



Board of Administration Offsite

Approval of 2026 HMO and PPO Premiums

July 15, 2025

Item Name: Approval of 2026 Health Maintenance Organization and Preferred Provider Organization Plan Premiums

Program: Health Benefits

Item Type: Action

Recommendation

The CalPERS team recommends the Board of Administration (Board) approve the 2026 Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) premiums along with the following items:

1. Replace Blue Shield of California's Trio plan in Monterey County with Access+ to ensure the long-term sustainability of the Trio product in the CalPERS portfolio.
2. Postpone UnitedHealthcare Harmony's expansion to El Dorado, Nevada, Placer and San Joaquin counties for one year.

Executive Summary

This agenda item provides the Board the 2026 health premiums for the CalPERS HMO and PPO plans. As a reminder, the 2026 initial and preliminary premiums were presented to the Pension and Health Benefits Committee (PHBC) Closed Session in May and in Closed and Open Sessions in June 2025. Since then, the CalPERS team continued negotiations with its health plans, verified that the premiums reasonably reflect the cost of benefits, and finalized the premiums.

For the 2026 plan year, CalPERS contracts with the following carriers for Basic HMO plans: Anthem Blue Cross, Blue Shield of California, Health Net of California, Kaiser Foundation Health Plan, Sharp Health Plan, UnitedHealthcare of California, and Western Health Advantage. CalPERS contracts with Blue Shield of California and Included Health to administer and provide population health management services to Basic PERS Gold and PERS Platinum PPO plans.

In addition, CalPERS contracts with the following carriers for Medicare Advantage Plans: Anthem Blue Cross, Blue Shield of California, Kaiser Foundation Health Plan, Sharp Health Plan, and UnitedHealthcare of California. CalPERS contracts with Blue Shield of California to administer Medicare Supplement PPO plans. CalPERS also contracts with a self-funded Pharmacy Benefit Manager to administer pharmacy services for some HMO and PPO plans.

Strategic Plan

This item supports the CalPERS 2022-2027 Strategic Goal of Exceptional Health Care: Ensure our members have access to equitable, high-quality, and affordable health care.

Background

Pursuant to Government Code Section 22864(a), which requires that premiums shall reasonably reflect the cost of benefits provided, CalPERS engages each year in the Rate Development Process (RDP). The goal of the RDP is to ensure that CalPERS members receive high-quality health care at the best price possible. The additions of new health plans, expansions of existing health plans, and benefit design changes are also considered part of the RDP.

Recommended Changes for 2026

The final 2026 premiums reflect the following recommendations:

1. Replace Blue Shield of California's Trio plan in Monterey County with Access+ to ensure the long-term sustainability of the Trio product in the CalPERS portfolio.
2. Postpone UnitedHealthcare Harmony's expansion to El Dorado, Nevada, Placer and San Joaquin counties for one year.

Budget and Fiscal Impacts

Overall, the premiums for the 2026 plan year will increase employee and employer health premium contributions. The actual increase or decrease depend on plan specific information.

For the State of California, the increase or decrease will be determined in accordance with Public Employees' Medical and Hospital Care Act. For contracting agencies, the increase or decrease will be determined based on each agency's negotiated health premium contribution amount.

Benefits and Risks

The benefits, CalPERS aggressively works to keep costs and premiums as low as possible and continues to pursue innovations that help to make high-quality health care affordable to our employer partners and members. The risks, CalPERS, like many purchasers of health benefits, continues to face the challenge of adequately covering the cost of health care while remaining competitive.

Materials

Attachments will be provided under a separate cover prior to the meeting.

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