



Pension and Health Benefits Committee Agenda Item 5a

June 20, 2017

Item Name: Approval of the 2018 Health Maintenance Organization Plan Rates

Program: Health Benefits

Item Type: Action

Recommendation

The rates team recommends the Pension and Health Benefits Committee (PHBC) approve the proposed 2018 Health Maintenance Organization (HMO) risk adjusted premium rates for Anthem Blue Cross, Blue Shield of California, Health Net of California, Kaiser Permanente, Sharp Health Plan, and UnitedHealthcare; and the Medicare Advantage rate for Kaiser Permanente and UnitedHealthcare.

Executive Summary

This agenda item provides the PHBC the proposed 2018 Basic and Medicare premiums for the California Public Employees' Retirement System (CalPERS) HMO health plans.

Strategic Plan

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

Background

Carriers submitted initial 2018 health plan rates and supporting documentation in February 2017. In March, April, and May, health plans were requested to provide refreshed data based on any emerging plan experience in 2017. This enabled the rates team, along with Mercer, an independent health actuarial firm, to update and improve on the initial rates submitted in February by the carriers.

The rates team tested plan submissions for validity, reasonableness, and reliability using the Health Care Decision Support System (data warehouse) and flex funding summary cost files.

Contact with carriers through email, conference calls or meetings at CalPERS were arranged when there was need for additional information. The rates team worked closely with outside counsel, King and Spalding, to assess the accuracy and validity of each health plan's rate proposal based on prevailing local and national market trends.

One aspect of the analysis and assessment used for setting rates for the upcoming 2018 plan year includes the review of prior year medical and pharmacy trends and their projected impact on projected costs.

The premiums submitted by the health plans include the expansion efforts described within this agenda item.

Analysis

Included in the 2018 plan year premiums, are service area expansions in the following counties:

County Expansions:

- Anthem Blue Cross Select HMO into Monterey County.
- Health Net SmartCare into Placer County; cities include Lincoln, Loomis, Roseville, Rocklin, and Granite Bay.
- Kaiser CA State of Washington counties: Grays Harbor, Island, King, Kitsap, Lewis, Mason, Pierce, San Juan, Skagit, Snohomish, Spokane, Thurston, Whatcom.
- Western Health Advantage into Placer, El Dorado, Sacramento, Yolo, Colusa, Solano, Napa, Sonoma, and Marin Counties.

Budget and Fiscal Impacts

For the 2018 plan year, the proposed rates will change the amount employees and employers contribute. For the State of California, the change will be determined in accordance with Government Code section 22871 et seq, of the Public Employees' Medical and Hospital Care Act.

For contracting agencies, the change will be determined based on each agency's negotiated contribution amount.

Benefits and Risks

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

Attachments (Attachment 1 will be provided under separate cover)

Attachment 1 – 2018 State and Contracting Agencies Health Premiums – HMOs only
Attachment 2 – Proposed 2018 Health Rates and Contracts

Shari Little, Chief

Health Policy Research Division

Liana Bailey-Crimmins

Chief Health Director

Health Policy Benefits Branch

