



Pension and Health Benefits Committee

Agenda Item 6b

June 18, 2019

Item Name: Approval of the 2020 Preferred Provider Organization Rates

Program: Health Benefits

Item Type: Action

Recommendation

The rates team recommends the Pension and Health Benefits Committee approve the proposed 2020 Preferred Provider Organization (PPO) rates for Anthem Exclusive Provider Organization, PERS Choice, PERS Select, and PERSCare.

Executive Summary

This agenda item provides the PHBC the proposed 2020 Basic and Medicare premiums for 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 OptumRx to develop the 2020 PPO health plan rates. The review examined current utilization and cost trends, as well as appropriate reserves.

Analysis

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 PPO Basic and Medicare benefits. Rates are included in Attachment 1, which will be provided under separate cover.

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 PPO premiums so that work can begin on system 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 – PPOs only

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