2016 CalPERS Health Plan Rate and Benefit Changes Webinar

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Bob: Welcome. I’m Bob Burton, and I’m here today with Chris Owen, Marketing Manager for the CalPERS Health Benefits program for Public Agencies and Schools. We want to welcome everyone to the 2016 CalPERS Health Plan Rate and Benefit Changes Webinar. Chris and I are here today to have a conversation about next year’s Health Plan Rates and Benefit Changes. So Chris, what can you tell us about the rates and benefits for next year?

Chris: Well thank you Bob. Let’s take a look at the overview we’ve got for the 2016 where we look at the overall health premium changes which will be a percentage of change for all the HMO, PPO, and association plans. Next, we’re going to take a look at individual premium changes which will cover the State of California as well as our five regional rates as well as association plans and our out of state health plans. Next, we are going to talk about 2016 health program changes which we will go over the plans that will be expanding their areas and offer different services for next year. Next, we’re going to take a look at the health program benefit changes which will cover a new benefit such as the new single payer supplement to Medicare plan. Then, we’re going to do a recap on the DEV project. And lastly, we’ll cover some information and resources for open enrollment.

Bob: Sounds similar to what we went over last year. Before we dive into this, is there anything employers need to know about this webinar specifically? Like how they can ask questions or access supplemental information?

Chris: Yes, based on feedback from last year we want to be clear that this is a pre-recorded webinar as it does save time and help to target the subjects for next year and it also gives us the time to research all the answers we are going to get from questions that have been submitted on the webinar, from various program areas. That being said, we encourage questions and comments during this webinar using the submission box on your screen and we also would direct you to some feedback via a short survey at the end of this webinar to help us improve future webinars. There’s also a dialogue box that’s located on your screen for a download of all supplemental information such as this script and slides as well as information about the health plan chooser.

Bob: Alright, beginning with the first topic of our overview, explain what you mean by “Overall Health Premium Changes for 2016”?
Chris: Well, depending on upon what kind of agency you are working for will determine the kinds of plans you’re going to take a look at and we are going to briefly go through each plan type and show average increases for next year.

Bob: So you mean all of the HMOs, PPOs, Association Plans, Medicare Plans etc…?

Chris: That is correct.

Bob: So here we begin with the Basic HMO’s now Chris at 7.21%. This means that if I am currently in an HMO the average increase for all of the HMOs went up 7.21%.

Chris: That is correct. It’s the same kind of idea when we are taking a look at the PPOs, the Basic Association, then the Medicare HMO Supplement, Medicare Supplement PPO, as well as the Medicare Supplement Association.

Bob: Just so I understand you Chris, for those Health Benefit Officers out there that are with the CSU campuses or Judges and Legislators, you’ll probably pay more attention to the HMO and PPO percentage increases, while Correctional facilities for example would interested in the Basic Association changes?

Chris: That’s correct. Basically because you know your California Correctional Peace Officers have access to the Basic Association plan, the CCPOA association plan, while the CSU, and JLRS would look at HMO and PPO changes since those are the kinds of plans their employees would be more interested in.

Bob: So what plans your employees are more concerned with will depend on what kind of agency they work for.

Chris: That’s very accurate. Just kind of keeping in mind it’s a picture of average premium changes for 2016 and is meant to give a general idea of those changes for next year based on plan type. As it is with every new contract year some plans went down and others went up and CalPERS is always striving to keep overall keep healthcare premiums in check.

Bob: Alright, it seems most members and retirees are likely more interested in what their current health plan premium will be for 2016. What’s the point of giving average increases?

Chris: Well, the rates when they first come out are kind of the first rung on the ladder that all members and employers take a look at. Because CalPERS is one of the largest purchasers of health insurance in the United States, many sees us as an indicator of industry trends and lots of health benefit officers would like to compare other regional prices to their own. That being said, we’re going to take a
look at individual plan changes by region once we first go over the State premiums for all State and CSU active employees.

**Bob:** Is there really a reason for the State premiums as a key to understanding regional premium rates?

**Chris:** Well not exactly, it’s just simply that the State premiums are first created for all of our State active employees and then the regional rating is done to reflect the cost of health care for each of those areas.

**Bob:** So these premiums are for all of the State of California and CSU employees?

**Chris:** Correct. Now when we look at the Bay Area, you can see how they differ from the State premiums. Here is the Sacramento region. Health Net added SmartCare to several counties for Northern California so you will note that there won’t be a percentage change for that health plan for next year.

**Bob:** Do regions ever change?

**Chris:** Not this year. Last year, the regional change we had was the Yolo County being grouped with the Sacramento Region instead of the Bay Area Region.

**Bob:** Why does CalPERS have regional rating for Public Agencies and Schools, but not for the State of California?

**Chris:** Regional rating was created in 2005 to reflect the cost of all the five different regions in California. Basically, because Southern California was disproportionately lower in cost than the more rural Northern California areas. As you can see the Los Angeles Region from that slide you can see it’s still true today and it’s also the same with the other southern region.

**Bob:** So Regional Rating was created to charge premiums that reflect the cost of care in that geographic area. Can members choose the region they would like to use?

**Chris:** Members must select a region based on their residential or work zip code. We have included the eligibility zip code link on our materials in the download. As you can see the percentage changes for each plan can vary significantly between. Again, this difference in pricing between regions reflects the market cost of services in those areas.

**Bob:** Just to clarify once again Chris, regional rates only apply to Public Agency and School Members while State Employees are not regionally rated?
Chris: That is correct. The only exception is when we are talking about out of state or supplement to Medicare plans.

Bob: From a quick glance at the rates it seems that there were pretty significant increases in the premiums. Can you give us some insight to why that happened?

Chris: Well, pharmacy costs accounted for nearly 45 percent of overall rate increases for both the HMO and PPO plans in 2016. Additionally California is one of the more expensive states for health care costs. It’s just part of the case where every contract year some plans will go up and some plans will go down and CalPERS is trying to mitigate the increases as much as we can.

Bob: Now what about our retirees and members that may live out of State? What happens for those folks?

Chris: Kaiser/Out-of-State is available to members based on the eligibility zip code which is part of the download and we will also cover a little bit later here, whereas PERS Choice and PERSCare are available nationwide and worldwide. All of these plans are not regionally rated.

Bob: How does Medicare work with regional pricing?

Chris: Again, Medicare is also not regionally rated. Given that most of our audience today is comprised of Health Benefit Officers for active employees, and contracting agencies and schools, there may not be as many inquiries about Medicare plans. However we have included our Understanding Medicare publication in the download in case there’s inquires on Medicare.

Bob: There are a lot of plans Chris, it’s a bit overwhelming. Have we covered all of them?

Chris: Well almost. We do have our association plans and these are offered exclusively to our dues paying members of three associations: The California Association of Highway Patrol, The California Correctional Peace Officers Association, and The Peace Officers Research Association of California. And for more information on these benefit changes for next year, we encourage our members to contact the associations directly for more information and at this point we have covered all of our CalPERS sponsored health plans.

Bob: A ton of information, how would I find out if my doctor contracts with a plan?

Chris: Included in the download are all of the CalPERS micro-sites for all of our plans and from there once you go to those micro-sites you can find all of the doctors that would be available if you select that plan as well as the various medical groups that participate.
Bob: Okay Chris, that seems pretty straightforward. What’s going to be new or different for 2016?

Chris: Well, now we’re taking a look at some of the health program changes and the big change that we have is the UnitedHealthcare's Medicare Advantage Preferred Provider Organization plan will be the prevailing Medicare Supplement for Anthem Blue Cross, Blue Shield of California, Health Net, and Sharp. The Kaiser Permanente's Medicare Advantage and the PPO Medicare plans will remain the same for their supplement to Medicare. Public agency and Schools will also be able, if you’re retired and have Medicare, have the option of a dental and vision plan as part of the UnitedHealthcare supplement to Medicare.

Bob: So now to get back to our active members, what should our actives be aware of regarding individual plan changes?

Chris: Well the good news is we won’t have any drastic changes such as office co-pays or deductibles for 2016. What we do have, let’s just run through a little bit of each plan, say for Anthem Blue Cross for example, they’re going to expand their PERS Select into San Diego County and they’ll be also extending their Castlight Pilot project which is basically the CalPERS compare function which allows you to look at different kinds of, maybe hip replacement surgery or so forth through different medical providers to see what costs would be more cost effective. There’s also going to be a standardization of acupuncture and chiropractic benefits for Medicare with a $15.00 co-pay and 20 combined visits per year.

Bob: I remember when Ann Boynton and I did a CalPERS Insight interview on the Castlight or CalPERS compare function.

Chris: Oh yes, it’s a great way for members to do their own cost comparing between different medical groups and it’s hopefully going to cause the industry to pay a little bit more attention to what the cost would be for various procedures. Let’s see, let’s move on to Blue Shield is next. Blue Shield design change will be enhancing their prescription benefit to include a 90-day supply option.

Bob: And what does that mean exactly?

Chris: Well, it’s just that if the 90 day supply is not available through the Blue Shield’s PrimeMail service, the customer can go to a retail pharmacy and get the same amount for the same cost instead.

Bob: Okay, sounds very convenient, good to know. What else will be new for 2016?
Chris: Well as mentioned in the Basic Premium Changes earlier, Health Net will be expanding into Alameda, Contra Costa, Fresno, Kern, essentially expanding into Northern California for 21 counties completely serviced.

Bob: Okay, Health Net SmartCare doesn’t have a percent change since it will be new for 2016?

Chris: Right, that's what we kind of mentioned a little earlier because it is brand new and the premiums are just beginning for those new areas that they’re servicing. We don’t actually have a change to report yet.

Bob: More choices for next year is a good thing, what else can we share with the folks out there for next year?

Chris: Again this is more for retirees than it is for actives but the Kaiser is going to standardize their acupuncture and chiropractic benefit providing the 20 combined visits with a $15 copay.

Bob: That's good to know for our retirees that have Kaiser; who is the next carrier with changes for next year?

Chris: Now we come to United Healthcare, expanding their United Alliance HMO into Kings, Marin and San Diego. They’ll also standardize their 90-day supply of mail order similar where if you can’t get it through the mail service you can go to a retail location as well as the option for the Public Agency and Schools that have a Medicare supplement plan the option of a dental and vision plan.

Bob: Another expansion and easier access for 90-day prescriptions, and now the Public Agencies and Schools have dental and vision care that option that they enjoy using United Healthcare as a supplement to Medicare.

Chris: Well that’s correct and with the Public Agency and School United Healthcare Medicare enrollees having this option as a straight supplement to Medicare or a supplement to Medicare that includes dental and vision is something that has been discussed for a long time and we’re very happy that we can have this option for those Public Agency and School retirees.

Bob: Really is great news. I know questions about dental and vision have come up in the past, so it is huge. Do current Medicare enrollees need to be aware of anything else?

Chris: There will be more information sent out to those that are going to be affected by anything but if someone is enrolled in a combination Basic and Medicare plan and it’s not Kaiser, our PPOs, or United Healthcare folks will be notified to decide to select a different plan. And folks that are affected will receive correspondence if they fall into a category with directions on what to do.

Bob: Any other changes to go over for any of the other carriers?
Chris: Well, Blue Shield and Anthem Blue Cross are going to be introducing Welvie product to members which is an online tool to help educate folks about minimizing unnecessary surgeries.

Bob: Okay, I believe that pretty well wraps up the health plan changes for next year. Our next item is the Dependent Eligibility Verification or DEV project. I know we were into this last year.

Chris: Right, we talked a little bit about the DEV project last year and the big news obviously is that the DEV project is over. The reason why we’re bringing this up is to indicate to those that are listening that having proper documentation is still really important to minimize the cost as well as to protect your agency if you’re audited by CalPERS so to make sure you got those birth certificates and marriage certificates and so forth all on file.

Bob: I know DEV project was a huge undertaking and all the employers, I bet, are certainly glad it’s over with. Now, we are getting down to our last bit about Open Enrollment information.

Chris: Yes, this year, open enrollment will take place from September 14th through October 9th. Open enrollment packets will be mailed out to all enrolled members in two waves. The first wave is going to go out August 17th and the second will be mailed on August 24th. Also important, these packets go to enrolled active and retired members so if you know of active employees or if there’s retirees out there that are eligible but not enrolled, they’re not going to get a packet and it is up to these individuals to kind of seek out either through the health benefit officers or to contact CalPERS to ask how to get enrollment information if they’re interested. Again, that number for CalPERS is 1-888-225-7377. Another important point to mention about the Open Enrollment Circular Letter which is scheduled to be sent out at the end of July so employers should receive open enrollment information at that time and it’s also very important to make sure that their contact information is up to date.

Bob: Okay well, how does the employer keep their contact information current?

Chris: This, through the system access Administrator for the agency, they update contact information in the my|CalPERS systems under the Business Partner Contacts and that’s essentially how CalPERS communicates with all of our agencies.

Bob: So if the contact information is missing or incorrect no communication?

Chris: That’s right. That is why it’s so important to update contacts periodically. If folks are listening out there and do not know how to update the contact information or don’t know who their system access administrator is, again, contact CalPERS. Our contact number 888-225-7377.
**Bob:** Well, we’ve covered a lot of information, as you mentioned, there more details provided in the download for this webinar. I know I’ve learned a few things and enjoyed our time today.

**Chris:** Well, thank you Bob, it’s always a pleasure to talk with you, and share information with our employers and members. I know I mentioned the survey at the end of this webinar so I am going to mention it again so please tell us what was useful to you or what you would like to find more useful in future webinars.

**Bob:** Chris, you’re certainly welcome and thank you everybody out there for your participation. This concludes that 2016 CalPERS Health Plan Rate and Changes webinar. We appreciate your time and attention. Like us on Facebook or follow us on Twitter and check out the CalPERS videos on YouTube. Have a great day.