



Board of Administration Offsite 2026 State Employer Annuitant Contribution Formulas & Amounts and Association Plan Premiums

July 15, 2025

Item Name: 2026 State Employer Annuitant Contribution Formulas & Amounts and Association Plan Premiums

Program: Health Benefits

Item Type: Information

Executive Summary

This agenda item provides CalPERS Board of Administration (Board) the 2026 State Annuitant Contribution amounts and the 2026 Association plan premiums. The Board annually reviews the premium and benefit proposals for the three Association plans offered to certain CalPERS members. The California Association of Highway Patrolmen (CAHP), California Correctional Peace Officers Association (CCPOA), and Peace Officer Research Association of California (PORAC) offer plans exclusively to members of these associations.

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

State Annuitant Contribution

There are two groups of state annuitants: "Basic annuitants" who are enrolled in a CalPERS Basic health plan, and "Medicare annuitants" who are enrolled in a CalPERS Medicare plan. These two groups fall under different state contribution formulas, based on their date of hire and bargaining unit. There are three state annuitant contribution formulas:

- 100/90 for Basic and Medicare annuitants hired prior to 2016 or 2017
- 80/80 for Basic annuitants hired on or after January 1, 2016 or 2017
- 80/80 for Medicare annuitants hired on or after January 1, 2016 or 2017

The final annuitant contributions are calculated by applying the contribution formulas, either the 100/90 or 80/80, to the weighted average premiums of the top four plans with the largest enrollment. The determination of the top four plans is different for each formula listed above.

- The top four Basic plans for the 100/90 formula are determined based on total subscriber enrollment across all Basic plans in the portfolio, excluding dependents.

- For 80/80 Basic annuitants, the top four Basic plans for this formula are determined based on active state civil service subscriber enrollment, excluding dependents.
- For the 80/80 Medicare annuitants, the State Employer contribution is developed based on the premiums for only Medicare members and on state annuitant enrollment in Medicare plans, excluding dependents.

Association Plan Premiums

Government Code Section 22850(g)(1) gives the Board authority to offer and continue offering association plans for certain CalPERS members, so long as they meet the minimum standards prescribed by the Board (2 CCR 599.509). The Association health plans are responsible for ensuring that their premiums and benefit changes are appropriate and that their reserve funds are adequate for their continued operations.

Analysis

State Annuitant Contribution for 2026

The four largest Basic health plans used to calculate the 2026 State Employer contribution for 100/90 annuitants enrolled in a Basic or Medicare plan are different from 2025. For 2026, UnitedHealthcare SignatureValue Alliance replaced PERS Platinum. The top four largest Basic health plans for 2026 in descending order are Kaiser Permanente, Blue Shield Access+, PERS Gold, and UnitedHealthcare Alliance.

The four largest Basic health plans used to calculate the 2026 State Employer contribution for 80/80 Basic annuitants are the same plans used to calculate the 2025 contribution. Those plans, with enrollment in descending order, are Kaiser Permanente, Blue Shield Access+, PERS Gold and UnitedHealthcare SignatureValue Alliance.

The four largest Medicare health plans used to calculate the 2026 State Employer contribution for 80/80 Medicare annuitants are different than 2025. For 2026, Kaiser Permanente Senior Advantage Summit plan replaced the CAHP plan. The top four largest Medicare health plans for 2026 in descending order are PERS Platinum, Kaiser Permanente Senior Advantage, UnitedHealthcare Group Medicare Advantage, and Kaiser Permanente Senior Advantage Summit.

Budget and Fiscal Impacts

State Annuitant Contribution

The 2026 health plan premiums will change the State's contributions for 100/90 Basic and Medicare annuitants, 80/80 Basic annuitants, and the 80/80 Medicare annuitants.

Association Plan Premiums

In general, the aggregate increase to premiums will result in increases to costs for members and employers. Specific increases and decreases to individual members are dependent upon member plan selection and employer contribution levels.

The Association plan premiums have no budgetary or fiscal impact to CalPERS since CalPERS does not administer the Association plans.

Benefits and Risks

State Annuitant Contribution

There are no risks associated with this information item.

Association Plan Premiums

The Board continues to offer association plans for certain CalPERS members, so long as they meet the minimum standards prescribed by the Board. This allows CalPERS to provide the State's Department of Finance and our contracting public agencies the 2026 health premiums in a timely manner so work can begin on systems updates and member communications for the 2026 Open Enrollment period.

Materials

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

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