



## Pension and Health Benefits Committee Agenda Item 8a

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June 19, 2018

**Item Name:** Approval of the 2019 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 2019 Health Maintenance Organization (HMO) premium rates for Anthem Blue Cross, Blue Shield of California, Health Net of California, Kaiser Permanente, Sharp Health Plan, UnitedHealthcare, and Western Health Advantage; and the Medicare Advantage rates for Anthem Blue Cross, Kaiser Permanente and UnitedHealthcare.

### **Executive Summary**

This agenda item provides the PHBC the proposed 2019 Basic and Medicare premiums for the California Public Employees' Retirement System (CalPERS) HMO health plans.

### **Strategic Plan**

This item supports CalPERS Health Care Affordability Strategic Goal: "Transform health care purchasing and delivery to achieve affordability."

### **Background**

Carriers submitted initial 2019 health plan rates and supporting documentation in February 2018. In March, April, and May, health plans were requested to provide refreshed data based on any emerging plan experience in 2018. This enabled the rates team, along with our internal actuarial team and an independent third-party health actuarial firm, to update and improve on the initial rates submitted in February by the carriers.

In addition, the rates team reviewed the rates for validity, consistency, and reasonableness, using the Health Care Decision Support System (data warehouse) and flex funding summary cost files. There was regular communication between the rates team and the plans via email, conference calls, as well as, face to face meetings at CalPERS.

For risk mitigation, one aspect of the analysis and assessment used for setting rates for the upcoming 2019 plan year includes the review of prior year medical and pharmacy trends and their impact on projected costs.

**Service Area Changes**

Service area updates will be provided during the PHBC meeting on June 19, 2018.

**Budget and Fiscal Impacts**

For the 2019 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 benefits and premiums so that work can begin on systems changes and member communications for the 2019 Open Enrollment period, and so that 2019 premiums can be communicated on a timely basis to the State's Department of Finance and our contracting public agencies.

**Attachments** (Attachments will be provided under separate cover)

Attachment 1 – 2019 State and Contracting Agencies Health Premiums – HMOs only

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