



Public Agency Regions Market Analysis

Board of Administration Offsite Meeting

July 17, 2018



Board of Administration Offsite
JULY 2018

Agenda

- Background
- Milliman
 - Regions History
 - Market Scan
- Regional Variations
- Stakeholder Outreach
- Next Steps
- Questions

Focused Discussion on Regions



Public Agency Regions Background

2003

- Loss of PAs in Southern CA

2005

- Established four regions

2009

- Created fifth region for Sacramento

2014

- Moved Yolo to Sacramento region



Regional Objectives



Create
Stable
Public
Agency
Risk Pools



Reflect
Cost of
Health
Care
Regionally



Retain and
Attract
Public
Agencies

Challenges



Premium Volatility

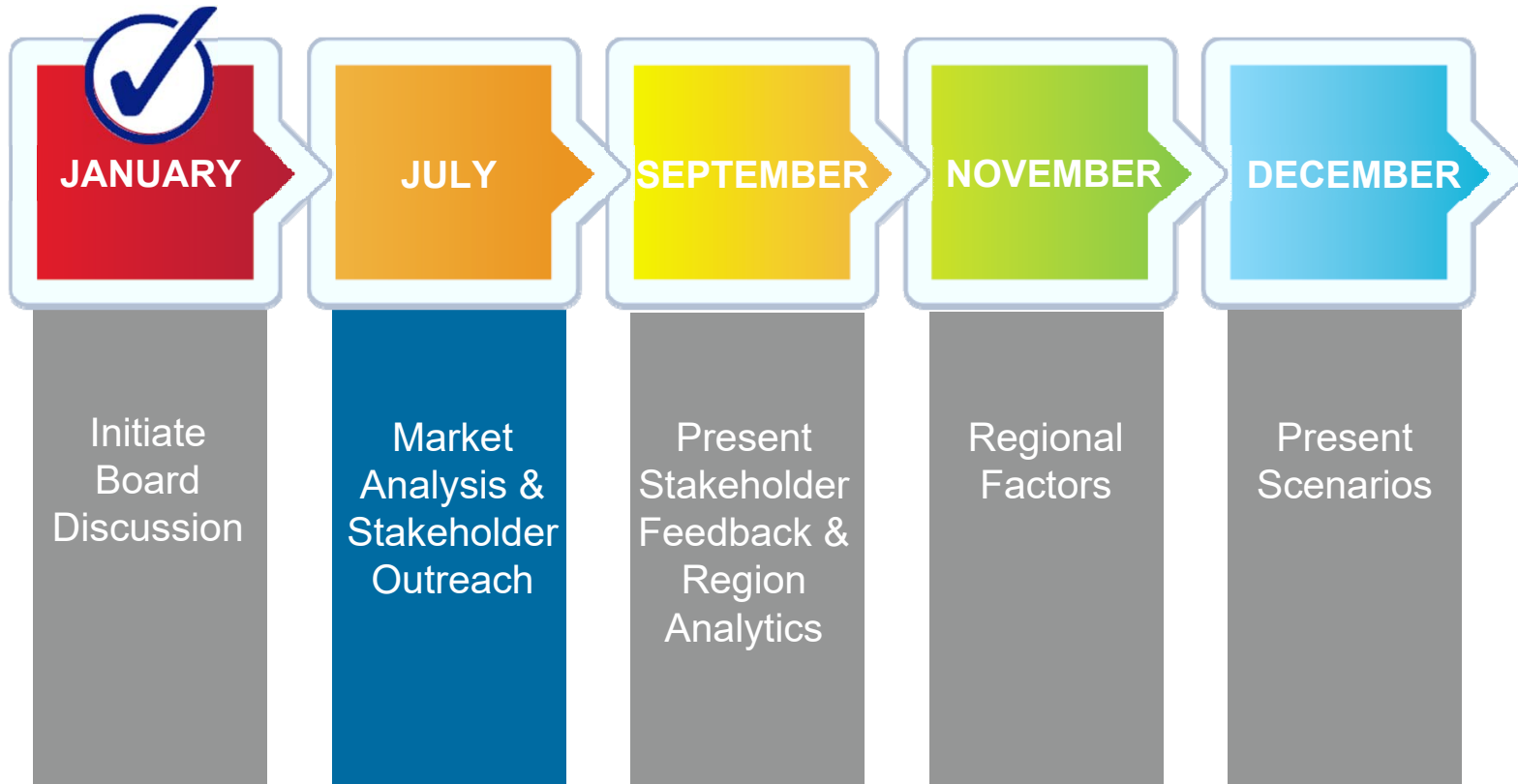


Inequities (Perceived or Actual)



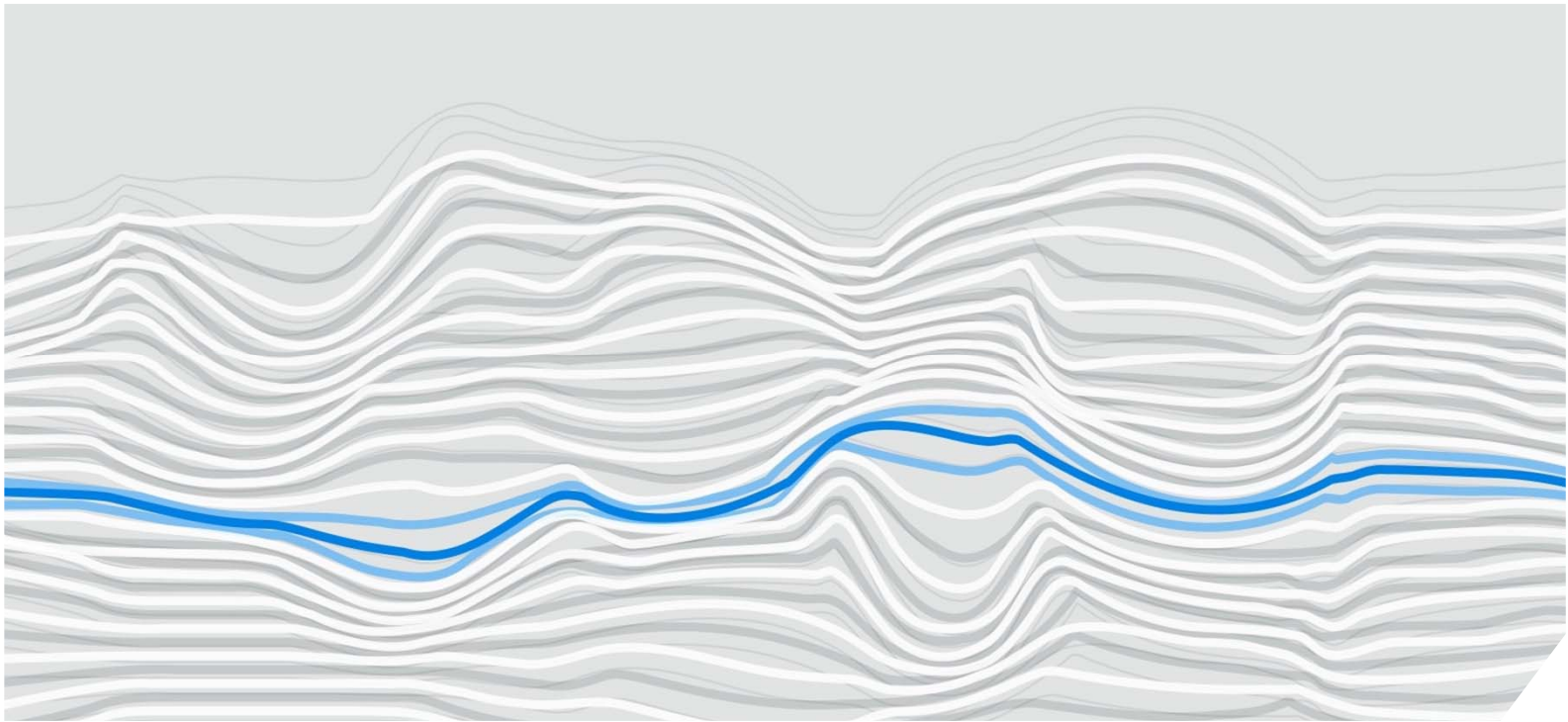
Difficulties Attracting and Retaining Public Agencies

Timeline



Overview of CalPERS Public Agency Rating Region History and Market Analysis

Robert Cosway, FSA, MAAA
Principal and Consulting Actuary



Overview of 2004 Regions Analysis



Steps to Define Rating Regions:

Analyze Regional Health Costs by County

- 1 • County's claims cost relative to statewide claims cost
- 2 • Remove differences in health status (risk scores)
- 3 • Remove differences in family composition (tiered premium rates)
- 4 • Group rating regions and assign counties

Market Analysis



▪ illiman

Regions Used by Other Statewide Government Employee Health Programs in Other States

New York

Texas

Florida

Washington

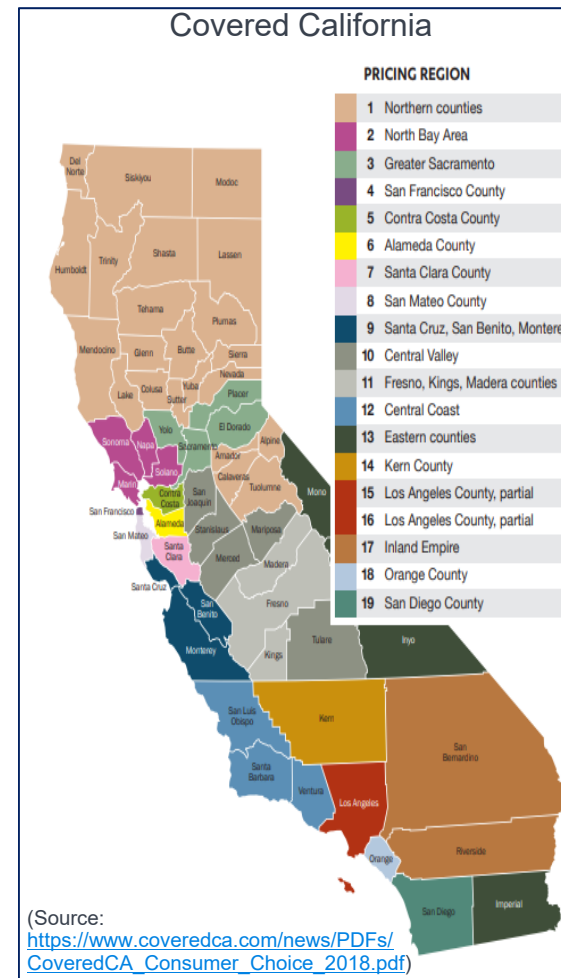
Oregon

Regions: Other Governmental Programs

- **Individual and Small Group**
 - Pre-ACA: 10 regions max
 - Covered CA: 19 regions

- **Medicare Physician Fee Schedule**
 - Pre-Jan 2017: 9 regions
 - Current: 27 regions

CA's regions now based on metropolitan statistical areas (MSAs) per CMS



California: Local Government Alternatives to CalPERS Health Options



Insurance or self-funded arrangement
direct with carrier/TPA



Participate in multiple-employer health
plan/trusts


Discussion



Comparison of CalPERS Market Share by Region

Comparison of Average Premium Rates for Comparable Plans by Region

CalPERS vs Private Employer insurance


A close-up photograph of a medical chart. A silver stethoscope is resting on the chart, and a red pen is lying diagonally across it. The chart contains various fields and text, including 'Abnormal', 'Flag Ref', and 'PAGE'.

Public Agencies Barriers Regional Variations Scenarios

CalPERS Health Program Barriers to Agencies



Retiree Health Coverage

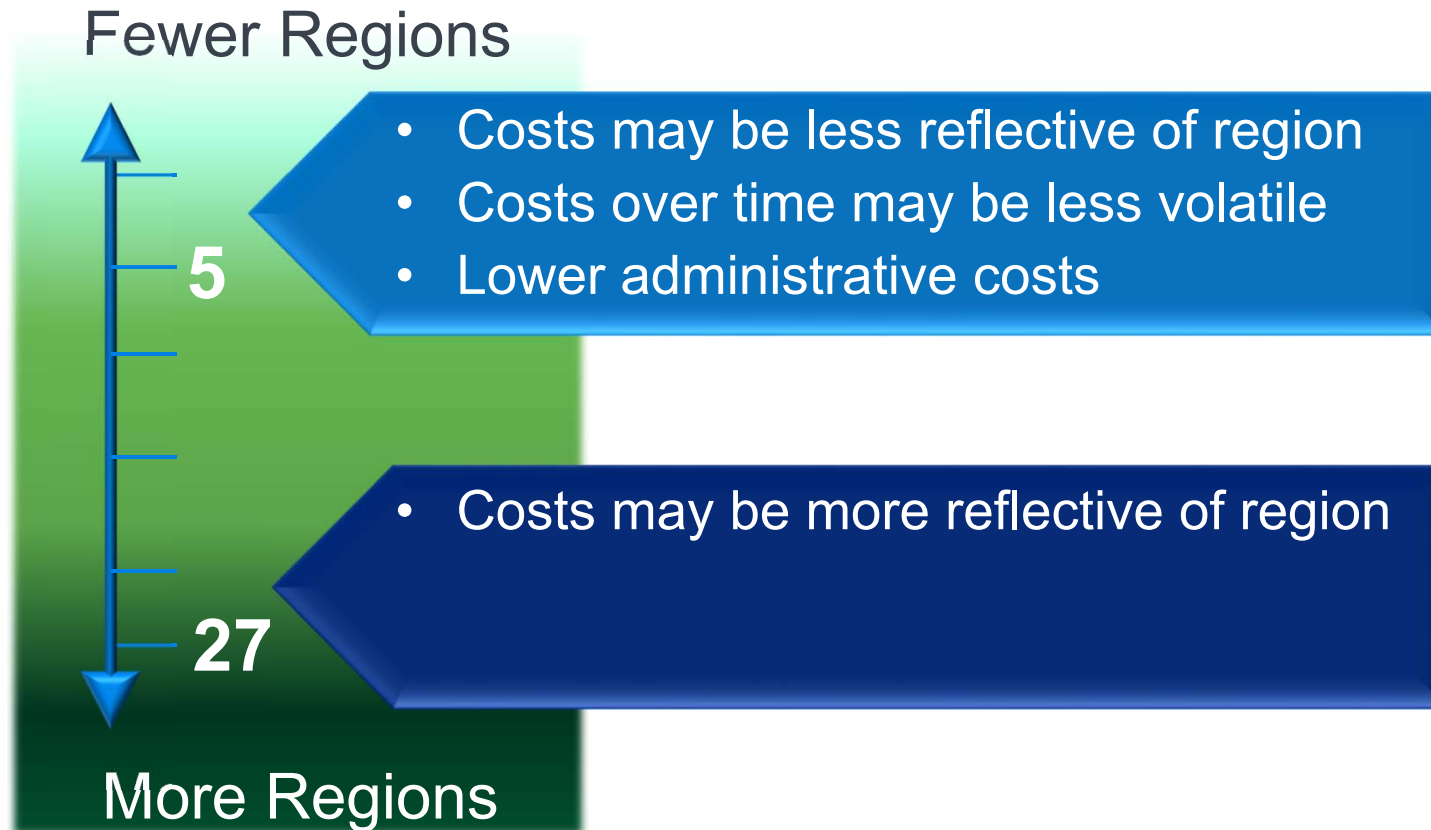


Looking for Lower Cost Plan Options (i.e. HDHPs)



Other Marketplace Alternatives

Regional Variations Pros and Cons



Regional Scenarios



Reassess the cost of healthcare by various attributes



Run various regional models/alternatives



Compare to marketplace



Seek stakeholder input

Stakeholder Engagement

- **Surveys**
- **Meetings**
- **E-Mail**

Public_Agency_Health_Regions_Evaluation@calpers.ca.gov

Next Steps



