Health Regions and Regional Factors

Pension and Health Benefits Committee

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Health Policy and Research Division

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Regions Journey

- **JANUARY**: Initiate Board Discussion
- **JULY**: Market Analysis & Stakeholder Outreach
- **SEPTEMBER**: Present Stakeholder Feedback & Region Analytics
- **NOVEMBER**: Employer Focus Groups & Outreach
- **DECEMBER**: Regional Factors & Scenarios

Two Decisions
- 1) Regions
- 2) Regional Factors
Objectives for Regions

- Create Stable Public Agency Risk Pools
- Reflect Cost of Health Care Regionally
- Retain and Attract Public Agencies
Opportunity to Improve Cost Alignment

Status Quo

- 22%
- Alignment to cost of care in the region

A New Region Model

- 38 – 50%
- Alignment to cost of care in the region
Recommendation Scenario A1

Estimated Premium Impact

<table>
<thead>
<tr>
<th>Change within 3%</th>
<th>Total Covered Lives (TCLs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change within 3%</td>
<td>216,000</td>
</tr>
</tbody>
</table>

Average PMPM Increase of $41
Average PMPM Decrease of $25

Cost Relativities

<table>
<thead>
<tr>
<th>Region</th>
<th>Relativity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region 1</td>
<td>1.166</td>
</tr>
<tr>
<td>Region 2</td>
<td>.914</td>
</tr>
<tr>
<td>Region 3</td>
<td>.821</td>
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</tbody>
</table>

Marketability

<table>
<thead>
<tr>
<th>Marketability</th>
</tr>
</thead>
<tbody>
<tr>
<td>38%</td>
</tr>
</tbody>
</table>
Disruption Hot Spots

Scenarios A, A1

All Scenarios
Scenario Comparison

Estimated Premium Increases for Rating Regions: Total Covered Lives

- **Scenario A**: Between 3% & 5%
- **Scenario A.1**: Between 3% & 5%
- **Scenario B**: Between 7% & 10%
- **Scenario C**: Between 7% & 10%
- **Scenario D**: Between 7% & 10%

CalPERS
Scorecard: Scenario Comparison View

<table>
<thead>
<tr>
<th>Regional Scenario</th>
<th>TCLs with Premiums Increasing</th>
<th>Estimate of Average Premium Increase PMPM</th>
<th>TCLs Decreasing More than 3%</th>
<th>Average Decrease PMPM</th>
<th>Marketability (Paying within 97% of the cost of care)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3-5%</td>
<td>5-7%</td>
<td>7-10%</td>
<td>&gt;10%</td>
<td>Total</td>
</tr>
<tr>
<td>Status Quo</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Scenario A</td>
<td>112,294</td>
<td>11,226</td>
<td>28,987</td>
<td>1,085</td>
<td>153,592</td>
</tr>
<tr>
<td>Scenario A1</td>
<td>11,115</td>
<td>27,324</td>
<td>37,069</td>
<td>3,807</td>
<td>79,315</td>
</tr>
<tr>
<td>Scenario B</td>
<td>80,743</td>
<td>21,451</td>
<td>40,423</td>
<td>28,876</td>
<td>171,493</td>
</tr>
<tr>
<td>Scenario C</td>
<td>88,261</td>
<td>15,474</td>
<td>39,657</td>
<td>31,996</td>
<td>175,388</td>
</tr>
<tr>
<td>Scenario D</td>
<td>88,143</td>
<td>17,106</td>
<td>39,504</td>
<td>28,740</td>
<td>173,493</td>
</tr>
</tbody>
</table>

CalPERS
HMO Regional Factor Decision

Three Options

Status Quo
Plans interpret directions for calculating factors

CalPERS
Provides prescriptive definition to plans for calculating factors

CalPERS
sets a range for regional factors for plans to be within

Third-party validation
Next Steps

- Decision
- Employer & Member Communications
- 2020 RDP
- Implement 2020
Two Decisions

Regions

Regional Factors