



## Pension & Health Benefits Committee

# Agenda Item 6a

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**November 17, 2020**

**Item Name:** Approval of New Health Plans, Benefit Designs, and Service Area Changes

**Program:** Health Benefits

**Item Type:** Action

### **Recommendation**

Approve the following health plan proposals for the 2022 plan year:

- 1) Anthem Blue Cross service area expansion and new benefit offerings for its Medicare Advantage plan;
- 2) Blue Shield of California's new 58-county Medicare Advantage plan and service area expansions for Trio into Monterey and Access+ Exclusive Provider Organization (EPO) into Lassen and Shasta counties contingent upon Department of Managed Health Care's (DMHC) approval. The EPO two county expansion is also contingent upon Board approval of the comprehensive risk mitigation strategy for 2022;
- 3) UnitedHealthcare's new Medicare Advantage plan; and
- 4) Western Health Advantage's new Medicare Advantage plan.

In addition, the California Public Employees' Retirement System (CalPERS) team recommends approving these proposals contingent on the results of the CalPERS Basic Health Plan Competition Study:

- 1) Blue Shield's Access+ reentry into eight Bay Area counties;
- 2) Blue Shield Trio service area expansion in three counties (Santa Cruz, Stanislaus and Orange); and
- 3) UnitedHealthcare's SignatureValue Harmony Basic plan.

CalPERS team will provide an update at the March Pension and Health Benefits Committee (PHBC) meeting to confirm which counties are appropriate for additional plan offerings and will be included in the 2022 Rate Development Process (RDP).

### **Executive Summary**

This agenda item provides a summary of the proposed 2022 new health plans, coverage area changes, and benefit design changes. These proposals will be discussed during the November 2020 PHBC meeting with recommendations for the PHBC's approval.

## **Strategic Plan**

This item supports CalPERS Health Care Affordability Strategic Goal: “Transform Health Care Purchasing and Delivery to Achieve Affordability”.

## **Background**

CalPERS recognizes the need for providing affordable health plans for our Basic and Medicare members and maintaining continuity of health care coverage as members age. Annually, CalPERS encourages our health plan partners to submit proposals for new health plans, coverage area changes, and benefit design changes that align with the CalPERS Health Care Affordability Strategic Goal. CalPERS considers and evaluates proposals that are focused on providing affordable, sustainable, high quality health care to our members. In August 2020, CalPERS asked its insured health plans to submit proposals for any changes to their existing plan products or for adding new plan products (Basic and Medicare) providing CalPERS with applicable pricing, provider network/coverage area, and benefit design information for consideration. In September 2020, CalPERS team members provided an update on the 2022 new health plan proposals to the PHBC in closed session.

## **Analysis**

CalPERS team members have conducted an extensive analysis of each proposal to CalPERS’ health benefits program. The analysis consists of comparisons of network coverage areas, number of medical groups including physician counts, coverage overlaps, projected Administrative Service Fees (ASF) and estimates of capitation and fee-for-service costs, and benefit design changes. The below summarizes each carrier’s submission, analysis results and CalPERS’ recommendations:

### **Anthem Blue Cross:**

#### Medicare Advantage Service Area Expansion

Anthem is proposing an expansion of its Medicare Preferred plan into a statewide Medicare Advantage plan option for Traditional and Select; offering the addition of 21 counties (Alpine, Amador, Calaveras, Colusa, Del Norte, Inyo, Lake, Lassen, Mariposa, Modoc, Mono, Plumas, San Diego, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, and Yuba). The projected increase for this expansion is \$4.73 per subscriber per month (PSPM), an increase of a little over 1% in single-party premium. The proposed benefit design aligns with CalPERS’ standard Medicare Advantage benefit design. The expansion will provide an additional fully insured Medicare Advantage plan option in these rural counties. The CalPERS team recommends approval.

#### Medicare Advantage Benefit Design Changes

Anthem is proposing its Medicare Advantage plan add 12 telephonic nutritional counseling sessions plus a monthly shipment of healthy non-perishable staples recommended for a member’s specific condition(s) as well as non-emergency medical transportation. The transportation benefit includes 12 one-way trips, up to 60 miles per trip, that members can use for covered medical visits, visits to SilverSneakers locations, and visits to the pharmacy. These benefits are allowable under the 2018 Federal Creating High-Quality Results and Outcomes Necessary to Improve Chronic (CHRONIC) Care act. The CHRONIC Care benefits are

generally supported by CalPERS staff, as some have been shown to improve overall health and reduce unneeded hospitalizations. They have also been requested by CalPERS stakeholders. The addition of the two new benefits will add \$2.86 to the single-party premium for 2022. The CalPERS team recommends approval.

### **Blue Shield of California:**

#### Access+ Basic Service Area Reentry into the Bay Area

Blue Shield is proposing that Access+ reenter eight of the nine Bay Area counties it exited in 2019, contingent upon Board approval of the comprehensive risk mitigation strategy for 2022. The eight counties proposed are: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Sonoma, and Solano. The plan did not propose to reenter Napa county. Blue Shield projects a 1.60% financial impact to the current Access+ pricing and there are no benefit design changes associated with this proposal. The CalPERS team recommends approval if the Competition Study indicates these counties are appropriate for additional plan offerings. The team will provide an update at the March PHBC meeting to confirm which of these counties should be included in this expansion.

#### Access+ EPO Basic Service Area Expansion

Blue Shield is proposing to expand its Access+ EPO product to two rural counties (Lassen and Shasta), contingent upon DMHC regulatory approval and Board approval of the comprehensive risk mitigation strategy for 2022. The Access+ EPO plan is currently offered in Colusa, Mendocino, and Sierra counties. Blue Shield projects a 0.15% financial impact to the current Access+ pricing and there are no benefit changes associated with this proposal. Access+ EPO expansion will provide an HMO-like option in Lassen and Shasta using a mix of their PPO network and direct-contract providers. The CalPERS team recommends approval with the acknowledgement that the proposal is contingent upon DMHC approval and CalPERS Board approval of the comprehensive risk mitigation strategy for 2022.

#### Trio Basic Service Area Expansion

Blue Shield is proposing to expand its Trio plan into four counties: Monterey, Santa Cruz, Orange, and Stanislaus counties; Monterey is contingent upon DMHC regulatory approval. The proposal includes one county that does not currently have a low-cost HMO option, Monterey, and three counties that have varying levels of plan concentration. Blue Shield's Trio service area for 2020 includes the counties of El Dorado, Los Angeles, Nevada, Placer, Sacramento and Yolo. In 2021, Trio expanded into San Luis Obispo, Santa Barbara, and Ventura counties. Blue Shield anticipates no financial impact for expanding Trio's service area. There are no benefit design changes associated with this proposal. The CalPERS team recommends approval of expansion into Monterey, with acknowledgement that it is contingent upon DMHC approval. Additionally, the team recommends approval of the other three counties (Santa Cruz, Stanislaus and Orange) if the Competition Study indicates these counties are appropriate for additional plan offerings. The team will provide an update at the March PHBC meeting to confirm whether these counties should be included in this expansion.

#### New Medicare Advantage Plan

Blue Shield is proposing two options (58-county or 41-county) for a new Medicare Advantage plan that would include prescription drug coverage. The 41-county proposal matches Blue Shield's proposed Access+ and Trio service areas for 2022, with a 58-county statewide

alternative. The projected single-party premium for the 58-county option is \$346.87, the fourth lowest 2022 premium among the current CalPERS Medicare Advantage and Medicare Supplemental plans. The projected single-party premium for the 41-county option is slight lower than the 58-county option at \$346.83. The proposed benefit design aligns with CalPERS' standard Medicare Advantage benefit design and additionally would add an \$80 quarterly over the counter (OTC) drug benefit, Personal Emergency response system, post discharge meals and 24 non-emergency one-way trips for transportation and has an option for dental and vision benefits for Contracting Public Agency members. This proposal would provide approximately 4,000 Blue Shield Basic members who age into Medicare the opportunity to retain their current health plan, provider, and integrated pharmacy program. The CalPERS team recommends approval of the 58-county option.

## **UnitedHealthcare:**

### New Medicare Advantage Plan

UnitedHealthcare is proposing a nationwide Medicare Advantage plan in which prescription drug coverage would be carved-out and provided by OptumRx. This plan is proposed to be offered in addition to UnitedHealthcare's current Medicare Advantage product with an integrated pharmacy benefit. The proposed benefit design reduces member cost sharing to \$0 for most services except chiropractic and acupuncture; similar to CalPERS self-funded Medicare Supplement plans. Due to the reduction in cost sharing, UnitedHealthcare projects the medical PMPM at \$89.91, which is \$35 higher than its current Medicare Advantage plan's PMPM. CalPERS team recommends approval of this proposal, and to allow other carriers offering Medicare Advantage plans to propose to reduce member cost sharing as part of the 2022 rate development process.

### New SignatureValue Harmony Basic HMO

UnitedHealthcare is proposing its SignatureValue Harmony Basic HMO narrow network plan in five Southern California counties: Los Angeles, Orange, Riverside, San Bernardino and San Diego. UnitedHealthcare projects the medical PMPM at \$390.90. This new plan is projected to be either the second or third lowest HMO premium in the five counties. The number of HMO offerings in these service areas ranges from seven to eight plans. The proposed benefit design aligns with CalPERS' standard Basic plan benefit design with a focus on physician-patient relationships that will assist in streamlining services and improving coordination of care with emphasis on referrals, prior authorizations and prescription benefit validation. The CalPERS team recommends approval of this new plan if the Competition Study indicates these counties are appropriate for additional plan offerings. The team will provide an update at the March PHBC meeting to confirm whether this new plan should be included and in which counties.

### New Basic Self-Funded Doctors EPO

UnitedHealthcare is proposing to introduce its self-funded Doctors EPO Plan into nine Bay Area counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano (partial), and Sonoma (partial) counties in partnership with Canopy Health. This is a self-funded plan proposal, whereby UnitedHealthcare would act as third-party administrator. UnitedHealthcare projects the medical PMPM at \$778, which is \$200-\$400 higher compared to other fee-for-service plans. UnitedHealthcare's proposed Doctors EPO has a 100% coverage area and provider overlap compared to existing HMO offerings in those counties. CalPERS

team recommends not accepting this proposal until such time that the self-funded PPO procurement is conducted.

### **Western Health Advantage:**

#### **MyCare Medicare Advantage**

Western Health Advantage is proposing a new MyCare Medicare Advantage plan in which prescription drug coverage would be carved-out and provided by OptumRx. The projected premium is \$359.62; the third lowest 2022 premium among the current CalPERS Medicare Advantage and Medicare Supplemental plans. The proposed benefit design aligns with CalPERS standard Medicare Advantage plan benefit design. This plan would allow members enrolled in Western Health Advantage's Basic plan to remain with the same carrier as they age into Medicare. The CalPERS team recommends approval of this proposal.

### **Budget and Fiscal Impacts**

If approved by the PHBC, the proposed new health plan, coverage area changes, and benefit design changes will impact premiums and HMO contracts for the 2022 plan year.

### **Benefits and Risks**

CalPERS recognizes the need for providing affordable health plans for our Basic members and maintaining continuity of health care coverage and care as members age. CalPERS is meeting Stakeholder expectations by adding additional HMO Medicare Advantage plans, benefits consistent with the Federal CHRONIC Care Act, and expanding coverage areas for both Basic and Medicare, where it is appropriate and cost-effective. The Competition Study results could determine that adding additional plans is not appropriate for some of the proposed counties.

### **Attachments**

Attachment 1 – Approval of New Health Plans, Benefit Designs, and Service Area Changes PowerPoint

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Marta Green, Chief  
Health Plan Research & Administration Division

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Don Moulds  
Chief Health Director  
Health Policy & Benefits Branch