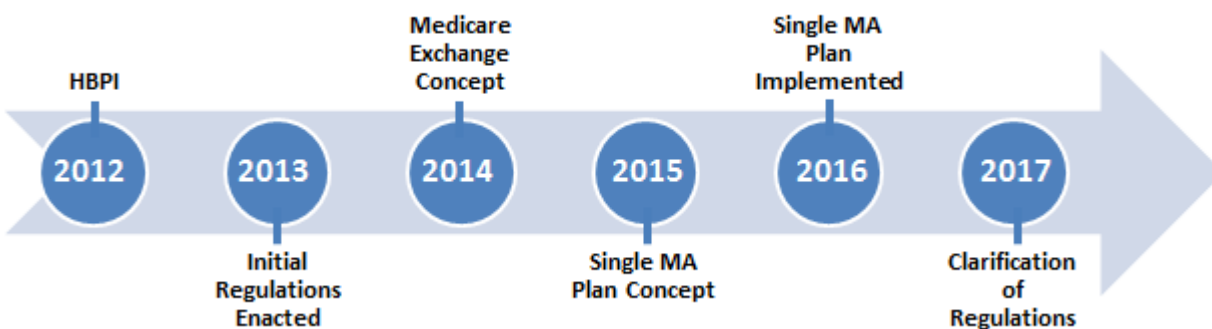


Medicare Optimization History

The concept of allowing members in combination plans to separately enroll in plans offered by different health carriers was one of many ideas the Health Policy Research Division (HPRD) considered over the past five years as a way to potentially optimize Medicare plan benefits for CalPERS members. HPRD ultimately shelved this concept due to its cost and complexity.



Medicare Optimization Timeline		
Plan Year	Action	Description
2012	HBPI	In 2012, multiple strategic efforts that arose from the CalPERS Health Benefits Purchasing Review project and the subsequent 21 Health Benefit Purchasing Initiatives (HBPI) that CalPERS pursued at the direction of the Pension and Health Benefit Committee (Committee). ¹ HPRD proposed various amendments to statutes and regulations to allow the Board additional flexibility in the administration of Medicare plans should the opportunity arise to provide Medicare-eligible retirees more diverse plan options that might best meet their needs while reducing health premiums and administrative costs. ²
2013	Initial Regulations Enacted	Many legal changes proposed in 2012 were enacted in 2013.
2014	Medicare Exchange Concept	More specifically, the amendment of California Code of Regulations (CCR) section 599.502(g)(4) was intended to allow the Board the ability to direct the CalPERS team to rapidly implement any Medicare plan option regardless of any potential conflict with current combination enrollment rules, and was part of the analysis of "Medicare Exchanges" presented to the Committee in 2014. ³ Ultimately, the Medicare Exchange concept was not pursued because it could have exposed retirees to higher premiums or denial of coverage issues and would have required benefit design, data system, and administrative changes that were ill-suited to CalPERS stated strategic objective to provide high quality, accessible, and affordable health benefits to its members.

¹ CalPERS Agenda Item 8: *2017-2022 Health Initiatives*. Slide 3. March 14, 2017.

<https://www.calpers.ca.gov/docs/board-agendas/201703/pension/item8-01.pdf>

² CalPERS Agenda Item 11b: *Proposed Regulations: Options for Medicare Plans*. May 15, 2012.

<https://www.calpers.ca.gov/docs/board-agendas/201205/pension/item-11b.pdf>

³ CalPERS Agenda Item 10: *Update on Health Benefits Purchasing Initiatives*. June 17, 2014.

<https://www.calpers.ca.gov/docs/board-agendas/201406/pension/item10-00.pdf>

Medicare Optimization Timeline		
Plan Year	Action	Description
2015	Single MA Plan Concept	In 2015, during the plan year 2016 rate development process, a new Medicare strategy emerged. CalPERS asked interested contracting health plans to provide rates for the entire non-Kaiser Medicare Advantage (MA) population for consideration. This process led to the implementation of the United HealthCare (UHC) MA plan for plan year 2016 and the elimination of all other MA plans except Kaiser. The primary benefit of UHC's MA plan is that it would allow plan members to access care – at the same benefit level – using their comprehensive national network of contracted health care providers in California and across the country. In addition, this plan included benefits which were not available in some MA plans, such as the SilverSneakers and HouseCalls programs. Lastly, the proposal provided retirees with the ability to purchase a vision and dental benefit if those benefits were not offered as part of their retiree benefit package
	Single MA Plan Communication	Upon approval of the UHC MA plan by the Board in June 2015 ⁴ , CalPERS initiated an extensive communication effort with our retirees and retiree associations to prepare them for the transition to the single UHC MA plan. Team members from HPRD and the Member Account Management Division (MAMD) met with retiree associations between rate approval in June 2015 and the implementation of the new plan in January 2016. Information on the new MA plan and the discontinued MA plans was included in the Fall 2015 PERSpective newsletter, Open Enrollment materials, and posted on the member pages of the CalPERS website. Additionally, members enrolled in MA plans that would not be available for the upcoming year received multiple letters from CalPERS explaining the change and outlining the steps they should take to select a plan for 2016.
2016	Single MA Plan Implemented	CalPERS implemented the Single MA plan. CalPERS Medicare members who did not make a plan change during Open Enrollment were administratively transferred to UHC (or PERS Choice if UHC's Basic plan was not available in their area).
2017	Clarification of Regulations	At the February 2017 CalPERS Board of Administration (Board) meeting, the Board approved the submission of proposed CCR section 599.502(g)(4) to the Office of Administrative Law. This regulation clarifies that all family members in a combination plan, which is a family health plan in which some family members are eligible only for Medicare plans and others are eligible only for Basic plans, must enroll in one Basic plan and one Medicare plan provided by the same carrier.

⁴ CalPERS Agenda Item 6: *Approval of 2016 Health Maintenance Organization Plans Benefits and Rates*. June 16, 2015. <https://www.calpers.ca.gov/docs/board-agendas/201506/pension/item-6.pdf>