



Pension and Health Benefits Committee Agenda Item 4c

June 20, 2017

Item Name: 2018 Association Plan Rates

Program: Health Benefits

Item Type: Information Consent

Executive Summary

The California Public Employees' Retirement System (CalPERS) Pension and Health Benefits Committee annually reviews and approves the rate and benefit proposals for the three association plans offered to certain CalPERS members, in addition to CalPERS-contracted Health Maintenance Organizations (HMOs) and self-funded plans. California Association of Highway Patrolmen (CAHP), California Correctional Peace Officers Association (CCPOA), and Peace Officer Research Association of California (PORAC) offer these plans exclusively to the members of these associations.

Strategic Plan

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

Background

Government Code Section 22850(g) gives the Board authority to approve Association Plan:

The board shall approve any employee association health benefit plan that was approved by the board in the 1987-88 contract year or prior, provided the plan continues to meet the minimum standards prescribed by the board.

Analysis

Association plans are responsible for ensuring that their proposed 2018 rates and benefit changes are appropriate and that their reserve funds are adequate for their continued operations. This agenda item serves as a review of the 2018 rates, for the three Association Plans.

Rates are included in Attachment 1. Benefit changes are detailed below.

CAHP Health Benefits Trust

The CAHP health plan is a self-insured Preferred Provider Organization (PPO) plan, administered by Anthem Blue Cross of California.

The following benefit modifications will be made to the CAHP health plan for 2018:

- The CAHP Health Benefits Trust Plan is not subsidizing the 2018 rates.

- Increase in the prescription copays to:
 - Retail:
 - Generic: \$6.00
 - Single Source: \$25.00
 - Multi-Source: \$35.00
 - Mail Order:
 - Generic: \$12.00
 - Single Source: \$50.00
 - Multi-Source: \$70.00

CCPOA Benefit Trust Fund

The CCPOA health plan is a fully-insured HMO plan, administered by Blue Shield of California.

There are no benefit changes to the CCPOA health plan for 2018.

PORAC Insurance and Benefits Trust

The PORAC health plan is a fully-insured PPO plan, administered by Anthem Blue Cross of California.

The following benefit modifications will be made to the PORAC health plan for 2018:

- Basic:
 - PORAC is not making any Basic plan benefit changes other than updating the 2018 medical and pharmacy Maximum Out-of-Pocket (MOOP) levels. PORAC's 2018 Basic plan coverage will include separate MOOP levels of \$3,000/\$6,000 on the medical benefits and \$3,000/\$6,000 on the prescription drug benefits. These MOOP changes will be reflected in the 2018 Basic plan Evidence of Coverage documents.
- Medicare:
 - There are no benefit changes.

Budget and Fiscal Impacts

Approval of the Association plan rates has no budgetary or fiscal impact to CalPERS.

Benefits and Risks

The rate team recommends approval of the proposed Association plan premiums so that work can begin on system changes and member communications for the 2018 Open Enrollment period, and 2018 premiums can be communicated on a timely basis to the State's Department of Finance and our contracting public agencies.

Attachments

Attachment 1 – 2018 State Health Premiums - Association Health Plans Only

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