



## Pension & Health Benefits Committee

# Agenda Item 5a

**November 18, 2025**

**Item Name:** Approval of Health Benefits Program Proposals for the 2027 Plan Year

**Program:** Health Benefits

**Item Type:** Action

### **Recommendation**

Approve the following changes for 2027:

- 1) Product change: Blue Shield Medicare Advantage PPO
- 2) Service area expansions
  - a) Blue Shield EPO expansion into ZIP codes that do not have an HMO offering
  - b) Kaiser HMO expansion into northwestern Nevada

### **Executive Summary**

The agenda item provides an update on the Health Benefits Program proposals under consideration for the 2027 plan year and the implementation of Senate Bill (SB 729). The proposals include a product change and expansions to service areas. The proposals evaluations and summaries will be discussed during the November 2025 Pension & Health Benefits Committee (PHBC) meeting with recommendations for action.

### **Strategic Plan**

This item supports the California Public Employees' Retirement System (CalPERS) 2022-2027 Strategic Goal of Exceptional Health Care: Ensure our members have access to equitable, high-quality, and affordable health care.

### **Background**

CalPERS recognizes the need for providing affordable health plans and pharmacy benefits to our Basic and Medicare members. Each year, CalPERS brings forth proposals for new plan products, additional coverage areas, benefit design changes, and innovative health programs.

## **Analysis**

The CalPERS team analyzed all proposals to determine if they would be beneficial to the health program and would support our strategic goal of providing exceptional health care. We projected premium impacts by evaluating the Basic plan service area expansions, provider networks, and any mandated benefit design changes.

## **Product Change**

### Blue Shield Medicare Advantage PPO

Blue Shield currently offers a fully integrated Medicare Advantage (MA) PPO plan that combines medical and pharmacy benefits. This proposal would separate the pharmacy component from the medical component of its MA plan. This restructuring is intended to optimize the potential for a higher reimbursement rate from the Centers for Medicare & Medicaid Services (CMS). A higher reimbursement would result in a reduction in member premiums for the plan.

## **Service Area Expansions**

### Blue Shield EPO

CalPERS is working with Blue Shield to expand coverage of their Exclusive Provider Organization (EPO) health plan in the specific California ZIP codes that still lack an HMO offering for our members. These areas are primarily concentrated in rural northern California with some also in San Bernardino County. The complete listing of ZIP codes is referenced in Appendix A of this agenda item.

### Kaiser

Kaiser has filed with the State of Nevada to expand their Basic HMO and Medicare Advantage plans into the northwestern part of that state. This proposal would incorporate the new coverage areas into CalPERS' Kaiser offerings. The exact service area is still being determined at the time of this agenda item and will be communicated once known.

## **Update**

### Senate Bill (SB) 729 Infertility Diagnosis and Treatment

SB 729 requires CalPERS Basic HMO plans to offer coverage for the diagnosis and treatment of infertility effective July 1, 2027. CalPERS is analyzing premium impacts and evaluating all available options to implement a cost-effective benefit that provides our members with the treatment and support that they need to build their families. We are awaiting final guidance from the Department of Managed Health Care to finalize our cost analysis and full implementation plan. Although this bill does not apply to our PPO plans, CalPERS is exploring options to offer coverage to PPO plan members in the future and would bring any proposed changes to PHBC for approval.

## **Budget and Fiscal Impacts**

CalPERS recognizes the need for providing affordable health plans to our Basic and Medicare members by expanding coverage areas and making benefit design changes where it is appropriate and cost-effective. If approved by the PHBC, the proposed changes could potentially impact premiums and contracts for the 2027 plan year.

## **Benefits and Risks**

We are meeting member expectations by working with our contracted health plans to expand coverage into underserved areas by adding benefits and innovative programs that are impactful and cost-effective. Benefits include:

- Greater access to HMO and EPO plans in underserved areas
- Innovative health programs offered to our members at no cost or low-cost
- Expansion of cost-effective benefits and services

Risks include:

- Increased costs associated with plans expanding into new areas/and or providing new benefits
- Difficulty finding affordable, quality HMO and EPO providers in underserved areas

## **Attachments**

Attachment 1 – Approval of Health Benefits Program Proposals for the 2027 Plan Year  
PowerPoint

---

Rob Jarzombek  
Chief, Health Plan Research & Administration Division

---

Julia Logan, MD, MPH  
Chief Clinical Director

---

Don Moulds  
Chief Health Director  
Health Policy & Benefits Branch

## **Appendix A – Listing of Blue Shield of California EPO ZIP Codes**

Alpine County – 95646

Amador County – 95601, 95642, 95644, 95654, 95665, 95666, 95675, 95685, 95689, 95699

El Dorado County – 95721, 95735, 96142, 96150, 96151, 96152, 96154, 96155, 96156, 96157, 96158

Nevada County – 95724, 95728, 96111, 96160, 96161, 96162

Placer County – 96140, 96141, 96142, 96143, 96145, 96146, 96148, 96161

San Bernardino County – 92242, 92267, 92280, 92363

Sutter County – 95953, 95982, 95991, 95992, 95993

Yuba County – 95918, 95919, 95935, 95962, 95972, 95981