



Pension and Health Benefits Committee Agenda Item 8b

June 19, 2018

Item Name: Approval of the 2019 Preferred Provider 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 Preferred Provider Organization (PPO) rates for Anthem Exclusive Provider Organization, PERS Choice, PERS Select, and PERSCare as contained in this agenda item.

Executive Summary

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

Strategic Plan

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

Background

The CalPERS rates team worked with actuaries from Mercer and actuarial and underwriting staff from Anthem Blue Cross and OptumRx to develop the 2019 PPO health plan rates. The review examined current utilization and cost trends and the need to maintain appropriate reserves under the Risk Based Capital methodology.

An 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. This review provides insight into the potential costs for future years.

Analysis

The proposed premiums include the benefit design changes described within this agenda item.

Benefit Design Changes:

- Adopted a Value Based Insurance Design for PERS Select (Basic plan)
- Discontinued the Castlight Tool (Basic plans)
- Increased the copays for specialists visits and urgent care for PERS Choice and PERSCare (Basic plans).

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 PPO 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 – PPOs only

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