



Pension and Health Benefits Committee Agenda Item 10

June 20, 2017

Item Name: State Annuitant Contribution Formula

Program: Health Benefits

Item Type: Information

Executive Summary

The State Annuitant Contribution amounts, based on proposed 2018 premium rates, are provided in Attachment 1.

Strategic Plan

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

Background

Government Code Section 22871 specifies the State employer contribution for State annuitants for health benefits shall be calculated based on a weighted average of the premiums of the four largest health benefit plans. Only the enrollments of, and premiums paid by, State employees and annuitants enrolled in a Basic health benefit plan are counted in calculating the employer contributions in Attachment 1.

Analysis

The rates team calculated contribution rates for each premium tier (one-party, two-party, and family) based on the weighted average of the four largest health plans. For 2018, Kaiser Permanente, Blue Shield Access+ Health Maintenance Organization (HMO), PERS Choice, and UnitedHealthcare HMO are the four largest health plans.

Budget and Fiscal Impacts

The 2018 health plan premiums are expected to increase the State's contributions.

Benefits and Risks

There are no risks associated with this information item.

Attachments (Attachment will be provided under separate cover)

Attachment 1 – 2018 100/90 State Annuitant Contribution

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