

Preliminary 2021 Health Rates

Pension & Health Benefits Committee

Agenda Item 7A

Marta Green

Chief, Health Plan Research and Administration Division

June 16, 2020

Agenda

- Rate Development Process Improvements
- Health Care Fund (HCF) Reserve Policy Adjustment
- COVID-19 Impact and Administrative Services Fee (ASF) Adjustments
- Preliminary Statewide Weighted Average Premium Change
- Preliminary Premiums for HMO Plans
- Preliminary Premiums for PPO Plans
- Next Steps



Rate Development Process (RDP) Changes



Improved
Standardization
of Medical Rating
Methodology



CalPERS Projection
of Baseline Trends
and Assumptions

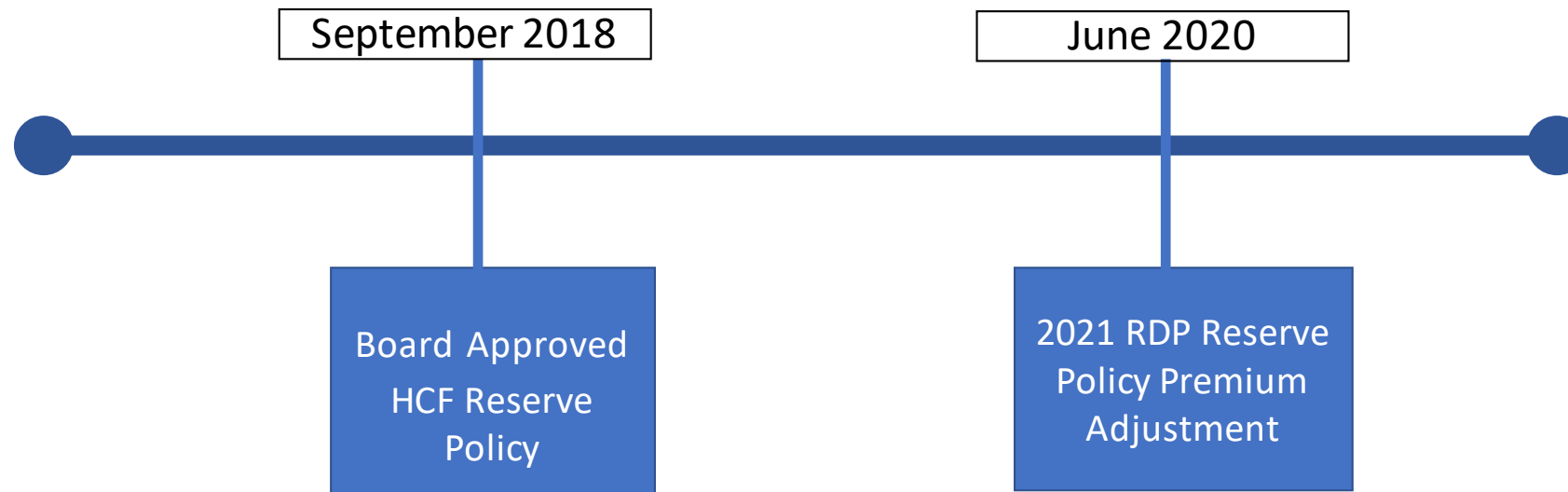


Post Submission
Discussions and
Rate Negotiations
beginning in
February

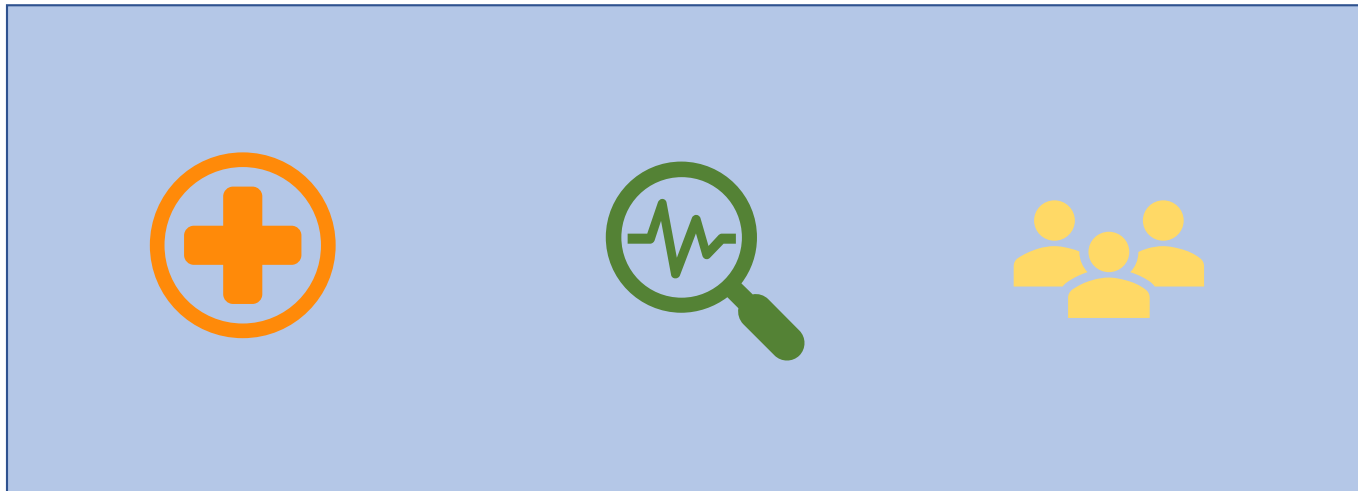


Health Care
Fund (HCF)
Reserve Policy
Adjustment

HCF Reserve Policy Premium Adjustment



COVID-19 Impact and ASF Adjustments



Preliminary Statewide Weighted Average Premium Percent Change from 2020

Program Type	Preliminary Premium Change (with HCF Adj.)
Basic HMO	4.57%
Basic PPO	8.54%
Medicare HMO	-4.43%
Medicare PPO	-0.65%
Total Program	4.41%

*This table includes the benefit enhancements & excludes associations.



Preliminary Premiums HMO Plans

Anthem HMO Select (Basic)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$787.79	\$800.55	\$12.76	1.62%	43,478

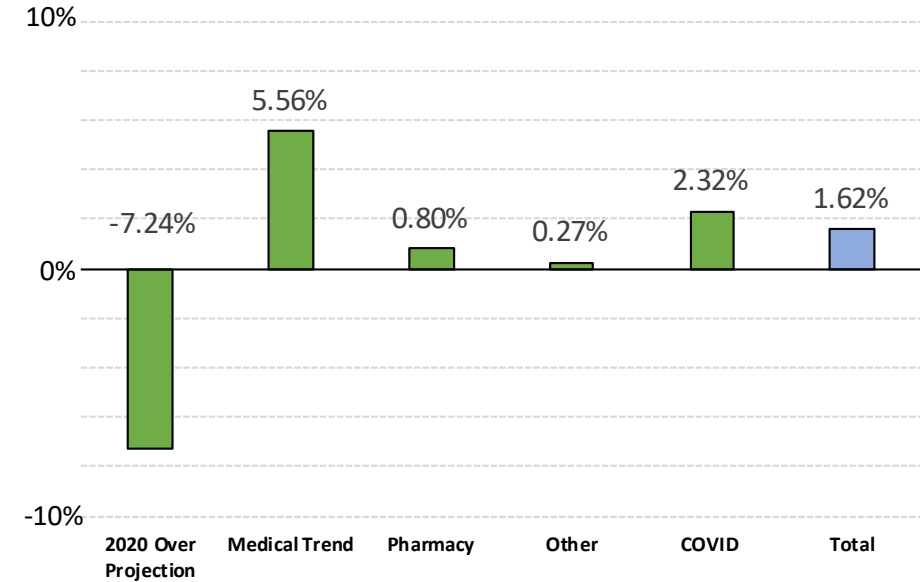
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
0.8065	0.8515	5.58%	-4.87%	0.44%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
(\$6,855,433)	0%	\$0	\$800.55	1.62%

2020 – 2021 Cost Drivers



Anthem HMO Traditional (Basic)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$1,115.75	\$1,322.91	\$207.16	18.57%	14,165

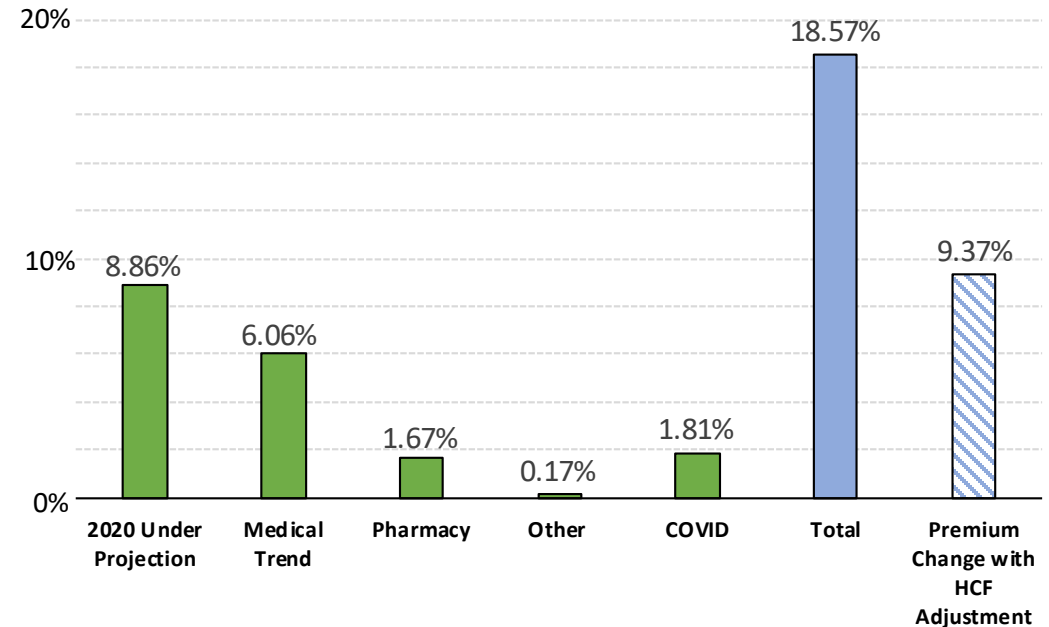
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
1.2002	1.2103	0.84%	-0.44%	0.40%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$17,972,101	80%	\$14,377,681	\$1,220.32	9.37%

2020 – 2021 Cost Drivers



Blue Shield Access+ (Basic)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$910.16	\$982.61	\$72.45	7.96%	94,835

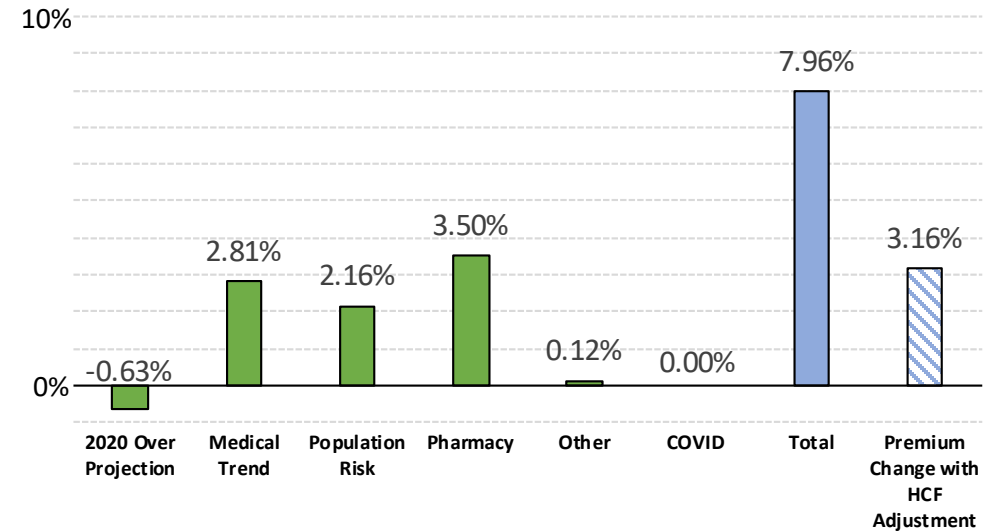
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
1.1585	1.2226	5.53%	0.09%	5.63%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$54,841,659	70%	\$38,389,161	\$938.96	3.16%

2020 – 2021 Cost Drivers



Blue Shield Trio (Basic)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$701.06	\$722.56	\$21.50	3.07%	8,336

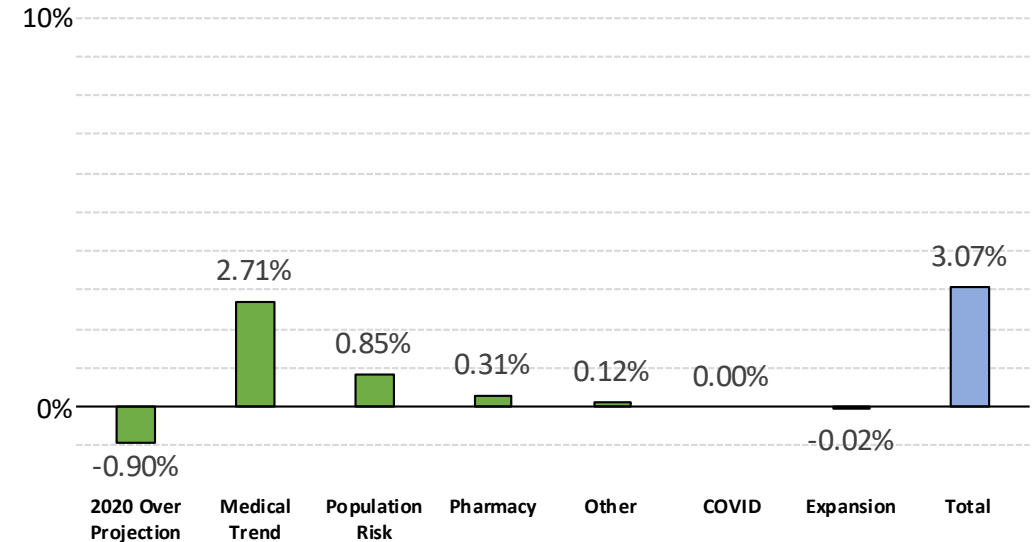
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
N/A	0.9284	N/A	N/A	N/A

HCF Reserve Policy Analysis and Proposed Adjustments

Trio is a new plan, effective January 01, 2020. As a result, it is too early to measure the HCF balance.

2020 – 2021 Cost Drivers



Health Net Salud y Más (Basic)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$403.55	\$425.02	\$21.47	5.32%	10,790

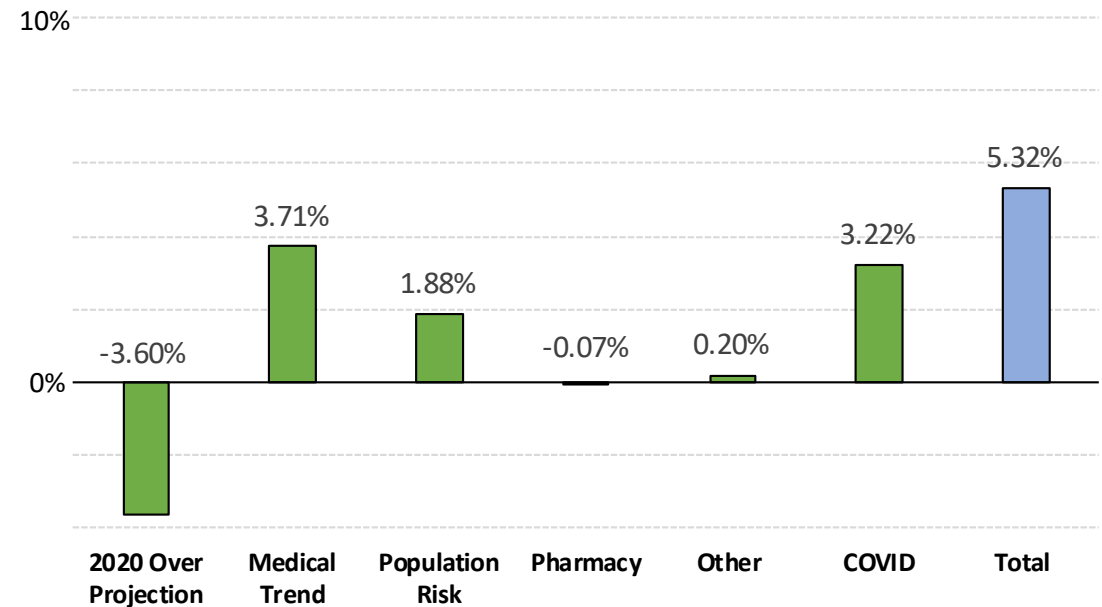
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
0.5228	0.5372	2.75%	-0.21%	2.54%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$3,564,625	0%	\$0	\$425.02	5.32%

2020 – 2021 Cost Drivers



Health Net SmartCare (Basic)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$860.96	\$946.01	\$85.05	9.88%	18,213

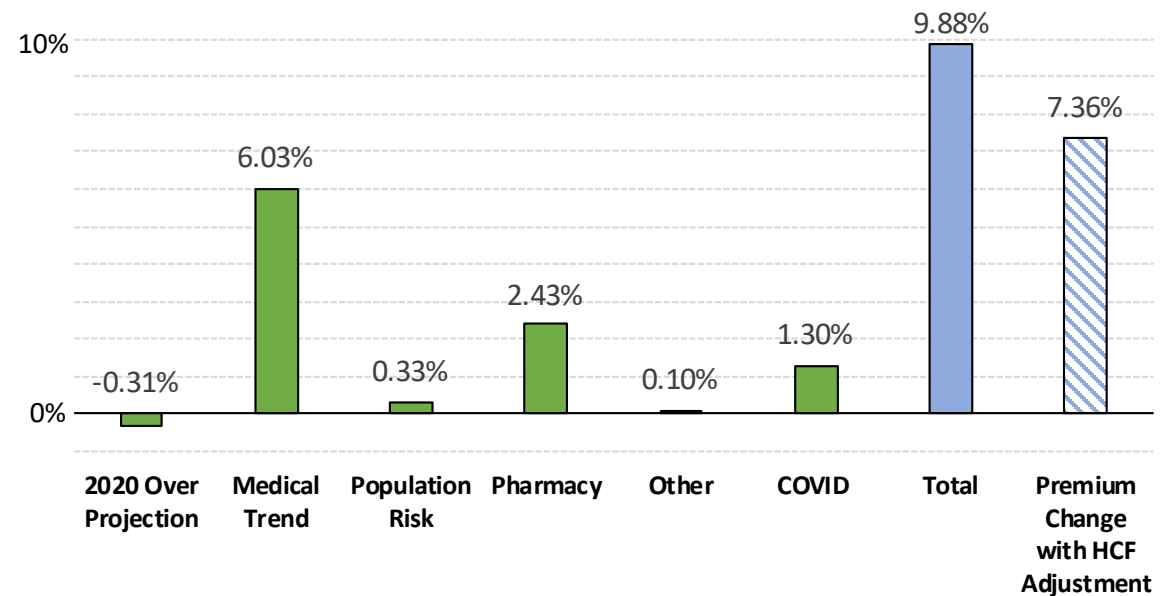
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
0.9760	1.0693	9.56%	-1.80	7.59%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$4,548,786	80%	\$3,639,029	\$924.36	7.36%

2020 – 2021 Cost Drivers



Kaiser Permanente (Basic)

Preliminary Premium Change

Published 2020 PSPM	Preliminary 2021 PSPM	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$730.05	\$761.62	\$31.57	4.32%	548,287

2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
1.0201	1.0152	-0.48%	0.03%	-0.45%

HCF Reserve Policy Analysis and Proposed Adjustments

Kaiser Permanente is a fully insured plan, therefore there is no opportunity to accrue a HCF balance.

2021 Kaiser Premiums Relative to other HMO Plan Premiums (Basic Plans)



Sharp Performance Plus

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$606.02	\$632.94	\$26.92	4.44%	14,024

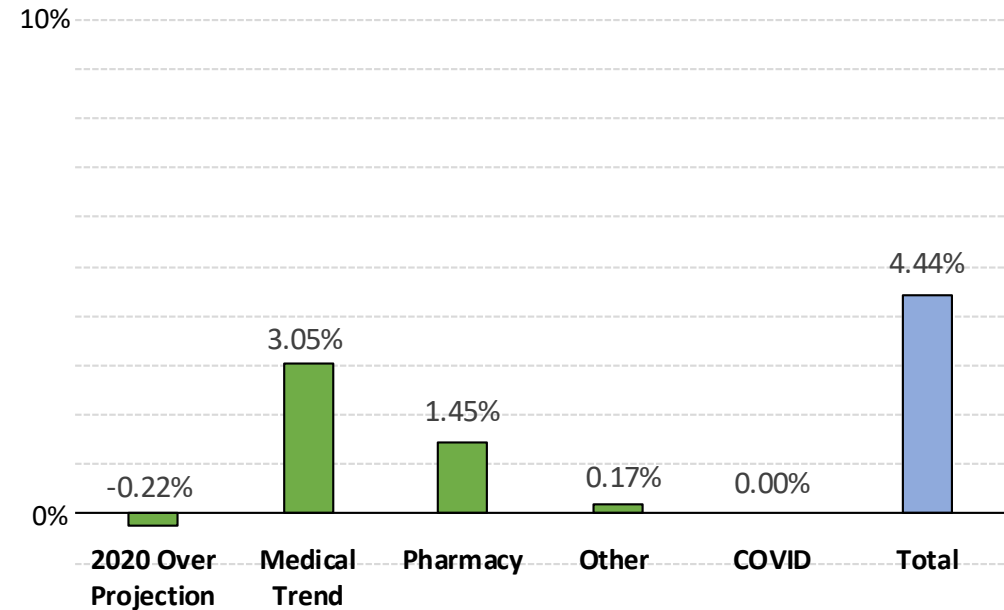
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
0.7627	0.7707	1.05%	0.00%	1.05%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
(\$3,824,929)	0%	\$0	\$632.94	4.44%

2020 – 2021 Cost Drivers



UnitedHealthcare Alliance (Basic)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$726.95	\$781.89	\$54.94	7.56%	85,684

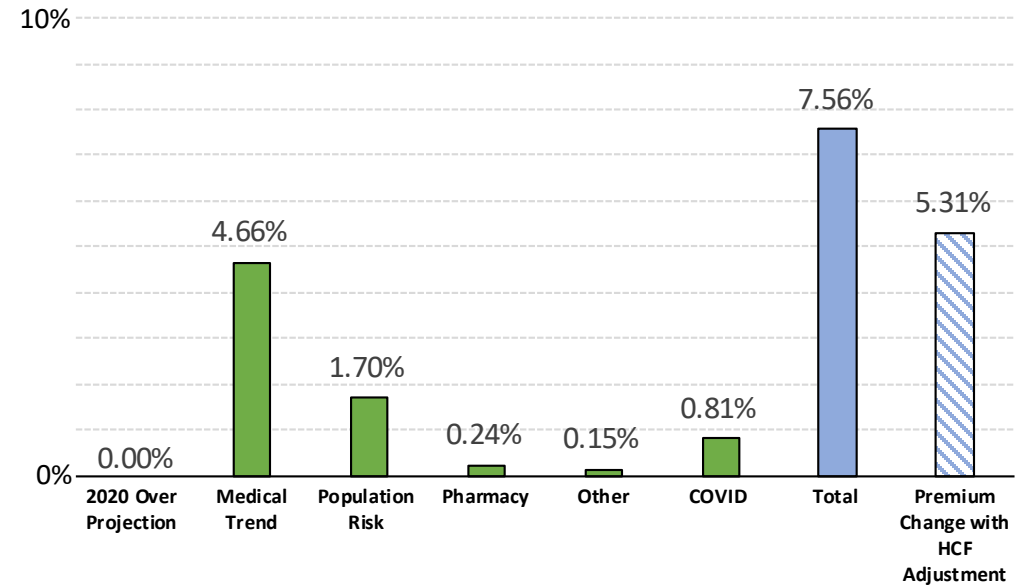
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
0.8994	0.9068	0.82%	-0.12%	0.70%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$16,236,919	80%	\$12,989,535	\$765.52	5.31%

2020 – 2021 Cost Drivers



Western Health Advantage (Basic)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$731.96	\$757.47	\$25.51	3.49%	11,038

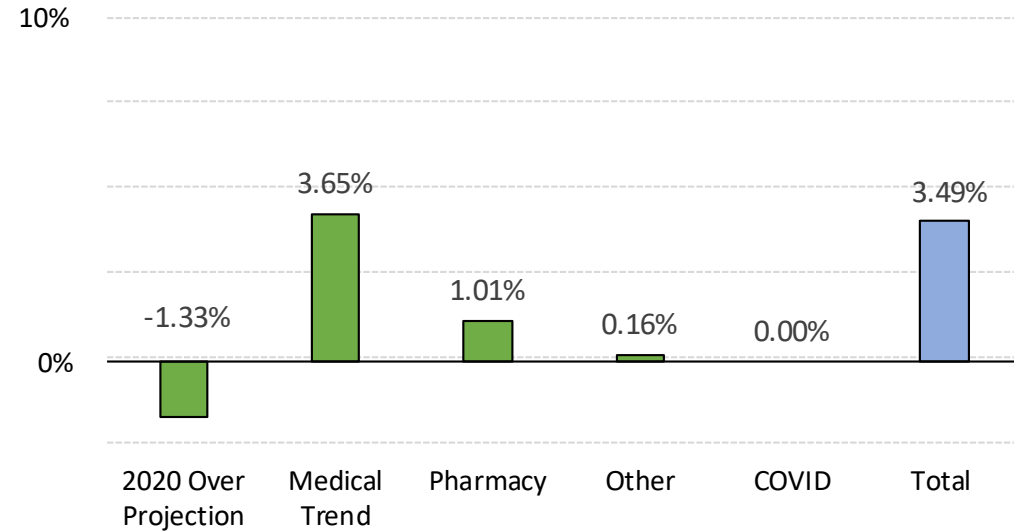
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
0.8835	0.9157	3.64%	0.35%	4.01%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment(\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$3,547,194	0%	\$0	\$757.47	3.49%

2020 – 2021 Cost Drivers



Anthem HMO Traditional/HMO Select Medicare Advantage

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$388.15	\$405.16	\$17.01	4.38%	2,901

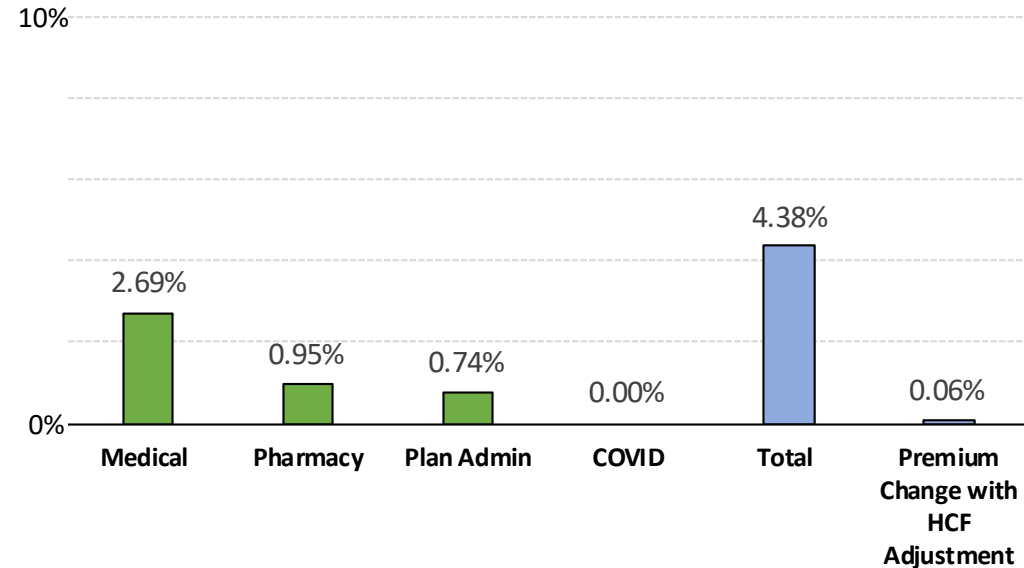
2020 Open Enrollment Impact

Impact is minimal due to the stable Medicare population.

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$2,172,176	30%	\$651,653	\$388.39	0.06%

2020 – 2021 Cost Drivers



Kaiser Senior Advantage

Preliminary Premium Change

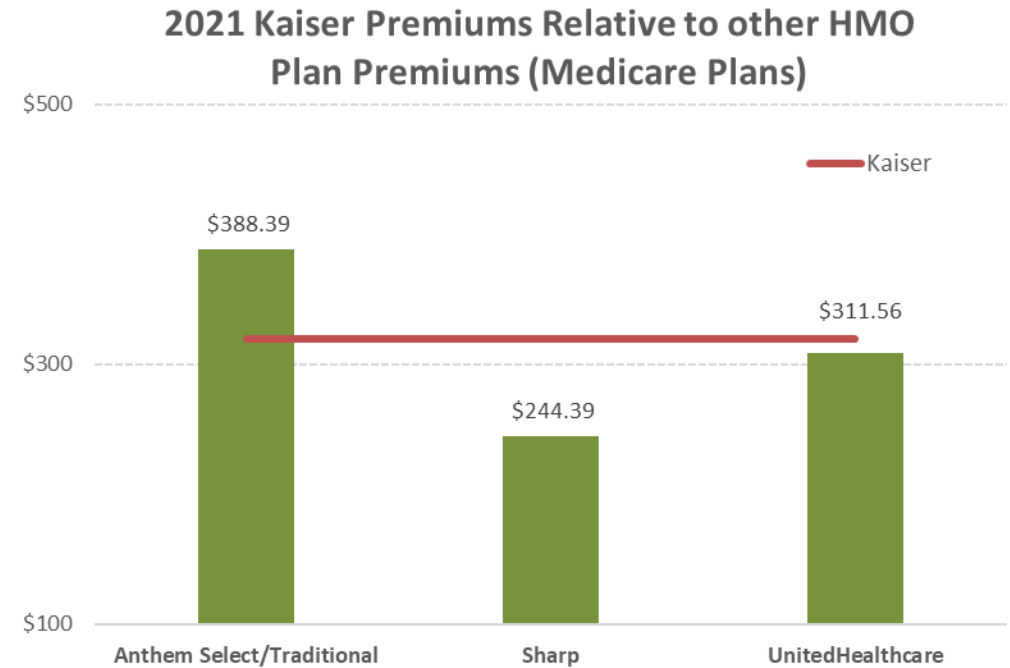
Published 2020 PSPM	Preliminary 2021 PSPM	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$339.43	\$324.48	-\$14.95	-4.40%	103,846

COVID-19 Impact

COVID-19 Impact on PSPM	Percentage of Impact
\$0	0%

HCF Reserve Policy Analysis and Proposed Adjustments

Kaiser Permanente is a fully insured plan. Therefore, it has its own reserve policy and adjustments in their accrued plan balance.



* Preliminary 2021 Premium includes benefit enhancement

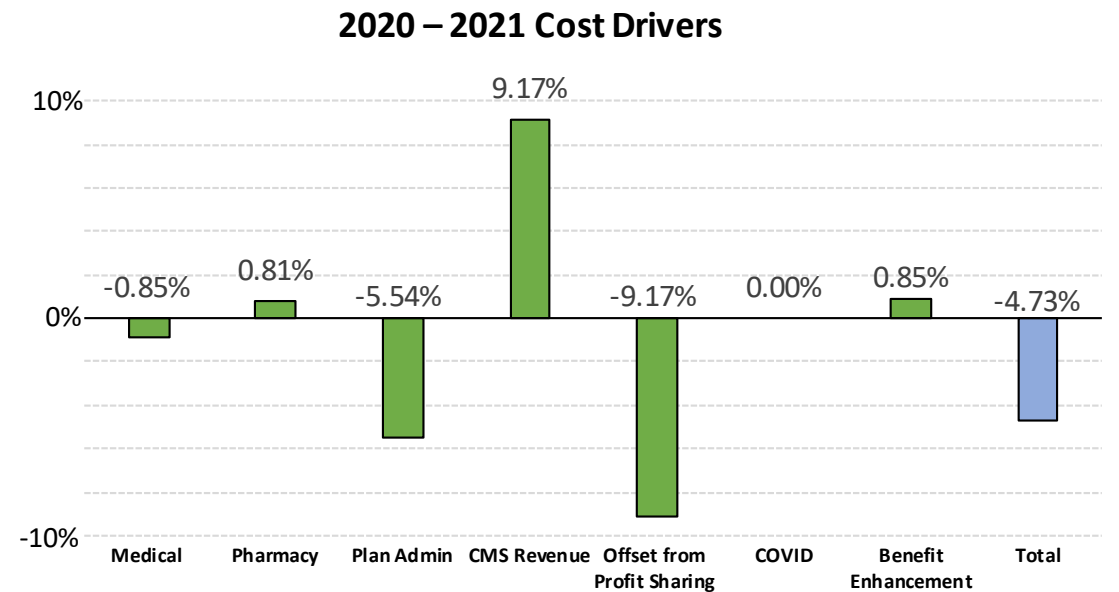
UnitedHealthcare Medicare Advantage

Preliminary Premium Change (without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$327.03	\$311.56	-\$15.47	-4.73%	43,094

2020 Open Enrollment Impact

Impact is minimal due to the stable Medicare population.



HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$3,368,342	0%	\$0	\$311.56	-4.73%



Preliminary Premiums PPO Plans

PERS Choice (Basic)

Preliminary Premium Change (without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$787.00	\$865.07	\$78.07	9.92%	146,871

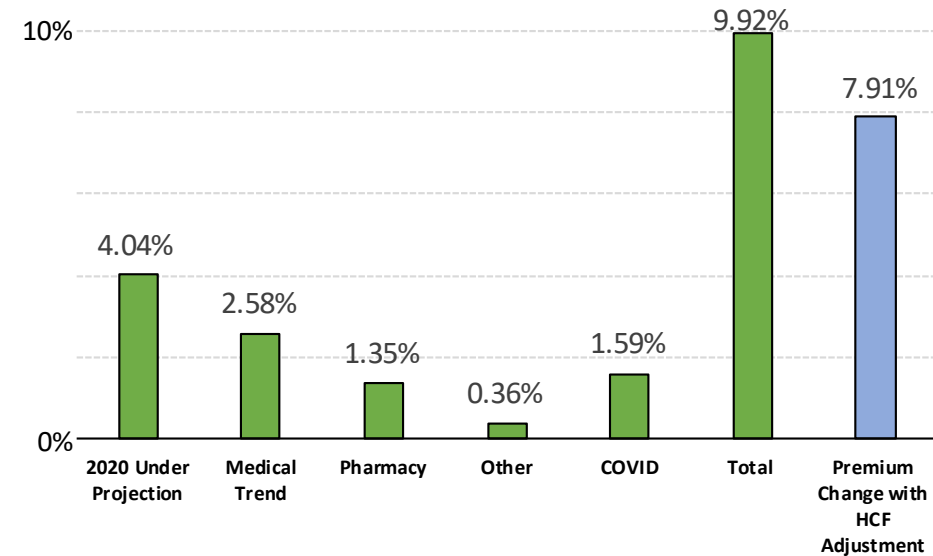
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
1.1265	1.1374	0.97%	0.05%	1.02%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$28,402,997	80%	\$22,722,398	\$849.23	7.91%

2020 – 2021 Cost Drivers



PERS Select (Basic)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$492.24	\$532.79	\$40.55	8.24%	91,972

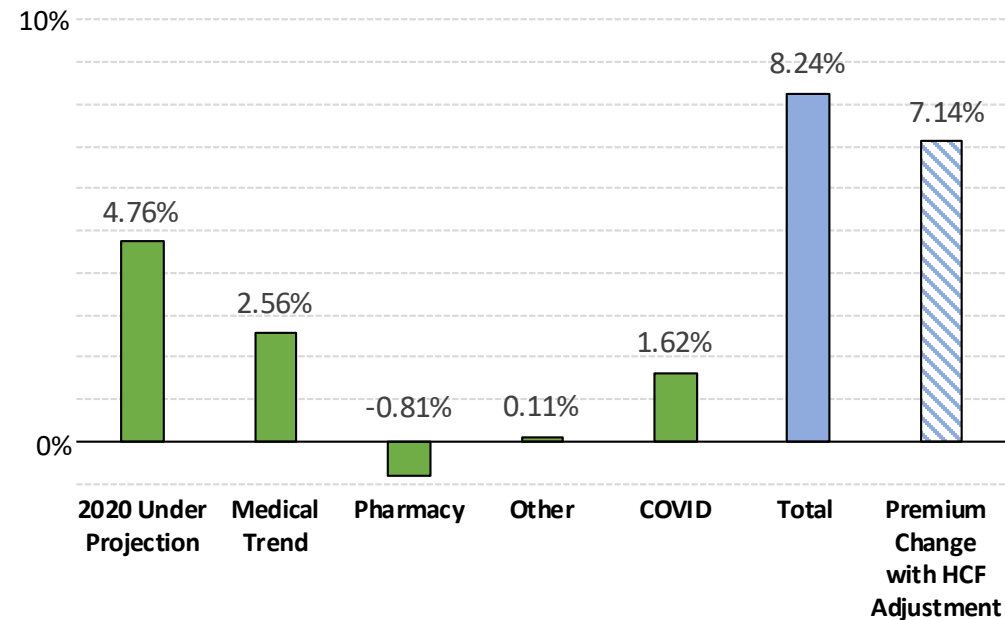
2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
0.6638	0.6708	1.05%	-0.77%	0.28%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$5,851,893	80%	\$4,681,515	\$527.39	7.14%

2020 – 2021 Cost Drivers



PERSCare (Basic)

Preliminary Premium Change (Without HCF Adjustment)

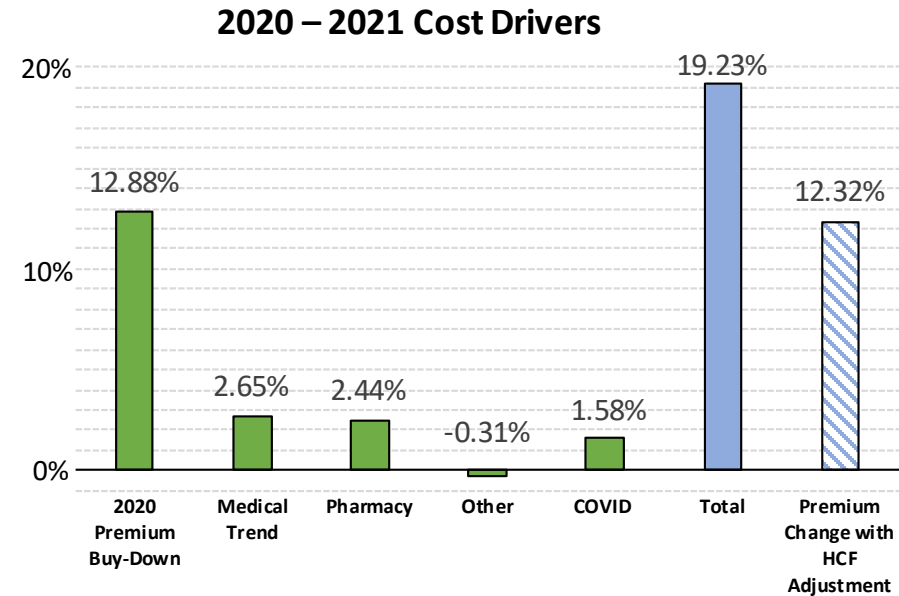
Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$989.88	\$1,180.27	\$190.39	19.23%	28,275

2020 Open Enrollment Impact

2019 Risk	2020 Risk	Change in Risk (%)	Change in Geo Mix (%)	Combined Open Enrollment Impact (%)
1.5721	1.6057	2.14%	0.64%	2.79%

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment (\$)	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$24,901,097	80%	\$19,920,878	\$1,111.87	12.32%



PERS Choice/Select (Medicare Supplement)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$351.39	\$380.05	\$28.66	8.16%	77,547

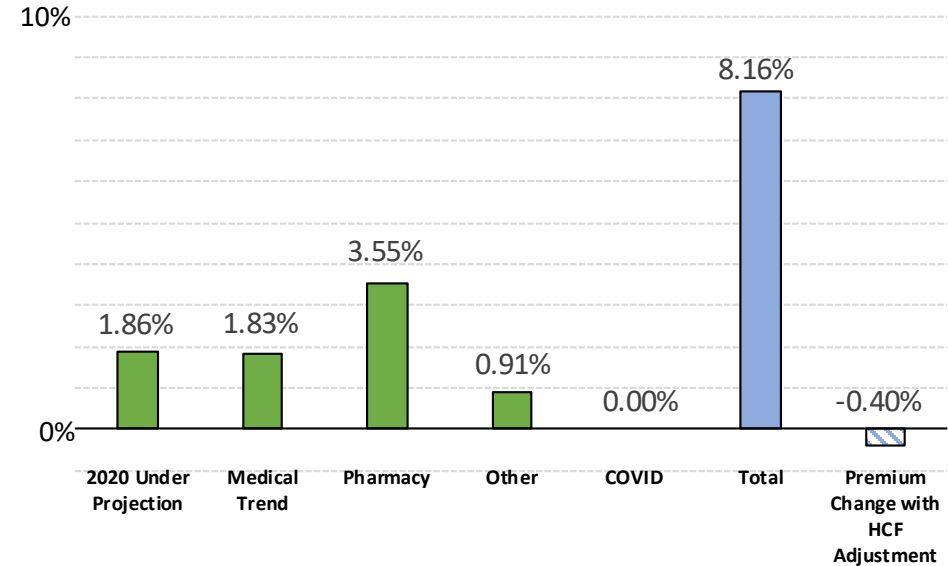
2020 Open Enrollment Impact

Impact is minimal due to the stable Medicare population.

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$33,395,337	85%	\$28,386,037	\$349.97	-0.40%

2020 – 2021 Cost Drivers



PERSCare (Medicare Supplement)

Preliminary Premium Change (Without HCF Adjustment)

Published 2020 PSPM	Preliminary 2021 PSPM without HCF Adjustment	Overall Change in Premium (\$)	Overall Change in Premium (%)	Total Covered Lives (TCL)
\$384.78	\$414.81	\$30.03	7.80%	64,237

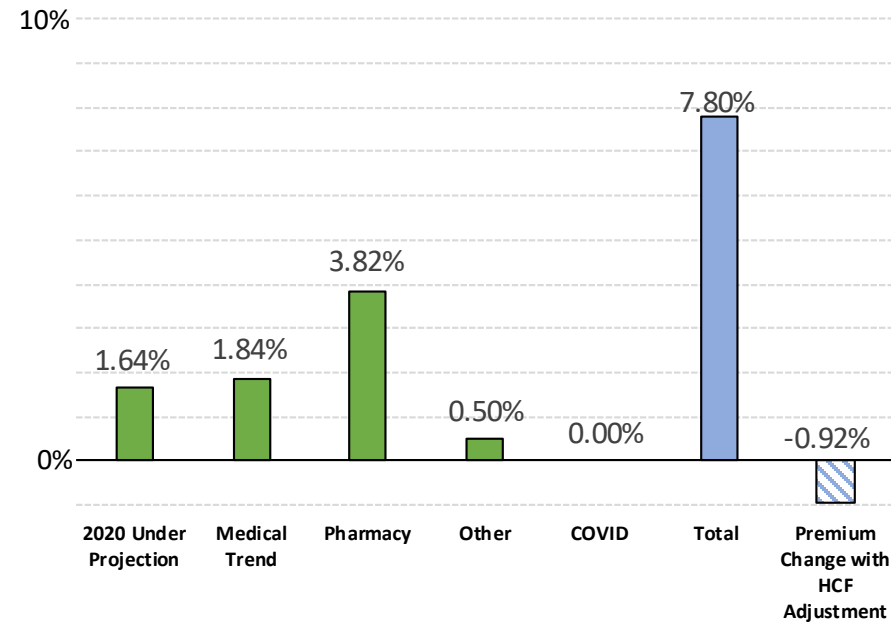
2020 Open Enrollment Impact

Impact is minimal due to the stable Medicare population.

HCF Reserve Policy Analysis and Proposed Adjustments

HCF Estimated Surplus/ (Deficit) as of Dec 2019 updated thru March 2020	Recommended Portion of HCF Applied to 2021 Premium	Total HCF Adjustment	Preliminary 2021 PSPM with HCF Adjustment	Preliminary 2021 PSPM Change with HCF Adjustment (%)
\$30,505,750	85%	\$25,929,887	\$381.25	-0.92%

2020 – 2021 Cost Drivers



Next Steps

