



Pension & Health Benefits Committee

Agenda Item 6a

November 16, 2021

Item Name: Approval of Health Benefits Program Proposals for the 2023 Plan Year

Program: Health Benefits

Item Type: Action

Recommendation

Approve the following health plan proposals for the 2023 plan year:

- 1) Anthem Blue Cross benefit changes for its Medicare Advantage plan
- 2) Blue Shield of California Access+ EPO service area expansion into 11 counties
- 3) Blue Shield of California Trio expansion into 7 counties
- 4) Blue Shield of California Trio pharmacy shared savings program
- 5) Kaiser Permanente Basic and Medicare service area expansion into Monterey county
- 6) Kaiser Permanente new Senior Advantage \$0 copay plan
- 7) Kaiser Permanente Senior Advantage quarterly OTC allowance
- 8) Western Health Advantage MyCare Select HMO Medicare Advantage post-discharge meal benefit

In addition, the California Public Employees' Retirement System (CalPERS) team recommends approving the following proposals:

- 1) Reproductive health equity language change
- 2) Fertility care language change
- 3) Adjustments to the hearing aids benefit
- 4) Primary Care Provider match for Preferred Provider Organization (PPO) members

Executive Summary

This agenda item provides a summary of the proposed 2023 new health plans, service area changes, and benefit design changes. These proposals will be discussed during the November 2021 committee meeting with recommendations for action.

Strategic Plan

This item supports CalPERS Strategic Goal: "High-quality affordable health care".

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 Program Strategic Plan. In August 2021, CalPERS asked the health plans to submit proposals for any changes to their existing plan products or to add new plan products (Basic and Medicare), providing CalPERS with applicable pricing, provider network/coverage area, and benefit design information for consideration. In September 2021, CalPERS team members provided an update on the 2023 new health plan proposals to the PHBC in closed session.

In addition to the health plan-initiated proposals, this year, the CalPERS health team is proposing three additional benefit design changes and one additional program change. CalPERS considers and evaluates proposals that are focused on providing equitable, affordable, sustainable, high-quality health care to our members.

Analysis

CalPERS team members have conducted an extensive analysis of each proposal. The analysis consists of comparisons of network coverage areas, the 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 CalPERS Team also evaluated the Basic plan service area expansion proposals through the Bates White economic model to understand competitive dynamics. The below summarizes each proposal, analysis results, and CalPERS recommendations:

Anthem Blue Cross:

Medicare Advantage Benefit Design Changes

Anthem is proposing to reduce the copays for both acupuncture and chiropractic services from \$15 down to \$10 to match the current Medicare-covered copays for these services. The projected premium impact would be \$0.39 per subscriber per month (PSPM) and would be a 0.11% impact on the projected premium. The CalPERS team recommends approval.

Anthem is proposing a \$100 eyewear allowance every two years. The projected premium impact would be \$1.24 PSPM, or 0.34% impact on the premium. The CalPERS team does not recommend approval.

Blue Shield:

Access+ EPO Service Area Expansion into Eleven Counties

Blue Shield is proposing to expand its Access+ EPO product into 11 rural counties currently without an alternative to the PPO plan (Alpine, Calaveras, Inyo, Lake, Modoc, Mono, Plumas, Siskiyou, Tehama, Trinity, and Tuolumne), contingent upon DMHC regulatory approval. The Access+ EPO expansion will provide an HMO-like option in all 11 rural counties using a mix of

their PPO network and direct-contract providers. The Access+ EPO plan is offered in Colusa, Lassen, Mendocino, Shasta, and Sierra counties for the 2022 plan year. This proposal has no impact on the projected premium. The CalPERS team recommends approval with the acknowledgement that the proposal is contingent upon DMHC approval.

Trio Service Area Expansion into Seven Counties

Blue Shield is proposing to expand its Trio product to provide an alternative low-cost HMO option into seven counties that have varying levels of plan concentration (Butte, Kern, Kings, Monterey, Riverside, San Bernardino, and Tulare), contingent upon DMHC regulatory approval. The Trio plan is offered in El Dorado, Los Angeles, Nevada, Orange, Placer, Sacramento, San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, Ventura, and Yolo counties for the 2022 plan year. This proposal would have a favorable premium impact of \$3.41 PSPM or a savings of 0.46% off the projected premium. The CalPERS team recommends approval with the acknowledgement that the proposal is contingent upon DMHC approval.

Trio Pharmacy Shared Patient Savings Program

Blue Shield is proposing a Pharmacy Shared Patient Savings program for its Trio members only. It offers Trio members a one-time per drug class per lifetime incentive if they switch to a clinically equivalent lower-cost drug alternative. The Trio member will receive one month of plan savings on a Visa gift card. This program will have nominal projected savings for CalPERS and members with no premium impact. The CalPERS team recommends approval.

Kaiser Permanente:

Kaiser Permanente Senior Advantage \$0 Copay Plan

Kaiser is proposing a new \$0 copay Senior Advantage plan. It will be offered alongside its existing \$10 copay plan. It will offer \$0 copay for most services, however, copays for ER visits, pharmacy benefits, acupuncture, and chiropractic will remain at current levels. It will have the same network and coverage area as its existing plan and will also be available out of state. The projected premium would be \$342.09 which is a 13.1% increase over their current Senior Advantage plan. The Out of State premium will be \$7 Per Subscriber Per Month (PSPM) less than the State PSPM. The CalPERS team recommends approval.

Kaiser Basic and Medicare Expansion into Monterey County

Kaiser is proposing to expand its Basic and Medicare service area into Monterey County. The provider, specialist, and hospital network will be a combination of Kaiser Medical Group providers, contracted inpatient facilities, and contracted community providers and specialists. This expansion provides an alternative low-cost HMO option with favorable premiums in Monterey County and nominal impact statewide. The CalPERS team recommends approval with the acknowledgement that the proposal is contingent upon DMHC and CMS approval.

Kaiser Permanente Senior Advantage \$70 Quarterly Over the Counter (OTC) Allowance

Kaiser is proposing a quarterly \$70 OTC allowance for both their existing Senior Advantage plan and their proposed \$0 copay plan. The benefit allows members to purchase certain OTC items in the categories of medication, mobility, first aid, home diagnostics, respiratory, incontinence, personal care, and vitamins/supplements. Purchases can only be made through a designated website or mail-order catalog. Any unused portion cannot be rolled over to future quarters. The projected premium impact would be \$1.45 PSPM which is a 0.48% increase. The CalPERS team recommends approval.

Western Health Advantage (WHA):

MyCare Select HMO Medicare Advantage Post-Discharge Meal Benefit

WHA is proposing a post-discharge meal delivery benefit following a hospital stay. The benefit includes up to 56 meals, four times per year. There are a range of meal options consistent with the hospital's recommendations. Meal delivery coordination would occur prior to discharge. The projected premium impact would be \$1.37 PSPM which is a 0.44% increase. The CalPERS team recommends approval.

CalPERS Team Proposals:

Reproductive Health Equity Language Change

The CalPERS team proposes to change the benefit language to include access to reproductive health benefits for all persons who require reproductive health services. This benefit change would improve quality of care and timely access to time-sensitive services, such as cervical and breast cancer screening, abortion, and sexually transmitted infection screening and treatment. The change ensures that all members will have timely access, and equitable and competent care without undue barriers or delays, regardless of sex assigned at birth, sexual orientation, or gender identity.

There is no associated premium impact with this change.

Fertility Care Language Change

The current definition of infertility excludes most LGBTQ+ couples, single-intending parents, and anyone pursuing parenthood outside of a heterosexual, cisgender partnership. The CalPERS team proposes to update the definition of infertility to provide access to infertility treatment to members regardless of age, gender, sexual orientation, gender identity, or marital status.

There is no associated premium impact with this change. Adoption of the new infertility definition will create a more equitable benefit structure for all members irrespective of their sexual orientation, gender identity, or relationship status.

Hearing Aids Benefit Adjustment

CalPERS is proposing coverage of medically necessary and clinically appropriate hearing aids in both ears for members under the age of 26 at 100% coverage every 36 months. Children with hearing loss often face trouble developing speech, language, and social skills. Depression and anxiety can also develop as a result of hearing loss. Studies show that early hearing loss intervention has helped children develop communication and social skills, which in turn help academic performance.

There is minimal associated premium impact with this change. The projected impact would be that individuals under the age of 26 would be provided affordable hearing aid benefits early on to help improve communication and social skills.

Match PPO Members with Primary Care Providers

CalPERS is proposing that PPO members be matched with a Primary Care Provider (PCP) (e.g. general practitioner, family practitioner, internist, or pediatrician) for themselves and their dependents. Members would be free to choose a different PCP, and the change would not limit a member's ability to choose to see a specialist without seeing a PCP first. Primary care providers offer a usual source of care, early detection and treatment of disease, chronic disease management, and preventive care. Patients with a usual source of care are more likely to receive recommended preventive services such as flu shots, blood pressure screenings, and cancer screenings. Research shows that matching to primary care is associated with positive health outcomes and reduced overall health care costs. PPO members will still have the flexibility to see any doctor that they want and do not need a referral from their PCP to see a specialist.

There is no associated premium impact with this change, though matching to a PCP may reduce premium costs over time. The projected impact would be increased access to preventive and chronic care, improved care continuity, and improved health outcomes.

Budget and Fiscal Impacts

If approved, the proposed new health plan, coverage area changes, and benefit design changes will impact premiums and health plan contracts for the 2023 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 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.

Materials

Attachment 1 - PowerPoint

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