



Pension and Health Benefits Committee

Agenda Item 6a

June 18, 2019

Item Name: Approval of the 2020 Health Maintenance Organization Rates

Program: Health Benefits

Item Type: Action

Recommendation

The rates team recommends the Pension and Health Benefits Committee (PHBC) approve the proposed 2020 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 2020 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 2020 health plan rates and supporting documentation in February 2019. In March, April, and May, health plans were requested to provide refreshed data based on any emerging plan experience in 2019. 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.

An aspect of the analysis and assessment used for setting rates for the upcoming 2020 plan year includes the review of historical medical and pharmacy trends, and changes in population health status and geographic mix based on the open enrollment results. This review provides insight

into the potential costs for future years. There are no benefit design changes for HMO Basic and Medicare benefits.

Service Area Changes

Currently, there is no corresponding HMO Medicare plan for our Combination members in Monterey county. A Combination plan has at least one member in a Basic plan and at least one member in a Medicare plan. For 2020, Anthem will offer an HMO Medicare plan in Monterey County and final plan premiums are included in this item for approval.

Budget and Fiscal Impacts

For the 2020 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 2020 Open Enrollment period, and so that 2020 premiums can be communicated on a timely basis to the State's Department of Finance and our contracting public agencies.

Attachments (Attachment will be provided under separate cover)

Attachment 1 – 2020 State and Contracting Agencies Health Premiums – HMOs only

Kimberly Malm
Interim Chief
Health Policy Research Division

Liana Bailey-Crimmins
Chief Health Director
Health Policy and Benefits Branch